

DEBRE MARKOS UNIVERRSITY

COLLEGE OF BUSINESS AND ECONOMICES

DEPARTMENT OF MANAGEMENT

ASSESSMENT ON EFFECTIVE REVENUE COLLECTION CHALLENGES OF CATEGORIES "A"," B" AND "C" TAX PAYERS: A CASE STUDY IN DEJEN

A THESIS SUBMITTED TO DEPARTMENT OF MANAGEMENT FOR PARTIAL FULFILMENT OF THE REQUIREMENT FOR DEGREE IN MASTER OF BUSINESS ADMINISTRATION (MBA)

BY: MENELIK DAGNACHEW TENAW

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ADVISOR: BIRHANU ASFAW (ASSISTANT PROFESSOR)

SEPTEMBER, 2022

DEBRE MARKOS, ETHIOPIA



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DECLARATION

I, Menelik Dagnachew, declared that, this paper prepared for the partial fulfillment of the requirements for Master of Business Administration (MBA) in Management entitled “Assessment on Effective Revenue Collection Challenges: a case of categories A, B and C tax payers in Dejen Revenue office” is prepared with my own effort. I have made it independently with the close advice and guidance of my advisor.

Declared by

Name	Signature	Date
Menelik Dagnachew Tenaw	_____	_____

CERTIFICATION

This is to certify that Mr. Menelik Dagnachew Tenaw has carried out this research work on the topic entitled “Assessment on Effective Revenue Collection challenges: a case of categories A, B and C tax payers in Dejen under my supervision. This work is original in nature and it is sufficient for submission for the partial fulfillment for the award of Master of Business Administration (MBA) in Management.

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THESIS APPROVAL

The thesis entitled “Assessment on Effective Revenue Collection Challenges: a case of categories A, B and C tax payers in Dejen” by Menelik Dagnachew is approved for the Degree of Masters of Business Administration (MBA) in management.

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LIST OF ACRONYMS

TPA	Awareness of Taxpayers
CCRA	Canada Customs and Revenue Agency
ERC	Effective Revenue Collection
EMC	Employee's Competency
EMI	Employee's Integrity
FRK	Financial Record keeping
MFOED	Ministry of Finance and Economic Development
PEN	Penalty
RCPR	Revenue Collection Practice
SPSS	Statistical Package for Social Science
TEA	Tax Evasion
TIN	Tax Identification Number
VIF	Variance Inflation Factor

ABSTRACT

Tax is a compulsory levy and those who are taxed have to pay the sums irrespective of any corresponding return of services or goods by the government. As the authors tax revenue is the income for the government from taxable activity or taxable income of the citizen to finance its expenditures (Bhatia,1998). The study aims to assess on factors affecting the effective revenue collection a case of Dejen revenue office. The study was conducted on the seven factors that affect the effective revenue collection such as the Revenue Collection practice, the Awareness of taxpayers, the Employees Competency, the financial record keeping, the penalty, the Employees integrity and the Tax Evasion. The study used quantitative research approach with descriptive and explanatory research design. Quantitative type of data from primary and secondary data sources were collected form 290 sample respondents' from1057 active taxpayers by using the scientific formula and 20 tax officers from 54 employees of revenues office by purposive method, totaling 310 respondents. The questionnaire items were measured based on 5-point Likert scale and the questionnaire questions were tested for validity and reliably of the items, Cronbach's alpha was used to measure reliability. The correlation result indicates that all independent variables have positive significant relationship on effective revenue collection. The regression result shows that Awareness of taxpayers, employees' competency, tax penalty, employees' integrity and the tax evasion have positive and significance influence on Effective Revenue collection. Whereas financial record keeping and revenue collection practices have positive insignificance influence. The study recommends that, the revenue collection system should improve, continuous tax awareness creation to tax payers ought to give and continues training of employees should be done in reference to improving on competencies and integrity.

Keywords: - *Effective revenue collection, Revenue collection practice, Awareness of taxpayers, Employee's Competency, Financial record keeping, penalty, Employee's Integrity, business income tax, tax evasion.*

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the study:

Tax income collection is one significant issue of economic development among others. Taxation is defined as government revenue to fulfill public necessities. That is for social, economic and political aspects of the society. Generally, tax revenue is an important for the improvement of the living standard of the general public, for the country growth, and for implementing policies and strategies. Taxation is one of the best instruments to boost the potential for public sector performance, to finance the social insurance program, and for the repayment of public debt (Rosen, H. S. (2004). Taxation, even if often ignored, is a central component in the development of both low- and middle-income nations Alonso, J. A., Glennie, J., & Sumner, A. (2014). Taxation has led to tax structures throughout the developing world that are largely complex, inelastic, inefficient, inequitable, and quite simply unfair Tegegn, T., & Kebede, M. (2016).

A country's revenue generation, primarily depends upon its sufficient capacity to tax more in both economic and administrative terms, lack of homogeneity across time and culture, the existence of gap between the tax payments required by the law and those actually surrendered to the state because of the inadequacy of the tax authority manpower, institutionally weak and lack in potential support are not in a position to collect the amounts outstanding Efuntade, A. O. (2020).

The two important components of revenue are tax administration and tax system reforms Pogorletskiy, A. I., &Bashkirova, N. N. (2015). Indeed, corruption functions like a tax itself, and likely a particularly regressive one as other governance indicators shown (weak rule of law, political instability). another problem of the tax law for revenue generation is political instabilities in developing countries. One of the important characteristics of the political instability is unstable and shifting behaviors of government, which hinders the process of long-term reforms in the system, Gupta, (2007).

In Ethiopia the authorized body to collect the tax, the Ethiopian Revenue and customs Authority (ERCA) has three taxpayers' categories, category A, B and C and collects tax. But revenues which come from those taxpayers are not sufficient to finance the government expenditures due to various problems. The situation of Dejen woreda is the same as situations above mentioned.

In accordance with the powers vested in the constitution of the Amhara National Regional State Has Proclaimed, the Amhara National Regional State Income Tax Proclamation No,240/2016.". For the purposes of this proclamation there are three Categories of business income taxpayers. They are: - category A, category B, and category C. based on the income they paye the categories can be defined as follows.

A/ Category "A" Taxpayer being a body, or any person having an annual gross income of birr 1,000,0
00 or more;

B/ category "B" taxpayer being a person, other than a body having an annual gross income of birr 500,000 or more but less than birr 1,000,000;

C/ category" C" taxpayer being a person other than a body having an annual gross income of less than birr 500,000.

Revenues come from those taxpayers are not sufficient to finance the government expenditures because the tax revenue performance is low in developing countries due to various problems. Therefore, developing countries receive a very low amount of revenue from taxation. Why, because these countries face a number of problems in the process of revenue generation. The situation of Dejen woreda is not different from the above situations (as part of Ethiopia). The study woreda, namely, Dejen is currently facing different challenges in relation to the overall taxation system, the tax assessment, the tax collection, and the service delivery of tax authority. Hence, the woreda may not be able to collect tax efficiently which is a serious problem that has the possibility to result in the failure of providing basic social services and infrastructure to the community.

1.2. Statement of the problem

Revenue generated from taxation has got the attention of governments as a major source of funds necessary for the country's overall development. According to Brautigam, D., Fjeldstad, O. H., & Moore, M. (Eds.). (2008) taxation is the new frontier for those concerned with state building in developing countries.

But revenues come from tax are not sufficient to finance the government expenditures because the tax revenue performance is low in developing countries due to various problems.
As per Fjeldstad, O. H. (2005) the developing countries tax revenue is in a weak position because of both a complex tax system and widespread corruption. Complex and fragmented tax administration has its source in part in developing countries.

According to Gupta (2007), tax revenue is affected by corruption, political and economic stability, and structural factors such as tax system, tax administrative procedures, capacity to collect taxes.
Tax revenue is explained by corruption, share of per capita income to GDP, trade openness and tax system Ajaz, T., & Ahmad, E. (2010). On the other hand, Tegegn, T., & Kebede, M. (2016), state that tax revenue is affected by the existence of informal sector and inflation. Similarly, tax revenue is explained by many factors that causes for poor tax revenues generation and they argue that there is significant difference between developing and advanced economies that must be accounted as a factor for tax revenue collection. Because of this, studies made regarding taxation are several all over the world. But most studies made regarding taxation are, therefore, focused on the effect of corruption, governance, tax evasion, tax system and tax administration on tax revenue generation in developed and developing nations of the world. It is obvious that the output or findings of such researches may not help much to our country Ethiopia in general and in Dejen woreda in particular. Because as pre the findings of Gupta (2007), the determinants of tax revenue efforts in one country may not the determinants of tax revenue for the other country in terms of source of the factors and level of effect tax revenue. Moreover, most research works focused on national level, but factors at lower levels get little attention, i.e., minor attention is given to the cultural background of tax payers, their awareness level, compliance behavior and its determinants when designing a given tax system, etc.
Hence, researches must be done at lower levels to identify and examine the causes for poor tax revenue collection and problems associated with taxpayers and tax administration at the grass root level.

Thus, identification of location specific factors and problems is essential to fill the gap in the field and assist the efficient tax assessment and collection endeavors of the zone in general and the woreda in particular.Thus, the first motive to undertake this research is to fill the research gap that was not

addressed by any one of the earlier studies, specifically, the assessment on the effective revenue collection challenges a case of categories A, B and C taxpayers in Dejen revenue office.

1.3. Research questions

To identify the major Factors that affect the Effective Revenue Collection and suggest some basic recommendations, the study attempted to answer the following basic questions:

1. What is the Effect of Revenue collection practice on the Effective Revenue Collection?
2. What is the Effect of Awareness of tax payers on the Effective Revenue Collection?
3. What is the Effect of Employee's competency on the Effective Revenue Collection?
4. What is the Effect of Financial Record Keeping on the Effective Revenue Collection?
5. What is the Effect of Penalty on the Effective Revenue Collection?
6. What is the Effect of Employee's Integrity on the Effective Revenue Collection?
7. What is the Effect of Tax evasion on the Effective Revenue Collection?

1.4. Objectives of the Study

1.4.1General objective of the study

The General objective of the study was to identify the major challenges that affected the Effective Revenue Collection in Dejen revenue office.

1.4.2 Specific objectives of the study

- To identify the effect of Revenue Collection Practice on the effective revenue collection.
- To investigate the effect of Awareness of tax payers on the effective revenue collection.
- To analyze the effect of Employee's Competency on the effective revenue collection.
- To assess the effect of Financial Record Keeping on the effective revenue collection.
- To examine the effect of Penalty on the effective revenue collection.
- To analyze the effect of Employee's Integrity on the effective revenue collection.
- To investigate the effect of Tax Evasion on the effective revenue collection.

1.5. Significance of the Study

The findings of this study were contributed in enhancing the tax revenue of the selected study area Dejen woreda and the government at large by uncovering the core problems on the tax assessment and collection activities so as to enabling them to put their effort to triumph over the observed problems.

Thus, the government has been able to adopt a comprehensive strategy, and minimize the observed tax administration problems to increase tax revenue. Similar approach can be replicated in identifying the problems in tax assessment and collection procedures of revenue administrations in other woredas. Besides, it might have been used as an input for other interested researchers for conducting further study.

1.6. Scope of the Study

The scope of the study has limited with investigating the challenges that affect the Effective Revenue Collection on category" A", category" B" and category "C" taxpayers in Dejen Administration revenue office. The taxpayers' categories, which are in Amhara regional state income tax law, are not different from the tax payers' categories in the country. Moreover this, the study covered the five years annual reports from business income tax planned and the actual performance during the period of 2018-2022 G.C or (2010 to July 30/2014 etc.).

1.7. Organization of the Paper

The study was organized into five chapters. Chapter one: The introduction in which brief introduction of the topic, the background, the statement of problems, the research questions, the objectives, the significant and the scope of the study were addressed. Chapter two: discussed literature review in which previous theories and empirical findings regarding tax assessment and collection problems. Chapter three: - explained the research methodology, the research design, the population and sample techniques, the sample size and the data analysis. Chapter four: briefly discussed data analysis and presentation of the study. The final chapter, chapter five: explained conclusions and recommendations of the study based on the findings.

CAPTERTWO

2. REVIEW OF RELATED LITERATUER

This section presented a brief review of existing theoretical and empirical literature of tax administration. At the end of the review, an attempt was made to summarize the major drawbacks of the existing empirical studies and to identify the knowledge gap to be filled in by further investigation.

2.1 Theoretical review: The tax administration

Tax administration refers to the identification of tax liability based on the existing tax law, the assessment of this liability, and the collection, prosecution and penalties imposed on recalcitrant taxpayers. Tax administration, therefore, covers a wide area of study, encompassing aspects such as registration of taxpayers, assessments, returns processing, collection, and audits (Kangave, 2005). The low revenue yield of taxation can only be attributed to the fact that tax provisions are not properly enforced either on account of the inability of administration to cope with them or on account of straight forward collusion between the tax administration and taxpayers.

Since taxes are an involuntary payment for government services, taxpayers have a strong inventive to minimize their tax liabilities either through avoidance (legal) or through evasion (illegal). Tax administration has to secure compliance with the laws by applying an array of registration, assessment and collection procedures. A government can keep taxpayers from doing these activities, and thus successfully avoid tax evasion depends on the nature of economy's actual tax base. Tax administration therefore, should aim at improving on laws regarding the registration, assessment, collection revenue, and exploiting fully taxation potential of a country (World Bank, 1999).

2.1.1 Legal structure for effective tax administration

The legal rules required for effective tax administration might be categorized under four broad headings:

- Rules for the establishment of an individual's tax liability;
- Rules establishing a system of appeals from the initial assessment of tax;
- Rules for the collection of taxes that have been established to be owing; and
- Rules relating to tax offences and their punishment.

The importance of a sound legal structure for effective tax administration and the importance of incorporating principles that will further tax compliance in the design of that legal structure. Since each stage of the administrative process is dependent upon the other, to achieve a significant improvement in the overall effectiveness of the tax administration each element of the legal structure needs to be designed for maximum effectiveness (Asian Development Bank, 2001).

In addition to the legal structure for tax administration, obviously, the organizational structure of the tax administration is also of crucial importance. According to the Asian Development Bank, 2001, the range of issues that must be resolved, in this regard, include

- Agreement of autonomy from the executive branch
- Accountability to legislative assembly
- Relationship to the Ministry responsible for the tax legislation
- Type of organization structure in relation to taxes administered
- Decentralization
- Personnel policy
- Policies for internal audits
- Mission statement and strategic plan

2.1.2 Importance of tax administration

According to Asian Development Bank, 2001, tax administration dictates tax policy. Indeed, tax administration and compliance issues determine the broad evolution of tax systems. The shift in industrialized countries over a century ago from reliance on excise, customs and property taxes to corporate income and progressive income taxes can be explained, in large part, by the relative decline in the rural sector, the concentration of employment in large corporations and the growing literacy of the population. In recent years, the shift away from these taxes - corporate income and progressive individual income tax - and toward tax systems that rely more on broad-based consumption taxes such as the value-added tax, flatter rate structures, and the adoption of “dual income taxes,” in which a progressive tax on labor income is accompanied with a low flat-rate tax on capital income, as adopted in certain Scandinavian countries, can be explained, in large part, by the forces of globalization and developments in financial innovation and the inability of tax administrators to develop technologies to cope with these forces and developments (Asian Development Bank, 2001).

