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Challenges and prospects of property tax administration in Addis Ababa: A case of Kirkos Sub city Administration.

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Declaration

I, Feruza Ahmed, declare that, this paper prepared for the partial fulfillment of the requirements for Maters of business administration entitled ‘‘Challenges and prospects of property tax administration in Addis Ababa: A case of Kirkos Sub city Administration ‘‘is prepared with my own effort. I have made it independently with the close advice and guidance of my advisor.

Name: Feruza Ahmed

Certification

This is to certify that Ms. Feruza Ahmed has carried out this research work on the topic entitled *"*Challenges and prospects of property tax administration in Addis Ababa: A case of Kirkos Sub city Administration*."* under my supervision. This work is original in nature and it is sufficient for submission for the partial fulfillment for the award of Maters of business administration.

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Date 06/03/2026

Approval sheet

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The undersigned certify that they have read and hereby recommend to the Addis Ababa University to accept the Thesis proposal submitted by ID No. GSE/1528/14, entitled "“Challenges and prospects of property tax administration in Addis Ababa: A case of Kirkos Sub city Administration.” in Partial Fulfillment of the Requirements for the award of Master of Business administration.

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ABSTRACT

Property tax is one of the most importance source of a country to increase its income and improve stable revenues. In so many countries it allows local governments to raise their own revenue in order to enhance public services such as implementing projects, road construction, water supply, electricity and so many infrastructures development. Additionally, as property taxes are mostly determined by the owner's property worth, which reflects the taxpayer's ability, they can be used as a method to properly share the tax burden. A well-functioning property tax system helps mobilize domestic resources to pay the expanding infrastructure and services in fast growing cities in developing nations like Ethiopia.

However, there is limited empirical research that systematically examines these dimensions together, particularly from both the perspective of administrators and taxpayers. This study addressed that gap by focusing on Kirkos Sub-city and investigating the institutional, legal, and operational challenges hindering effective property tax collection, The influence of administrative procedures and digital technologies on efficiency and effectiveness, Taxpayer perceptions of fairness, transparency, and equity and the opportunities for reform through policy, capacity building, and innovation.

The study adopted mixed method research design by both combining both quantitative components design in descriptive research form which it assessed the current practices, challenges and tax payers' perception and opportunities for future better implementation of property tax administration. The researcher used Primary data collection tools like questionnaire and interview will be used to get information from participants. Moreover, Secondary data sources like book, articles, journals and working papers are all will use to give the research more background.

The thesis revealed that Poor coordination among municipal offices caused delays in the property tax collection system due to a lack of good communication between offices. Tax authorities' lack of adequate training to handle property tax issues is frequently cited as a challenge. Furthermore, paying property taxes is becoming inconvenient and time-consuming. Another issue mentioned is that property assessments or valuations are not done properly, making the tax procedure untrustworthy, and appeals are taking too long to be replied to.

Property owners under reporting of the values of property using loopholes in order to minimize the tax liabilities is the most raised challenges that hinders the effective collection system. Taxpayers who do not grasp the procedures are also less likely to comply with the revenue

collecting system. Furthermore, existing technology makes the tax procedure inefficient or difficult to navigate, and people become frustrated as a result of a lack of new technology.

It is recommended that new technologies be implemented. System updates, such as digital billing, valuation registration modification, centralized tax filling, and a database system that integrates all tax system files as one organization, are required to improve the collecting process. Consider how other countries handle their systems. Automating tax filing, keeping valuations up to date, and implementing a tax record system all contribute to better administration. Another option is public awareness and education initiatives; robust and effective legal enforcement should be adopted to improve fairness and compliance. Furthermore, it is anticipated that well-trained workers will improve service quality and transparency.

CHAPTER ONE

1.1 Background of the study

A Property tax is defined as a levy imposed primarily up on land and buildings often extended in some localities in business and farm equipment, inventories and certain intangible assets. (Harris & Charles 2025). Property taxation is described as ad valorem (according to the value) in rem level on the ownership, occupation, or development of land and or buildings. It is assessed annually on either capital value or proxies like rental income. (George, 2020)

Property taxes can take many different forms. They are usually based on the market value, the size or the location of land and/or buildings and can apply to either residential (whether owned by an individual or a company) or commercial property. Property taxes can also refer to stamp duty and other taxes paid when purchasing a property, as well as capital gains taxes and other fees and taxes related to the sale of a property. While stamp duty and capital gains taxes are usually paid to central government, property taxes are usually administered by local government. apart from in African countries where they tend to be collected by central government, other countries such as The Gambia, Rwanda and Tanzania have in recent years made attempts to centralize property tax collection. (Action aid, 2015)

The money raised by property taxes is a major source of funding for school districts, cities and townships, counties, and special taxing districts. Local property taxes help fund many programs and services including public schools, fire stations, police protection, streets, libraries, and more. Certain types of properties – including seasonal/cabin, commercial/industrial, and un-mined iron ore – are also subject to a state-level property tax. Receipts from this "state general tax" go into the general fund. A key benefit of the property tax system is that the revenue it raises tends to remain stable. Compared with sales or income taxes, the property tax is less susceptible to recessions or other changes in income or spending trends. In addition, since local jurisdictions only levy what they need to cover their annual needs, there is no surplus or deficit.(Jimison,2015)

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The idea of taxing property in Ethiopia dates back to 1937, when the country was governed by Italy. The tax was always computed using the annual market value of the property rather than its capital value. Despite the existence of a municipal tax known commonly as "roof tax" or "city house tax," Ethiopia currently lacks explicit property tax regulations. Ethiopia's property tax collection trend was nearly non-existent, leading the government to issue a new property tax proclamation. In Ethiopia, there was also no distinct entity tasked with collecting property taxes. When such a question arises, the constitution requires a joint session of the House of Peoples' Representatives (HPR) and the House of Federation (HoF) to convene and determine. Based on the proclamation, the HPR and HoF met on January 11, 2023, to debate whether property tax

collection should be the responsibility of the federal government or local governments. Ultimately, local governments and municipalities were given the authority to collect property taxes the regional states will collect the tax and transfer the money to the local authorities in accordance with their constitutional duties, according to the draft resolution. In accordance with this, the municipality of Addis Ababa has already begun counting properties in preparation for the impending collection of property taxes. (The reporters, 2023)

Effective property tax collection hinges on precise identification, valuation, and assessment processes, demanding skilled personnel, suitable technology, and robust administrative frameworks. However, many local authorities in Ethiopia confront capacity limitations, marked by insufficient human resources and outdated valuation methods, which impede the efficient administration and enforcement of property taxes (Zodrow, 2001)

The existing land rental and building tax system has not enabled urban areas in Ethiopia to meaningfully generate their own revenues to meet the expanding service and facility needs of their fast-growing resident population; it is believed that Property Tax will enhance fair wealth distribution among city dwellers as well as collection of more tax revenue from the increase in property value, which can be used for investment expenditures to be made for delivery, maintenance and sustainability of government services and facilities with better quality and with a wider scope.(proclamation number 1365,2025)

Despite recent reforms and proclamation released property tax administration in Ethiopia faces with institutional, administrative and technological challenges the hinders the effectiveness for the sustainable Growth of government revenues which makes this study was necessary to examine the specific administrative practice, institutional challenges, fairness and transparency and also the technological constraints affecting the property tax collection. This study also identified opportunities that improves the current property tax collection system.

1.2 Statement of the problem

Property tax is one of the most important and stable sources of revenue for local governments because it can finance essential services such as roads, schools, and sanitation (Bird & Slack, 2004; McCluskey, Franzsen, & Bahl, 2018). In many developing countries, however, property tax remains underutilized due to weak institutions, outdated valuation systems, and poor taxpayer compliance (Kelly, 2013). Ethiopia is no exception. Although property taxation has existed since the 1940s, its administration has long been fragmented and inefficient (Dires, 2023).

Property tax might be efficient and fair but it is also a ‘data-hungry’ tax which makes is financially and administratively costly to implement. Successful implementation of a property tax requires identification of the location and boundaries of that property, who owns it as well as its value or property attributes. In contexts with fully functioning land and property markets, up to date land cadasters and formal addressing systems, this information is relatively easy to come by, enabling

government agents to easily identify properties for valuation, billing and payment collection. (Victoria & Tewodros, 2021). Property taxation remains highly underutilized in Africa. On average, African countries collect less than 0.5% of GDP from property taxes, compared to a global average of 2% (McCluskey & Franzsen, 2017). This gap reflects weak institutional capacity, poor property registries, inadequate valuation systems, and widespread evasion (Kelly, 2013; Franzsen & McCluskey, 2017). For example, in Kampala, Uganda, property tax reforms initially increased revenue but later faced resistance due to weak enforcement and taxpayer dissatisfaction (Manwaring & Regan, 2020). In Rwanda, digital cadastral systems improved revenue collection, but capacity gaps still constrained sustainability (Goodfellow, 2017).

The international experience is so rich that one finds diverse modalities of practice across countries in designing the key components of a property tax system such as the taxing power, tax base, tax rate, valuation and assessment, and administration. Ethiopia can draw a lot of insights from the reservoir of these experiences. The insights can be consumed at the drafting stage, in the process of enforcing, or for the purpose of amending the law. The Ethiopian practice over the decades is largely weak, yet provides a fertile space for learning from it. This study has documented the various design options and indicated the best alternatives to the context of Ethiopia. (Tilahun dress and Msganaw 2022)

Other African cities such as Kigali and Kampala have successfully introduced GIS mapping, digital billing, and online payment systems to improve efficiency and transparency (Goodfellow, 2017; Manwaring & Regan, 2020)

Property records are often incomplete or outdated, cadastral systems are weak, and valuation procedures lack standardization. Institutional fragmentation between municipal offices, land management agencies, and the revenue authority has created overlapping responsibilities and inefficiencies (Carolini, Gelaye, & Khan, 2020). Evidence from across Africa shows that tax compliance is shaped not only by enforcement but also by trust in the system, perceptions of fairness, and the visibility of public service benefits (Ali, Fjeldstad, & Sjursen, 2013)

Tamerat afework(2024) found that there are no adequate (almost negligible) researchers and studies on real property taxation and real property valuation thus recommended that that further investigation is needed on real property taxation and property valuation on the Property valuation sector and property valuation profession, Real property tax challenges and solutions, Real property management and transaction (market), The Perception of the owner towards Real Property Tax

In summary, Addis Ababa's tax administration property presents significant opportunities for reform. However, there is limited empirical research that systematically examines these dimensions together, particularly from both the perspective of administrators and taxpayers. This study addressed that gap by focusing on Kirkos Sub-city and investigating the institutional, legal, and operational challenges hindering effective property tax collection, The influence of administrative procedures and digital technologies on efficiency and effectiveness, Taxpayer

perceptions of fairness, transparency, and equity and the opportunities for reform through policy, capacity building, and innovation.

1.3 Research questions

The researcher raised the following research question which have been answered through this research.

1. What are the major institutional, legal, and operational challenges hindering effective property tax collection in Addis Ababa's Kirkos Sub City?
2. How do existing administrative procedures and digital technologies influence the efficiency and effectiveness of property tax administration in Kirkos Sub City?
3. How do taxpayers in Kirkos Sub City perceive the fairness, transparency, and equity of the property tax system?
4. What strategic opportunities exist for enhancing property tax administration in Addis Ababa, particularly in terms of policy reform, capacity building, and technological innovation?

1.4 Objectives of the Study

1.4.1 General Objectives

The objective of the study is to assess the challenges and opportunities of property tax administration in Addis Ababa the case of Kirkos sub city.

