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

A THESIS SUBMITTED TO THE DEPARTMENT OF ACCOUNTING AND FINANCE, IN PARTIAL FULFILLMENT OF THE MASTER OF SCIENCE (MSC) DEGREE IN ACCOUNTING AND FINANCE

BY

EDOM SOLOMON

ADVISOR

ASSMAMAW GETIE (ASS.PROFESER)

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ADDIS ABABA, ETHIOPIA

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CERTIFICATE OF APPROVAL

St. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES

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APPROVED BY BOARD OF EXAMINER

Dean, Graduates studies	**Signature**
_____	_____
Advisor	**Signature**
Asmamaw Getie (Ass.profeser)	
External examiner	**Signature**
Mekonnen Mengistie (PHD)	 **13/7/2024**
Internal examiner	**Signature**
Misraku Molla (PHD))	_____

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ABSTRACT

The study aims to investigate the opportunities and challenges of the e-tax system implementation in the Ministry of Revenue of Ethiopia, focusing on the large taxpayer branch office. The research employed a descriptive research design, adopting a qualitative-methods approach. Both primary and secondary data were collected. The primary data was gathered through questionnaires distributed to large taxpayers and tax officers in the Ministry of Revenue. The secondary data was obtained from relevant documents and literature. The key findings suggest that the e-tax system has brought several opportunities, including convenience, cost savings, faster processing, enhanced data security, and improved tax compliance. However, the implementation has also faced challenges such as system risks, complexity, high investment costs, and lack of taxpayer awareness. The study recommends that the MOR should enhance system reliability, provide continuous taxpayer training, and improve the overall e-tax infrastructure to address the identified challenges. Additionally, the ministry should continue to promote the benefits of the e-tax system to encourage wider adoption among large taxpayers. The research contributes to the understanding of the opportunities and challenges associated with the implementation of e-tax systems in developing countries, particularly in the context of the Ethiopian tax administration. The findings and recommendations can inform policymakers and tax authorities in similar contexts to develop strategies for effective e-tax system implementation and promote voluntary tax compliance.

Key Words: Electronic Tax (E-Tax) System, Tax Administration, Opportunities, Challenges, Large Taxpayers, Ministry of Revenue, Ethiopia

LIST OF ACRONYMS AND ABBREVATIONS

1.1 Ethiopian Revenue and Customs Authority (ERCA)

1.2 Commercial Bank of Ethiopia (CBE)

1.3 electronic payment (e-payment)

1.4 Ministry of Revenue (MOR)

1.5 Ministry of Finance (MOF)

1.6 Internal Revenue Service (IRS)

1.7 Electronic Filing and Payment System (EFPS)

1.8 National Bank of Ethiopian (NBE)

1.9 value-added tax (VAT)

CHAPTER ONE

1. INTRODUCTION

1.1 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).

The utilization of information technologies by governments plays a pivotal role in enhancing their services to citizens (Taylor, 2003). These technologies enable governments to deliver improved services, enhance management efficiency, reduce corruption, and increase transparency. Additionally, they offer greater convenience, increased revenue, and reduced costs (Taylor, 2003). Governments allocate substantial amounts of money to provide basic facilities and social services to citizens, and they rely on tax revenue as a primary source of funding for these expenditures (Lymer & Oats, 2009). Taxation is a critical component in managing national income for both developed and developing countries (Lymer & Oats, 2009). Consequently, modernizing the tax payment system using technologies such as electronic payment systems has become essential for governments to effectively collect taxes from taxpayers.

The adoption of an electronic payment system allows taxpayers to conveniently pay their taxes through online tax services without the need to visit a financial institution in person (Okunogbe & Pouliqen, 2018). This system enables taxpayers to make payments using internet banking, credit cards, mobile banking, and other electronic means. Upon completing the electronic tax filing process, taxpayers are automatically directed to the payment screen, where they can enter their bank details and complete the transaction (Okunogbe & Pouliqen, 2018). Online tax systems are rapidly replacing traditional paper-based tax reporting and payment methods. Compared to traditional methods, online tax systems offer numerous advantages, including faster processing, lower costs, reduced errors, and increased efficiency (Pant et al., 2011).

According to Anuar & Radiah (2010), e-filing enables taxpayers to electronically file their tax declarations, while e-payment provides an alternative online payment channel. Both systems facilitate hassle-free tax compliance and encourage taxpayers to fulfill their tax obligations, thereby increasing tax collection amounts. Consequently, an increase in tax collection amounts contributes to rising government revenue, which can be allocated to fund government expenditures and enhance public services.

The Ethiopian Ministry of Revenue (MOR) is dedicated to providing taxpayers with the best services by simplifying and streamlining tax compliance. In 2011, the ministry, then known as the Ethiopian Revenue and Customs Authority (ERCA), introduced e-tax filing, which simplifies the filing process for taxpayers and reduces the time required for data entry. The primary objective of the e-filing system is to transfer taxpayers' business transactions to the MOR's server, thereby promoting taxpayer compliance (Beris, 2017). In addition, in 2019, the Ministry of Revenue launched an e-tax payment service, enabling taxpayers to make tax payments and access clearing services through the internet.

According to Article 111, No. 2 of the Tax Administration Proclamation 983/2016, all taxpayers are required to utilize the e-filing system and declare their taxes through this system. With the goal of modernizing its services, the MOR has implemented an e-payment system, collaborating exclusively with the Commercial Bank of Ethiopia (CBE). E-payment systems offer numerous opportunities to taxpayers, tax consultants, and tax administrations. These opportunities include convenient accessibility at any time, reduced time and effort required for tax payments, secure payment options, lower transaction costs, increased customer satisfaction, expedited revenue collection, reduced cash handling costs, and timely payment information (Edwards, 2008).

The study was attempted to bridge this gap and try to study the Ethiopian e-tax payment challenges and opportunities associated with implementing an e-tax payment system in the Ethiopian Ministry of Revenue. For this, the study was used both primary and secondary source of data to achieve the research objectives and answer research questions.

1.2Statement of the Problem

Taxation serves as a significant source of government revenue, which is utilized to finance public expenditures such as infrastructure development, public services (hospitals, schools), and other essential services that benefit families, businesses, industries, and the general public (Beris, 2017). The collection of tax revenue plays a crucial role in financing government operations (Misirak, 2008). It involves the government's system of raising funds through various tax sources.

In recent years, the public sector has introduced different e-government services aimed at providing improved public services to citizens. E-government services involve the use of information and communication technologies by the government to enhance service delivery (Olaoye & Atilola, 2018). Online tax services are an integral part of these e-government activities, requiring citizens to have basic knowledge of internet usage (Luna-Reyes, Gil-Garcia, & Romero, 2012).

E-tax payment is a convenient facility offered to taxpayers, allowing them to fulfill their tax obligations through an electronic payment order system, replacing the traditional paper-based Cash Payment Order (CPO) (Beris, 2017). The Ministry of Revenue has been implementing electronic tax reporting and document filing with large taxpayers, and since March 2019, it has begun operationalizing the electronic payment system as part of its efforts to modernize services.

The significance of the e-tax filing system in increasing government revenue is recognized worldwide, although empirical studies specific to Ethiopia are limited. Existing studies in Ethiopia have focused on the practice, challenges, and prospects of e-Government in the case of the Ethiopian Revenue and Customs Authority (ERCA) (Samuel, 2015). Other studies have assessed the electronic tax filing system in selected branch offices of the Ethiopian Revenues and Customs Authority (Ruta, 2017), and the challenges and opportunities of adopting the e-tax system in ERCA LTO (Dagnachew, 2018).

While several studies have assessed the adaptation and implementation of the e-tax filing system in Ethiopia, there is a dearth of empirical research on electronic payment (e-payment) since it is a relatively new system in the country. Therefore, this study aims to address this gap by assessing the challenges and opportunities of the electronic tax filing system under the Ethiopian Ministry of Revenue, specifically focusing on the Large Taxpayers Branch Offices and taxpayers'

perceptions. This research is significant to large taxpayers, and there is a lack of understanding regarding the challenges and opportunities of the e-tax system in the Ministry of Revenue's Large Taxpayers Branch Offices. Thus, this study aims to contribute to a better understanding of the challenges and opportunities of the e-tax system in the MOR's Large Taxpayers Branch Offices.

1.3Research Questions

To achieve the objective of this study, the following key research questions have been formulated:

1. What is the current status of the E-tax payment system in the Ministry of Revenue's Large Taxpayers Branch Offices?
2. What are the opportunities associated with the e-tax payment system for the MOR?
3. What are the challenges faced by the Ministry of Revenue in adopting the e-tax payment system?
4. What are the opportunities of the e-tax payment system from the perspective of taxpayers?
5. What are the challenges encountered by taxpayers when using the e-tax payment system?

1.4Objective of the study

1.4.1General objective

The general objective of this study is to assess the opportunities and challenges of adopting the E-tax payment system in the Ministry of Revenue.

