ST. MARY'S UNIVERSITY

SCHOOL OF GRADUSTE STUDIES

CHALLENGES AND OPPORTUNITIES OF E-TAX SYSTEM IN MINISTRY OF REVENUE: THE CASE OF MEDIUM TAX PAYERS' BRANCH OFFICE

BY:

YESHASHEWORK HABTIE MEKONNEN

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ADDIS ABABA, ETHIOPIA

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JULY, 2021

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DECLARATUON

I, Yeshashework Habtie, declare that this thesis entitled: "Challenges and Opportunities of Electronics Tax System in Ministry of Revenue: the Case of Medium Tax Payers Branch Office", is the outcome of my own effort and that all source of materials used for the study, to the best of my knowledge, have been duly acknowledged. I have produced it independently except of the guidance and suggestion of my research advisor Abraham G. (Asst. Professor). This study has not been presented for any other program in this university or any other.

Researcher's: Name   Yeshashework Habtie

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Date _____

St. Mary's University, Addis Ababa

July, 2021

STATEMENTS OF CERTIFICATION

This is to certify that the thesis prepared by **Yeshashework Habtie** entitled **"challenges and opportunities of e-tax system in ministry of revenue: the case of medium tax payers branch office"**, in partial fulfillment of the requirement for degree of Masters in Accounting and Finance fulfills with the regulation of University and meets the accepted standards with respects to originality and quality.

Name of Advisor: Abraham G. (Ass. Professor)

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ACRONYMS

ATM - Automatic Teller Machine

DGT - Directorate General of Taxation

ERCA – Ethiopian Revenue and Customs Authority

E-Tax – Electronic tax filing system

CFA -Climate Facilitation for Africa

ICT – Information and Communication Technology

ITAS - Integrated Tax Administration System

LTO – Large Tax Payers Office

MTO – Medium Tax Payers Office

SIGTAS – Standard Integrated Government Tax Administration System

TAM – Technology Acceptance Model

VAT – Value Added Tax

ABSTRACT

*The purpose of this study was to assess the **challenges and opportunities of e-tax system in ministry of revenue: the case of medium taxpayers**. The study used descriptive research design and a mixed research approach was adopted; target population of the study was 3,785 e-tax payers and 2 e-tax system supervisors. Based on this 349 questionnaires were distributed and 275 was returned and also un-structured interview was conducted with 2 higher e-tax systems supervisors to do this, a questionnaire was administered and analyzed using structured questions by convenience non-probable sampling method. The quantitative data were analysed using descriptive statistics methods including mean, frequency, percentage and standard deviation. The finding of this research undertaking revealed that e-tax filing system promote the taxpayers satisfaction and save time and cost, avoiding emotional stress due to long queue and make them efficient and effective as they can administer their own taxes and create flexibility to timely recording taxes returns at any time. The study also showed that the lack of using the local language cost of implementation, power interruption, and doesn't allow corrections after the submission of the report and taxpayer still forced to go to tax authority are the main challenges of e-tax system. The study recommended that tax authority improve the excellence of the system fully implement electronically registration and clearance service and also the system allow correction after submit the report.*

Key Words: E-tax filing system, Taxpayers, opportunity, Challenge

CHAPTER ONE

1. INTRODUCTION

1.1. Introduction

This section of the research presents the introduction and background of the study, statement of the study, research objectives, and significance of the study, the scope, and limitations of the study as well as the organization of the study.

1.2. Background of the study

Taxation is important for sustainable economic development and tax administration is a basic function of a successful government makes tax authority to improve tax collection service and make tax administration more effective. Effective tax returns can help to raise the resources needed to deliver vital services and it will also contribute a lot to good governance in many aspects. It helps in making government accountable to its citizens and when governments apply taxpayers' money, they are more accountable to make budget decisions transparent and accessible (Joanna, 2014).

For any government to match in performance with the growth and expectations of its citizenry, it must dramatically increase its fiscal depth without incurring costly periodic overheads. Automated systems have been established to be capable of introducing massive efficiencies to business process that can result in increased revenue. Applying technological solutions towards the strategic goals for government will be a key stage towards transforming government into an entity that can keep abreast of the needs, requirements and expectations of today's modern world (Wasao, 2014). Governments today are under an increasing pressure to improve the supply of public services in cost-effective ways. To happen this challenge tax authorities are turning to e-government led solutions like electronic tax filing (e-filing) (Amitabh et al., 2008).

To date, the use of ICT is noticeable in business and tax settings. Particularly, tax authorities around the world are using electronic tax administration systems to interact with taxpaying public in tax collection, administration and compliance settings. Technology has influenced the method we work, play, and interact with the others. The use of technology to improve the effectiveness of tax

administration, expands taxpayer services, and helps to attract the attention of Governments in both developed and developing countries (Dowe, 2008).

Electronic tax system is an online platform that allows the taxpayer access tax services through the internet. Such services contain registration for a tax identification number, filing of returns and registration of payment and compliance certificate application. The online tax services are often internet base platforms and basic knowledge of the usage of the internet is essential (Azmi & Bee, 2010).

Ministry of Revenue (hereafter, MOR) has brought significant benefits to the business community and Ethiopia's winder economy by emerging electronic tax filing system. Currently, taxpayers can file their tax returns online, within one day and with just little procedures Fortune (News Paper, 2013).

According to (Bird & Zolt, 2008) tax systems in developing economies face both new challenges and opportunities as a result technological changes. Ethiopian MOR introduces of electronic tax filing system is no exception. In the previous few years, the tax authority has also been implementing electronic tax reporting and filing of documents among large and medium tax payers. The electronic tax filing is relatively new system, there are few studies focusing on the challenges, benefit and effects of electronic tax filing.

There are lack of empirical researches that have dealt with the challenges and opportunities of e-tax filing system to the Medium Taxpayer of the MOR. However, given the amount of tax the government generates from these businesses, it is essential to identify both the challenges and benefits the medium taxpayers recognize is determining their use of the new platform. The Ethiopian government must identify the challenges deterring the medium taxpayers to perform upon it time and increase usage of the e-taxation platform and realize the benefits e-tax provides. Therefore, the current research aimed at assessing the benefit and challenges faced by medium taxpayers while using the e-filing platform.

1.3. Statement of the problem

Taxation in developing countries is a challenging topic and has attracted increasing devotion to the researchers. In many developing countries there is low capacity of tax administration to monitor compliance among taxpayers and the potential amount of tax revenues has not been collected in an efficient and equitable manner (Edmiston & Bird 2004). Ideally, taxpayers can set the information about their existence in taxation units such as bank and pay off their taxes (Denise & Edwards, 2008).

A tax authority involves in many activities, such as processing returns and related information from taxpayers, entering tax returns data into a database, matching returns against tax filing requirements, processing tax payments and matching them against refunds. The technique to improvement a tax authority's efficiency is by increasing its use of Information and Communication Technology (ICT). Such technology can facilitates a broad range of services, including registering taxpayers, filing returns, processing tax payments issuing valuations and checking against third party information (Clarke, 2001).

However, the implementation of structure and utilizing resource is not by itself a solution for effectiveness and efficiency of tax administration. On the other hand to have a better revenue performance, as (Andrew, 2014) stated that the administration need a better efficiency that help to reduce tax payers compliance cost, reduce duplication and decrease tax administration costs by realising information systems.

While many governments in both developed and developing countries have made good progress in growing digital services to their citizens, most of them are still overcome by the complexity of the technology and their own bureaucracy. The one purpose of providing government e-services is to promote the accessibility and ease of providing essential government services to its citizens (Carter & Balanger, 2005).

The government of Ethiopia has determined to improve its domestic resource mobilization capacity by strengthening and fully implementing the tax administration information systems and improving the institutional capacity of Ethiopian Ministry of Revenues by equipping it with modern technologies (NPC, 2016).

By modernizing and increasing the capacity of the authority, the Ethiopian government targets to increase its domestic tax revenue to finance its mega project and other development priority sectors. In the objective of this to be realized, the government needs to hold different tax administration reforms that enhance the efficiency and effectiveness of the tax authority and benefit the taxpayers by overcoming some of the challenges they face in the manual systems to tax filing and cash payments. Taxpayers filing their tax manually face so many challenges that include longer processing time and transportation costs or movement related costs to physically present tax filing documents and payments to the tax office. Emotionally stress faced particularly from long queues at the end of the month or end of fiscal year to return taxes, cost related paper work and environment related costs that come along with the production of papers. And also at the end of fiscal year and the end of the month

work over loaded for the Ministry of Revenue (MTO) staffs. Further to the above challenges faced by the taxpayers, the manual filing also increase the cost of tax administration for the government, creates incompetence and other abuses undertaken by the tax officer. The (World Bank Group 2015), in its survey of Ethiopian business tax compliance burden, indicated that in-house tax compliance costs 11 person-days on filing activities during the end of the fiscal year and tax declaration. However, this compared to other Sub-Saharan countries, is the highest tax activity spend by business on tax filing.

Hence, to overcome some of the above challenges and modernize the tax filing system, the Ethiopian government has piloted the electronic tax filing system in 2009 for both large and medium taxpayers through support obtained from the Investment Climate Facilitation for Africa (ICF) (Dawit 2015).

However, the new system also created anxiety for users uncomfortable with the technological e-tax returns had to be completed online. According to (Kimea; Chimilila & Sichone 2019), the continuous usage of e-tax filing is highly dependent on the taxpayers' performance.

E-tax filing system is equally significant all over the world to increase government revenue, as far as the researcher's knowledge in our country and there is a lack of empirical studies in this research area. As per knowledge of the research, In Ethiopia's context, only a few studies were addressed and it focused on Practice, Challenges, and Prospects of e-Government in the case of ERCA by (Samuel, 2015). The other studies made by Ruta, (2017) also focus on the Assessment of Electronic Tax Filing System in Selected Branch Offices of Ethiopian Revenues and Customs Authority that focused on the tax authority side; (Dagnachew, 2018) Challenge and Opportunities of adopting E-tax system: the case of ERCA LTO.

Therefore, the main purpose of this study is to assess the challenges and opportunities of electronic tax filing system of Ethiopia under the Ministry of Revenue the case of Medium Taxpayers Branch Office on taxpayer's perception. This research undertaking is encouraging because of the medium taxpayers are large in number as compared with large taxpayers and also the absence of studies in the area of challenge and opportunity of e-tax filing system in Ministry of Revenue (MOR) Medium Taxpayer's Branch Office (MTO) on tax payer's perception. Thus there is a lack of understanding the challenges and opportunities of e-tax system in MTO. Hence, this research is believed to contribute understanding the challenges and opportunities of e-tax system in MOR MTO.

1.4. Objective of the study

1.4.1. General Objectives

The main objective of the study is to assess the challenges and opportunities of electronic tax filing system in *Ministry of Revenues Medium Tax payers.*

1.4.2. Specific Objectives

The specific objectives of the study:

- ➢ To assess the current e-tax filing practice of MOR MTO.
- ➢ To assess the opportunities of the electronic tax filing system of the MOR MTO.
- ➢ To examine the challenges of the effective utilization of the e-tax filing system.