1.4.2 Specific Objectives

The specific objective of the research is

- To identify the major institutional, legal and organizational challenges that hinder the effectiveness of the property tax collection
- To assess the impact of current administrative procedures and technologies on the efficiency and effectiveness of property tax administration.
- To investigate the perceived fairness and equity of the property tax system from the perspective of taxpayers in Kirkos Sub-city.
- To explore the potential opportunities for improving property tax administration in terms of policy reform, technology and capacity building at Kirkos Sub-city.

1.5 Significance of the Study

This study contributes to a deeper understanding of the challenges that hinder effective property tax administration in Addis Ababa, with a focus on Kirkos Sub-City. Since property tax is one of the most reliable sources of local revenue, improving its administration is critical for financing urban infrastructure, social services, and sustainable development. The research also provide practical insights for policymakers and tax administrators by identifying gaps in the existing institutional, legal, and administrative frameworks. The findings serve as evidence to inform reforms aimed at enhancing efficiency, transparency, and fairness in property tax collection. the study highlighted the role of digital technologies and modern administrative practices in strengthening tax compliance and revenue mobilization. By exploring taxpayers' perceptions of fairness and equity, the research contributed to the literature on tax compliance behavior. Understanding taxpayer attitudes can help design strategies that foster voluntary compliance and improve the relationship between citizens and local authorities. Finally, the study adds to the academic body of knowledge of taxation and public finance in developing countries. It can serve as a reference for future researchers and students interested in property taxation.

1.6Scope of the Study

This study focused on examining the challenges and prospects of property tax administration in Addis Ababa, with a specific emphasis on Kirkos Sub-City. The scope of the study is delimited to exploring the institutional, legal, administrative, and technological dimensions of property tax collection, as well as taxpayers' perceptions of fairness and equity in the study is confined to Kirkos Sub-City, as it represents one of the core urban areas in Addis Ababa where property tax administration faces practical challenges and where findings can provide relevant insights for broader city-wide reforms.

Conceptually, the study addresses four main areas such as Institutional and Legal Frameworks, Administrative and Technological Practices, Taxpayer Perceptions, Opportunities for Improvement – identifying potential reforms, best practices, and innovations that could strengthen efficiency, equity, and revenue generation.

While the study draws lessons from international and national experiences, its findings and recommendations are specifically intended to inform policymakers and administrators within the Ethiopian context, especially Addis Ababa.

1.7 Limitations of the Study

Although the study aimed in assessing the challenge the prospects of property tax administration in Kirkos sub city which limits the generalizability on not fully represents the conditions of other sub cities in Addis Ababa, constraint in accessing up to date data since it is a data hungry tax, the study is conducted in limited time frame and also the study will be assessing the property tax specific on land and building.

1.8 organization of the study

This research have five chapters. In the first chapter, background of the research, followed by the problem statement, objectives to be achieved and research questions, significance, scope, and limitation of the study are presented. In chapter two, literature review related to the study and the conceptual and empirical review of research will be discussed. The third chapter presents, and draws the methodological process of sampling, data collection and analysis. Chapter four presents descriptive summary of the empirical data collected with detailed analysis, results, and discussion. Finally, chapter five contains findings, conclusion and recommendation.

CHAPTER TWO

2. LITARTURE REVIEW

2.1 INTRODUCTION

This chapter presents a short review of existing theoretical and empirical literature on property tax administration. At the end of the literature review, an effort is made to summarize the major drawbacks of the existing empirical studies and to identify the knowledge gap which the current research intends to fill.

2.2 THEOROTICAL REVIEW

2.2.1 Taxation

According to Edenbridge (2019) Tax is a mandatory financial obligation enforced by governmental authorities, requiring honest payment from every citizen. It can be applied to various aspects such as income, property, profits, services and even purchases. A tax is a compulsory charge or fees imposed by government on individuals or corporations. Persons who are taxed have to pay the taxes irrespective of any corresponding return from the goods or services by the government. (Motahari, 2016)

Taxes are defined to be burdens, or charges, imposed by "the legislative power of a state upon persons or property," to "raise money for public purposes." It is a power inherent in sovereignty, and without which constitutional government cannot exist. It is vested in the Legislature by the general grant of the legislative power whether specially enumerated in the Constitution among the powers to be exercised by it or not. When taxes are levied; the citizen is liable for their payment at the time and in the manner required and provided by the law authorizing their assessment and collection. (Yohannes &sisay 2009)

Cobham (2005) defines Taxation as a system of raising money to finance governments. It is central to economic, social and political development. A strong tax system can play three important roles in national development: Revenue generation, lessen inequality and promote good governance. Taxation is the process by which a governing body, typically a government, imposes a compulsory financial responsibility on its populace or inhabitants. Taxation serves as a fundamental tool to finance government expenditures and its rationale has evolved. Initially, taxes were implemented to support ruling classes, raise military forces and fortify defenses. The authority to impose taxes is often derived from divine or supranational rights. Subsequently, diverse justifications for taxes emerged based on utilitarian, economic and moral considerations. Supporters of progressive taxation on high-income earners argue that taxes foster a more equitable society. Increased taxes on specific goods and services like tobacco or gasoline are justified as discouraging consumption.

Proponents of the public goods theory contend that taxes are necessary when the private provision of public goods, such as lighthouses or national defense, is deemed suboptimal. (Edubridge, 2019)

According to William (2019) Tax emerges from the blurry past as being part of ancient empires. The exact point in time when a tax was first instituted is unknown not only because of poor historical records but also because of cultural and societal structure of ancient empires. Empires such as the Egyptian, Mesopotamian, Chinese, and Inca were theocratic: the religion and the government were mixed - the king/emperor was viewed as a god. Paying tribute to this leader was both a religious contribution and a governmental extraction. Hence, 'tithing', referred to in the Bible as contributions to the temple, was both a tax and a contribution. Second, in early ancient empires, the people were often considered the property of the king/emperor who owned everything. Often civic projects and governmental actions were carried out by the subjects performing services that is building pyramids, serving as warriors in military. The sections that follow explore taxation in ancient empires; property taxation; inheritance, estate, and gift taxes; consumption-based taxes; and income taxation. In these, sections emerge some recurring themes. Ideas about taxes, developed in a particular time and place, were transported to and adopted in other times and in other places. In the ancient civilizations, taxation arose independently such that taxes, like writing, characterized civilized society. Yet, it is the uncivilized acts of war that often seems to be the impetus for developing or adopting a new form of tax.

Taxes have been traced by archaeologists as far back as King Scorpion the First's empire in southern Egypt between 3300 and 3200 BC. The archaeological record of taxation has been found in clay tablets the size of postage stamps and on jars and vases unearthed in King Scorpion I's tomb. The exciting part of the discovery is not only that taxation occurred so early, but that the tablets, jars and vases have the oldest use of writing with symbols representing constants and forming syllables-hieroglyphics. Previous discoveries found earlier records had used pictures. The writings from King Scorpion's tomb for the most part were tax records. These documents indicate the receipt of linen and oil as tithes-taxes-to King Scorpion I. Beside the record of amounts are a list of names of subordinates and institutions making the payment. As the archaeologist, Gunter Dreyer, who discovered the Scorpion I tomb observed, writing emerged as an innovation because of economic necessity rather than from creative expressions of humankind. Scorpion I had expanded his area of domination to the point that records of tax being paid were necessary. Thus, it seems that tax collection was a major. (Maria and Fritz 2024)

2.2.2 Types of Tax

Motahari (2016) defines types of tax into two types direct and indirect tax. A direct tax is a tax whose burden is borne by the same person. The ultimate burden of taxation falls on the person whom tax is levied and based on the person income and property owned level. Direct tax includes corporation tax, income tax, wealth tax and property tax. Direct taxes are primarily taxes on natural persons (e.g., individuals), and they are typically based on the taxpayer’s ability to pay as measured by income, consumption, corporate tax, property tax and net wealth. What follows is a description of the main types of direct taxes. Individual income taxes are commonly levied on total personal

net income of the taxpayer (which may be an individual, a couple, or a family) in excess of some stipulated minimum. The taxes are often levied at graduated rates, meaning that the rates rise as income rises. Personal exemptions for the taxpayer and family can create a range of income that is subject to a tax rate of zero. Corporate Tax: Companies are subject to corporate tax which is levied on their profits. The tax rates for domestic and foreign companies are different, and they may vary from year to year. Taxes on net worth are levied on the total net worth of a person—that is, the value of his assets minus his liabilities. As with the income tax, the personal circumstances of the taxpayer can be taken into consideration. (Maria & Fritz 2024)

The distinction between direct and indirect taxes is not always a satisfactory or a consistent one. One way of distinguishing between these them has been in terms of the incidence of taxation. It is asserted that if the incidence of a tax rests upon the person who bears its impact also then it is a direct tax. On the other hand, the incidence is passed on to others, and then it is an indirect tax. The economic basis for distribution between direct and indirect taxes, then the plausible approach would be to maintain that in the case of direct reference to the tax paying ability of the tax-payer. While in the case of indirect taxes such an ability is assessed indirectly in relation to the income is a true indicator of his tax paying ability. Same is the case with gift tax, inheritance tax, expenditure tax, wealth tax and so on. All these are examples of direct taxes, corporation taxes, such as taxes on profits, sales proceeds of firms and corporation are also direct taxes. An excise duty, on the other hand, is an indirect tax. For example, if each piece of radio is taxed at rate of 20 per cent of its value, then it is assumed that a person who purchases a radio will have this capacity to pay the tax and one who purchases a costlier radio will have greater ability to pay. It is partly on the reasoning that costlier items and luxuries are usually subject to higher sales taxes or excise duties while necessary items are generally exempted or taxed lightly. Import-export duties, taxes on rail and so on are also in the category of indirect taxes (kaldor ,1980)

Income Tax: is a tax imposed on the income earned by individuals, Hindu Undivided Families (HUFs), partnerships, companies and other entities. The income tax rates vary based on income slabs and the taxpayer's category. Wealth is a tax imposed on individuals and HUFs based on their net wealth. (edubridge,2019). Corporate Tax: Companies are subject to corporate tax which is levied on their profits. The tax rates for domestic and foreign companies are different, and they may vary from year to year. (Maria & Fritz 2024). A wealth tax is levied on the total value of personal assets, including: bank deposits, real estate, assets in insurance and pension plans, ownership of unincorporated businesses, financial securities, and personal trusts.[16] Liabilities (primarily mortgages and other loans) are typically deducted; hence it is sometimes called a net wealth tax. Taxes on net worth are levied on the total net worth of a person—that is, the value of his assets minus his liabilities. As with the income tax, the personal circumstances of the taxpayer can be taken into consideration. (Maria & Fritz 2024).

2.2.3 Concept of property tax

Folger (2022) defines real property as a parcel of land and everything that is permanently attached to the land. Real property may be classified as residential, industrial, commercial and agricultural. Sometimes, to make this distinction clear, land and buildings are termed real estate, a phrase long used in the US and increasingly adopted in the UK (Michael, 2009) The term 'property tax' as it is defined for statistical purposes by the refers to all taxes payable on the use, ownership, or transfer of property. It includes recurrent property taxes, capital transfer taxes (such as stamp duties and property transfer taxes), estate and inheritance taxes, gift taxes and net wealth taxes. (IMF,2017)

The Constitution of the Federal Democratic Republic of Ethiopia (1995) Article 40 defines The Right to Property: Every Ethiopian citizen has the right to the ownership of private property. Unless prescribed otherwise by law on account of public interest, this right shall include the right to acquire, to use and, in a manner compatible with the rights of other citizens, to dispose of such property by sale or bequest or to transfer it otherwise. "Private property", for the purpose of this article, shall mean any tangible or intangible product which has value and is produced by the labor, creativity, enterprise or capital of an individual citizen, associations which enjoy juridical personality under the law, or in appropriate circumstances, by communities specifically empowered by law to own property in common.

