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Assessing Determinants of Taxpayers' Voluntary Compliance:
In The Case of Addis Ababa Number One Medium Taxpayers Branch Office

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Declaration

I, Aklok Kassa Yimam, declare that, this paper prepared for the partial fulfillment of the requirements for MSC. Degree in Accounting and Finance entitled “*Assessing Determinants of Taxpayers' Voluntary Compliance: In The Case of Addis Ababa Number One Medium Taxpayers Branch Office* ” is prepared with my own effort. I have made it independently with the close advice and guidance of my advisor.

Name :**Aklok Kassa Yimam**

Signature.....

Date.....

Certification

This is to certify that Ato Aklok Kassa Yimam has carried out this research work on the topic entitled *“Assessing Determinants of Taxpayers' Voluntary Compliance: In The Case of Addis Ababa Number One Medium Taxpayers Branch Office ”* under my supervision. This work is original in nature and it is sufficient for submission for the partial fulfillment for the award of MSc. in Accounting and Finance.

Abebaw Kassie (Ph.D)

Signature _____

Date _____

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Acronyms

AA –Addis Ababa

AU – African Union

EC – Ethiopian calendar

ECA– Economic Commission for Africa

FDRE – Federal Democratic Republic of Ethiopia

FGD –Focus Group Discussion

GDP–Gross domestic product

OECD– Organization for Economic Cooperation and Development

SD – Standard Deviation

SPSS –Statistical Package for the Social Sciences

VAT – Value Added Tax

Abstract

The study aimed to examine the impact of tax audits on taxpayers' compliance in the case of Addis Ababa number one medium taxpayer using cross-sectional data from tax auditors and taxpayers a sample of (60 tax audits and 228 taxpayer) respondents. The data generated to meet these objectives were collected via closed-ended structured questionnaires. Out of 60 selected tax auditors 52 respondents' was responded to the questionnaire and Out of 228 selected taxpayers 196 respondents' was responded to the questionnaire .To realize the research objectives descriptive analysis method was employed using SPSS version 26. The research found that the tax auditors observation about types of tax audit in relation to voluntary tax compliance, the highest percentage 38.50 percent of tax auditors confirmed that field tax audit is better for tax compliance, on the contrary the highest percentage 32.10 percent taxpayers was mentioned that non of any types of tax audit is better for tax compliance. This numbers showed that the taxpayers and tax auditors had different knowhow about the types of tax audit. The researcher was tried to investigate the taxpayers observation about the frequency of tax audit schedule, the highest percentage 43.4 percent of taxpayers was mentioned that tax audit office audit schedule was once within four years, on the contrary the highest percentage 48.1 percent of tax auditors confirmed that their audit schedule once in a year. This numbers showed that the taxpayers and tax auditors had different knowhow about the tax office audit schedule. Based on the final observation of tax auditors and taxpayers about the primary purpose of tax audit, 50 percent of taxpayers and 61.5 percent of tax auditors were believed that tax audit is used to achieve tax revenue collection targets, instead to improve the general taxpayer's compliance.

Key words: *Tax audit, voluntary compliance, comprehensive audit, desk audit, Field audit,*

CAPTER ONE

1. INTRODUCTION

The introduction part includes a background of the study, statement of the problem, research question, and objective of the study, significance of the study, delimitation/scope, limitation, and organization of the Thesis.

1.1. Background of the Study

In any country, the government needs financial support to cover its operation and undertake its duties and responsibilities. Because of this government creates the means to generate revenue to commence their obligations by imposing charges on their citizens and business organizations to attain their budget. The main reason for the government collecting taxes is a basic way to generate public revenues that make it possible to provide services for citizens and businesses (Modugu and Anyaduba, 2014).

However, the amount of revenue collected alone could not explain the best tax administration. A poor quality of tax administration may also collect large amount of revenue from easy - to tax sectors such as wage earners, while unable to enforce taxes on business enterprises and professionals. Hence, measuring the effectiveness of the tax administration by the size of tax collected is unsophisticated judgment. Considering the size of the compliance gap is rather a much stronger criterion to the effectiveness of tax administration (FIRA, 2000)

The existence of governments tax collection is fundamental, to financing the provide infrastructure and other basic public services (Tilahun and Yidersal, 2014). The Ethiopian government has several options to finance its public expenditures and pursue its fiscal policy which is tax and non-tax sources. Among others, tax with customs collections is an important source of revenue for every government and is the heart of a country's well-being (Damme *et al.*, 2008).

Tax revenue is powerful resource to funding the public payments of developed, developing and underdeveloped countries in the world. But the amount of revenue to be generated by a government from taxes for its expenditure program depends on the willingness of the taxpayers to comply with tax laws of a country. Moreover, in developing countries many problems like poor administration, failing to collect sufficient tax revenues, tax structures

where tax horizontal and vertical equity considerations are not integrated, lack of government and economic stability. Besides, degree of tax compliance in most these countries is affected by demographic, individual, social, economic and institutional factors. (Orkaido, 2018).

A tax audit is the examination of an individual or organization's tax report by the relevant tax authorities in order to ascertain compliance with applicable tax laws and regulations of the state (Kircher, 2008). The process of tax audit involves tax returns that are selected for audit using some selection criteria. Thereafter, the underlying records of the taxpayers are examined critically to relate them to the tax return filed, to ensure strict compliance with tax laws, to improve voluntary compliance, and to ensure that the amount due is collected to the government (Ola, 2001).

The role of an audit program in a modern tax administration must extend beyond merely verifying a taxpayer's reported obligations and detecting discrepancies between a taxpayer's declarations and supporting documentation (Biber, 2010). A tax audit is one of the most effective policies to prevent tax evasion behavior (Slemrod, 2000). Tax audits find out whether financial records and transactions are correctly recorded and accounted for. Consecutively, ensures that the records reflect the actual tax declared to the tax office and income of the taxpayer and that the claims for deductions made are accurate.

In Ethiopia, the government has reformed the tax for the purpose of generating adequate tax revenues and covering public expenditure. The first major change in Ethiopia's tax system was initiated in 1942, the years 1947-52 covering its second stage. These changes were including amendments to property taxes. In the early 1960s, changes were also made in the rate and structure of taxes, especially on income. In the post-revolution period (1974-91), particularly during 1976-79, significant major changes in the rate and structure of all types of taxes were made (Geda and Abebe, 2005).

The Ethiopian constitution in 1995, gave power to the federal and regional governments to levy and collect taxes. As a result, of the structural changes, a number of changes have been made in the tax policy. Most significant changes were made in the tax laws bringing about a reduction in the rate of income tax from 40 to 30 percent. The Ethiopian government issued the new tax proclamation, rules, and regulations from time to time (Bekana *et al.*, 2014).

1.2. Statement of the Problem

Tax revenue is a powerful resource for funding the public payments of developed, developing, and underdeveloped countries in the world. But the amount of revenue to be generated by a government from taxes for its expenditure program depends on the willingness of the taxpayers to comply with the tax laws of a country. Moreover, in developing countries many problems like poor administration, and failure to collect sufficient tax revenues (Orkaido, 2018).

In developing countries, taxation is a challenging issue and many researchers pay attention to these areas in their research. The studies indicated that there were many problems arising from these issues like poor tax administration, insufficient tax revenues collection, non-compliance, etc. Tax administration in developing countries faces greater challenges. As a result of these challenges, tax revenue generation in developing countries is unusually low (Umar and Tusubira, 2017). In terms of tax to GDP ratio Ethiopia is low performing country. It is approximately 13 percent; this is lower than the average for low-income countries (Yesegat and Fjeldstad, 2016).

Taxes are the core revenue for the government and thus the concerned agency should ensure they are collected in the right way. The system must be checked to avoid evasion and wrong submissions. Clearly, a properly designed and administered taxation system is very important in generating revenue and increasing the tax base for the government of developed, developing, and transitional economies (Lulseged, 2016).

Ethiopia's tax situation has undergone a number of changes in the past years. Whatever the case increasing tax revenues must remain a priority. So, the Ethiopian government introduced new tax rules and regulations and amended the existing tax proclamation. VAT was introduced in January 2003 but its history of tax evasion, corruption, lack of standard record-keeping systems as well as the lack of knowledge about VAT and a tax base for its computation was a problem (Geda and Shimels, 2005).

Therefore, for taxation to be effective in achieving both short and long-term goals in any country's economy, the level of tax compliance must be improved for efficient tax administration. Hence, one measure that can be used to improve the level of tax compliance is a tax audit (Mebratu, 2016). (Forum on Tax Administration's Compliance Sub-group, 2016)

Different audit program of a revenue body performs a number of important roles that, effectively carried out, can make a significant contribution to improved tax administration of the tax system.

Despite its importance, the existing research works on the issue such as (Alemu, 2020) impact of tax audit on tax compliance with reference to category “A” taxpayers: a case study in Hawassa city administration, (Shiferaw and Tesfaye, 2020) determinants of voluntary tax compliance (The case category A and B taxpayers in Dire Dawa Administration), (Umar Dauda, *et al.*, 2019) impact assessment of tax audit on tax compliance: A case study of Katsina state board of internal revenue, Nigeria, (Deyganto, 2018) factors influencing taxpayers’ voluntary compliance attitude with tax system: Evidence from Gedeo Zone of Southern Ethiopia, (Fred Karemera, 2017) the impact of tax audit on taxpayers’ compliance in Rwanda, (Mebratu, 2016) impact of tax audit on improving tax compliance: Empirical evidence from Ethiopian revenue authority at the federal level, (Modugu and Anyaduba, 2014) discuss impact of tax audit on tax compliance in Nigeria. (Badara, 2012) discuss the effect of tax audit on tax compliance in Nigeria.

Most of the existing research was with limited emphasis on the fact that are belongs only either on the determinants of tax auditor/ determinants of tax audit on revenue collector, emphasis on tax auditors side or determinants of tax audit on taxpayers', emphasis on taxpayers side. Therefore this literature gap stimulated the researcher to conduct add comprehensive primary to survey questionnaires’ about both side respondents who are the tax auditors and taxpayers based on comparison techniques.

1.3. Research Questions

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

- i. What effects does a Comprehensive audit have on tax payers' voluntary compliance?
- ii. What effects does a Desk audit have on tax payers' voluntary compliance?
- iii. What effects does a Field audit have on tax payers' voluntary compliance?
- iv. What effects does frequency of tax audit on tax payers' voluntary compliance?

1.4. Objectives of the Study

1.4.1. General Objective

The main objective of the study is to assessing determinants of taxpayers' voluntary compliance: in the case of Addis Ababa number one medium taxpayer.

1.4.2. Specific Objectives

Its specific objectives are:

- i. To assess the effect of comprehensive tax audit on voluntary compliance.
- ii. To assess the effect of desk tax audit on voluntary compliance.
- iii. To assess the effect of field tax audit on voluntary compliance.
- iv. To examine the effect of frequency of tax audit on voluntary compliance.

1.5. Significance of the Study

The overall purpose of the study was to assess the determinants of taxpayers' voluntary compliance in Addis Ababa number one medium taxpayer's branch office. A comprehensive understanding of how the tax auditors and taxpayers' communities perceive the revenue collection procedures. Furthermore, the information generated by this research is expected to contribute to the existing body of knowledge about the tax, tax audit, taxpayers' compliance, and revenue collection strategies.

This study is also intended to provide feedback to taxpayers and the tax authority on the importance, application, and practice of tax audits on tax payers voluntary compliance. It also provides helpful feedback on the determinates of tax payers voluntary compliance the existing tax audit system in Addis Ababa number one medium taxpayer's branch office. Hopefully, the results of the study may also serve as baseline data and may inspire potential other researchers to conduct further studies in the area.

1.6. Scope of the Study

The study focused to assessing determinants of taxpayers' voluntary compliance in Addis Ababa's number one medium taxpayers branch office. Because this category of medium taxpayers is required by law to report their financial statements based on the source

documents or in accordance with the new income tax proclamation No. 978/2008. The voluntary compliance behavior of the taxpayers is determined by various factors however, this study was limited to examining only four factors (comprehensive or full audit, desk audit, field Audit, and frequency of tax audit) which directly affected taxpayers' voluntary compliance.

In addition, the study focused on the three type of tax audit conducted after examining the tax audit system and the frequency of the audit program in terms of improving taxpayers' voluntary compliance and tax revenue performance methods used. This study is oriented specifically on 60 tax auditors and 228 taxpayers. Therefore, a study was conducted in Addis Ababa city administration number one medium taxpayers' branch office audit staffs and taxpayers.

1.7. Limitations of the Study

The major constraints included unavailability of adequate and up-to-date quantitative as well as qualitative information, lack of adequate sources and information in proper recording and keeping of documents and files among taxpayers as well as the tax auditors. This created exhaustion for the data collectors. Additionally, some respondents were reluctant and unwilling to spare their time to give the necessary data about their business and tax issues.

1.8. Organization of the Thesis

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

CHAPTER TWO

2. LITERATURE REVIEW

2.1. Introduction

The purpose of this chapter is to review the literature in the area of determinants tax payers' voluntary compliance, effects of tax audit on voluntary compliance and related issues. It contains three parts. The first part reviews theoretical studies, the second part presents the empirical evidence on tax audits, voluntary compliance, and related issues and the last part reviews the conceptual reviews.

2.2. Theoretical Review

2.2.1. The Concept of Tax

A tax is a liability imposed upon the tax assesses who may be individuals, groups of individuals, or other legal entities. It is a liability to pay an amount on account of the fact that the tax assesses have an income of a minimum amount and from certain tangible or intangible property, or that they carry on certain economic activities which have been for taxation Bhatia (1996). Assess is characterized as an obligatory require, forced by the government or other tax-raising body, on wage, use, or capital resources, for which the citizen gets nothing particular in return' (Lymer and Oats, 2009). A tax could be a compulsory levy and those who are burdened need to pay the wholes independent of any coordinate comparing return of administrations or products by the government.

The government needs financial resources to act as a government and play a role that is expected of it by the public (James and Nobes, 2000). Taxes are fundamental to the existence of governments, for the tax revenues help to finance the bulk of services that governments provide including education, welfare, public safety, infrastructure, and other basic public services. Moved forward assess compliance increases the incomes accessible for supporting open administrations without expanding the current charge burden on compliant (Bird and Casanegra, 1992).

The main objective of imposing certain taxes on the public is to generate revenues for the government for public expenditure (Lymer and Oats, 2009; Shanmugam, 2003; Singh, 1999). However, there are other functions of taxes as suggested by Lymer and Oats (2009) including

reducing inequalities through a policy of redistribution of income and wealth so that the income gap between the rich and the poor is not as significant. Assess frameworks are moreover planned for social purposes, such as debilitating certain exercises which are considered undesirable and securing the environment. For occurrence, the extract charges on liquor and tobacco are (at slightest somewhat) worked out to diminish utilization and in this way empower a more beneficial way of life (Lymer and Oats, 2009).

2.2.2. Tax Administration Tasks

There are three major tasks of an effective tax administration are facilitating compliance by ensuring that individuals obligated to pay taxes are doing so and to try and make compliance easier for the taxpayer; enforcing compliance and reducing tax evasion; and improving governance to keep tax officials honest and reinforce the legitimacy of the tax system. (Addisu K.K,2015)

2.2.3. Tax Revenue

Tax revenue is an income collected by public authorities (Federal, State, and Local Government) from persons or bodies to finance expenditure. It is an income required by the government to finance its growing expenditure. Tax collection is the foremost critical source of income for present-day governments, ordinarily bookkeeping for ninety percent or more of their pay. This reflects that tax income could be an obligatory requirement forced by the government through its organizations on the wage, consumption, and capital of its subjects (Agumas, A.L. 2016). Assess income may be a requirement forced by the government on the salary and benefit of people and companies individually. These levies are made on personal income, such as salaries, business profits, interests, dividends, discounts, and royalties. It is also levied against the company's profits petroleum profits, capital gains, and capital transfer, Tax is a compulsory levy imposed on a subject or upon his property by the government to provide security (Ojo, O.D. 2016).

