CHALLENGES AND OPPORTUNITIES OF REVENUE COLLECTION SYSTEM: THE CASE OF THE BRANCH OF FEDERAL REVENUE AUTHORITY IN GAMBELLA TOWN.

MA THESIS

SUBMITTED TO COLLEGE OF BUSINESS AND ECONOMICS POSTGRADUATE PROGRAM FOR PARTIAL FULFILLMENT OF MASTER OF ART IN BUSINESS ADMINISTRATION (MBA)

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CHALLENGES AND OPPRTUNITIES OF REVENUE COLLECTION SYSTEM: IN THE CASE OF THE BRANCH OF FEDERAL REVENUE AUTHORITY IN GAMBELLA TOWN.

MA thesis Submitted to the Department of Management, Jimma University for the Partial Fulfillment of the Requirements for the Degree of Master of Arts in Business Administration (MBA)

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DEDICATION

This thesis is dedicated for my parents my mother W/ro Mamite Badada and my beloved wife for their unreserved support for success of this study.

STATEMENT OF THE AUTHOR

First, I hereby declare that this thesis is my own work and that all sources of materials used for this thesis have been exactly acknowledged. This thesis has been submitted in partial fulfillment of the requirements for MA degree at Jimma University and to be made available for end users and borrowers at the University's Library under rules and regulation of the Library. I solemnly declare that this thesis should not be submitted to any other institution anywhere for the award of any academic degree, diploma, or certificate.

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BIOGRAPHICAL SKETCH

The author was born in Gulliso woreda, West Wollega Zone of Oromia Regional State in September 1980. He attended his primary education at Warajiru Sober elementary school from (1989-1996). He attended his secondary school education at Gulliso Secondary School in west Wollega Zone (1997-1998) and Preparatory at Boji Chokorsa Preparatory School (1999-2000).

After he completed his preparatory school education, he joined Gambella health and teachers training College in October 2001 and graduated with diploma in social science in June, 2003. Soon after his graduation, he was employed by Gambella educational bureau and served as full time teacher for six years. Since 2009 he joined Addis Ababa University in summer program for BA in department of Special needs education and graduated with BA in special needs education department since 2013, then after that, from September 2014-2016 served as the school counselor at kourgeng preparatory school in Lare woreda, Gninignang zone of Gambella region.

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LIST OF ACRONYMS AND ABBREVIATION

ECSA	Ethiopia Central Statistical Agency
EPRDF	Ethiopian People Revolutionary Democratic Front
ERCA	Ethiopian Revenues and Customs Authority
ETB	Ethiopian Birr
GDP	Growth Development Program
GRB	Gambella Revenues Bearuo
ICT	Information and Communication Technology
IMF	International Monitory Fund
LIC	Low Income Countries
SIGTAS	Standard Integrated Government Tax Administration System
SPNRS	South peoples Nation Nationalities Regional State
TA	Technical Assistance
TIN	Taxpayers Identification Number
TOA	Turn over Tax
VAT	Value Add Tax

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ABSTRACT

The aim of this study was to investigate the major challenges and opportunities of tax reve nue collection system in branch of federal revenue authority in Gambella town. Both simple random and purposive sampling technique was employed. The study was conducted by taking 109 quetionary respondents selected randomly and 5 key informants purposively selected. The mixed research design was employed to conduct the study through using quantitative and qualitative data from both primary and secondary sources. The primary data were collected from questionnaires received from respondents and interviews of tax officials . The secondary data gathered from the region revenue bureau by way of reviewing documents. The collected data was analyzed with descriptive statistics. The finding shows that, the major challenges of Gambella revenues authority includes, lack of modernize tax collection system, corruption , poor customer service delivering, lack of well experienced, and work commitment staff, absence of continuous tax education and training, In applicability of modern cash register machine , the rapid turnover of directors. Moreover, the study identified factors such as the peace in the region , investments expansions and VAT registration enforcement are the major opportunities to increase the tax collection in the near future. Finally, based on the findings possible recommendations are suggested, these includes modernizing the manual tax collection system; support and follow up the revenues authority activity by government, enforcing the applicability of cash register machine,the revenue office and the town administration should work in collaboration with involvement of political leadership to mobilize support and to reduce corruption in the tax collection process. Apart from this, it's better to give short term on job capacity building training and long term education for the staff.

Key words*: Challenges, Corruption, Gambella, opportunities, Tax*

1 INTRODUCTION

1.1 Background of the Study

Increasing fiscal deficits, the burden of debt repayment, and the reduction of foreign aid have forced many developing countries to focus on domestic funds for financing expenditure (Tennant, 2007). The primary source of such funding is tax revenues. Tax revenue is the income that is gained by government through taxation. Taxation is a system of raising government revenue through tax. It is a system of collecting money by government to finance its operation (Gupta, 2001).

The potential benefits of taxation for countries like Ethiopia is on state building,long term independence from foreign assistance, trade facilitationand to cover the continued acute financial needs to provide infrastructures and public services at large. The amount of tax received from the people is used for the general and common benefits of the people as a whole. Tax is also crucial for Ethiopia in the area of institutional development and Democratization (ERCA, 2015).