1.4.2Specific objectives

1. To evaluate the current practice of the E-tax payment system in the Ministry of Revenue's Large Taxpayers Branch Offices.
2. To identify the opportunity that the Ministry of Revenue can derive from adopting the E-tax payment system.
3. To pinpoint the challenges faced by the Ministry of Revenue in the adoption of the E-tax payment system.
4. To identify the opportunity that taxpayers can obtain from adopting the E-tax payment system.
5. To find the challenges faced by taxpayers in using the E-tax payment system.

1.5. Significance of the Study

This research paper aims to provide empirical evidence regarding the challenges and opportunities of the e-tax payment system in the Ethiopian Ministry of Revenue (MOR). The study will be beneficial to various stakeholders. It can serve as an indicator for the Ministry of Finance (MOF) in formulating policies related to the e-tax payment system. It can also provide useful information to the MOR in developing its service delivery system, including providing quality training to employees and taxpayers, and facilitating better directives and collaboration with the Commercial Bank of Ethiopia and other banks for the implementation of the e-tax payment system. Additionally, the findings may assist bank management in making strategic decisions to provide satisfactory and high-quality services to taxpayers. Furthermore, taxpayers can benefit from this research by gaining a better understanding of the new e-tax payment system. Lastly, this study can provide valuable insights for future researchers considering the limited research available in the area of e-tax payment systems in the country.

1.6 Scope of the Study

This study is limited to assessing the opportunities and challenges of the e-tax payment system in the Ministry of Revenue's Large Taxpayers Branch Offices, including the perspectives of both employees and taxpayers within that branch. Other branches of the Ministry of Revenue are not within the scope of this thesis, as currently only the Large Taxpayers branches utilize the e-tax payment system. The research was assessed the current practice of the e-tax payment system in the Large Taxpayers branches, explore the opportunities and challenges perceived by employees and taxpayers, and examine the coordination between the Commercial Bank of Ethiopia and the Ministry of Revenue in the implementation of the e-tax payment system.

1.7. Limitation of the Study

This study aims to assess the opportunities and challenges the E-tax system in the MOR in case of large tax payers.s Documentation has proven to be very challenging because electronic tax payments are still a relatively new concept and technological advancement in Ethiopia. Consequently, the dearth of research to offer empirical backing for the subject was one of the primary obstacles faced by the study. Another was not wanting to be interviewed, because the study

mostly depended on taxpayer and MOR LTO branch personnel responses to surveys and interviews. Due to this, the study was forced to concentrate solely on the questionnaires.

1.8. Organization of the Study

The study is presented in five chapters. The first chapter which is the introduction covers the background of the study, problem statement, research questions, and objectives of the study, significance of the study, as well as the scope of the study. This is followed by chapter two which reviewed the theoretical and empirical literature on the subject matter. Chapter three was looked at the methodology of the research which includes the research design, the research approach, target population, sample and sampling technique. It also considered methods of data collection and sources of data, methods of data analysis. The fourth chapter was concentrated on the major findings from the investigation and discusses them. Finally, chapter five was presented conclusions and recommendations based on the study findings.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

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. Concept & related

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:

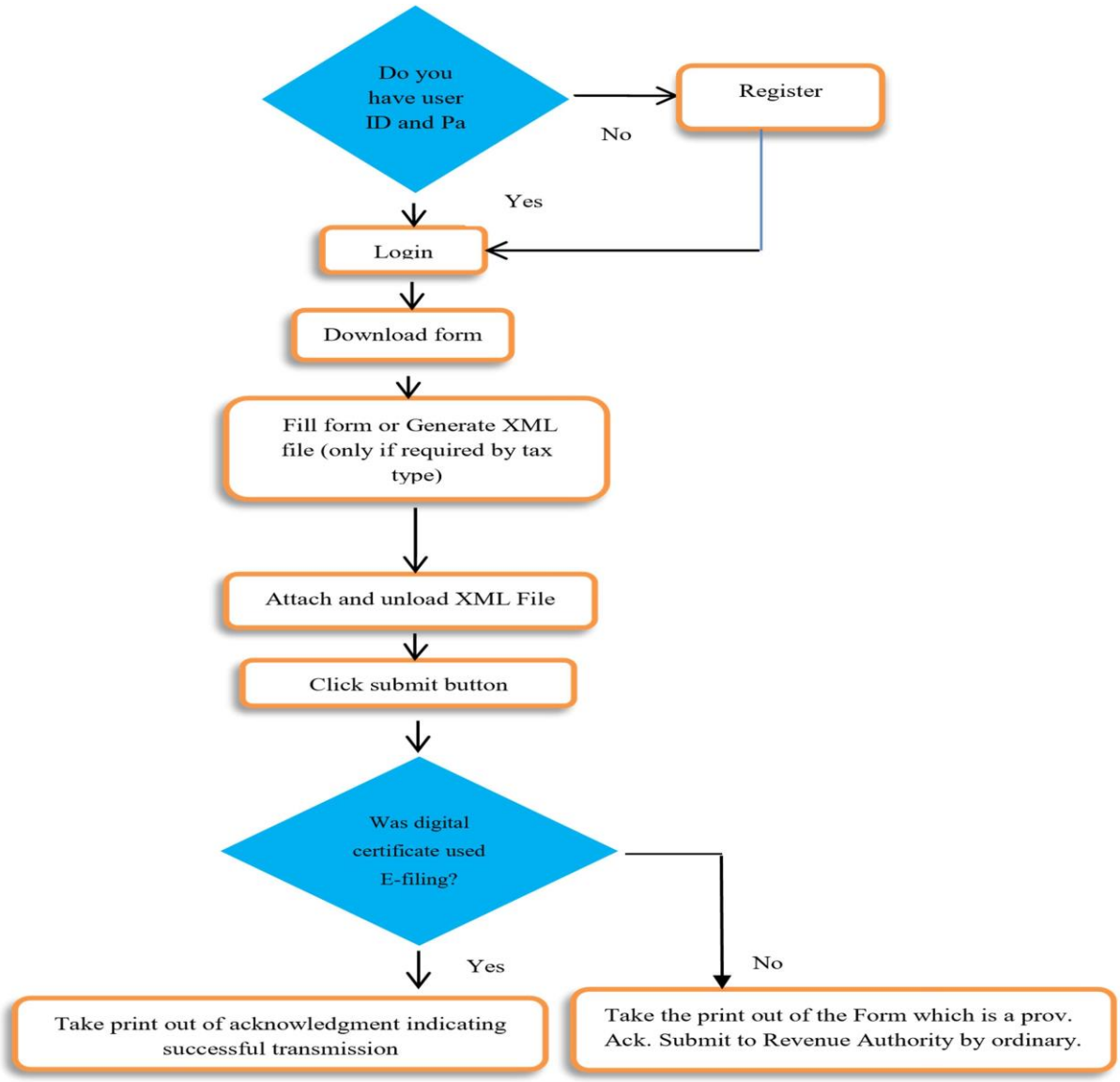

Figure 1:- E-tax filing Process of Tax returns (Alibashs et al., 2016).

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 transac2tions 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 Large Taxpayers high experience in numbers of usage than medium and small and also the absence of studies in the area of challenge and opportunity of e-tax filing system in Ethiopian Ministry of Revenue (MOR) Large Taxpayer's Branch Office tax payer's perception and the research seeks to fill this gap.

CHAPTER THREE

3. RESEARCH METHODOLOGY

This chapter contains research methodology that includes research design, population, sampling and sample size, method of data collection and sources of data and method of data analysis. The purpose of this study is to assess the opportunity and challenge of adopting an e-tax payment system in the Ministry of Revenue (MOR).

3.1Research Design

This study focuses on assessing the benefits and challenges of adopting e-tax payment system in Ethiopian Ministry of Revenue. To this effect, a descriptive survey method is employed with the assumption that it can help to describe the current benefits and challenges of e-tax payment system in MOR. According to Creswell (2007), descriptive research is mainly concerned with describing the nature or situation and the detail degree of the current position. Descriptive method of research is used to gather information about the present or existing condition and mostly used in business research and used to answer who, what, where, how much and how many questions (Creswell, 2009).

3.2. Research Approach

There are three approaches available for researchers namely quantitative, qualitative and mixed methods research approaches (Khotari, 2004). Qualitative research is a method of inquiry that develops understanding on human and social sciences, to find the way people fell and think. This research method is used when there is a need to understand how issues or factors are related and to obtain in-depth information to answer research objectives (Creswell and Clark, 2007). Qualitative research methods provide more emphasis on interpretation and providing consumers with complete views, looking at contexts, environmental immersions and a profundity of understanding of concepts. It is more suitable for studying a new problem in its early stage or for exploring new factors of an existing problem (Creswell, 2009).

Quantitative research is a research method that is used to generate numerical data and hard facts, by employing statistical, logical and mathematical technique and view the relationship between theory and research as deductive, this type of research can be characterized as linear series of steps

moving from theory to conclusions, and its measurement process entails the search for indicators. A quantitative approach also requires standardized measures (Creswell, 2009).

Creswell and Clark (2007, p. 5) defined mixed methods research as "Mixed methods research is a research design with philosophical assumptions as well as methods of inquiry. As a methodology, it involves philosophical assumptions that guide the direction of the collection and analysis of data and the mixture of qualitative and quantitative approaches in many phases in the research process. As a method, it focuses on collecting, analyzing, and mixing both quantitative and qualitative data in a single study or series of studies. Its central premise is that combining quantitative and qualitative approaches provides a better understanding of research problems than either approach alone." Therefore, to achieve the objectives of this study, the research method was followed qualitative, research approaches qualitative help to gather a variety of data on the adoption of the e-tax payment system.