2.2.4. Taxation in Ethiopia

The 1995 Constitution of the Federal Democratic Republic of Ethiopia (FDRE) classifies taxation power into three: those assigned exclusively to the federal government, regional states, and concurrently to both regional and federal governments. As per the structure, territorial states have the control to exact and collect charges from sources allowed to them.

Ethiopian Revenue and Customs Authority (ERCA) are responsible for the administration of revenues that belong exclusively to the federal government and those concurrently owned by both. Regional revenue authorities are entrusted with the responsibility of administering taxes assigned to them (WB, 2016).

2.2.5. Definition of Tax Audit

An assessment review is one of the foremost touchy contacts between the citizen and an income body. The nearness of an evaluator in a taxpayer's private staying or trade premises, coupled with the investigation of private and commerce issues and the gathering of data from citizens' books and records, or fair the disturbance of day-to-day workflow, speaks to a burden on the citizen and may be seen by a few as an outlandish interruption into their issues. Regardless of this, assess reviews stay the as it were a viable strategy for finding out extra actualities or confirming given data. Most taxpayers report their assessment liabilities more precisely on the off chance that they accept that the assessment organization has the capacity to detect any unreported liabilities which overwhelming punishments may be connected when they are identified (Biber, 2010).

An assess review is an examination of whether a citizen has accurately detailed its charge obligation and satisfied other commitments. It is regularly more point by point and broad than other sorts of examination such as common work area checks, compliance visits, or archive coordinating programs (OECD, 2006). The reason of a charge review is to check the avoidance of assess and guarantee compliance in agreement with the laws and controls (Barreca and Ramachandran 2004).

2.2.6. Nature and Importance of Tax Audit

A tax audit is an examination of a private or organization's tax report by the relevant tax authorities so as to establish compliance with applicable tax laws and regulations of the state. He further reported that a tax audit could be a process where the inner revenue service tries to verify the numbers that you just have placed on your legal instrument. A tax audit is an examination of whether a taxpayer has correctly reported its liabilities. It's often more detailed and extensive than other sorts of examination like general desk checks, compliance visits, or document matching programs (OECD, 2006). The process of tax audit involves the underlying books and records of the taxpayers being examined critically to relate them to the legal document filed (Ola, 2001).

2.2.7. Compliance Model

The compliance model is a structured way of understanding and improving client compliance. It helps us to understand the factors that influence client behavior and to apply the most appropriate compliance strategy. (Orkaido,2018) Factors that affecting tax voluntary compliance attitude of taxpayers can be divided to five major categories such as (1) [demographic factors like age, gender and education], (2) [individual factors like tax knowledge, personal financial constraints and awareness of offense and penalty], (3) [social variables includes perception on equity and fairness of tax system], (4) [institutional such as simplicity of taxation, role of tax authority, tax audit, change in government policy and referent group and the probability of being audit] and finally (5) [economic factors consists of tax rate income level, tax audit and perception on government spending.

2.2.8. Forms of Tax Audit

A) Comprehensive or Full Audit

This audit may cover all tax obligations over a variety of tax periods, or extended to many years up to the limit provided for within the law. All cases where serious underreporting or evasion has been detected under any of the other audits should be forwarded to a unit accountable for undertaking comprehensive audits of all tax liabilities. The target is to see the right liabilities for a legal document as an entire. As this audit is typically time-consuming and expensive to undertake, it should only be applied to those taxpayers if there's a sign of under-reporting which will impact across taxes. It requires considerable resources and reduces the speed coverage of taxpayers that might somewhat be achieved by a more varied mixture of audit types (Ebrill, 2010).

B) Desk Audit or Verification

Desk audits are usually meted out annually and based on: A review of taxation and VAT returns, or basic ratios comparing with previous periods or other taxpayers in similar industries, and therefore the crosschecking of data included within the taxpayer files. It involves basic checks conducted at the tax office when the auditor is confident that all necessary information is often ascertained through in-office examination. Information technology systems should provide strong support for these verifications.

C) Field Audit

A field audit is a sort of audit that focuses on a detailed examination of taxpayers' books and records to work out whether the right amounts were reported on the tax returns. The auditor may additionally obtain information from other sources like banks, creditors, and suppliers, to substantiate items on returns. The audit is conducted at taxpayers' place of business, home, or at the office of their accountant, attorney, or another one who may represent them. The auditor tries to pick the place that's most appropriate under the circumstances and most convenient for them (OECD, 2006).

d) Probability of tax audit

In the standard portfolio model, the normal deterrent effect of audits is that an increase in the probability of audit causes the individuals to stop evading. Looking at the path dependent model in an experiment. There is a continuous impact on current declaration that is influenced by past audit probability and imposed fine. Generally, most tax audit probability and frequency model or studies have reported that the more frequent taxpayers are being audited, the more they would comply (Sor, 2018).

2.2.9. The Worth of Tax Audit Planning

The role of audit extends beyond verification. It's generally accepted that a tax audit is an examination to figure out whether a taxpayer has correctly reported and assessed their tax obligations. However, the role of a plan during a contemporary tax administration must extend beyond merely verifying a taxpayer's reported obligations and detection of discrepancies between a taxpayer's declaration and supporting documentation (Biber, 2010).

2.2.10. Theories of Tax Compliance

According to (Marandu *et al.*, 2015) there are different theories of tax compliance. These include: Allingham and Sandmo (1972) Show: In 1968 Nobelist Becker theorized the financial matters of wrongdoing on the thought of which Allingham and Sandmo (1972) delivered an financial demonstrate of assess compliance. The model was seminal for it had been followed by an outsized number of contributions to the literature which extended the first model in a very number of directions. Within the model, the taxpayer is assumed to own an income I and must choose the number to declare to the tax agency (Alm, *et al.*, 1992).

Declared income D is taxed at the speed t ; undeclared income isn't taxed, but the taxpayer will face a probability of detection p at which point a fine f is going to be imposed for cheating. The taxpayer has the selection between two strategies: he may declare his true income or he may declare his true income. If he chooses the latter strategy his payoff will rely on whether or not he's investigated by the tax authorities. If he's not, he's clearly more comfortable than under strategy one. If he's investigated, he's worse off because the audit may result in penalties. In this way the citizen chooses D to maximize the anticipated utility of the avoidance bet. This equation income depends upon I , p , f , and t :

$$D = f(I, p, f, t)$$

There are however other factors that affect compliance decisions; while the government “takes away, it also gives back” (Alm, Jackson, and McKee, 1992) and this surely exerts influence on compliance or evasion. The declared income D could also be modified to reflect the individual's receipt of presidency expenditures G as follows:

$$D = \square(I, p, f, t, G)$$

Thus compliance is additionally directly associated with individuals' perceived benefits from public goods funded by their tax payments.

This economics-of-crime approach and its extensions rely on the belief that a person pays taxes only thanks to the economic consequences of the evasion gamble and since they fear detection and punishment. However, it's clear that compliance cannot be explained entirely by such purely economic considerations and level of enforcement. Of course, it's been shown that the share of revenue enhancement returns that are subject to a radical tax audit is mostly quite small in most countries; nearly always well but 1 percent of all returns (Alm, 2012). Subsequently, in spite of the fact that the Allingham and Sandmo Show of 1972 are rich in its straightforwardness, numerous possibly significant non-economic components are fundamentally excluded.

Institutional Anomie Theory (IAT): Anomie may be a sociological theory that holds that individuals make decisions supported by socialized values, which separately are also contradictory but together, balances one another out, producing behavior considered “normal” by society. When one holds an imbalanced set of values, decisions made on it set may produce deviant behavior, like everyday crime (Itashiki, 2011). Specifically, the

foremost recent rendition of anomie theory, institutional anomie theory (Messner and Rosenfeld, 2001) appears readily adaptable for examining the connection between cultural values and nonpayment behaviors (Riahi-Belkaoui and Picur, 2000). Institutional Anomie Theory highlights four theoretically derived sets of national cultural dimensions likely to push or suppress nonpayment. They include achievement orientation, assertiveness, humane orientation, and individualism.

Individualistic social values set the organize for behaviors that emphasize the interest of firm self-interest, to a great extent ignoring concern for moral results. In line with IAT, individualistic cultural values encourage firm decision-makers to decide on goal achievement beyond concerns for the moral or legal means to attain goals (Bame-Aldred *et al.*, 2011).

Hypothesis of Arranged Behavior: the thought of Arranged Behavior was proposed by Ajzen (1985) as an expansion of the thought of Contemplated Activity, which had been proposed a decade prior, by (Fishbein and Ajzen, 1975). In step with the theory of contemplated activity, individuals are more likely to undertake and do a behavior on the off chance that they assess the recommended behavior as having positive comes about (demeanor). A tall relationship between demeanors and subjective standards of behavior has been affirmed in numerous ponders (Sheppard *et al.*, 1988). However, the indistinguishable creators have raised a counterargument against the tall relationship between state of mind, subjective standards, and behavior. They contended that much obliged to circumstantial confinements, state of mind and subjective standards do not continuously cause behavior. To upgrade the prescient control of the hypothesis of contemplated activity Ajzen included a substitution component “perceived behavioral control” to help account for behaviors that emerge where a human control over the behavior is inadequate.

2.2.11. Definition of Tax Compliance

Tax compliance is the willingness of individuals to act in accordance with the law and administration without the application of enforcement activity (James and Alley, 2002). Tax compliance is defined because of the accurate reporting of income and claiming of expenses in accordance with stipulated tax laws. Thus, the failure of corporations to accurately report or pay tax is taken into account in corporate tax non-compliance (Noor *et al.*, 2014).

Tax compliance, simply put, means adherence to tax reporting requirements; that's, that the taxpayer files all required tax returns at the correct time which the returns accurately report

tax liability in accordance with the tax laws, regulations, and court decisions applicable at the time the return is filed (Roth *et al.*, 1989).

2.2.12. Tax Compliance Determinants

Tax compliance comprises three main factors correct reporting, timely reporting, and timely payment in accordance with USA International Revenue Service (Gangl *et al.*, 2014). Richardson and Sawyer (2001) express that the study conducted by Jackson and Milliron (1986) is among the foremost known studies most value is attributed to seeing the factor affecting tax compliance. In accordance with Jackson and Milliron (1986), although there are many variables affecting tax compliance, they predominantly specialize in 14 variables (sex, age, education, source of income, level of income, Tax rate, Peer Effect, profession, Justice, Tax Ethics, Complication, Communication with revenue authority, Probability of Detection, Sanctions, and Other variables).

2.2.13. Definition of Tax Non-Compliance

In contrast with tax compliance, tax non-compliance is defined as a taxpayer's failure to remit the proper amount of tax, perhaps on account of the complexity or maybe contradictions within the tax legislation or tax administration procedure (Kasipillai and Jabbar, 2003; Kesselman, 1994; Jackson and Milliron, 1986). Non-compliance is additionally perceived because of the failure of a taxpayer to report the particular income, claim deductions and rebates and remit the particular amount of tax payable to the tax authority on time.

2.3. Empirical Evidences

Alemu, (2020) conduct the study entitled "Impact of Tax Audit on Tax Compliance with Reference to Category "A" Taxpayers: A Case Study in Hawassa", the study findings showed that the probability of tax audit, and tax knowledge and education have Positive effect on the level of tax compliance. Penalties have a positive effect on the level of tax compliance. They suggested that there should be staff enforcement of penalties to deter tax evasion and tax authorities should simplify processes involved in filling payment of taxes.

Shiferaw and Tesfaye, (2020) conduct the study entitled "Determinants of Voluntary Tax Compliance (The Case Category A and B Taxpayers in Dire Dawa Administration)", the study

findings showed that; tax compliance is significantly affected by nine determinant factors which consist of: Education, Age, Financial Constraints, Absence of Fairness, Role of the Tax Authority, Tax knowledge, Absence of Tax Audits, the complexity of Tax System and Government Spending.

Umar Dauda, *et al.*, (2019) conduct the study entitled “Impact Assessment of Tax Audit on Tax Compliance: A Case Study of Katsina State Board of Internal Revenue, Nigeria”, the study findings showed that tax audit influences the performance of the sampled agency though there was low enlightenment on the public as to the application and limitations of a voluntary declaration of income via self-assessment. They suggested that the government through its tax-collecting agency should create more awareness of the importance of voluntary income declaration and encourage accurate self-assessment to avoid embarrassing sanctions of non-compliance.

Olaoye and Ekundayo, (2019) conduct the study entitled “Effects of Tax Audit on Tax Compliance and Remittance of revenue in Ekiti State” The study findings showed that each type of tax audit had a significant and positive effect on tax compliance. They suggest that government should intensify tax audits through the use of more competent staff and intermittent training so as to cause an increase in tax compliance levels within the State. Also, Audited files that reveal criminal acts shouldn't be taken lightly. Tax evaders and avoiders should be seriously proscribed so on deter others from plodding the identical criminal path.

Mulugeta, (2019) conduct the study entitled “Assessment of tax audit on tax compliance and revenue in Ethiopian revenue and customs authority (The Case of East national capital Branch Office)” each type of tax audit had a significant and positive effect on tax compliance and revenue. They suggested that the east New Flower Branch office should intensify tax audits through the use of more competent staff and intermittent training so as to extend in tax compliance level within the branch office. Also, Audited files that reveal criminal acts shouldn't be taken lightly and tax evaders and avoiders should be seriously addressed to discourage others from plodding the identical criminal path.

Deyganto, (2018) conduct the study entitled “Factors Influencing Taxpayers’ Voluntary Compliance Attitude with Tax System: Evidence from Gedeo Zone of Southern Ethiopia”, the study findings showed that age, gender, tax knowledge, simplicity of tax system, penalty, perception on the tax rate and probability of being audit were found to be key factors

influencing taxpayers' voluntary compliance attitude. They suggested that; formulating constructive policy in order to achieve the goal of rising required tax revenue to promote the economic development of the country.

Dauda, *et al.*, (2018) conduct the study entitled "Impact Assessment of Tax Audit on Tax Compliance: A Case Study of Katsina State Board of revenue." The study findings showed that tax audit influences the performance of the sampled agency though there has been low enlightenment on the public on the application and limitations of a voluntary declaration of income via self-assessment.

Meaza, (2018) conduct the study entitled "Factors Affecting Taxpayers Compliance with the Tax System: Category "A" Taxpayers in the national capital." The finding proved that majority of taxpayers weren't compliant. It also revealed that tax audits are significant factors in tax compliance. They suggest that the govt. should improve public services to boost tax compliance behavior. Following this, it's mandatory to make awareness about the benefits of paying taxes, conducting preventive education to the general public, and conducting audits to discourage non-compliance behavior.

Fred Karemera, (2017) conduct the study entitled "The Impact of Tax audit on taxpayers' compliance in Rwanda" that tax audits towards achieving target revenue, that tax audit reduce the issues of tax evasion, that taxpayers don't usually cooperate with tax auditors. There's a positive relationship between tax audits and taxpayers' compliance. They suggested that; Rwanda Revenue Authority's auditors should make all possible ways in which Taxpayers feel comfortable and cooperate during tax auditing exercises and to continue intensify taxpayer education and sensitization programs across the country, it must keep strengthening the employment of the latest technologies to ease the work of its partners in business.

Mebratu, (2016) conduct the study entitled "Impact of tax audit on improving taxpayer's compliance: Empirical evidence from Ethiopian Revenues authority at the federal level." The study used coefficient regression statistical analysis. The finding proved that there's a robust association between the number of audited files and therefore the level of tax compliance and there's a robust association between the probability of audit detection and also the number of audited files with the amount of tax compliance. The study concludes that the contribution of a tax audit to improving taxpayer compliance is critical among other measures.