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

Buzu (2014) states that Real property tax is one means to captures property value for local governments, some of the increases in property values that are partially created by public expenditures or even by private investors. It is especially when compared with other potential sources of local tax revenue. The reasons are that real property tax is visible and a clear indicator of one form of wealth. Property tax is tax on value of property. Valuation of property is the process of determining the current request value of real estate for taxation purposes. This includes colorful styles and ways to determine fair and indifferent assessments of property levies. Generally, larger authorities, like countries and metropolises, were employ brigades of pundits who specialize in valuing domestic or marketable parcels. These pundits may also take into account factors similar as position, zoning, as well as profitable trends and other impacting factors. Creating accurate assessment values is essential in order to ensure that taxpayers aren't overcharged or overcharged on their property levies (Scram, 2006)

Property taxes can take many different forms. They are usually based on the market value, the size or the location of land and/or buildings and can apply to either residential (whether owned by an individual or a company) or commercial property. Property taxes can also refer to stamp duty and

other taxes paid when purchasing a property, as well as capital gains taxes and other fees and taxes related to the sale of a property. While stamp duty and capital gains taxes are usually paid to central government, property taxes are usually administered by local government, apart from in francophone African countries where they tend to be collected by central government.1 Other countries such as The Gambia, Rwanda and Tanzania have in recent years made attempts to centralize property tax collection. (action aid, 2018)

Riel and William (2017) states that property tax is relatively easy and cheap to introduce and administer, though it relies on having access to a pool of trained experts who can evaluate the value of the property that is being taxed or specialized technology also as buildings and land are hard to hide, it is very difficult to avoid or evade and as it is collected by local government, it is easy to link payment of property tax to the provision of local services such as waste collection, roads, water access, health care and education. Property tax is also less likely to distort local economies and hinder economic growth as it does not provide a disincentive to work (as some argue income tax does) and does not provide a disincentive to consume (as consumption taxes arguably do).

If the tax is well designed it can be very progressive, i.e. ensuring that those most able to pay taxes pay more, including by introducing thresholds for when a property is taxable, which can ensure that the poor and marginalized in society are not liable for property tax. The basis for calculating the tax (whether location, size of land or building, or the market value of the property) is fixed or fluctuates relatively little, the tax is a fairly stable and predictable source of revenue.((Maria & Fritz 2024).

William (2019) classifies property tax as land, improvements to land (immovable man-made objects, such as buildings), personal property (movable man-made objects) and. Real property (also called real estate or realty) is the combination of land and improvements. Forms of property tax vary across jurisdictions. Real property is often taxed based on its class. Classification is the grouping of properties based on similar use. Properties in different classes are taxed at different rates. Examples of property classes are residential, commercial, industrial and vacant real property. In Israel, for example, property tax rates are double for vacant apartments versus occupied apartments. France has a tax on vacant properties, which successfully reduced the vacancy rate. A special assessment tax is sometimes confused with property tax. These are two distinct forms of taxation: one (ad valorem tax) relies upon the fair market value of the property. The other (special assessment) relies upon a special enhancement called a "benefit" for its justification.

2.2.4 Advantage and disadvantage of property tax

Advantage of Property Tax

Property tax has many advantages: It is relatively easy and cheap to introduce and administer, though it relies on having access to a pool of trained experts who can evaluate the value of the property that is being taxed or specialized technology 1 1 $ Progressive taxation policy brief: Property taxes October 2018 2 such as GPS applications, as well as a reliable register of property ownership. As buildings and land are hard to hide, it is very difficult to avoid or evade. As it is

usually collected by local government, it is easy to link payment of property tax to the provision of local services such as waste collection, roads, water access, health care and education. If the tax is well designed it can be very progressive, i.e. ensuring that those most able to pay taxes pay more, including by introducing thresholds for when a property is taxable, which can ensure that the poor and marginalized in society are not liable for property tax. As the basis for calculating the tax (whether location, size of land or building, or the market value of the property) is fixed or fluctuates relatively little, the tax is a fairly stable and predictable source of revenue. In rural areas, a land/property tax can encourage the productive use of the land (for example in agriculture) as large landowners will be reluctant to not make use of land that is incurring costs through taxation. Property tax is also less likely to distort local economies and hinder economic growth as it does not provide a disincentive to work (as some argue income tax does) and does not provide a disincentive to consume (as consumption taxes arguably do). (delbrige & gebrewold 2021)

Challenges of property tax administration

While property tax might be efficient and fair, it is also a 'data-hungry' tax which makes is financially and administratively costly to implement. Successful implementations of a property tax require identification of the location and boundaries of that property, who owns it as well as its value or property attributes. In contexts with fully functioning land and property markets, up to date land cadasters and formal addressing systems, this information is relatively easy to come by, enabling government agents to easily identify properties for valuation, billing and payment collection. However, in many developing countries the formal property market is underdeveloped, there are no property registries, cadasters are out of date, if available at all, and the complexity of tenure systems leaves many parcels unregistered. As with the census in Ethiopia in 1996, the data required for property taxation is carried out through specific data collection efforts - manual updating of property registers by registered surveyors and valuer. (delbrige and gebrewold, 2021)

2.2.5 Valuation of property tax

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

Property valuation as the process of forming an opinion of value-in exchange under certain assumptions and a market valuation requires those assumptions to establish an open market scenario. Problems of the difference in price and valuation arise because the marketplace for the property is decentralized and fragmented. For instance, you can ascertain the price of your shares from the morning papers but the price of an office building might be more difficult to determine. (Wyatt, 2017)

Real property valuation refers to the information that the customer wants the reviewer to give the report. In utmost cases the customer wants the reviewer to give an opinion about a defined type of value for a specific property interest in a specific parcel of real estate as of a specific date. Buyers and merchandisers of real estate use reviewer to help determine how important to ask for the property, and how important to pay for it. Fiscal institutions use appraisals in connection with their lending conditioning to estimate the property that's offered as loan security. Governments use appraisals for taxation and mandatory accession. Appraisals are also constantly used to guide investment opinions and help with business planning (Scram, 2006)

Property valuation for Taxation purposes

Major principles that govern valuation. Conformity conception is, "A property is most likely to appreciate in value along with other, analogous parcels in the same neighborhood." So if an investor spends a lot of plutocrats to upgrade a house, for illustration, conformity may limit the appreciation anyhow of how the work is performed. This relates to construction accouterments, age of parcels, number of apartments, and overall square footage and style. Second Changes are part of the profitable cycle." Property values are affected by a change in several ways. These include original profitable and demographic trends, physical age and condition of the property and girding parcels, the character of a neighborhood or megacity, and natural events like disasters. Expectation: The principle of expectation may be stated as "request value frequently is affected by prospects about unborn events." For illustration, if an investor believes that a particular area is likely to witness growth in coming times that would mean property values would raise. The very anticipation actually increases demand, and valuation rises as a result. The cause and effect can be more immediate than the time it takes for the cause to occur. The principle of donation can also be defined as being controlled both by adding returns and by dwindling returns. In other words, making advancements to property beget growth in request value to adding returns, but when advancements exceed that position, return on investment begins to fall. Plottage principle observes that thickness in the power of land and zoning or operation, tends to maximize value. The principle countries that, "Land values tend to increase when conterminous lots are combined into single power and put to a single zoning or use." Competition: The last primary principle of valuation is directly related to the broader conception of force and demand. The principle of competition countries, "openings for profitable investment led to competition." This has ramifications for valuation of all parcels. A good idea a risk to be imitated. Therefore, as long as demand remains unchanged, the emergence of contending parcels was tend to adulterate request value for all analogous parcels. (Joshua & Michael, 2006)

Real property valuation for taxation purposes is an important task that requires moxie and skill. Property valuations are demanded primarily by trying authorities to determine how important the subject real estate should be tested. In general, the advanced the assessed value, the further levies were are owed on the property. The ideal of real estate valuation for taxation purposes has been to assess all parcels in a particular governance fairly and slightly, so that no individual property pays disproportionately high levies relative to other analogous types of parcels in that governance. The

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

2.2.6 Methods of valuation of property for taxation

Land is a key resource and a driver of economic growth particularly in countries like Ethiopia in which wealth depends predominantly on land (USAID, 2007). So, its administration and governance influence wellbeing of societies. According to, Lindner (2014) Ethiopian land administration face rent seeking, speculation and corruption problems. This is driven by absence of clear land policies, strong institutions, transparency and public participation in the system. There is no single document which deals with land policy instead, laws and policies must be inferred from federal laws, together with laws and directives set by regional and municipal governments. Confusion of laws is also another problem facing the system. In Ethiopia formal expropriation as a means of land acquisition is introduced in 1908 when the land charter of Addis Ababa city was enacted (Ambaye, 2013).

The scale and size of expropriation have been increasing through time. Currently it is a predominant land acquisition method and practiced when government at any level believes it necessary in the name of public purpose. Real property valuation is an important activity in expropriation since right holders should get compensation based on the estimated value of the lost property. In the preceding laws including the Addis Ababa land charter and the civil code, real property valuation issues were not clearly addressed. However, the current federal expropriation proclamation under Art.7(2) stipulates replacement cost approach as a method of valuation for all types properties (FDRE, 2005). Since expropriation is a forced sale, then the compensation must enable the loser to go to the market and fetch similar property of comparative utility. But the expropriation law denies this fact under Art. 7(1) by claiming land is not compensable element (FDRE, 2005).

In Ethiopia there is no valuation standard, as a result real property valuation has been practiced without any framework based on intuitive knowledge by a committee. This contradicts the international valuation practice where certified valuers do the valuation assignment depending on the national or international standards (RICS, 2017a).

There are 3 methods for determining property value for tax purposes. Selection of a method depends on the nature of the property. Cost of Replacement Commonly used for new construction; it estimates the cost of building that structure. The new building is compared with another building that has the same or equal functionality. The land value is added to the cost of the building improvements minus depreciation if not new construction to get the total value of the property. Secondly Sales Comparison method determines the market value by comparing similar properties that have been sold in the municipality. Factors may be used to calculate the value. For example

Number of rooms, Size of the rooms, Quality of material, Quality of workmanship, Physical condition, Location and Time of the sale. Lastly Income Approach method determines the market value based on the property's income-producing capabilities. All 3 methods should be used when possible, in the valuation of every property. One method may be more relevant than the others and given more weight in the valuation process. (William, 2019)

Real property valuation is the scientific estimation of the value of the real property (land and irremovable advancements) similar to structures diligence roads etc. The value perhaps rental, ratable, and residual or capital value, etc., are the real property of professionals (UN habitat, 2011).

According to William (2019) Methods of Valuing Property: There are 3 methods for determining property value for tax purposes. Selection of a method depends on the nature of the property. One is Cost of Replacement Commonly used for new construction; it estimates the cost of building that structure. The new building is compared with another building that has the same or equal functionality. The land value is added to the cost of the building improvements minus depreciation if not new construction to get the total value of the property. Secondly Sales Comparison This method determines the market value by comparing similar properties that have been sold in the municipality. Number of rooms, Size of the rooms, Quality of material, Quality of workmanship, Physical condition, Location, Time of the sale. The last is Income Approach this method determines the market value based on the property's income-producing capabilities. All 3 methods should be used, when possible, in the valuation of every property. One method may be more relevant than the others and given more weight in the valuation process.