3.3. Target Population

A population in statistics is the specific parameter about which information is desired and it may include a set of people, services, elements and events, group of things or households, etc. that are being investigated (Kothari, 2004). According to the Ministry of Revenue LTO branch human resource department currently there are 457 employees and from this total no of 45 employees working in tax filing and processing process department, 15 employees are working in revenue accounts administration process department and 13 employees are working in taxpayer education and information supply process department. Therefore, the target population is 73 staff of the MOR LTO branch. And according to the MOR website currently there are 1,117 taxpayers in Ethiopian Ministry of Revenue LTO branch which contribute 70% of the total tax income of the country and MOR fully operationalize e-tax payment system for all of 770 taxpayers so the target population is 1,117 MOR LTO branch taxpayers.

3.4Sampling and Sample Size Determination

According to Etikan, (2016) sampling is the act of selecting some of the elements (portion) in a population and conclusions can be drawn about the entire population. Therefore, the researcher was used a non-probability sampling approach, specifically a convenience sampling method to select respondents from these target populations those respondents was available in a certain time and place. Convenience sampling is a type of nonprobability or nonrandom sampling were

members of the target population that meet certain practical criteria, such as easy accessibility, geographical proximity, availability at a given time, or the willingness to participate are included for the purpose of the study (Etikan, 2016). The sample size of 295 taxpayers was determined from a population of 1,117 taxpayers. The sample size is determined using the formula developed by Yemane, (1967) at a confidence of 95%.

$$n = \frac{N}{1 + Ne^2}$$

$$\frac{1117}{1 + 1117 \times 0.05^2}$$

$$\frac{1117}{3.7925} = 294.52 = 295$$

By using the formula 295 taxpayers selected from the total population and all target population which is 73 staff members of MOR LTO branch are taken for the study.

3.5. Method of Data Collection and Source of Data

This study conducts in primary sources of data. Primary data was collected from the respondents based on structurally designed questionnaires. In order to collect sufficient data, the researcher used both open and close ended questionnaires for the customers (taxpayers who use e-tax payment system) and for employees of MOR whose works are related to the e-tax payment system. Structured questionnaires are useful in order to give specific responses to the research questions. Thus, in order to get sufficient and reliable data the researcher used primary data. Both questionnaires were designed in five main categories: the first one emphasized on the background of respondents, the second one is focused on current practice of e-tax payment system in MOR; the third one was examined the benefits of e-tax payment system; the fourth one was assessing challenges of the system, and the fifth one was about the collaboration of CBE & MOR. The researcher was used is a 5-point Likert scale ranging from (1) “strongly disagree” to (5) “strongly agree”.

3.6Method of Data Analysis

The questionnaires were distributed and collected back, and processed (edit and check the validation). Data analysis will consist of examining, categorizing, tabulating, or otherwise recombining the evidence, to address the initial proposition of a study (Yin, 1989, p. 105). The researcher was analyzed 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 responses was analyzed using Statistical Package for Social Science (SPSS) version 20 software to summarize the findings of the study. SPSS is a system for statistical analysis and helps to display findings by generating charts and tables. It is one of the most widely used computer software packages for analysis of quantitative data for social scientists. In order to achieve the outcomes and results for the study the research uses descriptive analysis. The analyzed data is described and summarized by use the descriptive statistics methods particularly by measure of mean, frequency, percentage and standard deviation. Then, the results of the study was presented by using various tables.

As a result, the outcome is interpreted by the table's listing. Consequently, the outcome was interpreted using the table's given values.

Table 1 Interpretation of scale measurement

Scale of Measurement	**Interpretation**
1-1.8	Strongly Disagree
1.9-2.5	Disagree
2.5-3.4	Netural
3.5-4.2	Agree
4.5-5	Strongly Agree

CHAPTER FOUR

4. DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter presents the analysis and interpretation of the data collected during the research study on the opportunities and challenges of the e-tax system in the Ministry of Revenue, focusing specifically on the Large Taxpayers Branch Office. The purpose of this chapter is to provide a detailed examination of the findings in relation to the research questions and objectives outlined in previous chapters. The analysis includes demographic profiles of the respondents, a detailed examination of the qualitative and quantitative data collected, and the integration of these findings to highlight key opportunities and challenges associated with the e-tax system.

The chapter is structured to first provide an overview of the respondents' demographic characteristics, which sets the context for understanding the subsequent data analysis. Following this, the results from the qualitative and quantitative analyses are presented separately, allowing for a comprehensive discussion of the insights gained from each method. Finally, the chapter integrates the findings from both data sets to provide a holistic view of the e-tax system's impact, drawing attention to the significant opportunities it presents as well as the challenges that need to be addressed for its successful implementation.

4.2 Demographic Profile of Respondents

Understanding the demographic profile of respondents is essential for interpreting the data accurately in this study on the opportunities and challenges of the e-tax system in the Ministry of Revenue, focusing on the Large Taxpayers' Branch Office. This section provides a comprehensive overview of the respondents' characteristics, which helps in contextualizing the findings.

4.2.1 Response Rate

A total of 295 taxpayers were selected for the study, and all 73 staff members of the MOR LTO branch were included. Out of the 295 taxpayer questionnaires distributed, 281 were returned,

resulting in a response rate of 95%. All 73 staff members participated in the study. The high response rate ensures the reliability and validity of the study's findings.

4.2.2 Taxpayer Demographics

Gender Distribution

Table 2 The gender distribution of the taxpayers and Employees of tax office is presented

Gender	Frequency (Employee)	Percentage (Employee)	Frequency	Percentage
Male	45	62%	176	63%
Female	28	38%	105	37%
Total	**73**	**100**	**281**	**100%**

The majority of the taxpayers were male (63%), while females constituted 37% of the sample and the majority of the employees were male (62%), while females constituted 38% of the sample.

Age Distribution

Table 3 The age distribution of taxpayers and Employees of tax offices is summarized

Age Group	Frequency (Employees)	Percentage (Employees)	Frequency	Percentage
18-30 years	17	23%	68	24%
31-40 years	30	41%	116	41%
41-50 years	19	26%	76	27%
Above 50 years	7	10%	21	8%
Total	**73**	**100%**	**281**	**100%**

The majority of taxpayers (41%) were between 31-40 years old, followed by those aged 41-50 years (27%) and the majority of employees (41%) were between 31-40 years old, followed by those aged 41-50 years (26%).

Educational Background

Table 4 The educational qualifications of the taxpayers and Employees of tax office are detailed.

Educational Level	**Frequency (Employees)**	**Percentage (Employees)**	**Frequency**	**Percentage**
High School	1	0%	25	9%
Diploma	11	15%	54	19%
Bachelor's Degree	37	51%	154	55%
Master's Degree	18	25%	42	15%
Other	7	9%	6	2%
Total	**73**	**100%**	**281**	**100%**

The majority of the taxpayers held a Bachelor's degree (55%), followed by those with a Master's degree (15%) and the majority of the employees held a Bachelor's degree (44%), followed by those with a Master's degree (25%).

These demographic insights are crucial for understanding the perspectives and responses of the participants regarding the e-tax system in the Ministry of Revenue.

4.3 opportunities and challenges of the e-tax system in the Ministry of Revenue

4.3.1 Large Taxpayers and Ministry of Revenues Tax Officers

E-tax filing system practice

The Ethiopian Ministry of Revenue (MoR), formerly known as the Ethiopian Revenue and Customs Authority (ERCA), introduced an electronic tax filing system (e-filing) in 2011 (Beris, 2017). This system aims to streamline tax compliance by allowing taxpayers to submit declarations electronically, reducing reliance on paper forms and in-person filing (Samuel, 2015). E-filing

offers several benefits, including increased efficiency, time savings, and potentially improved taxpayer satisfaction (Beris, 2017). However, challenges such as ensuring system security and promoting wider adoption among all taxpayer groups remain (Hiwot Muluken, 2017).

Table 5 E-tax filing system practice

E-tax filing system practice	**N**	**Mean**	**Std Dev**
Prior to implementation, the Ministry of Revenue provides tax payers with technical support.	**281**	**4.25**	**1.98**
E-tax filing is a dependable and trustworthy system.	**281**	**3.31**	**0.38**
The data of taxpayers is protected by a strong security mechanism while submitting taxes online.	**281**	**3.63**	**0.73**
The MOR's regulations encourage taxpayers to file electronically.	**281**	**4.52**	**1.26**
Use electronic tax filing only voluntarily.	**281**	**2.24**	**1.51**
The website provides staff and users with helpful guidelines.	**281**	**3.63**	**0.73**
Electronic filing is required.	**281**	**4.32**	**0.59**

Source: Survey 2024

Prior to implementation, the Ministry of Revenue provides taxpayers with technical support. With a mean of 4.25 and a standard deviation of 1.98, the responses indicate that a majority of respondents agree that the Ministry of Revenue provides technical support before implementing the e-tax system. The high mean suggests overall positive feedback, but the relatively large standard deviation indicates significant variability in responses, implying that while many found the support adequate, some experienced inconsistencies or gaps in the support provided.