In tax reforms there is a close correlation between successful tax policy and efficient tax administration. In other words, there is no good tax policy without efficient tax administration Hirsch, P. (2001).

Over the past century, changes in the size of governments themselves, and differences in the relative size of governments around the world, can be explained by changes and differences in the environment, resources and technologies available to the country's tax administrators (Asian Development Bank, 2001).Aside from the role of tax compliance and administrative issues on the evolution and general features of the tax system, there is no question that administrative considerations influence, and often impose decisive limits, on particular tax laws. Most obviously, the failure to tax all sources of economic power, such as the imputed rental value of homes or accruing capital gains, are often justified by reference to practical concerns of administrability. It is futile to design a complex and sophisticated response to a tax policy problem if the rules to implement the regime cannot be administered (Asian Development Bank, 2001).

Ensuring that taxes are collected from those who owed them has always been an elusive challenge for tax departments. It has never been easy to collect taxes from lawyers who take cash for a Saturday office visit; waiters who receive most of their income as tips; landlords who collect rent in cash; small business people who skim part of their profits or hire people off the books; cash-only window cleaners, roofers and painters; or large corporations that contract out to sweatshops. It has been even more difficult to collect taxes from crack cocaine dealers, smugglers, hit men and hit-women, and those who make their living defrauding and extorting their clients. The underground economy has always been diverse and even vaster than these examples suggest (Asian Development Bank, 2001).

However, as if these traditional forms of tax evasion were not challenge enough, the combined effects of information technology and globalization is now alleged to allow those who have been able to hide in the shadow economy to evade paying their fair share of tax to disappear altogether. Many individuals are no longer tied to one national jurisdiction; those that are increasingly receive payments from work and investment abroad; anyone can have access to an over sea's bank; anyone with access to a computer can transact business anywhere in the world; property is becoming increasingly intangible and consumption difficult to locate; and, capital is becoming increasingly fungible and can be shifted relatively easily between jurisdictions.

These and other developments are said to call into question governments' continued ability to levy taxes in a world in which companies, assets and people are infinitely mobile (Asian Development Bank, 2001). Tax administrators face a formidable number of challenges in every country. According to Asian Development Bank, (2001), in many developing countries tax administration reforms are needed simply to achieve macroeconomic stability. In countries with economies in transition there is a need to establish a tax administration that can respond to the demands of a growing market economy and the resulting increase in the number of taxpayers. Moreover, there is the need to establish the legitimacy of tax collection. In all countries tax administrators face the challenge of modernizing the tax administration so that it can operate effectively in an increasingly global economy.

In spite of these challenges, several countries' recent experiences in improving the effectiveness of their tax administration have shown that fundamental reform is possible. In recent years, there has been a considerable amount of study on the steps that should be taken to improve tax administration and reform. Of fundamental importance to all reform efforts, to improve the effectiveness of tax administration significantly, the government must be politically committed to reform, the major obstacles to an effective tax administration have to be identified, and there has to be well-designed strategies for addressing them (Asian Development Bank, 2001).

As a preliminary step to developing a successful strategy for the reform of a revenue agency, the "Tax Policy and Administration Thematic Group" of the World Bank has developed a useful diagnostic framework for revenue administration. It includes a description of quantitative indicators and indicators of effectiveness and efficiency that might be used to get a general idea of the physical dimensions of the revenue administration and how effectively and efficiently it is currently performing its functions and where performance problems might be acute. It also provides a framework and checklist of questions relating to all aspects of revenue departments operations, environment, resources, history, organization and management functions and informal culture that can be used to assess its operations and diagnose its failings (Asian Development Bank, 2001).
A reform strategy to increase compliance requires a concerted, long-term, coordinated and comprehensive plan. It is vital that tax administrators ensure that every compliance policy

instrument at their disposal is being used as effectively as possible. The uses of these instruments complement one another.

2.1.3 Tax administration challenges

The efficiency of a tax system is not determined only by appropriate legal regulation but also by the efficiency and integrity of the tax administration. In many countries, especially in developing countries, small amounts of collected public revenue can be explained by either incapability of the tax administration in realization of its duty, or with some degree of corruption.

Regardless of how carefully tax laws have been made, they could not eliminate conflict between tax administration and tax payers.

Tax administration with a skilled and responsible staff is almost the most important precondition for realization of "tax potential" of the state. It is generally known that tax laws and tax policy are as good as good is the tax administration *Bejaković, P. (2000, August)*. Tax administrators face a formidable number of challenges in every country. In many developing countries tax administration reforms are needed simply to achieve macroeconomic stability. In countries with economies in transition there is a need to establish a tax administration that can respond to the demands of a growing market economy and the resulting increase in the number of taxpayers.

Human resource is essential in tax administration. Trained personnel are what actually most developing countries lack and this forced them, for instance, to organize their activities under the existing tax administration structure. During the past decade, diverse developing countries have introduced radical reforms in their collection of taxes.

In more than 15 countries, traditional tax departments have been granted the status of semiautonomous revenue authorities, which are designed with a number of autonomy-enhancing features, including self-financing mechanisms, boards of directors with high-ranking public and private sector representatives, and generic personnel systems Taliercio, R. (2004). All transition countries had a very huge fall of GDP, which, with serious limitation of tax administration, resulted in an alarming revenue gap. Moreover, in all countries, revenues from taxes collected from big, mostly state firms, declined, and were not replaced with increased taxes collected from private, mostly small enterprise. This has created pressure to increase tax rates and introduce new, very often ad hoc taxes. These diversities, which are called "patches" in the tax system, are to a great extent a

result of the inefficiency of the tax administration in collecting the existing taxes Bejaković, P. (2000, August).

This situation would lead to a permanent need for new taxes, changes in the tax system and almost never-ending tax reforms. In transition countries income tax is gaining on importance. Taxpayers are not used to this form of taxation and when they are faced with it for the first time; they will obviously regard it as a burden. The tax administration and bodies which produce political decisions have to foresee the attempts to evade taxes and have to design a tax system that will not question the loyalty of its citizens. Most developing countries continue to face serious problems in developing adequate and responsive tax systems Bird, R. M. (2008).

No matter what any country may want to do with its tax system, or what anyone might think it should do from one perspective or another (ethical, political, or developmental), what it does do is always constrained by what it can do. Economic structure, administrative capacity and political institutions all limit the range of tax policy options (IMF 2006). Heavy tax distortions in transition economies come from various sources. First, base rates are often high. In transition economies with many fledgling small enterprises and weak tax administration, high tax rates are likely to encourage already widespread tax evasion and participation in informal economy.

Second, many countries still rely heavily on payroll taxes to finance social expenditures. If payroll taxes are levied mainly on employers (as is the case in the great number of transitional economies) this can discourage entrepreneurial efforts, disincentive formal hiring and push economic activity underground. Third, and as World Bank estimations as the most important, the many exemptions and special tax rates in parts of the economy often coexist with higher tax rates on other activities, undermine revenue performance, complicate tax administration and distort revenue allocation. The key precondition for efficient tax administration is tax structure with minimizing distortions, strictly tax exemptions and elimination of the differences in tax treatment of particular parts of economy. This will mean extending the VAT to all but a few goods and services (notably export, which should be zero - rated, and banking and insurance services, where it may be difficult to determine the amount of value added to be taxed).

2.1.4 Efficiency of tax administration

The key precondition for efficient tax administration is tax structure with minimizing distortions, strictly tax exemptions and elimination of the differences in tax treatment of particular parts of economy.

This will mean extending the VAT to all but a few goods and services (notably export, which should be zero - rated, and banking and insurance services, where it may be difficult to determine the amount of value added to be taxed Poddar, S., & English, M. (1997). Badly conceived or unnecessarily complicated tax structure greatly complicates the operating function of the tax administration, while simple and transparent tax structure could affect it in the opposite way. So, the increase of efficiency of the tax administration could be attributed mainly to the simplification of the tax system.

Tax administration cannot change legislation as a means for improvement of tax structure, but could propose necessary changes in laws that can improve tax structure and / or could aid in application of the law Bejaković, P. (2000, August). Effective tax administration in a market economy is based on voluntary compliance by a large number of decentralized taxpayers. Most transition economies have only recently started to address compliance issues and build up a modern tax administration with better overall revenue performance. A first step is restructuring how the work is organized. In transitional countries, tax administration can be organized respecting the functional principle (collecting, recording, auditing, and enforcement) according to the type of taxpayers; the type of taxes; and type of enterprises in economy.

Tax administration should develop around activities (such as recording or auditing), as in Hungary, rather than according to the type of tax and taxpayers. More generally, tax payment needs to be assessed, collected and recorded more efficiently. Current procedures are rarely up to the job of dealing with a growing number of taxpayers, many of which - particularly private businesses and service enterprises are tricky to tax at best. The government might start by assigning an identification number to all taxpayers, focusing its efforts on large taxpayers who generate the bulk of revenue, and withholding wage tax at the source. This, however, does not mean that results of successful monitoring of large taxpayers can be excused for neglecting medium and small taxpayers.

This can lead to the decrease of their compliance, resulting with lower total revenue. Next should be improved auditing and follow-up actions against those who fail to file returns or make payment. Latvia, for example, has issued regulations for an improved taxpayers' register: every taxpayer must

register with the State Revenue Service; financial institutions will not be allowed to open accounts for any business or individuals without a taxpayer code Poddar, S., & English, M. (1997).

Most transitional economies are in the midst of a comprehensive reform of their government (that include the tax administration) and tailor them to the changing needs of a market environment. In that task they can use the experiences from West European countries and from countries that have recently realized tax reforms as a stepping stone to further development and/or as a challenge and incentive for reaching a higher level of efficiency and success Poddar, S., & English, M. (1997).The reform of tax administration in these countries is a part of a complete transformation of public administration, so there are no reasons to be too optimistic about the speed of change and about expected results Poddar, S., & English, M. (1997).

2.1.5 Improve tax administration

In reform of tax administration, the importance of tax structure is clearly reflected, because tax administration and tax structure are interconnected and they have to be improved simultaneously in the tax reforms (The World Bank, 1999). Reaping revenues from tax rate changes (whether up or down) requires effective tax administration. Raising revenues through base expansion requires even better administration. New taxpayers must be identified and brought into the tax net and new collection techniques developed. Such changes take time to implement. The best tax policy in the world is worth little if it cannot be implemented effectively. What can be done to a considerable extent inevitably determines what is done. One cannot assume that whatever policy designers can think up can be implemented or that any administrative problems encountered can be easily and quickly remedied.

How a tax system is administered affects its yield, its incidence, and its efficiency. Administration that is unfair and capricious may bring the tax system into disrepute and weaken the legitimacy of state actions. Good tax administration is a difficult task even at the best of times and in the best of places Bird, R. (2010). Conditions in few developing countries match these specifications. How revenue is raised - the effect of revenue-generation effort on social capital, equity, the political fortunes of the government, and the level of economic welfare - may be more important from many perspectives than how much revenue is raised. The private costs of tax compliance as well as the public costs of tax administration must be taken into account.

Assessing the relation between administrative effort and revenue outcome is by no means simple: it is important, for example to distinguish the extent to which revenue is attributable to the active intervention of the Administration rather than its relatively passive role as the recipient of revenues generated by other features of the system. Improving administrative efforts and outcomes is not impossible but it is neither easy nor quick.

2.1.6 Service commitments of tax administration

The tax administration should provide impartial and professional courteous service and must keep private and confidential information regarding the individual taxpayers. It should also offer clear, understandable and current tax information and will make this information available to tax payer through various media and provide timely, accurate written information that one can rely on to questions and requests for tax information (Asian Development Bank, 2001).

Education and information programs on specific tax issues should be arranged with taxpayers to enhance their awareness and taxpayers should be allowed to voluntarily disclose their tax situation without incurring a penalty or being prosecuted for tax violations under certain conditions (Asian Development Bank, 2001).

2.1.7 Tax assessment

A tax assessor is responsible for preparing and maintaining the assessment roll, the tax roll and collecting the tax levies in accordance with the quality standards. The core service responsibilities include:

- Preparing annual market value assessments for all properties
- Preparing the business assessment valuations for all business premises
- Maintaining accurate property information and ownership on all realty accounts
- Maintaining accurate business information and ownership on all business accounts
- Defending assessments before municipal and provincial assessment tribunals
- Responding to inquiries and requests for information related to assessment and taxation
- Producing and mailing annual assessment and tax notices to tax payers
- Reporting assessment rolls and meeting annual audits

2.1.8 Procedures for tax collection

It is expected that people's tax payments should be in line with their income and they are required to pay a tax in proportion to their level of income. On the other part of the tax collectors, collection

of tax should be time conscious and convenient and the cost of collecting the taxes should not be high to discourage business. Alternatively, this means that the ideal tax system in developing countries should raise essential revenue without excessive government borrowing and should do so without discouraging economic activity and without deviating too much from tax system in other countries Kangave, J., Nakato, S., Waiswa, R., &Zzimbe, P. (2016). The procedures undertaken by tax authority to ensure compliance are discussed as follows: -

2.1.8.1 Identification and registration of taxpayers

Tax Identification Number (TIN) is used to identify taxpayers. Every taxpayer has a unique TIN, which he or she is supposed to use in all his or her correspondence with the tax authority, and no taxpayer should have more than one TIN. In countries like Uganda, they issue TIN free of charge upon the taxpayer completing a TIN application form Kangave, J., Nakato, S., Waiswa, R., &Zzimbe, P. (2016).

2.1.8.2 Filing returns

Taxpayers are required to file returns within specified months of the end of their tax accounting year. The return should be filed in quadruplicate and should contain all the particulars of the taxpayer. All documents respecting taxation should be presented to the tax authority office where the taxpayer has their file.

2.1.8.3 Returns processing

Upon receiving a taxpayer's return, the tax authority officers examine the accuracy of the return by determining whether the return is properly completed, whether tax has been properly computed, and whether there are any penalty payments to be made by the taxpayer. The officer then allocates an assessment number to the return and issues the taxpayer with a Bank Payment Advice Form, stating the tax payable.

2.1.8.4 Payment of taxes

Taxes are due on the due date of the submission of the self-assessment returns. Tax should be paid to an authorized bank, using the Bank Payment Advice Form.

