



ST.MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

**FACTORS AFFECTING“TAX COMPLIANCE BEHAVIOUR” OF TAXPAYERS:
THE CASE OF MINISTRY OF REVENUE SMALL TAXPAYER’S BRANCH
OFFICEIN ADDISABABA**

By
MARTHA TILAHUN KEBEDE
ID: SGS/0092/2013A

JUNE, 2022
ADDIS ABABA, ETHIOPIA

**FACTORS AFFECTING TAX COMPLIANCE BEHAVIOUR OF
TAXPAYERS: THE CASE OF MINISTRY OF REVENUE SMALL
TAXPAYER'S BRANCH OFFICE IN ADDIS ABABA**

BY

MARTHA TILAHUN KEBEDE

ADVISOR: YIRGALEM TADDELE (PHD)

**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF
GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR MASTER OF BUSINESS ADMINISTRATION**

JUNE, 2022

ADDIS ABABA, ETHIOPIA

DECLARATION

*I, Martha Tilahun Kebede, hereby declare that this thesis entitled “**Factor affecting tax compliance behaviour of MRST branch office in Addis Ababa** ”submitted by me for the award of the degree of Master of Business Administration, St. Mary university in Addis Ababa, Ethiopia. This thesis is my original work and prepared under the guidance of my research adviser Yirgalem Tadele (PhD). All sources and materials used for this thesis have been duly acknowledged.*

Martha Tilahun Kebede

Name

Signature

YirgalemTadele

Advisor Name



Signature

St. Mary's University, Addis Ababa

June, 2022

ENDORSEMENT

This thesis has been submitted to St. Mary's University, school of graduate studies for examination with my approval as a university advisor.

YirgalemTadele (PhD)
Advisor:



Signature

St. Mary's University, Addis Ababa June, 2022

**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**FACTORS AFFECTING TAX COMPLIANCE BEHAVIOUR OF
TAXPAYERS: THE CASE OF MINISTRY OF REVENUE SMALL
TAXPAYER'S BRANCH OFFICE IN ADDIS ABABA**

**BY
MARTHA TILAHUN KEBEDE**

APPROVED BY BOARD OF EXAMINER

Dean, graduate studies

Signature

YirgalemTadele (PhD)

Advisor



Signature

AberaDemissie (PhD)

External examiner

Signature

MelakuGirma (PhD)

Internal Examiner

Signature

ACKNOWLEDGMENT

First and foremost, I give thanks to Almighty God for showering me with grace and mercy throughout my life. His constant presence is responsible for all my accomplishments including completion of this thesis.

I am grateful to all my instructors in the department of Master of Business Administration program at St. Mary University for the knowledge and wisdom they have instilled in me since beginning the postgraduate program. I am also grateful to my adviser, YirgalemTadele (PhD), for his patience in listening to my perspective and guiding me through my study with helpful comments and ideas that always pushed my research to the next level, encouraging me to strive for high quality work throughout the project.

I am also express my gratitude to Ato Omer Mohammed (MBAS) and Wt. Lidiya Gebrekidan (MBA), who volunteered give their time and expertise to assist me complete my thesis, and to the personnel and taxpayers of the MRST branch office, specially Wro. Meron Sileshi, an auditor in Ministry of Revenue's small taxpayer Northwest branch office

My heartfelt gratitude goes to my beloved husband Ato Habtamu Tesfaye, FCCA, CertIFRS, CertIPSAS, who has been supporting me through all my difficulties and motivating me to do more with my life and for sharing his experiences,

Finally, I'd like to express my gratitude and affection to my sweet children Bereket Habtamu (4 years) and Heven Habtamu (2.5 years) for all the sacrifices they made while I was studying, as well as Wt. Kelem Simret and other family members, who looked after my children and helped me finish my studies.

TABLE OF CONTENTS

LIST OF FIGURES.....	i
LIST OF TABLES	ii
ABBREVIATIONS.....	iii
ABSTRACT.....	iv
CHAPTER ONE	1
INTRODUCTION.....	1
1.1. Background of the study.....	1
1.2. Statement of the Problem.....	3
1.3. Objective of the study.....	4
1.3.1. General Objectives	4
1.3.2. Specific Objectives	4
1.4. Hypotheses of the study.....	5
1.5. Significance of the study	5
1.6. Scope of the study	6
1.7. Limitation of the study	6
1.8. Definition of Terms.....	6
1.9. Organization of the Study.....	7
CHAPTER TWO	8
REVIEW OF RELATED LITERATURE	8
2.1. Theoretical Related Literature Review	8
2.1.1. Overview of Tax.....	8
2.1.2. Definition of Tax Compliance.....	9
2.1.3. Factors affecting tax compliance.....	11
2.2. Empirical related literature review	17
2.3. Research Gap	24
2.4. Conceptual Framework of the study.....	25
CHAPTER THREE.....	26

METHODOLOGY OF THE STUDY	26
3.1. Introduction.....	26
3.2. Research Design	26
3.3. Research Approach.....	26
3.4. Population and sampling design.....	26
3.4.1 Target Population of the study	26
3.4.2 Sampling size determination	26
3.4.3 Sampling Techniques.....	27
3.5. Tools for Data Collection	28
3.6. Operationalization and Measurement of Variables	28
3.7. Measurement of Variables	30
3.8. Data Analysis Methodology.....	30
3.9. Data Analysis and Interpretation.....	31
3.10. Validity and Reliability.....	31
3.11. Ethical Considerations	32
CHAPTER FOUR.....	34
RESULT AND DISCUSSION	34
4.1 Introduction.....	34
4.2 <i>Response rate on questionnaire</i>	34
4.3 <i>Demographic characteristics of respondents</i>	34
4.4 Survey results	37
4.4.1 <i>Business Characteristics</i>	37
4.4.2 <i>Accounting Practice</i>	39
4.4.3 Awareness of Tax rule and Regulation	41
4.4.4 Tax Policy:	43
4.4.5 Electronic Taxation.....	46
4.4.6 Tax Compliance	48
4.5 Mean and Standard deviation of variable	50
4.6 Test results for the classical linear regression model assumptions.....	50

4.6.1	Linearity assumption	51
4.6.2	Normality assumption.....	51
4.6.3	Multicollinearity Assumption	52
4.7	Determining how well the model fits	53
4.7.1	Statistical Significance of the model	54
4.8	Business Characteristics	55
4.9	Accounting Practice.....	56
4.10	Awareness of tax rule and regulations	57
4.11	Tax Policy	58
4.12	Electronic Taxation	59
CHAPTER FIVE.....		61
SUMMARY, CONCLUSION AND RECOMMENDATION		61
5.1	<i>Summary</i> of findings.....	61
5.2	Conclusion	62
5.3	Recommendation.....	64
REFERENCE.....		66
APPENDICES		71

LIST OF FIGURES

Figure 2.1. Conceptual Framework of the study	25
---	----

LIST OF TABLES

Table 1. conceptual definition of constructs	29
Table 2. Source of constructs	30
Table3. <i>ReliabilityTest (Cronbach's Alpha)</i>	32
Table 4. <i>Demographic characteristics ofrespondent</i>	35
Table 5. Summary of survey findings for Business Characteristics	38
Table 6. Summary of survey findings for Accounting Practice for the organization	40
Table 7 Summary of survey findings for Awareness of tax rules and regulations	42
Table 8 Summary of survey findings for Tax policy.....	44
Table 9. Summary of survey findings for Electronic Taxation (E-tax)	46
Table 10. Summary of survey findings for Tax Compliance	48
Table 11. Mean and standard deviation of variables	50
Table 12. Multicollinearity	53
Table 13. Model Summary	53
Table 14.ANOVA ^a	54
Table15. TheMultipleRegressionresultof thestudy.....	54

ABBREVIATIONS

AP: - Accounting Practice

AT: - Awareness of Tax Rule and Regulation

BC: - Business Characteristics

ERCA: - Ethiopian Revenue and Customs Authority

ET: - Electronic Taxation

FDRE: - Federal Democracy Republic of Ethiopia

GAAP: - General Accepted Accounting Principle

GDP: - Growth Domestic Product

IFRS: - International Financial Reporting Standard

IMF: - International Monetary Fund

MRST: -Ministry of Revenue Small Taxpayers

OECD: - Organization for Economic Cooperation and Development

TP: - Tax Policy

WB: - World Bank

ABSTRACT

For many developing countries, tax non-compliance has posed a severe challenge to tax administration and revenue performance. Several emerging countries have primarily faced with the challenge of adhering to existing tax structure. Ethiopia is similarly in a similar Scenario. The aim of this study was to test the relationship between tax compliance and its factors in the MRST in Addis Ababa. Primary data source used from MRST branch offices solicit response of 388 taxpayers through survey. Out of questionnaires that have been distributed, 97% were usable. The data was analyzed using quantitative approach, descriptive study (mean and standard deviation) and inferential statistics (regression analysis). The mean value of the five-point Likert scale values of the dependent and various independent variables were taken as factor affecting tax compliance behaviour of taxpayers. The analysis of the data was done with the help of SPSS. V26. The result showed that, the relationship between Business Characteristics, Accounting Practice, Tax policy and electronic taxation has a positive and significant relationship with tax compliance behaviour. However, Awareness of tax rule and regulation has an inverse relationship and insignificant with tax compliance behaviour of Ministry of Revenue small taxpayers. To improve the tax compliance behaviour of taxpayers, it is the researcher's opinion that the tax office should give emphasis on tax policy awareness creation, giving tax incentives to the best compliers, improve tax rate based on annual turnover of taxpayers and to ease the tax payment procedure to taxpayers.

Key words: Tax Compliance, Business Characteristics, Accounting Practice, Awareness of tax rule and regulation, Tax policy electronic taxation,

CHAPTER ONE

INTRODUCTION

This chapter deals with the introductory part of the study. It includes background of the study, Statement of the problem, Objective of the study, Hypothesis of the study, significance of the study, Scope of the study, Limitation of the study, Operational definition of terms and organization of the study.

1.1. Background of the study

The basic responsibility of the country government is enacting and enforcing laws, maintaining law and order, provision and basic infrastructure, balance regional development and growth soon. To fulfill this responsibility and managing the above things, the government needs finance. Government needs funds for the purpose to invest and renovating public infrastructure, health service, education, and public services, and as such a need exist to increase to boost development and growth (Alshari et.al, 2020). These public expenditures are meant for public goods and services that are very essential for the development and wellbeing of the society (Asmanew,2011). Based on the above need the government obtained finance from tax collection from revenue tax office and other fees.

Tax is a compulsory levy and those who are taxed must pay the sums irrespective of any direct corresponding return of services or goods by the government. It is a source of revenue for government for the implementation of various socio-economic development projects like construction of roads, schools, health facilities, provision of social services like national security and salaries of civil servants. It also classified as a direct tax which is based on the taxpayer's ability to pay to measured by income, consumption or net wealth and indirect tax which is levied on the production or consumption of goods and services or on transactions, including imports and exports.

Taxes are obligatory in a manner that facilitates voluntary compliance from individual and organization to the maximum extent possible, but also taxes must equally burden for all individuals or entities in similar economic circumstances. However, due to lack efficient knowledge and fair tax system the amount of tax collected in least developed countries (LDCs) is

low as compared to developing countries. According to Ponoria & Al-saedi (2015), noncompliance undermines the tax system's equity and efficiency and impedes sustained economic development. Due to this case, it contributes to the minimum amount of tax collection in those countries.

Tax compliance is defined as the degree by which taxpayers comply with the tax law (Simon and Clinton, 2004). It has been a serious challenge to the performance and administration of tax revenue for many developing countries (Tadesse and Goitom, 2014). The same is also true for Ethiopia. Taxpayers' compliance behaviour is affected by several factors. Those factors, which affect tax compliance behavior, differ from one country to another and from one individual to another (Kirchler, 2007). This study was aimed at identifying factors that affect Taxpayer's compliance towards taxation.

In explaining factors affecting taxpayers "compliance towards taxation, two classes of theories were broadly developed, i.e., economic and psychology – based theories (Shehata & Trivedi, 2005). Some of other scholars such as Brook also grouped such factors as: economic, social and psychological. According to Kirchler (2007), and Loo (2006), the determinants of tax compliance behaviour have been classified in to two groups. These factors are economic and non-economic factors. According to Kirchler (2007) defines, economic factors which could affect tax compliance includes tax audit, tax penalties and income levels. While non-economic factors are tax knowledge, attitudes toward tax, subjective norms, perception of tax fairness and motivational posture which could affect tax compliance (Kirchler, et al, 2008).

In Ethiopia, due to the absence of clear understanding on the factors that affect tax compliance towards taxation the ministry of revenue performance has been relatively poor (Wollela, 2012). Some of the factor's that affecting tax compliance behaviours of taxpayers include knowledge and complexity of the taxing system (Natrah, 2013) that is the probability of getting audited; perception of government spending; perception of equity and fairness; penalty; financial constraint, change in government policies, referral group and the role of tax authority.

Hence, this study is to investigate the factors affecting tax compliance behaviour of taxpayers among MRST in Addis Ababa.

1.2. Statement of the Problem

Tax compliance can be defined as the degree to which a taxpayer complies or fails to comply with the tax laws and regulations of a country that can be expressed by declaring income, filling a return and paying a tax due in a timely manner (Cummings, 2007). (Marti, 2010) for further defined tax compliance as fulfilling all tax obligations as specified by tax law freely and completely. Additionally, tax compliance means the ability and willingness of taxpayers to comply with tax laws, declare the correct income in each fiscal year and pay the right amount of taxes on time (IRS, 2009; ATO, 2009; Derara 2016). It has been a serious challenge to the performance and administration of tax revenue for many developing countries (Tadesse and Goitom, 2014).

Empirical literatures indicated that tax revenue to GDP ratio is good indicator of tax performance. OECD (2018) suggest that tax-to-GDP ratio is the foundational indicator for the analysis of tax levels in an economy. It provides an indication of the scale of tax revenue against underlying economy which generated the revenues and permits comparisons across countries and across time.

Ethiopia tax performance measured as proxy tax-to-GDP ratio has stagnated at less than 13% compared to the average of 19.1% among African countries and over 25% in developed economies (Waiswa et.al, 2019). According to (IFS 2021) out of a sample of 36 countries from sub-Saharan Africa, Ethiopia ranks 29th in 2018 in terms of tax-to-GDP ratio. Among lower-income countries, it ranks 13th out of 17 low-income countries. With a tax-to-GDP ratio of 10.7%, Ethiopia is also significantly below levels in moral developed low-to middle income countries, such as South African (with a tax-to-GDP ratio of 29.2%), or advanced economies elsewhere in the world (e.g., the average tax-to-GDP ratio in OECD countries is estimates at 33. %for 2018; OECD, 2019).

Several previous studies attempted to find the factors that contribute to the compliance of tax by taxpayers. However, these factors are varied. Some research related the compliance to the procedural justice (Gobena and Van Dijke, 2016), trust in the government and tax authorities (Jimenez and Iyer, 2016; Alaarj, Mohammed and Bustamam, 2017a, 2017b), tax knowledge and complexity of tax (Saad, 2014; Ibrahim, 2013; Hansford et al., 2012). In addition, the researcher

has deployed numerous theories to understand the tax compliance individual, agents and corporation taxpayers.

In Ethiopia, studies conducted by Alemayehu Yilma (2020) assess determinants of Tax Compliance Behavior Among Taxpayers: The Case of Large Taxpayers' Branch Office, Ethiopian Ministry of Revenues The result indicated that fairness of tax system, complexity of tax system, probability of detection; income level, penalty rate, peer influence, tax knowledge, gender and age affect tax compliance behavior

Mahlet, G/Egziabher (2020) Determinants of Tax Compliance in Ethiopia: The Case of Federal Large Taxpayers. The regression analysis showed that tax compliance behavior has significant as well as positive relationship of with perception of equity and fairness towards the tax system, the influence of peer groups in the surrounding environment, the possibility of detection and penalty, motivational posture and perception towards government spending

From a review of previously conducted studies, it is the researcher knowledge that various studies conducted on tax compliance behavior were not made against the five factors (BC, AP, AT, TP and ET) and relationship among tax compliance. Moreover, information obtained from the officers interviewed in MRST, small taxpayers branch offices are new offices established during 2018, not with longer age in the tax collection system. Hence, the researcher has chosen the small taxpayers branch offices to be a focus of the study as there could not be sufficient studies conducted.

1.3. Objective of the study

1.3.1. General Objectives

The main objective of this study is to investigate factors affecting tax compliance behaviour MRSTbranch office in Addis Ababa.

1.3.2. Specific Objectives

- To examine the nature of the business effect on tax compliance behaviour of MRSTin Addis Ababa, Ethiopia
- To investigate thecharacteristic of accounting practice effect on tax compliance behaviour of MRST in Addis Ababa, Ethiopia

- To evaluate the effect of tax awareness on tax compliance behaviour of MRST in Addis Ababa, Ethiopia
- To examine the effect of tax policy on tax compliance behaviour of MRST in Addis Ababa, Ethiopia
- To investigate the effect of electronic taxation (E-tax) adoption on tax compliance behaviour of MRST in Addis Ababa, Ethiopia

1.4. Hypotheses of the study

- *H1: Business characteristics have a positive effect on tax compliance behavior among MRST in Addis Ababa, Ethiopia.*
- *H2: Characteristics of Accounting practice have a positive effect on tax compliance behavior among MRST in Addis Ababa, Ethiopia.*
- *H3: Awareness of tax obligation have a positive effect on tax compliance behavior among MRST in Addis Ababa, Ethiopia.*
- *H4: Tax policy has a positive effect on tax compliance behavior among MRST in Addis Ababa, Ethiopia.*
- *H5: E-tax adoption has a positive effect on tax compliance behavior among MRST in Addis Ababa, Ethiopia.*

1.5. Significance of the study

The significance of this study is that it will help the government increase tax revenue by identifying factors affecting taxpayers' compliance behaviour.

- **Policy makers:** it will help tax authority to develop appropriate strategy in order to minimize tax compliance problem to improve tax collection.

- **Practical:** it will get better understanding of this study will get better about factors affecting tax compliance and take the necessary action to enhance level of compliance. It will also be used as reference for those who need to conduct further study in this field.

- **Theoretically:** Finally, it will fill the gap identified under this study and will improve the level of tax revenue which is very important to successfully deliver public services, achieve growth and development plans of the country.

1.6. Scope of the study

According to the FDRE Ministry of Revenue database, Ethiopia has ten tax centers, five of which are in Addis Ababa and are responsible for collecting revenue from customs duties and domestic taxes.