Modugu and Anyaduba, (2014) conduct the study entitled "Impact of Tax Audit on Tax Compliance in Nigeria" it had been a survey study and used a primary (questionnaire) to provide the info. The Ordered Logistic Regression technique accustomed determines the importance of the independent

variables on tax compliance. The finding proved that there exists a positive relationship between tax audit and tax compliance. The result also revealed that the probability of being audited, perception of government spending, penalties and enforcement, and the joint effect of tax audit and penalties have a bent on significantly influencing tax compliance in Nigeria.

Badara, (2012) conduct a study entitled “The Effect of Tax Audit on Tax Compliance in Nigeria”. The study findings showed that; the tax authority employed tax audits towards achieving target revenue, which tax audits reduce the problems of tax evasion, and that taxpayers do not usually cooperate with tax audit personnel during the exercise. They suggested that the tax authority at all levels should improve the standard of tax audit employed for effectiveness and efficiency, tax audit should aim at reducing the level of tax evasion and should provide a policy that would allow the taxpayers to cooperate during the period of a tax audit.

2.4. Conclusions to the literature review and knowledge gap

Most of the pervious related literatures they examined the determinants and effects of tax audit on voluntary compliance but they tried to evaluate the explanatory variables from the side of tax auditors in the thesis the researcher tried to examine the independent variables fact from both tax auditors and taxpayers in terms of tax compliance determinants. The determinants of tax audit on tax compliance was measured through basic independent variables which are types of tax audits and demographic variables of tax auditors, the researched was selected the variables based on the existed literatures.

In addition to this, as far as the knowledge of the researcher is concerned, it is possible to conclude that although there is some studies on tax audit related issues both in developed and developing countries, Ethiopia in particular, the studies did not explore assessment in tax audit thoroughly though some is say about the practices. Most of those studies has make a little effort to address on issues related to practices of tax audit, and major issues that focus on competences of tax auditors has not well elaborate. Based on these gaps in the literature together with the problems stated in this literature, and in order to attain: How the effect of tax audit on taxpayers voluntary compliance in Addis Ababa number one medium tax payers branch office.

2.5. Conceptual Framework

The main objective of the study is to assessing determinants of taxpayers' voluntary compliance: in the case of Addis Ababa number one medium taxpayer. The study is concerned to assess the effect of tax audit on taxpayers' voluntary compliance specifically, the study assesses whether the voluntary compliance is affected by comprehensive audit, desk audit, field audit, and the frequency of tax audits. This conceptual framework is usually used to explain the effect of independent variables and the dependent variables of the study.

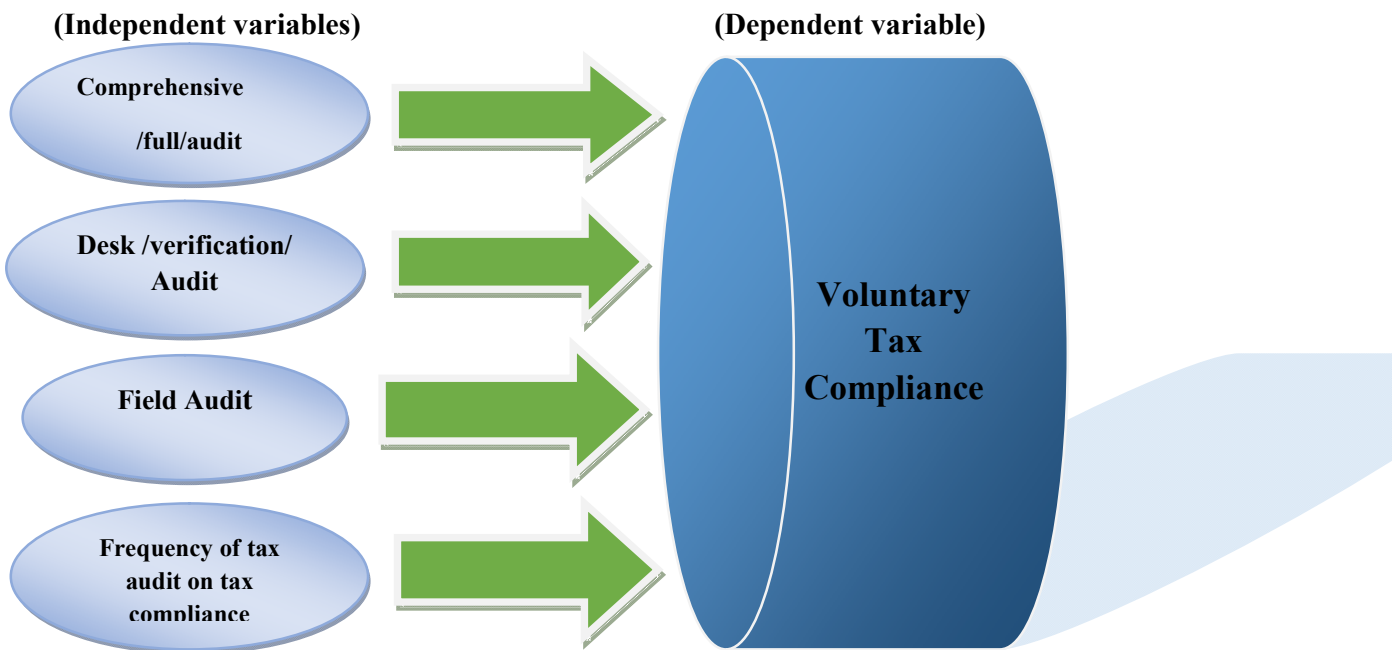


Figure 1: Conceptual framework.

Source: computed by the researcher, 2022

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1. Introduction

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

3.2. Description of the Study Area

3.2.1. Addis Ababa City Administrative

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

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

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

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

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

3.3. Research Design

For this study, the researcher applied descriptive analysis. Because it was intended only to describe the state of dealings factors that affecting the voluntary compliance of taxpayers. Moreover, it focuses on answering the how, what, when, and where questions of a research problem, rather than the why. The descriptive survey method focuses on investigating the current status, practice, and challenges related to assessing the effect of tax audit on taxpayers' voluntary compliance in Addis Ababa number one medium taxpayers branch office staff and taxpayers.

3.4. Research Approach

In general, there are three types of research approaches available for any research. Namely quantitative, qualitative, and mixed research approaches Creswell, (2003). Quantitative research approach form which can be subjected to rigorous quantitative analysis in a formal and rigid style (Kothari, 2004). Therefore, this study primarily uses mixed research approaches which are both quantitative and qualitative approaches.

3.5. Sources and Methods of Data Collection

3.5.1. Data Type and Sources

To achieve the objective of the study, quantitative and qualitative data were gathered from both primary and secondary sources. The primary data was obtained from Addis Ababa number one medium taxpayers branch office tax auditors and taxpayers through questionnaires. This helps to get first-hand information from the tax auditors and taxpayers. The secondary data was collected from reports from the Addis Ababa number one medium taxpayer's branch office.

3.5.2. Method of Data Collection

Survey

Tax auditors and taxpayers' survey was undertaken through a questionnaire composed of both closed and open-ended items. A questionnaire survey was conducted using the face-to-face method by which 60 tax auditors and 228 taxpayers in Addis Ababa number one medium taxpayer's branch office were considered. The survey questions mainly emphasized the demographic and socio-economic conditions, type of tax audit practiced, functionality status of tax auditor and taxpayers, tax auditors and taxpayers' perception and practice, and challenges of tax compliance Addis Ababa number one medium taxpayers branch office. To collect the data, the questionnaires were translated into the local language. This helped to convey the questions effectively and avoid communication barriers.

3.5.3. Data Collection Technique

In this study the researcher used structured questionnaire and it's consists of closed ended questions to collect quantitative and qualitative data from the respondents to test reliability. A questionnaire has been self-developed and distributed to all the tax audit staff and taxpayers of Addis Ababa number one medium taxpayer's branch office. Some of the closed ended questions are two scales to provide respondents a wider range of alternative with end points where "5" the level of agreements are represent by 1 to 5. Strongly disagree, Agree, neutral, disagree and strongly disagree represented by 1 to 5 in addition to include dummy data like Yes/No questions on the matter related of tax audit and tax compliance. The collected data was entered in to SPSS version 26 software.

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

3.6. Target Population and Sampling Design

3.6.1. Target Population

For this study, the target population was all Addis Ababa number one medium taxpayers branch office tax audit staffs. The current total numbers of audit staffs are 60 (1 Audit manager 9 tax audit team leaders and 50 tax auditors). And 1,900 Addis Ababa number one medium taxpayers branch taxpayers.

3.6.2. Sampling Techniques

To accomplish the aim of the study the researcher used census for Addis Ababa number one medium taxpayer's branch office tax auditors. Since census method is most reliable sampling techniques mainly if the number of population is small. And simple random sampling method for Addis Ababa number one medium taxpayer's branch office taxpayers.

3.6.3. Sample Units

A Sampling unit is one of the units selected for the purpose of sampling or population. Each unit being regarded as individual when the selection is made. Therefore, in this study the sample unit is the employee who was selected in the given positions from Addis Ababa number one medium taxpayers branch office that fulfill the inclusion criteria and Addis Ababa number one medium taxpayers branch office auditors and taxpayers .

3.6.4. Sample Frame

Sample frame is a list of all the items in the population. For that reason, the sampling frame of this study was list of tax audit manager, tax audit team leader and tax auditors and list of Addis Ababa number one medium taxpayer's branch office taxpayers.

3.6.5. Sample Size

A simple random sampling procedure was held in selecting the study taxpayers. Thus, a sample size of 228 taxpayers from a total of 1,900 taxpayers in the Addis Ababa Number one medium taxpayer's branch office determined where the sample population was proportionally taken grounding on the population size of each medium taxpayer. To calculate sample size the following formula is used (Kothari, 2004):

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

Where, n = sample size required = 228, N = number of population = 1,900, p= 0.5, q = 0.5, e = 0.05, Z = confidence level = 1.64 for 90 percent confidence. Therefore, the researcher was take 60 tax audit employees based on census and 228 taxpayers based on simple random sampling methods.

3.7. Ethical Considerations

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

3.8. Methods of Data Analysis

Depending on the objectives of the study and nature of data obtained, analysis was made on the following approach. By descriptive statistics the characteristics of sample respondents were presented and analyzed. It was used to describe, compare, and contrast different categories such as mean, standard deviation, percentage, cross tabular analysis, and frequency distributions so as to assessed and understand the demographic and socio-economic characteristics of respondents. However, in the process of data analysis and interpretation, major attention was given to quantitative data result analysis.

3.9. Validity and Reliability Test

Validity Test

Validity refers to the accuracy of a measure (whether the results really do represent what they are supposed to measure (Kothari, 2004). Validity assess how accurately the data obtained in the study represents the variables in a study and thus inferences based on such data will be accurate and meaningful. In this study validity test was established using a pilot test by collecting data from 10 subjects, and these has been included in the sample. Data collected from pilot test will be analyzed using SPSS (Statistical Package for Social Sciences) version 26.

Reliability Test

The reliabilities test of those factors which impact the tax compliance: In the case of Addis Ababa number one medium taxpayer's branch office taxpayers was measured by Cronbach's Alpha test we found that the whole thirteen items value was 0.82 which is greater than 0.70 which is considered acceptable.

Table 1. Taxpayers Cronbach's Alpha test

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.820	.820	13

Source: SPSS version 26 output 2022.

The following reliabilities test of those factors which impact the tax compliance: In the case of Addis Ababa number one medium taxpayer's branch office tax auditor staffs was measured by Cronbach's Alpha test we found that the whole eighteen items value was 0.644 which is considered acceptable (A general accepted rule is that α of 0.6-0.7 indicates an acceptable level of reliability, and 0.8 or greater a very good level (Hulin, Netemeyer and Cudeck, 2001).

Table 2. Tax Auditor Cronbach's Alpha test

	Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items		N of Items
.644	.644		18

Source: SPSS version 26 output 2022.

The Cronbach's Alpha if Item Deleted result is greater than Corrected Item-Total Correlation so the data is reliable.

CHAPTER FOUR

4. RESULTS AND DISCUSSION

4.1. Introduction

The information was captured using the close-ended questionnaires was presented and interpreted as a following.

4.2. Summary Statistics of Survey Data

4.2.1. Socioeconomic Characteristics of the Respondents

Table 3. Socioeconomic characteristics of the tax payer respondents

	Age	Frequency	Percent
	18-30 years	38	19.4
	31-40 years	58	29.6
	41-50 years	57	29.1
	above 51 years	43	21.9
	Total	196	100.0
	Gender		
	Female	59	30.1
	Male	137	69.9
	Total	196	100.0
	Marital status		
	Single	79	40.3
	Married	117	59.7
	Total	196	100.0
	Education level		
	Illiterate	17	8.7
	Primary	21	10.7
	Secondary	73	37.2
	Diploma	64	32.7
	Degree	2	1.0
	Masters and above	19	9.7
	Total	196	100.0

Source: Researcher's own calculations using survey data 2022.

According to survey data, 30.1 percent taxpayers are female and 69.9 percent taxpayers are male this number showed that majority of Addis Ababa No.1 medium taxpayer's branch

office taxpayers in are males. 40.3 percent are single and 59.7 percent taxpayers are married, this all indicated that most of taxpayers are married.

19.4 percent taxpayers are between 18-30 years old, 29.6 percent taxpayers are between 31-40 years old, 29.1 percent taxpayers are between 41-50 years old and 21.9 percent taxpayers are above 51 years old. The average years of taxpayers are 45 years this indicated that most of taxpayers are on economically active ages.

Based on the following table result 8.7 percent Addis Ababa No.1 medium taxpayer’s branch office taxpayers are illiterate (neither write nor read), 10.7 percent taxpayers are at primary school level, 37.2 percent taxpayers are at secondary school level, 32.7 percent taxpayers had college diploma, 9.7 percent taxpayers had masters and above. This number indicated that majority 70 percent Addis Ababa No.1 medium taxpayer’s branch office taxpayers are under college diploma education level.

According to survey data, 40.4 percent tax auditors are female and 59.6 percent tax auditors are male this number showed that majority of Addis Ababa No.1 medium taxpayer’s branch office staffs in are males. 71.2 percent are married and 28.8 percent tax auditors are single, this all indicated that most of tax auditors are married.

30.8 percent tax auditors are between 18-30 years old, 63.5 percent tax auditors are between 31-40 years old and 5.8 percent tax auditors are between 41-50 years old. The average years of taxpayers are 35 years this indicated that most of tax auditors are on economically active ages.

Table 4. Socioeconomic characteristics of the tax auditor respondents

Age		
	Frequency	Percent
18-30 years	16	30.8
31-40 years	33	63.5
41-50 years	3	5.8
Total	52	100.0
Gender		
Female	21	40.4
Male	31	59.6
Total	52	100.0
Marital status		
Married	37	71.2

Single	15	28.8
Total	52	100.0
Education level		
Degree	48	90.4
Masters and above	3	5.8
Total	52	100.0

Source: Researcher's own calculations using survey data 2022.

Based on the previous table result majority 90.4 percent Addis Ababa No.1 medium taxpayer's branch office tax auditor staffs had college degree. This number indicated that majority 90 percent Addis Ababa number one medium taxpayer's branch office tax auditors are well educated to make a change on there working environment.

Table 5. Taxpayers Field of Business and Business Experience

Field of Business		
	Frequency	Percent
Service	36	18.4
Manufacturing	25	12.8
Rental	28	14.3
Merchandise	62	31.6
Farming	16	8.2
Hotel, cafe and restaurant	29	14.8
Total	196	100.0
Business Experience		
Less than one year	21	10.7
1-3 years	39	19.9
4-6 years	82	41.8
Above 7 years	54	27.6
Total	196	100.0

Source: Researcher's own calculations using survey data 2022.

