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ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF ACCOUNTING AND FINANCE

TAX ASSESSMENT AND COLLECTION ENFORCEMENT PROBLEMS:

**THE CASE OF ETHIOPIAN MINISTRY OF REVENUES: LARGE TAX PAYERS
BRANCH OFFICE**

**IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF SCIENCE IN ACCOUNTING AND FINANCE**

SUBMITTED TO- THE DEPARTMENT OF ACCOUNTING AND FINANCE

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DECLARATION

I, Asefu Adugna, Registration Number /I.D. Number GSE/8163/11, do here by declare that this Thesis is my original work and that it has not been submitted partially; or in full, by any other person for an award of any degree in any other university.

Declared by: Asefu Adugna

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This Thesis is submitted for examination with my approval as University supervisor.

Name of Advisor: Temesgen Worku (Dr);

Signature _____

Date _____

APPROVAL SHEET

I, the undersigned, declare that this thesis entitled “Tax assessment and collection enforcement problems the case of Ministry of revenues large tax payers branch office”, is my original work and has not been presented for a degree in any other university, and that all sources of material used for the thesis have been duly acknowledged.

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ABSTRACT

Ethiopia, resembling developing countries, face problems in increasing revenue to the level required for the advancement of economic development. Taxation has increased in importance not only as a tool of rising revenue for the traditional roles but also for fast-tracking the financial progress and safeguarding community fairness. The research evaluates the tax assessment and collection enforcement the case of Ethiopian ministry of revenues–large tax payers' branch office.

The aims of the research were to find the problems of tax assessment and collection enforcement in the branch tax office; to examine the attitude of taxpayers` to tax rules and tax government and their problems; to examine the tax debts control and to see the trends and execution of tax assessment and collection enforcement in the branch.

The research used descriptive research methodology and both qualitative and quantitative research approach were adopted for the study. To bearing the research both primary and secondary data were gathered from representative taxpayers and tax officers. The sampling technique employed both probability and non-probability and questions were distributed for fourteen (14) tax employees and eighty one (81) sample taxpayers.

The research determine difficulties such as the full utilization of system integrated government tax administration system not wholly employed; the presence of a complication of tax rules, regulations, inadequacy of tax knowledge ; absence of providing on time and excellence service; shortage of collaboration among other tax office branches and investor; the presence of billions of uncollected tax obligations; the execution of the branch shows uninterrupted progression between actual tax collected in the five years under study however its execution was under when paralleled to the revenue execution.

Therefore based on the determined problems the study suggested the succeeding: there ought to be complete use and application of computerization for sufficient data accessibility; doing extensive tax education schedules; There ought to be close collaboration with other tax office branches and other institutions including merchants; the tax office branch ought to emphasis for administration of fraudulent traders, and modernizing plea process.

LIST OF ACRONYMS

SIGTAS Standard Integrated Government Tax Administration System

MoR Ministry of Revenues

IT Information Technology

IMF International Monetary Fund

FDRE Federal Democratic Republic of Ethiopia

CHAPTER ONE

INTRODUCTION

1.1 General Background

Then this study discusses and analyze the existing problems facing in the assessment and collection enforcement the case of Ethiopian ministry of revenues–large tax payers branch tax office and to see and determine key variables that have adverse consequence on tax collection process.

1.2 Background of the study

Tax management discusses to the documentation of tax lawful duty mainly based on the main tax lawful procedures, the duty of this valid obligation, suit and results levied on disobedient traders (Kangave,2005). Therefore tax government, covers a huge place of study, encompassing components consisting of registration of tax payers, notifications of tax duties, declaring tax duties, and reviewing of financial statements (Kangave,2005). Furthermore, it objects at civilizing on lawful procedures about the recording, declaring tax liability, sales and using full fiscal policy competency of a state (World Bank 1991).

In the financial condition reduction effort of the state, finance on the prevailing infrastructure in big selection of advancement thus on proportion to survival circumstances of the voters is vital. The above mentioned and different duties genuine measure placed on the bear of the govt. (Singh 1999). To complete those duties, the main source for state spending, is the tax composed from individuals (Bird, 1992). Because of this intention the gov't of Federal Democratic Republic of Ethiopia has given a lot of concentration to the inland tax and Custom tax and introducing different reorganization actions to modernize the inland tax and custom tax. the goal of the tax reorganizations in Federal Democratic Republic of Ethiopia is renew the lawmaking, modernizing of the tax government, appreciate privatization entrepreneurs , building strong public control competence of inland tax and customs executives, shortening of processes and minimizing obedience price of tax payers (Ethiopian revenue and customs authority,2010).

But, the objective of tax management is not only collecting to the highest tax amount. The paramount tax management is not easily the one which collects highest tax revenue to the state somewhat it is fairly significant that the way how tax is collected and the outcome of revenue increasing exertion on justice and level of economic safety. So tax government is primarily required to safeguard together well-organized and operative tax management and to safeguard tax obedience citizen's (Bird,1992).

The entire newly organized tax managements do the same kinds of actions. Some of these undertakings are main business process activities which are straightly connected to the operation of the tax management whereas the sub processes are not straightly connected to the operation.

The Ethiopian, tax system is structured at state or central and regional stages. The constitution of Federal Democratic Republic of Ethiopia (FRDE) has divided the inland tax revenue to be collected by central and regional government and mutually by the central and regional government. Based on the given authority regions collect inland taxes revenues from private limited companies, and sole proprietorship's but, the federal collect tax revenues from corporations, share companies private limited companies (Ethiopian Revenue and Customs Authority, 2010).

The Constitution of Ethiopian nineteen ninety four (1994) article ninety six (96), the Federal governments have given the right to collect many kinds of inland taxes from the revenue resulting by their residents and nonresidents. So, the accountability to collect tax revenue for the federal government given to the Former Ethiopian revenue and customs authority (ERCA) Currently the name is replaced by Ethiopian ministry of revenues (MoR). Nowadays MoR has many branches in the country; from those large tax payers' branch office (LTO) MoR branch is one of the branches that accomplish its mission and objectives. The branch collects revenue from domestic tax revenue. In the domestic tax collection activities there are two main divisions the first division is law enforcement and the second is tax operation. The first division contains Tax audit, taxpayer education, risk identification and law enforcement, tax evidence and cash register machine administration. And the later division contains: taxpayer's registration and identification, Tax refund activities, Return filling and payment of tax revenue, appeal, tax arrears follow up and cash collection.so

1.3 Statement of the problem

Tax administration could be a troublesome and unenviable task, but vital for revenue generation needed for fast growth and to boost the standard of living of the voters. Tax is one in all the primary capital that a government funds its spending (European commission 2010). According to (Bastal, 1992) Most of the world's governments follow to use taxation so as to lift most of its financial needs. The reason for this is that taxation is the greatest effective source of government revenue. Ethiopia, done various tax transformations for civilizing its tax system, increasing the competence of the tax system and civilizing justice (Ethiopian revenue and customs authority, 2010).

Furthermore the restructuring was obligatory to increase citizen's content of the yield resulting from municipal benefits, a non-positive interpretation of public management, absence of public integrity, the unorganized tax management system invite taxpayers excited to escape from tax (ERCA, 2011 Statistical Annual Bulletin).

According to (Edmiston and Bird, 2004) Tax evasion knowingly decreases the collectible taxes, it is, the sum of obligatory payout to administrations. Besides it restricts the tax administration from accomplishment responsibilities that are officially assigned to ministry of revenue. In deficient tax admin system and developing nation's tax revenue do not collect in an well-organized and unbiased way.

The minimum tax result of fiscal policy assumed quickly rising state economy can be recognized to diversified problems of assessment of tax and enforcement and collection of the tax management. Main difficulties that encounter the maximum tax revenue Revenues includes; lack of tax knowledge, absence of positive attitude of taxpayers to tax, and inadequate execution of collection done by all lawful ways which are seen by the low performance and previous years of tax collection execution compared to planned and actual tax collected. (Asian Development Bank, 2001).

Kangave,(2005) determine corruption, tax evasion, and inadequate resources for tax administration low quality of reviews and insufficient support to tax management as challenges of tax administration it have negative impact to the capacity to attain required tax revenue goals.

Fjeldstad,(2004), The result of the survey data indicates poor public services to be the greatest significant descriptive factor behind low tax obedience

Merima et al.(2013) Tax knowledge and awareness are found to be positively correlated with tax-compliance attitude.

Messay(2019) study on Tax Assessment and Collection Problems, The findings indicated that majority of tax payers lack of tax knowledge, insufficient manpower and lack of adequate skill.

Tulu (2007) self-assessment tax obedience finds out that, tax justice, institutional strength of the tax office, awareness level of the tax payers, traditional influences, and delivery of public services by the government as the key element of self-assessment compliance.

Best of the knowledge of the researcher, there is no research made in Ethiopia which addresses all of the problems could also be responsible for tax assessment and collection enforcement problems. Therefore, the researcher examined the problems of tax assessment and collection enforcement. Like tax arrears control mechanisms, enforcement procedures, well-trained intelligence man power and application of tax system technologies etc.

The existence of budget shortfall and insufficient tax collection mandatory to the government to advance internal tax making actions to minimize reliance on foreign finance and the best usually used action is taking remedial methods on the actual difficulties of tax admin at every branch (IMF, 2006).

To increase the execution of sufficient tax revenue and to decrease budget deficit, Ministry of revenues and the tax office branches of regions are functioning jointly.

The Ethiopian Ministry of revenues large tax payers' branch office has mandate to look in to tax assessment and collection enforcement problems. Therefore identifying the problems in the branch office and this study will be expect to fill this gap and to contribute to a deep understanding of the problems and possible prospects of the current tax administration.

1.4 Basic research Questions

- i. What are the challenges of tax assessment and collection enforcement in Ethiopian ministry of revenues - large tax payers' branch office?
- ii. What is the effect of tax payers' attitude towards tax law and tax administration in Ethiopian ministry of revenues - large tax payers' branch office?
- iii. What are the mechanisms of controlling tax delinquency and tax arrears law enforcement in Ethiopian ministry of revenues -large tax payers' branch office?

1.5. General Objective

With respect to the above discussed problems, the study aims at assessing the tax assessment and collection enforcement and their related issues that influence the revenue collection in large tax payers' branch office and finally recommending better ways and means for further improvement.

1.6 Specific objectives of the study

1. To identify the challenges of tax assessment and collection enforcement in Ethiopian ministry of revenues - large tax payers' branch office.
2. To analyze the attitude of taxpayers related with tax rules and regulations and their tax management difficulties in Ethiopian ministry of revenues -large tax payers' branch office.
3. To analyze the tax arrears control in the branch office.
4. To assess the trends and performance of tax collection the branch office.

1.7 significance of the study

The findings of this study is expected to contribute to enhancing the tax revenue of the selected branch office in particular and the government at large by identifying the core problems on the tax assessment and collection enforcement activities so as to enabling them to put their effort to the observed problems. Thus, the government will be able to minimize the observed tax administration problems to increase tax revenue. And finally this study would be used as a source of information and an insight for further investigation to students and researchers who are

interested to carry out similar research in tax administrations for sustainable improvement of the taxpayer's compliance level in addition to collecting the required amount of revenue.

1.8 Scope of the study

The study is restricted to study only in Ethiopian ministry of revenue –large tax payers' branch office. The research considers tax payers who are registered as private limited company (PLC), Share Company and Government enterprise in branch office. Moreover, the study assume that taxpayers who registered as private limited company (PLC), share company and Governmental entities'.

1.9 Organization of the study

This study organized five chapters; from those the first chapter contains introduction of which comprises: back ground of the study; statement of the problem; aims of the study; importance of the study; scope of the study and organization of the study. The 2nd chapter provides theoretical background regarding supplementary literature of business income tax assessment and collection and relevant issues in the views of different authors. In this component important exploration with regard of various literatures was done. The third chapter focused on research Design which includes: research approach; research methods; sample design; sources of data and the like. In the fourth chapter, empirical evidences accrued via questionnaires and secondary data will be structured, summarized, explored, interpreted and findings were presented. Lastly, in the 5th chapter presents conclusions and a few recommendations.

CHAPTER TWO: LITRATURE REVIEW

Introduction

Researcher reviewed extraordinary associated literatures written by extraordinary students to get tax management troubles and functions. The researcher made use of secondary data supply together with tax books, tax journal, Ministry of revenues work manuals and yearly reports, tax legal guidelines and net website. This enabled a researcher to evaluate and become aware of the troubles and variables of tax assessment and collection enforcement difficulties and to provide you with the important applicable solutions to the results. This chapter is presented into two sections. The first section deals with theoretical literature review, the second section deals with empirical review.

2.1. Tax

The definition of tax has been explained by many specialists and scholars in several methods. Academically, tax is explained as a non-punishing but obligatory allocation of resource from the single to the general public sector (Uremadu, 2000). In step with Adesola (1998) tax is obligatory levy that a government levies on its voters to change it to get the stated revenue to finance its activities. And as stated by Humor and Oats (2009) outlined tax as a mandatory levy obligatory by government or different tax raising body on financial gain, spending, or capital assets that the citizens do not get nothing.

2.1.2 Tax Administration

As delineated by Sake (1998) the way of tax administration to incorporate the documentation and recording of the traders to whom the tax rule practical; the verification of this trader either through by itself or obligatory assessment; the collecting of tax dues and accounting for them to the state and guiding the state on higher ways that within which a lot of revenues are often composed by commenting areas of grow up the permitted and official plan.

The theme of tax government is very essential to those concerned with the vital role high tax revenue yields can play in reestablishing macroeconomic balance and those concerned with tax policy and its result on the economy (Casaregra de Jantscher and Bird, 1992).

Generally, tax management mentions to the calculation of tax obligation built on the present tax rules, assessment of this tax obligation, collection, suit and fine levied on the non-obedient

taxpayers. Therefore, tax government, covers an extensive part of the research (Fjeldstad and Rakner, 2003).

2.2.3 Facilities of Tax Administration

The tax management ought to offer unbiased and experienced well-mannered facility and should retain personal and steer relating to the individual taxpayers. It ought to conjointly provide clear, and existing tax data and can create this data offered to tax money dealer through varied media and supply timely, correct written data that one will trust to queries and requests for tax data (Asian Development Bank,2001).

Learning and info schedules on particular tax problems ought to be organized with taxpayers to boost their awareness and taxpayers ought to be permitted to willingly declare their tax to state of affairs while not acquisition a penalty or being sued for tax breakings beneath bound conditions (Asian Development Bank, 2001).