This study will examine the factors affecting tax compliance behaviour of small taxpayer's branch office in Addis Ababa, mainly focusing on the Ministry of Revenue East A.A small taxpayers branch office, Ministry of Revenue West A.A small taxpayers branch office, and Ministry of Revenue North-west A.A small taxpayers branch office.

Specifically, this study aimed to investigate taxpayer compliance is affected by Business Characteristics, Characteristics of Accounting Practice, tax knowledge, Tax Policy and E-tax adoption system.

1.7. Limitation of the study

This study focus on the factor affecting tax compliance in MRST in Addis Ababa, Ethiopia. It was very challenging to obtain local studies because of the independent variables that were found that affected tax compliance behavior. Therefore, a significant obstacle to the study was the lack of local studies to scientifically support the topic. The study's second limitation was the lack of response. The study heavily depended on the questionnaires that the taxpayers of small taxpayer branch offices filled out and answered. Because they were only in the tax office for a short while, taxpayer responses were difficult to obtain. As a result, gathering enough data requires more time.

1.8. Definition of Terms

TC: means fulfil the rule and duties by paying the correct tax, reporting requirements and procedural rules on time. This entails filing tax returns on time, reporting all the income and claiming the right deductions and where taxes are due making tax payments on time (Mhd et al.,2011).

BC: the features of business which is contain the size of the business, typeof business ownership, business age and banking transaction.

AP: recording of the day-to-day financial operations of a business entity necessary to produce the legally required financial statement by using accounting information system.

AT: - is an effort or action accompanied by self-encouragement and a willingness to perform one's taxation rights and obligations in accordance with the regulations.

TP: - **refers** to a government decision that is simple, transparent, neutral and stable in terms of, what taxes to levy, in what amounts and on whom

ET: - a current IT systems, may allow electronic registration, electronic filing (e-filing), electronic payment (e-payment), information distribution, and other functions. (Jimenez 2013; PWH and WBG, 2020)

1.9. Organization of the Study

This study comprises of five chapters. In the first chapter, background of the study, statement of the problem, objective of the study, hypothesis of the study, significance of the study, scope of the study, limitation of the study, operational definition of terms and organizational study were included. In the second chapter, Theoretical related literature review and Empirical related literature review shall be incorporated. In the third chapter, the methodology part of the study shall clearly be detailed. In fourth chapter, results and discussion and in fifth chapter, Summary, conclusion and recommendations of the study will be presented consecutively.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Theoretical Related Literature Review

2.1.1. Overview of Tax

According to Bhatia (1996), “a tax is a liability imposed up on the tax assesses who may be individuals, groups of individuals or other legal entities.” It is a financial obligation to pay a specific amount because tax assesses earn a certain amount of money from certain tangible or intangible assets, or because they engage in certain economic activities that are subject to taxation.

A tax is a mandatory charge, and those who are taxed must pay the amounts regardless of the government's direct return of services or products. Government needs financial resources to act as a government and play a role that is expected from it by the public (James and Nobes, 2000).

Julia, (2018), defines taxes are fees levied on individuals or corporations and enforced by a government entity whether local, regional or national in order to finance government activities.

Paying tax is one of the most universal, frequent, and potentially contentious interactions that citizens have with their government. If paying taxes is seen as easy, straightforward, fair and robust, then individuals and businesses may associate those traits with their government more broadly (PWH and WBG 2020).

Additionally, Lymer and Oats (2009), tax is defined as a compulsory levy, imposed by government or other tax raising body, on income, expenditure, or capital assets, for which the taxpayer receives expenditure, or capital assets for which the taxpayer receives nothing specific in return.

Agni and Santoto (2018) reiterated taxes are the embodiment of a state obligation and the participation to fulfilling state finances, and national development to achieve equitable social justice and prosperity both material and spiritual.

Solichah et.al (2018) also asserted taxes become one of the important instruments on national economy because it's the largest sources of state revenue for the country incomes. He argued the

problem for increasing taxpayers' compliance is a classic problem that never seems to be finished and global phenomenon.

Taxation In Ethiopia

The 1995 constitution of Federal Democratic Republic of Ethiopia (FDRE) classifies taxation power into three: as those assigned exclusively to the federal government, regional states, and concurrently to both regional and federal governments. As per the constitution, regional states have the power to levy and collect taxes from sources assigned to them.

Ethiopian Revenue and Customs Authority (ERCA) is responsible for 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 (World Bank Group, 2016).

Business Categories in Ethiopia

The law has classified the business income taxpayers in to three major categories with respect to their legal personality and gross income. According to Federal Income tax proclamation No. 276/2016.

- Category "A" taxpayer being
 - A company
 - Any other person having an annual gross income of br. 1,000,000 or above
- Category "B" taxpayer being
 - Being a person rather than a company
 - Having an annual gross income greater than br. 500,000. But less than br. 1,000,000
- Category "C"
 - Being a person other than a company
 - Having an annual gross income less than br. 500,000.

2.1.2. Definition of Tax Compliance

Various authors have defined tax compliance in various ways. For example, James and Alley (2002), tax Compliance refers to the willingness of individual to act in accordance with in both the spirit and the letter of the tax law and administration without the application of enforcement activity.

Rahayu (2010) explained that tax compliance is a condition in which the taxpayer meets all its tax obligations and performs the taxation rights.

It is also the degree to which a taxpayer compliance necessary fails to comply with the tax rules of a country, for example by declaring income, filing a return and paying tax due in a timely manner.

According to Kirchler (2007) stated that tax compliance might be voluntary or enforced compliance. That means voluntary compliance is made possible by the trust and cooperation between tax authority and taxpayer and also the willingness of the taxpayer on his won to comply with tax authority's directives and regulations.

However, the authorities can enforce compliance by the threat and application of audit and fine in the presence of distrust and lack of collaboration between authority and taxpayer, which creates a tax unfavorable environment.

Overall, tax compliance involves being aware and observing the tax laws and requirements set forth by government officials and other taxing authorities (Northeastern University, 2020). Thus, according to Pistoneet al., (2019), in the design and development of tax policy (i.e only the revenue-raising side of fiscal policy), there are certain universal factors that should be present to levy taxes and achieve efficient collection of taxes (irrespective of the quantum desired or the specific goals to be achieved).

MCBarnett (2003), tax compliance may take three forms, which is include committed compliance, capitulates compliance and creative compliance.

- Committed compliance refers to a taxpayer's readiness to fulfill the taxpayer tax duties without complaining,
- capitulate compliance refers to a taxpayer's reluctance to discharge his or her tax duties and
- creative compliance (tax avoidance) refers to any effort by a taxpayer aiming at decreasing taxes by redefining income and deductible expenditure within the legal parameters.

However, according to Arogundade (2005) and Sandomo (2005) there is conceptual distinction between the tax avoidance and tax evasion. These two activities are usually distinguished in terms of legality, with avoidance referring to legal measures to reduce tax liability and evasion to illegal measures (Sandomo, 2005).

According to his perspective tax evasion is carried out violation of law, therefore is illegal while tax avoidance is carried out within the legal framework of the law to reduce one's tax liability, therefore tax avoidance is legal.

Tax non-compliance is the failure of taxpayer to meet tax obligations whether the act is done intentionally or unintentionally (James and Alley, 2004; Loo 2006; Mohani, 2001; Kesselman, 1994 and Sandmo, 1972 and Kirchler, 2007). Broadly classified noncompliance as failing to file a tax return, underreporting of taxable income, overstating tax claims such as deductions and exemptions and failing to make timely payment of tax liability.

Some commentators see non-compliance only as an evasion problem, this does not see to capture the full nature of the problem. Clearly tax evasion is a form of non-compliance. However, if taxpayers go to inordinate lengths reduce their liability this could hardly be considered compliance either.

Such activities might include engaging in artificial transactions to avoid tax, searching out every possible legitimate deduction, using delaying tactics and appeals wherever this might reduce the flow of tax payments and so on.

Compliance might therefore be better defined in terms of complying with the spirit as well as the letter of the law. Tax compliance is a complex behavioural issue and investigation requires the use of a variety of methods and data sources as each instrument has strength and weakness.

2.1.3. Factors affecting tax compliance

An extensive literature was conducted on the factors affecting tax compliance. Tax compliance is a major problem for many tax authorities, and it is not an easy task to persuade taxpayers to comply with tax requirement even though tax laws are not always precise.

2.1.3.1. Business Characteristics (BC)

❖ Business size

It has been proven that as a company's size grows, so do its absolute external tax compliance expenses (Coolidge & Ilic, 2009; Fauziati & Kassim, 2018). According to much research, the size of a company and compliance expenses have a negative association with turnover. Small businesses face higher relative compliance costs, which can be explained in part by the fact that compliance costs might be considerable.

Coolidge et al. (2009) found that as the size of the business increases, the absolute external tax compliance costs also increase too. Three measures of business size can be used- turnover, number of employees and gross asset value.

As the information associated with only two of these measures became available, only turnover and the number of employees could be considered. To know which of these variables maintains a stronger impact on tax compliance, both variables were included in the analysis. The number of small (medium and big) businesses is disproportionately low (high). The same is true for some of the sector's such as the construction. This is because the size classes containing bigger businesses and some sectors could be deliberate overweighted to reach a sufficient number of businesses for each sector and size cell.

Several studies have reported a negative relationship between company size and compliance expenses relative to turnover (Slemrod & Venkatesh, 2002; Smulders et al, 2017; Hanefah et al, 2002). In a comprehensive review of administrative and compliance costs of goods and services taxes (GSTs), (Chossen 1994) reported that the relative compliance costs associated with GSTs predominantly encumber SMEs. The reason that small businesses bear higher relative compliance costs can partly be described due to compliance can be considered fixed up to a certain extent.

❖ **Types of Business ownership**

Small business owners' assessments of their tax status are differentiated by three main characteristics, according to Kamleitner, Korunka, and Kirchler (2012). (1) Small company owners are more likely than employed taxpayers to see greater chances to avoid compliance; (2) they are more likely to lack substantial taxation knowledge; and (3) they are more likely to face choice frames that portray taxes as unpleasant losses.

❖ **Business Age**

Internal taxation and a company's age are inextricably linked. With simple business structures, new enterprises tend to create minimal or low turnover.

Owners want more sophisticated business structures, notably incorporation, as their enterprises become more successful over time and their turnover increases, in order to reduce risk and tax. In addition, compared to older enterprises, younger businesses spent significantly more time on tax compliance expenditures. The inexperience of younger enterprises in tax-related chores, which caused them to spend more time learning the legislation, could be the explanation. According to

this line of reasoning, an increase in a company's age is related with increased experience, which reduces internal time spent on tax compliance chores (Matarirano, Chiloane-Tsoka, & Makina, 2007).

The more established business incurs, the higher internal tax comparison fees compared with the younger businesses. This is due to higher level of tax complexity compared with the less young business (Eichfelder & Schorn, 2008).

There is a simple link between the age of a business and internal tax. New businesses tend to generate small or low turnover with simple business structure. As businesses become more successful overtime and their turnover grow, owners tend to favour more complex business structure, particularly incorporation, to minimise risk and tax. This can increase both tax and non-tax compliance (McGregor-Lowndes & Ryan, 2009).

❖ **Banking transaction**

It is necessary to explore the role of cash in facilitating tax evasion and money laundering. Because it is difficult for taxpayers to retain accurate records of all of their transactions. Cash is sometimes used by a small number of persons to conceal or hide their taxable income by failing to disclose or underreporting what they owe.

Previous research has shown that levying a banking transaction tax on cash rather than electronic payment methods has several negative consequences for the economy, including the high cost of maintaining a large cash volume, easier tax evasion, and the growth of grey and black markets (Baca Campodonico, de Mello, & Kirilenko, 2012).

2.1.3.2. Characteristics of accounting practices within organization (AP)

❖ **The Organization of the accounting Methods:**

In the organizational structure of a corporation, the accounting system is crucial. For measuring performance, identifying possible issue areas, and fixing difficulties, the accounting system must give reliable data. A competent accounting system will assist managers in rapidly and simply completing tax compliance needs.

Compared to large entities small owners may experience more stress as a result of a lack of a solid record-keeping system that generates erroneous and timely tax information (Yong, 2011).

❖ **Collecting, storing, and processing accounting data:**

Collecting and processing accounting data and information in accordance with accounting standards and regimes, as well as the subjects and substance of accounting work (Wang, 2019).

The process of recording, summarizing, and evaluating data regarding corporate financial activities within an organization has been linked to tax compliance concerns, according to the report (Hollander, Denna, & Cherrington, 1999).

❖ **Using an accounting information system:**

Accounting information systems assist businesses in gathering, managing, storing, interpreting, processing, and retrieving financial data. One of the most important components of an accounting information system is accounting software. Accounting software can also generate the data required for tax compliance (Wang, 2019).

2.1.3.3. Awareness of tax rule and regulation (AT):

Alabede et al. (2011) believed that consciousness is a will accompanied by action from reflexionalto reality. Taxpayer awareness is an effort or action accompanied by self-encouragement and commitment to carry out taxation rights and obligations in line with the regulations. Taxpayer awareness is understood if the taxation regulation has been known, acknowledged, respected and obeyed. Low taxpayer awareness is said to be accused by a lack of information and understanding of tax rule and regulation.

Munari (2005), also explained that taxpayers experience awareness when they: know the existence of laws and provision of taxation; know the function of paying taxes to the tax center; understand the right and obligation to be implemented; count, pay and report voluntarily; calculate pay and report taxes correctly.

❖ **Proficiency of tax regulation**

When taxpayers don't understand the tax system, they are likely to get confused, spend more time figuring out their obligations and make mistakes that could lead to sanctions. The cost of compliance (taxpayer's cognitive, time and financial costs as they grapple to understand and comply with the system) are proven to be large and highly regressive.

❖ **Perceived fairness of the tax system and tax rate:**

Tax fairness is one of main factors of a good tax system. It is taxpayer' belief that the tax imposed is a fair tax. It is considered as one of main determinants of tax compliance. It is widely

believed by tax authorities and the taxpayers that growing dissatisfaction with the fairness of tax system is the major causes behind increased tax non-compliance. Tax fairness appears to consist of two dimensions i.e., fairness of the exchange and the interest received for tax given and the justice of the taxpayers' burden in relation to that of other taxpayers (Siahaan, 2005; Alshira'h and Hijattulah Abdul-Jabbar, 2019).

❖ **Satisfaction with tax office**

The role of the tax authority in minimizing the tax gap and increasing voluntary compliance is very important. In this case the quality of services provided by the tax authority will have an influence only on the amount of tax revenue to be collected but also the compliance levels of taxpayers. It is therefore important for tax offices to maintain excellence serviced in order to guarantee voluntary compliance. Thus, client satisfaction needs to be their priority and thus they should aim to offer an excellent service for taxpayers with passion and purpose to improve their compliance.

❖ **The Cost of tax compliance**

Small taxpayers bear the largest burden. Sometimes compliance costs mean that taxpayers end up paying more tax than they should. This creates frustration and perceptions of unfairness, which in turn negatively affect compliance (Mascagni, 2020). Mostly small taxpayers have less knowledge on tax related legislation and other related issues, and this may lead to them to unintentional non-compliance behavior.

2.1.3.4. Tax Policy (TP)

❖ **Procedure of tax declaration:**

tax procedure rules govern how tax compliance and administration including taxpayer 'obligation to file returns correctly and on time (EUROPEIA, 2007).

❖ **Tax law:**

If a tax law is clear and precise, taxpayers may view taking of a questionable deduction to be immoral. In turn, it is suggested that taxpayers who consider the taking of a particular deduction to be immoral will be inclined to not take the deduction. Conversely, if a tax law is vague and complex, taxpayers may be less prone to view the taking of a questionable deduction to be immoral.

Such taxpayers may be inclined to take the deduction (Nugent, 2013).

❖ **Mechanisms for encouraging tax compliance**

Encouraging tax compliance demands a careful understanding of how taxpayers think about and experience taxation (Karanja, 2014).

❖ **Measures to support taxpayers**

To pay appropriate taxes small business owners must be knowledgeable about the different compliance measures and requirements (Kamleitner et al.,2012).

2.1.3.5. Electronic Taxation(ET):

An electronic tax system is a web-based platform that allows taxpayers to access tax services via the internet. Registration for a tax identification number, filing of returns, and registration of a payment and compliance certificate application are examples of such services. Night and Bananuka (2018) quote Wasao (2014).

The 'e-tax system,' a component of current IT systems, may allow electronic registration, electronic filing (e-filing), electronic payment (e-payment), information distribution, and other functions. (Jimenez 2013; PWH and WBG, 2020). According to Mascagni et al. (2018), an electronic tax system allows tax administrators to have clear and verifiable information on taxable activities, allowing them to enforce compliance through alternative channels.

In general, stronger business records should make dealings with tax officials smoother and less arbitrary, as well as lowering compliance expenses. (2017, Okunogbe and Pouliquen).

E-filing and e-payment, as explained by PWH and WBG (2020), have several advantages that have made the tax preparation process easier for businesses, including the ability to file a tax return at a convenient time from one's office and the ability to prepopulate tax returns with data already entered collected by the tax authorities

In Ethiopia context in 2007, a new regulation made it mandatory for businesses to have a sales registration machine installed on their premises by one of the ERCA-certified vendors. Companies were asked to purchase the gadget on their own dime. Because SRM adoption was mandated for all businesses, there was no legal way for them to opt out or avoid it. In theory, every company using an SRM should use it for every transaction, including business-to-business transactions, with no exceptions. Failure to use the machine can result in severe financial

penalties and even jail, as well as the danger of the firm being closed. When it comes to our data, a company is considered an adopter once it has installed an ERCA device.

The system assists taxpayers with a variety of tasks, including processing returns and supporting information from taxpayers, matching returns against filing requirements, processing tax payments and matching them against assessments, and providing assessments and refunds (Manaye et al). (2019)

2.2. Empirical related literature review

This part of the study summarizes several empirical studies undertaken within and outside of a country on similar topics, which are described later.

(YONG 2011) conduct a study on tax compliance on the enterprise operations of New Zealand through employing quantitative methodology approach. He discovered that ethnic SME operators' tax compliance behavior was heavily influenced by culture and perception. This is because culture shapes the taxpayer's actions and perceptions of the world. Intangible resources such as values, tradition, informal community network, expertise, and culture are also important factors influencing business tax compliance behavior.

OJeeka(2012), investigates factors that affect tax compliance among small and medium in north Nigeria, he found out that high tax rate and complex filing procedures are the most crucial factor for SME taxpayers to be tax non-compliant. Other factors like multiple taxation and lack of proper enlightenment affect tax compliance among the SMEs surveyed only to a lesser extent. This pushes those businesses to go informal or be non-tax compliant.