1.5. Significance of the Study

The finding of this study expects to provide a lot of advantage for different organs. The major benefits of this study are the following: This paper is important to show the challenges of e-tax system for the branch & ministry of revenue and how to alleviate those challenges. It plays a role in addressing the real importance of using e-tax system in the organization. It will be valuable for other researcher to use it as a source of reference for comprehensive and thorough study on the opportunities and challenges of e-tax system.

1.6. Scope of the Study

This research was delimited only to the study of the challenge and opportunity of e-tax filing system in the ministry of revenue particularly in the case of middle taxpayer's office.

The study was conducted on selected taxpayers in Medium Taxpayers Branch. The study does not address all the Ministry of Revenues taxpayers in Ethiopia.

Hence, the study is delimited to Addis Ababa branch Offices of Ministry of Revenues Medium Taxpayers are the main subjective of the study.

1.7. Limitation of the Study

The first limitation of the study is on the subject matter itself. E-tax is a broad subject. It covers both technical and non-technical aspects. The study would address only non-technical issues of the system.

The study focuses on the challenges and benefit of e-tax filing system which is a new system in Ethiopia, there is no ample study in Ethiopia, and thus there would not be sufficient background information that highly supports the study. Therefore the absence of relevant data on the subject would influence the study. Since   the study needs sufficient data to attain its objective it needs huge amount of fund to collect and analyse the data. Thus the lack of finance and time was the other constraint to conduct the study.

1.8. Organization of the paper

This paper consists five chapters. Chapter one is focus on introduction part of the study. Chapter two consists of review of related literature. This chapter discusses in detail the theoretical aspects of the subject under study. Chapter three concerned with the research methodology that incorporates research design, data sources, sampling techniques, data collection methods and data analysis method .chapter four consists of data presentation and analysis. And the last chapter, chapter five devoted to summary, conclusion and recommendation.

CHAPTER TWO

2. REVIEW RELATED LITRATURE

2.1. Introduction

The main objectives of this chapter are to present a theoretical and empirical literature. Theoretical literature deals with concepts of tax, e-tax filing system, tax utilization and history of E-tax system in Ethiopia. Related empirical findings present the challenges and opportunity of e-tax system and research gap.

2.2. Tax Overview

Tax can be simply defined as "a sum of money that required from individuals to achieve economic, social and financial goals" (Doupnik & Perera 2011). In order for the tax system to achieve the interest of states, workers and taxpayers together, the tax should be defined and distinguished from resources that may be similar. Moreover, tax signifies a statement of the bases on which the state relies and the rules it regulates. The tax event is an economic and social occurrence that is formed in that environment and through it (Czinkota et al., 2011). Furthermore, tax is defined as a monetary deduction imposed by the Authority on individuals in a final way without charge in order to cover the public burdens. The tax is different from the fine in a way that the tax is not imposed for the purpose of deterrence or punishment, but an improvement to cover the state (Al Karaawy & Al Baaj 2018).

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

Tax administration is a complex and dynamic responsibility. On a systematic basis, leaders are faced with new issues, conflicting priorities, taxpayer compliance and emerging commitments (Thomson, 2008). As (Berhan & Jenkins 2005) noted, governments of developing countries are eager to create modern tax systems although saddled with weak tax administrations, and sometimes have experimented with tax administration instruments that inflict higher compliance costs on the private sector. Government necessities tax administration and compliance to produce revenue from private entities to provide public goods and services. Ethiopia desires to use domestic based resources mainly obtained from domestic tax (Tekulu, 2011).

The procedure of taxation is generally known as the technical regulation of the tax on how to measure the taxable material, linking and collecting the tax on the result of this measurement. The mission of selecting taxation method in any activity depends on the technical organization (Dixon, 2014). Taxation system is defined as a tax system component which is concerned with implementing the provisions of the tax legislation. It is the one which implements the requirements of the tax legislation that incorporates the tax policy and seeks to reflect it on the reality of social and economic life in society (Crandall, 2010). Hence, the level of performance of this system is the controlling factor in the level of the embodiment of the goals of tax policy on the ground because the objectives of the tax system on matter how ambitious and whatever their technical tools are well prepared and organized and designed to meet the needs of the higher interest of the people of society in light of the political, social, economic and financial conditions of the state and society (Palan et al., 2013).

The evaded tax due to the occurrence of unreported economy would have been an important resource for infrastructural and public service developments in the country. Taking the unreported economy to the tax net remained as a challenge for the responsible body with significant implication on tax policy of the country (Emrta, 2010).

2.3. Concepts of E-tax Filing System

Most businesses, private or public, profit or not-for profit, are increasingly dependent on IT and it has also wedged the business environment in three significant ways: IT has increased the ability to store, capture, analyse, and process great amounts of information, IT has significantly impacted the control process and IT has also impacted the auditing profession in terms of the skills necessary to perform an audit and the knowledge required drawing conclusion (Wagner, 2001).

Electronic tax filing or e-filing is a method where tax documents or tax returns are submitted through the internet, usually without the need to submit any paper return. The e-filing system involves the use of internet technology, the worldwide web and software for a wide range of tax administration and compliance purposes. Electronic taxation differs among countries hence the name of the system differs from country to country. According to (Gellis, 1991), electronic declaration is named electronic tax filing. It has also been called online taxation payment by UN (2007) or e-tax lodgement by (Tumer & Apelt, 2004).

Electronic tax filing was first coined in United States, where the Internal Revenue Service (IRS) began offering tax return e-filing for tax refunds only (Muita, 2011). This has now grown to the level that

currently approximately one out of every five individual taxpayers is now filing electronically. This however, has been as a result of numerous enhancements and features being added to the program over the years. Today, electronic filing has been extended to other developed countries. Equally developing countries has also been embracing electronic filing of tax returns. Some of the countries which are embracing the electronic filing include Uganda, Nigeria, Rwanda and Kenya (Muita, 2011). Globally, the tax environment is changing rapidly. Electronic filing is the modern way of tax authorities interacting with tax payers.

The electronic tax system is one of the mechanism tax authorities can be proud of since it allows taxpayers to file returns and pay on time (Nkundabanyangaet, 2017).

(Chanchal, et, al,. 2013) on their study about the satisfaction level and awareness of taxpayers towards e-filing of income tax return in Moradabad city defined e-tax filing as the process of filing tax electronically. Customized forms have been devised by the Tax Authority which is available on the site. These forms have been devised with such entail that tax payers need not file any supporting document along with.

2.3.1. Procedures Involved in Utilizing E-Tax Filing

According to (Mahara,h; Subrota., & Ghofar, A., 2017) the taxpayer behaviour in utilizing e-filing tax system is decided by the e-filing utilization intention. The higher the need of the taxpayer to use the e-tax filing system; the higher the possibility of the taxpayers to use the e-tax filing system. The e-tax filing utilization intention is influenced by the ease of use, approach and subjective norm. The study shows that the e-filing utilization intention is also determined by the behavioural control through the intention. Enthusiasm plays a role as a full facilitation variable in the relationship between behavioural control and the e-tax filing utilization behaviour.

Since e-filing is a self-assessment system, the taxpayer is authorized to take control of the security of his or her information or data, by securing their login details (login name & password).A taxpayer to access e-tax filing they have to first register online and displayed the process as follows:
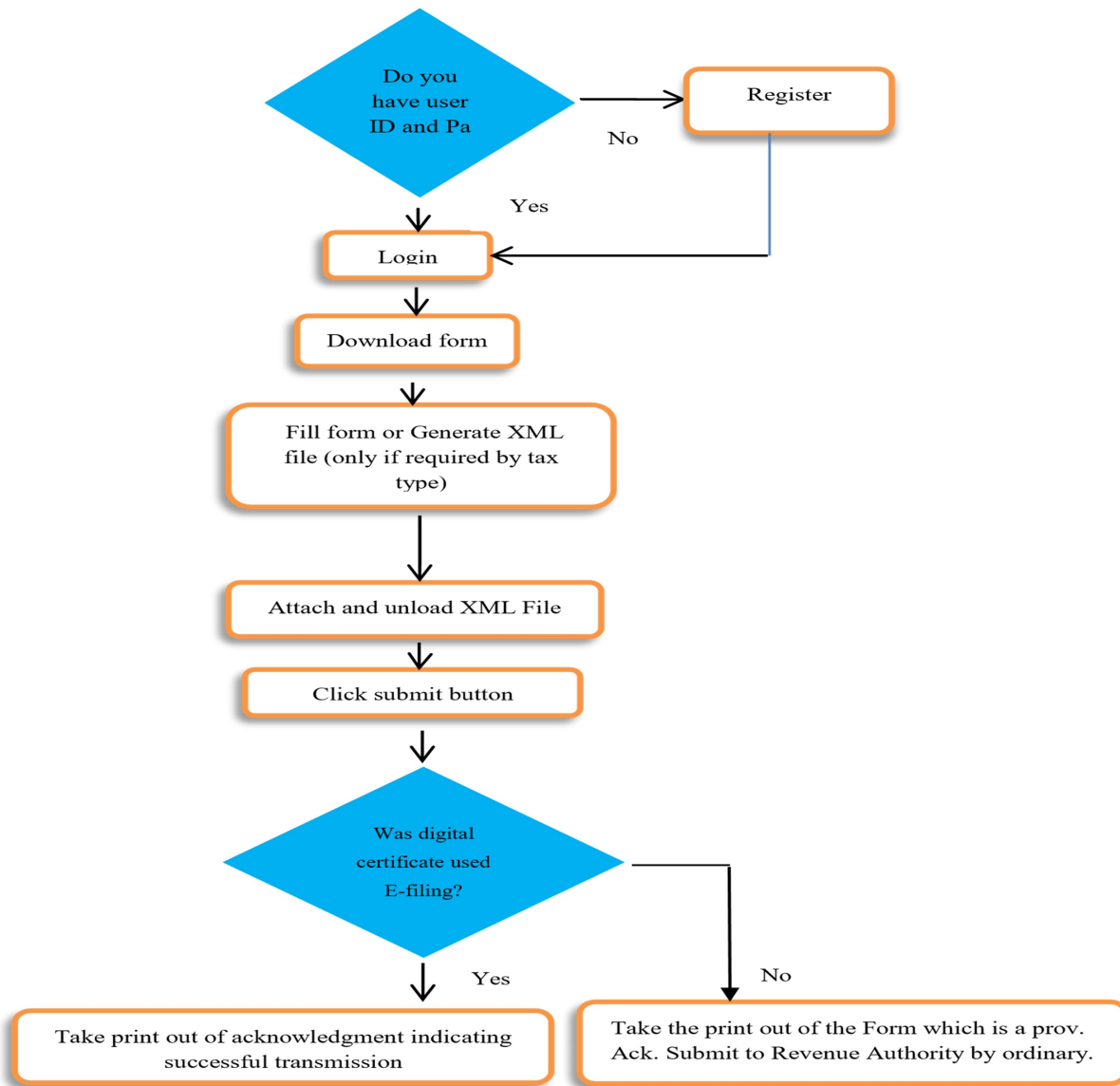
Figure 1:- E-tax filing Process of Tax returns (Alibashs et al., 2016).