E-tax filing is a dependable and trustworthy system. The mean score for this statement is 3.31 with a standard deviation of 0.38, suggesting a moderate level of agreement among respondents. The low standard deviation indicates that responses were relatively consistent, reflecting a general consensus that the e-tax filing system is somewhat dependable and trustworthy, but perhaps not overwhelmingly so.

The data of taxpayers is protected by a strong security mechanism while submitting taxes online. With a mean of 3.63 and a standard deviation of 0.73, respondents generally agree that there are strong security mechanisms in place to protect taxpayer data during online submissions. The

moderate standard deviation shows some variation in responses, indicating that while many trust the security measures, there may be concerns or areas perceived as needing improvement.

The MOR's regulations encourage taxpayers to file electronically. This statement received a high mean score of 4.52 with a standard deviation of 1.26. This indicates strong agreement that the Ministry of Revenue's regulations effectively encourage electronic filing of taxes. The standard deviation suggests a moderate level of variability, implying that while the majority find the regulations supportive, there are some differing opinions or experiences among respondents.

Use electronic tax filing only voluntarily. The mean score of 2.24 and a standard deviation of 1.51 reflect a general disagreement with the statement that electronic tax filing is used only voluntarily. The low mean suggests that most respondents believe electronic filing is not entirely voluntary, and the high standard deviation indicates diverse opinions, with some possibly viewing it as more voluntary than others.

The website provides staff and users with helpful guidelines. The mean for this statement is 3.63 with a standard deviation of 0.73, showing a general agreement that the website offers helpful guidelines for staff and users. The moderate standard deviation indicates some variability in responses, suggesting that while many find the guidelines helpful, there could be inconsistencies in their usefulness or accessibility.

Electronic filing is required. With a high mean score of 4.32 and a low standard deviation of 0.59, respondents strongly agree that electronic filing is required. The low standard deviation indicates a high level of agreement and consistency among respondents, underscoring that the mandatory nature of electronic filing is widely recognized and accepted.

Opportunities on e-tax filing

E-filing within the Ethiopian Ministry of Revenue (MoR) offers various opportunities. It streamlines tax compliance by allowing electronic submissions, reducing reliance on paper forms and in-person filing, potentially leading to increased efficiency, time savings, and improved taxpayer satisfaction (Beris, 2017). This can benefit both the MoR through faster processing and reduced administrative costs, and taxpayers through convenience and potentially faster refunds. (Hiwot Muluken, 2017).

Table 6 Opportunities on e-tax filing

Opportunities on e-tax filing	**N**	**Mean**	**Std Dev**
The tax that must be paid has been accurately calculated by e-taxing.	**281**	**4.57**	**0.76**
Filing taxes online is easier than filing by hand.	**281**	**3.78**	**0.71**
E-taxing is beneficial in preventing emotional stress, particularly when dealing with lengthy lineups.	**281**	**4.38**	**0.79**
E-filing reduces the possibility of data record modification.	**281**	**4.35**	**0.96**
Cut Down on Paperwork	**281**	**4.20**	**0.86**
Time and money are greatly saved by filing taxes electronically.	**281**	**4.06**	**1.09**
E-filing taxes facilitates the accurate and timely recording of tax liabilities every month.	**281**	**4.10**	**1.11**
Tax returns can be obtained at any time with the help of electronic filing.	**281**	**3.78**	**1.11**
Convenience	**281**	**4.37**	**0.92**
E-tax filing is more accurate and speedier than the manual method.	**281**	**4.36**	**0.96**
Electronic tax filing systems decrease workload	**281**	**4.34**	**0.84**
E-filing taxes enables more effective and efficient work to be done.	**281**	**3.06**	**0.95**
The electronic tax filing method is easy to use and comprehend.	**281**	**4.39**	**0.82**
There is more control over tax declaration with e-tax filing.	**281**	**4.38**	**0.78**
The filing penalty has dropped since e-taxation was implemented.	**281**	**4.45**	**0.91**
In general, I'm happy with my workplace's use of electronic tax filing.	**281**	**4.20**	**0.86**

Source: Survey 2024

The tax that must be paid has been accurately calculated by e-taxing. With a mean of 4.57 and a standard deviation of 0.76, respondents strongly agree that e-taxing accurately calculates the tax that must be paid. The high mean reflects a robust confidence in the system's accuracy, while the low standard deviation indicates consistent responses, suggesting widespread satisfaction with this aspect of e-tax filing.

Filing taxes online is easier than filing by hand. The mean score of 3.78 and a standard deviation of 0.71 indicate that respondents generally find online tax filing easier than manual filing. The moderate mean suggests that while online filing is perceived as easier, there is room for

improvement. The low standard deviation shows that this perception is fairly consistent among respondents.

E-taxing is beneficial in preventing emotional stress, particularly when dealing with lengthy lineups. With a mean of 4.38 and a standard deviation of 0.79, there is strong agreement that e-taxing reduces emotional stress associated with long lines. The high mean and relatively low standard deviation suggest that most respondents appreciate the stress reduction benefits of e-taxing.

E-filing reduces the possibility of data record modification. The mean score of 4.35 and a standard deviation of 0.96 reflect a strong agreement that e-filing decreases the likelihood of data record modification. This high mean indicates confidence in the security and integrity of e-filing, while the moderate standard deviation shows some variability in responses, suggesting a generally positive but not unanimous view.

Cut Down on Paperwork. With a mean of 4.20 and a standard deviation of 0.86, respondents agree that e-tax filing significantly reduces paperwork. The high mean signifies strong approval, and the moderate standard deviation indicates a generally consistent response, highlighting the efficiency benefits of reduced paperwork.

Time and money are greatly saved by filing taxes electronically. The mean of 4.06 and a standard deviation of 1.09 show a general agreement that e-filing saves both time and money. The high mean suggests recognition of these benefits, while the higher standard deviation indicates some variability, suggesting that while many see savings, the extent of perceived savings may vary.

E-filing taxes facilitates the accurate and timely recording of tax liabilities every month. With a mean of 4.10 and a standard deviation of 1.11, respondents generally agree that e-filing supports accurate and timely monthly tax liability recording. The high mean indicates satisfaction, while the higher standard deviation reflects diverse experiences or perceptions among respondents.

Tax returns can be obtained at any time with the help of electronic filing. The mean score of 3.78 and a standard deviation of 1.11 suggest moderate agreement that e-filing allows for anytime access to tax returns. The moderate mean and higher standard deviation indicate varied experiences, with some respondents possibly facing issues with this feature.

Convenience. The mean score of 4.37 and a standard deviation of 0.92 indicate strong agreement that e-tax filing is convenient. The high mean reflects widespread recognition of its convenience, while the moderate standard deviation suggests some variation in how respondents perceive this convenience.

E-tax filing is more accurate and speedier than the manual method. With a mean of 4.36 and a standard deviation of 0.96, respondents strongly agree that e-tax filing is both more accurate and faster than manual methods. The high mean signifies confidence in these advantages, while the moderate standard deviation suggests that most respondents share this positive view.

Electronic tax filing systems decrease workload. The mean score of 4.34 and a standard deviation of 0.84 indicate strong agreement that e-tax filing decreases workload. The high mean reflects widespread satisfaction with this benefit, and the low standard deviation suggests a consistent positive response among respondents.

E-filing taxes enables more effective and efficient work to be done. With a mean of 3.06 and a standard deviation of 0.95, respondents are neutral to slightly positive about the statement that e-filing enables more effective and efficient work. The moderate mean suggests mixed feelings, and the standard deviation indicates variability in responses, highlighting differing experiences or perceptions of e-filing's effectiveness.

The electronic tax filing method is easy to use and comprehend. The mean score of 4.39 and a standard deviation of 0.82 reflect strong agreement that the electronic tax filing method is easy to use and understand. The high mean and low standard deviation indicate that most respondents find the system user-friendly and accessible.

There is more control over tax declaration with e-tax filing. With a mean of 4.38 and a standard deviation of 0.78, respondents strongly agree that e-tax filing provides better control over tax declarations. The high mean signifies confidence in this aspect, and the low standard deviation indicates a consistent positive response.

The filing penalty has dropped since e-taxation was implemented. The mean score of 4.45 and a standard deviation of 0.91 indicate strong agreement that filing penalties have decreased since the implementation of e-taxation. The high mean reflects a positive view of the system's impact on penalties, while the moderate standard deviation shows general consensus with some variation.

In general, I'm happy with my workplace's use of electronic tax filing. With a mean of 4.20 and a standard deviation of 0.86, respondents generally express satisfaction with their workplace's use of electronic tax filing. The high mean indicates overall happiness, and the moderate standard deviation suggests that this positive sentiment is widely shared among respondents.

Challenges on e-tax filing

E-filing within the Ethiopian Ministry of Revenue (MoR) offers various opportunities. It streamlines tax compliance by allowing electronic submissions, reducing reliance on paper forms and in-person filing, potentially leading to increased efficiency, time savings, and improved taxpayer satisfaction (Be'ris, 2017). This can benefit both the MoR through faster processing and reduced administrative costs, and taxpayers through convenience and potentially faster refunds. (Hiwot Muluken, 2017).