Beside the author recommendation, SMEs be taxed at a lower rate to provide sufficient cash for business development and improve their prospects of survival in a competitive market. Increased tax incentives, such as exemptions and tax holidays, should be considered by the government, since they will not only encourage voluntary compliance but also attract investors who will be future viable taxpayers.

Fauziati, p., &KassimA.A.M (2018), examined the effect of business characteristics (age, size, sector and risk management) on the tax compliance cost. The researcher used survey design for this study. The questionnaire was distributed to member of department of Cooperative and Micro

Small-Medium Enterprises in Padang city. The findings of this study indicate that age, size and sector have no effect on tax compliance costs while risk management has an effect on tax compliance cost.

Kamleitner, B., Korunka, C., &Kirchler, E. (2012). Tax compliance of small business owners: the purpose of this study is small business owners play an important role in the tax system. This study seeks to establish a framework to highlight the tax situation of small business owners and resulting implication, from psychological perspective. The finding of this study is three key aspects seem to distinguish small business owners' perceptions of their tax situation: small business owner is likely to perceive more opportunities no to comply than employed taxpayers, they are more likely to experience a lack of meaningful taxation knowledge, and they are more likely to face decision frames that render taxes as painful losses.

Similarly, FanyInasius(2015) tried to measure tax compliance rate of individual taxpayers on small and medium enterprise evidence of Indonesia. Accordingly, the author the perception four tax compliance variables were examined namely the perception of tax rate, the referral group, the probabilities of auditing and tax knowledge influence tax compliance of business.

The authors state that the income tax rate is negative correlations with tax compliance, whereas the likelihood of being audited, referral, and tax knowledge are positively correlated with tax compliance, based on 319 respondents. Finally, the author concluded that tax knowledge has a greater impact on individual tax compliance.

Mas'ud, A., Aliyu, A. A., Gambo, E. J., Al-Qudah, A. A., & Al Sharari, N. (2014), this study examines the correlation as well as the effect of tax rate on tax compliance in Africa using cross country data. The study used all the African countries as population, upon which sample were selected using multi-stage approach. Data was analyzed using SPSS version 19. The findings shows that there is significant negative correlation between tax rate and tax compliance that means tax rate has negative effect on tax compliance.

Beside the author recommendation that the tax rates above the average that are experiencing noncompliance should reduce their tax rate to the mean tax rate in Africa

Noor Sharoja(2014) conducted research on determinants of taxpayer compliance behavior with respect to corporate income tax reporting requirements in Malaysia. For data gathering, a researcher-administered questionnaire survey method was used. The findings of this study show that the age of the business, the amount of tax liability and the complexity of the tax code consistently influence the likelihood of tax non-compliance behaviour in the areas of under-reporting income, over-claiming expenses and total non-compliance. Nonetheless, tax compliance expenses have insignificant relationship with the non-compliance behaviour of corporate taxpayers. The remaining variable are significant predictors of at least one form of non-compliant behaviour.

Supadmi (2010) conducted research on the mediating of service quality on the relationship among taxpayer awareness, tax socialization, tax penalties, compliance cost and tax compliance. The survey was conducted in the Pekanbaru-Samsat office, on 100 taxpayers of motor vehicles and data collected through the questionnaire technique. The author findings showed that service quality plays an important role in mediating the relationship between taxpayer knowledge, tax penalties, compliance costs and taxpayer compliance. Conserve service quality has no mediating role in the relationship between tax socialization and taxpayer compliance.

Nugroho and Zulaikha (2012) examined the factors that influence the willingness to pay taxes with the awareness of paying taxes an intervening variable. The author reported the result that variable of knowledge and understanding of taxation regulation, equality practical service and perception of tax effectiveness have a significant influence on the aware of paying taxes. So, that they can understand the general provisions and procedure of taxation covering the delivery of annual tax return, payment, place of payment, the reporting of annual tax return, fines as well as the due date of payment and reporting.

Rahayu, Y., Setiawan, M., &Troena, E. A. (2017). Sudjatno. (2017). The role of taxpayer awareness, tax regulation and understanding in taxpayer compliance. this study to analyze the taxpayer's awareness, whether it can mediate the knowledge an understand of tax regulation on taxpayer compliance or not. The respondents in this study were taxpayers, who were surveyed quantitatively. The findings reveal that tax regulation knowledge and understanding, as well as taxpayer awareness, all contribute to taxpayer compliance. Furthermore, indirect knowledge and

understanding of tax law in society through taxpayer awareness has no major impact on tax compliance. Due to their diverse demographic backgrounds, the respondents have not fully learned tax administration utilizing information technology and have not fully realized the need of paying taxes for the nation's prosperity, according to the findings.

In order to pay appropriate taxes small business owner must be knowledgeable about the different compliance measures and requirements (Kamleitner et al., 2012).

Muita (2011) in her MBA thesis has done a related study on the factors that influence adoption and use of e-tax filing systems among large taxpayers in Kenya Revenue Authority. The author found the use of electronic filing, which is aimed at guaranteeing correctness and timely reconciliation of the data included, is intended at ensuring accuracy and prompt reconciliation of the data contained, since tax systems do automatic reconciliation and validation of the returns. In many nations, the goal of tax reforms to increase voluntary compliance, and one way to do this to implement an electronic filing system. Due dates, which are mandatory dates for either tax returns or payments to be transmitted to the tax authorities, are used to file and remit various taxes. Failure to do so results in non-compliance and fines.

In the author conclusion of the study revealed that the need of adequate skill about the e-tax filing system and infrastructure development.

Similarly, there are studies conducted to examine/identify factors affecting business taxpayers tax compliance in Ethiopia. Engida and Baisa(2014) attempted to reveal determinants of taxpayers' compliance with the tax system by focusing on Category C taxpayers in Mekelle city, Ethiopia through employing cross-sectional survey method. The study examines nine tax compliance determinants and found out probability of being audited, financial constraints, and changes in the government policy are key factors influencing tax compliance of the stated taxpayers.

Moreover, Derar(2016), investigate the factor effect of small and medium enterprise business profit taxpayers in Addis Ababa through employing descriptive research method. The study signifies that salary and fees of tax of accountant and tax consultant, cost of stationery and lack of tax knowledge and rules and tax authority professional service deferent tax knowledge are the key factor makes those business not being compliant.

Biru(2020) also conducted a study aimed at to assess factors that affect tax compliance behavior of small and medium enterprises taxpayer in Nekemte city administration. The author employs descriptive and explanatory research design. Accordingly, the finding of the study revealed that the level of income, fine and penalty, rewarding and incentives, simplicity of tax system, perception of government spending, tax audit, attitude toward tax and tax knowledge and awareness were statistically, significantly and positive associated with tax compliance behavior of small and medium enterprise taxpayers. On the contrary, tax rate has statically significant negative effect on tax compliance behavior on those enterprises.

Similarly, Tessema(2020) to identify the determinant of tax compliance in Ethiopia by focusing on Gurage zone through employing describing and explanatory research design. Accordingly, the author found out that tax rate, tax knowledge, tax compliance cost, attitude of the enterprises and tax system significant determine tax compliance taxpayers. On the contrary taxpayers' knowledge, taxpayers attitude found to be insignificant relationship with tax compliance of the taxpayers.

A similar study was conducted by Weldegiorigs,(2010) aimed at to assess taxpayers' voluntary compliance with taxation in Mekelle through applying an econometric technique like factor analysis, correlation, and multiple regressions. The study shown that, equity or fairness, organizational strength of tax authority, awareness level of taxpayers, social factors, cultural factors and taxpayers' attitude towards the government were found to be the determinant factors affecting taxpayers' voluntary compliance.

Mehari and Pasha (2017) also conducted a study to assess taxpayers' attitude on factors that affect voluntary compliance of Category 'C' taxpayers' in Arbaminch city, SNNPR, Ethiopia using survey method. The authors found out that lack of awareness as major and leading reason for non-compliance of taxpayers while efficiency and effectiveness of the authority in improving the tax assessment and collection procedures, creating awareness, enforcing the tax law positively affect voluntary tax compliance of taxpayers. On the contrary socio-cultural factors affect attitude of taxpayers to be compliant both positively and negatively. On the other hand, political related factors were found insignificant in affecting their tax compliance behavior.

Similarly, Jemberie, (2020) conducted a study to investigate the determinants of tax compliance in a case of Category “C” business profit taxpayers in Nekemte town through employing qualitative research approach. The finding of the study denoted that family size and length of tax payment period has a significant negative influence while tax knowledge and awareness and tax penalty and fines has a significant positive influence over the level of tax compliance. On the other hand, amount of tax, probability of auditing and attitudes towards equity and fairness found to be insignificant factors in determining the compliance behavior of taxpayer.

Tulu (2009) also conducted a study to elicit the factors that affect the taxpayer’ voluntary compliance behavior both positively and negatively using descriptive in nature research method. Accordingly, the finding of the authority, awareness level of the taxpayers, socio-cultural factors, and provision of social services by the government found to be factors determining tax compliance of the businesses at Dire-dawa city.

Alemayehu Yilma (2020) assess determinants of Tax Compliance Behavior Among Taxpayers: The Case of Large Taxpayers’ Branch Office, Ethiopian Ministry of Revenues The result indicated that fairness of tax system, complexity of tax system, probability of detection; income level, penalty rate, peer influence, tax knowledge, gender and age affect tax compliance behavior

Mahlet, G/Egziabher(2020) Determinants of Tax Compliance in Ethiopia: The Case of Federal Large Taxpayers. The regression analysis showed that tax compliance behavior has significant as well as positive relationship of with perception of equity and fairness towards the tax system, the influence of peer groups in the surrounding environment, the possibility of detection and penalty, motivational posture and perception towards government spending

KassuMeressa, (2021) determine the factor affecting tax compliance behaviour of small taxpayers at the federal level by focusing Ministry of revenue West Addis Ababa small taxpayers branch office. Result on this study, tax compliance behaviour has positive relationship between perception of tax administration, tax fairness, knowledge of tax law, strength and service delivery of the authority.

Abegaz(2019) also conducted a similarly study with the objective of to identify determinants of business taxpayers’ compliance with tax system with a special reference to category “C” taxpayers in Debre-Birhan city, Ethiopia through employing survey research design. As

understood from the finding of the study, awareness level, fairness, influences of peer groups, income level, detection and punishment have significant positive influence on tax compliance.

Whereas the study indicated that there is an inverse relationship between attitude of taxpayers towards the government and tax compliance behavior. The result of the study also reveals that fairness followed by detection and punishment is found to be the most important determinant factor influencing Category “C” business taxpayer’s compliance with tax system in the city administration.

AshenafiMebratu (2018) conducted study to evaluate the status of tax compliance and factors affecting compliance behavior of business taxpayers in Addis Ketmasub city. The author analyzed the number of respondents which is tax comply are less than the not to comply. This study found the factors affecting the tax compliance behavior of respondent in the sub-city are knowledge of taxation, probability of detection for non-compliance and complexity of the tax system were found to have a significant effect on tax compliance behavior. As conclusion of the study, the nature and interest of the taxpayer in connection to using the information, knowledge of taxation does not always lead to compliance, but it can occasionally lead to non-compliance. Besides the author recommendation, it was suggested that the government implement new technologies to aid in the detection of non-compliance, thereby simplifying the current tax system in the sub city.

Michael (2018), assess the adoption of e-tax system by using descriptive statistics using survey questionnaire and interview. The study findings confirmed electronic tax filing system was useful with many relative advantages and stated that the online system was operationally easy and not complete to adopted and the system was compatible and affordable with existing and past trends.

Gwaroet.al (2016), assess the effect of level of awareness e-tax by using the study uses the survey descriptive research design perceived on computer literacy and security on tax compliance. The study showed literacy had significant effect on tax compliance.

2.3. Research Gap

Based on review the previous literature at international level researchers have identified and investigate factor affecting tax compliance behavior among small and medium sized enterprise. Furthermore, empirical literature analyzes the factor affecting tax compliance behavior in different assumptions.

Evidence shows that Ministry of revenue taxpayers, which were previously categorized in to two (large & medium taxpayers) were re-categorized in to three adding a new category named small taxpayers branch during 2018. As small taxpayers branch offices are new offices, not with longer age in the tax collection system, the researcher has chosen them to be a focus of the study as there could not be sufficient studies conducted.

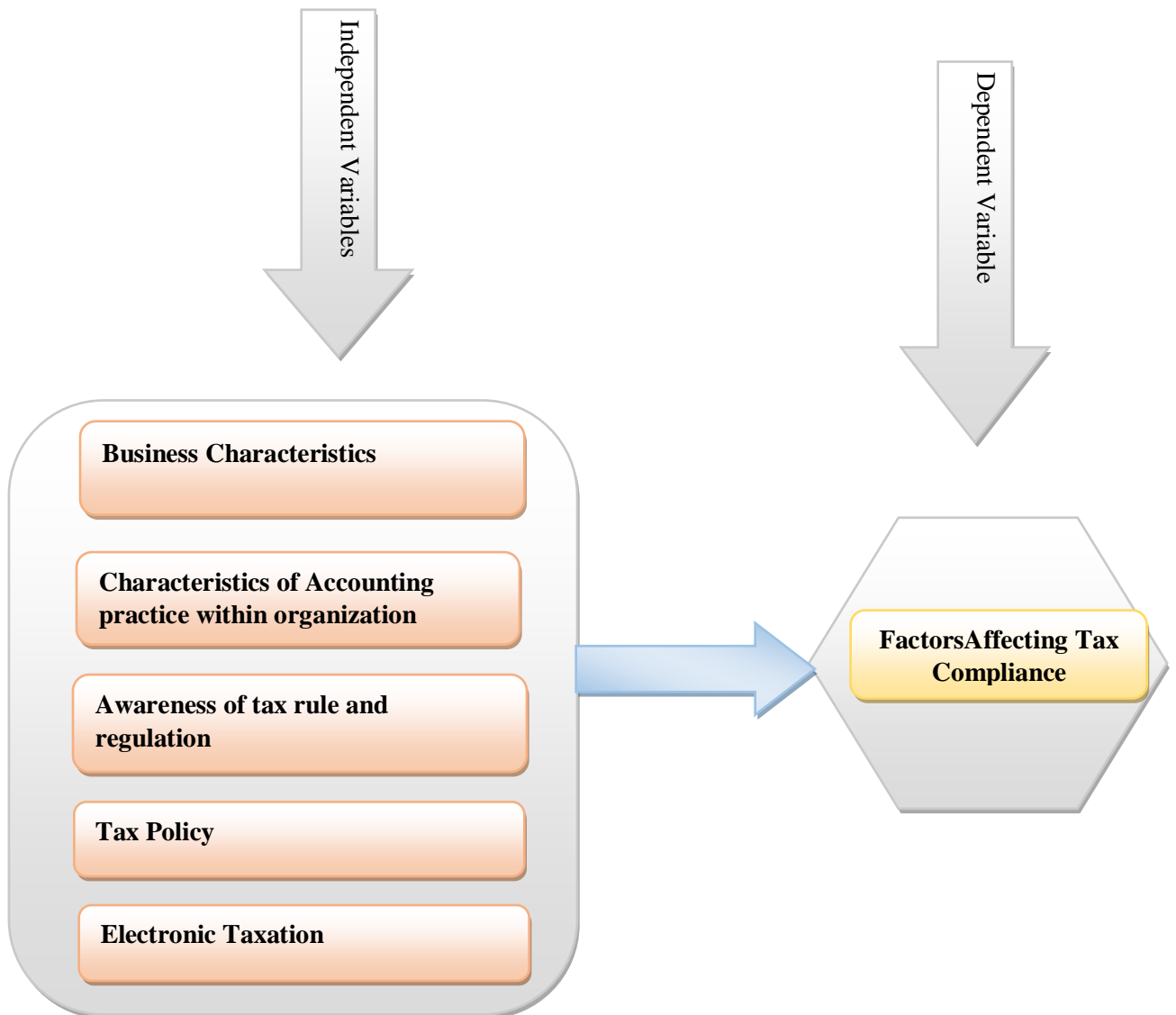
It is the researcher knowledge that various studies conducted on tax compliance behavior were not made against the five factors (Business characteristics, accounting practice, Awareness of tax rule and regulation, tax policy and electronic taxation) and relationship among tax compliance.

Hence, this research is aimed at filling the research gaps on factor affecting tax compliance behavior of MRST branch office.

2.4. Conceptual Framework of the study

Based on the existing theories in the literature, this study assumes that the factor affecting tax compliance behavior of taxpayers among MRST in Addis Ababa. The relationship between the dependent and independent variables are illustrated below.

Figure 2.1. Conceptual Framework of the study



Source: Researcher own construction based on literature review

CHAPTER THREE

METHODOLOGY OF THE STUDY

3.1. Introduction

This chapter outlines the methodology of the study used to fulfill the objectives of the research set out in the introduction. It contained the Research Design, Target Population, Sampling Size, Sampling Techniques, Tool of dataCollection, Data Analysis method and Ethical Consideration.

3.2. Research Design

The objective of the study is investigating the factors affecting tax compliance behaviourMRSTbranch officesin Addis Ababa. Accordingly, both descriptive and explanatory research design were applicable for this study.

3.3. Research Approach

In order to achieve the objective of this study, the research method followed quantitative approach design to used to collect a large number of respondentssince it is survey study.

3.4. Population and sampling design

3.4.1 Target Population of the study

FDRE the ministry of Revenue database indicates ten tax centers in Ethiopia, from these ten tax centers five tax centers are exist in Addis Ababa which are responsible for collecting revenue from customs duties and domestic taxes.

A population is a large pool of cases of elements from which researcher draws a sample and results generalized from the drawn sample (Leedy& Ormrod, 2013). According to ERCA (2022), the total population ofMRSTin Addis Ababa as of April 2022 was around 27,000.

3.4.2 Sampling size determination

Sample refers segment of the population selected for investigation to represent much large population or group about which the researcher wishes to make generalized statements so that the selected part represents the total population (Satpathy and Manaye, 2019). Hence, to

determining sample size is a very important issue because if the samples are too large it may waste time, money and resources, while samples that are too small may lead to inaccurate result (Noble 2019). Hence, to determine the sample size, the study has used Yamene’s (1967) formula that provides a simplified method of calculate the sample size. This formula based on a 95% desired confidence level and 5% desired level of precision.