2.4. History of E-tax system in Ethiopia

Tax is obligatory payment to government without anticipation of direct return or benefit to tax payers. It executes a personal obligation on the tax payer. Taxes received from the tax payers, may not be incurred for their benefit only. Tax revenue is one of the most important sources of government income. Taxation is the powerful instrument in the influences of the government for transferring purchasing power from individuals to government (Gebre, 2006). Ethiopia improves tax collection systems to increase government revenue and decrease evasion. The current information communication technologies are modernizing tax collections. The Ethiopia Revenue and Custom

Authority (ERCA) adopted the Electronic Tax System automatic system for customers' data management. In Ethiopia Electronics Tax System has been began in Addis Ababa, in February, 2008 and its use has expanded significantly during the past 5 years.

As part of modernizing its service, the Ministry of Revenue of Ethiopia is set to fully collect tax from large and middle tax payers using electronic payment system. The e-tax filing system has been tested for about a year as pilot by 11 companies, is expected to go fully operational soon. The e-tax payment has been tested on the system of Commercial Bank of Ethiopia, the state financial institution which has over partial market share of the banking business in Ethiopia.

The research aimed to investigate how well e-Government is recognized and comprehensively rolled out as a strategic tool such drawbacks on existing tax administration systems at MOR MTO. MOR has been investing to reform its administration system.

Electronic tax filing systems are one of the most visible ICT-based services available to taxpayers. For many personal taxpayers, the submission of annual income tax returns is their most significant contact with the revenue agency, and a system allowing taxpayers to submit their tax returns electronically can be benefit to both taxpayers and the government, taxpayers benefit from a simpler and more convenient system, reducing compliance effort and uncertainty and in some cases rationalization payment of taxes; while governments benefit from a reduced administration burden that can be gaining through the direct provision of taxpayer information in standardized electronic form, and increased compliance. Also, businesses can also benefit from electronic filing systems, in particular those that simplify compliance with the tax.

There are significant benefits from implementing well-designed and widely used methods of electronic filing. Reduction in taxpayers' compliance burden: taxes can be completed online, and taxpayers do not have to waste time obtaining paper returns and instructions.

Improved data quality: Many data items can be validated as they are input by taxpayers, meaning that the quality of data transmitted is of a higher standard and also reductions in revenue bodies of MOR MTO operational costs that considerable fewer staffs are required to process electronically filed returns.

As part of the efforts to modernize the tax system, works are on-going to expand e-Tax (online tax payments) system, the Ethiopian Revenues and Customs Authority (ERCA) now, MOR. Berhanu

Mamo, Information Technology Director at ERCA, said the authority is working to extend the system at a national level.

The system benefits to taxpayers from anywhere to know online the amount of taxes they due and pay taxes at any bank located within their reach, according to the director.

Their payments will be transferred to the National Bank of Ethiopia (NBE) through a core banking system, he said. Moreover, the authority will put a system that helps to increase the number of taxpayers who gets service at a time from 1,000 to 6,000 in the coming two to three months; he said the implementation of the system will enable to avoid overloading and to make the tax service efficient.

The new system allows taxpayers to complete tax form and provide required payment details online. This comprehensive system now involves of which allows online payment of tax through appointed banks.

Through the implementation of this new electronic system, Ethiopia faced many challenges. For example, many taxpayers were unwilling to abandon the traditional paper-based process due to uncertainty about the security and privacy of information. The server was slow and frequently failed so taxpayers willing to try the new technology were discouraged. In order to address these problems, Ministry of Revenue applied several upgrades to the system and spent significant efforts advertising and promoting the safety and ease of its usage. Incentives have been obtained for taxpayers using the electronic system, such as if in the deadline the server was slow or connection failed the MOR received manual report from the taxpayers.

The biggest problems with MOR its unpredictability as a result of numerous technical problems and limited system availability such its launch. Some of these problems might be the taxpayer once submitting returns electronically; taxpayers can also return taxes in commercial Bank of Ethiopia.

(Ruta, 2017) on her study paper entitled assessing E- tax filing system in selected branch offices of Ethiopian Revenues and customs Authority (ERCA). To achieve this objective, a review of relevant literature was done and primary data were gathered using a Likert scale questionnaire format. Data analysis was conceded out using descriptive analysis. Findings shown challenges like taxpayer's attitude, taxpayers burden and governmental problems and benefits which include data handling, accuracy, job performance and tax compliance. In addition, the study found out that E- tax filing

system and tax compliance has a positive relationship. The study recommended the organization manage power interruption by using other option like generator and backup so that online user attained miss their data while using e-tax, regarding information security and privacy be constructed.

2.5. Empirical Evidence

2.5.1. Opportunities of Electronic Tax Filing system

E-tax filing is opportunities in better access to information, employee productivity and improved service delivery. Strategic benefits are generally impossible to quantify in monetary terms, but their value is not doubtable. For example business analytics is one example where data warehouse that can be queried to collect customized data on parts of constituents available for their decision making process (Kavanagh, 2007).

According to (Peterson, 2014) perceives e-filing as one of the best paperless systems that enhances the company account balance. Due to it being paperless, he finds it a more safe system that helps protect clients and firms' and their bottom line.

(Kumar & Anees, 2014) discussed about the benefits of Electronic filing of tax to the authorities, policy makers, existing and prospective tax payers, e-tax filing intermediaries, financial software engineers and academicians. The study focused on the opportunities derived by the different sections of the society due to e-tax filing of tax returns. Therefore, several benefits of electronic filing systems have been discussed in the literature.

2.5.1.1. Convenience

According to (Geetha & Sekar, 2012) convenience is one of the benefits of e-tax filing system that returns can be filed at any time (day or night).

According to (Anna & Yusniza, 2009) conducted a study on Adoption of e-tax filing system in Malaysia and stated that e-tax filing allows customers to doing transactions within a few mouse clicks. This convenience can function as a key driver of e-tax filing adoption. E-tax filing provides many aspects of 'convenience' to taxpayers that is time to file, place to conduct the filing, ease-confuse, information searching and online transactions at a point that is not available through traditional channels.

Findings by (Barati et al. 2014) suggest that convenience in terms of time and place and limited movements to the tax authority premises lead to the implementation of the e-tax system which improves tax compliance among taxpayers.

According to (Dorasamy, et al. 2000) study suggestion that taxpayers have intention to use the e-filing systems as they perceive that tax submission method via internet is more convenient than submission by post or by hand and that perceived willingness towards using this technology is vital to their belief for using e-filing systems.

2.5.1.2. Cost Saving

Electronic system for tax filing returns and paying the due taxes, if accepted and implemented by most businesses and individual taxpayers, result in tangible advantages to both the taxpayers' and the government. The government achieve in the form of reduced operation costs such as costs associated with submission, storage and handling of returns in addition to saving time which in turn boosts compliance. The taxpayer benefit from the system in the form of reduced calculation error a preparation and filing time (Odongo, 2016).

As part of tax policy, a government may choose to encourage the use of electronic methods for many aspects of the economy. This may not only benefit the tax system, but also provide an incentive to move to more efficient methods for private enterprises. One particular area is e-invoicing. A standard electronic invoice format, for example, can reduce administrative costs for all companies using it. But without government involvement, it is hard to get momentum behind a particular format (Abdul & Idris, 2016).

E-Government can also result in huge cost savings to governments and citizens alike, increase transparency and reduce corrupt activities in public service delivery. Previous studies have categorized public service delivery in three groups: publishing, interacting, and transacting (Kumar et al. 2007).

According to (Goolsbee, 2002) discussed the benefits of e-tax filing to service providers, which are the tax authorities. To the service provider, e-tax filing minimizes their workload and operational cost due to the submission of tax returns in a paperless environment. It also reduces the cost of processing, storing and handling of the returns.

According to (Al-Kibsi, et, al 2001) in their book "Putting Citizens Online, Not In-Line" suggested putting services online substantially decreases the processing costs of many activities compared with the manual way of handling operations.

By using e-tax filing system in governments aspect to achieve such gains as online data collection to reduce data entry costs and automate error checking, reduce the communication costs with citizens, enhanced uniformity in the treatment of the applications, greater re-use of data, reduce government publication and distribution costs through online publication (OECD, 2003).

According to the (ERCA, 2016) e-tax filing experience presentation, the benefits of using e-filing for taxpayers Check his account balance online, the taxpayer's information is secured and confidential (unique username and password) save cost and time build trust ship b/n Ministry of Revenues and taxpayers declaration confirmation is immediate. Benefits of e-tax filing for Ministry of Revenues increase efficiency and effectiveness, increase transparency and accountability, increase tax compliance and revenue collection, enhance data quality/Avoid errors/ minimize tax administration cost.

2.5.1.3. Fast and Accuracy

According to (Joanna, 2014) in her study on implementing e-tax filing and payment in Malaysia, stated that e-tax filing system increase the quality and quantity of information available to tax officers, enabling them to complete transactions faster and more accurately. Returns filed electronically have much low error rates than paper returns and substantially cut the need to impose penalties and other punitive measures to foster compliance. The more efficient treatment provided by electronic returns allows tax officers to issue assessments and refunds more quickly, and taxpayers known right away if their returns have been accepted by the tax authorities.

(Wamathu, 2013), studied the effects of electronic taxation on financial performance of audit firms in Kenya. From the finding the study found that there has been timely filing of returns since inception of e-tax, there has been a reduction in audit period due to introduction of e-tax, respondents were quake knowledgeable, system failure when login were less, e-tax will user manual friendly, e-tax will reliable, e-tax system will cost effective and respondent were aware of that e-tax system will electronic cash register and electronic signature device.

2.5.1.4. Storage Security

(McCarten, 2014) emphasized that for taxpayers in order to accomplish its intended goal (purpose), countries should work towards, among other strategic interventions, reducing the potential for corruption by automating and restructuring control systems and simplifying and reducing paper handling through the appropriate use of electronic filing.

2.5.1.5. Perceived Ease of Use

Perceived ease of use is defined as the degree to which a potential views the usage of the target technology to be relatively free of effort (Davis, 1989). Innovations that are perceived to be easier to use and less complex have a higher likelihood of being accepted and used by potential users (Agarwal & Prasad, 1999). This has been widely investigated as a determinant of information technology adoption because of its wide use by researchers. According to (Davis, 1989) identified perceived ease of use as a primary determinant of Information technology adoption at the pre-implementation stage.

2.5.1.6. Reliability

According to (Wang & Yi-Shun 2003), the Adoption of Electronic Tax Filing Systems: An empirical Study, he explained that the benefits, treads and highlights of e-tax filing among the residents of the country. E-filing Income tax return using internet is a gift to a tax payers. Using the Technology Acceptance Model (TAM) as a theoretical framework, this study introduces perceived credibility as a new factor that reflects use of e-tax filing system.