There are three primary valuation approaches for commercial property: o The cost approach – estimates the cost of replacing it. o the market approach – compares the property to other, similar properties price it accordingly. o the income approach – the present value that reasonably supports the current rental payments net of expenses. Commercial property tax is often less politically sensitive, making it easier to reform. Despite this, theory shows that commercial properties are in fact not a good tax for local governments to focus on, for both ethical and distributional reasons12: Commercial entities rely less on public services than do residential counterparts, frequently making their own arrangements for waste removal and infrastructure. Viewing property tax as a payment for value created by the local government, this means that commercial properties should be paying less, not more. Businesses are more price sensitive and mobile, and therefore are more likely to relocate as a result of heavy taxes. A tax on business value is therefore less distortionary than a business property tax. Higher taxes on commercial properties may also divert investment away from it in favor of residential, distorting the property market. The tax incidence is likely to simply be passed on to the consumer through higher prices for goods and services. Customers might not be residents from the same area, and therefore in effect those residents are paying for public services they do not use. While the higher tax rates combined with the higher likelihood of compliance means commercial property often contributes far more revenue than residential. Focusing on taxing commercial properties, rather than widening the residential tax base, should be done with caution given the distortionary effects and the long-term implications.

Merima & Heldge (2017) there are two used property assessment methods. Market-based assessment the benefits from local services financed by the tax can be reflected in property values and help promote accountability and transparency among local officials. It takes into account the differences in the quality of buildings and locations. Area-based assessment cannot reflect benefits from local services, and hence it may become difficult to create transparency and accountability among local officials. Is less equitable and may result in larger tax burden on low-income taxpayers than high-income taxpayers, Easier to undertake and cheaper to administer.

2.3 EMPERICAL REVIEW

According to UN (2013) description developed countries are countries similar with high income per capital and largely industrialized, where the tertiary and quaternary sectors dominate the frugality. The order includes America and the utmost of European and some Asian countries. In all developed countries there's at least one duty on property, and the utmost has several. For e.g. from the forty-six European countries surveyed, at least forty-four have at least one intermittent duty on irremovable property, whereas Malta and San Marino don't have one (UN habitat, 2013).

According to IMF 2013 report, in general, irremovable property duty collection increases sprucely with income position. Advanced-income countries collect high real property profits than lower- or middle-income countries. Among the high-income countries, reliance on irremovable property levies varies from close to nil in Croatia, Luxembourg, and Switzerland, to heavy reliance, further than two percent of GDP, for example, Canada, France, Israel, Japan, New Zealand, the United Kingdom, and the United States.

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

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

Mascagni et al. (2017) conducted a thorough revenue gap analysis utilizing administrative data sourced from Addis Ababa. Their study specifically examined issues of property tax undervaluation and leakage, revealing substantial disparities between assessed and actual tax revenues. The findings highlighted weaknesses in assessment methodologies, compliance levels, and enforcement mechanisms.

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

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter presents the research design and methodological approaches employed to examine the challenges and prospects of property tax administration in Addis Ababa, with a specific focus on Kirkos Sub-City. The aim of the chapter is to provide a clear explanation of how the study was designed, the procedures followed in data collection, and the techniques applied in data analysis in order to ensure reliability, validity, and consistency of the findings. The chapter begins by outlining the overall research design, which describes the strategy and logic guiding the study. It then discusses the research approach and methods applied in collecting both primary and secondary data. Attention is given to the study population and sampling techniques, as well as the sources of data and the tools used for data collection, such as questionnaires, interviews, and document review. Furthermore, the chapter explains the data analysis techniques employed to interpret the collected information in line with the research objectives and questions. Issues of validity and reliability are also addressed to ensure the accuracy and credibility of the results.

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3.2 Research Design and approach

The study adopted mixed method research design by both combining both quantitative components design in descriptive research form which it assessed the current practices, challenges and tax payers' perception and opportunities for future better implementation of property tax administration.

The researcher used both primary and secondary data. Primary data collection tools like questionnaire and interview will be used to get information from participants. Moreover, Secondary data sources like book, articles, journals and working papers are all will use to give the research more background.

3.3 Population size, sample size and Sampling Techniques

The target population size included property owners in kirkos sub city and officials and employees in the kirkos sub city. Population size of tax payers in Addis Ababa kirkos city administration is 3313 in numbers. And the population size of employees who work on the tax payer's office, is 35 in numbers.

When it comes to sampling techniques stratified random sampling technique used for tax payers based on kebele or zone with in the sub city and purposive sampling technique used for tax official and employees like tax assessors and revenue officials which have direct involvement or expertise in property tax.
Due to the limited capacity of the researcher on various aspects the researcher inclines to used manageable sample from both the employees and customers.

In determining the sample size, the research used a formula indicated by Israel Glen
D (1992) with 95% confidence level as indicated below:

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

Where:

- n = size of the sample
- N =total number of the target population
- e = sampling error on this research (5%)

- N=3313
- e=0.05
- $n=3313/ (1+3313(.05)^2$
- =356

The 31 staff and 356 property tax payers the total number of sample.

Due to the limited capacity of the researcher on various aspects the researcher inclined to use a manageable sample from both the employees and customers.

3.4 Types of data

The study used both primary data and secondary data. Primary data includes questionnaires for tax payers and interview with tax employees. Secondary data used tax documents, proclamation, policy documents and previous studies.

The questionnaire for this study was developed through a careful process to ensure relevance, accuracy, and alignment with the research objectives. First, it was adapted from existing literature and previous empirical studies on property tax administration and taxpayer compliance in developing countries which provided validated questions on taxpayer behavior, perceptions of fairness, administrative challenges, and compliance practices, which were modified to suit the local context of Addis Ababa and Kirkos Sub-City. It is also derived from policy and administrative guidelines**.** Finally, the questionnaire was structured directly around the research objectives and questions of this study. It covered four key areas: institutional and legal frameworks, administrative and technological practices, taxpayer perceptions of fairness and compliance, and potential reforms to improve property tax administration.

3.5 Methods of data analysis

The data will be analyzed by descriptive statistics using the Statistical Package for Social Sciences (SPSS) version 26.

3.6 Validity and reliability

The instruments are linked to the conceptual framework of the study, ensuring that each question measures specific Aims such as fairness, compliance, equity, and administrative efficiency. A pilot test of the instruments was conducted with a small sample of property owners and tax officials in Kirkos Sub-City. The aim was to check clarity, language suitability, and relevance of questions. Feedback from the pre-test was incorporated to refine ambiguous or repetitive items. To strengthen validity, the study applies methodological triangulation by combining quantitative surveys, qualitative interviews, and document analysis. This cross-verification ensured that findings are not limited to one data source but are corroborated across different perspectives.

Property tax is not new tax for the country, also lot of studies and observers, tried to narrate some observed problems in this system. So, this research will have an expected outcome but with more detailed problem-solving method and also the questionnaire items are designed to measure each construct using multiple indicators. The data's will be measured accurately through SPSS and will be analyzed.

By applying these measures, the study ensured that the data collected are both valid—accurately reflecting the realities of property tax administration—and reliable, meaning that the results would be consistent if the research were repeated under similar conditions.

CHAPTER 4

DATA ANALYSIS, FINDINGS, AND DISCUSSIONS

4.1INTRODUCTION

The study used a comprehensive methodology to extensively investigate property tax administration processes. A considerable amount of quantitative data was subjected to in-depth descriptive analysis in order to define and understand the primary findings. The highly detailed and precise statistical analysis performed on the data assisted the researchers in understanding quantitatively the several factors that influenced the tax revenue trend, including the compliance rate, fairness, the digital system, and the effectiveness of various administrative measures in the selected sub-cities of Addis Abeba. Using statistical tools, the researchers were able to calculate the extent of the linkages and the degree of the detected trends in the data, providing quantitative support for their conclusions on property tax administration.

The combined results of quantitative and qualitative data analysis provided a thorough grasp of property tax administration practices. When the quantitative data patterns were matched with the qualitative data, the study was able to give a more comprehensive view that not only enhanced the interpretation of the results but also allowed for in-depth investigation of the complexities of the issues at hand. This comprehensive methodology approach was important in building a deeper understanding of the subject matter as well as creating insightful data that would be extremely useful in formulating policy suggestions for improving Addis Abeba's property tax systems.

4.2 RESPONSE RATE

Table 1 RESPONSE RATE

NO	Respondents' category	Frequency	Parentage
1	Responded	322	90.4%
2	Not responded	34	9.6%
	Total	356	100

(source: SPSS output researcher survey data,2025)

The study's response rate shown in Table 4.1 322 of the 356 surveys that were sent to Kirkos Sub-City property owners were correctly filled out and returned, yielding a response rate of 90.4%. In the meantime, 34 surveys or 9.6% of the total were not returned.

For research, the 90.4% response rate is regarded as extremely high and satisfactory. This shows that respondents were eager to participate in the study and had high levels of participation. A response rate these high lowers the possibility of non-response bias and improves the findings' dependability and representativeness. According to Babbie (2012), any response rate of 50% or higher is sufficient for analysis, and this high response rate is regarded as reliable for data analysis.

Additionally, the high response rate indicates that all respondents had a favorable opinion of the study and its conclusions, which permits possible generalization of the findings.

4.3 GENERAL INFORMATION OF RESPONDENTS

This section provides an overview of the respondents' demographic characteristics, including gender, age and level of education. The profiling of respondents was informed by the items in the research instruments used in the study.

Table 2 GENDER OF RESPONDENT

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	182	56.5	56.5	56.5
	female	140	43.5	43.5	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

According to survey data, 56.5% of the tax payers are males and 43.5% are females. This number showed that majority of the addis ababa city administration kirkos subcity are males with slight difference in numbers compared to females.

Table 3 AGE OF RESPONDENT

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 25	40	12.4	12.4	12.4
	25 to 29	72	22.4	22.4	34.8
	30 to 39	115	35.7	35.7	70.5
	40 and above	95	29.5	29.5	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

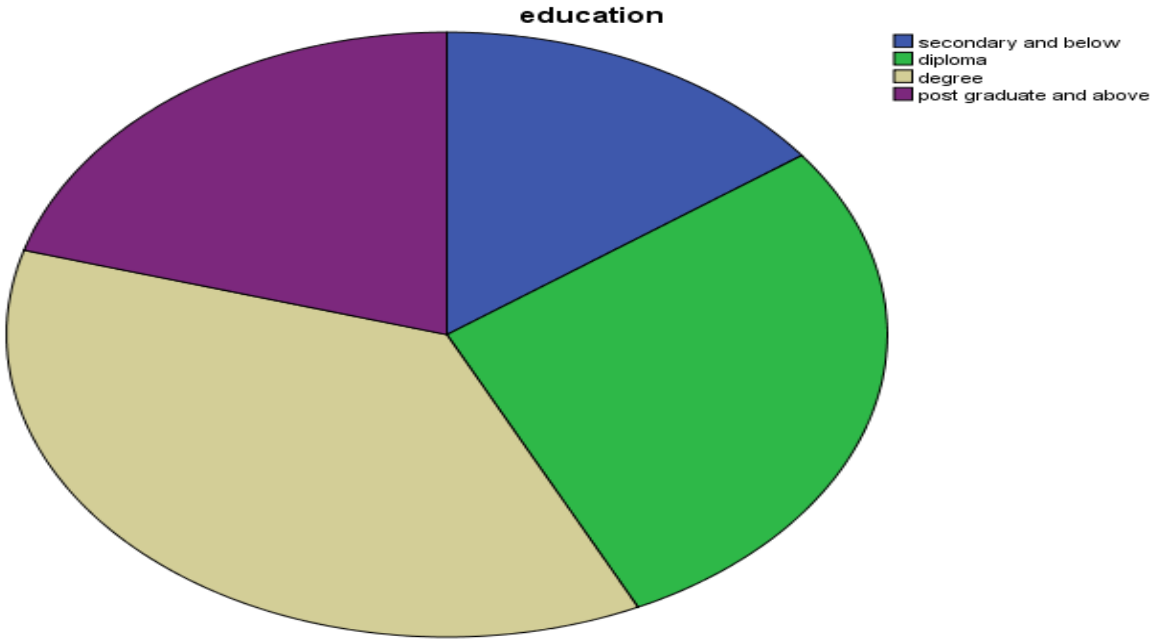
The age distribution of the study participants is shown in Table 4.3. Of the 322 valid responses, 40 respondents (12.4%) were under 25, 72 respondents (22.4%) were between 25 and 29, 115 respondents (35.7%) were between 30 and 39, and 95 respondents (29.5%) were over 40.