There are about 27,000 small taxpayers registered at Ministry of Revenue small taxpayers branch office as of April, 2022;

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

Where :-

n = sample size

N = population size

E = level of precision

$$n = \frac{27,000}{1+27,000(0.05)^2} \quad n=394$$

Based on computation by using this formula, the sample size was determined to 394respondents. The number of respondents in each category is computed proportionally. By considering there is unexpected respondent response, a total of 400 questionnaires were distributed to randomly selected small taxpayer and 388 questionnaires were returned which is 97% (388/400) of the total distributed questionnaires. 4 incomplete questionnaires were rejected by the system when analyzing the regression from the collected 388 questionnaire and 384 were used for regression analysis.

3.4.3 Sampling Techniques

sampling technique employed for collecting data from taxpayers. Ethiopian Ministry of Revenue has ten branch offices in Ethiopia. Among these branches the researcher selects small taxpayers branch office, located in Addis Ababa, due to highest marketplace and presence of large numbers of business ventures in various categories.

3.5. Tools for Data Collection

In view of the survey design, the study mainly uses primary data sources to elicit data and obtain the knowledge and experience from those who are familiar with the issue to identify the factors affecting tax compliance.

The research employed structured questionnaire as the main primary research instrument to obtain the necessary data. A questionnaire is considered as key tool collecting data as most widely used tool in social research. It contains standardize question whereby respondent can easily understand irrespective of qualification and educational background and position matter. The data will be collect using self-administrative questionnaire that could be hand delivery and hand collected to the respondents.

3.6. Operationalization and Measurement of Variables

The main goal of this study is to find out the factor affecting tax compliance behavior of MRSTbranch office in Addis Ababa. The dependent variable in this study is tax compliance of MRSTwhich is measured using subjective measurement of taxpayer compliance behavior. It is measured using a five-point Likert scale. The definition of the independent variables their measurement and expected factor on the tax compliance is indicated in Table 1.

Table 1. conceptual definition of constructs

Constructs	Definition	Measurement	Expect effect on measuring tax compliance (+/-)
Business Characteristics	Refers to he features of business which is contain the size of the business, type of business ownership, business age and banking transaction	Five-point Likert type scale (5=strongly agree, 4 = agree, 3= neutral, 2= disagree, 1 = strongly disagree)	+
Accounting Practice	Refers to recording of the day-to-day financial operations of a business entity necessary to produce the legally required financial statement by using accounting information system	Five-point Likert type scale (5=strongly agree, 4 = agree, 3= neutral, 2= disagree, 1 = strongly disagree)	+
Awareness of tax rule and regulation	Refers to information or knowledge of taxpayer about the tax offices rule and regulation	Five-point Likert type scale (5=strongly agree, 4 = agree, 3= neutral, 2= disagree, 1 = strongly disagree)	+
Tax Policy	Refers to a government program setting taxesto what to impose, in what amounts and on whom.	Five-point Likert type scale (5=strongly agree, 4 = agree, 3= neutral, 2= disagree, 1 = strongly disagree)	+
Electronic taxation (e-tax)	Refers to a web-based platform that allows taxpayers to access tax services via the internet. Registration for a tax identification number, filing of returns, and registration of a payment and compliance certificate application	Five-point Likert type scale (5=strongly agree, 4 = agree, 3= neutral, 2= disagree, 1 = strongly disagree)	+
Tax compliance	Refers to the willingness of individual to act in accordance with in both the spirit and the letter of the tax law and administration without the application of enforcement activity.	Five-point Likert type scale (5=strongly agree, 4 = agree, 3= neutral, 2= disagree, 1 = strongly disagree)	

3.7. Measurement of Variables

The main goal of this study is to find out the factor affecting tax compliance behavior of MRSTbranch office in Addis Ababa. As previously stated, the study strategy is a survey. The researcher developed an adequate research variable based on an extensive literature review that has been validated in previous investigations. The variables and their accompanying measurement sources utilized for the questionnaire are listed in the table below.

Table 2. Source of constructs

Constructs	Number of Items	Sources of Questionnaire items
Tax compliance	4	Taylor (2002)
Business Characteristics	4	Fauziati&Kassim, (2018)
Accounting Practice	5	Yong, (2011)
Awareness of tax rule and regulation	5	Ahmed &Braithwait, (2005); Tusubira&Nkote, (2013)
Tax policy	5	Loo & Ho, (2005)
Electronic Taxation (e-tax)	5	Ndayisenga and Shukla (2016)

Source:Own literaturereview

3.8. Data Analysis Methodology

In line with theoriesand literature reviewed, multiple regression model is specified to predict tax compliance using the five independent variables in the study: BC, AP, AT, TP, and ET (e-tax), in view of the literature.

The regression model is therefore stated as follows

$$TC = X_0 + X_1BC + X_2AP + X_3AT + X_4TP + X_5ET + e \dots\dots\dots\text{equation}$$

Where;

TC= Tax Compliance

X₀ = constant

X₁ = Business Characteristics

X₂ = Accounting Practice

X₃ = Awareness of Tax rule and regulation

X_4 = Tax Policy

X_5 = Electronic Taxation

e = Error terms

all the above inferential statistical tests were analyzed using the statistical package for social science (SPSS), version 26. All tests were two tailed with significant levels were measured at 95% confidence level with significant differences recorded at $p < 0.05$. besides, diagnostic tests for normality, linearity and multicollinearity (serial correlation) of the regression model will be tested to ensure the model validity.

3.9. Data Analysis and Interpretation

To make the analysis more meaningful, clear, and easy to interpret, descriptive statistics such as frequency distribution and figures were used to assess the demographic profile of the respondents. Descriptive statistics enable researchers to present data in a structured, accurate, and summarized manner. The data was analyzed using the SPSS statistical software (Version 26). The information gathered in the field was sorted for completeness, checked for errors and omissions, and summarized in tables. The study's data was also decoded into a computer, and statistical analysis was performed using the Statistical Package for Social Sciences (SPSS 26) for the descriptive portion of the study, as well as Cronbach's Alpha to test the data's validity.

3.10. Validity and Reliability

Validity is the degree to which a test measures what it purports to measure Creswell (2009).

To ensure validity of instruments, the researcher was developed under close guidance of the advisors and also a pilot study will be carried out on 7 respondents to pre-test the instrument. The pre-test was providing an advance opportunity for the investigator to check the questionnaires and to minimize errors due to improper design elements, such as question, wording or sequence (Adams et al. 2007:136). After the dispatched questionnaires were returned, necessary modification on 5 items and complete removal and replacement of 4 unclear questions were done. Finally, the improved version of the questionnaire was printed, duplicated, and distributed to the targeted respondents.

The data reliability test is measured by using Cronbach's alpha, α (or coefficient alpha) which was reliability or internal consistency. According to George and Mallery (2003), Cronbach's alpha

is the most common reliability coefficient which estimates internal consistency by determining how all items on a test relate to all other items and to the total test-internal coherence of data, where “> .9 – Excellent, > .8 – Good, > .7 – Acceptable, > .6 – Questionable, > .5 – Poor, and < .5 – Unacceptable”.

After the test of all the variables passed the test, the researcher proceeded for further analysis. Hence, the Cronbach’s Alpha values of the survey presented in table below indicate good reliability.

Table 3. Reliability Test (Cronbach’s Alpha)

Dimensions	Cronbach’s Alpha
Business characteristics	0.869
Accounting Practice in the organization	0.861
Awareness of tax rule and regulation	0.846
Tax Policy	0.869
Electronic Taxation (e-tax)	0.855
Tax Compliance	0.859

Source: Analysis of Survey data 2022, using SPSS 26

The Cronbach’s Alpha range value is 0.846 to 0.869. Therefore, all variables are good and acceptable for further analysis.

3.11. Ethical Considerations

In the context of research, ethics is referring the obligation of the researcher keeping confidentiality, non-disclosure and anonymity of participant in the study. (Bryman 2019) defined ethical consideration is a series of action expected from a researcher includes protecting participants from danger, to ensure the voluntary participation, protecting participant to have privacy and free from dishonesty. This study will guide by the general rules of research ethics in such a way that respondents were requested to give information on the voluntary basis, and in a manner that confidentiality of the information will give guarantee.

Research instruments, the primary data will be collected using a structured, close ended and self-administered five-point Likert scale questionnaire. Likert scale is used as it enables to extract exact information from the respondents on situations, they have already experienced. The

questionnaire was developed after reviewing existing literature on the factors affecting tax compliance.

The questionnaire is divided into Three section, where Section I, consist of General information about the participants, while section II covered question/statements that points the factors affecting tax compliance behaviour of taxpayers and the last section III contain comments and recommendation about the tax compliance behaviour of taxpayers.

The questionnaire is designed using a five (5) Likert scale of Strongly Agree, Agree, Neutral, Disagree and strongly Disagree in such a way that a set of questions/statement was used to assess each of the variables.

CHAPTER FOUR

RESULT AND DISCUSSION

4.1 .Introduction

In this chapter, the data was collected from respondents and analyzed and interpreted using quantitative analysis, which entails analysis of the demographic information of respondents and the descriptive and inferential statistics employed to test and to investigate the influence of independent variables on dependent variable. To analyze the collected data in line with the overall objective of the research undertaking, statistical procedures were carried out using SPSS (version 26).

4.2 Response rate on questionnaire

To research the factors affecting taxpayer compliance behavior, 400 questionnaires were distributed to the Ministry of Revenue small taxpayer branch office in Addis Ababa under the federal tax center. A total of 388 questionnaires were completed and returned, resulting in a response rate of 97 percent. This implies that the participants in this study were devoted to providing information that was useful to the investigation.

4.3 Demographic characteristics of respondents

This section contains a list of respondents who took part in the research and data collection. Questionnaires were used to obtain primary data from taxpayers at three MRSTbranch offices. As a result, this part focuses on the respondents' demographic features, such as gender, level of education, age, type of business sector, responsibility in the organization, work experience and time declare the tax in the that tax center.

Table 4. Demographic characteristics of respondent

Variable	Category	Frequency	Percent
Gender	Male	221	57
	Female	167	43
Current level of education	Certificate and below	10	2.6
	Diploma	58	14.9
	Degree	232	59.8
	Masters and PHD	88	22.6
Age	Between 21 and 30	141	36.3
	Between 31 and 40	149	38.4
	Over 40	98	25.3
Types of Business sector	Manufacturing	79	20.4
	Wholesale or retail trade	46	11.9
	Building and construction	46	11.9
	Domestic trade and Service	142	36.6
	Other	75	19.3
Your responsibility in the organization	Owner	85	21.9
	Manager	95	24.5
	Employee	208	53.6
Work Experience	Less than a year (<1)	18	4.6
	Between 1 and 5 years	141	36.3
	Between 6 and 10 years	81	20.9
	Between 11 and 15 years	52	13.4
	More than 15 years	96	24.7
When you start to declare the tax in this tax center?	Less than a year (<1)	28	7.2
	Between 1 and 5 years	204	52.6
	Between 6 and 10 years	94	24.2
	Between 11 and 15 years	37	9.5
	More than 15 years	25	6.4

Source: Analysis of Survey data 2022, using SPSS 26

The above table shows that 57% of the respondents are males while the rest 43% are females. Imron, et al., (2017) indicate higher productivity resulted from increased employee motivation and efficiency with those with diversity. Gender diversity is one of the sources of intangible and socially complex resources to market insight, creativity and innovation, and improved problem-solving.

Regarding the level of education, 2.6% Certificate and below, 14.9% are Diploma holders, most of the respondents 59.8% are degree holders and the remaining 22.6% Masters and PHD holders. This means that all the respondents had high, and the required educational background enable them to comprehend complexity and better understanding to tax compliance issues, challenge, and opportunities under tax compliance behaviour of taxpayers. Chetty and Campbell (2004) stated that of the vital characteristics of global firms is their quick and fast acquisition of knowledge. Education is important in all aspects of life, including taxpayer compliance with tax regulations and standards. Furthermore, education equips taxpayers with a working knowledge of tax concerns as well as the capacity to comprehend issues specific to their line of work.

As indicated in the table the age of the respondents, 36.3% are in between 21 and 30, 38.4% are in between 31 and 40 and 25.3% above 40. As the above result table clearly shows majority respondents are in the age category of between 31 and 40 years. Referring to the data, most of the federal small taxpayers are middle age groups. Middle age group dominated the participant of this study, and this has indeed contributed to the quality of work and gives the hope to change the awareness and perception of the taxpayers regarding tax declaring process.

Regarding the type of business sector, 20.4% of the respondents were engaged in Manufacturing, 11.9% of the respondents were engaged in wholesale or retail trade, 11.9% of the respondents were engaged in building and construction, 36.6% of the respondents were engaged in domestic trade and service and 19.3% of the rest respondents were engaged in other business activities. This implies that respondents are from different business sectors thus, the finding will indicate mixed results.

With reference to the responsibility in the organization of respondents, 21.9% are Owner, 24.5% are Manager and 53.6% are Employee. This indicates that the federal small taxpayers' responses have responsibilities in organizations as employees of a business enterprise or institution. This allows the relevant bodies or Ministries of Revenue to establish a seamless interaction with prospective organizations, as well as improve the tax compliance behavior of small taxpayers at the federal level by providing an expedient solution.

Regarding the respondents work experience, 4.6% of the respondents have an experience of <1 year, 36.3% of the respondents have an experience of 1-5 years, 20.9% of respondents have 6-10 years, 13.4% of the respondents have an experience of 11-15 years and 24.7% of the respondents have an experience of >15 years. From the result we can conclude that most of the taxpayers have worked in the organization for 1-5 years, implying considerable years of experience and acceptable knowledge and expertise in the tax collection system and related areas.

Regarding the time of declaring in that tax center, 7.2% of the respondents have declare tax in that tax center <1 year, 52.6% of the respondents have declare tax in that tax center 1-5 years, 24.2% of respondents have declare tax in that tax center 6-10 years, 9.5% of the respondents have declare tax in that tax center 11-15 years and 9.5% of the respondents have declare tax in that tax center of >15 years. From the result we can conclude that most of the taxpayers have declared in that tax center for 1-5 years, this implies significant years which show they are well experienced and have adequate knowledge and skill about the tax rule and regulation of tax center.

4.4 Survey results

The following descriptive statistical analysis shows the conceptual framework adopted for this study. Particularly, the analysis demonstrates the research questions to make discussion the study used mean, standard deviation, frequency and percentile. On a five-point scale, respondents were asked to indicate the extent to investigate the factor affecting tax compliance behaviour of taxpayers in MRST branch office in Addis Ababa in five scales (1=strongly disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=strongly agree).

4.4.1 Business Characteristics

From the data given below in table 5 according to the respondents on a question regarding, ***“the size of the business organization affects the tax compliance”*** 11.3% of the respondents replies to ‘strongly disagree’, 11.1% to ‘disagree’, 18.6% of the respondents’ reply to ‘Neutral’, 42.0% replies to ‘Agree’ and the rest 17.0% replies to ‘strongly Agree’ on the size of

the business. The mean value of the respondent is 3.42 which shows most of respondents (42%) lean towards agree on the size of the business organization affects the tax compliance.

Concerning with the type of business ownership types has the impact on the tax compliance 8.8% of respondents 'strongly disagree' while 11.3% 'disagree'. The respondents that reply 'Neutral' account for 19.1% of the respondents the rest 43.6% and 17.3% of them respond 'agree' and 'strongly agree' on the use of state-of-the-art technology. The mean result indicates 3.49 which substantiate that most of respondents (43.6%) to be 'agree' on the type of business ownership has direct relationship with tax compliance behaviour of taxpayers.

Table 5. Summary of survey findings for Business Characteristics

	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
BC1	The size of the business organization affects the tax compliance	11.3%	11.1%	18.6%	42.0%	17.0%	3.42	1.221
BC2	The type of business ownership types has the impact on the tax compliance	8.8%	11.3%	19.1%	43.6%	17.3%	3.49	1.162
BC3	The longer the business age, the tax compliance will be low or vice versa	11.3%	22.2%	24.5%	25.0%	17.0%	3.14	1.261
BC4	The more transparent of banking transactions are disclosed in the financial records, more likely to fulfill tax compliances	4.4%	9.3%	20.4%	41.0%	25.0%	3.73	1.072

Source: Analysis of Survey data 2022, using SPSS 26

When we come to the relationship between the age of a business organizations against the tax compliance are inversely related, 11.3% of the respondents has responded to 'strongly disagree', 22.2% of them replied to 'disagree' the respondents that replied to 'Neutral' account for 24.5% of the respondents and the 25.0% has responded to 'agree' on the age of the business impact on tax compliance research result while the rest of them that account for 17.0% 'strongly agree'. The mean result indicates 3.14 which prove that most of respondents (25%) agree the matter, this justifies the longer the business age affect the tax compliance will be low or the smaller the business age the tax compliance will be high.

In relation to the transparency of banking transactions in the financial records against the tax compliance, 4.4% of the respondents has responded to 'strongly disagree', 9.3% reply to 'disagree' the respondents that reply 'Neutral' account for 20.4% of the respondents while 41.0% 'agree' while the rest of them that account for 25.0% 'strongly agree'. The mean result indicates 3.73 which indicate that most of respondents (41.0%) 'agree' on the business transaction will have a positive contribution in the tax compliance.

4.4.2 Accounting Practice

For a survey question given below in the table 6 "*I know how to keep financial records or documents pertaining to income and expenditure for a required period of year after submission of the tax return*" 5.2% of the respondents has responded to 'strongly disagree', 7.7% to 'disagree', 14.9% of the respondents' reply 'Neutral', 46.4% has responded to 'Agree' and the rest 25.8% 'strongly Agree'. The mean result indicates 3.80 which shows that most of respondents (46.4%) 'agree' on the keeping financial records or documents has the impact on tax compliance after submitting the annual tax returns to the tax office.

For a survey question "*I know how to fill the tax declaration form based on the actual income and expense that occurred in the accounting system*" 4.4% of the respondents has responded to 'strongly disagree', 5.7% to 'disagree', 13.9% of the respondents' reply to 'Neutral', 44.8% 'Agree' while rest 31.2% has responded to 'strongly Agree'. The mean value of the respondent is 3.93 which show most of respondents (46.4%) agree on their knowledge of completing the tax return formats based on the actual data from the accounting system impact on tax compliance.