Vadde and Gundarapu (2012) discussed that Taxation in developing countries is a challenging topic that, many problems observed like poor administration, failing to collect sufficient tax revenues, lack of government and economic stability.

Imposition of tax couldn't still bring the required result due to a number of reasons such as lack of clear understanding about the tax system by the tax payers, tax payers don't comply with their tax obligation, hostility between the tax payers and tax officials, economical factors, negative attitude of tax payer towards the tax system, that is, understating their taxable income by significant amount and related. For these reasons, the actual amount of tax couldn't be collected properly (Tadele, 2010).

According to the current Ethiopia, federal income tax proclamation no.286/2002 ,taxpayers are categorized into three categories, namely category "A", "B", and "C" based on their volume of sales and form of business. Category "A" includes any company incorporated under the tax law of Ethiopia or in or a foreign country and other entities having annual turnover of Birr 500,000 and more. Category „B" includes those enterprises having annual turnover of

more than Birr 100,000 and less than Birr 500,000. These categories of taxpayers must submit profit and loss statement at the end of the year.

Gambella Regional State Revenue Authority has been established in 2008 with the aim to collect regional revenues tax and enforce the tax laws within the region(FBGRB The regional revenue authority main office is located in the regional state main city of Gambella town. Since its establishment as independent organization the revenue authority has shown decline from year to year in terms of its tax collection system and in tax laws enforcement. As the result this decrease in tax collection and administration, the revenue authority has faced a lot of challenges in administering the tax laws and in fully collecting the tax revenue from the regional economic potential sources. Therefore, this research has tried to analys the major problems of the revenue authority in terms of its tax collection and to find scientific solution for the existed problems of the authority.

1.2 Statement of the Problem

Taxation is a means to levy and gather tax from the society for the expenditure of public services such as to build basic infrastructures like Hospitals, education schools, telecommunication etc. So, taxation play very important role in ensuring basic public services and it play a great role, in bringing economic development and also to enhance the economic development of the country. Tax is the main instrument for the government of any country to function its governmental activities for the common good of the whole society. Government also use taxation as an instrument to distribute the economic benefit and burden equally to all section of the society or to all citizens of the country.

Government need to collect revenue from its citizens in order to raise its financial budget and to build various infrastructures for the common good of the nation. So, tax has become a source of building strong government and strong country with strong economic development of Nations. Tax is very important to bring the economic development of state and also collecting tax from peoples is to mean that distributing the economy among all section of the society.

Ethiopian Government has a strong belief and commitment to eradicate poverty and assure sustainable development; and it is impossible to achieve such a goal without generating sufficient revenue that can cover at least the budget of the government (Ayitenew ,2019).

As stated by Vadde and Gundarapu(2012) any developing countries, like Ethiopia, has faced difficulty in raising revenue to the level required for the promotion of economic growth.

The tax collection in Gambella revenue authority is also very low when compared to the regional tax collection pereformance with its annual plan.

According to the Federal Branh of Gambella Revenues Authority 2016 tax collection annual report, the revenue authority was planned to collect 392,201,615 million ETB at the regional level, but the revenue authority has collected only 301,742,227.34 million ETB. So, the revenue authority was collected 76.93 % of the budget year tax collection in achieving the plan. So it was not successful in achieving the planned revenue. In 2017 the revenue authority plan was to collect 461,193,886 million ETB but it was able to collect only 352,479,076.64 million ETB or it was collected 76.43 %of the regional tax.

 According to 2018 annual report of the region, the revenue authority annual plan was to collect 538,325,118 million ETB ,but at the end of the year plan the revenue authority has only collected 361,451,005.27ETB(67.14%)from the regional tax collection plan. So, the capacity of the regional tax collection and its plan of the revenue authority in its tax collection is very low. In 2019 the revenue authority in the first six months has planned to collect 315,658,068 million ETB but the authority collected only 205,716,702.99 ETB when we see the tax collection in percent the Gambella revenue authority has collected in six months only 65.17 % of plan. Ingeneral, 2016, 2017, and 2018 annual tax collection report and 2019 six months tax collection report of the Federal branch of Gambella revenue authority tax collection pereformance was very low when compared to its plan. This implies that the performance gap is high from year to year. The performance gap is the differenceis between the plan and actual collection of revenue in one year. The gap is low in the beginning but afterwards it increased. This indicate that the authority has weakens in the administration and collection of the revenue in which this in turn creates budget deficiency in the regional government financial budget.

To the best of my knowledge there are no researches on this topic of opportunities and challenges of Gambella revenue authority in its tax collection system. So, in light of this situation the researcher was supposed to fill the gap by identifying major challenges hindering revenue collection system in study area and for subject contributions or filling knowledge gap. There fore the study has identified the major challenges of revenue collection system and the major economic opportunities that the region currently have in increasing the tax collection of the study area.