2.1.8.5 Audit and examination

The role of tax audits and examinations is to check the accuracy of the information that taxpayers provide to tax authorities. The audits range from simple field and desk audits to comprehensive audits. The paragraphs that follow give a detailed discussion on the criteria that the Canada Customs

and Revenue Agency (CCRA) uses in selecting returns for audit. The criteria are laid out in Information Circular IC 71-14R3, dated 18 June 1984.

The Screening Process: The majority of cases for audit are selected during this process. Here, comparison is made between returns of taxpayers who engage in similar businesses or occupations, and between information contained in returns of current and previous years for a taxpayer. Where inconsistencies are detected, CCRA officials put the returns aside for possible audit and specific returns are selected for audit. The selective and careful scrutiny not only saves resources but also increases the chances of detecting evasion.

Auditing Projects: Under these projects, the CCRA tests the compliance of a particular group of taxpayers. If the test results show that the group is non-compliant, the group members may be audited.

Leads: The CCRA at times uses information from investigations or external sources, such as informers, to select cases for audit. Since these audits are not conducted arbitrarily, it is almost always likely that cases of noncompliance will be discovered.

Secondary Files: Here, a file is selected for audit because of its association with another file that has already been chosen for audit. For instance, where taxpayers conduct business in the same area and under the same control, if the CCRA decides to audit one taxpayer, it may decide to audit all the other taxpayers in that place of business.

Random Audits: At times the CCRA randomly picks returns for audit. These returns are then periodically audited to check whether the audits affect compliance in any way. Kangave, J. (2005).

2.1.8.6 Collection and enforcement

When the taxpayer has not made payment on the due date, and does not object to the tax assessed, tax authority can enforce payment in a number of ways. The Commissioner may bring a suit against the taxpayer or request a person owing or holding money for the taxpayer to pay the money on a specified date or institute distress proceedings against the taxpayer's moveable property. In a wider context, the issue of enforcement includes offences committed by the taxpayer, and the penalties for these offences. In general, the discussions so far focused on the review of the literature on the theoretical aspect of tax administration. The following section presents the empirical evidence on

tax administration and their problems from the perspective of developing countries, Ethiopia in particular.

2.2 Empirical literature review

Kangave (2005) discussed tax administration in Uganda's context. It then discussed Uganda's tax structure, the problems faced in administering taxes, and it gave possible solutions to the problems the author identified in his research. The author, in his research, identified corruption, tax evasion, and inadequate resources for tax administration poor quality of audits and inadequate support for tax administration as problems or challenges of tax administration that have weakened the ability to achieve desired revenue targets.

Besides, the author recommendations for solving the tax administration problems were adopted from the Canadian tax administration system. The researcher did not believe that the tax Canadian tax administration system should not be taken as standard for measuring the performance of tax administration system. In addition to this, the author used interview with the tax officials and relied on secondary sources. However, the author could have also gathered responses from the target taxpayers to get additional information for his research.

James, S., & Edwards, A. (2008) examined issues affecting the formulation of tax policy through the development of actual proposals by tax policy-makers. This was done taking account of the possibility that too narrow an approach to this process can produce misleading conclusions and that proposals for tax reform may be inappropriate when the wider context of the tax system as a whole and the environment in which it has to operate are considered.
Two issues ware used to illustrate the situation – tax compliance and tax simplification. The paper concluded that in developing tax policy it is important to ensure that the wider context is taken into account and it also outlines a practical approach to achieve this aim. Bejaković, P. (2000, August) emphasized that the tax system can never work better than its tax administration, but even the best tax administration would certainly fail to turn a bad tax system into a well-operating one.

The researcher also warned that many ambitious tax reforms failed because of the inefficient tax administration. Without the permanent reorganization of the tax administration and almost daily improvements in methods of its management, it is impossible to expect that tax reforms could be

realized successfully. The removal of exemptions, loopholes, and concessions can simplify administration and reduce evasion. Taking a systematic view of the tax system, rationalization, simplification, and the removal of anomalies should have the effect of reducing the administrative costs of identification, assessment, auditing and enforcement. The administrative simplicity of "tax handles", however, while influencing tax policy, should not be allowed to dictate it. Concentrating on just a few handles can lead to highly distortion structures.

Sahota, G. S. (1961). undertook a study on the tax performance of the tax system of India for the period 1948-1958 using the proportional adjustment method and found that the tax system was inelastic even though the country had a highly progressive income tax at that time. The reason was due to a defective tax structure and rate schedule, wide spread tax evasion and income distribution in favor of the "non-income tax payers' group" or in favor of the low-income brackets within the tax-paying group. Sahota (1961), on his part, studied the performance of the Indian tax system for the period 1948-58. This study used the proportional adjustment method to estimate elasticity of the system. Results of the study showed that the Indian tax system was inelastic, the causes of which were found to be a defective tax structure and wide spread tax evasion.

Kusi, N. K. (1998) tried to show the effect of tax reforms of 1983 on the revenue productivity of the tax system in Ghana. To this end, two separate regressions for the pre-reform period (1970-82) and the reform period (1983-1993) were fitted for some major tax types. It was found out that there was a progress of both buoyancy and elasticity for personal income tax, company income tax, sales tax and import tax. The study attributed the improvements to growth in GDP and general improvement of the tax administration.

This study on the other hand showed that there was a fall in buoyancy and elasticity for excise duty whose cause was stated to be abolition of all excise duties on products other than beverages and tobacco in 1987 and the successive reduction in the duty rates of the affected goods. The following part will be discussing the empirical review specific to Ethiopia related to tax administration in the country.

There were studies on tax components and tax systems for different periods in different regimes in Ethiopia. Wegene (1983) tried to examine the contribution of taxation. He argued that taxation and tax system was used as a tool for establishing the material basis of socialism. He estimated the buoyancy and built-in elasticity of the total tax revenue and examined the difference between the

two measures to reflect the impact of the tax reforms on tax revenue for the period 1975-1981. He used the constant rate structure method to separate the revenue impact of discretionary tax measure. His result indicated that the tax reforms have significantly contributed to increasing tax revenue in the country.

A study by Randolph, W. C. (1995) also tried to see tax elasticity in Ethiopia. The author used built-in elasticity method to examine the revenue effectiveness of the Ethiopia's coffee export taxes. His empirical finding shows that revenue elasticity with respect to change in volume and value of exports is unity i.e., the revenue was price inelastic. He thus concluded that the present coffee tax formula requires constant revisions of tax laws whenever significant changes in the price and /or volume of coffee exports occur.

The study by Wegener (1983) showed that for the period 1975-81 tax reforms had enabled an increase in tax collection. This study employed the constant rate of adjustment method to estimate elasticity of the tax system.

Likewise, the study by Eshetu compared tax productivity in the pre revolution, post revolution periods of Ethiopia, and found out that there was certain improvement in the tax collection of the government in post revolution Ethiopia. The study by Randolph, W. C. (1995) showed that coffee export tax in Ethiopia was inelastic while study of agricultural tax share in capital formation by Kifie showed that tax collected from this category was very small.

Cohen, J. M. (1985); studied the overall productivity of the tax system for the period 1968-83 and found out that the system had a buoyancy greater than unity but an elasticity which is less than one from which the conclusion was that the tax system was unstable and inflexible. This study employed the CRS and DV techniques of estimating tax elasticity.

Zelalem (1999) studied the productivity of the Ethiopian tax system for the period 1961 - 1998.Thtimated the buoyancy and elasticity of the overall and major individual tax categories p using the method of division index. The results of this study showed that the Ethiopian system was inefficient for most of the coefficients were found to be less than one. The exploring given for the low productivity of the tax system was that the system suffered from the problems of weak administration and extensive tax evasion.

Generally, one can see that the empirical studies undertaken thus far for developing countries, particularly for Ethiopia, bothered little or no to see the potential challenges faced by taxpayers and the tax authorities in administering different tax activities such as tax assessment and collection. The performance of the tax administration will have a bearing on the capacity to raise revenue for a

country since it includes primarily the assessment and collection activities. Therefore, this research will not only identify the problems of the Dejen woreda tax administration and tax payers, but also the cause of these problems. Because the researcher believed that identifying the root cause of the problems is the best ground to provide appropriate solutions.

2.3. Conceptual Framework

Based on the theoretical and empirical literature review this section summarized the conceptual framework of the study in terms of variables relationships. Empirical evidences suggested that the revenues generation practices were affected by different factors that come from the taxpayers and revenues office. Based on the literatures, the assumptions and the conclusions of different researchers the assessor purposed this conceptual framework, model. This issue showed the impact of independent variables on the revenue's generation activities. The main variable of the study, effective revenue collection is the dependent variable. Awareness of the tax payers, the employee's competency, the Revenue collection practice, penalty, employees' integrity, the financial record keeping and the tax envision are considered as independent variables which influence on effective revenue collection a case of Dejen revenue office.

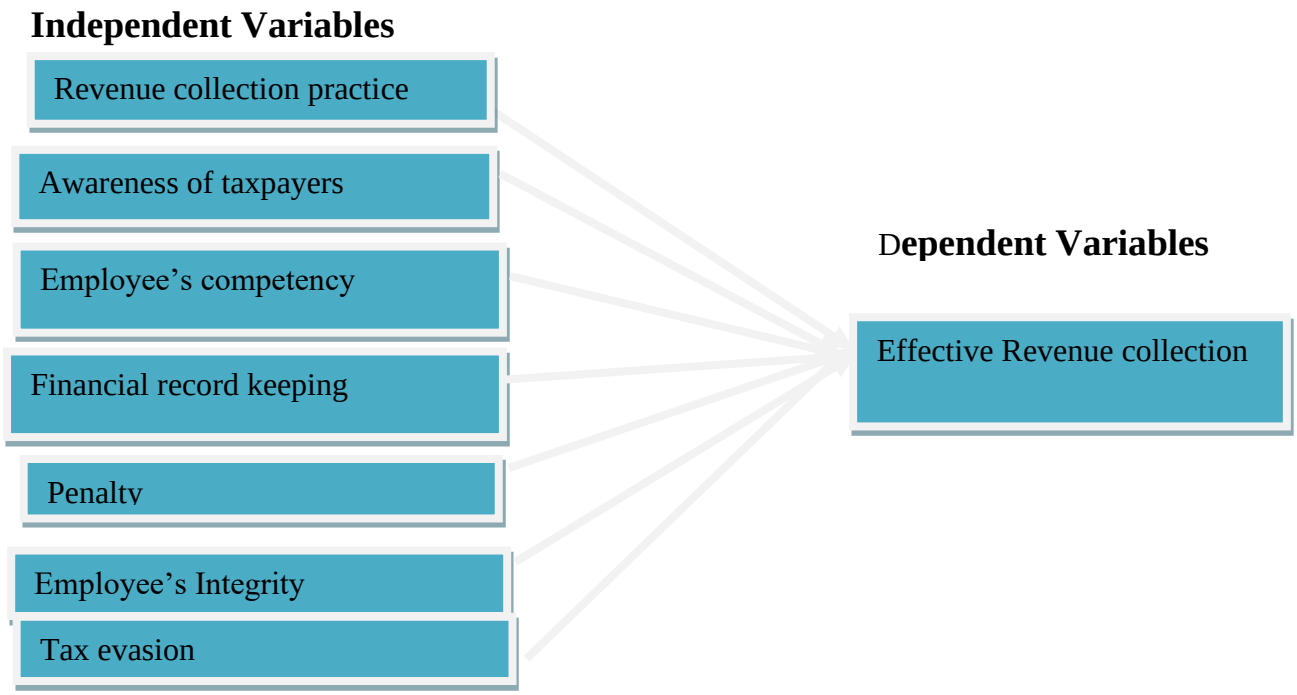


Figure 1 Proposed conceptual frame work

Source: Organized from different literatures.

Proposed conceptual frame work is to reduce the Business income tax collection problems. Partially, adapted from Ordanini, A., & Parasuraman, A. (2011). These the seven conceptual independent variables can be described as follows.

2.3.1. Revenue collection practice

Ordanini, A., & Parasuraman, A. (2011) revenue collection is the way structured system under the government raise money from sources such as fees, levies, charges or any other tax are collected by any ministry, department or division of the government as revenue for the government. Therefore, for the purpose of this study, collection practice is defined as the way the authority collect tax from the business income taxpayers' firms.

2.3.2. Awareness of taxpayers

According to MA, Z. (2010), they highlighted the concept of false awareness in citizens, which are optimistic and pessimistic. Optimistic refers to the citizens who 'underestimate the tax load incurred

from public services. While, pessimistic are citizens who have overestimated tax burden or inaccurately estimate public service burden with the tax imposed to the public. The contradictive views have continually provided misconception on tax requirements.

2.3.3. Employees' competency

According to Baum, J. R., Locke, E. A., & Smith, K. G. (2001), Competency refers to as any personal trait, characteristics, or skill which can be shown to be directly linked to effective or outstanding job performance. A more general definition provided by Bhardwaj, A., & Punia, B. K. (2013), they define competency as a combination of skill, knowledge, and behaviors that is important for the success of organization, personal performance, and enhanced contribution. Therefore, for the purpose of this study, employee's competency is the skill, knowledge, personal performance, and behaviors of employees at work place.

2.3.4. Financial Record-Keeping

Category "A "and "B" taxpayers are liable for business income tax shall keep books of account preparing in accordance with the financial accounting report standards, like a record of the business assets and liabilities of the taxpayers, a record of all daily income and expenditures, a record of all purchases and sales of trading stock and service provided, a salary and wages of registered, and any other document relevant in determining the tax liability of the taxpayers.

Category "C "taxpayers they are not obligated, but can keep a record of gross income and shall keep any activities.

2.3.5. Penalty

A person who should be involved in turn over tax (TOT) and value added tax (VAT) has to respect the law states otherwise, the person is penalized with such illegal action of: registration, invoice receiving or issuing, using accounting records, and filing the period turnover. Tax laws being used in different countries do not put a clear demarcation between penalty and fines. A fine is imposed by a court when you are convicted of a criminal offense, whereas a penalty is used by an appropriate authority, when you have not complied with the law but you have not committed a criminal offense Bottoms, A. (2013)

2.3.6. Employee's integrity

Employee integrity involves characters required by employees at work place. It includes; commitment, maturity, responsibility, honesty, trustworthiness, self-discipline and moral courage In

essence, employee with the right integrity fosters the development of high professional standards and demonstrates the values of the organization ISAAC, J. A., & KAZUNGU, I. (2016). Employees with high integrity create an ethical and professional workplace which is the best safeguard against improper conduct, misconduct and corruption.

Measuring integrity of an employee is not an easy task Dodd, C. H., & Dodd, M. J. (2014). Therefore, for the purpose of this study, Employee integrity is defined as the characters required by employees at work place. Factors that affecting the effective of Revenue collection in Amhara revenue Bureau, in Dejen are the unlike factors from one area to another encourage scholars to conduct research on the subject matter. However, in this study examined the dependent of the effect of revenue collection and the independents of the Revenue collection practice, awareness of tax payers, penalty, employees' competency, financial record keeping, employee's integrity and tax evasion.