Based on the total 196 tax payer respondents 18.4 percent taxpayers are engaged on service sector business, 12.8 percent taxpayers are engaged on manufacture business sectors, 14.3 percent taxpayers are engaged on rental business sector, 31.6 percent taxpayers are engaged on merchandize business sector, 8.2 percent taxpayers are engaged on farming/agriculture business sector and 14.8 percent taxpayers are engaged on Hotel, cafe and restaurant business sector.

The researched was tried to checked the sampled business community experience on the business cycle out of the total 196 sampled taxpayers 21 respondent (10.7 percent) are worked less than one year in business, 39 respondent (19.9 percent) are worked between 1-3 years in business, 82 respondent (41.8 percent) are worked between 4-6 years in business and 54 respondent (27.6 percent) are worked above 7 years in business.

Table 6. Tax auditors work experience

Tax auditors work experience		
	Frequency	Percent
Less than one year	11	21.2
1-3 years	13	25.0
4-6 years	24	46.2
Above 7 years	4	7.7
Total	52	100.0

Source: Researcher’s own calculations using survey data 2022.

Out of the total 52 respondent tax auditors one is the manager, 6 of them are team leaders and 45 respondents were the tax auditors. The researcher was tried to evaluate the field of study then 49 respondents (94.2 percent) was studied accounting and the remaining 3 respondents (5.8 percent) was studied other field.

Further to investigate the work experience of the tax branch office staffs, out of the total sampled 52 tax auditors 11 tax auditors (21.2 percent) are worked on the position of tax auditor for less than one years, 13 tax auditors (25 percent) are worked on the position of tax auditor between 1-3 years, 24 tax auditors (46.2 percent) are worked on the position of tax auditor between 4-6 years and 4 tax auditors (7.7 percent) are worked on the position of tax auditor above 7 years. 63.5 percent sampled tax auditors were worked on the current tax auditor position for more than 3 years.

This numbers showed that the majority of tax auditors more than 3 years of work experiences therefore it's helpful to assess the tax administration and carried out effectively and efficiently on the existing tax audit system.

Table 7. Taxpayers Compliance

Have you ever complained about not paying your taxes from AA NO1 medium tax payer's office?			
	Frequency	Percent	
Yes	38	19.4	
No	158	80.6	
Total	196	100.0	
Did you have any tax audit complain about AA NO1 medium tax Payer's office?			
Yes	162	82.7	
No	34	17.3	
Total	196	100.0	

Source: Researcher's own calculations using survey data 2022.

For the sake of tax compliance, the revenue authority should have provided about the principle of tax audit and privilege on tax compliance. In order to do that, the researcher tried to examine the training provided to the taxpayers. Out of the total 196 taxpayers, 146 taxpayers (74 percent) were trained about (17.9 percent taxpayers was trained about tax audits, 8.2 percent taxpayers was trained about types of tax audits and 35.7 percent of taxpayers was trained about tax compliance), and the rest 50 taxpayers (26 percent) were not gained training surrounding tax audits. This number showed that most taxpayers were trained in tax systems, which helped them to fulfill their tax duties.

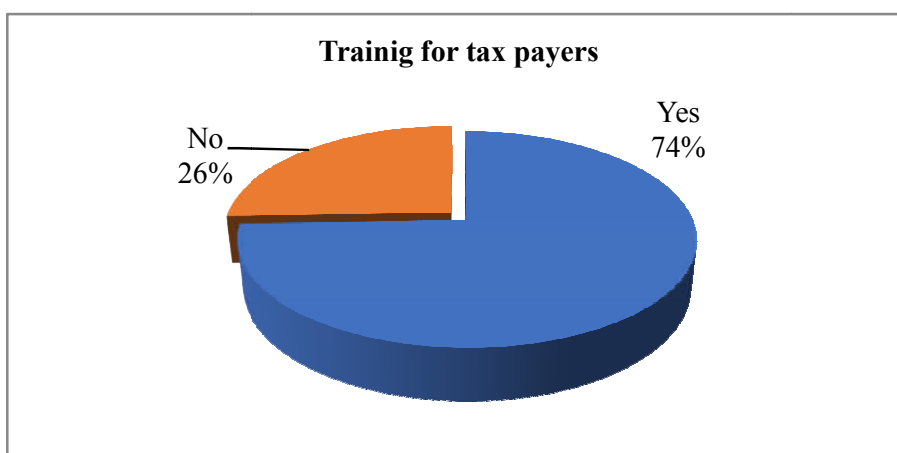


Figure 1 Training for taxpayers

Source: Researcher's own calculations using survey data 2022.

All sampled tax audit branch office staffs was trained, out of the total 52 sampled tax auditors 38 tax auditors (73.1 percent) was trained on preparation of audit findings and 7 tax auditors (13.5 percent) was trained on audit selection techniques. 92.3 percent tax auditors were started their job in the Addis Ababa number one medium tax payer’s office tax auditor position. This number indicated that the Addis Ababa number one medium tax payer’s office had no problem to provide training for tax auditors and taxpayers regarding to tax audits.

Table 8. Frequency of Tax Audit

	Frequency of tax audit		Tax auditors	
	Taxpayers		Tax auditors	
	Frequency	Percent	Frequency	Percent
Once a year	20	10.2	25	48.1
Once within two years	20	10.2	11	21.2
Once within three years	52	26.5	16	30.8
Once within four years	85	43.4	-	-
Others	19	9.7	-	-
Total	196	100.0	52	100.0

Source: Researcher’s own calculations using survey data 2022.

The researcher was tried to investigate the tax payer’s observation about the frequency of Addis Ababa number one medium tax payer’s office auditing schedule, 10.2 percent taxpayers was mentioned that tax audit office audit schedule was once a year, 10.2 percent taxpayers was mentioned that tax audit office audit schedule was once within two years, 26.5 percent taxpayers was mentioned that tax audit office audit schedule was once within three years and 43.4 percent taxpayers was mentioned that tax audit office audit schedule was once within four years.

The researcher was tried to investigate the frequency of Addis Ababa number one medium tax payer’s office auditing schedule, 48.1 percent tax auditor office staffs confirmed that they are audit once a year, 21.2 tax auditor office staffs confirmed that they are audit once within two years and 30.8 percent tax auditor office staffs confirmed that they are audit once within three years.

This numbers showed that the taxpayers and tax auditors had different knowhow about the tax auditor’s office institutional workflow.

Table 9. The primary purpose of tax audit

	The primary purpose of tax audit			
	Taxpayers		Tax auditors	
	Frequency	Percent	Frequency	Percent
To achieve tax revenue collection targets set;	98	50.0	32	61.5
To improve the general taxpayer's compliance.	52	26.5	20	38.5
All of the above	44	22.4	-	-
Others please specify	2	1.0	-	-
Total	196	100.0	52	100.0

Source: Researcher's own calculations using survey data 2022.

The basic goal of a tax audit is to ensure that the details related to the national income and national expenditure. Based on the above listed concern the researcher was tried to examine the final observation of tax auditors and taxpayers about the ultimate purpose of tax audit. 50 percent (out of 196 taxpayers 98taxpayers) of taxpayers were believed that tax audit is used to achieve tax revenue collection targets set, 26.5 percent (out of 196 taxpayers52 taxpayers)of taxpayers were believed that tax audit is used to improve the general taxpayer's compliance. And 61.5 percent (out of 52 tax auditors 32 tax auditors) of tax auditors were believed that tax audit is used to achieve tax revenue collection targets set, 38.5 percent (out of 20taxpayers 52taxpayers) of tax auditors were believed that tax audit is used to improve the general taxpayer's compliance.

In this research the taxpayers and tax auditors were examined about the type of tax audit which was better for the perfect tax compliance.

Table 10. The kind of tax audit

	Which kind of tax audit is better for tax compliance?			
	Taxpayers		Tax auditors	
	Frequency	Percent	Frequency	Percent
Compressive audit	62	31.6	12	23.1
Desk audit	35	17.9	12	23.1
Field audit	36	18.4	20	38.5
Other	63	32.1	8	15.4
Total	196	100.0	52	100.0

Source: Researcher's own calculations using survey data 2022.

Comprehensive audit

Out of the total sampled 196 taxpayers, 62 taxpayers (31.6 percent) were believed that a compressive audit was the proper kind of tax audit for tax compliance status. Out of the total sampled 52 tax auditors, 12taxpayers (23.1 percent)were believed that a compressive audit was the proper kind of tax audit for tax compliance status.

Desk audit

Out of the total sampled 196 taxpayers, 35 taxpayers (17.9 percent) were believed that a desk audit was the proper kind of tax audit for tax compliance status. Out of the total sampled 52 tax auditors, 12 tax auditors (23.1 percent) was believed that a desk audit was the proper kind of tax audit for tax compliance status12.2 percent of taxpayers were believed that desk tax audits are more cost effective than compressive and field tax audits and 11.2 percent of taxpayers were believed that field tax audits are more cost effective than desk and compressive tax audits.

Field tax audit

Out of the total sampled 196 taxpayers, 36 taxpayers (18.4 percent) were believed that a field tax audit was the proper kind of tax audit for tax compliance status. The 50 percent of taxpayers were believed that compressive tax audits are more cost effective than desk and field tax audits. Out of the total sampled 196 taxpayers, 20 tax auditors (38.5 percent) were believed that a field tax audit was the proper kind of tax audit for tax compliance status.

The 59.6 percent of tax auditors were believed that compressive tax audits are more cost effective than desk and field tax audits, 28.8 percent of tax auditors were believed that desk tax audits are more cost effective than compressive and field tax audits and 3.8 percent of tax auditors were believed that field tax audits are more cost effective than desk and compressive tax audits.

Table 11. How frequently taxpayers evade taxes

How frequently taxpayers evade taxes				
	Tax auditors		Taxpayers	
	Frequency	Percent	Frequency	Percent
Once	10	19.2	75	38.3
Twice	13	25.0	63	32.1
More than three	23	44.2	35	17.9
Other	6	11.5	23	11.7
Total	52	100.0	196	100.0

Source: Researcher's own calculations using survey data 2022.

The one of the tax collection performance and tax compliance challenge was the taxpayers was evade their tax amount, then the researcher was tried to cross tabulate the taxpayers and tax auditors reason about the tax evade. Out of the total sampled 196 taxpayers 75 (38.3 percent) was believed that they are evade there tax once, 63 (32.1 percent) was believed that they are evade there tax twice, 35 (17.9 percent) was believed that they are evade there tax more than three times.

Out of the total sampled 52 tax auditors 10 (19.2 percent) was believed that taxpayers are evade there tax once, 13 (25 percent) was believed that taxpayers are evade there tax twice, 23 (44.2 percent) was believed that taxpayers are evade there tax more than three times. Almost half of taxes auditors are announced that most of taxes payers are evade there tax more than three times.

The one of the tax collection performance and tax compliance challenge was the taxpayers was under report their income amount, then the researcher was tried to cross tabulate the taxpayers and tax auditors reason about the under report of taxpayers annual income. Out of the total sampled 196 taxpayers 65 (33.2 percent) was believed that they are under report their annual income at least once, 57 (29.1 percent) was believed that they are under report their annual income twice, 34 (17.3 percent) was believed that more than three times they are under report their annual income and 40 taxpayers (20.4 percent) was never tried under report their annual income.

Table 12. How frequently taxpayers under report their income

How frequently do you think taxpayers under report their income?				
	Taxpayers		Tax auditors	
	Frequency	Percent	Frequency	Percent
Once	65	33.2	22	42.3
Twice	57	29.1	8	15.4
More than three times	34	17.3	16	30.8
Never	40	20.4	6	11.5
Total	196	100.0	52	100.0

Source: Researcher’s own calculations using survey data 2022.

Out of the total sampled 52 tax auditors 22 (42.3 percent) was believed that the taxpayers are under report their annual income once, 8 (15.4 percent) was believed that the taxpayers are under report their annual income twice, 16 (30.8 percent) was believed that more than three times the taxpayers are under report their annual income and 6 (11.5 percent) was believed that the taxpayers are not under report their annual income. Based on comparison matters the taxpayers and tax auditors are both know the taxpayers are under report their annual income which was difficult for the nation to collect the planed national income.

The one of the tax collection performance and tax compliance challenge was the taxpayers was over state their deductible expenses, then the researcher was tried to cross tabulate the taxpayers and tax auditors reason about the taxpayers over state their deductible expenses. Out of the total sampled 196 taxpayers 58 (29.6 percent) was believed that they are over state their deductible expenses at least once, 44 (22.4 percent) was believed that they are over state their deductible expenses twice, 70 (35.7 percent) was believed that more than three times they are over state their deductible expenses and 24 taxpayers (12.2 percent) was never tried over state their deductible expenses.

Table 13. How frequently taxpayers over state their deductible expenses

How frequently taxpayers over state their deductible expenses				
	Taxpayers		Tax auditors	
	Frequency	Percent	Frequency	Percent
Once	58	29.6	10	19.2
Twice	44	22.4	11	21.2
More than three times	70	35.7	27	51.9
Never	24	12.2	4	7.7
Total	196	100.0	52	100.0

Source: Researcher’s own calculations using survey data 2022.

Out of the total sampled 52 tax auditors 10 (19.2 percent) was believed that taxpayers are over state their deductible expenses at least once, 11 (21.2 percent) was believed that taxpayers are over state their deductible expenses twice, 27 (51.9 percent) was believed that more than three times taxpayers are over state their deductible expenses and 4 tax auditors (7.7 percent) was believed that taxpayers are never tried over state their deductible expenses. This finding indicated that tax auditor’s even taxpayers are believed they are over state their deductible expenses which was difficult for the nation to collect the planed national income.

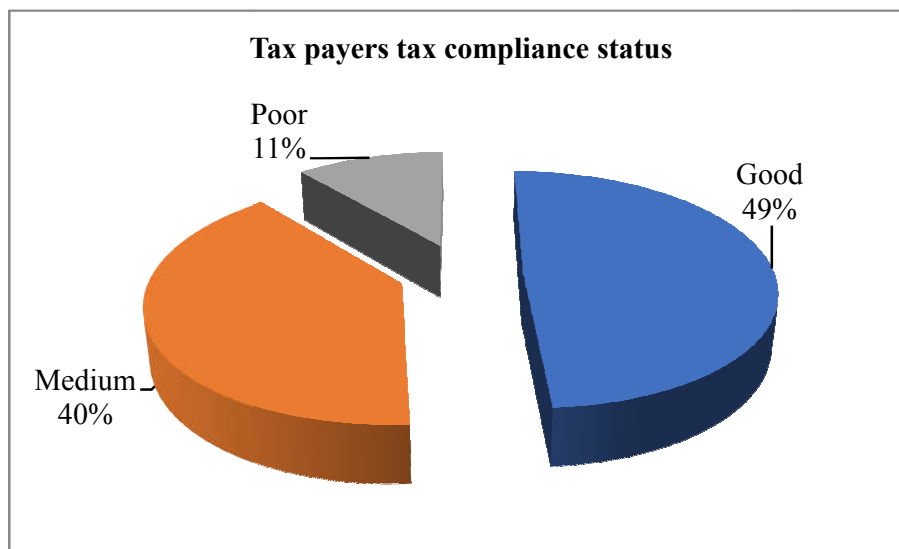


Figure 2. Taxpayers tax compliance status

Source: Researcher’s own calculations using survey data 2022.