Table 7 Challenges on e-tax filing

Challenges on e-tax filing	**N**	**Mean**	**Std Dev**
Working with the e-tax filing system is technically challenging.	**281**	**3.69**	**0.74**
Filing taxes online demands a lot of mental work.	**281**	**2.41**	**1.89**
The e-filing system does not use the regional language.	**281**	**2.54**	**1.63**
e-filing system is hard to use when power outage occurs.	**281**	**2.49**	**1.95**
high implementation costs for e-tax (such as cost of ICT equipment & network, software & reorganization)	**281**	**2.98**	**1.84**
Absence of an internet connection	**281**	**2.73**	**1.25**
The e-tax system prohibits making fixes to errors after the report has been submitted.	**281**	**3.84**	**0.53**
When e-tax filing is being implemented, management is not supporting it.	**281**	**2.19**	**1.65**
Taxpayers are not receiving enough training to use the electronic tax filing system.	**281**	**2.14**	**1.53**

Taxpayers have still gone to office while they use e-filing.	**281**	**2.69**	**1.27**
Using the e-tax filing system will be dangerous given the anticipated level of service delivery.	**281**	**2.56**	**1.69**
E-tax filing is complicated to use.	**281**	**2.74**	**1.54**

Source: Survey 2024

Working with the e-tax filing system is technically challenging. With a mean of 3.69 and a standard deviation of 0.74, respondents generally find the e-tax filing system to be technically challenging. The moderate mean suggests that while some users manage the technical aspects well, others find it difficult. The low standard deviation indicates that these experiences are relatively consistent among respondents.

Filing taxes online demands a lot of mental work. The mean score of 2.41 and a standard deviation of 1.89 indicate that respondents generally disagree with the statement that online tax filing requires a lot of mental work. The low mean suggests that most find the mental demands manageable. However, the high standard deviation indicates significant variability in responses, suggesting that some users may still find it mentally taxing.

The e-filing system does not use the regional language. With a mean of 2.54 and a standard deviation of 1.63, respondents are somewhat neutral to slightly disagree with the statement that the e-filing system does not use the regional language. The moderate mean suggests that language support might not be a major issue, but the high standard deviation indicates diverse opinions, with some finding this a notable concern.

E-filing system is hard to use when a power outage occurs. The mean score of 2.49 and a standard deviation of 1.95 reflect a general disagreement with the statement that the e-filing system is hard to use during power outages. The low mean suggests that many do not find this to be a significant issue, but the high standard deviation indicates a wide range of experiences, with some potentially facing difficulties during outages.

High implementation costs for e-tax (such as cost of ICT equipment & network, software & reorganization). With a mean of 2.98 and a standard deviation of 1.84, respondents are neutral regarding the high implementation costs associated with e-tax. The moderate mean suggests mixed

feelings about the financial burden of implementation, while the high standard deviation indicates varied experiences and opinions on this matter.

Absence of an internet connection. The mean score of 2.73 and a standard deviation of 1.25 indicate a slight disagreement with the statement about the absence of an internet connection being a significant issue. The moderate mean suggests that while internet connectivity is a concern for some, it is not a widespread issue. The moderate standard deviation indicates some variability in responses.

The e-tax system prohibits making fixes to errors after the report has been submitted. With a mean of 3.84 and a standard deviation of 0.53, respondents strongly agree that the e-tax system does not allow corrections after submission. The high mean reflects a significant concern, while the low standard deviation indicates consistent agreement among respondents about this limitation.

When e-tax filing is being implemented, management is not supporting it. The mean score of 2.19 and a standard deviation of 1.65 indicate a general disagreement that management does not support e-tax filing implementation. The low mean suggests that most respondents feel there is adequate management support, though the high standard deviation points to some variation in perceptions of managerial support.

Taxpayers are not receiving enough training to use the electronic tax filing system. With a mean of 2.14 and a standard deviation of 1.53, respondents generally disagree with the statement that taxpayers are not receiving enough training. The low mean suggests satisfaction with the training provided, but the high standard deviation indicates that some respondents feel more training is needed.

Taxpayers have still gone to the office while they use e-filing. The mean score of 2.69 and a standard deviation of 1.27 show a slight disagreement with the statement that taxpayers still visit the office despite using e-filing. The moderate mean suggests that while e-filing has reduced office visits for some, others still find it necessary. The moderate standard deviation reflects this variability in experiences.

Using the e-tax filing system will be dangerous given the anticipated level of service delivery. With a mean of 2.56 and a standard deviation of 1.69, respondents are somewhat neutral to slightly disagree with the statement that the e-tax filing system will be dangerous due to anticipated service

delivery levels. The moderate mean indicates mixed feelings, while the high standard deviation suggests diverse opinions on this potential risk.

E-tax filing is complicated to use. The mean score of 2.74 and a standard deviation of 1.54 indicate a slight disagreement with the statement that e-tax filing is complicated to use. The moderate mean suggests that while some users find it challenging, others do not. The high standard deviation indicates significant variability in experiences and perceptions of the system's complexity.

Interview Questions for e-tax supervisors shows the new electronic tax filing system aims to streamline tax filing compared to manual returns. While both calculate refunds and returns, the electronic system automates calculations with built-in accuracy checks, potentially reducing errors . Additionally, it can cut costs for both taxpayers (less paperwork) and the Ministry of Revenue (MOR). However, successful implementation requires proper training for MOR staff and taxpayers. The electronic system boasts stronger security measures than manual filing, but its complexity might pose challenges. It could potentially increase tax collection and reduce penalties through faster processing and reminders. Obstacles include technical issues faced by taxpayers, a potential language barrier for non-English speakers (2.2), and power outages disrupting system access. Ultimately, the system's success hinges on addressing these challenges and ensuring user-friendliness for efficient tax collection.

4.3.2 MOR Employees

Current practice of e-tax payment system in Ministry of Revenue

While Ethiopia's Ministry of Revenue (MoR) introduced electronic tax filing (e-filing) in 2011, the e-tax payment system is a relatively new initiative. Launched as a pilot program in 2018, it focused on large taxpayers and utilized the Commercial Bank of Ethiopia's online platform (Ethiopia introduces electronic tax payment system, 2018). The success of this pilot with large enterprises like Ethio Telecom suggests potential for wider adoption.

Table 8 Current practice of e-tax payment system in Ministry of Revenue

Current practice of e-tax payment system in Ministry of Revenue	**N**	**Mean**	**Std Dev**

MOR is working hard to raise awareness about electronic tax payments.	**73**	**4.45**	**0.91**
The branch office's taxpayers are well done payments through e-tax payment system.	**73**	**4.20**	**0.86**
Enough computers and supplies are available in MOR to perform tasks related to electronic tax payments.	**73**	**4.10**	**1.09**
Guidelines for the e-tax payment system are beneficial to users.	**73**	**4.07**	**0.78**
MOR has given me excellent training in handling e-tax payment-related activities.	**73**	**4.16**	**0.91**

Source: Survey 2024

MOR is working hard to raise awareness about electronic tax payments. With a mean of 4.45 and a standard deviation of 0.91, respondents strongly agree that the Ministry of Revenue (MOR) is putting significant effort into raising awareness about electronic tax payments. The high mean reflects strong positive feedback on MOR's awareness campaigns, while the relatively low standard deviation indicates consistent agreement among respondents.

The branch office's taxpayers are well done payments through the e-tax payment system. The mean score of 4.20 and a standard deviation of 0.86 indicate that respondents generally agree that taxpayers at the branch office are effectively making payments through the e-tax payment system. The high mean suggests a positive perception of the system's effectiveness, while the moderate standard deviation shows some variation in responses. Enough computers and supplies are available in MOR to perform tasks related to electronic tax payments. With a mean of 4.10 and a standard deviation of 1.09, respondents generally agree that there are sufficient computers and supplies available in MOR for electronic tax payment tasks. The high mean indicates satisfaction with the resources provided, but the higher standard deviation suggests some respondents may have experienced shortages or variability in resource availability.

Guidelines for the e-tax payment system are beneficial to users. The mean score of 4.07 and a standard deviation of 0.78 reflect a general agreement that the guidelines for the e-tax payment system are helpful to users. The high mean suggests that most respondents find the guidelines

beneficial, while the low standard deviation indicates consistent positive feedback regarding their usefulness.

MOR has given me excellent training in handling e-tax payment-related activities. With a mean of 4.16 and a standard deviation of 0.91, respondents strongly agree that they have received excellent training from MOR for handling e-tax payment activities. The high mean shows overall satisfaction with the training provided, while the relatively low standard deviation indicates that this sentiment is widely shared among respondents.

Respondents strongly agree that the Ministry of Revenue (MOR) is making significant efforts to raise awareness about electronic tax payments (mean 4.45, SD 0.91). They also generally agree that taxpayers at branch offices are effectively using the e-tax payment system (mean 4.20, SD 0.86). There is satisfaction with the availability of computers and supplies for electronic tax payment tasks (mean 4.10, SD 1.09), and the guidelines for the e-tax payment system are considered beneficial (mean 4.07, SD 0.78). Additionally, respondents feel they have received excellent training from MOR for handling e-tax payment activities (mean 4.16, SD 0.91). The consistent positive feedback across these areas indicates strong support and effectiveness of the MOR's efforts in implementing and supporting the e-tax payment system.