Table 6. Summary of survey findings for Accounting Practice for the organization

S.No.	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
AP1	I know how to keep financial records or documents pertaining to income and expenditure for a required period of year after submission of the tax return	5.2%	7.7%	14.9%	46.4%	25.8%	3.80	1.069
AP2	I know how to fill the tax declaration form based on the actual income and expense that occurred in the accounting system	4.4%	5.7%	13.9%	44.8%	31.2%	3.93	1.034
AP3	Collecting, storing and processing accounting information and work based on accounting standard has helped us to comply with tax requirements	5.7%	6.2%	11.3%	50.0%	26.8%	3.86	1.060
AP4	The accounting practice which is our organization follows are GAAP to consume little time and clear understanding of tax matters	4.9%	9.3%	19.3%	44.3%	22.2%	3.70	1.066
AP5	The accounting practice which is our organization follows are IFRS to consume little time and clear understanding of tax matters	8.5%	27.1%	27.1%	28.4%	14.9%	3.20	1.182

Source: Analysis of Survey data 2022, using SPSS 26

When we come up to the survey question “Collecting, storing, and processing accounting information and work based on accounting standard has helped us to comply with tax requirements” 5.7% of the respondents replied to ‘strongly disagree’, 6.2% to ‘disagree’, 11.3% of

the respondents' replied 'Neutral', 50.0% replied to 'Agree' while the rest 26.8% 'strongly Agree'. The mean value of the respondent is 3.86 which shows respondents lean towards an agree on the accounting practice affects the tax compliance 'Agree'. The result of the survey suggests that most of the respondents (50%) has a clear understanding of how helpful is to comply with the tax requirements when they base their work based on accounting standards in collecting, sorting, and processing of accounting information.

For a survey question "*The accounting practice which is our organization follows are GAAP to consume little time and clear understanding of tax matters*" 4.9% of the respondents has replied to 'strongly disagree', 9.3% to 'disagree', 19.3% of the respondents' reply to 'Neutral', 44.3% to 'Agree' and the rest of the 22.2% has responded 'strongly Agree'. The mean value of the respondent is 3.70 which shows respondents lean towards agree on the accounting practice when supported with GAAP affects the tax compliance in terms of consuming little time and clear understanding of the tax matters. The result of the survey suggests that most of the respondents (44.3%) has been comfortable in using GAAP accounting standard to clearly understand the tax matters in a short period of time.

In relation to a survey question "*The accounting practice which is our organization follows are IFRS to consume little time and clear understanding of tax matters*" 8.5% of the respondents has responded to 'strongly disagree', 27.1% to 'disagree', 27.1% of the respondents' replied 'Neutral', 28.4% replied to 'Agree' and the rest 14.9% replied to 'strongly Agree'. The mean value of the respondent is 3.20 which shows respondents lean towards an agree on the accounting practice affects the tax compliance. The result of the survey suggests that the respondents (28.4%) has been comfortable in using IFRS accounting standard to clearly understand the tax matters in a short period of time. It is also a conclusion of the researcher taxpayers are more attracted to use GAAP than IFRS standards to understand tax matters in short period of time.

4.4.3 Awareness of Tax rule and Regulation

For a survey question given below in table 7 "*I received regular training support from the branch office regarding tax law and regulation*" 9.3% of the respondents has responded to 'strongly disagree', 26.3% to 'disagree', 17.0% of the respondents' replied to 'Neutral', 34.3% to

‘Agree’ and the rest 13.1% ‘strongly Agree’. The mean value of the respondent is 3.16 which shows respondents lean to agree on the availability of regular training support from the branch office regarding the tax law and regulations. The result is a suggestive of the fact that the respondents (34.3%) has agreed that they are receiving a regular training support regarding tax law and regulation from the tax office.

According to the respondents on the survey question “I understand that I should pay taxes for tax office on the scheduled time due date which is the tax office regulation” 4.9% of the respondents has responded to ‘strongly disagree’, 7.7% to ‘disagree’, 11.1% of the respondents’ replied to ‘Neutral’, 48.2% to ‘Agree’ and the rest 28.1% ‘strongly Agree’. The mean value of the respondent is 3.87 which shows respondents lean to agree on they have an understanding that they should pay taxes for tax office on the scheduled time and due date. The result is a suggestive of the fact that most of the respondents (48.2%) are convinced and aware of that they are responsible and required to pay taxes during the time stipulated in the tax rules and regulations.

Table 7 Summary of survey findings for Awareness of tax rules and regulations

S.No.	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
AT1	I received regular training support from the branch office regarding tax law and regulation	9.3%	26.3%	17.0%	34.3%	13.1%	3.16	1.217
AT2	I understand that I should pay taxes for tax office on the scheduled time due date which is the tax office regulation	4.9%	7.7%	11.1%	48.2%	28.1%	3.87	1.062
AT3	The applicable tax rates are reasonable in relation to our	11.9%	30.9%	19.3%	26.8%	11.1%	2.94	1.223
AT4	The tax authority officials are supporting and respond promptly to taxpayer	16.5%	19.8%	21.9%	28.6%	13.1%	3.02	1.294

Source: Analysis of Survey data 2022, using SPSS 26

In relation to a survey question “*The applicable tax rates are reasonable in relation to our income*” 11.9% of the respondents has responded to ‘strongly disagree’, 30.9% to ‘disagree’, 19.3% of the respondents’ replied to ‘Neutral’, 26.8% replied to ‘Agree’ and the rest 11.1% replied to ‘strongly Agree’. The mean value of the respondent is 2.94 which show respondents lean to disagree agree on the reasonableness of applicable tax rates to their income. The result shows most of respondents (30.9%) has responded to ‘disagree’ for which its result is a suggestive of the fact that most of the respondents are not satisfied and convinced of the reasonableness of the applicable tax rates in relation to their income.

For a survey question “*The tax authority officials are supporting and respond promptly to taxpayer*” according to respondents answer 16.5% of the respondents has responded to ‘strongly disagree’, 19.8% to ‘disagree’, 21.9% of the respondents’ replied to ‘Neutral’, 28.6% replied to ‘Agree’ and the rest 13.1% ‘strongly Agree’. The mean value of the respondent is 3.02 which show respondents lean to agree on the nature of the tax authority official’s supportive behaviour and responsiveness to the taxpayers’ enquiries. The result is a suggestive of the fact that respondents (28.6%) are agreed and satisfied on the tax authority official’s supportive behaviour and responsiveness to their enquiries.

In relation to a survey question “*I understand that I must pay taxes due within the prescribed period beginning with the date of the Notice of Assessment or within the specified period*” 5.4% of the respondents has responded to ‘strongly disagree’, 4.9% to ‘disagree’, 17.3% of the respondents’ replied to ‘Neutral’, 47.2% replied to ‘Agree’ and the rest 25.3% ‘strongly Agree’. The mean value of the respondent is 3.82 which show respondents lean to agree on their understanding of paying tax liabilities due to tax assessments on the time stipulated by the tax laws. The result is a suggestive of the fact that most of respondents (47.2%) has an understanding on their responsibility to pay tax assessment liabilities on time starting from the date of the tax assessment notice.

4.4.4 Tax Policy:

From the data given below in table 8 about the relation to the survey question regarding “*the tax determination and collection procedure are clear and simple*” 8.8% of the respondents has

responded to 'strongly disagree', 27.8% to 'disagree', 17.3% of the respondents' replied to 'Neutral', 36.9% replied to 'Agree' and the rest 9.3% 'strongly Agree'. The mean value of the respondent is 3.10 which show respondents lean to agree to tax determination and collection procedure are clear and simple and. The result is a suggestive of the fact that most of the respondents (36.9%) agree on the tax determination and collection procedures are clear and simple.

For a survey question "I received the usual training support from the branch office regarding tax law" 8.8% of the respondents has responded to 'strongly disagree', 34.0% to 'disagree', 19.8% of the respondents' replied to 'Neutral', 27.1% replied to 'Agree' and the rest 10.3% 'strongly Agree'. The mean value of the respondent is 2.96 which show respondents lean to disagree on receiving of the usual training support from the branch office regarding tax laws. The result shows 34% of respondents doesn't believe the branch office is giving a sufficient training which shall contribute to fill knowledge gap to the taxpayers regarding tax laws.

Table8 Summary of survey findings for Tax policy

S.No.	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
TP1	The tax determination and collection procedure are clear and simple	8.8%	27.8%	17.3%	36.9%	9.3%	3.10	1.167
TP2	I received the usual training support from the branch office regarding tax law.	8.8%	34.0%	19.8%	27.1%	10.3%	2.96	1.173
TP3	The current tax law is appropriate and suitable with the economic growth condition	20.4%	22.9%	26.5%	18.6%	11.6%	2.78	1.284
TP4	Taxpayers are encouraged by tax officials' thorough understanding of how taxpayers think about and experience taxation.	9.3%	33.5%	28.6%	19.1%	9.5%	2.86	1.123

TP5	The tax authority officials are supporting and respond promptly to taxpayer	16.8%	32.2%	18.0%	20.1%	12.9%	2.80	1.294
-----	---	-------	-------	-------	-------	-------	------	-------

Source: Analysis of Survey data 2022, using SPSS 26

For a distributed survey question of “The current tax law is appropriate and suitable with the economic growth condition” 20.4% of the respondents has responded to ‘strongly disagree’, 22.9% to ‘disagree’, 26.5% of the respondents’ replied to ‘Neutral’, 18.6% replied to ‘Agree’ and the rest 11.6% ‘strongly Agree’. The mean value of the respondent is 2.78 which show respondents lean to disagree on the appropriateness and suitability of the current tax laws are suitable with the economic growth conditions. The result is a suggestive of the fact that 26.5% respondents are not convinced that the current tax law is appropriate and suitable with the economic growth conditions.

According to the respondents the questions regarding, “Taxpayers are encouraged by tax officials' thorough understanding of how taxpayers think about and experience taxation.” 9.3% of the respondents has responded to ‘strongly disagree’, 33.5% to ‘disagree’, 28.6% of the respondents’ replied to ‘Neutral’, 19.1% replied to ‘Agree’ and the rest 9.5% ‘strongly Agree’. The mean value of the respondent is 2.86 which show respondents lean to disagree on the activity of tax officials on encouraging to understand how the taxpayers think about and experience taxation. The result is a suggestive of the fact that tax officials are not encouraging taxpayers think about and experience taxation.

For a survey question named “The tax authority officials are supporting and respond promptly to taxpayer” 16.8% of the respondents has responded to ‘strongly disagree’, 32.2% to ‘disagree’, 18.0% of the respondents’ replied to ‘Neutral’, 20.1% replied to ‘Agree’ and the rest 12.9% ‘strongly Agree’. The mean value of the respondent is 2.80 which show respondents lean to disagree on the tax authority official’s behaviour on supporting of responsiveness on taxpayers’ enquiries. The result is a suggestive of the fact that taxpayers are not satisfied on the tax office officials are supportive and responsive on their enquiries.

4.4.5 Electronic Taxation

In relation to a survey question “Using electronic tax system improve tax compliance” 4.4% of the respondents has responded to ‘strongly disagree’, 8.2% to ‘disagree’, 22.2% of the respondents’ replied to ‘Neutral’, 44.6% replied to ‘Agree’ and the rest 20.6% ‘strongly Agree’. The mean value of the respondent is 3.69 which show respondents lean towards to agree on using an electronics tax system can improve tax compliance. The result is a suggestive of the fact that 44.6% of respondents has agreed on the positive impact of using electronics tax system on the tax compliance.

According to the respondents the questions regarding, “Electronic tax system helping us to avoiding penalty and fines associated with delay in tax reporting” 2.6% of the respondents has responded to ‘strongly disagree’, 9.5% to ‘disagree’, 18.6% of the respondents’ replied to ‘Neutral’, 43.3% replied to ‘Agree’ and the rest 26.0% ‘strongly Agree’. The mean value of the respondent is 3.81 which show respondents lean towards agreeing on benefit of using an electronics tax system in terms of avoiding tax penalty and fines associated with the delay in tax reporting. The result is a suggestive of the fact that 43.3% of the respondents are in favor of enjoying the benefit relate to avoiding tax penalty and interest payments due to a delay in tax reporting.

Table9.Summary of survey findings for Electronic Taxation (E-tax)

S.No.	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
ET1	Using electronic tax system improve tax compliance	4.4%	8.2%	22.2%	44.6%	20.6%	3.69	1.028
ET2	Electronic tax system helping us to avoiding penalty and fines associated with delay in tax reporting	2.6%	9.5%	18.6%	43.3%	26.0%	3.81	1.012

ET3	Interaction with tax officials has become easier and more efficient since the implementation of the e-tax system, as we now submit clear and verifiable reports on time.	5.7%	12.6%	18.3%	41.2%	22.2%	3.62	1.130
ET4	The ease of using e-tax and payment encouragement to pay on a regular basis.	4.6%	6.4%	18.8%	50.3%	19.8%	3.74	0.999
ET5	I preferer manual reporting system and payment rather than e-taxing	31.7%	24.2%	13.9%	11.6%	17.5%	2.59	1.478

Source: Analysis of Survey data 2022, using SPSS 26

According to the respondents the questions regarding, “*Interaction with tax officials has become easier and more efficient since the implementation of the e-tax system, as we now submit clear and verifiable reports on time*” 5.7% of the respondents has responded to ‘strongly disagree’, 12.6% to ‘disagree’, 18.3% of the respondents’ replied to ‘Neutral’, 41.2% replied to ‘Agree’ and the rest 22.2% ‘strongly Agree’. The mean value of the respondent is 3.62 which show respondents lean to agree on the positive contribution emerged since the implementation of the e-tax system. The result is a suggestive of the fact that the implementation of the e-tax system has a positive effect on the interaction between the taxpayers and the tax officials is greatly improved.

According to the respondents answer on the survey questions regarding, “*the ease of using e-tax and payment encouragement to pay on a regular basis*” 4.6% of them has responded to ‘strongly disagree’, 6.4% to ‘disagree’, 18.8% of the respondents’ replied to ‘Neutral’, 50.3% replied to ‘Agree’ and the rest 19.8% ‘strongly Agree’. The mean value of the respondent is 3.74 which show respondents lean to agree on the benefit of using e-tax system and payment encouraged them to comply with the tax dates. The result is a suggestive of the fact that most of the respondents (50.3%) are agreed on the positive results emerged from the ease use of e-tax and payment encouraged them to comply with the tax dates.

For a survey question “*I preferer manual reporting system and payment rather than e-taxing*” 31.7% of the respondents has responded to ‘strongly disagree’, 24.2% to ‘disagree’, 13.9% of the

respondents' replied to 'Neutral', 11.6% replied to 'Agree' and the rest 17.5% 'strongly Agree'. The mean value of the respondent is 2.59 which show respondents lean to disagree choosing a manual reporting over e-tax reporting. The result is a suggestive of the fact that 31.7% of respondents has responded to strongly disagree on the question. This means they are quite conformable to report using the e-tax system rather than the manual reporting.

4.4.6 Tax Compliance

In relation to a survey question *“Reducing tax rates and making the collection processes simple and transparent may attract taxpayers to be compliant”* 5.4% of the respondents has responded to 'strongly disagree', 5.4% to 'disagree', 19.3% of the respondents' replied to 'Neutral', 43.3% replied to 'Agree' and the rest 26.5% 'strongly Agree'. The mean value of the respondent is 3.80 which show respondents lean to agree on the reducing tax rates and making the collection processes simple and transparent will attract them to be compliant. The result is a suggestive of the fact that most of the respondents (43.3%) respondents are ready to be more compliant is then tax rate is reduced, and the tax collection process is simpler and more transparent. In the other side, the Taxpayers who meet its tax obligation and aware to perform tax right and needs fair and efficient treatment are more willing to comply

According to the respondents the questions regarding, *taxpayers who meet its tax obligation and aware to perform tax right and needs fair and efficient treatment are more willing to comply* 1.8% of the respondents has responded to 'strongly disagree', 7.2% to 'disagree', 17.3% of the respondents' replied to 'Neutral', 50.3% replied to 'Agree' and the rest 23.5% 'strongly Agree'. The mean value of the respondent is 3.86 which show respondents lean to agree on the taxpayers who meet the tax obligation and aware to exercise their rights and needs fair and efficient treatment are more willing to comply. The result is a suggestive of the fact that taxpayers who are aware to exercise their rights and needs fair and efficient treatment are more willing to tax compliance.

Table 10. Summary of survey findings for Tax Compliance

S.No.	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
-------	-----------	-------------------	----------	---------	-------	----------------	------	--------------------

TC1	Reducing tax rates and making the collection processes simple and transparent may attract taxpayers to be compliant	5.4%	5.4%	19.3%	43.3%	26.5%	3.80	1.061
TC2	Taxpayers who meet its tax obligation and aware to perform tax right and needs fair and efficient treatment are more willing to comply	1.8%	7.2%	17.3%	50.3%	23.5%	3.86	0.917
TC3	The probability of tax audit examination on taxpayers has a positive impact on tax compliance	8.2%	14.4%	19.6%	39.4%	18.3%	3.45	1.184
TC4	I believed that the tax administration's close supervision of taxpayers had an impact on compliance.	4.9%	13.1%	21.4%	45.6%	19.9%	3.53	1.053

Source: Analysis of Survey data 2022, using SPSS 26

In relation to a survey question, “*the probability of tax audit examination on taxpayers has a positive impact on tax compliance*” 8.2% of the respondents has responded to ‘strongly disagree’, 14.4% to ‘disagree’, 19.6% of the respondents’ replied to ‘Neutral’, 39.4% replied to ‘Agree’ and the rest 18.3% ‘strongly Agree’. The mean value of the respondent is 3.45 which show respondents lean to agree the probability of a tax audit examination on taxpayers has a positive impact to tax compliance. This means the more probable to have a frequent tax audit by the tax office on the taxpayer, the more compliant the taxpayer will be and vice versa.

For a survey question, “*I believed that the tax administration's close supervision of taxpayers had an impact on compliance*” 4.9% of the respondents has responded to ‘strongly disagree’, 13.1% to ‘disagree’, 21.4% of the respondents’ replied to ‘Neutral’, 45.6% replied to ‘Agree’ and the rest 19.9% ‘strongly Agree’. The mean value of the respondent is 3.53 which show respondents lean to agree on the positive impact of the tax official’s close supervision to the tax compliance. The result is a suggestive of the fact that most of the respondents (45.6 %) has agreed on the implication of a close supervision by the tax officials will have a positive result in tax compliance.

4.5 Mean and Standard deviation of variable

Table 11 implies mean scores, and deviations form the mean towards the different variables (Business Characteristics, Accounting Practice, Awareness of Tax rule and regulation, Tax Policy, Electronic taxation, and Tax compliance).