In this study the researcher was tried to investigate the taxpayers tax compliance status out of the total sampled 196 taxpayers 96 (49 percent) are believed their tax compliance status was

measured in good status, 78 (39.8 percent) are believed their tax compliance status was measured in medium status and 22 (11.2 percent) are believed their tax compliance status was measured in poor status. This number showed that almost half of sampled taxpayers were believed that their tax compliance status was not far from medium level this impacted the national income generation performance.

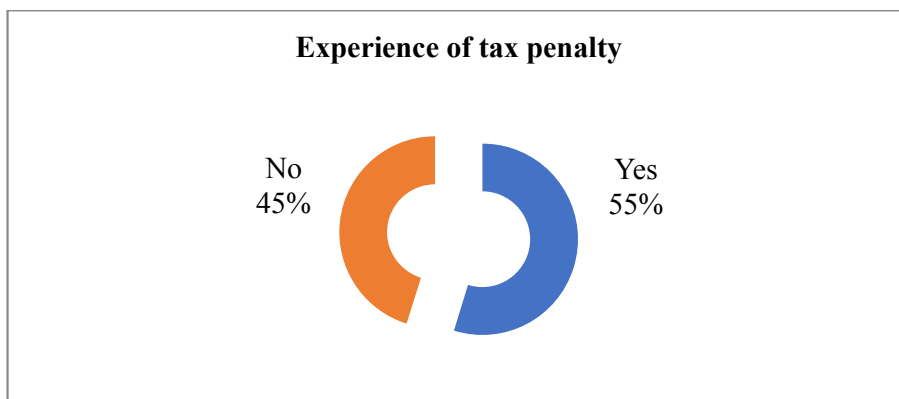


Figure 3. Experience of tax penalty

Source: Researcher's own calculations using survey data 2022.

To cross tabulated the taxpayers answer on compliance status almost half of the respondent believed that their tax compliance status was good but out of the total sampled 196 taxpayers 55 percent taxpayers was experienced tax penalties. Out of 196 taxpayers 102 (55 percent) was penalized out of the total 102 penalized taxpayers 28.1 percent was penalize at least once, 14.8 percent taxpayers are penalized at least twice, 9.2 percent taxpayers are penalized at least three times and 7.1 percent taxpayers are penalized more than three times. Which all indicated the tax collection and tax compliance status was weak.

Out of the total 196 sampled taxpayers 27 of them confirmed that the tax collector office awarded the proper taxpayers but the rest majority 81.1 percent sampled taxpayers are not even know the tax collector offices awarded and appreciated the proper taxpayers. This kind of misinformation and none awarded structure affect the tax compliance status.

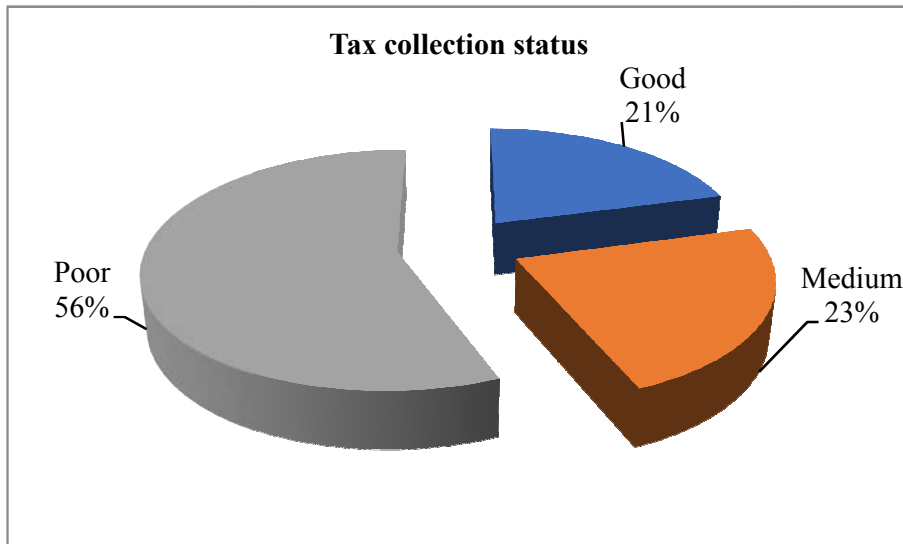


Figure 4. Tax collection statuses

Source: Researcher’s own calculations using survey data 2022.

Similar to the taxpayers the tax auditors status of tax collection was measured through collection indicators, the out of 52 sampled tax auditors 10 (19.2 percent) believed their tax collection status was measured in good status, 11 (21.2 percent) believed their tax collection status was measured in medium status and 27 (51.9 percent) believed their tax collection status was measured in poor status.

Table 14. Government tax system

	Government tax system			
	Tax auditor		Taxpayers	
	Frequency	Percent	Frequency	Percent
Convenient	31	59.6	83	42.3
Not convenient	21	40.4	113	57.7
Total	52	100.0	196	100.0

Source: Researcher’s own calculations using survey data 2022.

The basic question was the convenience status of the government tax system so 59.6 percent of tax auditors were believed that government had good and convenient tax system because the tax law is cleared for everyone. 42.3 percent of taxpayers were believed that government had good and convenient tax system because the tax law is cleared for everyone. The tax law must be convenient for the taxpayers and tax collectors but the next table result confirmed

that the Addis Ababa Number one medium tax payer's office tax collection status was at poor level then it needs much more improvement.

Tax must be audit at the regular national revenue collection scheduled but because of political instability and covid 19 influence 14.3 percent taxpayers was audited before five years, 14.8 percent taxpayers was audited before four years, 9.7 percent taxpayers was audited before three years, 33.7 percent taxpayers was audited before two years and 27.6 percent taxpayers was audited before last year. This implies that the tax audit practice was unscheduled, may this under state national revenue size.

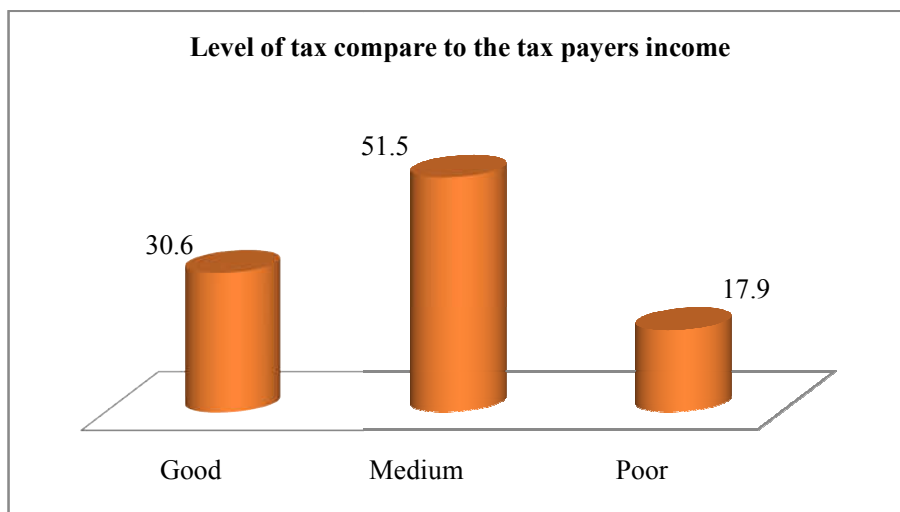


Figure 5.level of tax compare to the tax payer's income

The federal government set the amount of tax for each business as per their annual income then the researcher was tried to evaluates the tax amount and the taxpayers opinion on the significance amount of tax rate on the taxpayers business scale. Out of the total sampled 196 taxpayers 30.6 percent taxpayers was considered that their income and the tax rate was significantly matched, 51.5 percent taxpayers was considered that their income and the tax rate was significantly moderate but 17.9 percent taxpayers was considered that their income and the tax rate was significantly poor. Which means almost one fifth of taxpayers was not happy on the amount of tax rate compared to their business and annual income.

Table 15. I believe that Ethiopia has fair tax policies for taxpayers

I believe that the Ethiopia has fair tax policies for taxpayers		
	Frequency	Percent
Strongly disagree	43	21.9
Disagree	18	9.2
Moderate	79	40.3
Agree	21	10.7
Strongly agree	35	17.9
Total	196	100.0

Source: SPSS version 26 output 2022.

Table 16. I will pay my debts and basic needs first rather than income tax

I will pay my debts and basic needs first rather than income tax		
	Frequency	Percent
Strongly disagree	21	10.7
Disagree	22	11.2
Moderate	58	29.6
Agree	80	40.8
Strongly agree	15	7.7
Total	196	100.0

Source: SPSS version 26 output 2022.

Table 17. I know how to keep records/documents pertaining to income and expenditure for a required period of years

I know how to keep records/documents pertaining to income and expenditure for a required period of years.		
	Frequency	Percent
Strongly disagree	54	27.6
Disagree	59	30.1
Moderate	41	20.9
Agree	20	10.2
Strongly agree	22	11.2
Total	196	100.0

Source: SPSS version 26 output 2022.

Table 18. I know how to declare actual income received from all sources to the tax authority

I know how to declare actual income received from all sources to the tax authority		
	Frequency	Percent
Strongly disagree	61	31.1
Disagree	59	30.1
Moderate	41	20.9
Agree	20	10.2
Strongly agree	15	7.7
Total	196	100.0

Source: SPSS version 26 output 2022.

Table 19. By paying right amount of income tax, I believe that other people especially the poor will get the benefit

By paying right amount of income tax, I believe that other people especially the poor will get the benefit		
	Frequency	Percent
Strongly disagree	39	19.9
Disagree	43	21.9
Moderate	58	29.6
Agree	21	10.7
Strongly agree	35	17.9
Total	196	100.0

Source: SPSS version 26 output 2022.

Table 20. There are a number of government services, facilities and infrastructure for which I am very thankful

There are a number of government services, facilities and infrastructure for which I am very thankful			
	Frequency	Percent	
Strongly disagree	19	9.7	
Disagree	39	19.9	
Moderate	56	28.6	
Agree	39	19.9	
Strongly agree	43	21.9	
Total	196	100.0	

Source: SPSS version 26 output 2022.

Table 21. The penalty rates are very low and I can afford to pay the penalty

The penalty rates are very low and I can afford to pay the penalty			
	Frequency	Percent	
Strongly disagree	20	10.2	
Disagree	22	11.2	
Moderate	41	20.9	
Agree	59	30.1	
Strongly agree	54	27.6	
Total	196	100.0	

Source: SPSS version 26 output 2022.

Table 22. The government tax compliance enforcement is very weak. So, I have the opportunity to report under income

The government tax compliance enforcement is very weak. So, I have the opportunity to report under income			
	Frequency	Percent	
Strongly disagree	20	10.2	
Disagree	36	18.4	
Moderate	39	19.9	
Agree	59	30.1	
Strongly agree	42	21.4	
Total	196	100.0	

Source: SPSS version 26 output 2022.

Table 23. I do not believe tax evasion is a concern because the tax law enforcement is very low

I do not believe tax evasion is a concern because the tax law enforcement is very low		
	Frequency	Percent
Strongly disagree	15	7.7
Disagree	20	10.2
Moderate	42	21.4
Agree	59	30.1
Strongly agree	60	30.6
Total	196	100.0

Source: SPSS version 26 output 2022.

Table 24. My friends do not comply and they have never been penalized

My friends do not comply and they have never been penalized		
	Frequency	Percent
Strongly disagree	20	10.2
Disagree	41	20.9
Moderate	58	29.6
Agree	39	19.9
Strongly agree	38	19.4
Total	196	100.0

Source: SPSS version 26 output 2022.

Table 25. The tax auditor's ethical approach is very poor

The tax auditors ethical approach is very poor		
	Frequency	Percent
Strongly disagree	20	10.2
Disagree	21	10.7
Moderate	41	20.9
Agree	59	30.1
Strongly agree	55	28.1
Total	196	100.0

Source: SPSS version 26 output 2022.

Table 26. I believe the government will not waste taxpayer money improperly

I believe the government will not waste taxpayer money improperly		
	Frequency	Percent
Strongly disagree	21	10.7
Disagree	20	10.2
Moderate	19	9.7
Agree	81	41.3
Strongly agree	55	28.1
Total	196	100.0

Source: SPSS version 26 output 2022.

Table 27. I have no idea what the tax penalty is

I have no idea what the tax penalty is?		
	Frequency	Percent
Strongly disagree	20	10.2
Disagree	21	10.7
Moderate	54	27.6
Agree	62	31.6
Strongly agree	39	19.9
Total	196	100.0

Source: SPSS version 26 output 2022.

Out of the total samp196 taxpayers 21.9 percent taxpayers are strongly disagreed on Ethiopian has fair tax policies for taxpayers, 9.2 percent taxpayers are disagreed on Ethiopian has fair tax policies for taxpayers, 40.3 percent taxpayers are moderate on Ethiopian has fair tax policies for taxpayers, 10.7 percent taxpayers are agreed on Ethiopian has fair tax policies for taxpayers and 17.9 percent taxpayers are strongly agreed on Ethiopian has fair tax policies for taxpayers. The mean result was 2.93 this result indicated that the taxpayers for this variable count on moderate.

Out of the total samp196 taxpayers 10.7 percent taxpayers are strongly disagreed on they are paid their debt and basic need first rather than income tax, 11.2 percent taxpayers are disagreed on they are paid their debt and basic need first rather than income tax, 29.6 percent taxpayers are moderate on they are paid their debt and basic need first rather than income tax, 40.8 percent taxpayers are agreed on they are paid their debt and basic need first rather than

income tax and 7.7 percent taxpayers are strongly agreed on they are paid their debt and basic need first rather than income tax. The mean result was 3.23 this result indicated that the taxpayers for this variable count on moderate.

Out of the total samp196 taxpayers 27.6 percent taxpayers are strongly disagreed on they are keep records/documents pertaining to income and expenditure for a required period of years, 30.1 percent taxpayers are disagreed on they are keep records/documents pertaining to income and expenditure for a required period of years, 20.9 percent taxpayers are moderate on they are keep records/documents pertaining to income and expenditure for a required period of years, 10.2 percent taxpayers are agreed on they are keep records/documents pertaining to income and expenditure for a required period of years and 11.2 percent taxpayers are strongly agreed on they are keep records/documents pertaining to income and expenditure for a required period of years. The mean result was 2.47 this result indicated that the taxpayers for this variable count on moderate.

Out of the total samp196 taxpayers 31.1 percent taxpayers are strongly disagreed on they are declare actual income received from all sources to the tax authority, 30.1 percent taxpayers are disagreed on they are declare actual income received from all sources to the tax authority, 20.9 percent taxpayers are moderate on they are declare actual income received from all sources to the tax authority, 10.2 percent taxpayers are agreed on they are declare actual income received from all sources to the tax authority and 7.7 percent taxpayers are strongly agreed on they are declare actual income received from all sources to the tax authority. The mean result was 2.33 this result indicated that the taxpayers for this variable count on moderate.

Out of the total samp196 taxpayers 19.9 percent taxpayers are strongly disagreed on believe by paying right amount of income tax, other people especially the poor will get the benefit, 21.9 percent taxpayers are disagreed on believe by paying right amount of income tax, other people especially the poor will get the benefit, 29.6 percent taxpayers are moderate on believe by paying right amount of income tax, other people especially the poor will get the benefit, 10.7 percent taxpayers are agreed on believe by paying right amount of income tax, other people especially the poor will get the benefit and 17.9 percent taxpayers are strongly agreed on believe by paying right amount of income tax, other people especially the poor will get the

benefit. The mean result was 2.85 this result indicated that the taxpayers for this variable count on moderate.

Out of the total samp196 taxpayers 9.7 percent taxpayers are strongly disagreed on government services, facilities and infrastructure access, 19.9 percent taxpayers are disagreed on government services, facilities and infrastructure access,28.6 percent taxpayers are moderate on government services, facilities and infrastructure access,19.9 percent taxpayers are agreed on government services, facilities and infrastructure access and 21.9 percent taxpayers are strongly agreed on government services, facilities and infrastructure access. The mean result was 3.24 this result indicated that the taxpayers for this variable count on moderate.