2.3.7. Tax evasion

Amoh, J. K., & Adafula, B. (2019) tried to identify the causes of tax evasion, the results showed that one of the main causes of tax evasion is tax burden and in addition to tax evasion is also caused by the size of the government and intensity of regulations. As the size of the government increases, so do the number of government regulations. The government, however, might have difficulty in effectively controlling and managing each of the sectors, which tends to lead to an increase in tax evasion on the other hand, an increase in the size of the government and intensity of regulation leads to an increase of activities in informal economies, such as underground markets and shadow markets, and greater levels of tax evasion. In addition to this, inflation rate has positive effects on tax evasion.

CHAPTER THREE

3. RESEARCH METHODOLOGY

This chapter focused on the research methodology that was employed in the study. It provided the detail description of the research adapted, data sources, data type, data collection techniques, population sampling design, sample size determinations and method of data analysis

3.1. Area of the study

This research was conducted on Dejen woreda Revenue office. It is found in Amhara national regional state, eastern part of East Gojjam Zone. It is 70 kms far from Debre Markos city and 229 kms far from Addis Ababa, the capital city of Ethiopia.

3.2. Data sources

The study was used both primary and secondary data sources. Primary data sources were gathered from taxpayers and tax officers' respondents and secondary data sources were collected from office reports and different tax related documents.

3.3. Data Type

The study was used quantitative and qualitative types of data, collected from primary and secondary data sources. The primary sources were collected from respondents and the secondary sources were gathered from the office reports and different documents. Quantitative data were anything that could have been expressed as a number, or quantified. These data might have been represented by ordinal, interval or ratio scales and lends themselves to most statistical manipulation (Kumar, 2011).

3.4. Sampling Technique

From the total population of the business income taxpayers, sample respondents were selected by using probability and the employees were selected by convenient (purposive) sampling. Because the study populations were wide spread and subjects were selected because of their convenient accessibility and proximity to the researcher. Indeed, regression models were commonly used to analyze convenience samples.

In convenience sampling (also known as haphazard or accidental sampling), a sample of units or people was obtained, who were most conveniently available (Zikmund, 2000). Whereas, for the employees of the revenue office, also, were selected by non-probability (purposive) sampling method.

3.5. Population of the study

The population was made up of Category A 110, Category B 103 and category C 844 active business income taxpayers and the 54 employees of Dejen revenues offices that were highly related with the taxpaying and tax assessment and revenues collection practice and who gave reliable information as far as the topic of the research work was concerned. The total population of active taxpayers in the registration list of business income taxpayers on July, 1,2014 Ethiopian budget year. category A 110, category B 103 and category C 844, totally 1057 tax payers. Whereas, employees were54 employees, totaling 1111 in the Revenues Offices.

3.6. Research Design

A research design is a plan, structure and strategy of investigation so conceived as to obtain answers to research questions or problems. The plan is the complete scheme or program of the research (Kumar, 2011). The study used both descriptive and explanatory study design also called causal study because it seeks to study cause and effect or relationship between different variables in the study.

3.7. Research Approach

In order to address the stated research objectives in chapter one and hence question the appropriate research methods have to be adopted. The sections presented below here are examined the philosophy of the different research methods and the choice of the appropriate research method for this study. There are different approaches including quantitative, qualitative and mixed. As (Kumar, 2011) stated Qualitative research is an approach for exploring and understanding the meaning of individuals or groups ascribe to a social or human problem. Quantitative research is an approach for testing objective theories by examining the relationship among variables. These variables, in turn, can be measured, typically on instruments, so that numbered data could analyze using statistical procedures.

Mixed methods research is an approach of inquiry involving collecting both quantitative and qualitative data, integrating the two forms of data, and using distinct designs that may involve philosophical assumptions and theoretical frameworks. Based on the above description of each research approach, the study used quantitative research approach. The decisive argument here was that the use of quantitative approaches, objective measurements and the statistical, mathematical, or numerical analysis of data collected through questionnaires and surveys, or by manipulating pre-existing statistical data using computational techniques.

3.8. Sample Size Determination

Sample size calculation is very important for research studies where samples were required if the research population size is large, then the costs involved in collecting data from all subjects would automatically be high. In this respect, determination of the appropriate sample size is significant to achieve the research objective. Here, in this study, the researcher was selected respondent taxpayers from registered 1057 business income taxpayers in the year July 1, 2014 Ethiopian budget year. by using the scientific formula given by Yamane (1967). i.e. [**n** = N /1+N (e 2)] in which e is the level of precision i.e., e = 0.05 (95% level of significance) note that a level of 90%, 95% or 99% can usually be chosen as an acceptable confidence interval when calculating sample sizes. **n** = N /1 + N (e 2) Where, n = is sample size N = is total population e 2 = is probability of an error.

Thus, the sample size for this study can be determined as follows: n = N /1 + N (e 2) =1057/ 1+1057(0.0025) = 290 With N = 1057, e = 5% (at 95% confidence level), thus the sample size was

Category A =110/1057*290=30,

Category B=103/1057*290=28,

Category C=844/1057X290=232

Total=290.

The 20 tax officers were selected by purposive sampling method from the total of 54 employees totally there were 310 respondents in the revenue office.

3.9. Method of Data Analysis

For this study both descriptive and exploratory/inferential statistics tools of analysis were used. The descriptive statistic like percentage, frequency distributions, standard deviation, and mean were used. And correlation coefficient in order to analyze the relationship between effective revenue collection and its determinants was used.

Multiple regressions were employed to predict the effect of independent variables on the effective of revenue collection and to test the questions. The scientific statistical package for social science (SPSS) 23, version software analysis was carried out.

3.10. Variable Measurement

In this study effective revenue collection was measured using seven questions. It is based on Siegel, D. M., Aten, M. J., & Roghmann, K. J. (1998) with some modification to suit our country's context. The use of 8 questionnaire questions can increase reliability of results and minimizes respondents' dishonesty when answering the questionnaire (Troutman, 1993). The respondents were asked to rate each question whether as a taxpayer they would undertake the same action if 46 they faced the same situation using strongly disagree, disagree, neutral, agree, and strongly agree using a Likert Scale of 1 to 5 respectively. The study used judgment to classified the range of scores obtained on the five-point Likert scale as follows: a variable with a mean score of greater than 3.0 to 5.00 have taken as agree/ strongly agree on the five-point Likert scale, a score of 3.0 as neutral on the five-point Likert scale and a score of less than 3.0 as strongly disagree/disagree on the Likert scale.

Secondary data was used from revenue office report sources like relevant legislation enacted about the subject and tax journals which help the study to determine the relationship between taxpayers and effective revenue collection. The independent variables that made up the scale include Revenue collection practice, Tax payers' awareness, Employees competency, financial record keeping, Penalty, Employees' integrity, and Tax evasion.

3.11. Model Specifications

Analysis was done using Spearman correlation and multiple linear regression models. According to Agoulmine, N. (2011, October), multiple liner regressions were an extension of bivariate correlation. They stated that the result of regression was an equation that represents the best prediction of a dependent variable from several independent variables. Regression analysis was used when independent variables were correlated with one another and with the dependent variable.

The regression model used to test was shown below: $Y(ERC) = \alpha + \beta1(RCP) + \beta2(ATP) + \beta3(EMC) + \beta4(FRK) + \beta5(PEN) + \beta6(EMI) + \beta7(TEV) + \varepsilon$. Where; Y, ERC = Effective revenue collection, RCP = Revenue collection practice, ATP = Awareness of Tax payers', EMC =Employees competency, FRK= Financial record keeping, PEN=Penalty, EMI= Employees integrity, TEV =Tax evasion and ε = Error term. All the above statistical tests were analyzed using the Statistical Package for Social Sciences (SPSS) version 23. All tests were two-tailed. Significant levels were measured at 95% confidence level, with significant differences record at $p < 0.05$.

3.12. Reliability and Validity Test

Reliability: The reliability test was conducted on, in order to ensure the internal consistency of items used for each variable. According to Tang, W., Cui, Y., & Babenko, O. (2014), the internal consistency of the factors was estimated using Cronbach's alpha. Cronbach alpha greater than 0.6 is acceptable, above 0.7 is considered as good reliability and the value which is greater than 0.8 is very good. In this study pretest pilot study was conducted by 30 sample respondents.

According to Chenail, R. J. (2011), the research instrument should pilot tested to detect weaknesses or errors in the instrument. The pilot test should be conducted with the subjects from the target population and simulate the procedures and protocols that have been designated for data collection. **Validity:** The validity determined the extent to which a scale measures a variable of interest. In this research content validity and face validity were used, Content validity is closely related to face validity. It makes sure that a measure includes an adequate and representative set of items to cover a concept. It can also be ensured by experts‟ agreement Sekaran, (2003).

CHAPTER FOUR

4. DATA ANALYSIS AND PRESENTATION

4.1. Introduction

The aim of this thesis is assessing the effective revenue collection challenges in Dejen. This chapter deals with the data analysis, presentation and interpretation of the result. In particular it included the general information of the respondents, descriptive statistics on the factors affecting the effective revenue collection, reliability, regression, and ANOVA result of the study. The primary data were collected through questionnaires and analyzed by using descriptive statical tools: tables, figures, mean, and simple percentage. To collect the required data from the respondents,290 questionnaires to taxpayers and 20 questionnaires to employees a total of 310 questionnaires were distributed for the sample respondents and a total of 288 questionnaires were returned and accurately filled for further analysis.

4.2. Respondents Rate

Table 1 Respondent's rate

No	Participants	Frequency	Percent
1	Taxpayers	268	93
2	Employees	20	100
Total		288	100

Source: SPSS output from survey data, September, 2022

As the result in table 1 indicated that out of the 310 distributed questioners to respondents only 268 were filled appropriately by tax payers and all 20 questioners were also filled appropriately by 20 tax officers and used for analysis.

4.3. Demographic characteristics of the Respondent's

In the following tables, the demographic information's of respondents are presented. These include the sex, age, educational level, work experience and tax payer's category of respondents.

The results of this survey processed using the SPSS (Statistical Package for the Social Sciences), version 23 software.

Table 2 Respondent's sex

	Sex	Frequency	percent	Valid percent	Cumulative percent
Valid	Male	196	67.8	68.1	68.1
	Female	92	31.8	31.9	100.0
	Total	288	99.7	100.0	
Missing	System	1	.3		

Source: SPSS output from survey data, September, 2022

As table 2 indicates that the gender disparity exists among the respondents. From the total sample size, the 67.8% were male. Whereas, the 31.8% were females. This figure shows that the male dominancy of the business ownership operations in Dejen.

Table 3 Respondent's age

Age		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		1	.3	.3	.3
	from 21-30	73	25.3	25.3	25.6
	from 31-40	104	36.0	36.0	61.6
	from 41-50	78	27.0	27.0	88.6
	above 50	33	11.4	11.4	100.0
	Total	289	100.0	100.0	

Source: SPSS output from survey data September, 2022

Table 3 Shows that 36.0% of the respondents age falls between 31-40 years, which is followed by the 27.0% of the respondents' age is from 41-50 Years. The respondents who were aged from 21-30 years old were accounted for 25.3%. while11.4% was above 50 years old. The result shows that

the majority of the respondents were aged 21-50 which account 88.3%. This indicates that the majority of the respondents are under economical activity and productive age category.

Table 4 Level of education

Education level		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		1	.3	.3	.3
	below diploma	109	37.7	37.7	38.1
	Diploma	69	23.9	23.9	61.9
	first degree	110	38.1	38.1	100.0
	Total	289	100.0	100.0	

Source: SPSS output from survey data, September, 2022

It is known that Education level can increase the effective revenue collection. As Table 4 shows, from the total of 288 number of respondents 38.1% were first degree in different qualification. The remaining 23.9% and 37.7% were diploma and below diploma respectively. Therefore, as summarized in the above table, respondents 62% were qualified in diploma and first degree, and 38% were below diploma which is favorable. This shows that the respondents are qualified enough to understand the concept of effective revenue collection.

Table 5 Work experience

Work experience		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	up 5 years	79	27.3	27.4	27.4
	6-10 years	77	26.6	26.7	54.2
	11-15 years	35	12.1	12.2	66.3
	above 15 years	97	33.6	33.7	100.0
	Total	288	99.7	100.0	
Missing	System	1	.3		
Total		289	100.0		

Source: SPSS output from survey data, September, 2022

The more experienced employees and taxpayers are the more likely they understand about the effective revenue collection. Table 5 indicated that out of the survey, 33.6% of the respondents were experienced with above 15 years. The 27.3% of respondents was experienced up to 5 years, and 26.6% of respondents were experienced 6 - 10 years.

The remaining 12.1% were 11 -15years'work experience. This shows that the respondents have understanding about the factors that affect the effective revenue collection and they can employ mechanisms that increase the effective revenue collection.

And the tax payers know about registration, financial record keeping, and documentation and onwards would make ready themselves to pay their obligation on time and present all required documents properly.

Table 6 Categories of tax payers

Categories of taxpayers		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		1	.3	.3	.3
	category A	57	19.7	19.7	20.1
	category B	66	22.8	22.8	42.9
	category C	163	56.4	56.4	99.3
	4	2	.7	.7	100.0
	Total	289	100.0	100.0	

Source: SPSS output from survey data, September, 2022

According to the Amhara revenues Bureau income tax proclamation No, 240/2016, the tax payers are categorized in to three, category A, B and C based on their annual income.

The table 6 indicates that the sample respondents, category A, B and C are represented 19.7%, 22.8% and 56.4% consecutively. This investigation shows all categories are fairly distributed in the sample.

4.4. Descriptive Analysis for the study Variables

This is descriptive analysis section, such as means and standard deviation. The study makes an agreement on the basis of higher mean value and smaller value of standard deviation. The current study implies the different variables to investigate the effective revenue collection as revenue collection practice, awareness of taxpayers, employee's competency, financial recording keeping, penalty, employee's integrity and tax evasion. Descriptive statistics for the variables used in the analysis are presented in the following section.

Table 7 Revenue collection practice

Revenue collection practice related questions	N	Mean	Std. Dev
The current Revenue collection system is Efficient	288	2.67	1.159
The process of registration is smooth and easy for taxpayers.	288	2.83	1.273
The revenue collection system is enough to control taxpayers	288	2.50	1.343
There is good employees' service to taxpayers	288	2.80	1.321
There is fair and efficient appeals system in the office	288	2.44	1.197
Tax assessment and collection mechanism is effective and efficient.	288	2.79	1.291
The current Revenue collection system discourage tax evasion	288	2.65	1.330
Valid N (listwise)	288		

Source: SPSS output from survey data, September,2022

Since the government's main source of revenue is money collected from taxpayers, the system using to collect this money needs to be effective and efficient in assessing and collecting mechanisms. As indicated from the above table 7 the mean responses of all items range between 2.83% and 2.44% to the questions the process of tax registration is smooth and easy for taxpayers and there is fair and efficient appeals system in the office. The participants have identified that the registration process is complicated or not easily accompanied.