Table 11. Mean and standard deviation of variables

SN.	Item	Mean	Std. Deviation
1	Business Characteristics	3.45	0.92
2	Accounting Practice	3.70	0.84
3	Awareness of Tax rule and regulation	3.36	0.87
4	Tax Policy	2.90	0.99
5	Electronic taxation	3.49	0.83
6	Tax Compliance	3.66	0.83

The average Sensitivity regarding the selected variables had a mean score that ranges between 2.90 and 3.70 respectively; with a standard deviation ranging from 0.83 and 0.99 respectively. Indicating the variation form the mean does have significant variation which proves the taxpayer's behaviour affected on the tax compliance factors. According to the range of Likert coding is expressed below:

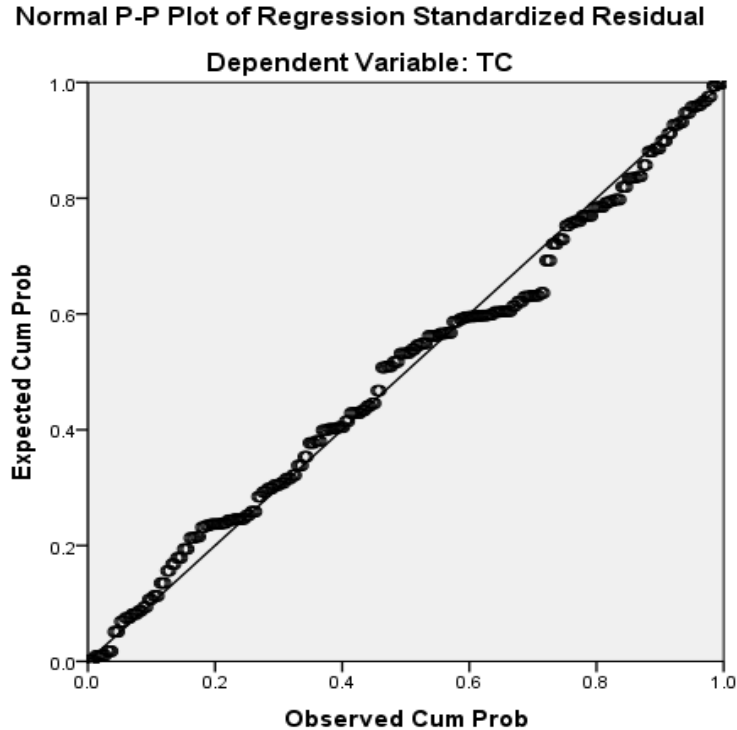
- Mean value 2 and less, indicated disagree with the statement listed
- Mean value grater that 2 and less than 3, indicate Neutral
- Mean value greater than 3 indicates the respondents are agree with the statement

4.6 Test results for the classical linear regression model assumptions

This research question for the multiple linear regression is can we explain the outcome variable, Tax compliance with the given independent variables Business Characteristics, Characteristics of Accounting Practice, Awareness of tax rule and regulation, Tax Policy and Electronic taxation (E-tax).

4.6.1 Linearity assumption

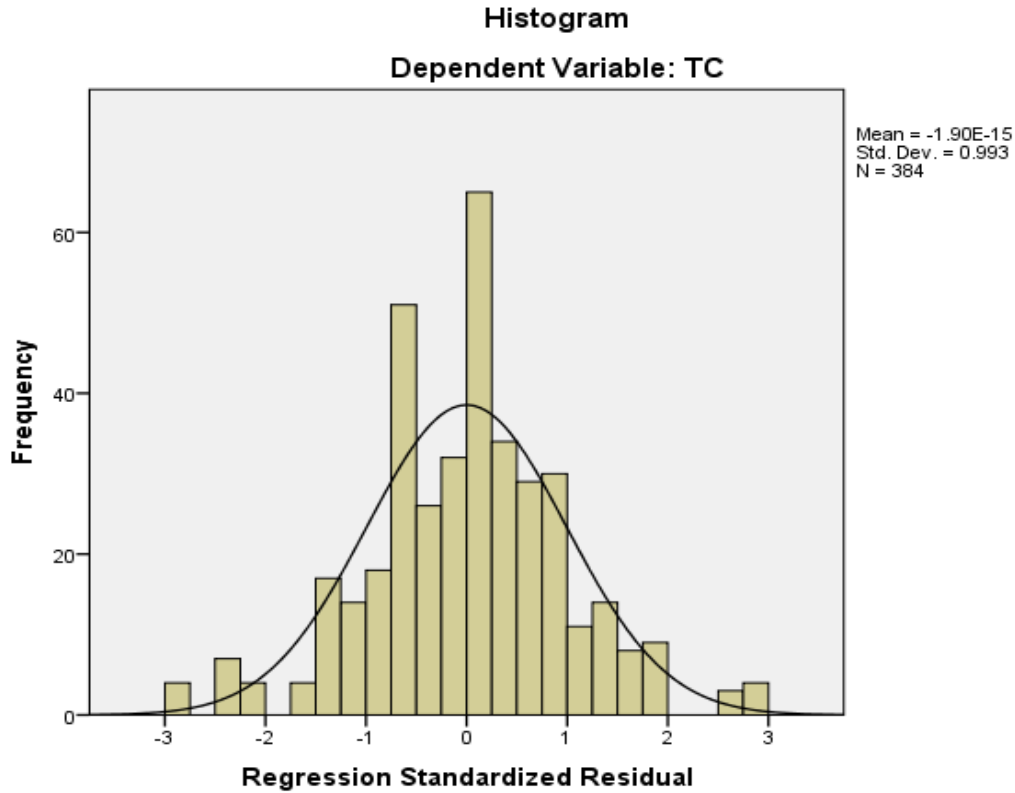
Linearity assumption refers the situation where the mean values of the outcome variable for each increment of the predictor(s) lie along a straight line (Field 2005). Linearity can easily examine by residual plots (H0 2006). To test linearity of the data, scatter plot diagrams below has been assessed and indicated a good linear relationship, which allows us to conduct a linear regression analysis. Linearity can easily examine by the magnitude of the relationship between variable pairs, calculating Pearson correlation coefficients to examine relationships. The Pearson's Bivariate correlation results indicate a moderate correlation between variable ($r = .536$ to maximum of $.732$ with $p < 0.001$). as a result, one might conclude that there is a linear relationship between variable, indicating that the linearity assumption has not been violated.



4.6.2 Normality assumption

It is the assumption that the residuals in the model are random, normally distributed variables with a mean of 0. Normality assumption can be detected by constructing a histogram of residuals, with a visual check to see whether the distribution approximates the normal distribution (Ho, 2006). The residuals histogram as shown below indicates normal distribution. Thus, based on

these results, the normality of residuals assumption is satisfied. The researcher checks the p-plot on SPSS to ensure normality of the data and most of them showed perfect normal distribution.



4.6.3 Multicollinearity Assumption

Multicollinearity assumption refers to when two or more factors in a regression model have a strong association, when multicollinearity exists. If there is perfect collinearity between predictors it becomes impossible to obtain unique estimates to the regression coefficients because there are an infinite number of combinations of coefficients that would work equally well (Field 2005). To determine the existence of multicollinearity, variance inflation factors (VIF) is examined. The largest of the resulting VIF scores in the model given in table 14 less than 10, which is far below the maximum level of 10 suggested by (Myers 1991) and (Q. this indicates that multicollinearity was not a problem with this data.

Table 12. Multicollinearity

Model		Correlations			Collinearity Statistics	
		Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)					
	Business Characteristics	.546	.216	.150	.592	1.689
	Accounting Practice	.583	.271	.192	.511	1.958
	Awareness of tax	-.511	-.099	-.068	.345	2.902
	Tax Policy	.495	.152	.105	.469	2.133
	Electronic taxation	.653	.385	.285	.528	1.896

Source: Analysis of Survey data 2022, using SPSS 26

In this multiple linear regression model, VIF should be less than 10 (Tolerance > 0.1) for all variables, which they are. Thus, it can be concluded that all the variables in the study have low correlation power as a result there is no multicollinearity problem in the explanatory variables selected to access the factor affecting tax compliance behaviour of Ministry of revenue small tax compliance in Addis Ababa.

4.7 Determining how well the model fits

The first table of interest is the model summary (Table 13). This table provides the R, R², adjusted R² and standard error of the estimate, which can be used to determine how well a regression model fits the data:

Table 13. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.732	0.536	0.530	0.57152

Source: Analysis of Survey data 2022, using SPSS 26

In the above table 13, the regression model presents how much of the variance in Tax compliance behaviour is explained by the underlying factors. The model or the predictor variables have accounted for 53.6% of the variability. This means more than 53.6% of variations in tax compliance in Ministry of revenues small taxpayer branch office in Addis Ababa were explained by independent variables in the model. However, the remaining 46.4% changes in tax compliance behaviour of MRST branch office in Addis Ababa are caused by other factors that are not included in the model.

4.7.1 Statistical Significance of the model

The F-ratio in ANOVA (Table 14) determines whether the overall regression model fits the data well. The independent factors statistically substantially predict the dependent variable, $F(5, 378) = 87.26$, $p(.000) < .05$. This regression model implies that all independent variables are explaining that there is a positive and significant relationship with dependent variable.

Table 14. ANOVA^a

Model	Sum of Squares	Df	Mean square	F	Sig.
1 Regression	142.510	5	28.502	87.260	.000
Residual	123.467	378	.327		
Total	265.976	383			

Source: Analysis of Survey data 2022, using SPSS 26

Table 15. The Multiple Regression result of the study

Coefficients							
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations	Status
	B	Std. Error	Beta				
(Constant)				4.670	.000		
Business Characteristics	.177	.041	.195	4.291	.000	.546	Accept

1	Accounting Practice	.264	.048	.268	5.471	.000	.583	Accept
	Awareness of tax				-1.938	.053	.511	Reject
	Tax Policy	-.111	.057	-.116				
	E-Tax	.129	.043	.153	2.996	.003	.495	Accept
		.394	.049	.392	8.120	.000	.653	Accept

Source: Analysis of Survey data 2022, using SPSS 26

4.8 Business Characteristics

As it is shown in table 15 above the coefficient for Business Characteristics ($B=.177$, with its P - (sig. value .000) is significant. The maintaining other descriptive variables constant business characteristics was found to have statistically significant and positive association with Tax Compliance. Like the result, the researcher accepts hypothesis that stated there “*Business characteristics have a positive effect on tax compliance behavior among MRST in Addis Ababa, Ethiopia.*”

Fauziati, p., & Kassim A.A.M (2018), examined the effect of business characteristics (age, size, sector and risk management) on the tax compliance cost. The findings of this study indicate that age, size and sector have no effect on tax compliance costs while risk management has an effect on tax compliance cost.

Similarly, Noor Sharaja (2014) conducted research on determinants of taxpayer compliance behavior with respect to corporate income tax reporting requirements in Malaysia. The findings of this study show that the age of the business, the amount of tax liability and the complexity of the tax code consistently influence the likelihood of tax non-compliance behaviour in the areas of under-reporting income, over-claiming expenses and total non-compliance. Nonetheless, tax compliance expenses have insignificant relationship with the non-compliance behaviour of corporate taxpayers.

The study’s finding is contrary to previous works of Evans and Tran-Nam (2014) observe that there are two main types of tax compliance costs that a taxpayer can incur gross monetary (money paid and opportunity cost relating to time) and psychological costs (estimation of stress and anxieties resulting from complying).

In case of the age of the business, due to the experience and knowledge (understanding the tax law, rules and regulations) gained from tax compliance activities during its life cycle, the company will tend to be more compliant. Owners want more sophisticated business structures, notably incorporation, as their enterprises become more successful over time and their turnover increases, in order to reduce risk and tax. In addition, compared to older enterprises, younger businesses spent significantly more time on tax compliance expenditures. The inexperience of younger enterprises in tax-related chores, which caused them to spend more time learning the legislation, could be the explanation.

In short, the longer the age of business entity stayed in the business the more compliant it will be. Accordingly, Matarirano, Chiloane-Tsoka & Makina, (2019) suggest that an increase in the age of a business would be associated with increase experience which would, in turn, reduce the internal time spend to tax compliance tasks.

Kamleitner, B., Korunka, C. and Kirchler, E. (2012) Considering the business characteristics interms of business ownership type and the bank transaction processing, it is expected that companies will tend to be more compliant to tax when the business are more owned by more than one person as there will be to check and balance opportunity between the share holders and the core transparent the bank transactions, the ,most compliant the company will be.

As described above, most of the previous literature results justify that business characterises has a positive impact on the tax compliance behavior. It is also a researcher's conclusion that the literature results a justified from the analysis made on the respondents answer on tax compliance behaviour explained in terms of business size, business age, business ownership type and transparency in bank transactions which reveal that they have a positive impact on the tax compliance behaviour

4.9 Accounting Practice

As it is shown in table 15 above coefficient of accounting practice ($B=.264$, with its P - (sig. value $.000$). maintaining another descriptive variable accounting practice was found to have a statistically significant positive effect on tax compliance. As a result, there researcher accepts

hypothesis that stated, “*Characteristics of Accounting practice have a positive effect on tax compliance behavior among MRST in Addis Ababa, Ethiopia.*”

Prior research by Yong (2011) from the finding of the study the accounting practice has significant positive influence on tax compliance. This result shows based on the accounting practice the taxpayers easily to collecting and reporting tax document for tax office with standard accounting practices.

The above literature results have justified that the stronger and structured accounting practices in place in the company’s business activities, the more positively effect it will have on the tax compliance behavior. The data analysis on the respondents answer also shows that the previous researchers conclusion, as explained above, is also justified.

4.10 Awareness of tax rule and regulations

As it is shown in table 15 above coefficient of awareness of tax rule and regulation ($B = -.111$, with its P- (sig. value .053). maintaining another descriptive variable awareness to tax rule and regulation was found a negative effect and insignificant on tax compliance. As a result, there researcher reject hypothesis that stated their “*Awareness of tax obligation have a positive effect on tax compliance behavior among MRST in Addis Ababa, Ethiopia.*”

Fany Inasius (2015) tried to measure tax compliance rate of individual taxpayers on small and medium enterprise evidence of Indonesia. Accordingly, the author the perception four tax compliance variables were examined namely the perception of tax rate, the referral group, the probabilities of auditing and tax knowledge influence tax compliance of business.

OJeeka (2012), investigates factors that affect tax compliance among small and medium in north Nigeria, he found out that high tax rate and complex filing procedures are the most crucial factor for SME taxpayers to be tax non-compliant

Like the result, Rahayu, Y., Setiawan, M., & Troena, E. A. (2017). Sudjatno. (2017), the role of taxpayer awareness, tax regulation and understanding in taxpayer compliance. this study to analyze the taxpayer’s awareness, whether it can mediate the knowledge an understand of tax regulation on taxpayer compliance or not. Result shows knowledge and understanding of tax law in society through taxpayer awareness has no major impact on tax compliance.

Similarly, Mas'ud, A., Aliyu, A. A., Gambo, E. J., Al-Qudah, A. A., & Al Sharari, N. (2014), this study examines the correlation as well as the effect of tax rate on tax compliance in Africa using cross country data. The findings shows that there is significant negative correlation between tax rate and tax compliance that means tax rate has negative effect on tax compliance.

In contrary to the above literature result, our respondents are positively behaving when they have good awareness on tax laws and regulations. However, the respondents' response argues that the less favorable relevant tax rates are, the less people will accept them, and in addition to that tax officials are not yet prepared to fully notify taxpayers when the new rule and regulation go into effect. When the taxpayers went to the tax office, they received new information regarding the new tax rule and regulation. In practice, this will affect tax compliance behaviors negatively.

4.11 Tax Policy

As it is shown in table 15 above coefficient of Tax Policy (B=.129, with its P- (sig. value .003). maintaining another descriptive variable Tax policy was found to have a insignificant effect on tax compliance. As a result, there researcher accept the hypothesis that stated their *“Tax policy has a positive effect on tax compliance behavior among MRSTin Addis Ababa, Ethiopia.”*

Additional Findings from previous studies show that the changes in national tax laws and regulations such as tax rates and electronic tax system positively influence the level of tax compliance (Yayuk et al., 2017). Also, findings show that some of the changes in tax laws and regulations can influence the level of tax compliance.

Similar research has found that countries with a high level of tax compliance have well-functioning tax laws and regulations, whereas scholars have found that countries with a low level of tax compliance have weak tax laws and regulations, leading to the conclusion that developed countries comply more than developing countries. Strong tax rules and regulations explain why developed countries comply at a high level, whereas inadequate tax laws and regulations explain why developing countries comply at a low level (Torgler, 2005; Yayuk et. al., 2017; Hasiholan and Jasman, 2019; Hery and Jasman, 2019;IFAC, 2018).

Topay appropriate taxes small business owner must be knowledgeable about the different compliance measures and requirements (Kamleitner et al., 2012).

The previous researchers, as described above has reached to the conclusion that the highest level of well functioning tax laws and regulations, the higher rate of tax compliance and vice versa. Other than the tax determination and collection procedures, the researcher has got a negative reply on most of the independent variables, which are stated in the questionnaire (lack of usual training support, the suitability of applicable tax laws against the economic growth, tax officials' behaviors in supportiveness and responsiveness totaxpayers' enquiries). These negative replies show that the tax laws in MRSTbranch office are not giving the taxpayers a positive view on the tax laws, in effect, the tax compliance behavior be negatively affected. These could justify the similarity between the researcher's conclusion against the previous literatures.

4.12 Electronic Taxation

As it is shown in table 15 above coefficient of electronic taxation ($B=.394$, with its P- (sig. value .000). From the regression analysis the alternative hypothesis was accepted since the p value is less than 0.05. The result implies that the alternative hypothesis was accepted, which "*E-tax adoption has a positive effect on tax compliance behavior among MRST in Addis Ababa, Ethiopia*". This shows electronic taxation (e-tax) have a positive impact to affect tax compliance behavior of small taxpayer due to easy of declaring and payment of taxes on time.

Muita (2011) in her MBA thesis has done a related study on the factors that influence adoption and use of e-tax filing systems among large taxpayers in Kenya Revenue Authority. The author found the use of electronic filing, which is aimed at guaranteeing correctness and timely reconciliation of the data included, is intended at ensuring accuracy and prompt reconciliation of the data contained, since tax systems do automatic reconciliation and validation of the returns.

Michael (2018), assess the adoption of e-tax system and the study findings, confirmed electronic tax filing system was useful with many relative advantages and stated that the online system was operationally easy and not complete to adopted and the system was compatible and affordable with existing and past trends.

Gwaro et.al (2016), assess the effect of level of awareness e-tax, computer literacy, perceived security on tax compliance. The study showed literacy had significant effect on tax compliance.