Out of the total samp196 taxpayers 10.2 percent taxpayers are strongly disagreed on the penalty rates are very low and affordable to pay the penalty, 11.2 percent taxpayers are disagreed on the penalty rates are very low and affordable to pay the penalty,20.9 percent taxpayers are moderate on the penalty rates are very low and affordable to pay the penalty,30.1 percent taxpayers are agreed on the penalty rates are very low and affordable to pay the penalty and 27.6 percent taxpayers are strongly agreed on the penalty rates are very low and affordable to pay the penalty. The mean result was 3.54 this result indicated that the taxpayers for this variable count on agreed.

Out of the total samp196 taxpayers 10.2 percent taxpayers are strongly disagreed about the government tax compliance enforcement is very weak. So there are the opportunities to report under income, 18.4 percent taxpayers are disagreed about the government tax compliance enforcement is very weak. So there are the opportunities to report under income, 19.9 percent taxpayers are moderate about the government tax compliance enforcement is very weak. So there are the opportunities to report under income, 30.1 percent taxpayers are agreed about the government tax compliance enforcement is very weak. So there are the opportunities to report under income and 21.4 percent taxpayers are strongly agreed about the government tax compliance enforcement is very weak. So there are the opportunities to report under income. The mean result was 3.34 this result indicated that the taxpayers for this variable count on moderate.

Out of the total samp196 taxpayers 7.7 percent taxpayers are strongly disagreed about the law enforcement is very low, 10.2 percent taxpayers are disagreed about the law enforcement is

very low easy to evade tax, 21.4 percent taxpayers are moderate about the law enforcement is very low easy to evade tax, 30.1 percent taxpayers are agreed about the law enforcement is very low easy to evade tax and 30.6 percent taxpayers are strongly agreed about the law enforcement is very low and easy to evade tax. The mean result was 3.66 this result indicated that the taxpayers for this variable count on agreed.

Out of the total samp196 taxpayers 10.2 percent taxpayers are strongly disagreed about the thought of their friends do not comply and they have never been penalized, 20.9 percent taxpayers are disagreed about the thought of their friends do not comply and they have never been penalized, 29.6 percent taxpayers are moderate about the thought of their friends do not comply and they have never been penalized, 19.6 percent taxpayers are agreed about the thought of their friends do not comply and they have never been penalized and 19.4 percent taxpayers are strongly agreed about the thought of their friends do not comply and they have never been penalized. The mean result was 3.17 this result indicated that the taxpayers for this variable count on moderate.

Out of the total samp196 taxpayers 10.2 percent taxpayers are strongly disagreed about very poor tax auditors ethical approach, 10.7 percent taxpayers are disagreed about very poor tax auditors ethical approach, 20.9 percent taxpayers are moderate about very poor tax auditors ethical approach, 30.1 percent taxpayers are agreed about very poor tax auditors ethical approach and 28.1 percent taxpayers are strongly agreed about very poor tax auditors ethical approach. The mean result was 3.55 this result indicated that the taxpayers for this variable count on agreed.

Out of the total samp196 taxpayers 10.7 percent taxpayers are strongly disagreed believed that the government will not waste taxpayer money improperly, 10.2 percent taxpayers are disagreed believed that the government will not waste taxpayer money improperly, 9.7 percent taxpayers are moderate believed that the government will not waste taxpayer money improperly, 41.3 percent taxpayers are agreed believed that the government will not waste taxpayer money improperly and 28.1 percent taxpayers are strongly agreed believed that the government will not waste taxpayer money improperly. The mean result was 3.66 this result indicated that the taxpayers for this variable count on agreed.

Out of the total samp196 taxpayers 10.2 percent taxpayers are strongly disagreed about they had enough know about what tax penalty is, 10.7 percent taxpayers are disagreed about they

had enough know about what tax penalty is, 27.6 percent taxpayers are moderate about they had enough know about what tax penalty is, 31.6 percent taxpayers are agreed about they had enough know about what tax penalty is and 19.9 percent taxpayers are strongly agreed about they had enough know about what tax penalty is. The mean result was 3.4 this result indicated that the taxpayers for this variable count on moderate.

4.4. Taxpayers mean result

A mean score of 1 to 1.8 means that the respondents strongly disagreed, between 1.81 to 2.6 means they disagreed, 2.61 to 3.4 means the respondents were neutral, 3.41 to 4.2 means they agreed, and a mean above 4.21 means the respondents strongly agreed. Based on the findings in Table 28 description of taxpayers about tax compliance were described as the following:

Table 28. Description of taxpayers about tax compliance

Descriptive Statistics					
	N	Minimum	Maximum	Mean	SD
I believe that the Ethiopia has fair tax policies for taxpayers	196	1	5	2.93	1.340
I will pay my debts and basic needs first rather than income tax	196	1	5	3.23	1.098
I know how to keep records/documents pertaining to income and expenditure for a required period of years.	196	1	5	2.47	1.299
I know how to declare actual income received from all sources to the tax authority	196	1	5	2.33	1.231
By paying right amount of income tax, I believe that other people especially the poor will get the benefit	196	1	5	2.85	1.350
There are a number of government services, facilities and infrastructure for which I am very thankful	196	1	5	3.24	1.269
The penalty rates are very low and I can afford to pay the penalty	196	1	5	3.54	1.283
The government tax compliance enforcement is very weak. So, I have the opportunity to report under income	196	1	5	3.34	1.281
I do not believe tax evasion is a concern because the tax law enforcement is very low	196	1	5	3.66	1.228
My friends do not comply and they have never been penalized	196	1	5	3.17	1.253
The tax auditors ethical approach is very poor	196	1	5	3.55	1.282
I believe the government will not waste taxpayer money improperly	196	1	5	3.66	1.281
I have no idea what the tax penalty is?	196	1	5	3.40	1.214

Source: SPSS version 26 output 2022.

The final mean result for the question which was raised for tax payers they believe that Ethiopia has fair tax policies for taxpayers is 2.93 which means tax payers was neutral. The final mean result for the question which was raised for tax payers will pay their debts and basic needs first rather than income tax is 3.23 which means tax payers was neutral.

The final mean result for the question which was raised for tax payers know how to keep records/documents pertaining to income and expenditure for a required period of years is 2.47 which means tax payers was disagree. The final mean result for the question which was raised for tax payers know how to declare actual income received from all sources to the tax authority is 3.33 which means tax payers was neutral about this issues.

The final mean result for the question which was raised for tax payers by paying right amount of income tax, believe that other people especially the poor will get the benefit is 2.85 which means tax payers was neutral. The final mean result for the question which was raised for tax payers there are a number of government services, facilities and infrastructure for which they are very thankful is 3.24 which means tax payers was neutral about this issues.

The final mean result for the question which was raised for tax payers the penalty rates are very low and they can afford to pay the penalty is 3.54 which means tax payers was agree about this issues. The final mean result for the question which was raised for tax payers the government tax compliance enforcement is very weak. So, they have the opportunity to report under income is 3.34 which means tax payers was neutral .

The final mean result for the question which was raised for tax payers taxpayers they do not believe tax evasion is a concern because the tax law enforcement is very low is 3.66 which means tax payers was agree about this issues. The final mean result for the question which was raised for tax payers their friends do not comply and they have never been penalized is 3.17 which means tax payers was neutral. about

The final mean result for the question which was raised for tax payers the tax auditors ethical approach is very poor is 3.55 which means tax payers was agree about this issues. The final mean result for the question which was raised for tax payers they believe the government will not waste taxpayer money improperly is 3.66 which means tax payers was agree about this issues.

The final mean result for the question which was raised for tax payers they have no idea what the tax penalty is 3.40 which means tax payers was neutral.

4.5. Tax auditors mean result

A mean score of 1 to 1.8 means that the respondents strongly disagreed, between 1.81 to 2.6 means they disagreed, 2.61 to 3.4 means the respondents were neutral, 3.41 to 4.2 means they agreed, and a mean above 4.21 means the respondents strongly agreed. Based on the findings in Table 29 description of tax auditors about tax compliance were described as the following:

Table 29. Description of tax auditors about tax compliance

Descriptive Statistics					
	N	Minimum	Maximum	Mean	SD
Comprehensive audit helps to ensure that the overall audit work is done on time.	52	1	5	2.27	1.443
Comprehensive tax audit allows auditors to independently determine the accurate tax liability of the taxpayers	52	1	4	2.37	.715
Comprehensive audit requires the taxpayers are well-informed before the commencement of the audit.	52	1	4	2.42	.848
Comprehensive audit allows physical verification of taxpayer's claims to confirm the facts and figure of the returns.	52	1	4	2.38	1.013
Comprehensive audit helps to achieve tax collection targets	52	1	4	2.25	.926
Comprehensive audit help taxpayers keep accurate financial records for better future tax declarations.	52	1	4	2.04	.907
After tax audit Government collects a lot of money from taxpayers	52	1	4	1.96	.839
Outcomes of tax audit can change taxpayers perception towards tax compliance	52	1	5	2.31	.897
Taxpayers feel comfortable and cooperate with tax auditors during tax auditing exercise.	52	2	5	4.00	.970
A clear prediction of tax is difficult to make.	52	2	5	3.69	.919
Audits are usually conducted at the taxpayer's place of business during normal work hours.	52	3	5	3.87	.817
I always Contact taxpayers to obtain additional information and clarify issues	52	1	4	1.96	.839
Generally, Tax evasion should not be considered as a crime	52	1	4	2.37	.991
Providing necessary information about purpose of taxation to taxpayers it's important to the provision of services and utilization of tax revenues.	52	1	5	3.29	1.273
Taxpayers should evade tax if the tax system is unfair	52	1	5	3.25	1.235
Educating the taxpayers and Conducting consultation session can minimize tax evasion by taxpayers	52	1	5	3.08	1.281
Taxpayers should evade tax if a large portion of the money collected from tax is wasted.	52	1	4	1.96	.839
Taxpayers sell goods and services without tax invoice	52	1	4	2.37	.991

Source: SPSS version 26 output 2022.

The final mean result for the question which was raised for tax auditors comprehensive audit helps to ensure that the overall audit work is done on time is 2.27 which means tax auditors was disagree about comprehensive audit helps to ensure that the overall audit work is done on time. The final mean result for the question which was raised for tax auditors comprehensive tax audit allows auditors to independently determine the accurate tax liability of the taxpayers is 2.37 which means tax auditors was disagree about comprehensive tax audit allows auditors to independently determine the accurate tax liability of the taxpayers.

The final mean result for the question which was raised for tax auditors comprehensive audit requires the taxpayers are well-informed before the commencement of the audit is 2.42 which means tax auditors was disagree about comprehensive audit requires the taxpayers are well-informed before the commencement of the audit. The final mean result for the question which was raised for tax auditors comprehensive audit allows physical verification of taxpayer's claims to confirm the facts and figure of the returns is 2.38 which means tax auditors was disagree about comprehensive audit allows physical verification of taxpayer's claims to confirm the facts and figure of the returns.

The final mean result for the question which was raised for tax auditors comprehensive audit helps to achieve tax collection targets is 2.25 which means tax auditors was disagree about Comprehensive audit helps to achieve tax collection targets. The final mean result for the question which was raised for tax auditors comprehensive audit help taxpayers keep accurate financial records for better future tax declarations is 2.04 which means tax auditors was disagree about comprehensive audit help taxpayers keep accurate financial records for better future tax declarations.

The final mean result for the question which was raised for tax auditors after tax audit government collects a lot of money from taxpayers is 1.96 which means tax auditors was disagree about after tax audit government collects a lot of money from taxpayers. The final mean result for the question which was raised for tax auditors Outcomes of tax audit can change taxpayer's perception towards tax compliance is 2.31 which means tax auditors was disagree about outcomes of tax audit can change taxpayer's perception towards tax compliance.

The final mean result for the question which was raised for tax auditors taxpayers feel comfortable and cooperate with tax auditors during tax auditing exercise is 4 which means

tax auditors was agree about taxpayers feel comfortable and cooperate with tax auditors during tax auditing exercise. The final mean result for the question which was raised for tax auditors a clear prediction of tax is difficult to make is 3.69 which means tax auditors was agree about a clear prediction of tax is difficult to make.

The final mean result for the question which was raised for tax auditors audits are usually conducted at the taxpayer's place of business during normal work hours is 3.87 which means tax auditors was agree about audits are usually conducted at the taxpayer's place of business during normal work hours. The final mean result for the question which was raised for tax auditors always contact taxpayers to obtain additional information and clarify issues is 1.96 which means tax auditors was disagree about always Contact taxpayers to obtain additional information and clarify issues.

The final mean result for the question which was raised for tax auditors generally, tax evasion should not be considered as a crime is 2.37 which means tax auditors was disagree about generally, tax evasion should not be considered as a crime. The final mean result for the question which was raised for tax auditors providing necessary information about purpose of taxation to taxpayers it's important to the provision of services and utilization of tax revenues is 3.29 which means tax auditors was moderate about providing necessary information about purpose of taxation to taxpayers it's important to the provision of services and utilization of tax revenues.

The final mean result for the question which was raised for tax auditors about taxpayers should evade tax if the tax system is unfair is 3.25 which means tax auditors was moderate about Taxpayers should evade tax if the tax system is unfair. The final mean result for the question which was raised for tax auditors about educating the taxpayers and conducting consultation session can minimize tax evasion by taxpayers is 3.08 which means tax auditors was moderate about educating the taxpayers and conducting consultation session can minimize tax evasion by taxpayers.

The final mean result for the question which was raised for tax auditors about taxpayers should evade tax if a large portion of the money collected from tax is wasted is 1.96 which means tax auditors was disagree about taxpayers should evade tax if a large portion of the money collected from tax is wasted. The final mean result for the question which was raised for tax auditors about Taxpayers sell goods and services without tax invoice is 2.37 which means tax auditors was disagree about Taxpayers sell goods and services without tax invoice.

CHAPTER FIVE

5. SUMMARY AND RECOMMENDATION

5.1. Summary of the Findings

The one of the tax collection performance and tax compliance challenge was the taxpayers was under report their income amount, then the researcher was tried to cross tabulate the taxpayers and tax auditors reason about the under report of taxpayers annual income. Out of the total sampled 196 taxpayers 65 (33.2 percent) was believed that they are under report their annual income at least once, 57 (29.1 percent) was believed that they are under report their annual income twice, 34 (17.3 percent) was believed that more than three times they are under report their annual income and 40 taxpayers (20.4 percent) was never tried under report their annual income.

Out of the total sampled 52 tax auditors 22 (42.3 percent) was believed that the taxpayers are under report their annual income once, 8 (15.4 percent) was believed that the taxpayers are under report their annual income twice, 16 (30.8 percent) was believed that more than three times the taxpayers are under report their annual income and 6 (11.5 percent) was believed that the taxpayers are not under report their annual income. Based on comparison matters the taxpayers and tax auditors are both know the taxpayers are under report their annual income which was difficult for the nation to collect the planed national income.

The one of the tax collection performance and tax compliance challenge was the taxpayers was over state their deductible expenses, then the researcher was tried to cross tabulate the taxpayers and tax auditors reason about the taxpayers over state their deductible expenses. Out of the total sampled 196 taxpayers 58 (29.6 percent) was believed that they are over state their deductible expenses at least once, 44 (22.4 percent) was believed that they are over state their deductible expenses twice, 70 (35.7 percent) was believed that more than three times they are over state their deductible expenses and 24 taxpayers (12.2 percent) was never tried over state their deductible expenses.