(Meenal; Gjimt & Mohali 2012), Studies have calculated that electronic filing offers the potential to greatly enhance tax services. Tax software often provides automatic error checking, expert tax advice and other services that can catch errors, cutting down on the chances of an audit.

2.5.1.7. Improve Tax Compliance

Tax compliance is defined as the full payment of all taxes due. Compliance with the tax law typically means true reporting of the tax base, correct computation of the liability, timely filing of the return, and timely payment of the amount due. The bulk of tax evasion involves the first point. Most evaders either do not declare their liability at all, or declare it only in part (Geetha et al, 2012).

Tax non-compliance is referred to as any difference between the actual amount of taxes paid and the amount of taxes due. This difference occurs because of overstating and understanding income, expense and deductions. Non-compliance comprises both internal evasion and unintentional non-compliance, which is due to calculation errors and an inadequate understanding of tax law (David, 2014).

(Yousif, 2010) on his study entitled "A web-based electronic filing system using conversion of image file to text file approach" stated that modern tax administrations have limited resources and recognize that effectively following up with the obligations of every taxpayer is a costly task. Rather than 'policing' tax compliance, modern tax administrations focus on three key objectives: facilitating voluntary compliance, selectively monitoring compliance and selectively enforcing compliance. With respect to compliance monitoring and enforcement, the 'compliance performance system' of modern IT systems provides support to the tax administration's audit and collections function in collecting and managing information to target areas, where non-compliance poses greatest risks to revenues.

The electronics tax system provides education and information to taxpayers through electronic registration, filing, and payment. The e-tax system is a comprehensive internet portal that can be accessed 7 days a week and 24 hours a day, which provides taxpayers with a safe self-service option package, a single point of information and action, and does not require intervention by tax administration personnel (Jimenez et al., 2013). When explaining electronic taxes, online filing and tax declarations, which are generally web-based portals that allow taxpayers to pay electronically, share information about tax assessments between different government departments, and educate taxpayers on tax matters, are evaluated. E-taxation services are taxation services used in most countries and sometimes forced by customers (Decman & Klun, 2015).

The e-tax system has become fundamental, as many countries adopt information systems in tax management (Ondara et al., 2016). According to (Davis, 1989) TAM suggests that taxpayer adoption behaviour is determined by the intention to use a particular system, which in turn is determined by the attitudes towards the system. Accordingly, taxpayer adoption of any system may be determined by the intention to perform certain behaviour. The e-tax system is important not only interims of reducing costs and taxpayer convenience but also interims of improving tax compliance (Guriting & Ndubisi, 2006).

2.5.2. Challenges of Electronic Tax Filing system

Empirical evidence shows that there is resistance to the use of e-filing. (Ling, 2018) maintains that many studies around the world have shown taxpayer's resistance to use of e-filing system; hence it is a big challenge to the authorities. According to (Sheikh, 2015), any new system, there have been numerous teething problems with the electronic system.

As (Joanna 2014) said unwillingness of taxpayers to abandon paper-based processes because of their perception and shift to electronic system is one of the reasons which make the number of taxpayers using the e-tax filing system remained far below expectations.

(Tamami 2006) on his thesis done in Washington, D.C. entitled "an analysis of the effect of electronic filing on individual income tax compliance" stated that since there is no perfect system anywhere, there should be an information and other forms of real time support for taxpayers who may encounter problems in using the system. Also there should be detailed help manual on how to complete tax forms.

As stated by (Mongwaketsa 2015) on his MBA paper entitled "Perceived effects of an electronic filing system on tax compliance in an area municipality, South Africa's", e-tax filing system is not completely independent of human involvement and taxpayers cannot perform certain functions online, and as a result they still need to visit tax offices and queue for assistance. One such example is tax registration. The taxpayer can achieve tax registration online, but afterwards is required to visit the office in order to show supporting documents or for payment. Based on the literature review, the following section describes some of the common challenges to the implementation and on-going uses of e-tax filing system.

2.5.2.1. Risk

A user may view e-filing favourably but the intent to use may be dampened by the risk perception of using e-filing. According to (Frambach, 1993 & Fu et al. 2006), the perceived risk of e-tax filing could have a significant negative influence on the user's adoption intention. Perceived risk refers to an individual's disprove of incurring a loss while pursuing a given outcome (Warkentin & Gefen, 2002). A widely and commonly recognized barrier to the application of e-commerce is the lack of internet security (Pavlou 2003); (Hussein et al. 2010). In the study of (Lai et al. 2004), some of the taxpayers specifically expressed that they would only use the e-tax filing system if tax agency could provide

assurance that transactions over the internet can be conducted securely. There is a risk that confidential information transmitted over the internet could be intercepted and stolen. The tax agency should therefore have the capability and capacity to deal with internet security and privacy threats effectively or it would be a challenge to increase the e-filing adoption rate.

(De Castro, et al., 2015) Investigated Perceived benefits on using the Electronic Filing and Payment System (EFPS) and the respondent's intention to use the system are usually affected by their perceived risks and problems.

According to (Tan & Foo 2015), one of the first challenges of e-filing is security of personal data and tax data. Many other taxpayers still reject the idea of using e-filing due to the risk perception associated with it. (Tan & Foo 2015), investigated this risk perception could significantly influence the taxpayer's or users' intention to use it. The most widely known risk that everyone refers to is lack of internet security. Another risk which (Tan & Foo 2015), take about is the possibility that confidential personal information could be intercepted and stolen by fraudster during transmission.

2.5.2.2. Complexity

Complexity is defined as the degree to which new innovation is being perceived as relatively difficult to practice and apprehend (Rogers, 2010). It represents how hard the individuals feel it will be to learn and adopt the innovation (Rogers, 2003). Complexity is found to have a significant effect on adoption of innovation evidence from the field of information system (Benbasat 1991); (Venkatesh & Davis, 2000). Correspondingly, the adoption of the online tax system by the taxpayers is being perceived to be complex during the adoption of the system with low network connectivity and the process to be followed in filing their data at first. Much as the new e-tax system payment in Ethiopia has become still only used by the large companies, and medium companies not connected electronically are still finding it difficult to pay taxes.

2.5.2.3. Cost of Investment

Studies by (Sweeny, Yilmaz & Coolidge 2014), stated some costs of tax e-filing. For taxpayers, additional capital may be needed to invest for e-filing in order to put the system in place. This may entail purchasing of hardware and connectivity to internet. If the costs are high, it is likely that they affect e-filing adoption in the short-run; in the long run the accumulated benefits outweigh these costs.

There's resistance to the use of e-filing (Ling, 2008), confirms this by saying that many studies around the world have shown the taxpayer's resistance to the use of the e-filing system, hence it is a big challenge to the authorities.

2.5.2.4. Lack of Awareness

According to (Dwilson 2014) another challenge with e-filing is its inability to provide automated online assistance to a taxpayer with a complex income structure. Therefore, for such taxpayers trying to get help on a complicated tax question from a website help-disk may not be nearly as useful as getting help from an in-person tax professional.

(Coolidge & Yılmaz 2014) suggested that taxpayers with certain characteristics are more likely to use e-tax filing. In the main they argue that large businesses, located in urban areas, operating in capital-intensive sectors, and paying multiple taxes [e.g. income tax, value-added tax (VAT), payroll taxes and excise taxes are most likely to use e-filing. Therefore, in a similar fashion the taxpayers in the high income bracket, with a complex income structure are also most likely to e-file. In addition the availability of reliable Internet access and electricity, capability in computer usage, awareness of e-filing and knowledge about the process is important for tax payer's e-tax filing decisions.

According to (Lubua 2014) employees play a vital role in ensuring that the revenue authority collects its tax from taxpayers' at the right time. They also ensure that taxpayers have the right knowledge of business taxation. Low integrity to employees is reported to significantly affect efforts by the revenue authority towards improving revenue collection. To a large extent, the use of ICTs in the Tanzanian revenue authority has addressed the challenge of corruptive behaviour by employees.

(Mohammad & Mukeesha 2017) on their study reveals that some users are less satisfied with the e-taxing facilities but most of the individual taxpayers are not aware of the e-filing and e-payment procedures so sufficient steps are required to create more awareness in the minds of taxpayers regarding e-filing of income tax.

Some people would generally not be interested in e-filing because of a lack of computer knowledge. This was confirmed by (Crews, 2013) was references to some of the lawyers in Florida who did not want to use e-filing in their law firms due to lack of basic computer knowledge. It also confirms that e-filing is not only limited to use by tax authorities but has been adopted by the judiciary to make document management simple and quicker for lawyers (Crews, 2013).

2.5.2.5.   Power Interruption

In Uganda, (Akello 2014) reported that there are challenges such as intermittent power supply are internet outages but says the tax body has made contingency plans to ensure that the system is operational 24/7. First, the e-tax is hosted on a central server at their Kampala headquarters, which means that it's not affected by power or network outages even when power or the internet is off in some parts of the country. The e-tax filing process still confuses a lot of people because the web portal has many features and yet most people cannot understand some tax terms.

According to the (World Bank Doing Business 2014), Sub-Saharan economies face particularly difficult challenges with implementing electronic systems for filing and paying taxes. These economies are also characterized as part of the world where citizens face limited broadband access, power shortages, slow network speeds and system failures.

2.6.   Research Gap

Most studies discussed in the above indicate the existing challenges and benefits of an electronic tax system conducted outside of Ethiopia. There are different studies have been done on the subject of technology with specific reference to tax filing.

In Kenya Revenue Authority, different studies have been done on the subject of technology and tax compliance with specific reference to e-tax filing system, (Makanga 2010) did a study on the implementation of technology as a strategic tool for improving tax compliance in Kenya. (Naujilj 2016) has done a related study on electronic taxation in Nigeria with the entitled of The Gains and Challenges of e-taxation.

Perceived effects of an electronic filing system on tax compliance in a district municipality, South Africa (Mongwaketse, 2015) ; (Muita, 2010). The study examined the skills required by the users of e-tax filing, the technology required and the tax authority's awareness in enhancing the adoption of e-tax filing.

As per knowledge of the research, In Ethiopia's context, only a few studies were addressed and it focused on Practice, Challenges, and Prospects of e-Government in the case of ERCA by (Samuel, 2015). The other studies made by Ruta, (2017) also focus on the Assessment of Electronic Tax Filing System in Selected Branch Offices of Ethiopian Revenues and Customs Authority that focused on the

tax authority side; (Dagnachew, 2018) Challenge and Opportunities of adopting E-tax system: the case of ERCA LTO.

Therefore; this study is encouraged because of the medium taxpayers are large in numbers and also the absence of studies in the area of challenge and opportunity of e-tax filing system in Ethiopian Ministry of Revenue (MOR) Medium Taxpayer's Branch Office tax payer's perception and the research seeks to fill this gap.

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 Introduction

This chapter discussed about the research methodology that is used in the study. It contains of the research design, research approach, population and sampling, sample size, method of data collection, method of data analysis, measurement of reliability and validity, ethical consideration and data quality assurance.