In general, the average mean score is below 3.00%. Which means the collection practice of Dejen revenue office is not in position to enhance the potential revenue collected by the revenue office.

Table 8 Awareness of tax payers

Awareness of tax payers related questions	N	Mean	Std. Dev
The Revenue office makes tax awareness when it is necessary	288	3.10	1.262
Taxpayers are well aware of tax proclamations and their regulations.	288	2.55	1.279
VAT registered business firms are using invoices in the right manner.	288	2.52	1.282
Registered taxpayers are declaring and paying their income on time.	288	3.04	1.280
Taxpayers know that tax uses for the society social improvements	288	3.43	1.331
Valid N (listwise)	288		

Source: SPSS output from survey data, September,2022

Awareness of taxpayers is one of the important variables for the effective revenue collection. if there is well aware of taxpayers about the income tax and tax administration proclamations and regulations can increase a chance of effective revenue collection currently and also for the future.

To see the awareness level of taxpayers this study administered five questions related to this variable. As indicated from the above table 8 the mean responses of all items range between 3.43% and 2.52%. This shows that taxpayers are poor in about the income tax and the tax administration proclamations and their regulations. This poor awareness increases the magnitude of non-compliance of tax. On the other hand, when the magnitude of non-compliance is greater, the collection of tax is would be complex and it creates ineffective and inefficient revenue collection.

Table 9 Employee's competency

Employees competency related questions	N	Mean	Std. Dev
Maintaing the current knowledge and skills required for their role	288	2.85	1.250
Listens and responses to people’s concerns in a helpful manner	288	2.55	1.200
The revenue office has adequate number of skilled man power	288	2.71	1.220
The tax officer Follows established tax laws and regulations	288	2.90	1.266
Providing on work training to stuffs has effect on revenue collection	288	3.63	1.334
Valid N (listwise)	288		

Source: SPSS output from survey data, September, 2022

Employees' competency is a combination of skills, knowledge, and behaviors that is attributable for enhancing the effective revenue collection. Human resource plans that address training and development of employees, adequate staffs as well as empowering the staffs on the ethical behaviors free from fraud and corruption will enhances effective revenue collection. As indicated from the above table 9 the response of respondents providing on work training for the staffs and basic awareness to tax payers contribute to effective revenue collection shows the maximum mean score 3.63%. And listen and responses to people's concern by altering own behavior in a helpful manner shows the minimum mean score 2.55%.

This indicated that the office has no skilled manpower. Based on this the office expected to increase its manpower by the number of literate and skilled or qualified manpower as well as apprise the performance and skills of the existing employees by providing on work training for the staffs and preparing awareness creation programs as well as workshops so as to match its performing capacity. In general, the revenue office employees are not such a, competent and non-competent employees create problems on the potential effective revenue collection.

Table 10 Financial record keeping

Financial record keeping related questions	N	Mean	Std. Dev
Taxpayers know that they need to keep financial records/book.	288	3.53	1.260
Taxpayers know that they need to declaring taxable income.	288	3.55	1.084
Taxpayers are audited by the revenue office in the tax year	288	3.05	1.284
Taxpayers are faced the challenges of tax in arrears/tax debt	288	3.41	1.162
Valid N (listwise)	288		

Source: SPSS output from survey data, September,2022

As we can see from the table 10 that 3.55% of the sample respondents know that they need to declaring their taxable income to the revenue office. The3.53% of tax payers know that they need to keep financial books. The3.05% of tax payers are audited by the revenue office in the tax year. And 3.41% of tax payers faced the challenges of tax arrears/tax debt from their respective categories. As sample respondents reflected the major reasons for facing such problem is that the tax office

charges the tax payers based on rough estimation instead of using the tax payers' report. Beside this, the information gap and wrong guidance of their colleagues lead them to be indebted. Due to the incidence of the tax arrears, payers will be forcibly claimed to pay unintended expenses, and they are also subjected to be penalized.

Table 11 Tax penalty

Penalty related question	N	Mean	Std. dev
I comply with tax requirements because of fear of penalty	288	3.39	1.463
The penal action is strong to discourage taxpayers from evading tax.	288	3.00	1.323
The penalties imposed on taxpayers are fair.	288	2.69	1.387
The enforcement of penalty is clear enough in the revenue bureau.	288	3.02	1.329
The penalties applied by revenue bureau are based on the tax law.	288	3.22	1.275
There is lack of consistency and transparency in imposing penalties	288	3.11	1.370
valid N (listwise)	288		

Source: SPSS output from survey data, September, 2022

The overall performance of the effective revenue collection in country depends on different factors; the one is that commitment to apply the designed penalty system by the authority. To assess this the study provides six questions.

As we have seen from the above table 11 the responses, I comply with the tax requirements because of fear of penalty has the highest mean score3.39%, the penalties applied by the revenue bureau is based on the tax law is with the mean score 3.22%, there is lack of consistency and transparency in imposing penalties 3.11%, the enforcement of penalty is clear enough in the revenue bureau 3.02%, the penalties imposed on tax payers are fair 2.69%.

In this case the four items mean score range between 3.39%-3.02%. This shows that there is no big difference of mean response to the questions. The penalties imposed on tax payers are fair mean score is 2.69%. It indicated that the Revenue Office applied the designed penalty improper manner and it lack clarity, fairness, strength, and consistency to enhance the potential effective revenue collection.

Table 12 Employees' integrity

Employees integrity related questions	N	Mean	Std. Dev
Tax officers show high level of moral courageous	288	2.92	1.309
Tax officers have self-discipline to undertake their job	288	2.86	1.303
Tax officers are committed to their duties	288	2.94	1.247
Tax officers are highly matured to handle their duties	288	2.81	1.197
Tax officers shall exercise their power assigned by the law	288	2.97	1.306
Tax officers shall exercise honesties and fairness	288	2.66	1.254
Employees demonstrate high level of trust and confidence	288	2.69	1.312
Valid N (listwise)	288		

Source: SPSS output from survey data, September,2022

Employees with high integrity create an ethical and professional workplace which is the best safeguard against improper conduct, misconduct and corruption.

As indicated from the above table 12, all items mean scores range between 2.97%-2.66%. This shows that employee's level of understanding of responsibility is low and there is no variation of mean responses of the respondents to all questions and the average mean score of all seven items are less than the midpoint of five-point Likert scale, that indicate the revenue office employees are lack integrity.

Table 13 Tax evasion

Tax evasion related questions	N	Mean	Std. Dev
If the tax law is respected, it discourages the attitude of tax evasion	288	3.42	1.402
Taxpayers are paying tax fearing the tax penalty	288	3.38	1.269
Good political system has impact on taxpayers to avoid tax evasion	288	3.58	1.238
The behavior of tax evasion is dependent on the government program	288	3.49	1.361
Paying tax is my own obligation and responsibility	287	4.28	1.061
Valid N (listwise)	287		

Source: SPSS output from survey data, September,2022

Findings on table 13 the above response on the tax evasion revealed that, paying tax is my own obligation and responsibility, regarded as the highest score value Mean 4.28%.

The respondent's response, a good political system has positive impact on tax payers' attitude to avoid tax evasion the higher score value Mean 3.58%. The Tax behavior towards the level of tax evasion is dependent on the interests of the government program high score value mean 3.49%. If tax laws should be respected it discourages the attitude of tax evasion score value mean 3.42%, and tax payers are paying tax fearing the tax penalty with the score value mean 3.38%.

Generally, the overall questions mean score value range between 4.28% - 3.38% which means no big difference of mean responses to each question. Therefore, the above listed factors are affecting the effectiveness of revenue collection in the revenue office.

Table 14 Effective revenue collection

Effective revenue collection related questions	N	Mean	Std. Dev
Revenue collection practice is an important factor for the ERC.	288	2.83	1.273
Awareness of taxpayers affect the effective revenue collection.	288	3.10	1.262
Competence of employees affects the effective revenue collection.	288	2.68	1.231
Good political system has effect on tax payers to avoid tax evasion.	288	3.58	1.238
Penalty has effect on the effective revenue collection.	288	3.00	1.323
Employees integrity has effect on the effective revenue collection.	288	2.69	1.312
Auditing the tax payers has effect on the effective revenue collection.	288	3.05	1.285
Valid N (listwise)	288		

Source: SPSS output from survey data, September,2022

Effective revenue collection is very important to achieve objectives and generate enough amount of revenue to run the day-to-day activities of government. Unless it very difficult for government to achieve the desired objective and cover government expenditures. The effective revenue collection depends on different variables. To assess this, the study administered seven questions. As indicated from the above table 14 the three items score value mean lay between 3.58% – 3.05%.

This shows that the items are positively affecting factors of effective revenue collection highly depends on the way of collecting revenue by the revenue office, and the three items average mean scores range between 2.83%-2.6%. Which shows that the need for good collection system, providing on work training to develop employee's competency and improve employee's integrity.

4.5. Reliability Test

The basic instrument used for the study is self-administered questionnaire and this questionnaire was adapted from deferent studies that are related to factors affecting the effective revenue collection. So, in order to make sure the internal consistency of the items pretest and posttest reliability were conducted.

Pretest reliability was conducted by using 30 sample respondents and same items were arranged. In this part of the study the summery on the reliability of each independent factor of effective revenue collection and effective revenue collection itself is presented. The result shows that pretest study of 30 sample respondents as a pilot survey. According to Tang, W., Cui, Y., & Babenko, O. (2014), the internal consistency of the factors was estimated using Cronbach's alpha. Cronbach alpha greater than 0.6 is acceptable, above 0.7 is considered as good reliability and the value which is greater than 0.8 is very good.

For this study Cronbach's alpha for over all items of variables are 0.925 for posttest reliability and 0.764 for pretest reliability and alpha value of each variable is given in the Table 15.

Table 15 Summery on the pre and posttest reliable of items

Dimensions	Posttest reliability		Pre test	
	Cronbach's alpha	No of items	No of items	Cronbach's alpha
Revenue collection practice	0.812	7	30	0.896
Awareness of taxpayers	0.713	5	30	0.825
Employee's competency	0.710	5	30	0.814
Financial Record keeping	0.629	4	30	0.761
Penalty	0.635	6	30	0.647
Employees' integrity	0.833	7	30	0.869
Tax evasion questions	0.643	5	30	0.695
Effective revenue collection	0.648	7	30	0.652
over all	0.925	46	30	0.764

Source: SPSS output from survey data, September,2022

Note: N=**288** for posttest and 30 for pretest.1= strongly disagree,5=strongly agree.

4.6. Regression analysis

Multiple regressions are one of the more bad-tempered of the statistical techniques. It makes a number of assumptions about the data, and it is not all that forgiving if they are violated. It is not the technique to use on small samples, where the distribution of scores is much skewed. Regression models can be used in an explanatory study where researcher is interested in predicting the value of dependent variable based on the value of independent variable.

While in case of more than one independent variables in the study, researcher has to make use of multiple regression models Lind et al., (2008). Multiple linear regression analysis was employed to examine factors affecting the effective revenue collection in Dejen revenue office. Before going to multi-linear regression assumptions can be presented as follow.

4.6.1. Normality assumption

This tells as that; the residuals should be normally distributed about the predicted. Skewness and kurtosis values are also provided as part of the descriptive statistics output, giving information about the distribution of scores for the two groups. These statistics are displayed with their standard errors. Skewness is the measures of the asymmetric.

The normal distribution is symmetric has a skewness zero. Distribution with a significance positive skewness has a log right tail. Distribution with a significance negative skewness has a log left tail. As a guideline, a skewness value more than twice its standard error is taken to indicate a departure from symmetry. Kurtosis on the other hand is a measure of the extent to which observation cluster around a central point. For a normal distribution the value of the kurtosis is zero.

Positive kurtosis indicates that, relative to a normal distribution. The observations are more clustered about the center of the distribution and have thinner tails until the extreme value of the distribution at which point the tails of the leptokurtic distribution are thicker relative to a normal distribution.

Negative kurtosis indicates that, relative to the normal distribution the observations are cluster less and have thicker tails, until the extreme value of the distribution at which point the tails of the platykurtic distribution are thicker relative of normal distribution.

IBM SPSS statistics base 22 (2013) cited by sultan (2014) based on the information shows that the coefficient of skewness (-0.240) and kurtosis (0.286) is not far from zero or between them the zero value is indicated. Thus, can be said that the distribution is normal for this study.

Table 16 Descriptive Statics for normality

	N	Mean	Std. Dev	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Revenue collection practice	288	2.6672	.87462	.183	.144	-.768	.286
Awareness of taxpayers	288	2.9285	.83863	-.032	.144	-.496	.286
Employee's competency	288	2.9278	.85429	-.211	.144	-.470	.286
Financial Record keeping	288	3.3828	.82557	-.449	.144	-.043	.286
Penalty	288	3.0694	.75388	-.259	.144	-.056	.286
Employees' integrity	288	2.8338	.90206	.118	.144	-.431	.286
Tax evasion	288	3.6306	.81649	-.901	.144	.818	.286
Effective revenue collection	288	2.9881	.65666	-.240	.144	-.418	.286
Valid N (listwise)	288						

Source: SPSS output from survey data, September,2022

Normality assumption is around the mean of the residuals is zero and used to determine whether a data set is well modeled by a normal distribution or not and also to indicate un underlying random variable is to be normally distributed (Gujarati,2009).

Researcher was used histogram methods of testing the normality of the data. If the residuals are normally distributed about its mean of zero, the shape of histogram should be a bell-shaped and regression standardized residual plotted between -3 and 3. From the figure 2 below data normality can be indicated.