2.3 Tax Collection Processes

It is estimated that citizen's tax expenses ought to be in line with their revenue and they are expected to pay a tax in percentage to their level of revenue. The other part of the tax collectors, collection of tax must be period and appropriate and the budget of collecting of tax revenues should not be high. Otherwise, this means the ideal tax system in developing nations should raise necessary tax without unnecessary government loan and must do without discouraging economic activity and without delaying so much from tax system in other nations (Tanzi, 2001).The processes undertaken by tax offices to safeguard obedience are listed as follows.

2.3.1 Recording of tax payers

Tax identity number (TIN) is used to discover taxpayers. Every taxpayer has a unique TIN, which she or he is supposed to apply in all correspondence with the tax authority, and no taxpayer ought to have more than one TIN.(Kangave, 2005).

2.3.2 Declaring

Taxpayers are expected to document incomes inside definite period of the cease in their tax accounting period. The incomes ought to be filed in quadruplicate and have to include all of the

facts of the taxpayer. All files regarding taxation need to be offered to the tax authority workplace in which the taxpayer has their record. (Cohen and Sayag, 2010).

2.3.3 Checking accuracy

On getting a taxpayer's income, the tax office look at the accuracy of the income via determining whether the income is properly completed, whether tax has been properly calculated, and whether or not there are any penalty bills to be made through the taxpayer. The officer then assigns an assessment range to the income and troubles the taxpayer with a bank payment advice shape, declaring the tax payable ((Cohen and Sayag, 2010).

2.3.4 Submission of payment

Duties are unpaid on the end date of the submission of the self-declaration returns. Taxes should be billed to a certified bank, the Bank Payment Evidence (Baurer, 2005).

2.3.5 Under-taking Audit

The objective of tax inspects is to test the truthfulness of the evidence that taxpayers deliver to tax offices. Auditing includes from simple area up to full auditing. mentioned some reasons for tax audit which include, among others: to assist the government in collecting appropriate tax revenue necessary for budget, keeping fiscal order and constancy, to decrease the level of tax escaping and tax evasion, to check obedience of tax rules by taxpayers, to increase the level of self-assessment by tax payers and to ensure that the uncollected tax due is calm and sent to central government (Baurer, 2005).

2.3.6 Collection and Enforcement

At a time when tax payers do not pay their tax at end period, tax office can take measure to collect the unpaid tax in a many of means. The Administrator may move to court beside the taxpayer or request an individual liability or holding currency for the taxpayer to pay the currency on a stated period or start distress actions beside the taxpayer's portable assets. It is a broader situation; the topic of taking enforce measures' contains faults devoted via the taxpayer, and the fines for these violations (Mesiku, 2011).

In line with Borondolo J. (2009) tax obedience policy also requires to change enforcing procedures for emerging obedience issues. Monitoring disobedience will need greater taking enforce measures in six ways.

- Preservation income from the major taxpayers through reviewing the panels do this section,
- Growing debts assortments,
- Safeguarding tax withholders,
- providing more devote to zero declaring sectors,
- Increasing the analysis of cross –border contacts and off shore evasion, and
- Containing the boom of currency economy.

2.3.7 Appeal process

When taxpayers are unhappy with the valuation of tax and do not agreed with the tax debt, he or she have the right to show to the responsible department. It can be arise from the large amount of tax, wrong charge of fines. The allowed rules essential for operative tax management might be classified in to four general titles: laws for the creation of a one's tax obligation; laws for starting a system of pleas from the first assessment of tax; laws for the assortment of taxes that have been recognized to payable and laws concerning to tax violations and their penalty.(Asian Development Bank, 2001).

2.4 Tax Obedience

As expressed by Alm, (1991) tax obedience because the coverage of total revenues and disbursing of whole taxes by completing the permission of tax laws, tax laws and court decisions. The other meaning of tax obedience may be a individual's act of completing the taxation kind, declare total ratable financial gain correctly, and associated spending total collectable tax at intervals the specified time while not having to attend for checkup schedules from the tax office. As stated by Roth, taxpayers have to be compelled to make ready the whole relevant info in the taxation Form in the amount declared, and should report exact obligations in relation with the requirements of laws, rules, and court decisions. People who miss stick to tax rules designedly besides will be thought of as taking dedicated sin. James and Alley,(2004) contemplate tax obedience in expression of the tax break, that is that the distinction among

“right” single tax obligation which lastly, collected on a self-assessment ways or by social control ways. On the other hand, ‘tax break is the variance among the exact tax calm and therefore the quantity that might be calm if there have been increased obedience.

As noted by James and Alley, (2004) state that ‘obedience indicates to not enforced conduct. Taxpayers’ obedience might now not be taken into consideration voluntary obedience if they obey they don’t have anxiety. Obeying tax rule is crucial for a lot of causes. The reason is not obeying tax a rule indicates to a decrease in tax claim; the result affects society facilities expected by the residents, consisting obedient taxpayers. It too needs the administration to disburse funds to discourage non-obedience, to protect its extent and to punish it’s the non-obedient. As stated by Brand,(1996), voluntary obedience is cost effective than using enforcement methods.

Even though there is no popular generalized meaning of obedience agreed through whole tax obedience researchers, the definition of obedience can be seen nearly as a continuum of explanations. The researchers revealed that tax obedience in expressions of the tax hole, that is the change among “exact” individual tax revenue obligation. (James and Alley,) 2004.

2.5 Central components of tax assessment and collection enforcement and related

Difficulties

Concerning the issue of tax administration tasks, Silvani and Baer (1997) suggested that in order for a tax administration to be efficient, the general strategy of the tax authority should have an integrated approach to the tax collection process as a guiding principle, where each element in the tax collection process is essential to the tax administration strategy. They also stated that to achieve a significant improvement in the overall performance of a tax administration, each element in the tax collection process needs to be improved.

Increasing tax revenue to an existing governmental expenditure is only one way of the duty of tax administration. Tax administration may be viewed as a production process, where the input consists of men, materials, and information and the outputs consists of revenue for the government and tax payers’ equity.

2.5.1 Awareness

As mentioned James,(2000) the tradition is always to obey other than not to obey. As stated out for successful a tax system the high compliance of taxpayers is required. Subsequently there may

be better results in supporting fundamentally obedient taxpayers to encounter their fiscal responsibilities than in outlaying more funds in pursuing the small non-obedient. Numerous tax payers might be eager to obey, but they are couldn't do because they don't have tax knowledge, or do not know, their responsibilities. Other researchers such as Smith and Kinsey (1987) discuss that it is not easy for tax payers to obey without tax knowledge. In nations similar Ethiopia where majority of the traders have no to get gen, absence of consciousness cannot merely be ignored rather it can be expected as a key factor of tax obedience behavior.

2.5.2 Tax Return Filling, Tax Payment and Tax Revenue Accounting

This undertakings deals with the receipts of taxpayer`s information in the hard or soft copy verifying the completeness of the information as to the procedures and rules of tax authority. Every taxpayer is expected to file the returns as the law states and any failure to file at right time will effect on the sanctions-penalty and interest (Ethiopian Income tax proc. No.983/2008, Art.9,37 105 & 106).

Silvani and Baer (1997) the importance of tax administration having simple tax returns and system from the taxpayers point of view. The majority of the taxpayers require that the tax return should be as simple and easy to complete as possible. In addition, simplifying the return will encourage the taxpayers to complete the tax returns on their own rather than employing a tax agent and thus reducing compliance cost.

2.5.3 Tax Assessment

Bird (1992) argues for effective tax audit working selectively grounded on certain balanced residents and must in a condition contain intensive area audit conducted via experienced and trained employees. Assessing tax incomes and disbursements, tax management must check whether the correctness and timeliness of the data received from the data giving system are suitable. If the evidence that the system create is not perfect, the source of the problems requests to be identified. Tax inspector employ have the accountability for making and keeping the taxation roll, collecting tax duties with excellent standards established by tax office (Silvani and Baer) 1997

2.5.4 Audit

The (American Accounting Association, 1973) has provided a broader definition of Audit which refers to a reasonable procedure of accurately acquiring and comparing proof concerning affirmations about financial activities and events to examine the level of communication among the assertions and installed standards and communicate the outcome to users.

In a narrower sense, an audit is an “attestation communication” because it presents the auditor’s opinion or judgment concerning the degree of correspondence between accounting information and established criteria (American Accounting Association, 1973).

2.5.5 Tax Repayment Authentication

Taxpayers have the right ask repayment for tax office if there is any tax paid in extra of tax obligation. Assortment measures for any fines and interests unpaid will be postponed up to the repayment is settled. Refunding of tax has the ability to alleviate taxpayers from shortage of working capital. But few tax organizations regularly postpone the repayments with no appropriate reason and with no charge of interest. In some cases, the delay appear to be a deliberate policy decision using refund arrears to achieve the government’s budget targets and cash flow objectives. In other cases, the payment of arrears reflects poor administrative process. Either way, such practices are highly counterproductive in that they aggravate taxpayer’s cash flow problems at the worst possible time and encourage them to withhold tax payments from the government. To avoid these problems, governments should make adequate budgetary provisions for refund payments (IMF, 2007).

2.6 Difficulties in tax administration

Numerous problems have made weak the tax management capacity to reach desired tax goals and the basic reasons of the problems are stated clearly below.

2.6.1 Evasion of tax

Tax evasion is one’s tax obligation by techniques that cut-up tax rules and so it is a crime that if one discovered might result in imposition of illegal measures contrary to the taxpayer. Like other authorities, Ethiopia’s tax structure is bothered with tax evasion. One issue that significantly donates to the tax evasion is absence of care full audit and nonexistence of structured audit pre conditions. And lack of automation in tax office inspires tax evasion (ERCA) 2010.

2.6.2 Violation of tax laws

Violation of tax laws is described as taxpayer's no to send a correct tax to tax office, maybe on reason of the non-clarity of tax rules or paradoxes in tax regulation or tax management process (Jackson and Milliron,1986).

Singh(1999) states Violation of tax laws arises when tax payer is a fail to complete on-time declaring of whole necessary tax returns, if tax payers are not declaring exact tax amount stated by tax law, if there is no on time payment of tax liability, an understatement of taxable revenue, and exaggeration of expenses. Violation of tax laws is look like the tax payer do not declares the exact revenue (Kirchler, 2007).

2.6.3 Un-clear tax rulebooks and regulations

Tax payers' knowledge of tax rule is basically significant concern that builds their character to obey tax rules. Since the non-understandable tax laws are, make tax payers unwilling in building an effort to hold provisions covered by the law philosophy. Normally they notify jurisprudence load give recognitions to its byzantine manifestation and know it as an external speaking. The degree of understanding is contingent on the learning that is the number of education ages. Many researches have revealed highly aware citizens perceive higher that means of tax liabilities. The effect of tax excellence on tax violence can be a little extra sophisticated attributable to the interaction of dual causes these are understanding of justice and probability for non-violence (Milliron,1985).

As revealed by (Micah,2012) tax rule in Niger is difficult to understand for all tax and few issues are difficult to understand even for knowledgeable tax administrators. Numerous tax payers are uninformed to the occurrence of assured taxes. This joined with absence of knowledge, laziness of tax executives, non-coordinated taxpayers and the tradition of fast; reactions encourage the practice of the greatest judgment method. This could be indicator of the low tax knowledge.

2.6.4 Insufficiency of use technological advancements

(Bird,2008) noted that tax management in lots of growing nations count merely on modernizing of computer instrument at a insufficient workplace sites, more of depreciated device maintained by old technology. Thus, personnel in whole place of work regularly resisted with massive paper documents to undertake reviews and assortment; collect data to assemble and transmit periodic

reports; and carry out whole central tasks of tax management. Ethiopia also applied computerized tax system (ERCA, 2010).

2.6.5 Reduce tax liability by legal means

As said with the aid of using Kirchler (2009) tax prevention is attempt made to decrease tax obligation with the aid of using legal ways, taking advantage of gaps in the tax rules and regulations and the new planning of individuals personal earnings and deductions. Those results hazard to assortment of tax earnings as the minimum potential tax is remunerated over to the tax offices which in few cases could be no tax paid at completely.

2.6.6 Obedience gap

Andreoni (1998) indicates tax hole manifest with the aid of each avoiding of tax and of tax evasion. Similarly, violence hole is also defined in federal Inland Revenue 2000 the distinction among the real and the ability tax revenue.

2.6.7 Attitude towards taxation

The research by (Jackson and Milliron,1986) tax ethics and attitude to tax obedience have an effect to tax evasion. (Roth, Scholz, and Witte 1989) introduce two major issues for tax payer obedience; the one is selfishness and ethical commitment. The results of the above researchers revealed that the presence optimistic link between ethics and obedience behavior. And morals have a constructive outcome on tax obedience conduct more than selfishness.

Individuals comply with tax laws because it is in their own financial interests to minimize their tax bill, but also because of their perceived moral obligation to obey tax laws. The results of Roth, Scholz, and Witte (1989), reveals that there is a consistently positive relationship between moral commitment and compliance behavior. These researchers assume that ethics have a positive effect on compliance behavior more than financial self-interest. The best predictor of a person's behavior is ethics, but this link can be disrupted by the passage of time, unforeseen events or new information.

2.6.8 Bribery

According to Tanzi, (1998) Bribery is a huge difficulty in tax administration. Common causes leading to bribery within the nation are separated from definite issues that touch bribery within

the tax government specifically. Issues touching the broad bribery range from the size of the management in the economy; The tax officers having unlimited flexible authority; to insufficient regulatory system with restricted responsibility to traditional standards.

2.7 Ways of Minimizing the Above Stated Challenges of Tax Collection

2.7.1 Self -Assessment

The pro of self-assessment is that it decreases tax administrations operational costs by shifting the burden of assessment from tax administration to taxpayers (IMF, 2011). To this end, self – assessment permits for resources to be used for the post–filing functions such as audit and enforcement (Kangave, 2005).

2.7.2 Definition of tax audit

The subject tax audit is a review of financial report by the substantial tax offices in order to determine obedience with valid tax rules of country. And it is a procedure where the interior income facility attempts to check the numbers that you have placed on your tax return (Kircher,2008). The structured tax office audit strategy can have significant effects on making decision by organizations (Frank 2010).