3.2 Research Design

According to (Nachmias 1996), emphasize that research design refers to the master plan that would be used in the study in order to answer the research questions. A research design is procedure or a process that guides the researcher in providing answers to research questions and desired objective of the study.

This study focuses on assessing the challenges and opportunity of e-tax system in Ministry of Revenue in Medium Taxpayers' Branch Office. Therefore, the research adopted descriptive survey method is employed with the assumption that it help to describe the current challenges and opportunity of e-tax system in MOR. According to (Creswel 2004), a descriptive study research refers to a body of techniques for collecting data and obtaining responses from individuals to a set of prepared questions.

3.3 Research Approach

The research also adopted both qualitative and quantitative research approaches. (Kerchar 2010), suggests that "each strategy has its strength and weakness and the drive for mixed method research is to use one strategy to inform, validate, or compensate for the weaknesses of another." In other words, the combination of both quantitative and qualitative methods is a more pragmatic approach to gain a better understanding of the phenomenon under study.

A basic descriptive of a mixed methodology is simply that it is a methodology with methods that have comparison between qualitative and quantitative data (Jones, 2004). Quantitative data is data in numerical form, often derived from questionnaires or structured interviews. Qualitative data is descriptive data from observation or unstructured interviews (Taylor et al. 1995 p632).

3.4 Population and Sampling

According to (Zikmund 2003), the definition of population was an identifiable total set of elements of interest being investigated by a researcher. In this paper the study of population or participants were all taxpayers paying in Medium Taxpayer Office (MTO) and their supervisor of e-tax system.

Based on MOR's information, there are departments which deal with e-tax filing the researcher addressed the employees which are assigned in these departments as population of the study.

There is one Medium Tax Payers Branch Office in Addis Ababa to provide tax administration to the tax payers. So, that based on conduct inquiry from that office (MTO annual report, 2012 E.C) study of population is the 3,785 e-tax payers and 2 e-tax system taxpayer supervisors. Therefore, this research considers this population.

This study was conducted with a Convenience sampling technique because there is a very large population and it is difficult to address every member of the population and each member of the population has an equal chance of being selected as subject. The selection of sample was performed through one of the models of non-probability sampling, namely convenience sampling techniques to ease the process of sampling which fit to the requirement. Questioners were distributed to users of e-taxpayers who come for payment at MOR Medium Taxpayers Office.

3.5 Sample size

In this study to find representative sample size the formula was employed to calculate the actual sample size out of the 3,785 e-taxpayers of the targeted population as a sample frame. Based on (Weiers, 2005), the following formula was utilized to find the sample size

$n= \dfrac{pqz^2N}{e^2N+pqz^2}$ ----------------------------------- if population is finite

Where: **N** =Targeted population

n = The desired sample size

        P = The estimated population proportion

        q = 1-**p**

        e = Sample error/maximum likely error that is acceptable

        z = z value for desired level of confidence

The number of e-tax payers were 3785 assume that the sample will have 95% reliability and 5% sample error; the maximum sample size will be computed as follow

$n= \dfrac{pqz^2N}{e^2N+pqz^2}$

N = 3785

z= 1•96

p = 0•5

q = 0•5

e = 0•05

$n= \dfrac{(0•5)(0•5)(1.96)^2(3785)}{(0.05)^2(3785) + (0•5)\,(0•5)\,(1.96)^2}$

$n= \dfrac{3635.114}{9.4625+0.9604}$

n= 348.7 ~349

3.6 Method of Data Collection

The survey is conducted using a structured questionnaire for the Medium taxpayer's. The data used in this study consists of primary data collection methods. The types of instruments used to collect primary data are:

Questionnaire: questionnaire which contains both closed ended and a few open ended questions. The format of the questionnaire was adopted from prior authors and literatures of (Haymanot Tesfaye, 2020). There were some open ended questions that provided the respondents the freedom to indicate

other points were not mentioned in the closed questionnaire. The close ended questionnaires had four sections.

The first section focuses on the general aspect of the respondents. The second section is practice of e-tax filing system, the third section is opportunities of e-tax filing system and the last section challenges of e-tax filing system. Closed ended questions are designed on an ordinal level of measurement basis and others multiple choice, some of the closed ended questions were a five scored Likert scales (Kothari, 2004) to provide respondents a wider range of alternatives with end point where '5' with the statement strongly agree, and '1' indicates with the statement refer to strongly disagree.

Interview: The researcher used unstructured interview with 2 e-tax payers' supervisors to get more explanation for the questions in the closed ended questions and also to make more discussion with some of the directly related to the e-tax filing system.

3.7 Method of Data Analysis

The questionnaires were distributed and collected back, and processed (edit and check the validation). Data analysis consists of examining, categorizing, tabulating, or otherwise recombining the evidence, to address the initial proposition of a study (Yin, 1989, p. 105). The researcher analysed the data collected via questionnaires and interview with qualitative and quantitative analysis techniques. Thus, the analysis of interpretation of qualitative data combines to seek convergence among the results.

To gather information through questionnaires, the Likert scales model (5-rating scale) was used by the researcher. The analysed data were described and summarized by using the descriptive statistics methods particularly by measure of mean, frequency, percentage and standard deviation. Then, the results of the study have been presented by using various tables.

3.8 Measurement of Reliability and Validity

The study validated the measurements by using reliability and validity.

3.8.1 Reliability

As shown in the table below see (table 1), each item (questions) under the study shows good and reliability. Therefore, the result indicated that the questionnaire of the study was internally consistent.

According to (Adam & Mark 2016), Cronbach's alpha reliability coefficient normally ranges between 0 and 1. The closer the coefficient is to 1.0, the greater is the internal consistency of the items

(variables) in the scale. Moreover, the widely acceptable cut – off the level of Alpha value in most social science research is 0.7 (Hulland 1999). The scales with the coefficient alpha above 0.90 are considered to have excellent reliability (George & Mallery 2003). As shown in the table below see (table 1), each items (questions) under the study shows a good and acceptable reliability. Therefore, the result indicated that the questionnaire of the study was internally consistent by 73.5 present.

Table 1 Cronbach's Alpha Result

Crombach's Alpha	N of Items
.735	35

3.8.2 Validity

The validity is a general term denoting "correctness of measure" (kothari 2004). To be a valid instrument the survey questions must measure the identified dimension or construct of interest (Zaja & Blair 2005). The validity is used to suggest determining whether the finding are accurate from the viewpoint of the researcher, the participant or the readers an account. In order to confirm the validity of this research design content validity of the research instrument were tested. The content validity was verified by the advisor of this research, who looks in to the appropriateness of questions and the scale of measurement. This was done to ensure the instrument measures what it is meant to measure and also to check the clarity.

3.9 Ethical Considerations

The collection of data was need permission from the participants will request. During the distribution of the questionnaire, the researcher will inform about the purpose and the benefit of the study along with their full right to refuse or accept the participation. The respondents of the response will be keeping confidential and their identity shall not be exposed. Information obtained from respondents was handled confidentially. Respondent's review not required to mention their name in the questionnaire. In addition, willingness of the participants in the data gathering process was prerequisite for the data. The data obtained from the participants was not used for other purpose.

3.10 Data quality assurance

The researcher strived for precision and accuracy of data in the course of and after collection. To achieve this, in consideration of all necessary precaution measures by the investigator during the

preparation of questionnaires and other following processes. Moreover, to this, the researcher will follow the protocol and guidelines of St. Mary's University and collection of data.

CHAPTER FOUR

4. DATA PRESENTATION AND ANALYSIS

4.1. Introduction

This chapter presents the research results and analysis of data gathered from taxpayers and MTO e-tax supervisors. Data was collected and analysed in order to assess the user challenges and opportunities of the e-tax filing system of Ministry of Revenues in Medium taxpayers.

4.2. General Characteristics of Respondents

This part focuses on presents general characteristics of respondents' analysis and interpretation of the data collected through interview and questionnaire. The analysis of the data is processed in line with basic research question and objective of the study.

Table 2 Rate of return of distributed questionnaires

Description	Total	Percentage
Distributed	349	100
Returned	275	78.8
Not Returned	74	21.2

Source: Survey (2021)

The above table 2 shows that 349 questionnaires were distributed to all selected tax payers who use e-filling, 78.8 % of the respondents filled and returned the questionnaires while the restand the rest 21.2% failed to return the questionnaire. Interview has been conducted with 2 supervisors, so the numbers is assumed to be suitable for further analysis.

4.3 Demographic Characteristic of Respondents

The demographic information of the participant employees of the organization under the study is presented for analysis .The analysis was to provide information related to gender, age, educational level, year of services, their responsibility and experience with the e-tax filing.

Table 3 Demographic characteristics of the respondents

Variables	Categories	Frequencies	Percentages
Gender	Male	113	41.1%
	Female	162	58.9%
	Total	275	100%
Age	Under 25	0	0%
	25-30	82	29.8%
	31-35	125	45.5%
	36-40	67	24.4%
	41-45	1	4%
	Above 45	0	0%
	Total	275	100%
Year of Service	Below 2 Years	0	0%
	2-5 Years	68	24.7%
	5-10 Years	121	44%
	11-15 Years	75	27.3%
	Above 15 Years	11	4%
	Total	275	100%
Educational Level	High School	0	0%
	College Diploma	7	2.5%
	BA Degree	232	84.4%
	Master's Degree or above	36	13.1%
	Total	275	100%
Experience with E-tax filling	0-18 months	36	13.1%
	>18-36 months	167	60.7%
	>36 months	72	26.2%

	Total	275	100%
Responsibilities of the respondents	GM	12	4.4%
	Finance Manager	77	28%
	Senior Accountant	155	56.4%
	Accountant	31	11.3%
	Total	275	100%

Source: Survey (2021)

As can be seen in the above Figure the majority of respondents were female, which accounts 58.9% and the rest 41.1%, were males. This indicates that most of the respondents are females. Beside all 100% of the interviewees are male.

Regarding the age of the respondents, (45.5%) the majority of the respondents' age were fallen between the ranges of 31-35 years. Followed by (29.8%) and (24.4%) fall under age range of 25-30 and 36-40 respectively. The remaining (4%) of the respondents were under the age range of 41-45.

Regarding the year of service of the respondents, (44%) the majority of the respondents have 5-10 years of experience in their own business, (27.3%) and (24.7%) of the respondents have 11-15 years and 2-5 years of service.

Regarding educational level (7%) of the respondents were diploma holder, (84.4%) of the respondents were BA degree holder, and (13.1%) of the respondents were Master's degree and above holder.

Regarding experience with E-tax filling, (60.7%) the majority of the respondents have 18-36 moths of experience. 26.2% of the respondents have above 36 months experience and the rest of the respondents (13.1%) of the respondents have 0-18 months of experience in filling e-tax filling.

Eventually, regarding responsibility of the respondents, (56.4%) the majority of the respondents were Senior Accountants. (28%) of the respondents were Finance managers, (11.3%) of the respondents were Accountants and the rest of the respondents (4.4%) of the respondents were GM.