Current practice of e-tax payment system in Ministry of Revenue

The Ethiopian Ministry of Revenue's (MoR) e-tax payment system is a recent initiative. Launched as a pilot program in 2018, it currently targets large taxpayers, allowing them to settle their tax obligations electronically through partnered institutions like the Commercial Bank of Ethiopia [Ethiopia introduces electronic tax payment system, 2018]. While information on its wider rollout is limited, the program's success with large enterprises suggests potential for future expansion to other taxpayer segments.

Table 9 Current practice of e-tax payment system in Ministry of Revenue

Current practice of e-tax payment system in Ministry of Revenue	**N**	**Mean**	**Std Dev**
Tax collection is sped up by electronic tax payment systems compared to manual ones.	**73**	4.30	0.92

The electronic technique for paying taxes is more precise than the manual one.	**73**	3.87	0.67
Because I use the electronic tax payment method, I can do tasks at work more quickly.	**73**	4.45	0.82
The e-tax payment system enables me to work more efficiently.	**73**	4.48	0.84
Taxpayer data auditing takes less time when using an electronic payment method.	**73**	4.36	0.87
More control over tax collection is provided by the e-tax payment system.	**73**	3.97	0.98
The use of electronic tax payment systems helps prevent tax evasion.	**73**	3.64	1.00
The MOR's operational costs are greatly decreased by the e-tax payment system.	**73**	4.16	0.91
When paying taxes online, data loss is less common than when paying in person.	**73**	4.07	0.78
Compared to manual users, those using the e-tax payment system adhere to procedures correctly.	**73**	3.28	1.20
The e-tax payment technology reduces taxpayer mistakes compared to the manual method.	**73**	3.77	1.02

Source: Survey 2024

Tax collection is sped up by electronic tax payment systems compared to manual ones. With a mean of 4.30 and a standard deviation of 0.92, respondents strongly agree that electronic tax payment systems accelerate the tax collection process compared to manual methods. The high mean indicates widespread recognition of this efficiency, while the moderate standard deviation suggests consistent agreement among respondents.

The electronic technique for paying taxes is more precise than the manual one. The mean score of 3.87 and a standard deviation of 0.67 indicate that respondents generally agree that electronic tax payment is more precise than manual methods. The high mean reflects a positive perception of the accuracy of electronic payments, and the low standard deviation suggests consistent responses.

Because I use the electronic tax payment method, I can do tasks at work more quickly. With a mean of 4.45 and a standard deviation of 0.82, respondents strongly agree that using the electronic tax payment method enables them to complete tasks more quickly. The high mean indicates significant approval, while the moderate standard deviation shows that this sentiment is widely shared among respondents.

The e-tax payment system enables me to work more efficiently. The mean score of 4.48 and a standard deviation of 0.84 reflect strong agreement that the e-tax payment system enhances work efficiency. The high mean suggests a very positive perception of the system's impact on efficiency, with the moderate standard deviation indicating consistent responses.

Taxpayer data auditing takes less time when using an electronic payment method. With a mean of 4.36 and a standard deviation of 0.87, respondents strongly agree that electronic payment methods reduce the time required for taxpayer data auditing. The high mean shows significant approval of the time-saving benefits, while the moderate standard deviation suggests consistency in these responses.

More control over tax collection is provided by the e-tax payment system. The mean score of 3.97 and a standard deviation of 0.98 indicate that respondents generally agree that the e-tax payment system offers more control over tax collection. The high mean reflects positive feedback on the system's control features, while the moderate standard deviation suggests some variability in opinions.

The use of electronic tax payment systems helps prevent tax evasion. With a mean of 3.64 and a standard deviation of 1.00, respondents somewhat agree that electronic tax payment systems help prevent tax evasion. The moderate mean indicates a positive but not overwhelming perception of this benefit, and the higher standard deviation reflects a wide range of opinions.

The MOR's operational costs are greatly decreased by the e-tax payment system. The mean score of 4.16 and a standard deviation of 0.91 reflect strong agreement that the e-tax payment system significantly reduces the Ministry of Revenue's operational costs. The high mean shows widespread approval, while the moderate standard deviation suggests consistent responses.

When paying taxes online, data loss is less common than when paying in person. With a mean of 4.07 and a standard deviation of 0.78, respondents agree that data loss is less common when paying

taxes online compared to in person. The high mean indicates confidence in the security of online payments, and the low standard deviation suggests a consistent positive view among respondents.

Compared to manual users, those using the e-tax payment system adhere to procedures correctly. The mean score of 3.28 and a standard deviation of 1.20 indicate a moderate agreement that e-tax payment users adhere to procedures more correctly than manual users. The moderate mean suggests mixed perceptions, and the higher standard deviation reflects a diverse range of opinions on this issue.

The e-tax payment technology reduces taxpayer mistakes compared to the manual method. With a mean of 3.77 and a standard deviation of 1.02, respondents generally agree that e-tax payment technology reduces taxpayer mistakes compared to manual methods. The moderate mean reflects a positive perception of the system's ability to minimize errors, while the higher standard deviation indicates varied experiences and opinions among respondents.

Challenges of adopting E-tax payment system.

Implementing an e-tax payment system in the Ethiopian Ministry of Revenue (MoR) faces various

challenges. These include ensuring system security and data privacy, promoting digital literacy and internet access among all taxpayer groups, and addressing potential technical issues like unreliable internet connectivity and power outages (Beris, 2017; Hiwot Muluken, 2017). Additionally, integrating the new system with existing MoR infrastructure and training staff on its use require careful planning and investment.

Table 10 Challenges of adopting E-tax payment system.

Challenges of adopting E-tax payment system	**N**	**Mean**	**Std Dev**
Taxpayer's incorrect data encoding makes e-tax system less effective.	**73**	**3.21**	**0.42**
The work load is the same after e-tax payment system introduced.	**73**	**3.69**	**0.41**

There is lack of government support while implementing e-tax payment.	73	3.25	0.59
There is lack of good IT staff members who facilitate e-tax system.	73	3.61	0.59
Taxpayers don't want to shift from manual system to e-tax payment system.	73	2.36	1.74
Taxpayer's attitude is not as positive as I expected towards e-tax payment system.	73	3.91	0.61
In general, e-tax payment system is not effective as it should be in MOR.	73	2.67	1.57

Source: Survey 2024

Taxpayer's incorrect data encoding makes e-tax system less effective. With a mean of 3.21 and a standard deviation of 0.42, respondents moderately agree that incorrect data encoding by taxpayers reduces the effectiveness of the e-tax system. The moderate mean suggests recognition of this issue, while the low standard deviation indicates consistent opinions among respondents.

The workload is the same after the e-tax payment system was introduced. The mean score of 3.69 and a standard deviation of 0.41 indicate that respondents somewhat agree that the workload has remained the same after the introduction of the e-tax payment system. The moderate mean suggests that while the system may have brought efficiencies, it has not significantly reduced the overall workload. The low standard deviation indicates consistency in these responses.

There is a lack of government support while implementing e-tax payment. With a mean of 3.25 and a standard deviation of 0.59, respondents moderately agree that there is insufficient government support for implementing the e-tax payment system. The moderate mean reflects concerns about support, while the moderate standard deviation suggests some variability in opinions.

There is a lack of good IT staff members who facilitate the e-tax system. The mean score of 3.61 and a standard deviation of 0.59 indicate that respondents generally agree that there is a shortage of qualified IT staff to facilitate the e-tax system. The moderate mean shows recognition of this

issue, while the moderate standard deviation suggests some variability in experiences or perceptions.

Taxpayers don't want to shift from the manual system to the e-tax payment system. With a mean of 2.36 and a standard deviation of 1.74, respondents generally disagree with the statement that taxpayers are reluctant to shift from the manual system to the e-tax payment system. The low mean suggests that most taxpayers are willing to transition to electronic payments. However, the high standard deviation indicates a wide range of opinions, with some resistance still present among certain respondents.

Taxpayer's attitude is not as positive as I expected towards the e-tax payment system. The mean score of 3.91 and a standard deviation of 0.61 reflect a general agreement that taxpayers' attitudes towards the e-tax payment system are not as positive as expected. The high mean suggests a significant concern about taxpayer acceptance, while the moderate standard deviation indicates consistent responses among the respondents.

In general, the e-tax payment system is not as effective as it should be in MOR. With a mean of 2.67 and a standard deviation of 1.57, respondents somewhat disagree that the e-tax payment system is not as effective as it should be. The low mean suggests that many respondents see the system as effective, although the high standard deviation reflects varied opinions, indicating that some respondents still perceive significant room for improvement.

Coordination of Commercial Banks and Ministry of Revenue in the process of e- tax Payment system.