Figure 2 Histogram

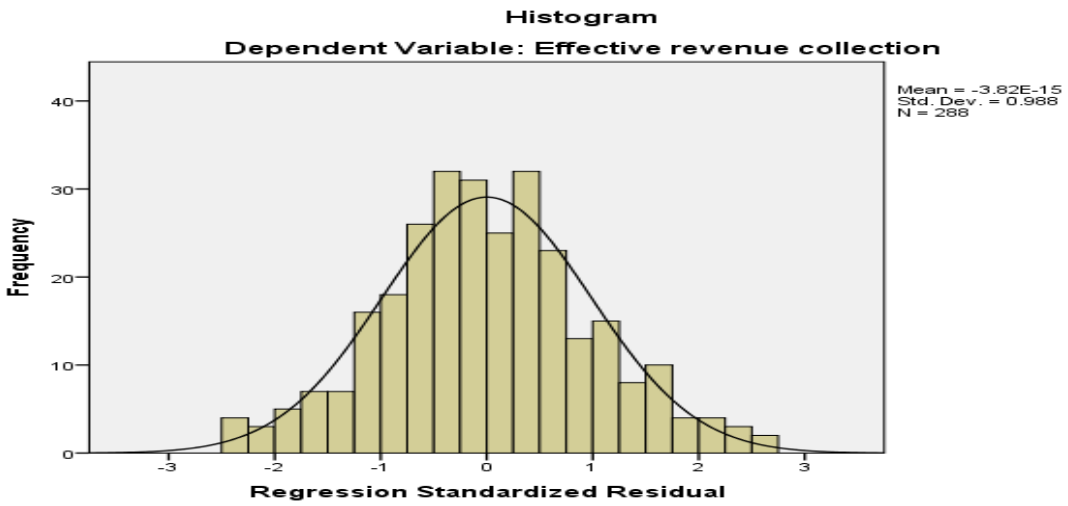


Figure 2 Histogram

4.6.2. Linearity assumption

The residuals should have a straight-line relationship with predicted value and the figure below explains the distribution have linear relationship because of having a straight line.

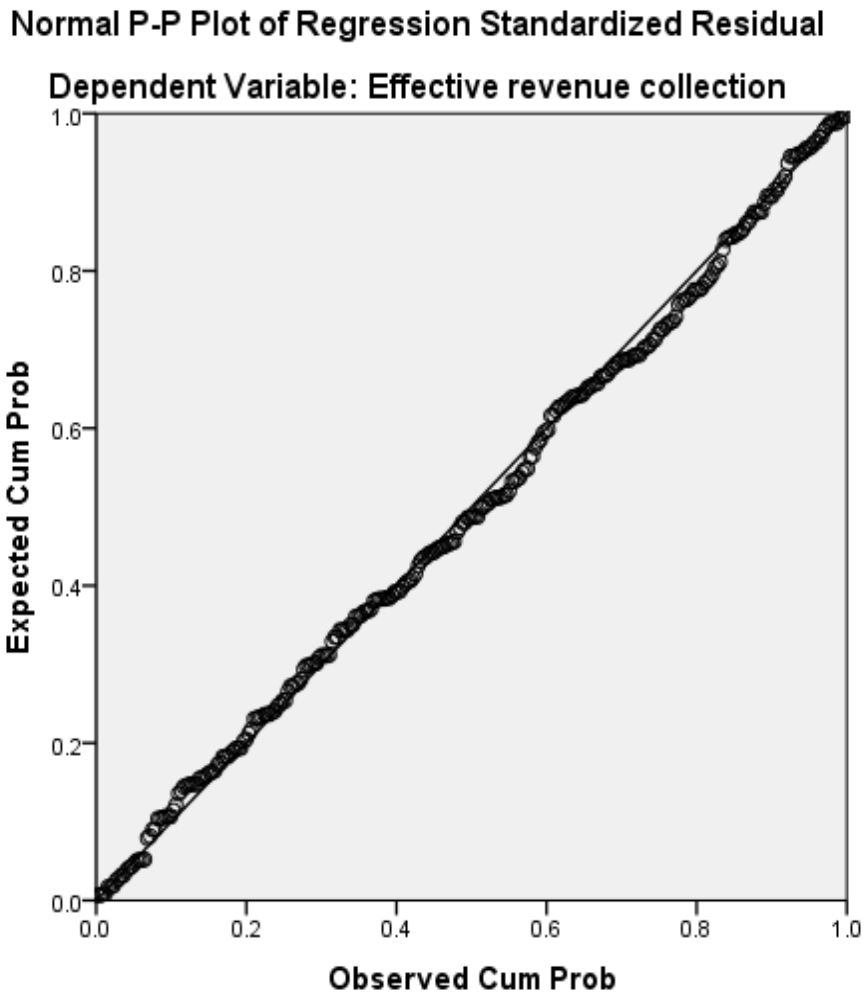


Figure 3 Normality p-p plot

The above figure 3 Shows that the normality assumption on the distribution and the linear relationship between dependent and independent variables.

4.6.3. Homoscedasticity test of the scatter plot

The scatter plot enables to check for violation of the assumptions of linearity and Homoscedasticity. Inspection of the scatter plots also gives a better idea of the nature of the relationship between the variables.

This helps to test whether the regression model of the residual variance inequality occurred on one observation fixed, if it is fixed it is called Homoscedasticity and if it is not, it called heteroscedasticity. A good regression model is Homoscedasticity. According to Rahmawati and Hosen, (2012 pp.149) this can be determined by simply observing the plot, the residual plot shown in the figure below shows that scatter plot result with approximately constant variability.

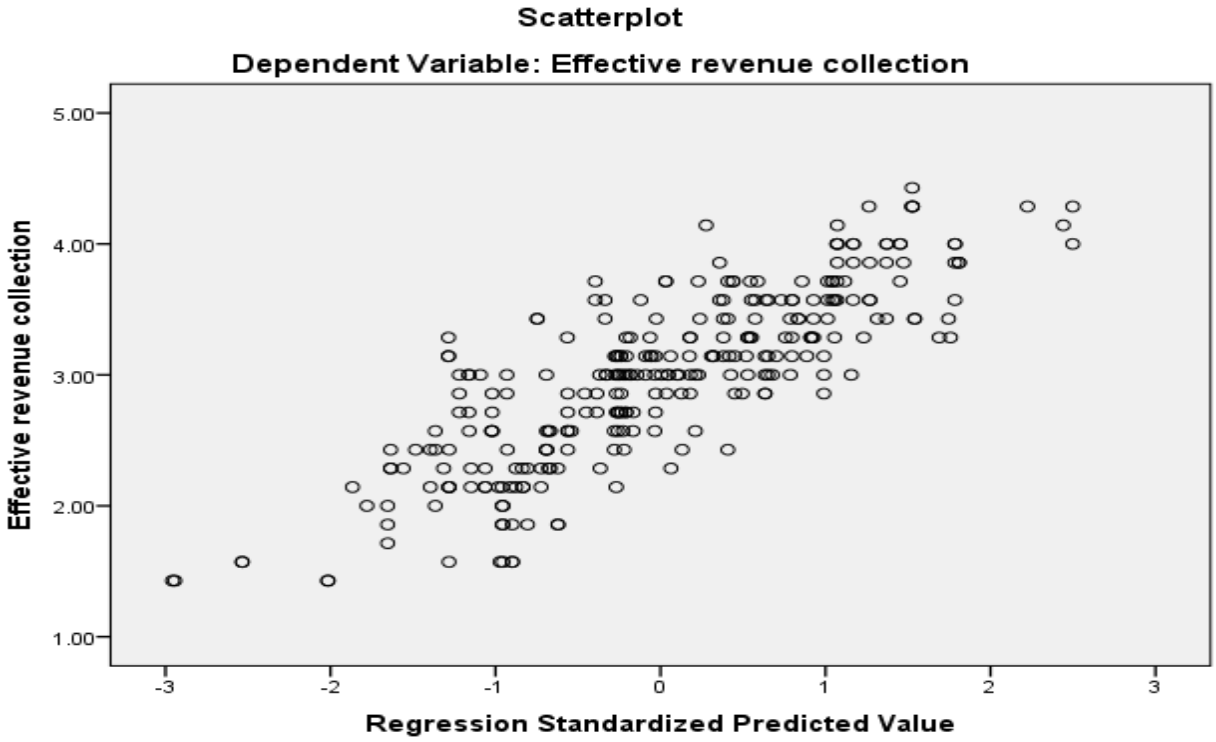


Figure 4 Scatter plot

4.6.4. Test of colinearity diagnose

Multicollinearity is a high degree of correlation (linear dependency) among several independent variables. It commonly occurs when a large number of independent variables are incorporated in a regression model. It is because some of them may measure the same concepts or phenomena. In order to test the multicollinearity between predictor variables, two common methods such as correlation coefficient and variance inflation factor (VIF) with tolerance values are employed Craney, T. A., & Surles, J. G. (2002). There is no single rule of thumb available in the literature that specifies the standard coefficient value for multicollinearity. The "rule of thumb" test suggested by Anderson et al. (1990) states that any correlation coefficient exceeding (0.7) indicates a potential problem. On the other hand, (Triola, 2008) noted that multi co linearity exists when the independent

variables are highly correlated (r=.9 and above). And if the value of VIF is less than 10 then there is no problem of multicollinearity. (Gujarati and Porter, 2009) and according to Menard (1995) a tolerance value should be greater than 0.2 to avoid multicollinearity problem. This research used both Pearson's correlation and VIF methods to test multicollinearity between independent variables. Pearson's correlation was used to analyze correlations among the independent variables.

Table 17 Correlation

Variables		1	2	3	4	5	6	7	8
Revenue collection practice	Pearson Correlation	1							
	Sig. (2-tailed)								
	N	288							
Awareness of taxpayers	Pearson Correlation	.567**	1						
	Sig. (2-tailed)	.000							
	N	288	288						
Employee's competency	Pearson Correlation	.587**	.420**	1					
	Sig. (2-tailed)	.000	.000						
	N	288	288	288					
Financial Record keeping	Pearson Correlation	.066	.327**	.363**	1				
	Sig. (2-tailed)	.267	.000	.000					
	N	288	288	288	288				
Penalty	Pearson Correlation	.373**	.391**	.374**	.395**	1			
	Sig. (2-tailed)	.000	.000	.000	.000				
	N	288	288	288	288	288			
Employees' integrity	Pearson Correlation	.621**	.411**	.581**	.150*	.303**	1		
	Sig. (2-tailed)	.000	.000	.000	.011	.000			
	N	288	288	288	288	288	288		
Tax evasion	Pearson Correlation	.225**	.259**	.398**	.279**	.239**	.258**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		
	N	288	288	288	288	288	288	288	
Effective revenue collection	Pearson Correlation	.612**	.650**	.599**	.350**	.543**	.607**	.444**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	
	N	288	288	288	288	288	288	288	288

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

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

Source: SPSS output from survey data, September,2022

As shown in the above table 17 there is a positive and significance correlation between effective revenue collection and its determinants. A positive significance correlation between revenue collection practice and effective revenue collection (r= 0.612 and p<0.01), tax payers' awareness has positive significance correlation with effective revenue collection (r=0.650 and significance value of <0.01)employees competency has positive significance correlation with effective revenue collection (r=0.599 and significance values <0.01),financial record keeping has positive significant with effective revenue collection (r=0.350 and significance values <0.01)and penalty has positive significance correlation with effective revenue collection (r=0.543 and p<0.01), employees integrity has also positive significance correlation with effective revenue collection (r=0.607 and significance value < 0.01), on the other hand, tax evasion has positive significance correlation with effective revenue collection (r=0.444 and sig value of <0.01). In general, the Pearson correlation value of all 7 independent variable is below 0.7, therefore is no problem of multicollinearity among the independent variables.

Table 18 Coefficient

Coefficients[a]

Model		95.0% Confidence Interval for B		Collinearity Statistics	
		Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	-.107	.427		
	Revenue collection practice	-.001	.156	.402	2.486
	Awareness of taxpayers	.172	.309	.582	1.718
	Employee's competency	.008	.157	.466	2.144
	Financial Record keeping	-.039	.091	.666	1.501
	Penalty	.121	.258	.710	1.408
	Employees' integrity	.107	.239	.540	1.853
	Tax evasion	.082	.201	.812	1.232

Dependent Variable: Effective revenue collection

Source: SPSS output from survey data, September,2022

As indicated from the above tables 18, the Variance Inflation Factor (VIF) result of all independent variables are less than 10 and all the tolerance values are greater than 0.2. Which means there is no multicollinearity problem between each independent variable?

4.6.5. Regression model analysis

Table 19 Regression model summery

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.824[a]	.680	.672	.37624

Source: SPSS output from survey data, September,2022

a. Dependent Variable: Effective revenue collection

b. Predictors: (Constant), Tax evasion questions, Revenue collection practice, Financial Record keeping, Penalty, Employees' integrity, Awareness of taxpayers, Employee's competency

As shows in the above table 19, the value of R is 0.824 indicates that a strong relationship between dependent variable and its determinants and therefore the R square on the other hand explains that 68% of the variation of the effective revenue collection is caused by revenue collection practice, penalty, taxpayers' awareness, employee's competencies, and employees' integrity. In another way it can be conclude that the remaining 32% of the variations of the effective revenue collection is due to error term or variables do not include in the econometric model.

4.6.6. ANOVA in the regressing model

Table 20 ANOVA

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	84.119	7	12.017	84.892	.000[b]
	Residual	39.636	280	.142		
	Total	123.755	287			

Source: SPSS output from survey data, September,2022

The ANOVA table 20 above indicates that, as with any ANOVA the essential pieces of information needed are the degree of freedom, the f value and the probability value, and the ANOVA table indicates that the overall variance accounted for in the model the F- value (84.892) indicates that, the predictor variables: revenue collection practice, taxpayers' awareness, employee's competencies, financial record keeping, penalty, employee's integrity and tax evasion are not controlling equally to the effective revenue collection. More over the significance value is less than 0.05, therefore can conclude that the regression model is statistically significance.

4.7. Regression coefficient

Table 21 Regression Coefficient

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.160	.136		1.182	.238
	Revenue collection practice	.078	.040	.103	1.939	.054
	Awareness of taxpayers	.241	.035	.308	6.939	.000
	Employee's competency	.082	.038	.107	2.167	.031
	Financial Record keeping	.026	.033	.033	.788	.431
	Penalty	.189	.035	.217	5.416	.000
	Employees' integrity	.173	.034	.238	5.167	.000
	Tax evasion	.142	.030	.176	4.694	.000

Source: SPSS output from survey data, September, 2022

a. Dependent Variable: Effective revenue collection

b. Predictors:(Constant), revenue collection practice, awareness of tax payers, employee's competency, Financial Record keeping, Penalty, Employees' integrity and tax evasion.

The result on the above table 21, shows the awareness of taxpayers, penalty, employees' competency, and employees' integrity have positive and significance influence on the effective

revenue collection. On the other hand, financial record keeping and revenue collection practices, has positive insignificant effect with effective revenue collection.

As the result in the above table 21 shows that these factors are not equally contributed to effective revenue collection, for instance, awareness of taxpayers affect most dominantly the effective revenue collection .308. The next two factors which mostly affect effective revenue collection, employees' integrity and Penalty are having a coefficient of .238 and .217 respectively. If the tax evasion is increased by 17.6% effective revenue collection should be increased by this much; the next is employee's competency, if the employees' competency is increased by 10.7% effective revenue collection should also be increased by this much and lastly revenue collection practice having the coefficient of 10.3%.

CHAPTER FIVE

5. CONCLUSIONS AND RECOMMENDATIONS

This chapter presents the conclusions and recommendations that were drawn from the previous chapter of this study.