Out of the total sampled 52 tax auditors 10 (19.2 percent) was believed that taxpayers are over state their deductible expenses at least once, 11 (21.2 percent) was believed that taxpayers are over state their deductible expenses twice, 27 (51.9 percent) was believed that more than three times taxpayers are over state their deductible expenses and 4 tax auditors

(7.7 percent) was believed that taxpayers are never tried over state their deductible expenses. This finding indicated that tax auditor's even taxpayers are believed they are over state their deductible expenses which was difficult for the nation to collect the planed national income.

In this study the researcher was tried to investigate the taxpayers tax compliance status out of the total sampled 196 taxpayers 96 (49 percent) are believed their tax compliance status was measured in good status, 78 (39.8 percent) are believed their tax compliance status was measured in medium status and 22 (11.2 percent) are believed their tax compliance status was measured in poor status. This number showed that almost half of sampled taxpayers were believed that their tax compliance status was not far from medium level this impacted the national income generation performance.

To cross tabulated the taxpayers answer on compliance status almost half of the respondent believed that their tax compliance status was good but out of the total sampled 196 taxpayers 55 percent taxpayers was experienced tax penalties. Out of 196 taxpayers 102 (55 percent) was penalized out of the total 102 penalized taxpayers 28.1 percent was penalize at least once, 14.8 percent taxpayers are penalized at least twice, 9.2 percent taxpayers are penalized at least three times and 7.1 percent taxpayers are penalized more than three times. Which all indicated the tax collection and tax compliance status was weak.

Similar to the taxpayers the tax auditors status of tax collection was measured through collection indicators, the out of 52 sampled tax auditors 10 (19.2 percent) believed their tax collection status was measured in good status, 11 (21.2 percent) believed their tax collection status was measured in medium status and 27 (51.9 percent) believed their tax collection status was measured in poor status.

Based on the descriptive data result 51.4 percent taxpayers are agreed about the government tax compliance enforcement is very weak. So there are the opportunities taxpayers to report under income and taxpayers and tax auditors are believed that the tax audit procedure was used for national income generation matters in the other hand almost half of taxes auditors are announced that most of taxes payers are evade there tax more than three times. This number indicated that the tax compliance status was questionable in the Addis Ababa number one medium tax payer's office.

5.2. Conclusion

This thesis aims to assessing determinants of taxpayers' voluntary compliance: in the case of Addis Ababa number one medium taxpayer. This paper rather tried to examine the tax auditors and tax payer's perspective on the tax payers' voluntary compliance phenomenal. In this thesis, the real data was collected from 52 Addis Ababa number one medium tax payers branch office audit staffs and 196 Addis Ababa number one medium tax payers branch office taxpayers. Descriptive statistics such as frequency distribution and percentage were used to analyze demographic and socio-economic data as they relate to the tax auditors and taxpayers on voluntary compliance concern. The study conducted a mean analysis in SPSS software version 26, which calculated the Likert data on tax compliance stages. The data was collected through close-ended questionnaires (May first up to June first, 2022 for one month) .

Based on the above listed concern the researcher was tried to assess the final observation of tax auditors and taxpayers about the primary purpose of tax audit [see table 9] 50 percent of taxpayers and 61.5 percent of tax auditors were believed that tax audit is used to achieve tax revenue collection targets set, 26.5 percent of taxpayers and 38.5 percent of tax auditors were believed that tax audit is used to improve the general taxpayer's compliance. This all improved that the taxpayers and tax auditors are believed that the tax audit procedure was used for national income generation matters.

In this research the taxpayers and tax auditors were examined about the type of tax audit which was better for the perfect tax compliance[see table 10]. Out of the total sampled 31.6 percent taxpayers was believed that a comprehensive audit was the proper kind of tax audit for tax compliance status, 17.9 percent of taxpayers was believed that a desk audit was the proper kind of tax audit for tax compliance status, 18.4 percent tax payers was believed that a field tax audit was the proper kind of tax audit for tax compliance status. 23.1 percent taxpayers was believed that a comprehensive audit was the proper kind of tax audit for tax compliance status, 23.1 percent auditors was believed that a desk audit was the proper kind of tax audit for tax compliance status, 38.5 percent auditors was believed that a field tax audit was the proper kind of tax audit for tax compliance status.

The one of the tax collection performance and tax compliance challenge was the taxpayers was evade their tax amount, then the researcher was tried to cross tabulate the taxpayers and tax auditors about the tax evade [see table 11]. The maximum number of 38.3 percent of

taxpayers and 44.2 percent of auditors was believed that they are evade there tax once and three times respectively. This number indicated that the tax compliance status was questionable in Addis Ababa number one medium tax payers branch office.

Frequency of tax audit one of the best mechanism to create awareness for taxpayers' compliance, then the researcher was tried to cross tabulate the taxpayers and tax auditors about the frequency of tax audit [see table 8]. The maximum number of 43.4 percent of taxpayers believed that they are audited by the tax auditors once within four year and 48.1 percent of auditors was believed that they audited tax payers once in a year. This numbers showed that the taxpayers and tax auditors had different knowhow about the tax office audit schedule in Addis Ababa number one medium tax payers branch office.

5.3. Recommendation

Based on the study conducted using survey method factors that determine taxpayers' voluntary compliance were identified and possible recommendations will be forwarded so that it will help the tax authority and other policy makers to approach the issue accordingly. The descriptive finding showed that almost half of sampled taxpayers were believed that their tax compliance status was not far from medium level. This will affect the national income generation performance. Then the government should have to create awareness about the benefit of tax compliance and what will be the consequences of non-compliance on the country social, political and economic problems. And the tax collector authority should have to critical evaluation of tax auditors and taxpayers about their performance on tax compliances.

The descriptive finding showed that 55 percent of taxpayers were penalized at least once so government should have to evaluate the critical reason what was the main problem almost half of taxpayers was penalized because the trend on penalization will create non-compliance.

The descriptive finding showed that most of taxpayers understate there income and overstate their expenditure. Then, government should have to develop strategy and technology to investigate the fact what the taxpayers was done. And civic societies should have to encourage the real taxpayers and criticize the non-compliance taxpayers through social values.

Based on the descriptive data result 58.2 percent of taxpayers are complaining about the Addis Ababa number one medium taxpayers branch office staff had an unethical approach. The government should have to reform the national revenue collector's office staff & tax system, such kind of reform need critical evaluation and monitoring of civil service law and tax law. Therefore, the federal revenue authority gives much more emphasis on the role of each tax audit in improving Addis Ababa number one medium taxpayers' branch office taxpayer compliance through fulfilling professional tax audit staff.

Based on the descriptive data result, frequency of tax audit the maximum number of 43.4 percent of taxpayers believed that they are audited by the tax auditors once within four year and 48.1 percent of auditors was believed that they audited tax payers once in a year. This numbers showed that the taxpayers and tax auditors had different knowhow about the tax office audit schedule in Addis Ababa number one medium tax payers branch office. Therefore, the federal revenue authority should be implemented the standard audit schedule.

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Appendix -1- Questionnaires for Tax Auditors

Addis Ababa University

Faculty of Business and Economics

Graduate Program (MSc) in Accounting and Finance

The Structured Questionnaire for **TAX AUDITORS**

Introduction to the respondent:

This questionnaire is design by a postgraduate Student Aklok Kassa Yimam' in the department of accounting and finance, Addis Ababa university to collect require primary data so as to undertake a study entitled as 'Impacts of tax audit on taxpayers compliance: in the case of Addis Ababa number one medium taxpayers branch office in 2022. Your responses will be kept confidential and have a great deal of importance increasing the accuracy and reliability of the study so as to draw policy recommendations.

Aklok Kassa Yimam

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Email: aklok2002@yahoo.com

Thanks a lot!

NB. Circle the relevant option and fill the specific information

Section I

Background Information

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

2. Sex 1 = female 2= male

3. Marital status 1 = single 2 = married

4. Educational level?

1 = Diploma 2 = BSc/BA3 = MSc/MA and above4 = Others

5. Field of Study

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

6. Position

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

7. Work Experience

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

8. Did you have any tax audit experience before you joined the AA N^o1 medium tax payers office?

1= Yes 2= No

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

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

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

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

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

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

1= Preparation of audit findings 2= Audit selection techniques

3= Computer-assisted tax audit techniques 4= Other 5= More than one of the above

11. How frequently do you think tax auditors audit taxpayers?

1= once a year 2= once within two years

3= once within three years 4= once within four years 5= Other

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

1=To achieve tax revenue collection targets set;

2=To improve the general taxpayers compliance levels.

3= All of the above 4=Others please specify.....

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

1= Compressive audit 2= Desk audit 3= Field audit 4= Other

14. How frequently do you think taxpayers evade taxes.....?

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

15. How frequently do you think taxpayers under report their income?

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

16. How frequently do you think taxpayers over state their deductible expenses?

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

17. What is your branch office tax collection status?

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

18. Do you think the government has a tax system that is convenient for tax payers? 1=yes 2= no

Section II

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

No.	Activates	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
	Questions regarding Comprehensive audit					
1	Comprehensive audit helps to ensure that the overall audit work is done on time.					
2	Comprehensive tax audit allows auditors to independently determine the accurate tax liability of the taxpayers					
3	Comprehensive tax audit requires the taxpayers are well-informed before the commencement of the audit.					
4	Comprehensive audit allows physical verification of taxpayer's claims to confirm the facts and figure of the returns.					
5	Comprehensive audit helps to achieve tax collection targets					
6	Comprehensive audit help taxpayers keep accurate financial records for better future tax declarations.					
	Questions regarding Desk audit					
7	After Desk audit Government collects a lot of money from taxpayers					

No.	Activates	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
8	Outcomes of tax audit can change taxpayers perception towards tax compliance					
9	Taxpayers feel comfortable and cooperate with tax auditors during tax auditing exercise.					
10	A clear prediction of tax is difficult to make.					
11	Audits are usually conducted at the taxpayers place of business during normal work hours.					
12	I always Contact taxpayers to obtain additional information and clarify issues					
	Questions regarding tax compliance					
13	Providing necessary information about purpose of taxation to taxpayers it's important to the provision of services and utilization of tax revenues.					
14	Generally, Tax evasion should not be considered as a crime					
15	Tax payers should evade tax if the tax system is unfair					
16	Educating the taxpayers and Conducting consultation session can minimize tax evasion by taxpayers					
17	Tax payers should evade tax if a large portion of the money collected from tax is wasted.					
18	Taxpayers sell goods and services without tax invoice					

Appendix -2- Questionnaires for Tax Payers

Addis Ababa University

Faculty of Business and Economics

Graduate Program (MSc) in Accounting and Finance

The Structured Questionnaire for **TAXPAYERS**

Introduction to the respondent:

This questionnaire is design by a postgraduate student Aklok Kassa Yimam in the department of accounting and finance, Addis Ababa university to collect require primary data so as to undertake a study entitled as ‘Impacts of tax audit on taxpayers compliance: in the case of Addis Ababa number one medium taxpayers in 2022. Your responses will be kept confidential and have a great deal of importance increasing the accuracy and reliability of the study so as to draw policy recommendations.

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Thanks a lot!

NB. Circle the relevant option and fill the specific information

Section I

Background Information

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

2. Sex 1 = female 2= male

3. Marital status 1 = single 2 = married

4. Educational level?

1 = Illiterate 2=primary school 3= secondary school

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

5. Field of business.....

6. Business Experience

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

7. Have you ever complained about not paying your taxes from AA NO1 medium tax payer's office?

1= Yes 2= No

8. Did you have any tax audit complain about AA N^o1 medium tax payer's office?

1= Yes 2= No

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

9. How long did you pay your tax AA N^o1 medium tax payer's office.....?

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

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

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

1= Good

2= Medium

3= Poor

4= Other

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

1=yes 2= no

Section II

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

No	Activates	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
	Questions regarding tax compliance					
1	I believe that the Ethiopia has fair tax policies for tax payers					
2	I will pay my debts and basic needs first rather than income tax					
3	I know how to keep records/documents pertaining to income and expenditure for a required period of years.					
4	I know how to declare actual income received from all sources to the tax authority					
5	By paying right amount of income tax, I believe that other people especially the poor will get the benefit					
6	There are a number of government services, facilities and infrastructure for which I am very thankful					
	Questions regarding perceptions of taxpayers towards tax auditors					
7	The penalty rates are very low and I can afford to pay the penalty					
8	The government tax compliance enforcement is very weak. So, I have the opportunity to report under income					
9	I do not believe tax evasion is a concern because the tax law enforcement is very low					
10	My friends do not comply and they have never been penalized					
11	The tax auditors ethical approach is very poor					
12	I believe the government will not waste taxpayer money improperly					
13	I have no idea what the tax penalty is?					

የአዲስ አበባ ዩኒቨርሲቲ የሐሰብ፤ አኮኖሚክስና አስተዳዳሪ ትምህርት ክፍል

መጠይቅ (ለታክስ አይተር ባለሙያዎች)

ወደየ ጥናቱ ተሳታፊ፣

ይህ የዳሰሳ ጥናት መጠይቅ በአዲስ አበባ ከተማ የግብር አዲት ስርዓት እና የደረጃ አንድ መካከለኛ ግብር ከፋዮች ለህግ ተገዢነት ያላቸውን ተጽኖ ለማረጋገጥ ሲባል ይህ መጠይቅ ተዘጋጅቷል፡፡ በዚህ የዳሰሳ ጥናት የተገኙት መረጃዎች ለአካዳሚክ ትምህርት ዓላማ ተቀምጠዋል፡፡ የእርስዎ ምላሾች በምስጢር የተጠበቁ እና የፖሊሲ ምክሮችን ለመቅረጽ የጥናቱ ትክክለኛነት እና አስተማማኝነት እንዲጨምር ከፍተኛ ጠቀሜታ ይኖራቸዋል፡፡ ለእዚህ ጥናት ስኬት እርስዎ የሚሰጡት ትክክለኛ መረጃ በጣም አስፈላጊ ነው፡፡

የመረጃው ስብሰቤ ስም _____ ፊርማ _____

መረጃው በትክክል መሞላቱን ያረጋገጡ ስም _____ ፊርማ _____

የመጠይቅ ቁጥር _____

አክሱክ ካሳ ይማም

ሞባይል ቁጥር: +251-911-23-08-45

ኢሜል: aklok2002@yahoo.com

ለትብብርዎ አመሰግናለሁ

እባክዎ የመረጃውን መልስ ቁጥር ያክብቡ

ክፍል አንድ

መሰረታዊ መረጃዎች

1. እድሜ 1=18-30አመት 2=31-40አመት 3=41-50አመት 4= > 51አመት

2. ጾታ 1 = ሴት 2= ወንድ

3. የትዳር ሁኔታ 1 = ያላገባ 2 = ያገባ

4. የትምህርት ደረጃ

1 = ዲፕሎማ 2 = ድግሪ 3 = ማስተርስ እና ከዚያ በላይ 4 = ሌላ ካለ

5. የትምህርት ዘርፍ

1= አካወንቲንግ 2= ኢኮኖሚክስ 3= ፋይናንስ 4= ሜድሽንት 5=ሌላ ካለ

6. የስራ ደረጃ

1= ሃላፊ 2= የአዲት ቡድን መሪ 3= አዲተር 4= ሌላ.....

7. የስራ ልምድ

1= ከአንድ ዓመት በታች 2= ከ1 እስከ 3 ዓመት 3 = ከ4 እስከ 6 ዓመት
4= ከሰባት ዓመት በላይ

8. እዚህ ተቋም ከመጣባቱ በፊት አዲት የማድረግ ልምድ ነበረት? 1= አዎ 2= የለኝም

ለላይኛው ጥያቄ መልስ አዎ ከሆነ ምን ያህል ዓመት በአዲተርነት ሰርተዋል?