A successful e-tax payment system hinges on close coordination between Commercial Banks and the Ministry of Revenue. This partnership involves developing compatible IT systems for secure data exchange (Hiwot Muluken, 2017), agreeing on standardized data formats to ensure smooth communication, and collaborating on training bank staff and troubleshooting for taxpayers (Beris, A. A., 2017). By working together, both parties can create a user-friendly and efficient system for tax collection and payment.

Table 11 Coordination of Commercial Banks and Ministry of Revenue in the process of e- tax Payment system.

Coordination of Commercial Banks and Ministry of Revenue in the process of e- tax Payment system.	**N**	**Mean**	**Std Dev**
Employee of CBE have adequate knowledge about e-tax payment system	**73**	**3.25**	**1.035**
CBE give adequate training about e-tax payment system to employees of MOR that help employees to give trainings to taxpayers	**73**	**4.03**	**0.863**
MOR can easily collect tax revenue since e-tax payment system implement.	**73**	**4.03**	**0.863**
MOR can easily get cash collection reports since e-tax payment system implement.	**73**	**4.05**	**0.811**
CBE and MOR work more closely to give better service to taxpayers	**73**	**3.90**	**0.681**

Source: Survey 2024

Employee of CBE have adequate knowledge about e-tax payment system. With a mean of 3.25 and a standard deviation of 1.035, respondents are moderately positive about the knowledge of Commercial Bank of Ethiopia (CBE) employees regarding the e-tax payment system. The moderate mean suggests that while some employees are well-informed, there is room for improvement. The high standard deviation indicates varied opinions on the adequacy of this knowledge.

CBE give adequate training about e-tax payment system to employees of MOR that help employees to give trainings to taxpayers. The mean score of 4.03 and a standard deviation of 0.863 indicate strong agreement that CBE provides adequate training to MOR employees, which helps them train taxpayers. The high mean reflects positive feedback on the training provided, while the moderate standard deviation suggests consistent responses among the respondents.

MOR can easily collect tax revenue since e-tax payment system implementation. With a mean of 4.03 and a standard deviation of 0.863, respondents strongly agree that MOR can more easily

collect tax revenue since the implementation of the e-tax payment system. The high mean indicates a positive impact on tax revenue collection efficiency, with the moderate standard deviation showing consistent opinions.

MOR can easily get cash collection reports since e-tax payment system implementation. The mean score of 4.05 and a standard deviation of 0.811 reflect strong agreement that MOR can easily obtain cash collection reports since the e-tax payment system was implemented. The high mean suggests that the system has improved reporting capabilities, while the moderate standard deviation indicates consistent feedback from respondents.

CBE and MOR work more closely to give better service to taxpayers. With a mean of 3.90 and a standard deviation of 0.681, respondents agree that CBE and MOR work more closely together to provide better service to taxpayers. The high mean reflects a positive perception of the collaboration between CBE and MOR, while the low standard deviation indicates consistent responses, showing general satisfaction with this partnership.

CHAPTER FIVE

5. Conclusion and Recommendation

5.1. Summary of Finding

- The implementation of the e-tax system within the Ministry of Revenue, specifically targeting the Large Taxpayers' Branch Office, has revealed significant insights into the opportunities and challenges associated with modernizing tax collection processes. This study provides a comprehensive analysis of the impact of the e-tax system, underscoring both its benefits and areas requiring further improvement.
- The e-tax system has demonstrated notable efficiency in various aspects of tax administration. Respondents highlighted the speed and precision of electronic tax payments compared to manual methods, with significant consensus on the time-saving benefits and reduced operational costs. The feedback from participants reflects widespread approval of the e-tax system's performance. Additionally, the system's ability to enhance control over tax collection and reduce errors further supports its efficacy.
- Despite these positive outcomes, the study also identified several challenges that need to be addressed for the e-tax system to achieve its full potential. Technical difficulties, insufficient training, and limited government support were among the key issues reported by respondents. The identified technical challenges and the lack of sufficient IT staff indicate these as areas needing attention. Furthermore, the variability in opinions about the e-tax system's effectiveness suggests that user experiences are inconsistent, highlighting the need for improved support and training.
- In conclusion the transition to an e-tax system represents a significant step towards modernizing tax administration in Ethiopia. The findings of this study underscore the system's potential to improve efficiency, reduce costs, and enhance control over tax collection. However, the challenges identified also highlight the need for continued efforts to refine the system and support its users.

- By addressing the technical, training, and support issues outlined, the Ministry of Revenue can optimize the e-tax system, ensuring that it delivers maximum benefits to both the administration and taxpayers. With concerted effort and strategic investment, the e-tax system can become a cornerstone of a more efficient, transparent, and user-friendly tax administration in Ethiopia.
- This comprehensive approach to enhancing the e-tax system will not only improve current operations but also pave the way for future innovations in tax collection and administration. As the system evolves, ongoing research and adaptation will be key to sustaining its success and expanding its positive impact on the Ethiopian economy.

Conclusion

- In conclusion, the transition to an e-tax system represents a significant step towards modernizing tax administration in Ethiopia. The findings of this study underscore the e-tax system's potential to improve efficiency, reduce costs, and enhance control over tax collection. However, the study also identified several challenges that need to be addressed for the system to achieve its full potential.
- To optimize the e-tax system and ensure it delivers maximum benefits, the Ministry of Revenue should focus on addressing the technical, training, and support issues outlined in the report. By resolving the technical difficulties, providing sufficient IT staff, and improving user support and training, the Ministry can ensure a more consistent and effective user experience.
- With a concerted effort and strategic investment to refine the e-tax system, the Ministry can unlock the system's full potential, transforming tax administration in Ethiopia. This comprehensive approach will not only improve current operations but also pave the way for future innovations in tax collection and administration.
- As the e-tax system evolves, ongoing research and adaptation will be key to sustaining its success and expanding its positive impact on the Ethiopian economy. By addressing the identified challenges, the Ministry of Revenue can make the e-tax system a cornerstone of a more efficient, transparent, and user-friendly tax administration in Ethiopia.

- In conclusion, the e-tax system's potential to transform tax administration is evident from the improvements observed in efficiency and error reduction. However, to fully realize this potential, it is crucial to address the technical and operational challenges identified. By doing so, the Ministry of Revenue can ensure that the e-tax system continues to deliver substantial benefits, ultimately contributing to a more effective and transparent tax system in Ethiopia.

5.3. Recommendations

Based on the findings of the study, several recommendations can be made to enhance the effectiveness and adoption of the electronic tax (e-tax) filing system within the Ministry of Revenue (MoR) in Ethiopia.

1. **Enhance Technical Support and Training**

The Ministry should implement ongoing training programs for both taxpayers and MoR staff to ensure they are proficient in using the e-tax system. These programs should be updated regularly to cover new features and address any common issues that users face. Establish dedicated support channels, such as hotlines or online chat support, to assist taxpayers with technical difficulties. This will help address the variability in experiences reported by respondents regarding the technical support provided before implementation.

2. **Improve Security Measures**

Conduct regular security audits to identify and rectify vulnerabilities within the e-tax system. Ensuring robust security mechanisms is crucial to maintaining taxpayer trust and protecting sensitive data. Launch campaigns to inform taxpayers about the security measures in place and educate them on how to protect their personal information. This can help alleviate concerns and improve the perception of the system's trustworthiness.

3. **Increase Accessibility and Usability**

Continuously improve the user interface to make it more intuitive and user-friendly. Simplifying the navigation and reducing the complexity of forms can encourage more taxpayers to use the e-

tax filing system. Integrate accessibility features to support users with disabilities, ensuring that the system is inclusive and easy to use for all taxpayers.

4. **Encourage Voluntary Compliance**

Introduce incentive programs to encourage voluntary compliance with the e-tax system. Incentives could include discounts on filing fees, faster processing times, or recognition for early adopters. Conduct public awareness initiatives to highlight the benefits of using the e-tax system, such as time savings, accuracy, and efficiency. This can help shift the perception from mandatory compliance to voluntary, enthusiastic participation.

5. **Strengthen Regulatory Framework**

Ensure that the regulations and policies governing e-tax filing are clear, comprehensive, and easily accessible to taxpayers. This includes providing detailed guidelines on the MoR's website and through other communication channels. Implement a feedback mechanism where taxpayers can report issues and suggest improvements. This can help the MoR continuously refine the system based on user experiences and needs.

6. **Expand System Capabilities**

Explore opportunities to integrate the e-tax filing system with other government and financial systems. This can streamline processes, reduce redundancies, and provide a more seamless experience for taxpayers. Design the system with scalability in mind to accommodate future growth in the number of users and the volume of transactions. This includes investing in robust infrastructure and leveraging cloud technologies to ensure reliable performance.

7. **Monitor and Evaluate Performance**

Establish a framework for regularly monitoring the performance of the e-tax filing system. This should include key performance indicators (KPIs) such as user satisfaction, system uptime, and processing times. Conduct periodic impact assessments to evaluate the system's effectiveness in achieving its goals, such as reducing manual errors, speeding up tax collection, and preventing tax evasion. Use these assessments to guide further improvements.

By implementing these recommendations, the Ministry of Revenue can address the challenges identified in the study, enhance the user experience, and increase the overall adoption and effectiveness of the e-tax filing system.