4.3. Analysis of Data Pertaining to the Study

4.4.1. E-tax filing system practice

Table 4: E-tax filing system practice

No.	Description		SD	D	N	A	SA	Mean	Sd
1	Ministry of Revenue gives technical support to the tax payers before implementation.	Fr.	0	7	31	115	122	4.28	0.763
		Perc.	0	2.5	11.3	41.8	44.4		
2	E-tax filing system is stable and reliable	Fr.	2	24	50	107	92	3.96	0.966
		Perc.	0.7	8.7	18.2	38.9	33.5		
3	E-tax filing has a strong security system to protect taxpayer's information	Fr.	0	30	27	123	95	4.03	0.939
		Perc.	0	10.9	9.8	44.7	34.5		
4	MOR's regulations are inviting for tax payers to use e-taxing.	Fr.	0	30	38	100	107	4.03	0.983
		Perc.	0	10.9	13.8	36.4	38.9		
5	Use e-tax filing in voluntary basis	Fr.	0	28	42	109	96	3.99	0.955
		Perc.	0	10.2	15.3	39.6	34.9		
6	The website offers guidelines which help users and staffs.	Fr.	0	26	50	132	67	3.87	0.889
		Perc.	0	9.5	18.2	48	24.4		
7	E-tax filing is a mandatory requirement.	Fr.	0	5	20	107	143	4.41	0.706
		Perc.	0	1.8	7.3	38.9	52		

Source: Survey (2021)

The above table 4 shows that the majority of the respondents (44.4%) strongly agreed about technical support of the organization, 41.8% of the respondents agreed and 11.3% of the respondents were neutral. the rest of the respondents (2.5%) were disagreed. This implies that the organization provide necessary support for the taxpayers before implementation of e-tax system.

Regarding the stability and the reliability of the e-tax system, 38.9 % of the respondents were agreed. 33.5 % of the respondents were strongly agrees. 18.2% of the respondents were neutral. 8.7% of the respondents were disagreed and 0.7% of the respondents strongly disagree. This reflects that the majority of respondents perceived that the system is stable and reliable so they prefer to use the system consistently.

Regarding the security of the system to protect taxpayers' information, 44.7% of the respondents were agreed, 34.5% of the respondents were strongly agreed, and 9.8% of the respondents had no information about whether they are secured or not. The rest of the respondents were not agreed. This indicates that eve thought most of the respondents feel secured; the organization has to avoid customers doubt about the security of the system.

Regarding MOR's regulations are inviting for tax payers to use e-tax filing, 38.9 % of the respondents strongly agreed and 36.4% of them agreed. With the average mean of 4.03 and standard deviation of .983, it's clear to see that MOR's regulation encourage them using e-tax system.

For the fifth item the majority of the respondents, 39.6% showed their agreement and 34.9% strongly agreed, with average mean 3.99 and the standard deviation .955 it can be said that It implies that with such believe tax payers can use the system without any doubt.

For the sixth item the majority of the respondents, 48% showed their agreement and 24.4% strongly agreed, with average mean 3.87 and the standard deviation .889 it can be said that this indicates that respondents easily and appropriately use e-tax filling with the guidance of the website of MOR.

For the last item the majority of the respondents, 52% showed their strong agreement and 38.9% agreed, with average mean 4.41 and the standard deviation .706 it can be said that tax payers using e-tax filing system is a mandatory requirement.

4.4.2. Opportunities on E-tax filing

Table 5 Opportunities on E-tax filing

The study asked the respondents to state the existent to which they agreed with the following statements regarding opportunities of accessing e-tax filing. The respondents were rated on a 5-point Likert scal.

No.	Description		SDA	DA	N	A	SA	Mean	SD
1	E-taxing has been able to correctly calculate the tax that due to pay.	Fr.	4	49	36	149	37	3.6.0	0.977
		Perc.	1.5	17.8	13.1	54.2	13.5		
2	E-tax filing simpler than manual tax return	Fr.	0	0	0	270	5	4.02	0.134
		Perc.	0	0	0	98.2	1.8		
3	E-taxing helping to avoid the	Fr.	0	1	108	4	162	4.19	0.982

No.	Description		SDA	DA	N	A	SA	Mean	SD
	emotional stress especially coming from the long line up	Perc.	0	0.4	39.3	1.5	58.9		
4	E-filing leaves less room for manipulation of data records.	Fr.	0	37	72	163	3	3.48	0.737
		Perc.	0	13.5	26.2	59.3	1.1		
5	Reduce Paper work	Fr.	0	0	1	246	28	4.1	0.31
		Perc.	0	0	0.4	89.5	10.2		
6	E-tax filing save much time and cost (transportation cost).	Fr.	0	0	0	38	237	4.86	0.346
		Perc.	0	0	0	13.8	86.2		
7	E-tax filing helps for timely recording of tax liabilities throughout the month.	Fr.	0	0	0	162	113	4.41	0.493
		Perc.	0	0	0	58.9	41.1		
8	E-tax filing helps to get tax return any time.	Fr.	0	0	6	141	128	4.44	0.54
		Perc.	0	0	2.2	51.3	46.5		
9	Convenience	Fr.	0	0	0	198	77	4.28	0.45
		Perc.	0	0	0	72	28		
10	E-tax filing fast and accurate than the manual system.	Fr.	0	0	37	88	150	4.41	0.716
		Perc.	0	0	13.5	32	54.5		
11	E-tax filing systems reducing work load	Fr.	0	0	37	74	164	4.46	0.721
		Perc.	0	0	13.5	26.9	59.6		
12	E-tax filing allows doing the job more effectively and efficiently.	Fr.	0	0	38	161	76	4.14	0.63
		Perc.	0	0	13.8	58.5	27.6		
13	Interaction with e-tax filing process is clear and understandable	Fr.	0	0	36	185	54	4.07	0.569
		Perc.	0	0	13.1	67.3	19.6		
14	E-tax filing gives greater control over tax declaration.	Fr.	1	2	0	183	89	4.3	0.546
		Perc.	4	7	0	66.5	32.4		
15	After the introduction of e-tax filing penalty has decreased.	Fr.	0	47	75	77	76	3.66	1.059
		Perc.	0	17.1	27.3	28	27.6		
16	Overall, I'm satisfied by using e-tax filing at my work place.	Fr.	0	47	75	77	76	4.59	0.494
		Perc.	0	17.1	27.3	28	27.6		

Source: Survey (2021)

The potential opportunity of E-tax system as perceived by the respondents was identified in this study as captured in the above table 5. Illustrate taxpayers' response on e-tax filling system's opportunity for the first item, the majority of the respondents 54.2.6% showed their agreement and 13.5% strongly agreed, with average mean 3.6 and the standard deviation .977. It implies that most of the respondent said e-tax filing makes help tax calculation. Thus, this result has encouraging taxpayers to continue the system.

Regarding the simplicity of the system, majority of the respondents 98.2% showed their agreement and 1.8% strongly agreed, with average mean 4.02 and the standard deviation .134. It implies that the system become preferable that the previous one (manual).

Regarding the third item, majority of the respondents 58.9% showed their strong agreement and 1.5% agreed, with average mean 4.19 and the standard deviation .982. It implies that the system preferable because it avoid emotional stress.

Respondents were also asked the manipulation of data recorded. Majority of the respondents' 59.3% agree and 1.1% strongly agrees on the statement; only 13.5% of the respondents' disagree. The rest (26.2%) of the respondents' were neutral on the statement, with average mean 3.48 and the standard deviation .737. it implies that taxpayer use the system without hesitation of the system.

Regarding the reduction of paper work, majority of the respondents 89.5% showed their agreement and 10.2% strongly agreed, with average mean 4.10 and the standard deviation .310. It indicates that the system reduce the burden and the cost of the taxpayers.

Regarding the saving of time and cost, majority of the respondents 86.2% showed their strong agreement and 13.8% agreed, with average mean 4.86 and the standard deviation .346. It indicates that the system save a lot of money and increase the compliance level of the taxpayers.

The respondents also asked timely recording of tax liabilities throughout the month. The majority of the respondents 58.9% showed their agreement and 41.1% strongly agreed, with average mean 4.41and the standard deviation .493. It indicates that the system reduce taxpayers' burden.

Regarding the convenience, majority of the respondents 72% showed their agreement and 28% strongly agreed, with average mean 4.28 and the standard deviation .450. It indicates that the taxpayers can use the system easily and become familiar with the system.

Respondents were asked if e-taxing is faster and more accurate than the manual, the majority of the respondents 54.5 showed strongly agreement and 32% agreed, the mean score is 4.41 and the standard deviation is .716. It implies that e-taxing system is better than the manual in accuracy and saving time.

The respondents were asked if e-tax reduces their work load. The response shows that majority of the respondents 59.6% showed their strongly agreed and 26.9% agreement, with average mean 4.46 and the standard deviation .721. It indicates that the system can be preferable by the taxpayers.

Regarding the effectiveness and efficiency of their job, 58.5% of the respondents agreed and 27.6% of them strongly agreed, with the average mean of 4.14 and standard deviation of 0.63, it's clear to see that e-tax filing system is helpful in making the job performance of employees more effectively and efficiently.

Regarding clarity and understandable of the system, majority of the respondents 67.3% showed their agreement and 19.6% strongly agreed, with average mean 4.07 and the standard deviation .569. It indicates that the taxpayers can use the system properly.

Regarding greater control over tax declaration, majority of the respondents 66.5% showed their agreement and 32.4% strongly agreed, with average mean 4.3 and the standard deviation .546. This show, the E-tax system helps the taxpayers to abide with the regulation of the organization. This implies that the taxpayers still didn't abide with the system.

Regarding after the introduction of e-taxing penalty has decreased, major of the respondents 28% shows their agreement and strongly agreed 27.6%, with average mean 3.66 and the standard deviation 1.05 this shows, the taxpayer after using the E-tax system decrease the penalty.

The final question regarding the overall e-tax filing system satisfaction question, respondents', as shown on the above table, agreed (28%) and strongly agreed (27.6%). With the average mean score 4.59 and the standard deviation .494 it can be said that the respondents are satisfied with the system. Being satisfied can drive employees to be productive and helps them to influence taxpayer's to shift from manual to e-tax.

The result indicates that the e-tax filing system make the work of the tax simple, reduce emotional stress of the taxpayer, reduce the paper work, reduce cost, reduce penalty compared to the manual.

According to an interview result, the opportunity of e-tax filing system is electronic tax system is advanced to the manual system. The main benefits was the taxpayer had the summery of all tax payment report in one system which includes value added tax, payroll tax, withholding , cost sharing, pension contribution, etc.