2.7.2.1 Reasons for tax to be audit

As stated by Erard (1994), some of the reasons for which tax audit is required include: To support the government in collecting accurate tax that is essential for its spending, keeping fiscal order and steadiness, to safeguard that the exact proceeds are declared by the traders, to reduce the status of tax evasion and tax elusion, to safeguard strict obedience with tax rules by taxpayers, to change the degree of voluntary obedience and to ensure the tax due is collected and forwarded to administration.

2.7.3 The Role of Intelligence in Tax Administration

Intelligence is a capability of collecting and analyzing internal and external data to generate knowledge and value for the organization. This includes the processes in decision making support at the strategic, tactical and operational level. The function of intelligence to the tax administration enables tax administration to get better output than without intelligence input (Bagchi and Stern, 1994).

2.7.4 Monitoring Tax Compliance

Erard (1994), and Andreoni (1996), the main objective of a tax office is to collect tax within the time stated by rules and to do this in similar way that will sustain assurance in tax structure and its management. The government must have in place policies and tax structures to give guarantee for taking action of taxpayers – whether because of ignorance, negligence, or careful evasion and absence of strong in tax management; tax office have a dominant role in guaranteeing tax payers to know their responsibilities under the tax laws.

2.7.5 Education

Chan et. al,(2000) examines the direct and indirect results of violence chances, the former tax knowledge and revenue. Also assumes that more the more tax knowledge is straight related to a probability of obedience. And they noted that trained tax payers may be conscious of non-compliance chances, but their theoretically good understanding of the tax structure and their advanced degree of ethical growth encourages a more satisfactory tax payer's perception and better obedience.

2.8 Tax Collection and Enforcement

The Ethiopian law of tax enforcement experienced a radical change following the tax reforms of the 2002. Introduction of self-executing tax enforcement mechanisms was among the grand shifts in the country's tax system. Previously, the only means of ensuring prompt and certain collection of delinquent taxes was through the time taking judicial proceeding. The disapproved judicial means of enforcing delinquent taxes is now replaced by a self-executing enforcement scheme called tax foreclosure. Tax foreclosure is by and large an out of court means of recovering delinquent taxes by seizing and selling the asset of delinquent taxpayers' property. It involves a series of legally inscribed condition precedents that need to be followed in the foreclosure processes (Hailemariam, 2008).

As financial institutions in Ethiopia are conferred with the power to ensure collection of unpaid debts by foreclosing debtor's assets, the tax authority has also the power of sale to ensure prompt and certain collection of taxes. Tax foreclosure is duly recognized in the Ethiopian tax administration following the tax reform undertaken since the year 2002. The reform has introduced various means of tax enforcement mechanisms including tax foreclosure. In addition to foreclosure two other means of tax enforcement are instilled into the Ethiopian tax law

administration. These are tax securitization and deprivation of government service. Tax foreclosure is recognized in almost all of the tax laws of the country. It is also similarly provided in the counterpart tax laws issued by the regional states (Meaza, 2008).

2.8.1 Tax Foreclosure: Its Meaning and Nature

There are various schemes of enforcing payment of a debt, most often by selling the property of the debtor. In a similar vein, though taxes are not debts in the ordinary sense of the terms, payment of tax liability can also be secured through distraint and sale of the delinquent taxpayers' property. Since it is the policy of the law to favor the collection of taxes, there are various remedies for the government to enforce collection of taxes by procedures involving levy and distraint. And, this procedure of enforcing delinquent taxes through seizure and sale is commonly called as tax foreclosure. Tax foreclosure is enunciated as a public authority's seizure and sale of the property for nonpayment of taxes. It is a self-executing enforcement mechanism by which the tax authority enforces delinquent taxes without direct judicial involvement (Gebresillase, 2011).

The purposes of tax foreclosure process are two fold; first and foremost to recover delinquent taxes to secure public revenue and secondly to ensure that taxpayers are not denied their rights to property and due process. Though it is not formally included as one form of foreclosure, tax foreclosure is a copy of power of sale foreclosure. Both schemes of enforcement are essentially self-executing which don't require the imprimatur of the court for their validity. Nevertheless, the statutory remedy of seizure of taxpayer's property is restricted in its manner and time of operation. Since seizure is a severe remedy, tax foreclosure proceedings are restricted in their operation to the person who falls in default and the tax authority should always act within the limits of its authority (Meaza, 2008).

The Ethiopian income tax law, for instance, specifies certain conditions to believe a given taxpayer in default. These conditions can generally be summarized into the following three conditions: Where the taxpayer fails to pay the tax due within 30 days from the receiving of the report or starting from the issuance day of the result of the appraisal team; or Where the period for lodging appeal on the decision of the tax appeal commission has expired; or Where the court of appeal renders its final decision.

Hence, if the tax payer doesn't pay the final tax assessment pursuant with the above conditions, he would be regarded by the law as being in default. Nevertheless the recently prepared working

manual (herein after the manual) of the tax authority regards default on the part of taxpayers only under two conditions. First, if the taxpayer failed to pay off the assessed tax within 30 days from the receipt of the assessment notification and second, if the taxpayer failed to honor his/its obligation to pay under agreement for the payment of the tax (Gebresillase, 2011).

2.9 Civilizing Tax Management

Civilizing tax administration is very a key to collect tax revenue in an effective and efficient manner. Civilizing tax administration should include: modernizing the income tax law; a good organizational structure for the Tax Authority; a clear tax structure for income tax returns; timely determination of tax liabilities of individuals and businesses after filing returns; proper arrangements for the payment of taxes; effective tax education; effective compliant handling procedure and income tax audits. Reaping revenues from tax rate changes (in any direction) requires that tax administration is effective to at least some extent; raising revenues through base expansion requires even better tax government; fresh tax payers must be recognized and took into the tax network and advanced assortment methods established; the top tax strategy in the world is value slight if it cannot be executed successfully and tax strategy design must take keen on the managerial measurement of tax. The importance of good administration has long been as obvious to all concerned with tax policy in developing countries as its absence in practice.

2.10 Improving Code of Conduct of Tax Authority Employee

Each employee of the Tax Authority shall: be honest and fair, treating each taxpayer with courtesy and respect; apply the law, regulations and rulings to each case on the basis the objective facts in that case, showing no partiality to members of his family or to friends; refrain from participating in any determination that will affect his or his spouse's tax liability; where either a known family relationship or a business interest might influence any determination he must, as an employee, make public (in the manner provided by regulations) such relationship or interest; Subject to Article 39 protect the confidentiality of any tax or duty information, and not solicit or accept any bribe or perform any other improper act relating to the duty to determine or collect any tax. No employee of the Tax Authority shall act as a tax accountant or consultant or accept employment from any person preparing tax declarations or giving of tax advice (proclamation no.286/2002, Article 40 Sub-Article (1-2)).

2.11 Key Problems in Previous execution

The key Problems of tax assortment performance can be defined by enforcement difficulties, tax disbursement methods and skill limitations. Problems like delays in the lawful system, absence of tax court law, absence of correct billing, lack of consciousness of non-payers are the central matters that can be stated in enforcement difficulties. Additionally, deficiencies of trained man power and a absence of workers training, increased employs turnover, nonexistence of computer supported tax payer recording and data keeping tax systems are difficulties that fall under capability restrictions. over-all, the main difficulties encountered in tax revenue execution contain: Lesser tax base, Low documentation, insufficient tax coverage and Complications with tax assessment: Nonexistence of enforcement measure methods, Weak work force in tax management, inappropriate daily income estimation, nonexistence of consciousness of tax payers, old tariff rates (Asian Development Bank, 2001).

2.12 EMPIRICAL STUDIES

According to Bagchi and Stern (1994) argued India is an expert of tax revenue deficits for the reason that of gap in revenue sharing between the poor and rich in centralized system of governance. The rich who made the highest portion of tax income deliberately run-away tax payments. Increasing tax revenue is a difficult because of the inadequacies in tax structure.

(Casanare de Jantscher 1982), and (Tanzi 1988, 1992), argues that wasteful tax government has been known as one of the serious limit to tax revenue mobilization. Tanzi,(1987)notes that ineffective tax management can an result from lack of resources, nonexistence of necessary degree of professionals and responsibility and absence of understandable policy for improving competence. And non-understandable tax laws can indicate to unproductive tax management. This difficulty can also be accountable for under performance of tax revenue assortment from the non-tax bases.

As mentioned by (Musgrave,1983), Tax assessment and assortment need workforces and equipment. The tax collectors should be supported by equipment initiates to perform their duties efficiently and effectively. Works must to be empowered to correctly assess, collect and send tax revenue to the treasury. Therefore the amount of tax revenue to be collect will depend on well-organized the tax personnel.

This section discusses the empirical studies in Africa linked to tax administration in the continent. (Kangave 2005) debate tax administration in Uganda's perspective and Uganda's tax structure, the difficulties encountered in administering taxes, and it provided possible clarifications to the difficulties. The investigator, in his study, determine corruption, tax evasion, and inadequate resources for tax administration low quality of reviews and insufficient support to tax management as challenges of tax administration it have negative impact to the capacity to attain required tax revenue goals.

As conducted by (Fjeldstad,2004), the study on voters' observations on tax at local tax offices of Tanzania, including two hundred ten households in six case councils. The investigator explored a diversified tax associated topics for example tax and tax evasion, compliance motivations, service delivery, tax assortment difficulties and possible solutions to advance tax revenue assortment. The result of the research originates that tax payers would be eager to pay high amount if public services were better. But, tax payers refusal to pay tax is not perceived to be the key problem in tax revenue assortment. The result of the survey data indicates poor public services to be the greatest significant descriptive factor behind low tax obedience.

Merima et al. (2013) studies the causes that indicate voters' tax-compliance attitude in African countries in Kenya, Tanzania, Uganda and South Africa. Using the 2011/12 Afrobarometer survey data, they find that tax-compliance attitude is positively correlated with the provision of public services in the four countries. However, the correlation depends on the specific service in question and differs between countries. Tax knowledge and awareness are found to be positively correlated with tax-compliance attitude. On the other hand, frequent payment to non-state actors in exchange for security and individual's perception that their own ethnic group is treated unfairly by the government are negatively correlated with tax compliance attitude.

According to Rotimi et al.(2019) Tax Enforcement Tools and Tax Compliance in Ondo State, Nigeria. The Results showed that a marginal increase in tax audit and tax penalty will lead to increase in tax compliance in Ondo State. No meaningful association exists between tax amnesty and tax compliance based on the finding of this study perhaps tax amnesty is a new policy that was just launched to encourage voluntary tax compliance. As such, it is imperative that tax audit and imposition of tax penalties be encouraged and sustained. These are imagined to further improve the degree of tax compliance, consequently enhancing government tax revenue generation to increase decreasing oil revenue in Nigeria. As regards relatively new and still

under watch tax amnesty, it may turn out to be a veritable tool for voluntary compliance in future if properly nursed.

The final section will discuss the researches done in Ethiopia associated with tax administration in Ethiopia. The study by Messay(2019) on Tax Assessment and Collection Problems Adiss Ababa sub city, The findings indicated that majority of tax payers lack of tax knowledge of assessment and collection Ways, rules and regulations. There is absence of understandable, clear and updated info and on the job training. Moreover, tax assessment and collection officers are inefficient and insufficient in relation to tax payers number of in the sub-city, tax officers are non-motivated, lack adequate skills. Due to this and other factors mentioned in the analysis of this study, carelessness, delay in tax payment and evasion are used by tax payers as solution to escape from tax. The researcher did not address all of the problems could also be responsible for low revenue collection and tax assessment problems.

As Messay (2019) cited in the research done by Tulu (2007) in Dire Dawa City tax payers' self-assessment tax obedience finds out that, tax justice, institutional strength of the tax office, awareness level of the tax payers, traditional influences, and delivery of public services by the government as the key element of self-assessment compliance in the town.

In general, one can observe that the experimental researches done far for emerging nations, specifically for Ethiopia, worried slight or no to see the possible challenges met by tax payers and the tax offices in managing different tax actions such as tax assessment and assortment. The execution of the tax government will have a bearing on the ability to increase tax revenue for a country since it contains mainly the assessment and assortment activities.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This section of the reading displays particulars of the study design, the sampling technique and also the way in which the facts was gather and interpreted for this study.

A study design is the process of circumstances for the assortment and interpretation of data in a way that objectives to combine important to the exploration (Kothari, 2004). This section mostly emphases on explaining of research approach, methods and techniques, sampling design, and source of data, ways of data analysis, interpretation and presentation.

3.2 Research Approach

According to Kothari (2004), there are two basic approaches to research. These are quantitative and qualitative research. A quantitative research approach helps the researcher to produce data in measureable analysis. The second is a qualitative approach helps the researcher for subjective assessments of behavior, opinion and attitudes research. The methods used in the study to gather data were observation of field works and secondary data where policy documents and yearly reports which assisted to get important data for the study, questionnaire which contains both open ended and closed ended questions. Interview with tax officers and tax payers is conducted. Therefore, the study used the mixed approach as both qualitative and quantitative methods.

3.3 Research Methods

For the purpose of this research, the investigator used a descriptive research method which tries to define analytically a phenomenon, a condition, problem and defines attitudes regarding the issue.

3.3.1 Research Techniques

Proper data for the study collected via the use of different tools which contain questionnaire, interviews, suggestion book taxpayers' from different departments and execution tax assortment reports.

Interview: is a sort of tool that used to gather facts from different department coordinators. This approach facilitates investigator to get reliable data from concerned bodies. In descriptive research, one quite regularly use planned interview because of its being more cost-effective (Kothari, 2004). Semi-organized and organized interview were used in this research.

Questionnaire: this method is used as a main tool to collect data from primary sources. It is chosen due to the fact that questionnaire is the right device to gather data about conditions and features from relatively huge sample studies. close ended and open ended questionnaires were used.

3.4 Sample Design

Sample design is the way that assists to determine exact and efficient ways of data collection. In this sub section, the total of population; sample frame; sample unit; sampling technique; and sample size are explained.

3.4.1 Population

This study emphases on Ministry of revenues large tax payers Branch office` whose number is 750 as the information gathered from the branch office on April 2020 reveals. Thus In this study, the population will be 885 (750 representative tax payers and 135 tax office workers).