According to the results, the majority of respondents (65.2%) are in the 30-year-old and older age groups that are economically active. This implies that the majority of participants are probably long-term residents or established property owners, making them pertinent and informed respondents for evaluating Kirkos Sub-City property tax administration.

Table 4 EDUCATION LEVEL OF RESPONDENT

Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	secondary and below	48	14.9	14.9	14.9
	Diploma	90	28.0	28.0	42.9
	Degree	118	36.6	36.6	79.5
	post graduate and above	66	20.5	20.5	100.0
	Total	322	100.0	100.0	



(source: SPSS output researcher survey data,2025)

The educational background of the study participants is displayed in Table 4.4 and the chart. Of the 322 valid responses, 66 respondents (20.5%) had postgraduate education or above, 90 respondents (28.0%) had a diploma, 118 respondents (36.6%) had a bachelor's degree, and 48 respondents (14.9%) had secondary education or less.

The majority of respondents (57.1%) have a degree or postgraduate qualification, according to the results, indicating that a sizable portion of participants are reasonably well educated.

4.4 DESCRIPTIVE STATSTICS

4.4.1 Descriptive statistics: major institutional, legal and operational challenges

Table 5 POOR CO-ORDINATION OF OFFICES

I face delays due to poor co-ordination between government offices.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	82	25.5	25.5	25.5
	Agree	116	36.0	36.0	61.5
	Neutral	52	16.1	16.1	77.6
	disagree	40	12.4	12.4	90.1
	strongly disagree	32	9.9	9.9	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Respondents' opinions regarding whether they experience delays as a result of inadequate coordination between government offices regarding property tax administration are shown in Table 4.5. Of the 322 respondents, 116 (36.0%) agreed with the statement and 82 (25.5%) strongly agreed. This indicates that 61.5% of respondents said they had encountered delays as a result of inadequateofficecoordination's. Conversely, 22.3% of respondents did not consider coordination to be a significant problem, with 52 respondents (16.1%) remaining neutral, 40 respondents (12.4%) disagreeing, and 32 respondents (9.9%) strongly disagreeing.

The findings unequivocally show that a sizable majority of respondents encounter administrative delays as a result of inadequate coordination between government offices. This implies that the efficient administration of property taxes in Kirkos Sub-City is seriously hampered by institutional fragmentation and a lack of effective communication between offices.

Table 6 LACK OF ADEQUATE TRAINING

Tax officials lack adequate training to handle property tax issues.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	95	29.5	29.5	29.5
	Agree	102	31.7	31.7	61.2
	Neutral	41	12.7	12.7	73.9
	Disagree	54	16.8	16.8	90.7
	strongly disagree	30	9.3	9.3	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Table 4.6 shows respondent opinion about tax officials lacks training to handle the property tax system which highest rank falls under agreed which is 31.7% or 102 respondents agreed to the statement followed by 29.5% or 95 respondents also strongly agreed.

Meanwhile 12.7% remain neutral with 16.8% disagree and 9.3 % strongly disagree to the statement mentioned. This shows majority number of the respondents agreed that tax officials lack adequate training to handle property tax issues.

Table 7 TRANSPARENCY AND COMMUNICATION

The tax authority is transparent with all the communication and information regarding to tax

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	20	6.2	6.2	6.2
	Agree	26	8.1	8.1	14.3
	Neutral	61	18.9	18.9	33.2
	Disagree	130	40.4	40.4	73.6
	strongly disagree	85	26.4	26.4	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Table 4.7 presents of 322 respondents views on the tax authority being transparent with alla the communication addressed by the tax. majority 40.4%(130 respondents) disagree with the statement followed by 26.4%(85 respondents) also strongly disagreed acknowledging 68% percent of respondents views the tax office is not transparent with all the communication.

On the other hand, 18.9% remain neutral while 8.1% agreed and 6.2% strongly agreed to the statement. This indicated tax authority lacks transparent communication regarding to tax.

Table 8 LAGAL SYSTEM AND TAX PAERS RIGHT

The legal system does not adequately protect tax payer's right.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	143	44.4	44.4	44.4
	Agree	77	23.9	23.9	68.3
	Neutral	46	14.3	14.3	82.6
	Disagree	26	8.1	8.1	90.7
	strongly disagree	30	9.3	9.3	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Table 4.8 presents respondents perceptions whether the legal system adequately protects the tax payers right regards to property tax administration. 44.4% (143) strongly agree with 23.9(77) agreed that the legal system does not protect tax payers right.

Conversely 46 respondents (14.3%) remained neutral, 26 respondents (8.1%) disagree and 30 respondents (9.3%) disagree with the statement that the legal system does protect the tax payers right.

This indicated that the majority of respondents perceived a weak and inadequate appeals handling mechanism and legal safeguards. In property tax system which imply weak legal frameworks and unfair conflict resolution in the property tax administration.

Table 9 KNOW HOW OF PROPERTY TAX

The method that is used to calculate property tax is not clearly explained.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	87	27.0	27.0	27.0
	Agree	80	24.8	24.8	51.9
	Neutral	54	16.8	16.8	68.6
	Disagree	50	15.5	15.5	84.2
	strongly disagree	51	15.8	15.8	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Table 4.9 presents respondents opinion on whether the method used to calculate property tax is clearly explained or not. Out of the 322 respondents 87 respondents (27%) strongly agree that's the method is not clearly explained to the tax owners. Furthermore 80 respondents (24.8%) also agreed on the statement

In contrast, 54 respondents (16.8%) showed a neutral response to the statement. Additionally, 50 respondents (15.5) disagreed and 51 respondents (15.8%) strongly disagreed to the statement.

This indicated that majority of the tax payers lacks understanding on how their property tax is calculated which led to transparency issue and not wanting to comply.

Table 10 PANALITIES AND APPEALS PROCEDURE

Penalties and appeals procedure are not well communicated to tax payers.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	107	33.2	33.2	33.2
	Agree	97	30.1	30.1	63.4
	Neutral	56	17.4	17.4	80.7
	Disagree	45	14.0	14.0	94.7
	strongly disagree	17	5.3	5.3	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Table 4.10 provides respondents' opinions with respect to the clarity of communication to taxpayers on penalty and appeal processes with reference to property tax administration. Of the 322 respondents, 107 (33.2%) strongly agreed and 97 (30.1%) agreed with it. This is evidence that 63.4% of respondents feel that sanctions and litigation are not well understood by taxpayers.

In contrast, 56 (17.4%) of the respondents had indifferent views. A further 45 respondents (14.0%) disagreed and 17 respondents (5.3%) strongly disagreed, in sum of a total 19.3%, that procedures are clearly explained to them. Results suggest that a large proportion of taxpayers is not informed about the rules for penalties or appeals

Table 11 PROPERTY TAC AND BILLINGS

Property assessment or valuation is not done properly before billing.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	153	47.5	47.5	47.5
	Agree	63	19.6	19.6	67.1
	neutral	28	8.7	8.7	75.8
	disagree	45	14.0	14.0	89.8
	strongly disagree	33	10.2	10.2	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Table 4.11 shows the respondents' responses regarding whether or not property assessment or valuation are properly conducted before property tax billing. Out of the 322 respondents, 153 (47.5%) strongly agreed and 63 (19.6%) agreed with the statement. This means that 67.1% of respondents feel that property assessment and valuation are not properly done before billing. Meanwhile, 28 respondents (8.7%) were neutral. On the other hand, there were 45 respondents (14.0%) who disagreed and 33 respondents (10.2%) who strongly disagreed, making up 24.2%, who thought that valuation is properly conducted. The results disclose a well, overwhelming majority of taxpayers who see that property valuation practices are seriously flawed.

Table 12 PROPERTY TAX AND TIME CONSUMMTION

Making property tax payments is inconvenient or time consuming.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	69	21.4	21.4	21.4
	Agree	86	26.7	26.7	48.1
	neutral	77	23.9	23.9	72.0
	disagree	52	16.1	16.1	88.2
	strongly disagree	38	11.8	11.8	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Table 4.12 shows how the respondents feel about making property tax payments being inconvenient or time, consuming. Out of the 322 respondents, 69 (21.4%) strongly agreed and 86 (26.7%) agreed with the statement. This means that 48.1% of respondents are of the opinion that

the property tax payment process is inconvenient or time, consuming.On the other hand, 77 respondents (23.9%) were neutral. Moreover, 52 respondents (16.1%) disagreed and 38 respondents (11.8%) strongly disagreed, thus only 27.9% of the respondents felt that the payment process is convenient.

The data reveals that almost half of the taxpayers are finding it hard to pay their property taxes, which might be due to factors such as long queues, fewer payment centers, traditional ways of doing things, or the absence of digital payment options.

Table 13 CORRECTION IN PROPERT TAX RECORDS

Correction in my property tax records takes too long to respond.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	93	28.9	28.9	28.9
	agree	117	36.3	36.3	65.2
	neutral	70	21.7	21.7	87.0
	disagree	25	7.8	7.8	94.7
	strongly disagree	17	5.3	5.3	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Table 4.13 shows respondents' views on whether it takes too long to get a response after submitting a complaint for correction in property tax records. From a total of 322 respondents, 93 (28.9%) strongly agreed and 117 (36.3%) agreed with the statement. Hence, 65.2% of respondents are of the opinion that correction of property tax records takes very long and this is an unreasonable amount of time. On the other hand, 70 respondents (21.7%) chose to remain neutral. Also, 25 respondents (7.8%) disagreed and 17 respondents (5.3%) strongly disagreed, which makes a total of 13.1%, who are of the opinion that corrections are done without delay. The results suggest that failures to update and make corrections to property tax records on time are the key disruptive issues in property tax administration.

Table 14 EASINESS OF STEPS IN PROPERTY TAX

The steps required to pay property tax are clear and easy to follow.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	23	7.1	7.1	7.1
	Agree	45	14.0	14.0	21.1
	Neutral	34	10.6	10.6	31.7
	Disagree	77	23.9	23.9	55.6
	strongly disagree	143	44.4	44.4	100.0
	Total	322	100.0	100.00	

(source: SPSS output researcher survey data,2025)

Table 4.14 presents respondents' views on whether the steps required to pay property tax are clear and easy to follow. Of the 322 respondents, 23 (7.1%) strongly agreed and 45 (14.0%) agreed with

the statement. This means that only 21.1% of respondents consider the steps involved in paying property tax to be clear and easy to follow.