Electronic tax filing system was many opportunities for the taxpayers, such as it's simple and convenient to use tax payers return the tax can be field the tax electronically at any time day or night and certainly of delivery and immediate confirmation from tax administration that tax returns has been received and also the system fast refunds allows taxpayers receiving refunds to get them sooner. And also save time to accomplish tax activities both for the tax authority and taxpayers'. Taxpayers' have confirmed that, keeping all the challenges by using the system, taxpayers can get the service of Ministry of Revenues instantly and available 24 hours a day and let them to make transactions from their home which indicates that, without going the tax office taxpayers' can get the tax authority service by using e-tax filing system. Time saving was considered as a major benefit of e-tax filing system implementing by all the respondents'. Moreover, to this cost minimization is a significant goal for most business organization in addition to maximize their profit. According to the interview, cost minimization as opportunities of using the system can see from two perspectives. First, from the government perspectives, by using e-tax filing system MOR saves costs. In the long run the tax authorities can save lot money by decreasing branch employees. This method of cutting transaction cost results in higher profit margin from the government. It is noted that the combination of higher technology and higher skills results higher turnover from the government as they have been able to provide better taxpayer support and manage their assets as well. The other, taxpayers' can get services at lower costs compared with manual method, because, it is reduce transportation costs and low cost to make transaction over e-tax filing system.

As per interview conducted with Medium taxpayer Branch Office e-tax system supervisors the opportunities of e-tax system that covers both direct and indirect benefits.

Direct benefits includes; saving on operational cost, improve organizational functionality, productivity gain, improved efficiency, saving time and increase profitability. Indirect benefit includes; the opportunity or intangible benefits such as improved taxpayer's satisfaction through improved services by the tax authority.

One of the other benefits of e-tax filing system is ease of use. The system reduces the workload over the tax authority staffs and tax payers compared with the manual system. On the other hand, e-tax filing system allows taxpayers to file their tax in a more convenient way. An interview result conducted with the e-tax supervisors indicated that, ease of use as a benefit implementing e-tax filing system, simplified their tax filing task, which almost both respondents consider the system as an option less tool that directly improve customer satisfaction. Furthermore, both have agreed on the importance of e-tax filing system because of its easiness to deliver service to taxpayers.

In addition to the opportunities stated above, there are also different benefits which the government and taxpayers' can attain from the electronic tax filing system. The other benefits of electronic tax filing system the data obtained from e-tax supervisors through interview discussion with e-tax supervisor indicates that improving the customer satisfaction through enhance speed and efficiency, reduce number of taxpayers come to the tax authority hall, Reduce the work load of Ministry of Revenue Medium taxpayers branch office staffs, increase the government productivity by increasing reliability and accessibility of e-tax services and create better relationship among taxpayers and MOR staffs. Moreover, if the tax authority can use sufficient technological tools to deliver services, it would not be limited by geographical location to provide this system. .

4.4.3.   Challenges on E-tax Filing

This section of the research instrument consisted of questions that investigate challenges on e-tax filing. The respondents were requested to provide information about their practical challenges on the e-tax filing system.

Table 6 Challenges on E-tax Filing

	Description		SDA	DA	N	A	SA	Mean	SD
1	E-tax filing system is technically difficult to work.	Fr.	0	26	83	149	17	3.57	0.748
		Perc.	0	9.5	30.2	54.2	6.2		
2	E-tax filing requires a lot of mental effort.	Fr.	1	12	50	174	38	3.86	0.713
		Perc.	0.4	4.4	18.2	63.3	13.8		
3	E-taxing system is lack of using the local language.	Fr.	0	41	0	40	194	4.41	1.068
		Perc.	0	14.9	0	14.5	70.5		
4	Power interruption makes e-taxing system difficult to use.	Fr.	2	2	51	39	181	4.44	0.866
		Perc.	0.7	0.7	18.5	14.2	65.8		
5	High cost of implementation of e-tax. (such as cost of ICT equipment & network, software & reorganization)	Fr.	0	0	65	163	47	3.93	0.636
		Perc.	0	0	23.6	59.3	17.1		
6	Lack of internet connection	Fr.	0	1	69	141	64	3.97	0.707
		Perc.	0	0.4	25.1	51.1	23.3		
7	E-tax system doesn't allow make	Fr.	0	10	31	145	89	4.14	0.752

	Description		SDA	DA	N	A	SA	Mean	SD
	corrections of mistakes after submit the report.	Perc.	0	3.6	11.3	52.7	32.4		
8	There is lack of management support while implementing e-taxing.	Fr.	42	138	82	6	7	2.27	0.836
		Perc.	15.3	50.2	29.8	2.2	2.5		
9	There is lack of adequate training to use e-taxing system to the tax payers.	Fr.	2	110	85	59	19	2.94	0.959
		Perc.	0.7	40	30.9	21.5	6.9		
10	Taxpayers have still gone to office while they use e-filing.	Fr.	0	5	1	96	173	4.59	0.6
		Perc.	0	1.8	0.4	34.9	62.9		
11	Considering the expected level of service performance of the e-taxing system, using it will be risky.	Fr.	0	27	60	145	43	3.7418	0.83855
		Perc.	0	9.8	21.8	52.7	15.6		
12	Using e-tax filing is complex.	Fr.	0	25	62	142	46	3.651	0.8536
		Perc.	0	9.09	22.5	51.3	16.7		

Table 6 indicates that respondents were asked e-taxing is difficult to operate, the majority of the respondents 54.2% agree and 6.2% strongly agree, with the mean score 3.57 and standard deviation .748. It implies that the system technically difficult to work.

In addition, the next item asked whether if e-taxing system requires more mental effort and in their response, most of them (63.3%) agree and 13.8% strongly agree with the mean 3.86 and standard deviation .713. It can be said that e-tax can be functioned for requires a lot of mental effort.

Regarding lack of local language, majority of the respondents 70.5% showed their strong agreement and 14.5% agreed, with average mean 4.41 and the standard deviation 1.068. It indicates that lack of local language is one of the challenges of the e-tax system.

In addition, the next item factor by asking if e-taxing is less effective because of power interruption. As the table shows, an average mean of 4.44 and standard deviation .866 resulted because 65.8% strongly agreed and 14.2% agreed. This implies power supply interruption is another major challenge that affects the effective use of e-tax system.

Regarding cost of implementation, majority of the respondents 59.3% showed their agreement and 17.1% strongly agreed, with average mean 3.93 and the standard deviation .636. It implies that the cost hinder the taxpayers to implement the system.

Regarding lack of internet connection, majority of the respondents 51.1% showed their agreement and 23.3% strongly agreed, with average mean 3.97 and the standard deviation .707. It indicates that internet connection is one of the challenges of the system.

Regarding ability to make correction of their mistakes, majority of the respondents 52.7% showed their agreement and 32.4% strongly agreed, with average mean 4.14 and the standard deviation .752. It indicates that the system doesn't allow the taxpayers to correct their mistakes internet connection is one of the challenge of the system.

Regarding management support, majority of the respondents 50.2% showed their disagreement and 15.3% strongly disagreed, with average mean 2.27 and the standard deviation .836. It indicates that the management of the branch give technical support to their customers.

Regarding training, majority of the respondents 40% showed their disagreement and 0.7% strongly disagreed, with average mean 2.94 and the standard deviation .959. It indicates that the management of the branch give technical support to their customers. It implies that the organization provide training to their customers to use e-tax system properly.

Regarding going to tax office, majority of the respondents 62.9% showed their strong agreement and 34.9% strongly agreed, with average mean 4.59 and the standard deviation .6 It indicates that it is the other challenges of e-tax system.

Finally the respondents asked about the level of service performance, majority of the respondents 52.7% showed their agreement and 15.6% strongly agreed, with average mean 3.7418 and the standard deviation .83855. It indicates that the taxpayer thought that using the system is risky.

(Gilbert and Balestrini 2004) shows that the individual's decision on whether to use or not to use the technology is based on the perception of the technology's complexity. This implication that when the complexity of the system increases its implementation rate decreases. This result was in consistent with many previous studies, (Bojuwon 2015, Barros 2010) & (Gor 2015) all found support for negative relation between a user's levels of perceived complexity and their level of e-tax system implementation.

Accordingly the interview results also support the above face. E-tax system taxpayers suggest that the e-tax filing system should be easy. Respondents revealed that e-tax filing system is somehow users-friendly and easy to use containing clear instructions, except, certain features that necessities users to

have the skill to perform transaction. Generally, during interview period, e-tax system supervisors respond confirm that, e-tax filing system is not difficulty to operate, complex and require more mental effort. These results recommend the nation that lower levels of perceived complexity would lead to a large likelihood of implementing e-tax filing system. Hence, complexity is one of the major determinant challenges that influence e-tax filing system in Ministry of Revenue Medium Taxpayers Branch Office.

Based on the view of Ministry of Revenue Medium Taxpayers Branch Office e-tax supervisors at the time of interview, the major challenges of e-tax system were the system doesn't have local language, implementation cost was high, the system doesn't allow after submitting the report the taxpayers to correct their mistakes, there was resistance from the taxpayers to use the system because they had not trust on the system, perceiver risk and network problem and Power interruption is still a challenge expressed by many taxpayers' and the authority which needs to be addressed by the Ethiopian government.

Additionally, (De Castro, et al., 2015) studies perceived benefits on using the e-tax filing and the respondent's intension to use the system are usually affected by their perceived risk and problems.

The interview result shows relate challenges (perceived risk) of security were one of the determinants of e-tax filing implementing in MOR. E-tax filing system supervisors participated in this interview ware asked whether security issue is raised with the use of technological facility. Accordingly, most of the taxpayers' who were not using the system stated that, security is the main concern that hinders their organisation from using technological facilities. Similarly, lack of confidence with the security issue is considered as a barrier for the implementation of e-tax filing system in MOR MTO.

CHAPTER FIVE

5. SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Introduction

This study was assessing on the challenge and opportunities of E-tax system of the case of Medium Tax Office. This chapter presents summary of findings, conclusion and recommendations which will assist the branch and Ministry of Revenue in developing and implementing effective E-tax system strategy in order to alleviate challenges of E-tax system in the organization.

5.2. Summary

The purpose of this study was to assess opportunities and challenges E-Tax System in Ministry of Revenue particularly in Medium Tax Payer Branch Office. Accordingly, this part of the research summarizes the major findings of the study from E-tax filling system practice, the challenge and opportunities perspectives.

❖ The demographic result of the study indicates that in terms of gender females were the majority of the respondents that is 58.9% and the rest 41.1%, were females, Regarding the age of the respondents, (45.5%) the majority of the respondents' age were fallen between the ranges of 31-35 years. Regarding the year of service of the respondents, (44%) the majority of the respondents have 5-10 years of experience in their business, This indicts that most of the respondents have were well experienced. Regarding educational level (84.4%) of the total respondents was BA degree holder. This indicates that the user of E-tax software have enough knowledge to operate the system. Regarding experience with E-tax filling, (60.7%) the majority of the respondents have 18-36 moths of experience.. This indicates that most of the respondents were familiar with the experience of e-tax filing. Eventually, regarding responsibility of the respondents, (56.4%) the majority of the respondents were Senior Accountants.