3.4.2 Sampling Frame

For this study was Ministry of revenues large tax payers Branch office active filer tax payers which are located in Addis Ababa city and area and staff members. Regarding the staff, the branch has nine business processes under tax operation division and six business processes under law enforcement division. Out of these, four core business processes a worker was taken as sample frame, which are directly related with tax assessment and collection enforcement. These core processes are tax audit, tax debt administration, tax refund, tax assessment and filing. Therefore the sample is taken from both tax law enforcement division and tax operation division.

3.4.3 Sampling unit:

Sampling unit is selected from the sample frame. The sampling units of this research were tax payers and tax office employees.. These units are selected using sampling techniques stated below.

3.4.4 Sampling Techniques

First, probability sampling of simple random sampling technique was used for selecting tax payers' sample. This random sampling technique gives equal chance for each respondent. The whole populations of the tax payers were taken from the tax office archive taxpayers list. Then the TIN of each possible sample collected on a slip of paper and these slips mixed thoroughly in a container. And then drew by a lottery method rotating a container till the samples were selected (Kothari, 2004).

On the other hand, non-probability sampling was used for select the tax authority employees. From non-probability sampling the researcher was used judgment (purposive) sampling to select the employees. Here the employees were selected from the department the researcher intends to get relevant and accurate information. It is believed that relevant and reliable information was obtained from the sample selected from both taxpayers and employees.

3.4.5 Sample size

The number of population in this study is large thus because of time and financial constraint it is impossible to contact the whole population. To get exact and timely evidence and to make the interpretation easy, sample should have to set.

At a confidence level of 95%, and the margin of error 5%, to obtain a sample size that has an adequate size relative to the goals of the study, the researcher adopted Yamane's formula as follows: $n = \frac{N}{1 + N(e)^2}$

Where "n"= sample size

"N"=population size

"e"= margin of error(yamane,1967).

Category	Target population	Sample size
tax payers	750	81
tax officers	135	14
Total	885	95

3.4.6 Sample

For this study were select 95 respondents (81 tax payers' and 14 tax office employees) of ministry of revenues –Large tax payers' branch office.

3.5 Sources of Data

Basically there are two sources of data primary and secondary data. To behavior this research, both primary and secondary data sources were used to acquire the required data.

3.5.1 Primary Data Tools

Questionnaires: open and close ended questionnaires were prepared. A questionnaire is relevant to the extent that all information collected addresses a research question that help the decision maker address the current business problem.

According to Mohamed AF Ragab & Amr Arisha (2018) cited in (De Vaus, 2002; Bailey, 2008), A questionnaire is a general title that includes methods in which each individual is requested to answer to an identical set of queries in a predetermined sequence at a certain point in time. Open-ended questions are similar to interview questions in that they allow respondents to reply freely in words (Fink, 2002). Because they are of a qualitative nature and require additional analysis, their use is not recommended in questionnaires (Saunders et al., 2009). Closed-ended questions, on the other hand, restrict the respondent to a number of answers to choose from (Foddy and Foddy, 1994).

Interviews: Self-administered interview questions were developed which answer research questions.

According to Mohamed AF Ragab & Amr Arisha (2018) cited in (Kahn and Cannell, 1957) An interview is “a purposeful discussion between two or more people” and a reliable method to

gather research data. Interviews are popular among both researchers and respondents because they permit face-to-face interaction and provide deep and holistic insights about research topics (Easterby-Smith et al., 2002).

They are classified by their level of formality starting from structured interviews to unstructured ones (Bryman, 2012). Structured interviews use a set of identical questions which are asked in a predetermined order to all respondents and may offer the interviewee a fixed range of answers. They are very similar to questionnaires and are used to collect mostly quantitative data from respondents. By contrast, unstructured interviews are similar to informal discussions and do not have standardized questions, but only a list of topics that are covered. The interviewers may alter the questions between interviews and allow respondents to express themselves freely in relation to the topic under study (Healey and Rawlinson, 1994). Semi-structured interviews fall between both ends of the spectrum as they have a predetermined set of questions, however, they allow a high degree of flexibility to ask new questions or discard existing ones, and allow new ideas to emerge during the discussion. Moreover, the sequence of questions may also vary depending on the flow of the conversation (Greener,2008).

So the study use both structured and unstructured interview to collect facts from different department coordinators.

3.6 Data Analysis and Interpretation

After a careful data interpretation has been done, the numerical data analyzed and presented by using percentage, chart and tables, whereas the qualitative features are analyzed by using qualitative expression in clear and understandable manner for ultimate readers. To interpret the collected data, SPSS (statistical packages for social science) and Microsoft excel were used as a main tool of data analysis.

3.7 Validity

Factor analysis is a statistical technique that used to assess the construct validity. Thus, the researcher has checked the validity of the instrument using the KMO and Bartlett's Test.

Table 3.1 Validity test Table

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.564
Bartlett's Test of Sphericity	Approx. Chi-Square	325.61
	Df	190
	Sig.	0.000

Sour- Own Survey Questionnaire Using SPSS V28, 2021

Therefore, since the Kaiser-Meyer-Olkin Measure of Sampling Adequacy is 0.564 which is greater than the acceptance level of 0.50 and the p-value is 0.000 the construct is valid.

3.8 Reliability

The test of reliability is another important test of sound measurement. A measuring instrument is reliable if it provides consistent results. Reliable measuring instrument does contribute to validity, but a reliable instrument need not be a valid instrument. Accordingly reliability is not as valuable as validity, but it is easier to assess reliability in comparison to validity. If the quality of reliability is satisfied by an instrument, then it can be confident that the transient and situational factors are not interfering (Kothari, 2004). The reliability of the questionnaires was measured by using the Cranach's coefficient; it indicates whether the level of the items is correlated to each other. Therefore, based on the test, the results for the items are reliable and acceptable.

Table 3.2 Cronbach's alpha internal consistency rule of thumb

Cronbache's Alpha	Internal Consistency
$\alpha \geq 0.9$	Excellent (High- Stakes)
$0.7 < \alpha < 0.9$	Good (Low- Stakes testing)
$0.6 \leq \alpha < 0.7$	Acceptable
$0.5 < \alpha < 0.6$	Poor
$\alpha < 0.5$	Unacceptable

Source: Manerika, Vijaya and Manerikar, Sumeet (2015)

Furthermore, the widely acceptable cut –off level of Alpha value in most social science study is 0.7 (Hulland, 1999).consequently, the investigator check the Reliability of the 20 and 25 items in the Likert- type Questionnaires and get Good coefficient of Cronbach's Alpha 0.705 and 0.759 which is more than the cut-off level vale of alpha 0.7, this shows that the presence of an acceptable internal consistency and reliability in the questions.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

Generally, tax office have the accountability for tax assessment, collection and enforcement of the tax laws as mandated by their respective government because the execution and efficiency of tax office have a direct and immediate influence on the government's skill to attain their developmental objectives. The same is true for Ministry of revenues in Ethiopia that it is expected to perform and succeed in collecting tax revenue so that the country relieve from the pressure of decreasing foreign assistance and increasing expectation of meeting its funds from the inland revenue.

Large tax payers branch is one of the main branches of Ministry of revenues which is accountable to collect assess and enforce taxes and tax laws. It faces diverse difficulties in the tax assessment and collection enforcement processes.

4.2 Response rate

Table No. 4.1 Response rate of respondents

Kinds of respondents	Total Number of distributed questionnaires	Returned questionnaires	Answers in percent
Tax employees	14	14	100%
Taxpayers	81	70	86.4%
Total	95	84	93.2%

Source- Survey Questionnaire Using SPSS V28, 2021

As visible from 4.1 above, the answer fee of the repliers suggests that all of the questionnaire from tax officers and eighty six percent of questionnaire from the taxpayers are accrued.

Therefore, the collected data was adequate and capable of addressing the objective of the research. It is collected from the concerned representing party and reliable party and as a result it was possible to proceed to data analysis and interpretation.

4.3 Demographic profiles and its clarification

Surveys were dispersed to 14 tax executives and 81 tax payers to answer. Additionally, some tax administrator's judgmentally selected by the investigator and got questioned. The subsequent table reveal on demographic profiles of the survey respondents (Gender, age, academic qualification, field of study, work experience).

Table 4.2: Demographic data of MoR large tax payers tax employees

Statement		Response Rating (r)	Rating in percent (%)
Gender of respondents	Men	8	57.1
	Women	6	42.9
respondents Age	25 and below	-	-
	26-35	9	64.3
	36-45	5	35.7
	46 and above	-	-
Respondents Academic qualification	Diploma and below	-	-
	BA degree	8	57.1
	Masters and above	6	42.9
Respondents Field of study	Management	1	7.1
	Economics	3	21.4
	Accounting	9	64.3
	Others	1	7.1
Respondents work experience	Less than 2 year's	-	-
	From 2-5 years	5	35.7
	6 years and above	9	64.3

Source- Survey Questionnaire Using SPSS V28, 2021

As revealed from the above 4.3, Out of the total 14 respondents, fifty seven percent of the respondents had been men and the closing forty three percent had been females. This confirmed that the male and the woman numbers participated with inside the questionnaire are almost proportional. About the age of the personnel, of the personnel were below twenty five years of old, sixty four percent were among twenty six up to thirty five years, thirty six percent is covered from forty and thirty six up to forty five years, and there aren't any respondents forty six years antique and above. This indicates that the majority the personnel are in productiveness age group.

Concerning of educational level of the respondents have been hold, fifty seven percent were Bachelor degree graduates and forty three was master's degree and their study of field was sixty four percent are accounting, seven percent are management, twenty percent are economics and the minority percentage are other fields that is seven percent. The results showed that more than seventy percent of the respondents were economics and accounting graduates. Lastly regarding work practice, as table 4.2 above, there is no respondent workers Who have under two years' practice, thirty six percent of them have among two and five years of experience, and the rest sixty four percent of them have work practice among six years and above. The respondent's response shows that all tax office employees have more than two years work experience.

The data results tell that the majority of Bachelor degree holders and accounting graduates than others, the demographic information, the investigator observing the age and work practice of staffs are mostly undeveloped and majority sixty four percent have a work experience 6 years and above which is moderate to know whole rules and regulations. Qualification of the majority of the personnel is Bachelor degree which suggests that the department has fruitful personnel. The presence of more than one discipline with inside the department may be asset for the department which favors it in its overall performance.

Table 4.3 tax payers response on their demographic and lawful status

statement		Response Rating	Rating in percent (%)
Gender	Men	45	64.3
	women	25	35.7
Age	Twenty five and under	-	-
	Twenty six up to thirty five	4	5.7
	Thirty six up to forty five	29	41.4
	More than forty five	37	52.9
Legal status	Private Limited Company	41	58.6
	Share company	24	34.3
	Government enterprise	5	7.1
	Cooperative and Partnership	-	-
	Others	-	-

Source- Survey Questionnaire Using SPSS V28, 2021

The taxpayer's of this study respondents profile in the above indicates that fifty nine percent of the respondents are private limited companies, thirty four percent were Shareholders Company and seven percent are governmentally owned enterprises. This shows that the mixture of type of business will enable the study to acquire the appropriate evidence from diverse viewpoints.

4.4 Challenges in tax assessment and collection enforcement

According to Ethiopian Council of Ministers (2002) the tax assessment for those who are obligated to keep financial statements, is done based on the records that tax payers keep; but, if tax payers fail to keep financial records, estimated assessment will be achieved.

Assessment is a tax examination by authorized tax officials of the tax declared by tax payer and information provided and a proofing of the numerical and financial correctness of the declared tax obligation. In assessing the tax revenues and payments, tax management must identify whether the correctness and timeliness of the evidence got from the data processing system are significant. If the evidence that the system produce is not accurate, the reason of these difficulties needs to be resolved. Tax assessor officers have the accountability for making and keeping the

assessment roll, the tax roll and collecting the tax charges in line with the quality standards set by tax authority or concerned body.

Table 4.4 Tax employees’ and tax payers’ responses on assessment and collection enforcement procedures

Concluded statements	Rating		Percent	
	Yes	No	Yes	No
Tax collections and enforcement office undertake their activities based on its manual: (tax employees)	8	6	57.1	42.9
The tax assessment manual is perfect and well-designed: (tax employees)	9	5	64.3	35.7
Tax assessment and collection enforcement procedure completely supported by information technology : (tax employees)	6	8	42.9	57.1
Do you think through that tax assessment are reasonable: (tax payers)	27	43	36.8	61.4

Source- Survey Questionnaire Using SPSS V28, 2021

In the above table 4.4, fifty eight percent of the tax employees respondents stated that there is tax assessment and collection enforcement manual in the branch and they described that the activity is also undertaken based on this manual mostly in the branch. They believed that the manual is clear but they told that in a most cases, it has also its own limitation that it doesn’t consider different condition of decision making because it provides the same time limit/time standard for activity in every case. For example, the manual provides the same time standard to undertake the comprehensive audit of different company and it don’t consider hugeness and complexity of the sector the accounting software that the company used and the same is true for verifying and ratifying refund claim which worth both high and low amount. But in a reality, all cases have not the same condition and time requirement. As a result, the respondents suggested that the time standard for activities like assessment, audit, payment, filling and refund verification should have a space to accommodate different decision environment. Regarding Tax assessment department completely supported by information technology application, forty three percent of workers

believed that the branch uses standard integrated government tax administration system while the significant number fifty seven percent of repliers do not believe that the branch uses standard integrated government tax administration system effectively. Some of the reasons mentioned by the respondent were the continuous interruption of the software due to network especially at the end of each month become very slow and also organized data is not captured to use SIGTAS effectively. Even assessment notice issued by comprehensive audit, refund audit and desk audit is printed manually. This indicates there is inadequate training about the system and system application. And also this shows the way for poor handling of customer services in the branch office.

And the other question is regarding tax assessment audit fairness, sixty one percent of respondents revealed that the assessment and audit is not fair this show after assessment result are issued to tax payers, they don't pay their tax liability based on a time given by the law rather they go to appeal and court. Finally the un paid tax liability reason for incensement of tax arrears.

4.4.1 Tax return filing and payment and its related challenges in service delivery

The study tested to examine the extent of service delivery facilitated by the office as the following.