On the other side of the spectrum, 34 respondents (10.6%) were neutral. Besides that, 77 respondents (23.9%) disagreed and 143 respondents (44.4%) strongly disagreed, making a total of 68.3% who consider the payment steps to be unclear or difficult to follow.

The results show that most taxpayers have trouble understanding the payment procedures of property tax. This shortage of procedural clarity can cause confusion, payment errors, taxpayers visiting tax offices more than necessary, thus resulting in a delay of revenue collection.

Table 15 EFFICIENCY OF TAX OFFICE IN PROPERTY TAX

The process at the tax office is simple and efficient.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	30	9.3	9.3	9.3
	Agree	48	14.9	14.9	24.2
	Neutral	39	12.1	12.1	36.3
	Disagree	113	35.1	35.1	71.4
	strongly disagree	92	28.6	28.6	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Table 4.15 presents the breakdown of how respondents evaluate the easiness and effectiveness of tax office procedures. From a total of 322 people, 30 individuals (9.3%) strongly agreed and 48 (14.9%) agreed with the statement. These two groups together represent 24.2% of people who perceive the tax office processing as being simple and efficient.

On the other hand, 39 people (12.1%) chose to stay neutral. Moreover, 113 people (35.1%) disagreed and 92 people (28.6%) strongly disagreed with the statement thus combining one and the other group gives us 63.7% of people who think that the process at the tax office is neither simple nor efficient.

The data reveals that most of the taxpayers find the procedures at the tax office to be complex and inefficient.

Table 16 COMPLIANCE AND PROPERTY PROCEDURES

The procedures help the tax payers comply with tax requirements.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	71	22.0	22.0	22.0
	Agree	80	24.8	24.8	46.9
	Neutral	72	22.4	22.4	69.3
	Disagree	46	14.3	14.3	83.5
	strongly disagree	53	16.5	16.5	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Table 4.16 displays respondents' views on whether the procedures help to comply with tax requirements or not. Out of the 322 respondents,71 (22.0%) were strongly in favor while 80 (24.8%) agreed, showing that 46.9% of the respondents think that the procedures do indeed help to a great extent in compliance.

In the same way, 72 respondents (22.4%) were undecided. Conversely, 46 respondents (14.3%) disagreed and 53 respondents (16.5%) strongly disagreed, thus making a total of 30.8%, who believe that the procedures are not sufficient in helping taxpayers comply with tax requirements.
The findings suggest that while nearly half of the taxpayers perceive the procedures as supportive of compliance, a substantial proportion either do not find them helpful or remain uncertain.

Table 17 DIGITAL SYSTEM USAGE AND TAX PROCESS

The digital systems used by the tax office make the tax process easier.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	44	13.7	13.7	13.7
	Agree	53	16.5	16.5	30.1
	Neutral	44	13.7	13.7	43.8
	Disagree	85	26.4	26.4	70.2
	strongly disagree	96	29.8	29.8	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Respondents' opinion whether the digital system used by the tax office make the process easier is displayed on table 4.17. out of 322 respondent's 44 respondents (13.7%) strongly agreed and 53 respondents (16.5%) agreed to the statement displayed on table 4.17. in addition, 44 respondents (13.7%) remained neutral.
In contrast, majority of the respondents, 85 respondents disagreed and also 96 respondents strongly disagreed which is 56.2% did not agreed with the statement.
This implies that most of the taxpayers do not see the digital systems as a help which probably means that there are shortcomings such as system inefficiencies, not being user friendly, limited accessibility, or even a lack of training for taxpayers.

Table 18 MODERN TECHNOLOGY AND TAX OFFICE PRACTICE

The tax office used modern technology effectively.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	23	7.1	7.1	7.1
	Agree	36	11.2	11.2	18.3
	Neutral	52	16.1	16.1	34.5
	Disagree	119	37.0	37.0	71.4
	strongly disagree	92	28.6	28.6	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

The study sought to understand how people perceive the level of modern technology use by the tax office displayed on table 4.18. Out of a total of 322 respondents, only 59 (18.3%) people felt that the tax office uses modern technology effectively, 23 of them strongly agreed and 36 agreed. On the other hand, 52 (16.1%) respondents were on the fence, however, the majority 119 (37.0%) disagreed, and 92 (28.6%) strongly disagreed hence a total of 65.6% of respondents think that the implementation of modern technology at the tax office is not effective.

The results show that most taxpayers are not satisfied or have a limited view of the use of modern technology in property tax administration. It could be due to old systems, poorly trained staff, or unavailability of digital tools to the taxpayers.

Table 19bureaucracy when handling tax matters

I do not face unnecessary bureaucracy when handling tax matters.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	20	6.2	6.2	6.2
	agree	35	10.9	10.9	17.1
	neutral	60	18.6	18.6	35.7
	disagree	120	37.3	37.3	73.0
	strongly disagree	87	27.0	27.0	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Table 4.19 discloses respondents' perception on the level of unnecessary bureaucracy they face in property tax matters. Of the 322 respondents, 20 (6.2%) strongly agreed, while 35 (10.9%) agreed, indicating only 17.1% of respondents believe they do not face unnecessary bureaucracy.

At the same time, 60 respondents (18.6%) chose to be neutral. Against that, 120 respondents (37.3%) disagreed, and 87 respondents (27.0%) strongly disagreed, making 64.3% the total number of people who feel that they experience unnecessary bureaucracy when handling tax.

The results suggest that most taxpayers are confronted with major bureaucratic obstacles, such as obtaining multiple approvals, undergoing repetitive procedures, and experiencing sluggish administrative processes.

Table 20system breakdown and tax payment process

System breakdown does not often happen or delays rarely affect the tax payment process

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	25	7.8	7.8	7.8
	Agree	30	9.3	9.3	17.1
	Neutral	50	15.5	15.5	32.6
	Disagree	130	40.4	40.4	73.0
	strongly disagree	87	27.0	27.0	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025).

As it displayed on table 4.20 17.1% which is 25 respondents strongly agreed and 30 respondents agreed that system breakdown does not often happen and delays rarely affect payment process. Furthermore 15.5% of respondents remained neutral.

On the other hand, majority of respondents which is 130 respondents (40.4%) agreed and 87 respondent's (27%) strongly agreed with commutative percentage of 67.4% of the respondents thinks that system breakdown does in fact happen and delays the tax payment process system.

This result supports the system unreliability is a major concern for taxpayers, potentially causing delays and frustration during tax payments.

Table 21digitalization for enhancing transparency and efficiency

Digitalization would enhance transparency and efficiency and reduces errors in tax administration

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	95	29.5	29.5	29.5
	Agree	120	37.3	37.3	66.8
	Neutral	60	18.6	18.6	85.4
	Disagree	30	9.3	9.3	94.7
	strongly disagree	17	5.3	5.3	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Table 4.21 shows respondents' perceptions of the potential benefits of digitalization in property tax administration. Out of 322 respondents, 95 (29. 5%) strongly agreed and 120 (37. 3%) agreed that digital systems would improve transparency, reduce errors, and increase efficiency in the property tax system. That means a total of 66. 8% of respondents who believe in the changes brought by digitalization.

Those who were neutral made up of 60 respondents (18. 6%). Surprisingly, there were only 30 respondents (9. 3%) who disagreed, and 17 respondents (5. 3%) who strongly disagreed that the total number of disbelievers in digitalization was 14. 6%.

The result displays taxpayers recognize the value of digital systems in improving service delivery, transparency, and error reduction. This highlights an opportunity for the tax office to invest in digital solutions.

Table 22property tax system and fairness

The property tax system is fair to all income groups.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	35	10.9	10.9	10.9
	Agree	44	13.7	13.7	24.5
	Neutral	60	18.6	18.6	43.2
	Disagree	90	28.0	28.0	71.1
	strongly disagree	93	28.9	28.9	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Table 4.22 presents how respondents perceive the fairness of the property tax system across income groups. Out of 322 respondents, 35 (10. 9%) strongly agreed and 44 (13. 7%) agreed that the property tax system is fair to all income groups, which means that only 24. 5% of respondents agree with the statement.

Those who were neutral made up of 60 respondents (18. 6%). On the other hand, there were 90 respondents (28. 0%) who disagreed and 93 respondents (28. 9%) who strongly disagreed, giving a total of 56. 9% that believe the system is unfair. The findings suggest that a majority of taxpayers perceive inequities in the property tax system, possibly due to inconsistent valuations, unclear tax rules, or disproportionate burden on lower-income groups.

Table 23property tax calculation perceives

I understand how my property tax is calculated.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	25	7.8	7.8	7.8
	Agree	51	15.8	15.8	23.6
	Neutral	81	25.2	25.2	48.8
	Disagree	103	32.0	32.0	80.7
	strongly disagree	62	19.3	19.3	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Only 25 (7. 8%) of the 322 people surveyed strongly agreed and 51 (15. 8%) agreed that they understood how their property tax is calculated, thus making it that only 23. 6% of respondents clearly understand the calculation of their property tax. At the same time, 81 respondents (25. 2%) were neutral. On the other hand, 103 respondents (32. 0%) disagreed and 62 respondents (19. 3%) strongly disagreed, making up 51. 3%, who don't understand the tax calculation language.

These findings reveal a large information disparity and, therefore, the need for public enlightenment campaigns and the provision of simple and understandable explanations of how tax liabilities are computed.

Table 24transparency and determining tax values

The system is transparent in determining tax values.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	25	7.8	7.8	7.8
	Agree	51	15.8	15.8	23.6
	Neutral	75	23.3	23.3	46.9
	Disagree	109	33.9	33.9	80.7
	strongly disagree	62	19.3	19.3	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Table 4.24 displays that 25 (7. 8%) of the 322 respondents strongly agreed and 51 (15. 8%) agreed, indicating that merely 23. 6% of respondents perceive the system as one that is transparent. At the

same time, 75 respondents (23. 3%) were neutral. On the contrary, 109 respondents (33. 9%) disagreed and 62 respondents (19. 3%) strongly disagreed, amounting to 53. 2%, who think that the system is not transparent.

The results highlight that a lot of taxpayers do not trust the process of valuation.

Table 25wealthier individuals and fairness

Wealthier individuals pay their fair share of property taxes.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	15	4.7	4.7	4.7
	Agree	40	12.4	12.4	17.1
	Neutral	79	24.5	24.5	41.6
	Disagree	128	39.8	39.8	81.4
	strongly disagree	60	18.6	18.6	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Among the 322 respondents, 15 (4. 7%) strongly agreed and 40 (12. 4%) agreed that only the 17. 1% of respondents that believe that wealthier individuals are paying their fair share altogether. While 79 respondents (24. 5%) are neutral. On the contrary, 128 respondents (39. 8%) disagreed and 60 respondents (18. 6%) strongly disagreed, making a total of 58. 4% who by means perceived inequity in tax contributions.

This implies that taxpayers believe the present system does put a heavier relative burden on the lower, and middle, income groups caused by lack of transparency and compliance.

Table 26clearness process of appeal

There is a clear process to appeal if I disagree with the tax amount.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	58	18.0	18.0	18.0
	Agree	50	15.5	15.5	33.5
	Neutral	43	13.4	13.4	46.9
	Disagree	95	29.5	29.5	76.4
	strongly disagree	76	23.6	23.6	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

58 (18. 0%) of the respondents strongly agreed and 50 (15. 5%) agreed, thus indicating that about one, third of the respondents (33. 5%) believe there is a clear appeals process. However, 43 respondents (13. 4%) indicated a neutral standpoint. On the other hand, 95 respondents (29. 5%) disagreed, and 76 respondents (23. 6%) strongly disagreed, which altogether make up 53. 1% of the respondents who think that the appeal process is either unclear or inaccessible.