5.1. Conclusion

This study aimed to assess factors affecting effective revenue collection a case study of Dejen revenues office. The data was obtained from both registered business income taxpayers and employees who are working in the revenue's offices. Based on the assessment made by the researcher, in relation to taxpayers and employees of Dejen revenue office and there by evaluating the overall effective revenue collection in the revenue office is conducted by distributing and collecting questionnaires and analyzed the effect of factors on the effective revenue collection, using multiple regression, descriptive and inferential statistics techniques. Respondents were selected by using probability sampling 290 from 1057 taxpayers and 20 tax officers from 54 employees by convenient (purposive) sampling totaling 310 sample respondents. And 310 questionnaires were distributed to sample respondents, but only 268 by taxpayers and 20 by employees totally 288 questionnaires were filled appropriately.

The respondent's rate were 268 tax payers and employees of the revenue office were 20, totally were 288. The respondents of 196 (67.8%) were male and 92 (31.8%) were female. The 255 (88.3%) of respondents were under the age of from 21-50, which shows that the majority of respondents are under economical activity and productive age category. The majority 179 (62%) of respondents were qualified in Diploma and degree, that enough to understand the concepts of tax. Most of the respondents with work experience from 6 - above15 years were 209 (72.3%), which shows that they can understand their obligation and responsibilities. All the three categories A=57, B=66 and C=163, totally 288 tax payers, which shows that all categories were fairly distributed in the sample. According to the descriptive statistics result the revenue collection practice result has range between average mean score2.83%-2.44% which means the revenue collection practice system in Dejen is complicated or not easily accompanied and it is not in the position to enhance the office to collect

the potential revenue. The awareness of tax payers means responses of the three items range between 3.43%-3.04%. This shows that the taxpayer's awareness creation should need to increases to reduce poorness in tax laws. The poorness of awareness of tax payer increases the number of non-compliance, which creates ineffective and inefficient revenue collection.

The Employee's competency means responses of the four items from the administered five questions range between 2.90%-2.55%. Which indicated that there were not adequate and skilled manpower, that lead to non- competent employees, who create problems on effective revenue collection.

The financial record keeping descriptive statical results range between 3.55%-3.05%. As sample respondents reflected keeping financial records, declaring taxable incomes and auditing have positive factors. Major reasons for facing such problem are that the tax office charges the tax payers based on rough estimation instead of using the tax payers' report. Beside this, the information gap and wrong guidance of their colleagues lead them to be indebted. Due to the incidence of the tax arrears, payers will be forcibly claimed to pay unintended expenses, and they are also subjected to be penalized.

The variable penalty, four items mean scores range between 3.39%-3.02%. Which shows that the tax collection practice highly depends on penalty, there is lack of consistency and transparency imposing Penalties and the penalties should applied based on the tax laws.

Employees integrity, overall items average mean scores range between2.96%-2.66%. which indicted that there is lack integrity in the work environment.

Tax evasion overall items mean score values range between 4.28%-3.38%, which means no big difference of mean responses to each question. Therefore, the listed factors are affecting the effective revenue collection.

As the descriptive analysis result indicated the three items average mean score range between 3.58%-3.05%. This shows that the factors positively affect the dependent variable. Other three items mean scores range between 2.83%-2.68%, which shows that the listed factors are affecting that the effective revenue collection.

The correlation result, indicated that the overall listed factors have positive significance relationship with effective revenue collection. The independent variable which has the highest correlation with the dependent variable is the awareness of tax payers. The factor that has the lowest correlation with

the effective revenue collection is financial record keeping. No multicollinearity problems between them.

On the other hand, the multiple regression result indicates that Factors, awareness of tax payers, employee's competency, penalty, employee's integrity and tax evasion have positive and significance influence on the effective revenue collection. Whereas, the revenue collection practice and the financial record keeping have positive insignificance effect on effective revenue collection. The awareness of tax payers, employee's integrity and penalty are the dominant factors consecutively to influence effective revenue collection than other factors. The other factors of the effective revenue collection are explained by the error term or there are other factors that influence effective revenue collection.

5.2. Recommendation

The researcher analyzed the determinant factors that affect the effective revenue collection. And the main findings and conclusion have been drowning and the following points should be recommended on the bases of the analysis. The major recommendations that come out from the study go towards both the Revenue Office and the tax payers. Recommendations to the revenue Office are: The Continues training should be organized to train the employees in reference to improving on competencies and ethics and integrity and organize workshops to update the employees on their obligations, roles and responsibilities. As the survey output results show the awareness of tax payers, employee's integrity and penalty are the main factors of effective revenue collection respectively. The revenue collection system and registration process should be simple and easy to taxpayers. As the finding shows that, penalty has significance influence on the effective revenue collection. The penalties applied by revenue Office should be based on the tax law and it should be consistent and transparent to enhance the magnitude of compliance and effective revenue collection. The Office should improve the commitment of employees to their duties and understanding of key responsibilities. There is a need to enhance the capacity of the employees of Dejen Revenue office. Each employee has to be convinced that developing his/her own capacity is a continuous process and each of them has to take responsibility of doing so using different mechanisms.

The recommendations forwarded towards the business income tax payers are: In addition to the tasks performed by Dejen Revenue Office, the tax payers should also obey the current tax laws, rules and regulations; develop the culture of taxpaying as a sign of modern thinking, pay attentions towards the government's effort to collect the revenue. In general, poor revenue collection system results low revenue, being collected by the Office, this affects government expenditure, the Revenue Office has to build its collection capacity on both human and material resources to carry out its duties and responsibilities effectively and efficiently.

This can be maintained through hiring of more qualified employees, provision of consistent training and development for staffs who have joined and who will have joined and using advanced information and communications technology so as to improve the effective revenue collection and control those non - compliance registered taxpayers.

This research tried to assessing on the factors that affect the effective revenue collection in Dejen.

It stimulates for further research, to conduct research on different issues, or investigating of determinates that affect the effective revenue collection in country, regional and lower city level by increasing the sample size and by adding other factors that may influence on the effective revenue collection.

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APPENDIX 1

DEBRE MARKOS UNIVERSITY

BUSINESS AND ECONOMICS COLLEGE

DEPARTMENT OF MANAGMENT

Dear Respondents,

This is Menelik Dagnachew Tenaw; I am currently, pursuing my postgraduate degree in Master of Business Administration at Debre Markos University. The thesis entitled “assessment on Effective Revenue collection challenges: a case of Dejen Revenues offices”.

The purpose of this study is for the partial fulfillment of the requirements of Masters of Business Administration (MBA) in Management.

Dear Respondents,

Your clear and truth responses may generate important improvements for the effective Revenue collection in Dejen. Please be free to give your opinions.

Respondents, in this thesis all data sources compiled for this study, in full faith, will be kept strictly confidential and the findings of the study will be used for academic purposes only.

I would appreciate your participation in this thesis process and kindly request you to fill the questionnaires below along with any additional comments you feel the best thoughts.

For further information please contact me, by the following addresses.

Menelik Dagnachew Tenaw,

Tel.: - 0920250451/0982296369.

E-mail: -medagn2014@gmail.com

Thank you in advance for your cooperation.

PART I: PERSONAL PROFILE

Please fill in the blank space and put a mark "√" in the blank box.

Gender: - Male ☐ Female ☐

Age: 21 - 30 ☐ 31 – 40 ☐ 41 – 50 ☐ > 50 ☐

Education level: below diploma ☐ Diploma ☐ Frist Degree ☐ Masters or above ☐

4. Experience: - Up to 5 years ☐ 6 to 10 years ☐ 11 to 15 years ☐ Above 15
5. Taxpayer category: - Category (A) ☐ Category (B) ☐ Category (C) ☐

Part II: Factors that affect the Effective Revenue Collection

This question is applicable on Categories 'A','B' and 'C' Taxpayers and use for Academic purpose only! Please read through the lists in the table below. For each option, kindly indicate thesis (√) mark on the appropriate option or the extent to which you agree/disagree with the issues.

Response	Weight
Strongly Disagree (SD)	1
Disagree (DA)	2
Neutral (N)	3
Agree (A)	4
Strongly agree (SA)	5

2.1 Opinion of respondents on Revenue collection practice, Awareness of taxpayers, Employee's competency, financial record keeping, penalty, Employees integrity and Tax evasion.

NO	Possible measures	SD(1)	D(2)	N(3)	A(4)	SA (5)
A	Revenue collection practice					
1	The process of registration is smooth and easy for taxpayers.					
2	The revenue collection process is enough to control non-registered and non- compliant taxpayer					
3	There is good employees' service to taxpayers					
4	There is fair and efficient appeals system in the office					
5	Tax assessment and collection mechanism is effective and efficient.					
6	The current Revenue collection system discourage tax evasion					
B	Awareness of taxpayers					
1	The Revenue office makes tax awareness when it is necessary					

2	Tax payers are well aware of the income tax and tax administration proclamations and their regulations.					
3	VAT registered business firms are use invoices in the right manner.					
4	Registered business income taxpayers are declaring and paying their income on time.					
5	Taxpayers know that tax uses for the society social improvements					
C	Employee's competency					
1	Maintains the current level of knowledge and skills required for their role					
2	Listens and responds to people's concerns by altering own behavior in a helpful manner					
3	The bureau has adequate number of skilled man power					
4	The tax officer Follows established tax laws and regulations					
5	Providing on work training for the stuffs contributes to effective revenue collection.					
D	Financial Record keeping					
1	Taxpayers know that they need to keep financial records					
2	Taxpayers know to declare taxable income to the revenue office					
3	Taxpayers are audited by the revenue office in the tax year					
4	Taxpayers are faced the challenges of tax in arrears/tax debt					
E	Penalty					
1	I comply with tax requirements because of fear of penalty					
2	The penal actions is strong to discourage taxpayers to evading tax.					
3	The penalties imposed on taxpayers are fair.					
4	The enforcement of penalty is clear enough in the revenue bureau.					
5	The penalties applied by revenue bureau is based on the tax law.					
6	There is lack of consistency and transparency in imposing penalties					
F	Employees' integrity					
1	Tax officers show high level of moral courageous					

2	Tax officers have self-discipline to undertake their job					
3	Tax officers are committed to their duties					
4	Tax officers are highly matured to handle their duties					
5	Tax officers shall exercise their power assigned by the law					
6	Tax officers shall exercise honestness and fairness					
7	Employees demonstrate high level of trust and confidence					
G	Tax evasion questions					
1	If tax law is respected it discourages the attitude of tax evasion					
2	Taxpayers are paying tax fearing the tax penalty					
3	Good political system has impact on tax payers to avoid tax evasion					
4	Tax evasion is dependent on the government program					
5	Paying tax is my own obligation and responsibility					
H	Effective revenue collection					
1	The revenue collection system has effect on the effective revenue collecti.					
2	Awareness of taxpayers affects the effective revenue collection.					
3	Competence of employees affects the effective revenue collection.					
4	Good political system has effect on tax payers to avoid tax evasion					
5	Penalty has effects on the effective revenue collection.					
6	Employees integrity has effect on the effective revenue collection.					
7	Auditing the tax payers has effect on the effective revenue collection.					

Part III Your comments and Recommendation

Please state possible solutions or remedies that can rectify/reduce the challenges of effective revenue collection system and bring effectiveness of revenue collection.

This questionnaire has raised a number of issues related to factors that affecting the effective revenue collection. If you would like to offer your own thoughts on the variables such as effective revenue collection, employees' integrity, taxpayers' awareness, revenue collection practice, employees' competency, penalty, tax evasion and financial record keeping. Please use the space below to add your comments.

_____

_____

_____

_____

_____.

አባሪ 1

ደብረ ማርቆስ ዩኒቨርሲቲ

ቢዝነስ ና ኢኮኖሚክስ ኮሌጅ

ማኔጅመንት-ትምህርት ክፍል

ውድ ምላሽ ሰጪዎች፡

እኔ ምኒልክ ዳኛቸው ጤናው በአሁኑ ሰዓት በደብረማርቆስ ዩኒቨርሲቲ በድህረ ምረቃ ፕሮግራም በማስተር ኦፍ ቢዝነስ አድሚኒስትሬሽን ለመመረቅ እየተከታተልኩ እገኛለሁ።የመመረቂያው ጽሑፍ “ውጤታማ የገቢ አሰባሰብ ተግዳሮቶች ጥናት፡በደጀን ገቢዎች ጽ/ቤቶች ጉዳይ” በሚልርዕስነው።

የዚህጥናትአላማበማስተርስኦፍቢዝነስአድሚኒስትሬሽን (ኤምቢኤ) በማኔጅመንትለመመረቅየሚያስፈልጉትንመስፈርቶችበከፊልለማሟላትነው።

ውድምላሽሰጪዎች፡

የእርስዎግልጽእናእውነተኛምላሾችለወረዳውውጤታማየገቢአሰባሰብጠቃሚማሻሻያዎችንሊፈጥሩይችላሉ።እባኮትአስተያየትለመስጠትነፃይሁኑ።

ምላሽሰጪዎች፡በዚህጥናታዊፅሁፍውስጥለዚህጥናትየተጠናቀሩየመረጃምንጮችበሙሉ፣ በሙሉሚስጥራዊየሚደረጉሲሆንየጥናቱግኝቶችለአካዳሚክ/ለትመህርትዓላማብቻጥቅምላይይውላሉ። በዚህየመመረቂያጽሁፍዝግጅትሂደትተሳታፊመሆንዎንእያደነቅሁከዚህበታችያሉትንመጠይቆችከተጨማሪአስተያየቶችጋርእንዲሞሉበትህትናእጠይቃለሁ።

- ለበለጠመረጃእባክዎየሚከተለውንአድራሻዎችይጠቀሙ።

ምኒልክዳኛቸውጤናው

ስልክ፡- 0920250451/0982296369።

ኢሜል፡ -medagn2014@gmail.com

ስለትብብርዎበቅድሚያአመሰግናለሁ።

ክፍልአንድ፡ የግልመረጃ

እባክዎበተስማሚውባዶሳጥንውስጥይህን “√” ምልክትበማድረግመጠይቁንይመልሱ።

1. ጾታ: - ወንድሴት ☐ ☐

2. ዕድሜ፡ 20 - 30 ☐ 31 - 40 ☐ 41 - 50 ☐ > 50 ☐

3. የት/ት ደረጃ፡ ከዲፕሎማበታችዲፕሎማየመ/ዲግሪናበላይ ☐ ☐

4. የስራልምድ፡ እስከ 5 አመት ☐ ከ6-10 አመት ☐ ከ11-15 አመት ☐ ከ15 በላይ ☐

5. የግብርከፋይደረጃዎ፡ ደረጃ (ሀ) ደረጃ (ለ) ደረጃ (ሐ)