Table.4.5 Responses on the tax payers' registration, transparency of administration and service delivery

Concluded statement	Measuremen	S.D	D.A	A	S.A
The tax office appropriately identifies and records all tax payers.	Rating	0	0	51	19
	Percent	0	0	72.9	27.1
There is expected level of clearness of tax administration.	Rating	10	27	25	8
	Percent	14.3	38.6	35.7	11.4
The tax office openly informs and respects the rights of taxpayers.	Rating	6	17	35	12
	Percent	8.6	24.3	50	17.1
The service delivery at the time of tax payment and filling is comfortable for taxpayers: (tax employees)	Rating	1	0	9	4
	Percent	7.1	0	64.3	28.6

The service delivery at the time of tax payment and filling is comfortable for tax payers: (tax payers)	Rating	34	12	14	10
	Percent	48.6	17.1	20	14.3
Tax return/claim procedure is easy and on time for tax payers	Rating	18	28	15	9
	Percent	25.7	40	21.4	12.9

Source- Survey Questionnaire Using SPSS V28, 2021

Table 4.5 above shows that, the respondents seventy three percent are replied agree and twenty seven percent are strongly agreed the branch properly Upgrades all taxpayers information. And concerning desired level of transparency of administration, fourteen percent and thirty nine percent of respondents revealed strongly disagreed and agreed respectively this shows fifty two percent of respondents said the level of transparency is under the required level. This affects negatively the tax collection and enforcement. As seen from table 4.5 the other thing is clearly notifying and respecting the rights of taxpayers, nine percent and twenty four percent of respondents strongly disagreed and disagreed respectively this may negatively affect the tax collection and enforcement.

The result shown in table 4.5, forty nine percent of the respondents of the taxpayers are strongly disagree and seventeen percent disagree that there is no proper service delivery during return filling and payment. They stated that there is a delay and mistreatment in the processing of the tax payment activity. Whereas twenty percent of taxpayer respondents are agreed and fourteen percent of taxpayer respondents strongly agreed that there is a proper service delivery during return filling and payment.

Where as seen from the above table 4.5, sixty four percent of tax employee respondents agreed on taxpayers get proper service delivery during tax return filling and payment while seven percent of employee respondents strongly disagree that taxpayer get proper service delivery during tax return filling and payment. Regarding the question tax return is understandable and easy to complete while twenty six percent of taxpayer respondent has strongly disagreed and forty percent replies disagree the rest twenty one percent agree and thirteen percent strongly agree that it is clear, easy and understandable. The researcher concluded from the above data findings that careful treatment of taxpayers, integrity, clarity, speed and accuracy services are not provided which are basic principles in tax payers' service.

4.4.2 Delaying reasons for taxpayers to file and pay tax properly

As Micah (2012) revealed in his study noted that tax law in Nigeria is complicated and non-understandable for the common taxpayer to know and certain cases are difficult even for educated tax officers. In addition to absence of understanding, numerous taxpayers are unaware of the presence of definite taxes. This joined with the nonexistence of information, laziness of the tax officers, uncooperative tax payers and the tradition of quick; solutions encourage the use of the best judgment method. This may be manifestation of the poor tax education and weak fulfillment by tax authorities' for their responsibilities with regard to public consciousness.

Similarly, the following table which summarized the responds for the questions related with Hindering factors indicates that the main problem proper declaration are complication of tax law and lack of tax consciousness.

Table. 4.6 Delaying reasons for taxpayers to file and pay tax properly

Which of the following problem late you to declare tax returns and to pay tax properly?		Rating	Percent
A	Non understandability of the tax rules and regulations	25	35.7
B	Absence of justice in fine system	11	15.7
C	Absence of sufficient tax education program	19	27.1
D	Lack of integrity and professionalism of tax employee	5	7.1
E	All affect our company	10	14.3
Which difficulties among the followings influence your organization in paying your tax regularly and influence your business activity more			
A	presence of numerous merchants that do not registered as legal tax payer	34	48.6
B	There are fraudulent tax executives	7	10.0
C	Compound tax burden	13	18.6

D	Unwillingness of traders to pay taxes	3	4.3
E	All are problems influence our organization	13	18.6

Source- Survey Questionnaire Using SPSS V28, 2021

As shown in above table of 4.6, taxpayers responded for the question which obstacle hinders you to declare tax returns and to pay tax properly. It revealed that thirty six percent of the respondents stated there complexity of tax law, twenty seven percent agreed that there is lack of strong tax education program, sixteen percent of respondents said Lack of fairness in penalty system, fourteen percent of respondents said that all the problems hinder in the same way. And seven percent states Lack of integrity and professionalism of tax employee. And forty nine percent of the respondents of taxpayers trust that the unlawful or non-recorded traders have a adverse effect on their return filling tax payment, nineteen percent of the respondents of taxpayers stated that numerous kinds taxes are charged at the similar time and four percent of respondents states that unwillingness of others influence them and nineteen percent of respondents stated that all the problem influences in the same way. Since they compete in the same market having different cost level as they pay tax, they believe that they lose the competition and as a result they losses their legal income and also do not pay tax and return filling properly.

From the above findings, the study inferred that there is a non-understandability of tax rules, non-existence of tax knowledge, and there are still illegal and/or unregistered traders who are not controlled and put in the tax network. This shows that the branch has still weakness in enforcement of identification and registration of illegal traders. It also has no strong tax education level that the taxpayers feel the tax laws are complex and unclear. This contributed to the problems of efficient tax collection in the branch revenue office.

4.4.3 Role of Tax Assessment and audit

According to Ethiopian tax proclamation 983/2016), tax assessment and audit is described as an action or a set of actions done by tax officers to calculate at tax payer's exact tax obligations for a specific tax period. by examining of a taxpayer's structural processes and financial registers in order to assess obedience with tax regulations and proving the truthful, just, reliability, and correctness of tax revenues, and financial statement.

Table. 4.7 Tax employees’ responses on tax collection contribution and types of tax assessment and audit practice.

Concluded statement	Rating		Percent	
	Yes	No	Yes	No
Do you trust that the tax assessment department has contribution to the revenue	14	0	100	0
What are the types of assessment experienced in the branch?	Rating		Percent	
1. Assessment by ministry of revenues	3		21.4	
2. Self-assessment of tax payer	2		14.3	
3. Both assessment	9		64.3	

Source- Survey Questionnaire Using SPSS V28, 2021

Regarding the contribution of assessment for revenue collection all of respondents stated that tax assessment has a role in increasing tax revenue assortment.

4.4.4 Types of tax assessment

4.4.4.1 Tax Authority Assessment versus Self-Assessment

Under tax authority assessment, taxpayers report their taxable transactions to the Tax administration, which then calculates their tax liability. Under self-assessment, taxpayers calculate their own tax dues. When returns need to be filed once a year and when tax laws are complex, Authority assessment shifts the burden of tax calculation to the Tax Administration from the taxpayer, resulting in reduced compliance costs but higher Tax Administration costs (World Bank Group, 2009).

Regarding the types of assessment practiced in the branch as can be seen from the above table 4.7, sixty four percent of tax employees’ respondents stated that the branch uses both tax authority assessment and self-assessment, twenty one percent of respondents stated that the branch uses Tax authority assessment and the rest fourteen percent of respondent reported that branch uses only Self- assessment. The respondents stated that variety of taxpayers are based on their business type and targeted for audit and selection criteria is based on both manual and IT

supported. Manually the risk selection team select for risky taxpayers based on third party information. SIGTAS also support to select for taxpayers for audit based on different risk level. But it is not properly applied in the branch. Based on above table responses of tax employees' respondents, sixty three percent of the respondent stated that in the branch both office assessment and self- assessment is practiced. Self-assessment is a system which allows taxpayers to calculate their chargeable income and the tax payable for a year of assessment. The taxpayer is allowed to revise the original estimate and when a revision is made, the taxpayer has to provide reasons for revising his chargeable income and the tax payable.

4.5 Tax payer's attitude and awareness to taxation

The problem of tax non-obedience due to tax payer's attitude and consciousness to taxation is as old as tax itself. Characterizing and explaining the observed designs of tax non-obedience, and finally finding ways to reduce it, are of obvious importance to nations around the world (Andreoni, 1998).

Tax non-obedience is of two types: deliberate and accidental. Deliberate non-obedience is an crime in contradiction of government in which the taxpayer minimizes the tax obligation and subject to penalty. It could be come from seeking advantage from evasion, taxpayers' individual attitude towards obedience, situational issues, and difficulty of tax structure, absence of tax learning, unhappiness on administration facility, absence knowledgeable staffs and other. Tax evasion is one form of non-obedience, which Social researchers generally have measured it a typical "white-collar crime." (Chan et. al, 2000).

Table 4.8.1 Taxpayers' responses on their attitude and awareness to taxation

Concluded statement	Measurement	Yes	No
Do you think that most of tax payers have positive attitude to tax and ministry of revenue	Frequency	24	46
	Percentage	34.3	65.7

Source- Survey Questionnaire Using SPSS V28, 2021

The respondents of taxpayers asked regarding most of tax payers' attitude towards tax and tax ministry responded that sixty six percent of respondents respond most of tax payers don't have positive attitude to the issue.

Table 4.8.2 Taxpayers’ responses on their attitude and awareness to taxation

Concluded statement	Measurement	SD	D	A	SA
Tax you're paying is cheap and it might be the quantity you pay without assessment.	Response rate	22	26	20	2
	Response Percentage	31.4	37.1	28.6	2.9

Source- Survey Questionnaire Using SPSS V28, 2021

As seen from 4.8, the data from tax payers about self-assessment is thirty one percent of responses strongly disagree and thirty seven percent of replies disagree while twenty nine percent replies agreed. From this outcome, the investigator inferred that majority of tax payers need legal measures and sufficient follow-up to pay tax according to the regulation. Consequently tax collection execution is adversely affected by insufficient administration.

4.5.1 Tax awareness program for taxpayers

Tax payers are entitled to as a minimum the rights to realize the quantity of tax to be paid, adoption of legal guidelines in case of changing of tax legal guidelines, filling forms, acquiring TIN, tax statistics for tax purpose, filling tax returns and attraction to oppose evaluation etc, to inspire self- evaluation mindset for taxpayers.

Table 4.9 Taxpayers’ responses on their tax knowledge and awareness

Questions	Response rate		Percent	
	Yes	No	Yes	No
Do you accept as true with which you have a required stage of expertise for taxation?	26	44	37.1	62.9
Have you shared in any sorts of tax focus introduction and training program?	24	46	34.3	65.7

Source- Survey Questionnaire Using SPSS V28, 2021

Responses, sixty three percent of taxpayers’ did not have consciousness and knowledge about taxation however thirty four percent have shared in different forms of consciousness making programs. This indicates that the tax consciousness level is not at expected level. Sixty six percent of tax payer did not share in any forms of consciousness formation program however sixty four of respondents have participated in different forms of awareness formation programs.

Table 4.10 five years trend of awareness creation

Year in E.C	registered taxpayers	Participation of tax payers	in percentage
2008	1,116	643	57.62
2009	1116	1000	89.61
2010	1143	169	14.79
2011	1056	540	51.14
2012	754	-	-

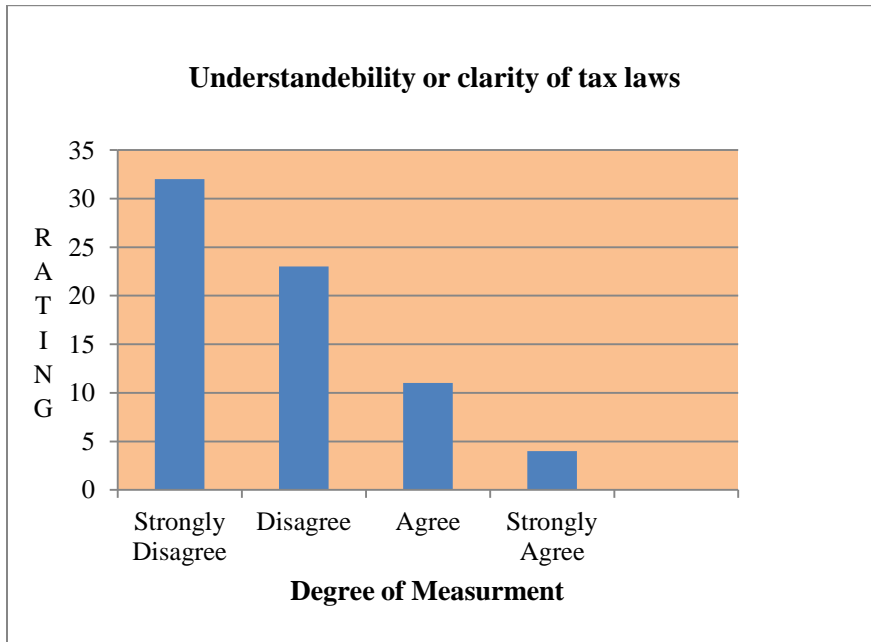
Source: Ministry of revenues LTO yearly reports

Additionally as we are able to see from the above data 4.10 secondary records supply for consciousness growing and training of LTO Ministry of sales department workplace from the 12 months 2008-2012EC. In the 12 months 2008E.C out of 1,116 taxpayers 643 taxpayers changed into participated training application and with inside the 12 months 2010E.C amongst 1143 taxpayer's most effective 169 taxpayers changed into participated in training application and with inside the 12 months 2011E.C. amongst 1,056 taxpayer's most effective 540 taxpayers changed into participated in training application. Generally this suggests that the taxpayers' training application furnished with the aid of using this department changed into inadequate and now no longer correctly brought to all taxpayers.

4.5.2 Clarity of tax laws and procedures

Wubshet (2011) stated that poor tax knowledge and the uncertainty of the tax law offer authorities improper conditions in deciding to which extent taxpayers' behavior is legal and where exactly is the boundary between right and wrong in the application of tax law provisions. By the same token, different studies support the idea that it is extremely difficult to define exactly a behavior that is in line with "the letter of the law".

Fig. 4.1 Graphical representation



As may be visible from the 4.1, forty six percent of the taxpayers respondents strongly disagree and thirty three percent of replies disagree that tax legal guidelines and strategies aren't understandable for tax payers at the same time sixteen percent respond agree and six percent of the respondents and strongly agree that it is understandable for tax payers.