From the previous literature and the researcher's conclusion from the data analysis obtained from respondents replies, it is clearly justified that electronic tax filing system have a positive contribution to the tax compliance behaviour.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

The main objective of the study was to investigate factor affecting tax compliance behaviour of Ministry of revenues small taxpayers in Addis Ababa. Therefore, based on the analysis and interpretations made at the pervious chapter the followingsummary, conclusions and recommendation are made.

5.1 Summary of findings

A total of 400 questionnaires were distributed to sample population to investigate factor affecting tax compliance behaviour of Ministry of revenues small taxpayers in Addis Ababa.388 usable questionnaires were filled up and returned making theresponse rate 97% percent. This indicates that the respondent under this study were committed togive information relevant to the research understudy.Demographic questions were analyzed using figures frequency and percentages. The descriptivestatistics of independent and dependent was analyzed using mean. While the other researchquestions were analyzed using multiple regression and classical linear regression. The demographic characteristics of the respondents that focused on gender, age, levelof education, type of business, responsibilities in the organization, work experience and the time of declare the tax in the tax center.

The findings revealed the mean ofthe detail dimension of the Business characteristics variable has a has a positiveresponse as the mean and variation indicate it falls on positive response on both ends. Theregression result also confirms this association as the coefficient of Business characteristics is .177with its p-value.000.The possible justification for the result is that companies under the studytargettaxpayers the business characteristics on the organization by using the skilled manpower and financial position theimplementation of the tax procedures are effective and on time.

Accounting practice items which are knowledge of keeping financial records, filling of tax declaration form, collecting and storing accounting information and the accounting practice which the organization use GAAP or IRFS to consume little time. The mean of the detail dimension of the variable has a value indicating the parameters mentioned in the detail regarding

tax compliance has a positive response as the mean and variation indicate it falls on positive response on both ends. The multiple regression however indicate positive association as the coefficient is .264 with its p-value .000. The possible justification for the result is that companies under the study target taxpayers the accounting practice on the organization by using standard accounting practice simple tax document preparation and declaration to payment purpose or tax return.

The findings revealed the mean of the detail dimension of the Awareness of tax rule and regulation variable has a negative response as the mean and variation indicate it falls on negative response on both ends. The regression result also confirms this association as the coefficient of Awareness of tax rule and regulation is -.111 with its p-value .053. The result is evident of the fact that even though tax compliance have better remaining variables rather than the awareness of tax rule and regulation.

Regarding Tax policy the findings revealed the mean of the detail dimension has a positive response as the mean and variation indicate it falls on positive response on both ends. The regression result also confirms this association as the coefficient of tax policy is .129 with its p-value .003. The possible justification for the result is that companies under the study target taxpayers with good relation of tax offices to minimize burden from both side and improve the knowledge of taxpayers that adopt by training from tax offices.

Regarding Electronic taxation (e-tax) the findings revealed the mean of the detail dimension of the Business characteristics variable has a positive response as the mean and variation indicate it falls on positive response on both ends. The regression result also confirms this association as the coefficient of electronic taxation is .394 with its p-value .000. The possible justification for the result is taxpayers are by using e-tax the payment and declaration process is easy on time basis.

5.2 Conclusion

In this section based on the regression analysis findings outlined in chapter four the conclusion is presented followed by some recommendations to provide insight in to investigate the factor affecting tax compliance behaviour of Ministry of revenue small taxpayer branch office in Addis Ababa.

Business characteristics was found to have a significant and positive influence on Tax compliance. This result suggests the size of the organization, the age of the organization, the type of ownership and banking transaction have an impact to measure the compliance of taxpayers.

Accounting practice was found to have a significant and a positive influence on tax compliance. Hollander, Denna :& Cherrington, 1999) indicated that the method of recording, summarizing and validating of data about business financial transactions with in organization has been related to tax compliance issues. The result is evident of the fact that even though if the taxpayers because of the availability of updated financial records the taxpayer will have a chance to clearly know how much tax is payable on a specific date or demand basis.

Awareness of tax rule and regulation was found to have a insignificant and negative influence on tax compliance. The result is evident of the fact that even though tax compliance on small taxpayers relatively has better other variables. Regarding the result the taxpayers are not happy with applicable tax rateit compared to their income and the current applicable tax rate which are same applicable rate for all business entities in two categories (30 and 35%).

Tax policy was found to have a significant and a positive influence on tax compliance. The result is evident of the fact that even though tax determination and collection procedures are clear and simple to satisfy the taxpayers. However, in relation to support from the tax office, the appropriateness and suitability of tax law related to the economic growth condition and the behaviour of tax officials in terms of encouraging taxpayers to understand, experience taxation, supporting and quick response to the taxpayers' inquiriesrespondents are not agreed to have a positive impact on their tax compliance behaviour.

Electronic taxation was found to have a significant and a positive influence on tax compliance. The result is evident of the fact that using an electronic tax system improved the tax compliance behaviour and benefited the taxpayers in avoiding penalty and fines and improving an interaction with the tax officials and easy of using e-tax and payment mechanisms are encouraging to taxpayer comply. From the result response, taxpayers has clearly shown their interest to report using e-tax system rather than paper based manual system which need to submitted physical to

the tax office that will have costs in terms of time, money and unnecessary communications with tax officials.

5.3 Recommendation

The purpose of the study was to investigate the factor affecting tax compliance behaviour of MRST branch office in Addis Ababa. By emphasizing on five variables of factors as listed below:

- ❖ Business Characteristics
- ❖ Characteristics of accounting practice
- ❖ Awareness of tax rule and regulations
- ❖ Tax Policy
- ❖ Electronic taxation (e-tax)
 - In order to improve the tax compliance behaviour of taxpayers, it is a researcher's recommendation that regardless the size of the business organization, type of business ownership and age of business entity, the tax office should give an incentive (say, tax discount) for those business entities settling their tax obligation on first days of tax settlement period.
 - It is also a researcher recommendation that the tax office should have a close relationship or supervision with its taxpayers and try to understand what challenges they are facing which may end up to departing from the tax compliance.
 - The researcher has an understanding the more standardise system is emplaced it is likely that the taxpayers behaviour on tax compliance will be positively affected as result the researcher recommendation to have an agreed and standardized system of accounting (standards, accounting software, data submission forms or financial statement presentation), which is also approved or confirmed by the tax office to be on the same page at the time of tax return and submission.
 - The researcher recommendation that the tax office should have an easy system of awareness creation mechanisms to address its taxpayers for newly issued tax laws and regulations, this could be achieved through magazines', newspapers and social media platform. It is also the researcher recommendation that the tax office should have a frequent, continuous and sustainable training schedule which shall be attended by taxpayers.

- The researcher recommends that all the policies of the tax office should have a background for the taxpayers and tax office feel one another as stakeholders for common goal of developing our country.
- The researcher recommends that the tax office should strengthen its current activities on technological transformation to ease the taxpayers' activities be managed online.
- There should be transparent communication between tax authorities and taxpayers to improve tax compliance

Recommendation for Future Research

The researcher suggests that further studies can be done with the same title by adding more variables to the model factor affecting tax compliance. By including all taxpayers from various categories taxpayers in the population, a comparative analysis between taxpayers might be made. If time and resources are available, more research can also be done by combining the population of regional and federal taxpayers.

REFERENCE

- Alemayehu yilma (2020). Determinants of tax compliance behavior among taxpayers: the case of large taxpayers' branch office, Ethiopian ministry of revenues. Academy of accounting and finance
- Alshira'h, a. F., & hijattulahabdul-jabbar. (2019). The effect of tax fairness on sales tax compliance among Jordanian manufacturing SMEs. Academy of accounting and financial studies journal.
- Asamanew, g. (2011). Tax assessment and collection problem of category "a" taxpayers: a case of Addis Ababa Yeka sub city. MSc thesis, ltd.
- Biru, a. M. (2020). Factors that affect tax compliance behavior of small and medium enterprises: evidence from Nekemte city. European journal of business and management.
- Coolidge, j., & Ilic, d. (2009). Tax compliance perceptions and formalization of small businesses in south Africa.
- Creswell, j. W., & Clark, v. L. P. (2007). Designing and conducting mixed methods research. Thousand oaks, ca: sage.
- Eichfelder, s., & schorn, m. (2008). Tax compliance costs and its determinants: evidence from German businesses. Institute of accounting and tax management.
- Engida, t. G., & Baisa, g. A. (2014). Factors influencing taxpayers' compliance with the tax system: an empirical study in Mekelle city, Ethiopia. A journal of tax research, 433452.
- Fancy Inasius (2015) tax compliance of small and medium enterprises: evidence . From Indonesia. Accounting & taxation, 2015, vol. 7, issue 1, 67-73
- Fauziati, p., & Kassim, a. A. M. (2018). The effect of business characteristics on tax compliance costs. Advanced science letters, 24(6), 4377-4379.
- Gobena, Lemessa Bayissa & Van Dijke, Marius, 2016. "power, justice, and trust: a moderated mediation analysis of tax compliance among Ethiopian business owners," journal of economic psychology, Elsevier, vol. 52(c), pages 24-37.

- Hansford, a., & Hasseldine, j. (2012). Tax compliance costs for small and medium sized enterprises: the case of the UK.
- Hollander, a., Denna, e., & Cherrington, j. O. (1999). Accounting, information technology, and business solutions. Pennsylvania plaza, New York: McGraw-Hill higher education.
- Hanefah, m., Ariff, m., & Kasipillai, j. (2002). Compliance costs of small and medium enterprises. *Journal of Australian taxation*, 4, 73.
- James, s and alley, c. (2004), 'tax compliance cost', university of Exeter business school Stratham, united kingdom, Taylor and Francis journals, vol. 9, no.3, 281-289.
- James, s., and Nobes, c. (2000). *The economic of taxation*, 7th ed. London: prentice hall.
- Jimenez, g., mac an Tsonnaigh, n., & Kamenov, a. (2013). Information technology for tax administration. *Unsaid leadership in public financial management*, 50.
- Kamleitner, b., Korunka, c., & Kirchler, e. (2012). Tax compliance of small business owners: a review. *International journal of entrepreneurial behaviour and research*, 18(3), 330-351. <https://doi.org/10.1108/13552551211227710>
- Karanja, e. K. (2014). Factors affecting voluntary tax compliance on rental income: a case study of Nairobi landlords. Nairobi, Kenya: master thesis, united states international university, Africa.
- Khotari r. (2004). *Research methodology: methods and techniques*, 2nd ed. New Delhi: new age international (p) ltd., publishers
- Kirchler, e. (2007). *The economic psychology of tax behavior*. Cambridge: Cambridge University press. Retrieved from <https://www.cesifo-group.de/.../c48a..accessed> On august 2, 2015.
- Kirchler, e. E. (2008). Enforced versus voluntary tax compliance: the "slippery slope framework". *Journal of economic psychology*
- Loo, e. C., & ho, j. K. (2005). Competency of Malaysian salaried individuals in relation to tax compliance under self assessment. *Journal of tax research*, 3(1). [Http://classic.austlii.edu.au/au/journals/ejltaxr/2005/3.html](http://classic.austlii.edu.au/au/journals/ejltaxr/2005/3.html)
- Loo, e.c. (2006). The influence of the introduction on self-assessment on compliance behaviour of individual taxpayers in Malaysia. PhD thesis, university of Sydney.
- Lymer, a., and oats, l. (2009). *Taxation: policy and practice*. 16th ed. Birmingham: fiscal publications.

- Mahlet G/egziabher (2020). Determinants of tax compliance in Ethiopia: the case of federal large tax payers.
- Manaye, m. K. Patnaik B.c.&Satpathy (2019). Adoption of electronic taxing system in Ethiopia: reflections of barriers. *International journal of mechanical engineering and technology (Ijmet)*, 10(3), 1543-1555.
- Marti, o.l. (2010), “taxpayers’ attitudes and tax compliance behavior in Kenya”, *African journal of business and management*, vol. 1 no. 1, pp. 112-122.
- Mas’ud, a., Aliyu, a. A., gambo, e. J., al-qudah, a. A., & al sharari, n. (2014). Tax rate and tax compliance in Africa. *European journal of accounting auditing and finance research*, 2(3), 22–30.
- McGregor Lowndes, m., & Ryan, c. (2009). Reducing the compliance burden of non-profit organisations: cutting red tape. *Australian journal of public administration*, 68(1), 21-38.
- Mascagni, g. (2020). International center for tax and development (ictd). Retrieved March 1, 2020, from international center for tax and development (ictd) website: (<https://www.ictd.ac/blog/taxpayer-education-research>)
- Mehari, d., & pasha, s. A. (2017). Factors affecting voluntary compliance of category ‘c’ taxpayers’ attitude of Arba-minch, SNNR, Ethiopia. *International journal of scientific and research publications*.
- Mundari, a. (2005). Influence success factors against taxpayer acceptance of income tax (KPP case study batu, Malang). *Executive j.* 2(2):120-12
- Night and Bananuka (2018). The impact of attitude towards an e-tax system on tax compliance of Vietnamese enterprises: adoption of an e-tax system as a mediator.
- Noor sharoja, s., Kasipillai, j., and eze, u., (2014). Determinants of tax compliance behavior of corporate taxpayers in Malaysia *journal of tax research* (2014) vol 12, no. 2, pp. 383
- Nugent, d. A. (2013). Legislating morality: the effects of tax law complexity on taxpayers attitudes. *Journal of applied business research*, 29(5), 1479–1494
- Okunogbe and pouliquen (2017). Technology, taxation, and corruption: evidence from the introduction of electronic tax filing. *American economic journal: economic policy* 2022,
- Nugroho and Zulaikha (2012) reported that the knowledge and understanding of taxation regulation is intended for taxpayers.

- Pistone, p., Roeleveld, j., Hattingh, j., Nogueira, j. F., & west, c. (2019). *Fundamentals of taxation: an introduction to tax policy, tax law and tax administration*. (Amsterdam, Netherlands: ibfd.)
- Ponoricia, a. G., & al-saedi, a. H. (2015). *The importance of taxation systems for SME tax compliance*. Bucharest.
- Rahayusk (2010): *Indonesian taxation - concepts and formal*. Yogyakarta: graha science. Pp. 56-71
- Rahayu, y., Setiawan, m., & Troena, e. A. (2017). Sudjatno. (2017). *The role of taxpayer awareness, tax regulation and understanding in taxpayer compliance*. *Journal of accounting and taxation*, 9(10), 139–146
- Saad, n. (2014). *Tax knowledge, tax complexity and tax compliance: taxpayers' view*. *Procedia - social and behavioral sciences*, 1069 – 1075.
- Shehata, m.b&trivedi, s.k. (2005). *Attitudes, incentives, and tax compliance*. *Journal of finance and taxation*, 5(2), 78691.
- Slemrod, joel. 2007. "cheating ourselves: the economics of tax evasion." *journal of economic perspectives*, 21(1): 25-43.
- Siahhaan, f. A. (2005). *The influence of tax fairness, ethical attitudes and commitment on taxpayer compliance behavior*. *The international journal of accounting and business society*. *Determinants of internal tax compliance costs: evidence from south Africa*
- Supadami (2010). *The effect of taxpayer awareness, tax socialization, tax penalties, compliance cost at taxpayer compliance with service quality as mediating variable*
- Tadesse, g. And Goitom, (2014). *Factors influencing taxpayers' compliance with the Tax system: an empirical study in Mekelle city, Ethiopia*. *Journal of tax research*, vol. 12 no.2, pp.433-452.
- Tessema, m. M. (2020). *Determinants of tax compliance of MSE category "c" taxpayers, the case of Gurage zone, Ethiopia*. Post graduate thesis.
- Tulu, l. (2009, august). *Determinants of taxpayers' voluntary compliance with taxation: the case study of Diredawa city*. Postgraduate thesis.
- Wang, x. (2019). *The challenge of information technology to accounting*. 2019 international conference on cultural studies, tourism and social sciences (cstss 2019) (pp. 301- 306). Brussels, Belgium

- Wasao, d. (2014). The effect of online tax system on tax compliance among small taxpayers in east of nairobi tax district. Unpublished Master of Science Project, university of nairobi.
- Weldegiorgis, d. K. (2010). Assessment of taxpayers' voluntary compliance with taxation: a case of Mekelle city, Tigray, Ethiopia. Post graduate thesis.
- Wollela, a. (2012). Surveying taxpayers in Ethiopia. Ictd annual meeting institute for security studies (iss) cape town, south Africa.
- World bank group. (2016). Tax compliance, cost burden and tax perceptions survey in Ethiopia. Addis Ababa: world bank.
- Yong, s. S. E. (2011). Tax compliance and small and medium enterprise operators: an intra-cultural study in New Zealand. Auckland city, new Zealand: doctoral dissertation, Auckland university of technology

APPENDICES

ST. MARY UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION(MBA)

Dear/sir/madam Respondents!

Mr's Martha Tilahun pursuing a thesis at the MBA partial fulfillment towards the completion of my graduate program on the survey titled as Factors affecting tax compliance behaviour of taxpayers in case of MRSTbranch office in Addis Ababa.

I kindly request you to fill in this questionnaire while assuring you that the information that you provide will be treated with confidentiality and shall only be used for academic purpose. I would like to remind you that your fair and impartial feedback will make this research a very successful one.

General Instruction:

- No need of writing your name
- Read all the questions before attempting to answer
- Please make a tick mark in the appropriate box and selected Likert scales
- Give your answer for all questions
- For open ended questions need to interview
- If you need further clarification, contact in the below address

It's essential to bear in mind that this survey is only for academic research purpose and the responses of each participant will be dealt with utmost confidentiality.

Thank you for your cooperation and assistance.

Sincerely,

Name: Martha Tilahun

Phone: 0913-97-25-46/ 0912-50-68-06

Email: marthatilahun2@gmail.com

Section I: General information of the participants

I. Gender

1. Male 2. Female

II. Education level

1. Certificate and below 2. Diploma Degree
4. Master's 5. PHD

III. Age

1. Under 20 Between 21 and 30
3. Between 31 and 40 or 40 years

IV. Type of business

1. Manufacturing 2. Wholesale and Retail trade
3. Building and Construction 4. Domestic Trade and Services
5. Other, please specify _____

V. Your responsibilities in the organization

1. Owner 2. Manager 3. Employee 4. Other _____

VI. Work experience

1. less than a year (>1) 2. Between 1 and 5 3. Between 6 to
10 years
4. between 11 to 15 years 5. More than 15 years

VII. When you start to declare the tax in this tax center?

1. less than a year (> years 2. Between 1 and 5 years
3. Between 6 to 10

4. between 11 to 15 years

5. More than 15 years

SectionII: Factors affecting tax compliance behaviour

This section is dedicated to assessing various factors affecting tax compliance behaviour of taxpayers focusing on Northwest small taxpayer office in Addis Ababa. Please tick your mark based on the stated statements using the following rating scales. Also please indicate your degree of agreement or disagreement to the opinion stated in the table below.