The results imply that poorly communicated appeal processes may result in taxpayers being less able to challenge their tax assessments, losing faith in the tax system, and less inclined to comply voluntarily.

Table 27 public service and property tax system

I trust that my property tax payments are used for public services.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	31	9.6	9.6	9.6
	Agree	51	15.8	15.8	25.5
	Neutral	113	35.1	35.1	60.6
	Disagree	81	25.2	25.2	85.7
	strongly disagree	46	14.3	14.3	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Out of 322 respondents, 31 (9. 6%) strongly agreed and 51 (15. 8%) agreed, thus, only a quarter (25. 5%) of the respondents trust that their tax contributions are properly used. At the same time, 113 respondents (35. 1%) had a neutral position. On the contrary, 81 respondents (25. 2%) disagreed, and 46 respondents (14. 3%) strongly disagreed, totaling 39. 5%, who distrust the way tax revenue is being used.

The results reflect a considerable degree of distrust among the taxpayers, thus, indicating that the taxpayers' limited knowledge of public spending may decrease their willingness to comply with tax requirements.

Table 28 improvement of tax and new technology

New technology (GIS, digital tax filing) can improve collection

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	140	43.5	43.5	43.5
	Agree	100	31.1	31.1	74.5
	Neutral	40	12.4	12.4	87.0
	Disagree	23	7.1	7.1	94.1
	strongly disagree	19	5.9	5.9	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Table 4. 28 presents respondents opinions about the possible impact of modern technology on property tax collection. Among 322 respondents, 140 (43. 5%) strongly agreed and 100 (31. 1%) agreed, together making 74. 6% of respondents who think that implementing new technologies can help increase tax collection. At the same time, 40 respondents (12. 4%) were undecided, and 23 respondents (7. 1%) disagreed, while 19 respondents (5. 9%) strongly disagreed, summing up to 13. 0% of those who do not believe in significant benefits.

The study results indicate that taxpayers are aware of the benefits that technology innovations like GIS mapping and digital tax filing can bring enhancing the efficiency of collection, minimizing errors, and thus boosting overall compliance.

Table 29revision of property valuation

Revising and updating property valuations would improve fairness

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	114	35.4	35.4	35.4
	Agree	81	25.2	25.2	60.6
	Neutral	77	23.9	23.9	84.5
	Disagree	30	9.3	9.3	93.8
	strongly disagree	20	6.2	6.2	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Table 4. 29 reports the respondents' opinions on whether changing property valuations would make the tax system more fair. Among 322 respondents, 114 (35. 4%) strongly agreed and 81 (25. 2%) agreed, so 60. 6% of respondents thought valuation updates would lead to more fairness. On the other hand, 77 respondents (23. 9%) were neutral, and 30 respondents (9. 3%) dissented. 20 respondents (6. 2%) strongly disagreed, making a total of 15. 5% of those who do not expect any advantage.

The results imply that update of property valuations is considered an essential measure that can lead to better fairness, fewer disputes, and accurate charging of taxpayers according to the value of the property.

Table 30 Educating the public and compliance

Educating the public about taxes would increase compliance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	110	34.2	34.2	34.2
	Agree	80	24.8	24.8	59.0
	Neutral	78	24.2	24.2	83.2
	Disagree	27	8.4	8.4	91.6
	strongly disagree	27	8.4	8.4	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

110 (34. 2%) strongly agreed and 80 (24. 8%) agreed, so 59. 0% of respondents believe that public education would lead to better compliance. Meanwhile, 78 respondents (24. 2%) were neutral. Only 27 respondents (8. 4%) disagreed and 27 respondents (8. 4%) strongly disagreed, making a total of 16. 8%, who do not consider education to be a key factor.

The results emphasize that public awareness campaigns as well as educational programs are generally considered as effective means to encourage voluntary compliance and foster a better understanding of tax obligations.

Table 31 Data base system for efficiency

Creating a central property database would improve efficiency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	115	35.7	35.7	35.7
	Agree	89	27.6	27.6	63.4
	Neutral	71	22.0	22.0	85.4
	Disagree	37	11.5	11.5	96.9
	strongly disagree	10	3.1	3.1	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Table 4. 31 displays the respondents' views on the possible advantages of a core property database. 115 out of 322 respondents (35. 7%) strongly agreed and 89 (27. 6%) agreed, thus a total of 63. 3% of respondents were in the belief that a centralized database would lead to more efficient property tax administration. On the other hand, 71 respondents (22. 0%) remained neutral, 37 respondents (11. 5%) disagreed and 10 respondents (3. 1%) strongly disagreed, which sums up to 14. 6% of respondents who do not recognize a significant advantage.

The results indicate that the creation of a central database is generally regarded as a tactical solution that will help to streamline property records, cut down on duplication, reduce errors, and make the delivery of services quicker.

Table 32 legal enforcement and compliance

Stronger legal enforcement could enhance compliance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	70	21.7	21.7	21.7
	Agree	125	38.8	38.8	60.6
	Neutral	49	15.2	15.2	75.8
	Disagree	47	14.6	14.6	90.4
	strongly disagree	31	9.6	9.6	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

The respondents' opinions on the contribution of legal enforcement in increasing compliance are depicted in Table 4.32. A total of 322 respondents revealed that 70 (21.7%) strongly agreed and 125 (38.8%) agreed, thus showing that 60.5% of the respondents are of the opinion that stronger legal enforcement could increase compliance. At the same time, 49 respondents (15.2%) remained neutral, while 47 respondents (14.6%) disagreed and 31 respondents (9.6%) strongly disagreed thus, 24.2% in total, who do not consider legal enforcement as a critical factor. These findings reveal the importance of having Well, functioning legal frameworks, enforcement mechanisms, and the consistent application of tax laws are necessary to increase voluntary compliance and reduce tax evasion.

Table 33 staff training for better quality in tax

Better training for staffs would improve the quality of tax service

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	103	32.0	32.0	32.0
	Agree	121	37.6	37.6	69.6
	Neutral	51	15.8	15.8	85.4
	Disagree	30	9.3	9.3	94.7
	strongly disagree	17	5.3	5.3	100.0
	Total	322	100.0	100.0	

(source: SPSS output researcher survey data,2025)

Of the 322 respondents, 103 (32.0%) strongly agreed and 121 (37.6%) agreed, meaning that 69.6% of respondents think that better staff training will improve the standard of tax administration. 51 responders, or 15.8%, expressed no opinion. Just 30 respondents (9.3%) disagreed, and 17 respondents (5.3%) strongly disagreed, making up 14.6% of those who do not think training is essential.

The results imply that competent employees are essential for efficient property tax management, enhancing interactions with taxpayers, lowering errors, and promoting more efficient procedures.

4.4 INTERVIEW RESULTS

Prospects of property tax: several findings are assessed about the prospect of property tax system. Not finding the real property data (Insufficient and unrealizable data) about lands and building whether they are commercial, rented or not: in addition, incomplete information provided by tax payers makes the valuation system difficult in away the properties to be mostly undervalued. This practice made by property owners in order to minimize their tax liabilities which makes the government to lose the deserved amount of revenue collection.in addition to that property owner not paying early and delaying their payment making the tax bureau to be filled with so many tax payers at the deadlines resulting in inconvenience crowded at the bureau and on the system also which slows down the collection process.

Furthermore, lack of understanding on how property tax is calculated (misinterpretation about penalties, valuation), not following the payment procedure, system breakdown also makes the property tax system to fall in to challenges.

Institutional gaps and tax collection: system breakdown, not using modern technologies, digital billing, lack of data process often hinders effective tax collection payment process.

Up to date and operation: not finding up to date data majorly affect tax collection system like if there is renovation or new buildings may not be recorded timely, property value will be undervalued, some properties does not appear in the tax register at all. Ownership change may not be reflected. So, this problem needs manual inspection audit and raises legal disputes which makes

the government to fall in to higher administrative costs, unstable tax revenue and also encourages the tax evasion.

Technology and tax administration: technology makes tax process easier, faster, and reliable. In order to enhance, accurate and effective the tax collection system making the routine process such as billing, filing, registration and tax filing with centralized data base should be automation process. There are some digital tools which are trying to be implemented but they are still under pilot testing not fully implemented. in addition to that even though there are an e tax system the property valuation is still under manual process by municipal offices which makes the system unsatisfactory to deal with.

Perception of fairness: many tax payers believe that the tax system is inequitable because they think that the tax paying system specially valuation system is not clear and transparent which makes them feel that there is no fairness on the system. The main cause that is mentioned besides compliance issue is the limited public awareness about how their tax system is calculated, valued and tax rate determined.

Reforms in property tax system: from the interview participant perception the first and the most urgent needed reform is the property valuation system which is still fall under manual process by municipal officers which makes the property tax system to fall under misconduct, inequity, unfair and higher administrative cost. So, the first reform is needed on property valuation system.

The second reform that is believed should be done is technological reform. creating a centralized data base system. Taking in to consideration about how other countries are handling their system. Automating tax filing, up to date valuation, and tax record system also helps in enhancing the administration.

Creating awareness for the new property tax system how it is calculated, valued, how to follow procedures anything related to property tax system whether it is appeal or corrections, how it helps the country to enhance its economy helps the property tax system to have better reform.

Summary

In conclusion, the descriptive statistics provide valuable insights into various aspects of property tax administration practices in Addis Ababa. The findings from the survey data and interview results underscore the major legal operational and institutional challenges that hinders the property tax collection. in addition to study also assessed how the current administrative procedure digital technology fairness and transparency is affecting the property tax administration system. finally, the thesis explored potential opportunities that improve the current property tax administration

CHAPTER FIVE

SUMMARY CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY OF FINDINGS

- Response Rate: the study response rate shows that only 9.6% od the total respondents of questionnaire were not returned. 90.4% are responded by questionnaire. In addition to that all interview participants are participated in an interview question which shows remarkable percentage and high level of participation of respondents. Furthermore, the high response rate makes the finding and conclusion a favorable opinion.
- Gender Of Respondents: according to survey data 56.5% of the respondents were male while the other 43.5% are female. The slight difference in numbers on both gender shows that the responses are dependent on diversity.
- Age Of Respondents: The age distribution shows that majority of respondents (about 65.3%) are in the age category between 30 years old and above. This indicates that most respondents are economically active and have long-term residence which makes the response pertinent to evaluate the system.
- Educational Background: Majority of respondents (57.4%) were degree and above qualification. The participant result which implies that the participants are well educated.
- Coordination of Government Offices: 61.5% of respondents face delays due to poor coordination between government offices which indicates that the municipal offices due to lack of effective communication are hampering the efficiency of the property tax administration.
- Training of Staffs: a lot of Respondents' opinion about tax officers lack training to handle property tax system is 61.2%. This shows majority of participants agreed that municipal offices lack adequate training to handle property tax system.
- Transparent Communication of Tax Authority: Majority of respondents do not think that tax authority has transparent communication with taxpayers.
- Method of Calculation in Property Tax: The larger share of respondents presume that the calculation is not clearly explained which shows lack of understanding on how their property tax is calculated.
- Penalties and appeals procedure: 63.3% of the respondents agree that penalties and appeals are not well communicated to taxpayers, which shows lack of information perceived regarding to penalties and appeals rules.