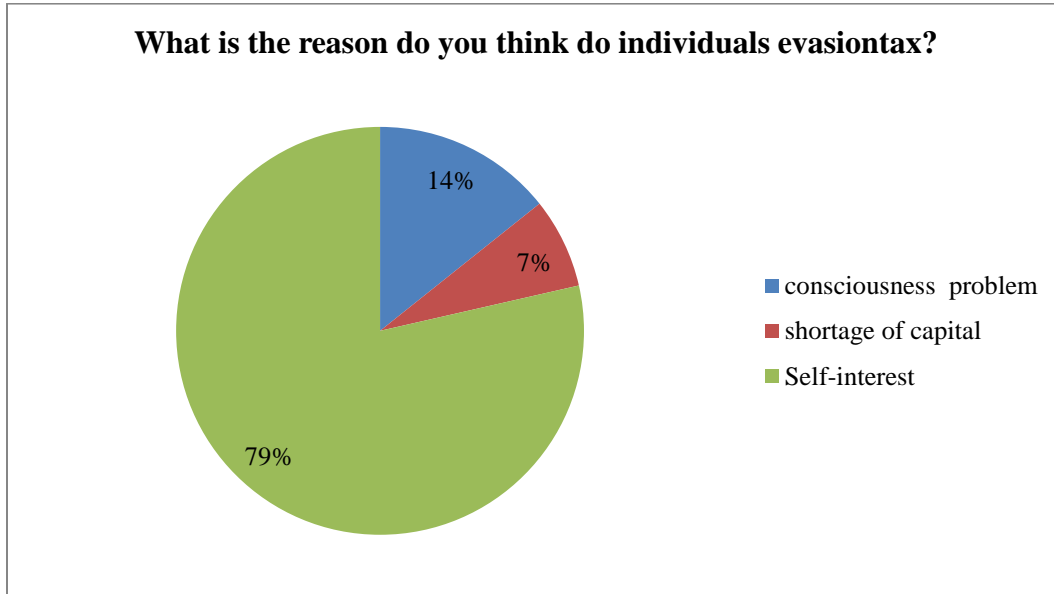
This shows that taxpayers have confusions on the tax laws and procedures concerning their rights and responsibilities. In order to discharge one's responsibility and utilize rights, it needs clear understanding of both the rights and responsibilities. In the same fashion, tax laws and procedures are a document that contains the rights and responsibilities of both the tax payers and tax administration. In order to comply these laws and procedures, tax payers need a good understanding/knowledge of tax laws and procedures. To achieve this end, it is predominantly the responsibility of the tax administration.

4.5.3 Tax evasion and deception

Tax evasion refers to one's tax obligation by means that violate the requirements of tax codes therefore a crime that if one revealed could lead to burden of illegal proceedings in contradiction of the tax customer. The Ethiopian tax proclamation No 983/2016 of Income tax permits tax government to take action beside Tax evasion and deception extending from financial fines to the incarceration. Virtually whole respondents recommended that the tax office must be

strong in taking measures of enforcement actions on those who fails to announce honestly and who stay to pay in order to collect satisfactory tax income.

Figure 4.3 Chart presentation workers’ responses rate on tax evasion.



Source- Survey Questionnaire Using SPSS V28,

The above data result in the figure 4.3 indicates fourteen percent of tax payers believe that evading tax it is due to tax consciousness problem, seventy nine percent of respondents said due to tax payers’ self-interest, and the rest seven percent said that it is due to shortage of capital.

The output of the data shows that there are tax payers who are not eager to pay exact tax by self-assessment because of self-interest.

Table 4.11 Replies on category of industries involved often in tax evasionand deception

Which category of industry do you think often involved in tax evasionand deception :		Rating	Rating in Percent
1	Building Construction sectors	9	64.3
2	Manufacturing and production sectors	3	21.4
3	Distribution and service delivery sectors	-	-
4	Enterprises owned by government	2	14.3

Source- Survey Questionnaire Using SPSS V28.

The table 4.11 above indicates that sixty four percent of tax staffs respondents trust that building construction sectors are more complicated commercial enterprise sectors and more involved in tax evasion, twenty one percent are stated production area and fourteen percent are stated government organizations are more complicated commercial enterprise sectors and more involved in tax evasion. The end result indicates that a building construction and production area is a complicated commercial enterprise due to this taxpayer can escape from tax easily.

4.5.4 Bribery

Bribery is a wide range difficulty in tax administration. Common causes leading to bribery within the nation are separated from definite issues that touch bribery within the tax government specifically. Issues touching the broad bribery range from the size of the management in the economy, the tax officers having unlimited flexible authority, to insufficient regulatory system with restricted responsibility to traditional standards.

Table 4.12 Answers of officers regarding bribery

Concluded statement	Measurement	S.D	D.A	N	A	S.A
The tax office uses each mechanism to reduce bribery: (tax employees)	Frequency	3	4	3	3	1
	Percentage	21.4	28.6	21.4	21.4	7.1

Source- Ministry of revenues LTO Human resource

As seen from the above data 4.12, revealed that twenty one percent of tax office workers respondents strongly disagreed and twenty nine of tax office workers are disagreed that there is no Sufficient control to avoid bribery both form inside and outside but only twenty one are agreed that the branch has Sufficient control system to prevent bribery both from inside and outside and that the branch made use of every instrument to reduce bribery. And the remaining twenty one they don't give any suggestion regarding corruption control mechanisms.

4.5.5 Workforces Administration

Labor force essential issue of control in any enterprise which has to be up to date and upgraded through schooling and schooling which equip them to put into effect their paintings and

discharge their responsibility. Tax management with a professional and accountable body of workers is sort of the maximum crucial precondition for cognizance of tax potential of the state.

(Kaldor,1980). A tax office requires the right number of staffs who are competent and well trained to execute their responsibilities successfully, since taxation issue is wide-ranging, competent and well- skilled staffs are required to warrant the effectiveness of tax administration.

Table 4.13 Replies of tax teams on workforces

Generalized idea	Rating	S.D	D.A	A	S.A
The branch has sufficient workforce to execute collection responsibility.	Rating	2	1	8	3
	Percentage	14.3	7.1	57.1	21.4
The tax administration encourages personnel via on the job training and education.	Rating	2	4	5	3
	Percentage	14.3	28.6	35.7	21.4

Source- Survey Questionnaire Using SPSS V28.

The above data reveal that fourteen percent of tax employee’s respondents are strongly disagree and seven percent of answers disagree that there is an absence of satisfactory human resource for the tax assortment and enforcement responsibility.

Concerning workforce, fourteen percent of tax staffs respondents strongly disagreed and twenty eight percent of tax staffs respondents are disagreed that the tax office did not promote workers via on the job training and education whereas thirty six percent of tax staffs respondents agree and twenty one percent strongly agree the tax office promote staffs via on the job training and education. As a whole, forty two percent of answers stated that there an absence of appropriate and sufficient on the job training for worker.

Table 4.14 Total Manpower Existing and Gap of the Branch Revenue Office

The following table 4.14 shows the total manpower existing in the office and the total gap during the study time 2012E.C.

No	Department	Required	Existed	Gap	% of existed
1.Tax operation division					
1	Office of the director general and its deputy	24	17	7	70.83
2	Information technology	5	5	0	100.0
3	Internal audit	7	5	2	71.43
4	Planning	3	0	3	-
5	Tax appeal	9	6	3	66.67
6	Taxpayer registration and service	42	32	10	76.19
7	Tax assessment and collection	46	33	13	71.74
8	Tax refund	31	22	9	70.97
9	Tax debt administration	17	13	4	76.47
10	Cash collection	19	16	3	84.21
2.Law enforcement division					
1	Risk identification and law enforcement	11	9	2	81.82
2	Taxpayer education	11	9	2	81.82
3	Cash register and data management	38	31	7	81.58
4	Tax audit	101	86	15	85.15
5	Human resource development	13	10	3	76.92
6	Procurement and finance	74	61	13	82.43
Total		451	355	96	78.7

Source- ministry of revenues LTO Human resource

As shown in the above table there are high vacant of work flow out of approved positions of the branch Revenue office. The above table shows that in the revenue branch office were occupied seventy nine percent and twenty one percent were gap. From this we observe that there are in adequate staff in the branch office. This may affect collection enforcement system due to low work force. In other words, out of 451 the approved positions only 355 of were occupied, while 96 vacant positions is not occupied in the branch office, which indicates that a significant number of human resources capacity gap was shown in the branch office. Thus, lack of competent and adequate human resource has contributed for the poor tax collection system of the Revenue branch Office.

Table 4.15 Responses of the employees on tax knowledge

How do you evaluate the level of your understanding regarding policies and rules related to tax?		rating	Percentage
1	Nearly all	6	42.9
2	Partly	8	57.1

Source- Survey Questionnaire Using SPSS V28.

From the above table No .4.15 data result shows that forty three percent of tax employee respondents know almost all tax rules and Regulation, fifty seven percent are Responded that they Know it partially. This show that significant number of tax employees are not still understand each and every tax laws due to lack of training and education. That is tax employees are not ready to take decision whenever they face challenges in all the cases.

4.5.6 Automation

Automating tax administration brings performance and effectiveness in tax management which ends up in raises of tax assortment, well timed tracking of taxpayers and implementing penalty and interest. And additionally, improvement of information security is time saving throughout processing of returns, information harmonization and fairness in tax management. It also can create obstacle to tax avoidance, evasion and right management of tax refunds. (Salum, 2011).

The interviewed respondents stated that the data assortment process is limited for internal control but the tax system requires interlink among dissimilar consistent institutes and organization like road authority ,banks, insurances, and land administration etc.

Table 4.16 Assessment of tax management by customers

		Responses rate of Excellent		Responses rate of Good		Responses rate of Fair		Responses rate of Poor	
		Rating	Percentage	Rating	Percentage	Rating	Percentage	Rating	Percentage
1	Revenue collection efficiency	13	18.6	36	51.4	21	30	0	0
2	Enforcing of non-obedience tax payers.	2	2.9	29	41.4	31	44.3	8	11.4
3	Tax education program	8	11.4	21	30	24	34.3	17	24.3

Source- Survey Questionnaire Using SPSS V28,

Based on the above data in 4.16, concerning the tax assortment competence, nineteen percent of respondents say excellent, fifty one percent of respondents reply good, thirty percent of respondents reply fair and there is no respondent said poor. Consistently, in taking measure action of non-obedience, three percent of respondents say Excellent, forty one percent of respondents says well, forty four percent of respondents says fair and eleven percent are rated poor. Concerning the tax education schedule, the eleven percent of respondents reply excellent, thirty percent of respondents reply good, thirty four percent of respondents reply fair and twenty four percent of respondents reply poor. As can be seen from the above data, about tax education program, respondents twenty four percent reply poor and thirty four percent reply fair these are the key reason for various tax management problem which adversely influence tax revenue assortment.

4.6 Tax rules obedience control and obedience level of taxpayers

This trouble is a lot connected with comparing how the taxpayers follow their tax responsibility and of the sales directors manipulate a antisocial tax consistent with the tax laws; because, the mindset of the taxpayers closer to tax performs a crucial function for his or her tax compliance conduct. The taxpayer’s obedience is indicated via way of means of the well timed declaration, charge, self- evaluation and voluntary charge of tax obligation.

Table 4.17 Reply of Tax staffs associated to third party information input and teamwork

Statement	Measurement	S.D	D.A	A	S.A
Tax audit and assessment process is helped by tax intelligence input information.	Rating	6	3	3	2
	Percent	42.9	21.4	21.4	14.3
There is complete collaboration and flow of info with subdivisions.	Rating	7	4	3	0
	Percent	50	28.6	21.4	0

Source- Survey Questionnaire Using SPSS V28,

As presented in the above Table 4.17, that fifty percent of tax workers replay strongly disagree there is an absence of working together inside and through other concerned bodies. Whereas twenty one percent of the staff representatives replay agree. There is working together experience in office.

Based on the above examination result, the tax office is expected to work together with other shareholders unless it has a wide range no positive influence on the tax administration and performance at all.

Again the table 4.17 shows that forty three percent of respondents strongly disagree that third party information has significant support for assessment and audit subdivision but not working currently. While fourteen percent of the respondents agree that intelligence team information has significant support for assessment and audit subdivision. As of the tax staffs respondents specified that third party information has significant support for tax assessment. The above outcome shows that the third party information support as input for assessment and audit is not progressed to the predicted level. If the tax collection and assessment is not sufficiently supported by third party information, it impossible to determine no declared income and as a result fall tax collection performance become decrease.

4.6.1 Compulsory tax collection process

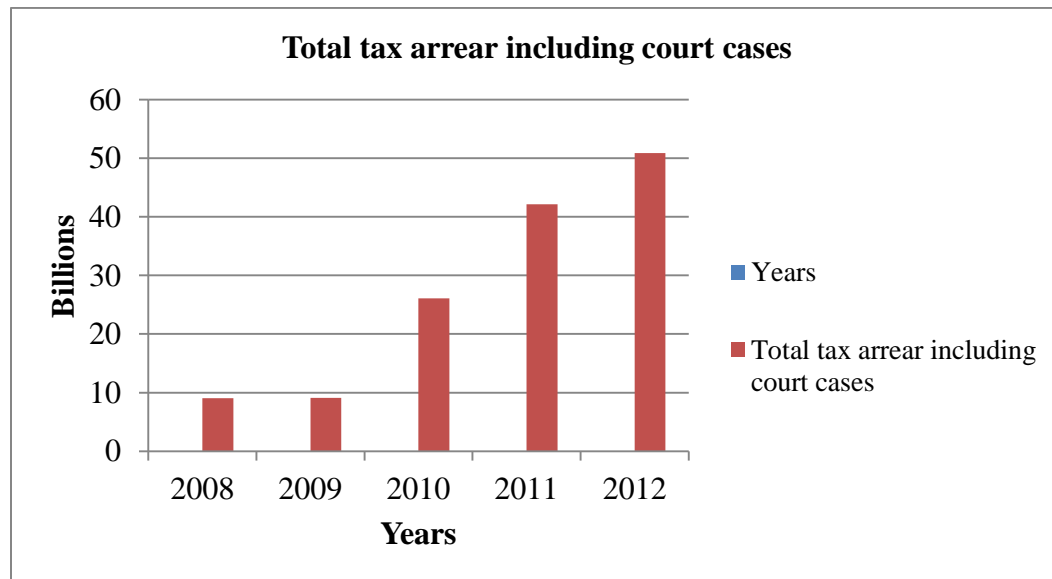
This procedure deals with the measures taken that the tax management takes when the customer not to pay a tax obligation based on either voluntary compliance or valuation resulting from audit activities. (Lewis, 2005)

Table 4.18 Unsettled tax debts Ministry of revenues large tax payers branch office

Years in E.C	Outstanding Tax, interest and penalty	Tax, interest And penalty at court cases	Total Outstanding tax arrears including court cases
2008	5,000,906,226.52	4,031,860,100.21	9,032,766,326.73
2009	6,746,546,037.93	2,371,816,102.27	9,118,362,140.20
2010	10,775,006,887.98	15,306,298,447.26	26,081,305,335.24
2011	7,666,699,890.87	34,470,552,950.83	42,137,252,841.70
2012	22,330,061,749.48	28,578,159,102.30	50,908,220,851.78

Source: Ministry of revenues LTO annual reports

Figure. 4.4 Unsettled tax Debts



From the above analysis findings and figure 4.4 above the researcher inferred that there is an increasing trend in tax debts tax from 2008E.C to 2012 E.C. This indicates that the tax collection enforcement is not adequately implemented and resulted in high amount of debts from year to year which negatively affects efficient tax administration of the branch office.