Strongly disagree (**SD**) = **1**, Disagree (**DA**) = **2**, Neutral (**N**) = **3**, Agree (**A**) = **4** and strongly agree (**SA**) = **5**

A. Business Characteristics

S.N	Statement	SD 1	DA 2	N 3	A 4	SA 5
1	The size of the business organization affects the tax compliance					
2	The type of business ownership types (Sole proprietor, PLC, Share Company) has the impact on the tax compliance					
3	The longer the business age, the tax compliance will be low or vice versa					
4	The more transparent of banking transactions are disclosed in the financial records, more likely to fulfill tax compliances					

B. Characteristic of accounting practice within organization

S.N	Statement	SD	DA	N	A	SA
		1	2	3	4	5
1	I know how to keep financial records or documents pertaining to income and expenditure for a required period of years after submission of the tax return					
2	I know how to fill the tax declaration form based on the actual income and expense that occurred in the accounting system					
3	Collecting, storing and processing accounting information and work based on accounting standard has helped us to comply with tax requirements					
4	The accounting practice which is our organization follows are General acceptable accounting practice to consume little time and clear understanding of tax matters					
5	The accounting practice which is our organization follows are IFRS based to consume little time and clear understanding of tax matters					

C. Awareness of tax rules and regulations

S.N	Statement	SD	DA	N	A	SA
		1	2	3	4	5
1	I received regular training support from the branch office regarding tax law and regulation					

2	I understand that I should pay taxes for tax office on the scheduled time due date which is the tax office regulation					
3	The applicable tax rates are reasonable in relation to our income					
4	The tax authority officials are supporting and respond promptly to taxpayer					
5	I understand that I must pay taxes due within the prescribed period beginning with the date of the Notice of Assessment or within the specified period.					

D. Tax policy

S.N	Statement	SD 1	DA 2	N 3	A 4	SA 5
1	The tax determination and collection procedure is clear and simple					
2	I received the usual training support from the branch office regarding tax law.					
3	The current tax law is appropriate and suitable with the economic growth condition					
4	Taxpayers are encouraged by tax officials' thorough understanding of how taxpayers think about and experience taxation.					
5	The tax authority officials are supporting and respond promptly to taxpayer					

E. Electronic Taxation (E-tax)

		SD	DA	N	A	SA

S.N	Statement	1	2	3	4	5
1	Using electronic tax system improve tax compliance					
2	Electronic tax system helping us to avoiding penalty and fines associated with delay in tax reporting					
3	Interaction with tax officials has become easier and more efficient since the implementation of the e-tax system, as we now submit clear and verifiable reports on time.					
4	The ease of using e-tax and payment encouragement to pay on a regular basis.					
5	I preferer manual reporting system and payment rather than e-taxing					

Tax Compliance

S.N	Statement	SD	DA	N	A	SA
		1	2	3	4	5
1	Reducing tax rates and making the collection processes simple and transparent may attract taxpayers to be compliant					
2	Taxpayers who meet its tax obligation and aware to perform tax right and needs fair and efficient treatment are more willing to comply					
3	The probability of tax audit examination on taxpayers has a positive impact on tax compliance					
4	I believed that the tax administration's close supervision of taxpayers has an impact on compliance.					

Section III- Comments and Recommendations

1. If you have any idea about the factors that affects tax compliance behavior of taxpayers

2. Please give your solution about how to improve taxpayers tax compliance behaviors.

–

የቅድስተ ግርማ የኒሽርሲቲ
የቢዝነስ እድሜዎች ስርዓት ክፍል (ኢ.ም.ቢ.አ.)
ለግብር ከፋዮች የዳሰሳ ጥናት መጠይቅ

ውድ መልስ ሰጪ ግብር ከፋዮች

እኔ ግርማ ጥላሁን በ " ገቢዎቼ ማህተም ለስተኛ ግብር ከፋዮች ቅርንጫፍ ጽ/ቤት በአዲስ አበባ ወሰን ግብር ከፋዮች ግብር የመክፈል ጸዋቸው ላይ ተጽእኖ የሚያሰርኩ ነገሮችን በሚለው የዳሰሳ ጥናት ርእሰ ላይ የድህረ ምረቃ መርሀግብራን ለማጠናቀቅ እና የእኔን ማስተርሰ እና ቢዝነስ እድሜዎችን በክፍል ላይ ለማጠቃለያ እገኛለሁ።

ይህ ስለዚህም እርሶ የሚሰጠው መረጃ ማህተም ለስተኛ ስተጠበቀ መልኩ እና ለትምህርት አላማ ብቻ ጥቅም ላይ እንደሚውል በማረጋገጥ እርሶ መጠይቁን እንዲገኝ በትኩረት ለመጠየቅ በሚል ነው። የእርሶ ሚዛናዊ እና ክልድሎ ነጻ የሆነ ግብር መልስ ይህንን ጥናት እጅግ ስኬታማ እንደሚያደርገው ላስታወስዎት አወዳለሁ።

ጠቅላላ

- ✓ የእርሶን ስም መጻፍ አያስፈልግዎትም።
- ✓ መልስ ለመስጠት ከመግባቱ በፊት ሁሉንም ጥያቄዎች ያንብቡ።
- ✓ አባክዎን በተገቢው ሳጥን ውስጥ እና በተመረጠው የመጠይቅ የባህሪ መልካም ላይ የራይት ምልክት ያደርጉ።
- ✓ ለሁሉም ጥያቄዎች የእርሶን ምላሽ ይሰጡ።
- ✓ በክፍት ለተተው ጥያቄዎች ቃለ መጠይቅ ያስፈልጋል።
- ✓ ተጨማሪ ማብራሪያ ካስፈለግዎት ከታች ያለውን አድራሻ ይጠቀሙ።

ይህ የዳሰሳ ጥናት ለትምህርታዊ ጥናት አላማ ብቻ እንደሆነ እና የአያንዳንዱ ተሳታፊ ምላሾች ክፍተኛ ስሆን ምስጢራዊነት እንደሚጠበቅ እና በዛሬ ዓይነት መልኩ እንደሚሰተናገዱ ማስታወስ እጅግ ጠቃሚ ነው። ለትኩረት እና ለአንዳንድ ለመሳግናለሁ።

ከትህትና ጋር
ግርማ ጥላሁን
ስልክ:- 0913-97-25-46/0912-50-68-06
የኢ-ሜይል አድራሻ:- marthatilahun2@gmail.com



ክፍል I : የተሳታፊዎች አጠቃላይ መረጃ

I. ጾታ

1. ማድ

2. ሴት

II. የትምህርት ደረጃ

1. ስርቴሌት እና ከዛ በታች

2. ዲፕሎማ

3. ዲግሪ

4. ማስተርስ

5. ፒ.ኤች.ዲ.

III. እድሜ

1. ከ 20 በታች

2. በ21 እና 30 መካከል

3. በ31 እና በ40 መካከል

4. ከ40 አመት በላይ

IV. የስራ አይነት

1. አምራች

2. የጅምላ እና ችርጃር ግዴ

3. የህጻ እና ግንባታ ሰራ

4. የህገር ውስጥ ግዴ እና አገልግሎት

5. ሌላ ከሆነ አባክዎ

V. በድርጅቱ ውስጥ ያሉት የስራ ሀላፊነት

1. ባለቤት

2. ስራ አስኪያጅ

3. ሰራተኛ

4. ሌላ

VI. የስራ ልምድ

1. ከአንድ አመት በታች (<1)

2. በ 1 እና 5 አመታት መካከል

3. በ6 እና 10 አመታት መካከል

4. በ11 እና በ15 አመታት መካከል

5. ከ15 አመታት በላይ

VII. በዚህ የግብር ማእከል ውስጥ ለምን ያህል ጊዜ ግብርዎትን አሳውቀዋል??

1. ከአንድ አመት በታች (<1)

2. በ 1 እና 5 አመታት መካከል

3. በ6 እና 10 አመታት መካከል

4. በ11 እና በ15 አመታት መካከል

5. ከ15 አመታት በላይ

ክፍል II. ግብር የመክፈል ባህሪ ላይ ተጽእኖ የሚያሳድሩ ነገሮች

ይህ ክፍል የግብር ከፋዮችን ግብር የመክፈል ባህሪ ላይ ተጽእኖ የሚያሳድሩ የተለያዩ መንገዶችን ትኩረቱን በአዲስ አበባ አስተኛ ግብር ከፋይ ይ/ቤት ላይ በማድረግ በመመርመር ላይ የሚያጠነጥን ይሆናል። የሚከተሉትን የመለኪያ ደረጃ ማውጫዎችን በመጠቀም የተገለጹትን አረፍተ ነገሮች መሳሪት በማድረግ አባክዎን የራደት ምልክት ያኑሩ። ከታች ባለው ሰንጠረዥ ውስጥ በተገለጹት አስተያየቶች ላይ በምን ያህል ደረጃ እንደሚሰማሙ እና እንደሚደሰማሙ አባክዎን ያመልክቱ።

በላይተ አልሰማም (አአ) = 1; አልሰማም (አ) = 2; ገለልተኛ (ገ) = 3; አሰማማላሁ (አ) = 4 እና በአድጉ አሰማማላሁ (አአ) = 5



ሐ. ስለ ግብር ህጎች እና ደንቦች ግንዛቤ

ተ.ቁ	ገለጻዎች	በእጅጉ አልሰማም	አልሰማም	ገለልተኛ	አሰማግለሁ	በእጅጉ አሰማግለሁ
1	የግብር ህግን እና ደንብን በተመለከተ ከኮርንህዳር ጽ/ቤት (የግብር ጽ/ቤት) መደበኛ የሆነ የክልሉና እና ድጋፍ አግኝቻለሁ።					
2	የግብር ጽ/ቤት ደንብ የሆነውን መርዛ ግብር በምወጣበት ሰአት እና ቀን መሰረት ለግብር ጽ/ቤት ግብር መክፈል እንዳለብኝ አረዳለሁ።					
3	ተግባራዊ የተደረጉት የግብር ተመናኞች (tax rates) ከእኛ ገቢ ጋር በተያያዘ ሲታዩ ምክንያታዊ ናቸው።					
4	የግብር ባለስልጣን መሰሪያ ቤቱ ሀላፊዎች ለግብር ከፋዩ በግብር ጉዳዮች ዙሪያ ደጋፊ እና አፋጣኝ ምላሽ የሚሰጡ ናቸው።					
5	በተሰጠው ጊዜ ውስጥ ማለትም ግብር የማሳወቅ ቀን ጀምሮ ወይም በተወሰነው ጊዜ ውስጥ ግብር የግድ የግብር ግዴታዬን መወጣት ያለብኝ እንደሆነ አረዳለሁ።					

መ. የግብር ፖሊሲ

ተ.ቁ	ገለጻዎች	በእጅጉ አልሰማም	አልሰማም	ገለልተኛ	አሰማግለሁ	በእጅጉ አሰማግለሁ
1	የግብር አወሳሰን እና አሰባሰብ ሂደቶች ግልጽ እና ቀላል ናቸው።					
2	ስለ ግብር ህግ በተመለከተ የተለመደውን የክልሉና ድጋፍ ከኮርንህዳር መሰሪያ ቤቱ አግኝቻለሁ።					
3	የሌሎች ወቅታዊ የግብር ህግ ከአካጣጤ ላይ ገት ሁኔታው ጋር ተስማሚ እና ምቹ ነው።					
4	ግብር ከፋዮች ስለ ግብር አከፋፈል እንደት እንደሚያስቡ እና እንደሚያዩት በመረዳት የግብር ባለስልጣናት ግብር ከፋዮችን ያበረታታሉ።					
5	የግብር ባለስልጣን መሰሪያ ቤቱ ሀላፊዎች ግብር ከፋዮችን ይደግፋሉ እናም ፈጣን ምላሽ ይሰጣሉ።					

ሠ. በኤሌክትሮኒክስ ግብር አከፋፈል (ኢ-ታክስ)

ተ.ቁ	ገለጻዎች	በእጅጉ አልሰማም	አልሰማም	ገለልተኛ	አሰማግለሁ	በእጅጉ አሰማግለሁ
1	የኤሌክትሮኒክስ የግብር ስርዓትን መጠቀም ግብር የመክፈል ባህሪን ያሻሽላል።					
2	የኤሌክትሮኒክስ ግብር ስርዓት ከግብር ማሳወቅ ጋር ካለው መዛገብ ጋር በተያያዘ ያለውን ቅጣት እና መኮሞ ለማስወገድ ረድቶኛል።					
3	የኢ- ታክስ ስርዓት ተግባራዊ ከሆነበት ጊዜ አንጻቱ የግብር ባለስልጣናት ጋር ያለው ግንኙነት ቀላል እና ደብዳቤ ወጣታማ ሆኗል። ይህም የሆነው እሁን እኛ ግልጽ እና የተረጋገጡ አሰራሪ መረጃዎችን በጊዜ በማስገባታችን ነው።					
4	የኢ- ታክስን ለመጠቀም ቀላል መሆኑ እና ከዩያው መደበኛ በሆነ መልኩ ለመክፈል ያበረታታል።					
5	ከኢ- ታክስ ይልቅ በአካል የማሳወቅ ስርዓትን እና ከዩያን አመርግለሁ።					



የግብር ግዴታን የመወጣት ባህሪ

ተ.ቁ	ገለጻዎች	በላይኑ አልሰማማኝም	አልሰማማኝም	ገለልተኛ	አስማማታለሁ	በላይኑ አልማማታለሁ
1	የግብር ተመኔን መቀነስ እና የግብር አሰባሰብ ሂደቱን ቀጣል እና ግልጽ ማድረግ ግብር ከፋዮች የግብር ህጉን እና ደንቦች እንዲያከብሩ ያግዛል።					
2	የግብር ግዴታዎቻቸውን የሚወጡ እና የግብር መብታቸውን ለመጠቀም ግንዛቤው ያላቸው እና ፍትህዊ እና ብቁ የሆነ መስተገባዶ የሚረዱት ግብር ከፋዮች ይለገጡ ግብር የመክረል ባህሪ አላቸው።					
3	የግብር እዲት ምርመራ በግብር ከፋዮች ላይ መከናወን ግብር የመክረል ጸባይ ላይ እምነታዊ ተጽእኖ አለው።					
4	የግብር አስተዳደሩ የግብር ከፋዮች በኩል ስሜት መቆጣጠሩ በግብር የመክረል ጸባይ ላይ አስተዋጽኦ አለው ብዬ አምናለሁ።					

ክፍል III - አስተያየቶች እና ምክሮች

1. የግብር ከፋዮችን ግብር የመክረል ባህሪ ላይ ተጽእኖ ስለሚሰጥ ማስረጃዎች ማዘጋጀት ሀሳብ ካለዎት

2. አባዜዎን የግብር ከፋዮችን ግብር የመክረል ባህሪ ማጥናት የሚያልቡትን የአርሶን መፍትሔ ይሰጡን።



ሀ. የሥራ መለኪያዎች

ተ.ቁ	ገለጻዎች	በእድገት አልሰማግጥም	አልሰማግጥም	ገለልተኛ	አሰማግጠሁ	በእድገት አሰማግጠሁ
1	የሥራ ድርጅቱ ስፋት ግብር የሚከፈል ሀብት ላይ ተጽእኖ አለው።					
2	የሥራ ግብርን የሰጡት ለይነቶች (የተናጠል የሥራ ግብርን የሰጡትን፣ ኃላፊነት ላይ የሚገኙ፣ የአስተዳደር ድርጅት) በግብር የሚከፈል ሀብት ላይ ተጽእኖ አላቸው።					
3	የሥራው ቁጥጥር ለአድጋ ስራዎች ቀጥሎ ስለ ግብር ስፋት ግብር የሚከፈል ሀብት ላይ ለውጥ ስለ ይከናወናል ወይም ግልጽ ይሆናል።					
4	በተለይም መዝገቦች ላይ ግልጽ የሆነ የገንዘብ ገንዘብ ገደብ ይጠይቅ በሚገኝበት ግብር ስለ ግብር ስፋት ግብር የሚከፈል ሀብት ላይ ለውጥ ስለ ይከናወናል የተሟላ የሚሆንበት አይደለም።					

ለ. በድርጅት ውስጥ ያለ የሂሳብ ስራ (ለካውንቲንግ) አተገባበር መለኪያ

ተ.ቁ	ገለጻዎች	በእድገት አልሰማግጥም	አልሰማግጥም	ገለልተኛ	አሰማግጠሁ	በእድገት አሰማግጠሁ
1	የግብር ተመላሽ ከገቢ በኋላ ለተፈለገው የአመታት ጊዜ ያለውን ገቢ እና ወጪ ጋር ተያያዥ የሆኑ የተለያዩ መዝገቦች እና ሰነዶችን እንዲያስገኙ መቻላቸውን አውቃለሁ።					
2	በሂሳብ ስራ ላይ በተካተቱት ተጨባጭ ገቢ እና ወጪዎች ላይ በመመስረት የግብር ግንዛቤ ቅጽን እንዲያስገኙ መቻላቸውን አውቃለሁ።					
3	የሂሳብ መረጃዎችን መስጠት ማጠቃለያ እና በሂደት ውስጥ ማስተካከያ እና በሂሳብ ስራ (ለካውንቲንግ) መሰረት ደረጃ ላይ መሰረት አድርገን መስጠትን የግብር መሰረቶችን ለማሟላት ረድቻለሁ።					
4	የእኛ ድርጅት የሚከተላቸው የሂሳብ ስራ አተገባበሮች የአጠቃላይ ተቀባይነት ያላቸው የሂሳብ ስራ አተገባበሮች (GAAP) ነው። ይህም ድርጅታችን የግብር ግዴታዎችን በ አስተኛ ጊዜ ለመወጣት እና ስለ ግብር ጉዳዮች ግልጽ የሆነ አረፊት አገልግሎት አረድቻለሁ።					
5	የእኛ ድርጅት የሚከተላቸው የሂሳብ ስራ አተገባበሮች በ IFRS ላይ የተመሰረተ ነው። ይህም ድርጅታችን የግብር ግዴታዎችን በ አስተኛ ጊዜ ለመወጣት እና ስለ ግብር ጉዳዮች ግልጽ የሆነ አረፊት አገልግሎት አረድቻለሁ።					