❖ The respondents were responding about the current e-tax filing system practices in Ministry of Revenue Medium taxpayers. The descriptive statistics result of the study has reflected under Ministry of Revenues Medium Taxpayers believes that e-tax filing system is beneficial. The average mean of items presented under benefit assessing questions proves that e-tax is benefiting than manual system to taxpayers and tax on which include taxpayers on avoiding emotional stress,

easy to calculate their tax correctly, Certainty of delivery and provides immediate confirmation from tax administration that returns has been received, Taxpayers privacy and security is assured, eliminations error notices from tax administrations caused by data entry errors, The transactions can be done electronically with a click of a button, Documents handling and storing is made easy, reduce paper works, Save much time and costs, helps timely record, helps to get tax return any time, convenience, allow their job more effective and efficiently & it reduces penalties and it reduces both the taxpayers and the Medium taxpayers branch Office Staffs workloads.

❖ Moreover, the respondent was respond about the e-tax filing system is beneficial in encourage to take personal responsibility for tax affairs, e-tax filing was the best way to increase the efficiency of Ethiopian Ministry of Revenue system, encourage taxpayers to comply and also able to faster, improve effectiveness, enhance performance, access to previous returns result of the study has presented that the Ministry of Revenues Medium taxpayer was found it on e-tax filing usefulness. According to (Davis 1989), the taxpayer's perceived usefulness is the level to which a person or taxpayers consider that a system can improve or accelerate the work performance. The usefulness of the service will influence the use of the e-tax filing if its users sense its benefits in perform their duties in reporting their tax returns. (Doyle & Magilke 2013 & Stafford Turan 2011) also states that the e-tax system users opinions of ease of use as regards e-tax filing systems is very significant in the continued used intension of e-taxing. Taxpayers will find it easier to perform their tax obligations than manual in reporting their tax return by using the e-tax filing system, in this system taxpayers no longer need to come to a Ministry of Revenue Medium Taxpayers Branch Office for making the system more effective and efficient.

❖ As found from the study the challenges of E-tax systems are frequent interruption of power, lack of sustainable internet access, lack of local languages, doesn't allow make corrections of mistakes after submit the report, and still going to office while they use e- tax filing system. In as much as there are challenges taxpayers face on e-tax filing includes complexity of tax filing system not fully operational and e-tax filing is not very well supported with e-payment supplementary system. And also the system is mandatory requirement, regulations of ministry of revenue invite the taxpayers to use the system, and taxpayers get technical support from the medium taxpayer's office.

5.3. Conclusion

The findings of the study revealed that adoption and development of E-Tax system in Medium tax Office in Ministry of Revenue stretches wide across the two extremes of the challenges and prospects where the concerted effort by stakeholders to overcome the challenges will bring about immense opportunities to the dominant players in the field with the ultimate result of transforming the country towards financial inclusion.

Accordingly, a number of conclusions can be drawn from these results. Potential operational efficiency opportunity of E-Tax adoption and development as perceived by the medium tax office are: increase productivity, reduces paper work, reduce transaction cost, increase the volume of tax payers and generate better revenue collection, comprehensive to handle all tax filling required by the government, increase reliability and reducing errors.

Despite the above opportunity of adopting and developing E-Tax technology in Ministry of revenue in particular medium tax office, it is associated with some challenges. The study shows that limitation in network infrastructure and internet related support services, low levels of computer literacy, frequent power disruption are considered the basic external challenges facing the implementation of e-tax system.

Therefore, from the above discussion it is possible to conclude that E-Tax technology is adopted and developed in medium tax office but E-Tax technology is still in its infancy stage.

5.4. Recommendations

Based on the findings the researcher came up with the following possible Recommendations to the Ministry of Revenue, the Medium Taxpayers' office, and the government in order to overcome the challenges, exploit the untapped opportunities in adoption of E- Tax system and to ensure a successful practice of E-Tax System in Middle Tax Office.

- The improve feeling of discomfort and anxiety caused by an increase risk perceptions would cause the potential implementation to devolve the usefulness of the e-tax system. With respect to perception of risk of e-tax filing system, taxpayers who perceive the security of the e-tax system to be low. To decrease perception of risk, the MOR should

improve taxpayer's compliance and the reliability of the e-tax system by including easily visible privacy statements on their sites.

- The Medium Taxpayers' office should create deep awareness to tax payers concerning the E-tax system and the opportunities associated with using E-Tax System through website, social media, brochures etc.

- Ethiopian Ministry of Revenue Medium Taxpayers' office has to add at least two local languages in E-tax system in order to make the system easy to use.

- The organization should work to make the E-tax system more reliable and convenient to the users.

- The Medium Taxpayers' office should work together with other concerned bodies such as Ethio-telecom and Ethiopian electric utility and so on to solve the challenges that hinders e-tax system.

- The Medium Taxpayers' office should install user friendly features on the filing web-sites as to increase the tax payers' interest of use of the system.

- The Medium Taxpayers' office allow the taxpayers to correct their mistakes after submit the report

- The tax authority improve the excellence of the system fully implement electronically registration and clearance service and also reduce e-tax users forced still come to tax authority.

- The Medium Taxpayers' office encourages the management to support the taxpayers to use the system properly.

- The Medium Taxpayers' office should continue educating tax payers and officers to upgrade their know-how on the use of the system.

5.5 Direction for further studies

There are several limitations of this studies which might be the way of future research constructed approach to understand e-tax filing system continued usage. The study also found that there are so many challenges in the use of e-tax filing system. It is pertinent to undertake research study in the area of e-tax system the case like Small tax payers'.

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St. Mary University

School of Post graduate studies

Department of Accounting and Finance

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<u>Questionnaire to Be Filled by Medium tax payers and Ministry of Revenues tax Officers</u>

Dear Sir/Madam:

The enclosed questionnaire is designed to gather information about the **"Challenges and Opportunity of Electronic Tax System in Ethiopian Ministry of Revenues Medium taxpayer Branch Offices"**. The questionnaire has been sent to all e-tax filing, data encoding and customer service addressed all employees which are working in this department and selected taxpayers. The information you provide in response to the questionnaire will be used as part of the data needed for the study: The challenge and opportunities of e-tax system in MOR MTO.

The study is being conducted as part of the undersigned researcher's study for the Master of Science in Accounting and Finance at St. Mary University, Department of accounting & finance.

The result of the study is expected to contribute to the understanding of the challenge and opportunity of e-tax system in MOR MTO and as well add value to the development of this system in Ethiopia.

Please note that there is no need of writing your name on the questionnaire.

I would also like to assure you that the information you provide will be treated as strictly confidential and your participation in this study is greatly valuable.

Your honest and thoughtful responses are highly appreciated.

Kind Regards,

<div align="right">

For any comment and questions, please contact me: +251935014810

E-mail: henosyeshi3@gmail.com

Yeshashework Habtie

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Part I: General Information:

Please indicate the following by ticking (√) on the given spaces of the response options:

1. Gender: Male [ ]   Female [ ]

2. Age: Under 25 [ ]   25-30 [ ]   31-35 [ ]

   36-40 [ ]   41-45 [ ]   above 45 [ ]

3. Educational Level: High school [ ]   University bachelor degree [ ]

   College diploma [ ]   Master's Degree or above [ ]

4. Year of service   Below 2 years   2-5 year   5-10 year

11-15 years   above 15 years

5. Currently, who is responsible for filing tax for your business?

General manger [ ]   Finance Manager [ ]

Senior Accountant [ ]   Accountant office Assistant [ ]

Other (specify) …………………………………………………………………………………

6. Experience with the e-tax filing   0-18 [ ]   >18 – 36 months [ ]

>36 months [ ]

Remark: The following questions are presented on a five point Likert scale types.

Use 5-scale ratings whereby;

1. Strongly Disagree   2. Disagree   3. Neutral   4. Agree   5. Strongly Agree

To notify your choice, you can write any one of the particulars given in the bracket (√)

PART II E-tax filing system practice

No.	Description	5	4	3	2	1
1	Ministry of Revenue gives technical support to the tax payers before implementation.					
2	E-tax filing system is stable and reliable					
3	E-tax filing has a strong security system to protect taxpayer's information					
4	MOR's regulations are inviting for tax payers to use e-tax filing.					
5	Use e-tax filing in voluntary basis					
6	The website offers guidelines which help users and staffs.					
7	E-filing is a mandatory requirement.					

PART III Opportunities on e-tax filing

No.	Description	5	4	3	2	1
1	E-taxing has been able to correctly calculate the tax that due to pay.					
2	E-tax filing simpler than manual tax return					
3	E-taxing helping to avoid the emotional stress especially coming from the long line up					
4	E-filing leaves less room for manipulation of data records.					
5	Reduce Paper work					
6	E-tax filing save much time and cost (transportation cost).					
7	E-tax filing helps for timely recording of tax liabilities throughout the month.					
8	E-tax filing helps to get tax return any time.					
9	Convenience					
10	E-tax filing fast and accurate than the manual system.					
11	E-tax filing systems reducing work load					
12	E-tax filing allows doing the job more effectively and efficiently.					
13	Interaction with e-tax filing process is clear and understandable					
14	E-tax filing gives greater control over tax declaration.					
15	After the introduction of e-tax filing penalty has decreased.					
16	Overall, I'm satisfied by using e-tax filing at my work place.					

Part IV: Challenges on e-tax filing

	Description	5	4	3	2	1
1	E-tax filing system is technically difficult to work.					
2	E-tax filing requires a lot of mental effort.					
3	E-filing system is lack of using the local language.					
4	Power interruption makes e-filing system difficult to use.					
5	High cost of implementation of e-tax. (such as cost of ICT equipment & network, software & reorganization)					
6	Lack of internet connection					
7	E-tax system doesn't allow make corrections of mistakes after submit the report.					
8	There is lack of management support while implementing e-tax filing.					
9	There is lack of adequate training to use e-tax filing system to the tax payers.					
10	Taxpayers have still gone to office while they use e-filing.					
11	Considering the expected level of service performance of the e-tax filing system, using it will be risky.					
12	Using e-tax filing is complex.					

Appendix 2 Interview Questions

Interview Questions for e-tax supervisors

1. What are the major difference between e-tax filing system and manual tax return?

    1.1 How do you explain the accuracy in calculating the tax return and the tax refund -----------

    ----

    1.2 What are the relevance of the new system in order to minimize the costs ---------------------

    ----

    --------------------.

    1.3 Would you imagine the training provided to the MOR staff and tax payers be satisfactory

    If yes---

    If no---

    ------.

    1.4 At what level the data system is highly secured and advanced as compared with the

    manual, Explain the limitations and strength of the system

    ----

    1.5 What are the contributions of the new system in increasing tax collection amount and

    decrease penalty? ---

    --.

2. What are the major challenges of e-tax filing System?

    2.1   What are the main technical problems that encountered the tax payer in the new system?

    2.2 What are the major challenges of e-tax filing system due to its preparation in English language? How do you explain the attitude of tax payer towards the new system?-----------

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    --.

    2.3 Explain the major challenges that encountered due to power interruption in tax collection amount.

3. What is the personal accountability of the MOR officers?--

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4. Finally, please, generalize the degree of efficiencies and effectiveness of the e-tax filing system--

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