☐ ☐

ክፍል II፡ የውጤታማገቢአሰባሰብንየሚመለከቱተግባራት

ይህመጠይቅበምድብሀ፣ለ፣

ሐግብርከፋዮችናበታክስሠራተኞችላይየሚተገበርሲሆንለአካዳሚክ/ለትምህርትዓላማብቻየሚውልነው፡

፡ እባክዎከዚህበታችባለውሠንጠረዥውስጥያሉትንመግለጫዎችያንብቡናለእያንዳንዱአማራጭ፣

ይህንንምልክት (√)

በተገቢውአማራጭላይወይምበመጠይቁሃሳብየተስማሙበትን/የማይስማሙበትንደረጃያመልክቱ፡፡

የምላሽ	ክብደት
በጣምአልስማማም (በአ)	1
አልስማማም (አ)	2
ገለልተኛ (ገ)	3
እስማማለሁ (እ)	4
በጣምእስማማለሁ (በእ)	5

2.1 **በገቢአሰባሰብአሠራር፣ በግብርከፋዮችግንዛቤ፣ በሰራተኛብቃት፣ በሂሳብመዝገብአያያዝ፣ በግብርቅጣት፣**

በሰራተኞችግዴታዎችናሃላፊነቶችናበታክስሥወራተግበራትላይየመልስሰጭዎችመልስናአስተያየቶች፡

፡

ሀ	ከገቢግብርአሰባሰብጋር ር ተያያዙጥያቄዎች	በአ-1	አል-2	ገለ-3	እስ-4	በእስ-5
1	አሁንያለውየገቢግብርአሰባሰብሥርዓትብቁነው፡፡					
2	የምዝገባሂደቱምቹእናለግብርከፋዮችቀላልነው ፡:					
3	አሁንያለውየገቢአሰባሰብሥርዓትግብርከፋዮችንለመቆጣጠርበቁነው፡፡					
4	ለግብርከፋዮችጥሩየሰራተኞችአገልግሎትአለ፡፡					
5	በቢሮውስጥፍትሃዊእናቀልጣፋየይግባኝስርዓትአለ፡፡					
6	የግብርአወሳሰንእናአሰባሰብዘዴውጤታማእናቀልጣፋነው፡፡					
7	አሁንያለውየገቢአሰባሰብሥርዓትየታክስስወራተግባርንይከላከላል ፡፡					

ለ	የግብርከፋዮችንግንዛቤበተመለከተ					
1	አስፈላጊሆኖሲገኝየገቢዎችጽ/ቤትየግብርግንዛቤያደርጋል ።					
2	ግብርከፋዮችየገቢግብርናየታክስአዋጆችንጠንቅቀውያውቃሉ ።					
3	ተመዘገቢየንግድድርጅቶችደረሰኞችንበተገቢውመንገድይጠቀማሉ ።					
4	ግብርከፋዮችገቢያቸውንበወቅቱእያሳወቁናእናእየከፈሉነው ።					
5	ግብርከፋዮችየሚከፍሉትግብርለህብረተሰቡችግሮችእንደሚውልያውቃሉ ።					
ሐ	የሰራተኛየአፈጻጸምብቃትበተመለከተ					
1	ሰራተኞችአገልግሎትለመስጠትእውቀትናየአሠራርችሎታአሏቸው					
2	ደንበኞችየሚያቀርቡትንጉዳየበአግባቡአዳምጦተገቢምላሽይሰጣል ።					
3	ገቢ ጽ/ቤቱበቂናየሰለጠነየሰውሃይል /ሠራተኛአለው ።					
4	የገቢተቋሙበገቢአሰባሰብሂደቱየግብርሕጎችንናደንቦችንይከተላል					
5	ለሰራተኞችስልጠናመስጠትገቢለመሰብሰብአስተዋፅኦያደርጋል ።					
መ	የሂሣብመዝገብአያያዝ					
1	ግብርከፋዮችየሒሣብመዝገብመያዝእንደአለባችውያውቃሉ ።					
2	ገባሮችግብርየሚከፈልበትንገቢእያሳወቁመክፈልእንዳለባቸውያውቃሉ ።					
3	ግብርከፋዮችበግብርዘመኑበገቢዎችጽሕፈትቤትአዲትይደረጋሉ ።					
4	ግብርከፋዮችግብርሲከፍሉውዝፍ/የታክስዕዳችግሮችያጋጥሟቸዋል					
ሠ	የግብርቅጣት					
1	ቅጣትንበመፍራትየግብርአከፋፈልሥርዓትንአከብራለሁ ።					
2	የግብርቅጣትእርምጃጠንካራበመሆኑግብርእንዳይደበቅአድርጓዋል ።					
3	በግብርከፋዮችላይየሚጣለውየግብርቅጣትፍትሃዊነው ።					
4	የገቢቢሮውየግብርቅጣትአፈፃፀምግልፅነትአለው ።					
5	የሚተገበሩትየግብርቅጣቶችበታክስህጉናደንቡላይየተመሰረቱናቸው					
6	የግብርቅጣትሲጣልአድሏዊአሠራርናየግልጽነትችግሮችአሉ ።					
ረ	የታክስሰራተኞችግዴታዎችናኃላፊነቶች/ሥነ-ምግባሮች					
1	የግብርመኮንኖችከፍተኛየሞራልድፍረትንያሳያሉ ።					
2	የግብርሠራተኞችሥራቸውንበመልካምሥነ-ምግባርያከናውናሉ ።					

3	የግብርመኮንኖችለሥራቸውቁርጠኛናቸው ።					
4	የታክስመኮንኖችተግባራቸውንለመወጣትበጣምየበሰሉናቸው።					
5	የግብርኃላፊዎችበሕግየተሰጣቸውንሥልጣናቸውንይጠቀማሉ ።					
6	የታክስሠራተኞችሐቀኝነትንእናፍትሃዊነትንያሳያሉ ።					
7	ሰራተኞችለደንበኞቻቸውከፍተኛእምነትያሳያሉ ።					
ሰ	የግብርስወራተግባራት					
1	የታክስህግየሚከበርከሆነየታክስስወራአስተሳሰብንያዳክማል ።					
2	ግብርከፋዮችየግብርቅጣትንበመፍራትግብርእየከፈሉነው ።					
3	ጥሩየፖለቲካስርዓትየታክስማጭበርበርንለማስወገድተጽእኖአለው።					
4	የታክስስወራምክኒያትየግብርአጣጠልበመንግስትፍላጎትበመሆኑነው					
5	ግብርመክፈልየራሴግዴታናኃላፊነትነው ።					
ሸ	ውጤታማገቢአሰባሰብ					
1	ጥሩየገቢአሰባሰብሥርዓትየገቢአሰባሰብሂደቱንውጤታማያደርጋል					
2	የግብር ግንዛቤ መፍጠር በአሰባሰቡ ላይ አወንታዊ ተጽዕኖ አለው					
3	ሰራተኞች በብቃት ከሰሩ ገቢ አሰባሰቡ ውጤታማ ይሆናል					
4	ጥሩ የፖለቲካ ሥርዓት የግብር ሥወራን የከላከላል					
5	የግብር ቅጣት በገቢ አሰባሰብ ሂደቱ ላይ ተጽዕኖ አለው					
6	ሰራተኞች ግዴታቸውንና በተገቢው ከተወጡ የተሻ ለገቢ የሰበሰባል					
7	ግብር ከፋዮችን አዲት ማድረግ ገቢ አሰባሰቡን ውጤታማ ያደርጋል					

ክፍል ||| የእርስዎ አስተያየትና ምክር

እባክዎት ውጤታማ የገቢ አሰባሰብ ስርዓት ተግዳሮቶችን የሚያርሙ/የሚቀንሱና የገቢ አሰባሰብን ውጤታማነት ሊያመጡ ይችላሉ የሚሏቸውን የመፍትሄ ሀሳቦች ይግለጹ።ይህ መጠይቅ በውጤታማ የገቢ አሰባሰብ ላይ ተጽዕኖ ከሚያሳድሩ ምክንያቶች ጋር የተያያዙ በርካታ ጉዳዮችን አንስቷል።እንደ ውጤታማ የገቢ አሰባሰብ፣የሰራተኞች ታማኝነት፣የግብር ከፋዮች ግንዛቤ፣የገቢ አሰባሰብ አሰራር፤የሰራተኞች ብቃት፣የግብር ቅጣት፣የግብር ስወራና የሂሳብ መዝገብ አያያዝ ባሉ ተ ለዋዋጮች ላይ የራስዎን ሀሳብ ለማቅረብ ከዚህ በታች ያለውን ቦታ ይጠቀሙ.-

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APPENDIX _ 2

DEBRE MARKOSE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

Interview for the Revenues office officials

Dear Respondent,

This is Menelik Dagnachew Tenaw, I am currently, pursuing my postgraduate degree in Master of Business Administration at Debre Markos University. The thesis is entitled "assessment on Effective Revenue collection challenges /affecting factors: a case of Dejen Revenues offices".

The objective of the study:

The purpose of this study is to fulfill the partial requirements of Masters of Business Administration (MBA) in Management.

Dear Respondent,

Your clear and truth responses may generate important improvements for the effectiveness of income tax collection in the woreda. Please be free to give your opinions.

Respondent, in this thesis all data sources compiled for this study, in full faith, will be kept strictly confidential and the findings of the study will be used for academic purposes only.

I would appreciate your participation in this thesis process and kindly request you to fill the questionnaires below along with any additional comments you feel the best thoughts.

For further information please contact me, by the following address.

Menelik Dagnachew Tenaw,

Tel.: - 0920250451/0982296369.

E-mail: -medagn2014@gmail.com

Thank you for your cooperation.

Part I:- Personal Information

Gender:- Male ☐ Female ☐

Age:- 21 – 30 ☐ 31 – 40 ☐ 41 – 50 ☐ >50 ☐

Education:- Below diploma ☐ Diploma ☐ Bachelor ☐ 2nd Degree

Experiences:- up to5 years ☐ 6-10 years ☐ 11-15 years ☐ Above 15 ☐

Part II:- Interview Questions

Do you think that Ethiopian Revenue collection system enables to collect effective revenue?

Are taxpayers well aware of the Income tax and Tax Administration Proclamations and regulations?

Does the revenue office has adequate, qualified and skilled employees to manage revenue collection?

How do you control weather the registered taxpayers are issuing receipt to customers?

Provided that, taxpayers do not issue to customers receipt.What actions will you take?

How do you evaluate that the revenue collection is strong enough to control the illegal activities of taxpayers?

What are your mechanisms to collect Effective Revenue?

What are the main challenges that impede Effective Revenue collection?

What do you suggest as remedies/solutions about the above-mentionedchallenges/problems?

As long as, you have any information regarding effectiverevenue collection, tax collection practices and other affecting factors, please give in detail.

አባሪ _2

ደብረማርቆስዩኒቨርሲቲ

የቢዝነስናኢኮኖሚክስኮሌጅ

የማኔጅመንትትምህርትክፍል

የገቢዎችቢሮኃላፊዎችቃለመጠይቅ

ውድተጠሪ

ምኒልክዳኛቸውጤናውእባላለሁ፡፡

በአሁኑሰአትበደብረማርቆስዩኒቨርሲቲበድህረምረቃዲግሪፕሮግራምለመመረቅበቢዝነስአድሚኒስትሬሽ

ንበሥራአመራርትምህርትእየተከታተልኩእገኛለሁ፡፡ የመመረቂያውጽሁፉጥናትርዕስ

“ውጤታማየገቢአሰባሰብተግዳሮቶች/ተፅእኖየሚፈጥሩሁኔታዎች፡ በደጀንገቢዎችጽሕፈትቤት”

የሚልነው፡፡

የዚህጥናትአላማበማስተርስአፍቢዝነስአድሚኒስተሬሽን (MBA)

ለመመረቅከፊልመስፈርቶችንማሟላትነው፡፡

ውድተጠሪ

የእርስዎግልጽእናእውነኛምላሽለወረዳውየገቢግብርአሰባሰብውጤታማነትጠቃሚማሻሻያዎችንሊፈጥር

ይችላል፡፡አስተያየትለመስጠትነፃይሁኑ፡፡

ምላሽሰጪ ፣

በዚህጥናትውስጥለዚህጥናትየተጠናቀሩየመረጃምንጮችበጥብቅሚስጥራዊየሚያዙሲሆንየጥናቱግኝቶ

ችለአካዳሚክዓላማብቻጥቅምላይይውላሉ፡፡

በዚህየመመረቂያጽሁፍዝግጅትሂደትመሳተፍዎንእያደነቅሁከዚህበታችያሉትንመጠይቆችከተጨማሪ

አስተያየቶችጋርእንዲሞሉበትህትናእጠይቃለሁ ፡፡

ለበለጠመረጃእባክዎንበሚከተለውአድራሻአግኙኝ፡፡

ምኒልክዳኛቸውጤናው

ስልክ፡- 0920250451/0982296369፡፡

ኢሜል፡ -medagn2014@gmail.com

ስለትብብርዎበቅድሚያእመሰግናለሁ.

ክፍል ፡- የግልመረጃ

1. ፆታ፡- ወንድሴት

2. ዕድሜ፡- 21-30 ☐ 31-40 ☐ 41-50 ☐ >50 ☐

3. የት/ደረጃ፡- ከዲፕሎማበታችዲን☐ ግየመ/ዲግሪ ☐ 2ኛ ዲግሪ ☐ ☐

4. ልምድ፡- እስከ 5 ዓመት ☐ ከ6-10 ዓመት ☐ ከ11-15 ዓመት ☐ ከ15 በላይ ☐

ክፍል||:-ቃለመጠይቆች

1. የኢትዮጵያገቢዎች አሰባሰብሥርዓትውጤታማገቢለመሰብሰብያስችላልብለውያስባሉ?
2. ግብርከፋዮችየገቢግብርናየታክስአስተዳደርአዋጆችንናደንቦችንጠንቅቀውያውቃሉ?
3. የገቢዎች ጽ/ቤትገቢአሰባሰቡንለመቆጣጠርብቁናክህሎትያላቸውሰራተኞችአሉት
4. የተመዘገቡትግብርከፋዮችለደንበኞችደረሰኝእየሰጡመሆናቸውንእንዴትይቆጣጠራሉ? ምንስእርምጃዎችንይወስዳሉ?
5. የገቢአሰባሰቡስርዓትየግብርከፋዮችንህገ-ወጥነትለመቆጣጠርየሚያስችልመሆኑንእንዴትይገመግሙታል?
6. ውጤታማገቢለመሰብሰብምንምንዘዴዎችአሉ?.....

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7. ውጤታማየገቢአሰባሰብንየሚያደናቅፉዋናዋናተግዳሮቶችምንድንናቸው?

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8. ከላይየተጠቀሷቸውችግሮችእንዲወገዱምንመፍትሄይጠቁማሉ?

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9. ሌሎች የውጤታማ ገቢ አሰባሰብስርዓትናየአሠራርችግሮችካሉይዘርዝሩ።

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