1= ከአንድ ዓመት በታች 2= ከ1 እስከ 3 ዓመት 3 = ከ4 እስከ 6 ዓመት
4= ከሰባት ዓመት በላይ

9.ይህንን ተቋም ከተቀላቀሉ በኋላ ምን ያህል ዓመት አዲተር በሚሉ የስራ መደብ ላይ ተመድበው ሰርተዋል?

1= ከአንድ ዓመት በታች 2= ከ1 እስከ 3 ዓመት 3 = ከ4 እስከ 6 ዓመት
4 = ከሰባት ዓመት በላይ

10. ለስራዎ የሚገዙትን ተጨማሪ ስልጠና ወስደው ያውቃሉ?

- 1= አዎ
- 2= አላውቅም

ለላይኛው ጥያቄ ማሳሰቢያ አዎ ከሆነ ምን ዓይነት ስልጠና ወስደዋል? (ከአንድ በላይ ማሳሰቢያ ይቻላል)

- 1= የአዲት ግኝት መተንተን
- 2= የአዲት ስርዓት አመራረጥ ላይ
- 3= በኮምፕዩተር የተደገፈ የአዲት አሰራር ላይ
- 4= ሌላ ካለ

11. የግብር አዲተሮች በምን ያህል ጊዜ የግብር አዲት ስራ የሚከፈሉ ይመስሉታል?

- 1= በአመት አንድ
- 2= በሁለት አመት አንድ
- 3= በሶስት አመት ወስን ጥአንድ
- 4= በአራት አመት አንድ
- 5= ሌላ ካለ

12. የታክስ አዲት መሰሪት አስፈላጊነት ምንድን ነው ብለው ያስባሉ?

- 1= ለመሰሪት ታቀደውን የግብር መጠን ለመሰሪት
- 2= የግብር ከፋዮችን የህግ ተገኝነት አቅም ለማሳደግ
- 3= ሁሉም
- 4= ሌላ ካለ

13. የትኛው አይነት የታክስ አዲት አሰራር ወጠታማ ወብለው ያስባሉ?

- 1= ጠቅላላ አዲት
- 2= ዴስክ አዲት
- 3= በመስክተገኝቶች መሰሪት
- 4= ሌላ ካለ

14. ግብር ከፋዮች በምን ያህል ደግግሞ ግብራቸውን ይደብቃሉ?

- 1= በአመት አንድ
- 2= በሁለት አመት አንድ
- 3= በሶስት አመት ወስን ጥአንድ
- 4= በአራት አመት አንድ
- 5= ሌላ ካለ

15. ግብር ከፋዮች በምን ያህል ደግግሞ ገቢያቸውን ያሳንሳሉ?

- 1= አልፎ አልፎ
- 2= በተደጋጋሚ
- 3= በጣም በተደጋጋሚ
- 4= በፍጹም

16. ግብር ከፋዮች በምን ያህል ደግግሞ ወጪያቸውን ያጋንናሉ?

- 1= አልፎ አልፎ
- 2= በተደጋጋሚ
- 3= በጣም በተደጋጋሚ
- 4= በፍጹም

17. የመከሪያ ቤታችሁ የግብር መስጠት አቅም ምን ያህል ነው ብለው ያስባሉ?

1= ጥሩ

2= መካለኛ

3= ደከማ

18. መንግስት ለግብር ከፋዩ የሚሟሹ የግብር ስርዓት አለው ብለው ያስባሉ?

1=አዎ

2= የለውም

ክፍል 2

በሰንጠረዥ ከተዘረዘሩት መካከል ይምረጡ

	ተግባራት	በጣምአስማማለሁ	አስማማለሁ	መካከለኛ	አልሰማማም	በፍጹምአልሰማማም
	የጠቅላላ ኦዲትን የሚመለከቱ ጥያቄዎች					
1	የጠቅላላ ኦዲት ስራዎች በተቀመጠላቸው ጊዜ እንዲካሄዱ ያግዛል					
2	የጠቅላላ ኦዲት ስርዓት ለኦዲት አድራጊው የታክስ ከፋዩን ትክክለኛ ሂሳብ ለማወቅ እድል ይሰጠዋል					
3	ጠቅላላ ኦዲት ግብር ከፋዩ የተሻለ መረጃ እንዲኖረው ያግዛል					
4	አጠቃላይ ኦዲት የግብር ከፋዩን የይገባኛል ጥያቄ በማረጋገጥ የተመላሹትን እውነታዎች እና አሃዞች ለማረጋገጥ ያስችላል					
5	ጠቅላላ ኦዲት ማድረግ ለመሰብሰብ የታሰበውን ገቢ እንዲገኝ ያግዛል					
6	ጠቅላላ ኦዲት ማድረግ ግብር ከፋዩ ትክክለኛውን ግብር እንዲያሳውቅ ያደርገዋል					
	የዴስክ ኦዲትን የሚመለከቱ ጥያቄዎች					
7	የዴስክ ኦዲት በኋላ መንግሥት ከግብር ከፋዮች ብዙ ገንዘብ ይሰበስባል					
8	የግብር ኦዲት መኖሩ ግብር ከፋዩን ስለህግ ተገዢነት የሚኖረውን አስተሳሰብ ያሻሽላል					
9	ግብር ከፋዩ ከግብር ኦዲተሮች ጋር በትብብር መንፈስ ይሰራል					
10	ትክክለኛ ግብርን መገመት አስቸጋሪ ስራ ነው					

11	ብዙውን ጊዜ ኦዲት የሚካሄደው በግብር ከፋዮች የንግድ ቦታና መደበኛ የስራ ሰዓት ነው					
12	ተጨማሪ መረጃ ለማግኘት እና ጉዳዮችን ለማጣራት ሁልጊዜ ግብር ከፋዮችን አነጋግራለሁ					
	የግብር ህግ ማክበርን የሚመለከቱ ጥያቄዎች					
13	ስለ ግብር ዓላማ ለግብር ከፋዮች አስፈላጊ መረጃ መስጠት ለአገልግሎት አቅርቦት እና ለግብር ገቢ አጠቃቀም አስፈላጊ ነው።					
14	በአጠቃላይ የታክስ ስወራ እንደ ወንጀል መቆጠር የለበትም					
15	የግብር ስርዓቱ ፍትሃዊ ካልሆነ ግብር ከፋዮች ከታክስ መሸሽ አለባቸው					
16	ግብር ከፋዮችን ማስተማር እና የምክክር ማካሄድ በግብር ከፋዮች የሚደረግ የታክስ ስወራን ሊቀንስ ይችላል።					
17	ከታክስ ከሚሰበሰበው ገንዘብ ውስጥ አብዛኛው የሚባክን ከሆነ ግብር ከፋዮች ከታክስ መሸሽ አለባቸው።					
18	ግብር ከፋዮች ያለግብር ደረሰኝ እቃዎችን እና አገልግሎቶችን ይሸጣሉ					

የአዲስ አበባ ዩኒቨርሲቲ የሐሰብ፤ ኢኮኖሚክስና አስተዳዳሪ ትምህርት ክፍል

መጠይቅ (ለግብር ክፋዮች)

ወደዮ ጥናቱ ተሳታፊ፣

ይህ የዳሰሳ ጥናት መጠይቅ በአዲስ አበባ ከተማ የግብር አዲት ስርዓት እና የደረጃ አንድ መካከለኛ ግብር ክፋዮች ለህግ ተገዢነት ያላቸውን ተጽኖ ለማረጋገጥ ሲባል ይህ መጠይቅ ተዘጋጅቷል፡፡ በዚህ የዳሰሳ ጥናት የተገኙት መረጃዎች ለአካዳሚክ ትምህርት ዓላማ በቻጥቅም ላይ የሚውሉ ናቸው፡፡ የእርስዎ ምላሾች በምስጢር የተጠበቁ እና የፖሊሲ ምክሮችን ለመቅረጽ የጥናቱ ትክክለኝነት እና አስተማማኝነት እንዲጨምር ከፍተኛ ጠቀሜታ ይኖራቸዋል፡፡ ለእዚህ ጥናት ስኬት እርስዎ የሚሰጡት ትክክለኛ መረጃ በጣም አስፈላጊ ነው፡፡

የመረጃው ስብሰቢ ስም _____ ፊርማ _____

መረጃው በትክክል መሞላቱን ያረጋገጠው ስም _____ ፊርማ _____

የመጠይቅ ቁጥር _____

አክሎክ ካሳ ይማም

ሞባይል ቁጥር: +251-911-23-08-45

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ለትብብርዎ አመሰግናለሁ

እባክዎ የመረጃውን መልስ ቁጥር ያክብቡ

ክፍል አንድ:

መሰረታዊ መረጃዎች

1. እድሜ 1=18-30አመት 2=31-40አመት 3=41-50አመት 4= > 51አመት

2. ጾታ 1 = ሴት 2= ወንድ

3. የትምህርት ደረጃ 1 = ያላገባ 2 = ያገባ

4. የትምህርት ደረጃ

1 = መጻፍ እና ማንበብ የሚችል 2 = አንደኛ ደረጃ 3 = ሁለተኛ ደረጃ 4=ዲፕሎማ

5 = ድግሪ 6 = ማስተርስ እና ከዚያ በላይ

5. የተሰማሩበት የንግድ ዘርፍ.....

6. በንግድ ስራ የቆዩበት ጊዜ

1= ከአንድ ዓመት በታች 2= ከ1 እስከ 3 ዓመት 3 = ከ4 እስከ 6

ዓመት 4 = ከሰባት ዓመት በላይ

7. ግብር በሚከፍሉበት ቅርንጫፍታክስዎን ባለመከፈሉ ቅሬታ አቅርበው ያወቃሉ?

1= አዎ 2= አላወቅም

8. ግብር በሚከፍሉበት ቅርንጫፍ-በግብርአገልግሎት ላይ ቅሬታ አለዎት?

1= አዎ 2= የለኝም

9. የእርስዎን ግብር በAA NO1 መካከለኛ ግብር ከፋይ ቢሮ ለምን ያህል ጊዜ ከፍለዋል?

1= ከ1 አመት በታች 2= 1-3አመት 3= 4- 6አመት 4= > 7አመት

10. ስለግብር ስልጠና አግኝተው ያወቃሉ?

1= አዎ 2= አላወቅም

ለላይኛው ጥያቄ መልሱ አዎ ከሆነ ምን አይነት? 1= ስለ አዲት ምንነት በተመለከተ

2= ስለ አዲት አይነቶች ዝር 3 = ስለ ግብር ተገቢነት 4 = ሌላ ካለ

11. የግብር አዲተሮች በምን ያህል ጊዜ የግብር አዲት ስራ የሚከናወኑ ይመስሉታል.....?

1=በአመት አንድ ጊዜ 2=በሁለት አመት አንድ ጊዜ 3= በሶስት አመት አንድ ጊዜ

4=በአራት አመት አንድ ጊዜ 5= ሌላ ካለ

12. የግብር አዲት መስራት አስፈላጊነት ምንድን ነው ብለው ያስባሉ?

1= ለመክፈት ብቻ ስራውን የግብር መጠን ለመቀነስ ብቻ

2= የግብር ከፋዮችን የህግ ተገቢነት አቅም ለማሳደግ

3= ሁሉም

4= ሌላ ካለ

13. የትኛው አይነት የታክስ አዲት አስራ ለመቀነስ ወብለው ያስባሉ?

1= ጠቅላላ አዲት 2= ደስክ አዲት

3= በመክከል ተገኝቶ መስራት 4= ሌላ ካለ

14. ግብር ከፋዮች በምን ያህል ድግግሞሽ ግብራቸውን ይደብቃሉ?

1=በአመት አንድ ጊዜ 2=በሁለት አመት አንድ ጊዜ 3= በሶስት አመት ወስን ጥአን ደግሞ

4= በአራት አመት አንድ ጊዜ 5= ሌላ ካለ

15. የግብር ተገቢነት ደረጃዎምን ያህል ነው?

1= ጥሩ 2= መካከለኛ 3= ደቃማ

16. ግብር ከፋዮች በምን ያህል ድግግሞሽ ገቢያቸውን ያሳንሳሉ ብለው ያስባሉ?

1= አልፎ አልፎ 2= በተደጋጋሚ

3= በጣም በተደጋጋሚ 4= በፍጹም

17. ግብር ከፋዮች በምን ያህል ድግግሞሽ ወጪያቸውን ያጋንናሉ ብለው ያስባሉ?

1= አልፎ አልፎ 2= በተደጋጋሚ 3= በጣም በተደጋጋሚ 4= በፍጹም

18. ግብርባለ መከፈል ቅጣት ተጥሎ ትያ ወቃል?

1= አዎ

2= አላ ወቅም

ለላይኛ ወጥያ ቁመል ሶ አዎ ከሆነ ምን ያህል ጊዜ?

1= አንድ ጊዜ

2= ሁለት ጊዜ

3= ሶስት ጊዜ

4= ከሶስት በላይ

19. የእርሶድርጅት የግብር አከፋፈል አቅም ምን ያህል ወብለ ወያ ስባሉ?

1= ጥሩ

2= መካከለኛ

3= ደዳማ

20. መንግስት ለግብር ከፋዩ የሚሾኑ የግብር ስርዓት አለው ብለው ያስባሉ?

1= አዎ

2= የለም

ክፍል 2

በሰንጠረዥ ከተዘረዘሩት መካከል ይምረጡ

	ተግባራት	በጣም እስማሚ ሁ	እስማሚሁ	መካከለኛ	አልስማምም	በፍጹም አልስማምም
	የግብር ህግ መክበርን የሚጥከሩ ጥያቄዎች					
1	ኢትዮጵያ ለግብር ከፋዮች ፍትሃዊ የግብር ፖሊሲ እንዳላት አምናለሁ					
2	ከግብር በፊት ሌሎች እዳዎቼን አስቀድሜ የመክፈል ልምድ አለኝ					
3	ወጪና ገቢ የንግድ ደንብ መመዘን ብእንዳለብኝ እና ለምን ያህል ጊዜ የሂሳብ ሰነድ መስጠት ጥእንዳለብኝ አወቃለሁ					
4	ገቢን እንደትለግብር ሰብሳቢ መመስሪያ ቤት እንደሚሰጠኝ በቁጥጥር አይደለኝ					
5	ተገቢውን ግብር በመክፈል ደረሰሁ በረጅም ጊዜ ተሰብስቦ ተጠቃሚ ሆናል ብዬ አምናለሁ					
6	ግብር በመክፈላችን መንግስት የተሻለ አገልግሎት እያቀረበልን እንደሆነ ይሰማኛል					
	ግብር ከፋዮች በታክስ አዲተሮች ላይ ያላቸው አመክኮሎችን የሚጥከሩ ጥያቄዎች					
7	ግብር ባለ መክፈል የሚጣለ ወይ ቅጣት መጠን እንደተኛ ስለሆነ መክፈል እችላለሁ					
8	ግብር ሰብሳቢ መመስሪያ ቤት ከክለሮች ጋር ባይሆን ማወቅ ብቻ ወይን ስለሆነ ገቢዬን አሳንሶ የሚሰጠኝ ይመስለኛል					
9	የህጉ ተፈጻሚነት እንደተኛ ስለሆነ ግብር አለ መክፈል አሳሳቢ እንደሆነ አላምንም					

10	የ ቅርብጻ ደኞፍለ ግብር ህጉ አይገ ዙምጎ ገር ግን ቅጣትተጥሉባ ቸወአያ ወቅም					
11	የ ግብር አዲተር ሰራተኞች ስነ ምግባር ደካማ ነው					
12	መንግስት ያለ አግባብ የ ግብር ከፋይ ንገንዘብ አያባክን ምብየ አምና ለሁ					
13	ቅጣትን በተመለከተ ምንም አይነት ግንዛቤ የለኝም					