5.4. Further Research Areas

The scope of this study was limited to evaluating the implementation of the e-tax payment system within the Ministry of Revenue, focusing specifically on large taxpayers in Addis Ababa. However, the e-tax services offered in Ethiopia have a much broader reach and impact that extends beyond the confines of this research.

Future studies in this field should delve deeper into the factors that may limit the adoption of e-tax services, as well as investigate the wider impact of e-tax operations on tax administration and the economy. By expanding the scope of research to include other sub-cities within Addis Ababa and extending it to encompass other cities across Ethiopia, future studies can yield results that are applicable on a national and contextual level.

This broader approach would provide a more comprehensive understanding of the overall landscape of e-tax services in the country. The insights gained from such research would be invaluable in guiding the continued development and optimization of e-tax services, ensuring they deliver maximum benefits to both the tax administration and taxpayers across Ethiopi

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St. Mary's University School of Graduate

Department of Accounting and Finance

Questionnaire to Be Filled by Large tax payers and Ministry of Revenues tax Officers

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 large 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 opportunityof 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 confidentialand your participation in this study is greatly valuable.

Your honest and thoughtful responses are highly

appreciated.Kind Regards,

For any comment and questions, please contact me: E-mail: Edomsolomondol.gmail.com

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. 5-10 year ☐ 11-15 years ☐ above 15 years

6. Currently, who is responsible for filing tax your

General manger ☐ Finance Manager ☐

Finance Manager ☐

Finance Manager ☐

Senior Accountant ☐

Other (specify) ……

☐ ☐

7. 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	Before implementation, the Ministry of Revenue provides taxpayers with technical support.					
2	E-tax filing is a dependable and trustworthy system.					
3	The data of taxpayers is protected by a strong security mechanism while submitting taxes online.					
4	The MOR's regulations encourage taxpayers to file electronically.					
5	Use electronic tax filing only voluntarily.					
6	The website provides staff and users with helpful guidelines.					
7	Electronic filing is required.					

PART III Opportunities on e-tax filing

No.	Description	5	4	3	2	1
1	The tax that must be paid has been accurately calculated by e-taxing.					
2	Filing taxes online is easier than filing by hand.					
3	E-taxing is beneficial in preventing emotional stress, particularly when dealing with lengthy lineups.					
4	E-filing reduces the possibility of data record modification.					
5	Cut Down on Paperwork					
6	Time and money are greatly saved by filing taxes electronically.					
7	E-filing taxes facilitates the accurate and timely recording of tax liabilities every month.					
8	Tax returns can be obtained at any time with the help of electronic filing.					
9	Convenience					
10	E-tax filing is more accurate and speedier than the manual method.					
11	Electronic tax filing systems decrease workload					
12	E-filing taxes enables more effective and efficient work to be done.					
13	The electronic tax filing method is easy to use and comprehend.					
14	There is more control over tax declaration with e-tax filing.					
15	The filing penalty has dropped since e-taxation was implemented.					
16	In general, I'm happy with my workplace's use of electronic tax filing.					

Part IV: Challenges on e-tax filing

	Description	5	4	3	2	1
1	Working with the e-tax filing system is technically challenging.					
2	Filing taxes online demands a lot of mental work.					
3	The e-filing system does not use the regional language.					
4	e-filing system is hard to use when power outage occurs.					
5	high implementation costs for e-tax (such as cost of ICT equipment & network, software & reorganization)					
6	Absence of an internet connection					
7	The e-tax system prohibits making fixes to errors after the report has been submitted.					
8	When e-tax filing is being implemented, management is not supporting it.					
9	Taxpayers are not receiving enough training to use the electronic tax filing system.					
10	Taxpayers have still gone to office while they use e-filing.					
11	Using the e-tax filing system will be dangerous given the anticipated level of service delivery.					
12	E-tax filing is complicated to use.					

Appendix 2 Interview Questions

Interview Questions for e-tax supervisors

1. What are the main difference between manual tax returns and the electronic filing system?

1.1 How would you justify the accuracy of the tax refund and return calculations?

_____

_____

_____

1.2 What is the new system's relevance in terms of cutting costs?

_____

_____

_____

1.3 Would you consider the MOR employees' and taxpayers' training to be satisfactory?

If yes_____

_____

If no_____

_____

1.4 To what extent is the data system more sophisticated and secure than a manual? Describe the system's strengths and weaknesses.

_____

_____

_____

1.5 What benefits does the new method offer in terms of raising tax collection and lowering penalties?

2. What are the main obstacles to the electronic tax filing system?

2.1 Which are the primary technical issues that taxpayers are facing with the new system?

2.2 What are the main obstacles to the electronic tax filing system that arise from its English-language preparation? What explanation would you give for the way taxpayers feel about the new system?

2.3 Describe the main obstacles that the tax collecting amount faced as a result of the power outage?

3. What is the MOR officers' personal accountability?

4. And finally, if possible, describe broadly how successful and efficient the electronic tax filing system is?

St. Mary's University School of Graduate

Department of Accounting and Finance

Questionnaire to be filled by Employees of MOR

Dear Participants,

This study is entitled "**Challenges and Opportunities of Adopting E-TAX Payment System in MOR**" and conducted in partial fulfilment of the requirements for the Master's Degree in Accounting & Finance at St. Mary University. Its main objective is to assess the opportunities and challenges of adapting the E-TAX Payment System in MOR.

The purpose of this questionnaire is to obtain your opinion about the general implementation of the E-Tax payment system. Your participation in giving reliable information is important for the success of this study and it will be a great contribution if you may complete all the items covered in the questionnaire. I respectfully request your kind cooperation in answering the questions as clearly as possible. I would like to assure you that the information you provide will be used for academic purpose only and all responses will be treated in strict confidentiality.

I thank you very much, in advance, for your cooperation

For any comment and questions, please contact me: Tel-
Email -EdomSolomondol@gmail.com

Part I: General Information:

1. Did you give trainings about e-tax payment system to taxpayers? Yes ☐ No ☐
2. If your answer is yes to question no.1 does the taxpayer's understand the training easily? Yes ☐ No ☐
3. If the taxpayers did not understand the training easily what is/are the reasons? Please Specify

_____

4. Please indicate your current position:_____ The following questions are presented on a five-point Likert scale.

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

Please put "√" mark in the box to the appropriate choice of your response that shows your level of agreement and disagreement to the statement provided

Part II: Current practice of e-tax payment system in Ministry of Revenue

No	Statement	5	4	3	2	1
1	MOR is working hard to raise awareness about electronic tax payments.					
2	The branch office's taxpayers are well done payments through e-tax payment system.					
3	Enough computers and supplies are available in MOR to perform tasks related to electronic tax payments.					
4	Guidelines for the e-tax payment system are beneficial to users.					
5	MOR has given me excellent training in handling e-tax payment-related activities.					

If you have any comments or suggestions regarding the Ministry of Revenue's existing e-tax payment system, please be specific.

_____

_____

Part III: Benefit of adopting E-tax payment system

No	Statement	5	4	3	2	1
1	Tax collection is sped up by electronic tax payment systems compared to manual ones.					
2	The electronic technique for paying taxes is more precise than the manual one.					
3	Because I use the electronic tax payment method, I can do tasks at work more quickly.					
4	The e-tax payment system enables me to work more efficiently.					
5	Taxpayer data auditing takes less time when using an electronic payment method.					

6	More control over tax collection is provided by the e-tax payment system.					
7	The use of electronic tax payment systems helps prevent tax evasion.					
8	The MOR's operational costs are greatly decreased by the e-tax payment system.					
9	When paying taxes online, data loss is less common than when paying in person.					
10	Compared to manual users, those using the e-tax payment system adhere to procedures correctly.					
11	The e-tax payment technology reduces taxpayer mistake compared to the manual method.					

If you get any other benefit by using e-tax payment system in Ministry of Revenue please specify

_____

_____

_____

Part IV: Challenges of adopting E-tax payment system.

No	Statement	5	4	3	2	1
1	Taxpayer's incorrect data encoding makes e-tax system less effective.					
2	The work load is the same after e-tax payment system introduced.					
3	There is lack of government support while implementing e-tax payment.					
4	There is lack of good IT staff members who facilitate e-tax system.					
5	Taxpayers don't want to shift from manual system to e-tax payment system.					
6	Taxpayer's attitude is not as positive as I expected towards e-tax payment system.					
7	In general, e-tax payment system is not effective as it should be in MOR.					

If you experience any other challenge through using e-tax payment system in Ministry of Revenue please specify

_____

_____

_____

If there is any other complaint raised by taxpayers please specify

_____

_____

_____

Part IV: Coordination of Commercial Banks and Ministry of Revenue in the process of e- tax Payment system.

No	Statement	**5**	**4**	**3**	**2**	**1**
1	Employee of CBE have adequate knowledge about e-tax payment system					
2	CBE give adequate training about e-tax payment system to employees of MOR that help employees to give trainings to taxpayers					
3	MOR can easily collect tax revenue since e-tax payment system implement.					
4	MOR can easily get cash collection reports since e-tax payment system implement.					
5	CBE and MOR work more closely to give better service to taxpayers					

Thank you very much for your cooperation!!!!