Generally from the above study as respondent stated, the absence of strong coordination and intelligence in the branch can highly impact the tax assessment and collection negatively and were resulted in 137,277,907,495.65 uncollected tax arrears in the years from 2008E.C to 2012 E.C.

Table 4.19 Answers of workers for questions concerning with tax collection Enforcement

statement	Measurement	S.D	D.A	A	S.A
Enforcement on none obedient tax payers is appropriately executed	Rating	0	7	5	2
	Percent	0	50	35.7	14.3
Enforced collection on none obedient tax payers is not strongly applied and not taking action on seizure.	Rating	2	4	5	3
	Percent	14.3	28.6	35.7	21.4
The Tax enforcement process is lazy.	Rating	4	4	6	0
	Percent	28.6	28.6	42.9	0

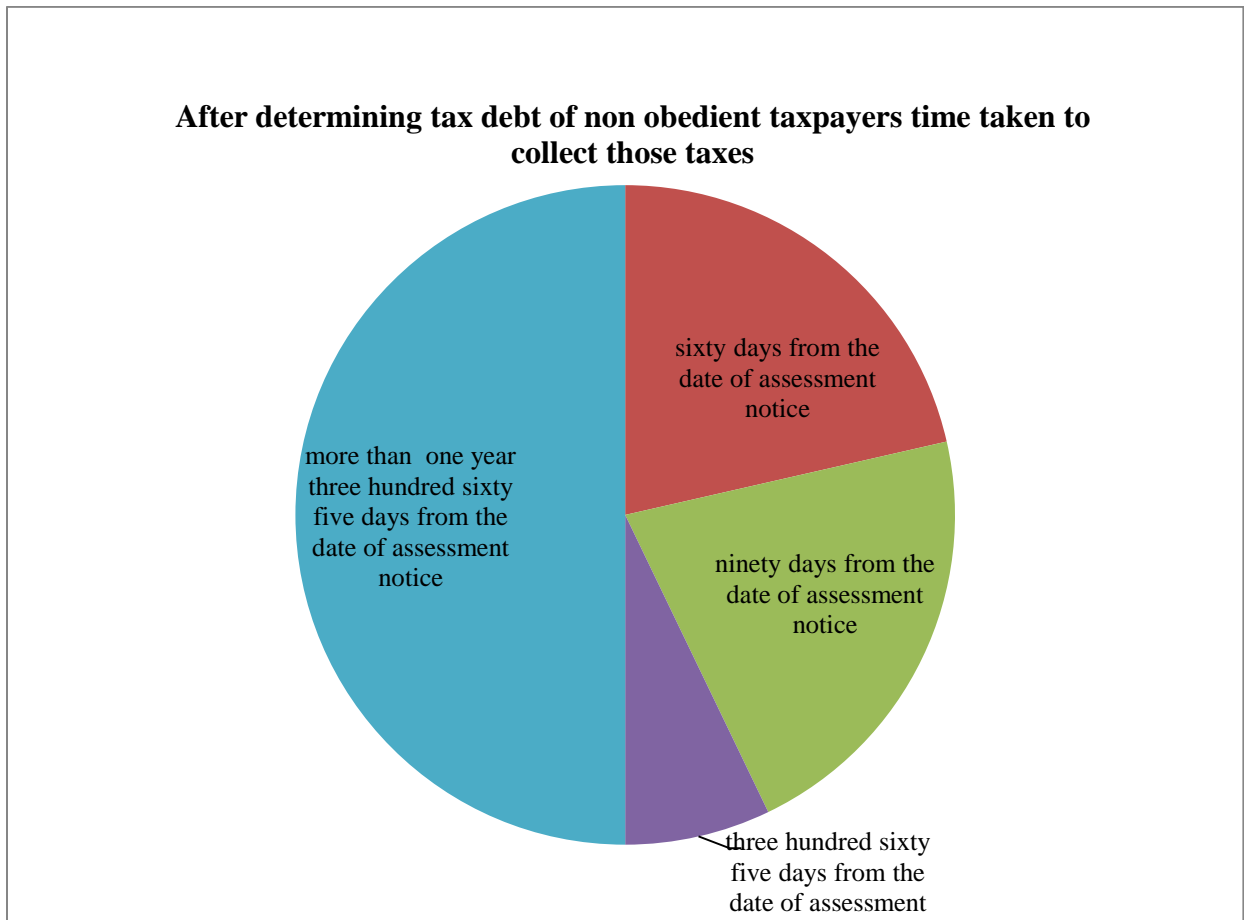
Source- Survey Questionnaire Using SPSS V28.

Concluded statement	Measureme	Yes	No
Do you think that the tax debt is accumulated because of absence of mechanisms for enforced collection measures?	Response rate	7	7
	Percent	50.0	50.0

Source- Survey Questionnaire Using SPSS V28,.

Based on the above shown, fifty percent of the responses are disagree on the taking measure action on non-obedient tax payers appropriately done. While thirty six percent of respondents are strongly agree and fourteen percent of respondents are agreed concerning taking measure action on non-obedient tax payers have done properly. Tax management also didn't aggressively enforced delinquent tax and proceed significantly in seizing and selling of delinquent tax payers property and collected a delinquent taxes. The investigator concluded from the study is that, the weakness to enforce assortment by any legal ways can result in unwanted problem.

Figure. 4.5 Period occupied to collect uncollected taxes



It can be seen from the above picture that twenty one percent of staffs revealed non obedient tax payers are identified, to collect unpaid tax, it requires up to sixty days from the date of assessment notice, and again twenty one percent of respondents said nineteen days from the date of assessment notice, seven percent of respondents revealed up to one year from the date of assessment notice and the remaining fifty percent of respondents said it requires greater than one year from the date of assessment notice.

As seen the trend of the tax office, there has been a payment method set for non-collected tax liability tax. This method permits tax payers pending up to 2 years. If the tax payer did not finish inside the payment timetable, the tax enforcement department can take the action takeover of the assets of the tax payer. The study inferred from this is that there is no hard working enforcement tax assortment practice. And it is a cause for accumulation of un-collected tax debt.

4.6.2 The Tax Repayment Verification

Tax payers have the right to request the tax administration if there is an amount of tax that is paid for tax office more than the tax obligation. Because it save the companies from shortage of working capital, However certain tax office did not repay the tax amount to tax payer on time and in proper manner according to tax rules and regulations.

Table 4.20.1 Replies to repayment procedure tax payers

Concluded statement	Measurement	S.D	D.A	A	S.A
Tax refund procedure is on time, clear, and according to the tax law:(taxpayers)	Rating	18	28	20	4
	Percent	25.7	40	28.6	5.7

Source- Survey Questionnaire Using SPSS V28,

Table No 4.20.2 Responses to refund procedure taxpayers

Concluded statement	Measurement	Yes	No
Tax repayment procedure is on time, perfect, and according to the tax law: tax employees	Rating	6	8
	Percent	42.9	57.1

Based on the above data analysis that twenty six percent of respondents replies strongly disagree and forty percent of replies disagree that the repayment procedure is perfect in service delivery however twenty nine percent of replies agree that the refund claim procedure is perfect in service delivery. In the same way, sixty four percent of the tax staffs replies that the tax payers don't acquire their repayment claim on a stated period.

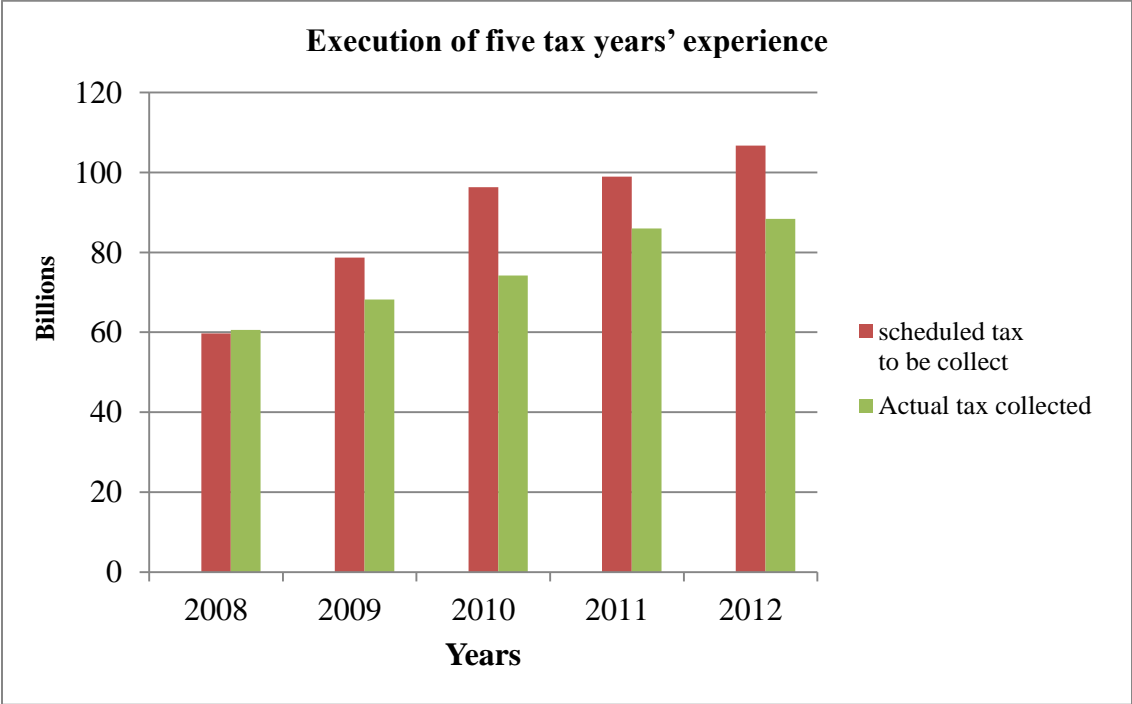
As the survey interview end result with tax assessment, the assessment department representatives confirmed that certain of customers are not receiving their repayment on time stated. Because of to be had personnel aren't sufficient to carry out the verification of the refund. Moreover, now and again the important records for verification isn't to be had or available on time. The other requested the manner proprietor whether or not that they'd paid interest in any case for not on time payment for tax payers as per proclamation number 979/2008 that if repayment not on time more than ninety days ,it ought to be pay including

interest as stated by the law. But as the data collected from the interviewee responded that they by no means repay including interest. When refund administration no to work on guidelines and laws, it can drive displeasure of tax payers and reduce the self-assurance on regulation and rule and then lessen voluntary compliance and lastly it can affect tax revenue collection adversely.

4.7 Execution Ministry of revenues large tax payers branch office

As secondary the records acquired from the tax office the real tax revenue assortment execution of large tax payers tax office branch has a growing practice for the consequent 5(five) tax years.

Fig. 4.6 Execution of five tax years’ experience



As can be seen from the above graph, the execution of the tax collection in the tax office is not attained in the successive four years. The actual tax composed is low when compared to stated plan. This problem may arise from insufficient implementation of enforcement measures non obedient tax payer and it is cause for the accumulation of uncollected tax. The other problem for under performance is delaying of assessed tax revenues in appeal process, absence enforcement through seizure.

4.8 Interpretation of the open ended Question instrument

The researcher gives a chance to respondents to explain their additional idea in an open ended question as section of questionnaire. There for tax payer provided their explanations and recommendation particularly on the difficulties of tax assessment and collection enforcement and state the action that to be taken in future to pass these difficulties.

4.8.1 Over-all problems stated by tax payers

As stated by repliers of tax payers at their reporting, Payment, evaluation and other services, customers don't satisfy by the facility delivered. It isn't always quick. Additionally, tax paperwork isn't easily understandable. When there may be modifications or any alternate in tax rules and regulations any process there is no declaration and recognition for tax payers. This is miss communication between of tax office and tax payers have a negative impact for tax payers and punish or leave out their chances.

Tax employee's respondents stated the problems of tax assessment and collection in general that:

- ✓ Insufficiency of skill in different accounting software's used by tax payers
- ✓ Absence of strong follow up and taking measure actions
- ✓ Shortage of quick response for plea
- ✓ Absence of inspiration systems for employees

4.8.2 Actions to improve difficulties

To avoid the above mention problems of tax office and to increase tax revenue tax payers stated as follows:

- ✓ Smooth attachment between tax office and taxpayers to reduce miss understanding and delinquency to decrease tax avoidance and bribery.
- ✓ Appreciating and give recognition for best performer of tax office workers and customers.
- ✓ Apply all tax collection procedures based on tax law and quick enforcement measures have to be taken for all unlawful merchants.
- ✓ Improve knowledge of Tax office workers regarding tax rules and regulations

Tax office employee's also comment that;

- ✓ Renew the audit manuals and procedures and strong intelligence support
- ✓ Improve knowledge of tax officers through training, experience sharing, and give recognition for employees.
- ✓ immediate response for appeal

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Overview

This chapter contains brief whole basic thoughts of the results of the study and concluded about the difficulties of tax assessment and taking measure actions in tax office. Lastly, recommend solution ways that enable to increase the enforcement measures action and collection of tax revenue.

5.2 Conclusions of the study

In General, tax management in whichever country includes that recording of the taxpayers, teaching taxpayers, receiving payments, tax valuation and review, archive of tax payers' documents containing their tax obligation, plea and law court, appropriation etc. by resisting the overhead duties, it becomes challenging for tax office to collect prospective tax from the economy capably. Ministry of revenue is the tax collecting ministry in Ethiopia that fundamentally divided into numerous subdivisions and from those; large tax payers' branch is the one.

In Ministry of revenue large tax payers' branch, the tax administration activity is grouped into two divisions.