- Tax assessment with billing: The finding shows overwhelming lot of tax payers perceived that property valuation are seriously flawed and not properly done before issuing the billing.
- Property tax and time management: 48.1% of respondents are of the opinions that property tax payment process is inconvenient and time consuming and finds it hard to pay their taxes.
- Property tax record corrections: 65.2% of respondent's opinion are Correction of property tax records takes a long and unreasonable amount of time which disrupts the proper administration and the management of property tax.
- steps to pay property tax:68.3% of respondents consider the payment steps to be unclear which shows most tax payers have trouble un understanding the payment procedure of property tax
- Property tax and its procedure: most respondents find the property tax system procedure to be complex and inefficient.
- Compliance and property tax: 46.9% of respondents believe that the procedure are not sufficient in helping the tax payers to comply with tax requirements
- Digital system and tax process: majority of tax payers which is 56.2% thinks that current digital system makes the tax process inefficient or hard to deal with.
- Modern technology and tax: lion share of respondents think that the current implementation of technology at the tax office is not effective.
- Bureaucracy and property tax: most tax payers believe that they are confronted with unnecessary bureaucracy when handling tax matters
- Effect of system breakdown: 67.4% of respondents faces system breakdown which delays and hinders the tax payment process.
- Enhancing digital system: about 66.8% of tax payers believes in the value of digital system in reducing error and enhancing the service.
- Fairness and property tax: 56.9% of tax payers does not think the system is fair to all income groups.
- Knowhow of tax payers: only 23.6% of the respondents said they have knowledge about how their property tax is calculated.
- Transparency with tax valuation: 53.2% of respondents feels the system lacks transparency in valuation process indicating many tax payers do not trust the valuation process.
- Wealthier individuals and fair share tax: majority of respondents feels the current system places inequity in tax contribution.
- Process of appeal: 53.1% of respondents feel the process of appeal is unclear and in accessible.
- Public service and property tax: 35% of the respondents are not sure whether the property tax collected is used for public services or not. In the contrast, 39.5% of the respondents lacks confidence in the use of tax revenue.

- New technology and revenue collection: 74.6% of respondents believe adopting new technology can improve tax collection system
- Revising the property valuation and fairness: 60.6% of tax payers believe updating the valuation system would enhance fairness.
- Public awareness: lion share of respondents believe public awareness and educational programs can improve and encourage compliance.
- Centralized data base: the finding suggests that central data base system widely seen as an opportunity for efficiency.
- Legal enforcement: 60.5% of the respondents believe strong legal enforcement can enhance compliance.
- Better training staffs: majority of respondent believe that well trained staffs would improve the quality of the service.

conclusion

This thesis aimed at identifying the challenges and prospects of property tax administration in Addis Ababa: the case of Kirkos sub city administration. This paper moderately tried to identify the major institutional, legal and operational challenges which hinders the effectiveness of the property tax collection system. In addition to that it has also assesses the effectiveness of the current administrative procedure and digital technologies used in property tax administration. Furthermore, the researcher examines the perceptions of the fairness and transparency of the property tax payers. Finally, the thesis did identify potential opportunities for improving property tax administration in terms of policy reforms, technological improvement and capacity buildings.in this thesis the data are collected from 322 property tax payers and 35 tax officials under Kirkos sub-city administration. The data that were collected conducted by SPSS software version 26 which calculated the likert data and Descriptive statistics like frequency and percentages used to analyze the data.

The data findings reveal significant institutional, legal, and operational issues. Poor coordination among municipal offices caused delays in the property tax collection system due to a lack of good communication between offices. Tax authorities' lack of adequate training to handle property tax issues is frequently cited as a challenge. Furthermore, paying property taxes is becoming inconvenient and time-consuming. Another issue mentioned is that property assessments or valuations are not done properly, making the tax procedure untrustworthy, and appeals are taking too long to be replied to. Furthermore, the judicial system is more focused on impeding taxpayers' rights. Another finding is that lack of understanding of tax payers on property tax process and such as methods property tax calculation and also misinterpretation of penalties and appeals, valuation procedure are identified which resulted in tax payers to not follow procedures, delaying payments and the information that is provided by tax payers to be incomplete.
Property owners under reporting of the values of property using loopholes in order to minimize the tax liabilities is the most raised challenges that hinders the effective collection system.

Property owners delaying their payments until deadlines makes the tax system to be crowded and filled with do many tax payers at the end which can cause system breakdown and also frustrations. The current administrative procedures and digital technologies were also investigated. The procedure used by those tax offices is more difficult and inefficient in attracting taxpayers to handle tax responsibilities. Taxpayers who do not grasp the procedures are also less likely to comply with the revenue collecting system. Furthermore, existing technology makes the tax procedure inefficient or difficult to navigate, and people become frustrated as a result of a lack of new technology. Furthermore, system breakdowns are common, causing delays in the tax process system and impeding its effective flow.

The current administrative procedures and digital technologies were also investigated. The technique used by those tax offices is more difficult and inefficient in attracting taxpayers to handle tax responsibilities. Taxpayers who do not grasp the procedures are also less likely to comply with the revenue collecting system. Furthermore, existing technology makes the tax procedure inefficient or difficult to navigate, and people become frustrated as a result of a lack of new technology. Furthermore, system breakdowns are common, causing delays in the tax process system and impeding its effective flow.

Not finding up to date data about property owners makes the properties to be undervalues, new buildings may not be recorded timely, property value will be undervalued, some properties does not appear in the tax register at all. manual inspection of property valuation and assessment which makes the government to fall in to higher administrative costs, unstable tax revenue and also encourages the tax evasion.

most tax payers perceived inequities in the property tax system which makes the tax policies not transparent and decreases the tax payers trust. in addition to that unclear process of appeals limits tax payers appeals to challenge the tax disagreements which makes the tax payers to reduce their trust and discourages voluntary compliance. in general majority of tax payers perceive the system as unfair and non-transparent. From most tax officials' perspective, it is believed due to lack of understand how the tax is calculated or valuated makes the tax payers to feel that unfairness on the tax system.

When we come to exploring potential opportunities for improving the current property tax administration. It is suggested that new technology should be implemented. System update need to be done like digital billing, registration revision of valuation, centralized tax filling and data base system that connects all the tax system files as one organization revising the valuation system should be done in order to improve the collection process. Taking in to consideration about how other countries are handling their system. Automating tax filing, up to date valuation, and tax record system also helps in enhancing the administration. Another opportunity is public awareness and educational programs; strong and effective legal enforcement should be implemented in order to enhance fairness and encourage compliance. Moreover, it is believed that a well-trained staffs would improve the quality of the service and enhance transparency.

RECOMMENDATIONS

1. According to the study findings providing strong co-ordinations among administration offices ensures data sharing, fast collection system, reduce time consumption, makes the payment convenient which minimizes operational gaps and enhance institutional administration when handling property tax payment.
2. Providing up to date training for staffs on how to handle property tax starting from valuation system, digital system, customer service and training them to be qualified valuation professional. Establish a system for routinely observing and analyzing property tax administration procedures in order to determine their efficiency and pinpoint areas that require improvement. This could entail gathering taxpayer input, evaluating tax authorities' performance, and examining revenue collection patterns to guide policy choices and improve operational activity which is important to enhance the tax collection system.
3. Taking the manual inspection or individual judgement of tax officials assuming in the valuation system to standardized valuation forms mass market-based appraisal in order to prevent tax evasion, undervaluation, time consumption and also minimize the administrative cost, human power spent, enhance fairness and transparency for the valuation system.
4. Fixed procedure on Clear valuation must be made of enhance fairness and transparency at that tax assessment.
5. The legal system should focus on both tax payers and also tax official. Strong enforcement should handle in both parties. Also, the legal system should also consider tax payers right in order to promote fairness and minimize legal challenges.
6. Centralized database of tax registration, tax filing, payment records, property ownership records should be done by connecting the current national id (unique number) to easily identify property owners. Also, registration with GIS technology to identify, record and track all taxable properties should be implemented, this results in and improved valuation accuracy, billing and reduced unrecorded and unregistered properties.

   This would enhance technology advancement, operational efficiency and effectiveness, fairness and transparency.

7. Make the appeals and correction process easy, convenient, and timely to enhance trustworthiness fairness and equity of property tax system that way the system allows tax payers to challenge any incorrect valuation system with fair and prompt.
8. Creating a regular public awareness and educational programs about the importance of tax compliance, benefit of tax and creating a detailed knowhow on the process of how property tax is valued would enhance the knowledge of the public. Continuous service quality, supervision and the concerned authority to should also report on how the tax revenue that is collected is being used for public service will enhance voluntary compliance and trust among tax payers.

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APENDEX-I: QUESTIONNAIRE FOR PARTICIPANTS

Participant's Profile

• Gender: ☐ Male ☐ Female

• Age: ☐ Below 25 ☐ 25 to 29 ☐ 30 to 39 ☐ 40 and above

• Education Level: [ ] No formal education [ ] Primary [ ] Secondary [ ] Diploma [ ] Degree [ ] Postgraduate

PART TWO: Questions

The values of scales are: 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 =StronglyDisagree

NO	Description of variables	1	2	3	4	5
*	**Major institutional, legal and operational challenges**					
1	I face delays due to poor co-ordination between government offices.					
2	Tax officials lack adequate training to handle property tax issues.					
3	The tax authority is transparent with all the communication and information regarding to tax the method used to calculate property tax is not clearly explained.					
4	The legal system does not adequately protect tax payer's right.					
5	The method that is used to calculate property tax is not clearly explained.					
6	Penalties and appeals procedure are not well communicated to tax payers.					
7	Property assessment or valuation is not done properly before billing.					
8	Making property tax payments is inconvenient or time consuming.					
9	Correction in my property tax records takes too long to respond.					
	Administrative Procedures and Technology					
10	The steps required to pay property tax are clear and easy to follow.					
11	The process at the tax office is simple and efficient.					
12	The procedures help the tax payers comply with tax requirements.					
13	The digital systems used by the tax office make the tax process easier.					
14	The tax office used modern technology effectively.					
15	I do not face unnecessary bureaucracy when handling tax matters.					
16	System breakdown does not often happen or delays rarely affect the tax payment process					

17	Digitalization would enhance transparency and efficiency and reduces errors in tax administration					
	Perception of Fairness and Equity					
18	The property tax system is fair to all income groups.					
19	I understand how my property tax is calculated.					
20	The system is transparent in determining tax values.					
21	Wealthier individuals pay their fair share of property taxes.					
22	There is a clear process to appeal if I disagree with the tax amount.					
23	I trust that my property tax payments are used for public services.					
	Opportunities for Improvement					
24	New technology (GIS, digital tax filing) can improve collection					
25	Revising and updating property valuations would improve fairness					
26	Educating the public about taxes would increase compliance					
27	Creating a central property database would improve efficiency					
28	Stronger legal enforcement could enhance compliance					
29	Better training for staffs would improve the quality of tax service					

APENDEX-2: QUESTIONNAIRE FOR EMPLOYEES

1. What are the main challenges your office faces in collecting property taxes?
2. Are there any legal or institutional gaps that hinder effective tax collection?
3. How does the lack of up-to-date property data affect your operations?
4. What role does technology play in your property tax administration?
5. Have recent digital tools or systems improved efficiency? If yes, how? If no, why not?
6. How do taxpayers perceive the fairness of the property tax system?
7. What reforms do you think are most urgently needed in the property tax system