- I. Tax law enforcement division
- II. Tax operation division

The overall objective of this study is to assess and identify the problems of tax assessment and collection enforcement actions and associated problems that have negative effect on the tax collection. On the basis of the main results of the study, the assessor concluded these difficulties which negatively influence the tax valuation, collection and enforcement are stated bellow:

5.2.1 Challenges in tax assessment and collection enforcement

- ✓ Tax assessment and collection enforcement manual is clear but the time standard for all activities are set without the consideration of many decision making situation in office

and sometimes fails to operate in reality. This situation creates dissatisfaction from customers who expect the service on the manual standard. The application of System integrated government tax administration system software is also not fully applied whereas all activities are supposed to be undertaken by system.

- ✓ There is an absence of quick service at the time of declaring their tax return.
- ✓ The tax return forms are not easy to understand and work with it especially the annual income tax declaration form and supportive forms and this creates discomfort and mistakes which created dissatisfaction for self-assessment.

5.2.2 Awareness of individual tax payers to tax rules and tax office and their associated difficulties

- ✓ The perception of tax payers regarding tax rules, regulations and tax processes administration is at initial level which negatively influences the attitude for tax and obedience to the tax laws. As a result it is challenging to obey the rules and regulations for the one who didn't have sufficient tax knowledge.
- ✓ Bribery is the other challenge in tax valuation, assortment and in taking measure action. Whereas the attention given to it is overlooked. The tax office did not invest the minimizing ways like training tax employees and tax payers and identifying the gaps in tax rules and regulations and making those full tax rules out of date etc.
- ✓ Another important thing in any institution is human resource administration which must be well trained academically and experienced it enables to perform responsibility of the institution.
- ✓ Tax payers' awareness regarding tax rules and regulations isn't at the required stage the same is true for tax officers.
- ✓ The absence of giving recognition for better performed workers and also absence of punishments for low execution.as a result this situation doesn't build better operational environment and doesn't inspiration employees for best performance.
- ✓ Computerizing the tax office administration processes has benefits for taxpayers by simplifying admin procedures and minimizing obedience costs.

The tax office have some challenges associated with computerized tax system those challenges are the absence fast network connection system, lack of training for tax

officers and data absence of accesses to adjust data wrongly encoded at time of reporting tax return.

5.2.3 Problems associated with tax debts control

- ✓ A presence of week teamwork and among the tax office subdivisions and other concerned share holder governments bodies such as financial institutions, land administration ministry of transport etc. those institutions help for the tax office as a means of obtaining useful information.
- ✓ As the information get from the branch office, there is no an intelligence department in the office. But it is available in the head office level the support this department to tax valuation and review is insignificant to the desired stage.
- ✓ A presence of huge amount of uncollected tax debts as shown in the annual report of tax office.
- ✓ As declared on annual report of the branch, the actual performance is under when compare with planed tax revenue. This is because of the challenges that the branch didn't apply different assortment procedures of enforcement methods such as appropriation.
- ✓ The existence a lot of numbers of tax payers audited did not pay their tax liability on the specified time rather they go for plea. The plea procedure takes long time. And some cases go to the court process, as a result the tax liability accumulated and become uncollected with in the tax period.
- ✓ The action of appropriation and sale of tax payers' asset for the tax liability isn't practiced in the tax office but the tax laws allow to practice.

5.2.4 Performance of tax assessment and collection

- ✓ Regarding the performance of tax office there is nonstop progress in the real tax revenue collected within the tax period included in the research however performance is under when compare with planed tax revenue.

5.3 Recommendations

In view of the drown finding, the researcher attempted to make the following recommendations in order to mitigate the challenges of tax assessment and collection enforcement of the tax office

5.3.1 Civilizing the practice of Taxation system

- ✓ The manual's time requirements for tax assessment and collection compliance should be updated to meet various decision-making scenarios.
- ✓ Upgrade skill of tax officers in different accounting software's used by tax payers. Because this gap help for illegal traders as a means to evade tax.
- ✓ The tax office should concentrate on quick service delivery for customers in tax declaring and payment of tax return.

5.3.2 Enhancing tax payers Attitude regarding tax rules and regulations

- ✓ The education of tax payers is the main point of whole solutions for non-obedience caused by absence of awareness, lack of sufficient tax knowledge regarding tax rules and regulations. As a result, the researcher suggests that the tax office should have to give greater emphasis on tax education programs.
- ✓ Human resource is the most important resource in any institution. There is no successful institution without giving attention to human resource. As a result the tax office should have to set incentive schemes such as award for best performing workers.
- ✓ To minimize bribery the tax office should have to work out with transparency in levying the punishments.
- ✓ There ought to be complete usage and application of computerization through which the sufficient data can be accessible.

5.3.3 Modernizing tax debts control

- ✓ There should have be strong teamwork inside the tax office and with other stakeholders. Teamwork will raise the range of the information net networks which enable the tax office to have sufficient data. If the tax administration works with those whole society divisions, the opportunity of getting sufficient and on time data will increase.
- ✓ There is a significant amount of uncollected tax. To inverse this challenge, immediate response for appeal is required. Unless the appeal procedure takes long time. And some cases go to the court process, as a result the tax liability accumulated and become uncollected with in the tax period.
- ✓ The tax office should have to give priority for significant amount of tax to be collected with a reduce collection cost.

- ✓ Subsequently enforcement is an engine for the tax administration, the tax office should have to give attention on the enforcement of unlawful traders and since the insufficiency to apply tax rules and regulations on non-compliance traders encourage compliant tax payers to be non-obedient and this results an increase tax administration cost and lastly decrease the tax to be collect.

5.3.4 Well-off tax assortment

- ✓ According to the results, the annual tax plan should to be planned on accurate data. It is preferable for the tax office to hire trained and experienced tax specialists to prepare and forecast prospect revenue sources; the enforcement procedure should be robust and sufficient to reduce outstanding tax debt.

Remark for taxpayers:

- ✓ Taxpayers should have resolve their difficulties by communicating with tax office other than doing adverse actions such as tax evasion, non-obedience.
- ✓ Tax payers have to assure that unlawful merchants, non-licensed, and corruption makers can negatively affect their businesses and its safety. Therefore, tax payers should have to give unaffected and impartial info on unlawful traders. This creates the teamwork amongst tax payers and tax office.
- ✓ Tax payers should have to give a superior attention for tax knowledge. Because lots of tax payers give low attention for the knowledge of tax rules and regulations.

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ANNEX. 1

Questions to be filled by tax officers

Dear repliers!

The questions are prepared by researcher from the Addis Ababa University to behavior a research in a part of gratification of a Master's of Science in accounting and finance. The major objective of the research is to investigate the challenges of tax assessment and collection enforcement in large tax payers' branch office of ministry of revenues.

The study is working to be carried out on your answers and other significant data that could help the researcher. The advantage of these questions is to acquire your views and views concerning many aspects of tax. It forms a main portion of the study and the data you will provide support me to evaluate the central difficulties facing to tax collection and enforcement and its effect on tax collection. Your support to answer is very essential to this research because it symbolizes others who are not involved in the sample.

Please reply every question. The questions require basic accurate info and you can tick the choice that you elect or write your response on the blank space delivered. Additional space is given at the completion of some questions for you to add additional justifications.

The all evidence you deliver would be rigorously confidential.

Student Name: Asefu Adugna

Position: M.Sc student at Addis Ababa University

Department: Accounting and finance

General Directions to Respondents

- Please, don't write your name,

Section I: Demographic Data of tax officers.

Tick your answer in the correct box that you perceive is true.

1. Gender: a. men b. women
2. Age
 - a. twenty five and under
 - b. twenty six up to thirty five
 - c. thirty six up to forty five
 - d. Forty six and more above
3. educational precondition
 - a. Certificate and under
 - b. Diploma
 - c. Bachelor Degree
 - d. Master's Degree or above
4. your field of education?
 - a. Management
 - b. Economics
 - c. Accounting
 - d. Others, _____

5. Total years of work experience

- a. below two year's
- b. between two and five
- c. more than six years

Section II: Questions correlated to Tax Collection and Enforcement ministry of revenues large tax payers' branch office.

Please tick your preference from the alternatives presented.

1. In your branch office, the tax assortments and taking measure activities are done based on their work guide line a. Yes b. No
2. If the above answer is yes, how do you evaluate the manual?
 - a. understandable and workable
 - b. needs some clearness
 - c. completely non understandable
3. Do you trust that the tax valuation or assessment department has contribution to the revenue collection? a. Yes b. No

If No, why please specify the reasons _____

4. Do you think that the tax debt is accumulated because of absences of mechanisms for enforced collection measures?

a. Yes

b. No

5. After non- obedient tax payers are noticed, the range of time taken to collect taxes is?

a. 60 days

c. 180 days

b. 90 days

d. more than one year

6. for the tax payer who requests refunds gets their claim on a stated time?

a. Yes

b. No

If No, please specify the reasons _____

7. Is the tax assessment and collection enforcement procedure completely supported by information technology? a. Yes b. No

Section III. Questions interrelated to tax officer's familiarity of tax administrations. Multiple choices Questions, please Ring the letter that you perceive best between the options.

1. Your level knowledge related to tax rules and regulations?
 - a. Familiar with all
 - b. I am Familiar Partly
 - c. I do not know

2. Tax valuation method experienced in the tax office?
 4. a. Self-assessment of tax payer b. Assessment by ministry of revenues

 - c. both

3. What do you think the reason for tax evasion?
 - a. absence of tax knowledge c. High tax rate
 - b. shortage of finance to pay d. Self-interest

4. A commercial sector is highly participated in tax evasion and fraud?
 - a. building Construction sector c. production and Manufacturing industries
 - b. Distribution and service delivery d. Government enterprise

Section IV. Use this symbol (x) number (i) for Strongly Disagree (ii) Disagree (iii) Neutral (v) Agree and (iv) Strongly Agree

Ser. No	Concluding statements	Strongly disagree (i)	Disagree (ii)	Neutral (iii)	Agree(v)	Strongly Agree(iv)
1.	Tax payers get a good service delivery at the time of tax declaring and payment					
2.	The branch has sufficient workforce to execute collection responsibility:					
3.	There is a teamwork and interchange of evidence within the tax office and external stakeholders.					
4.	Intelligence data is given in proper time and method for tax audit and assessment.					
5.	An obligatory measure to those offending tax payers is appropriately executed.					
6.	There is no sufficient mechanism methods to minimize outside and inside bribery					
7.	Collection actions taken on offending taxes is not strongly applied and not taking action on seizure and sale actions.					
8.	The Tax enforcement process is weak					
9	The tax office promotes employees through training and education.					

If you have any additional suggestion?

Questions to be filled by tax payers

Dear repliers!

The questions are prepared by researcher from the Addis Ababa University to behavior a research in a part of gratification of a Master's of Science in accounting and finance. The major objective of the research is to investigate the challenges of tax assessment and collection enforcement in large tax payers' branch office of ministry of revenues.

The study is working to be carried out on your answers and other significant data that could help the researcher. The advantage of these questions is to acquire your views and views concerning many aspects of tax. It forms a main portion of the study and the data you will provide support me to evaluate the central difficulties facing to tax collection and enforcement and its effect on tax collection. Your support to answer is very essential to this research because it symbolizes others who are not involved in the sample.

Please reply every question. The questions require basic accurate info and you can tick the choice that you elect or write your response on the blank space delivered. Additional space is given at the completion of some questions for you to add additional justifications.

The all evidence you deliver would be rigorously confidential.

Student Name: Asefu Adugna

Position: M.Sc student at Addis Ababa University

Department: Accounting and finance

General Directions to Respondents

- Please, don't write your name,

Section I: demographic information of tax payers; Ring your proper response.

1. Gender: a. men b. women
2. age
 - a. twenty five and under c. Thirty six up to forty five
 - b. twenty six up to thirty five d. more than forty six
3. Type of business activity:
 - a. Private Limited Company b. Share Company
 - c. Government enterprise d. cooperative and Partnership
 - e. others

Section II. Questions associated to taxpayers' familiarity for tax. Please tick your choice from the options given.

1. Is the tax assessments are reasonable in the tax office?

- a. Yes b. No

If it is not fair/ reasonable what is the cause?

2. Which of the following problems late you to announce tax returns and to pay tax appropriately?

- a. non understandability of the rules and regulations
- b. Absence of justice of the punishment system
- c. Nonexistence of sufficient tax teaching of tax office
- d. absence of honesty and work ethics of officers
- e. All

3. Which difficulties do influence your trade highly?

- a. The presence of numerous merchants that do not registered as legal tax payer
- b. There are fraudulent tax executives
- c. Compound tax burden
- d. Unwillingness of traders to pay taxes

e. All

4. Do you think that most of tax payers have optimistic attitude to tax and ministry of revenue?

a. Yes

b. No

If your answer is no, what are the causes _____

_____.

5. Do you trust that you have at expected stage of familiarity with tax rules and regulations?

a. Yes

b. No

6. Have you get shared any forms of consciousness formation program?

a. Yes

b. No

Section III. Question connected to Assessment of ministry of revenues enactment. Put your (x) answer at the proper place that you perceive correct.

How do you assess the hardworking of the ministry of revenues with to the following boundaries?

	Excellent	Good	fair	poor
Revenue collection efficiency				
enforcement of non-obedience tax payers				
Tax education program				

Section VI. General Tax payers View for Tax Administration. Place Your (√) Answer At The Proper Place That You Perceive is Correct.

Ser. No.	Statement	Occurrence of response					
		Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Agree
1.	The tax rules and regulation are easily understandable for tax payer.						
2.	The tax declaring documentation process is easy, clear and simple to file.						
3.	Tax you're paying is balanced and it might be the Range you pay without evaluation.						
4.	There is required level of clearness of tax management.						
5.	The tax office appropriately identifies and records all tax payers.						
6.	The tax office clearly declares and respects rights of tax payers.						
7.	Taxpayers get a good service delivery during tax filing and payment						
8.	The tax claim procedure is on time, transparent, and according to the law.						

If you have any additional suggestion?

Annex 3

Tax officers Interview Questions

- ❖ How do you measure the consciousness level of tax payers and the familiarity of tax workers?
- ❖ How do you measure the encouragement rewards for tax staffs in the tax office?
- ❖ How do you assess the strength of tax management to minimize bribery?
- ❖ What do you say as a solution for the difficulties of tax assessment and collection enforcement in the tax office?