Hence, this study has addressed the following basic research questions

- What are the major challenges that Gambella revenue authority faces in tax revenue collection system?
- What are the major economic opportunities in Gambella town in enhancing the tax revenue of the Region?
- How is the general understanding of tax payers on taxpaying?

1.3 Objective of the study

1.3.1 General objective

The general objective of the study was to investigate the challenges and opportunities of Revenues collection system in Gambella Region Revenues Authority.

1.3.2 Specific objectives

1. To identify the major challenges that Gambella revenue authority faces in tax revenue collection system?
2. To identify the major opportunities in Gambella town in enhancing the tax revenue of the Region?
3. To assess the perception and general understanding of tax payers on tax paying.

1.4 Significance of the Study

The purpose of this study was to identifying the major challenges and opportunities of the revenue authority in terms of tax revenue collection system and also to find out scientific solution for existed challenges of the revenue authority ,so the study enabales the region branch office to address its major challenges and to take corrective action and also to avoid its problems in terms of tax revenue collection. It could be used as major reference/secondary source for those who want to perform further study on the same subject matter and enhance the research skill of the students involved in the research.

1.5 Scope of the Study

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The study has focused on identifying the major challenges that Gambella Peoples National regional state revenue authority is facing in terms of tax administrations in its revenues collection system. And also the study emphasized on studying the opportunities of the region in increasing the regional tax revenue and the researcher used only 2016, 2017, 2018 year annual tax collected plan and the 2019 the six months implementation report of the authority. Furthermore, the scope of the study was limited on VAT registered category **"A"** taxpayers

located in Gambella town. The scope of this study is narrowed at the regional level because of the time, financial and resource limitations.

1.6 Limitation of the Research

The limitations that had been faced in this study were lack of well-organized adequate secondary data that makes time series analysis difficult, inadequacy of organized data sources, un-willingness of respondents to give necessary information and financial constraint. However, to overcome these limitations it was tried to triangulate the data from different sources to enhance the reliability and validity of the research result.

To solve financial constraint, the researcher borrowed one-month salary as advance to be settled with in six mnth from the office.

1.7 Organization of the Research

The study was organized in to five chapters. The first chapter deals with background of the study, statement of the problem, objectives of the study, significance of the study, scope of the study, and organization of the study followed by the second chapter, which presents a review of related literature,Emperical litrature and conceptual frame work. The third chapter contains description of Study area, research design and methodology, the fourth chapter contains the presentation, interpretation of discussion data and the last chapter (chapter five) deals with the summary of findings, conclusion, and recommendations of the study.

2. REVIEW OF LITERATURE

2.1. Theoretical Review of Literature

2.1.1 Concept and Definition

The tax is a kind of tribute governed by public law which is characterized by not requiring a direct or specific consideration by the administration reform. Taxes are compulsory charges that people and companies have to pay to finance the State. In any country without taxes the State could not operate, because that would be no available funds to finance the construction of infrastructure (roads, ports, airports, electrical), providing public services of health, education, defence, systems of social protection unemployment, invalidity benefit or occupational accidentsetc (Richard M,2003).

Regulation of taxe is called taxation or taxation law.When we see the concept of tax it is the provision of money governed by public law, which are paid to the State in accordance with the law, in order to meet the common needs of all citizens. It is through this provision as part of the public revenue to afford collective needs of any administration is obtain (Parameswaran, 2005).

Taxes are normally classified as direct and indirect. Direct taxes are levied on the income, profit, capital gain and wealth of persons and companies, the most well-known direct tax being personal income tax. On the other hand, indirect taxes are levied on transactions, goods and service, not directly imposed on companies and individuals (Bizualem, 2015).

2.1.2 Taxation Theory

Different scholars have formulated their own theories regarding to taxation, so the below listed taxation theories explain different types of taxation theories based on their own conceptual perspectives.

Ownership of Property Theory

This theory explains that ownership of the property is a very good basis of measuring one's ability to pay. This idea is out rightly rejected on the ground that, if a person earns a large income but does not spend on buying any property, he will then escape taxation. On other hand, another person earning income buys property; he will be subjected to taxation. So, the

question here may arise, is this not absurd and unjustifiable that a person earning large income is exempted from taxes and another person with low income is taxed (Enid, 2007).

Tax on the basis of Expenditure Theory

This theory argues that ability to pay tax should be judged by the expenditure which a person incurs. The greater the expenditure the higher should be the tax andvice versa. This theory is seems unsound and unfair in every respect; for example, a person having a large family to support has to spend more than a person having small family. Therefore, if we make expenditure as a test of one's ability to pay, the former person who is already burdened with many dependents will have to pay more taxes than the latter who has a small family. So this is unjusti fiabl (Parameswaran, 2005).

Income as the BasicsTheory

The idea of this theory explains that income should be the basis of measuring a man's ability to pay. It appears very just and fair that if the income of a person is a greater than that of another, the former should be asked to pay more towards the support of the government than the latter. That is why, in the modern tax system of the countries of the world, income has been accepted as the best test for measuring the ability of a person to pay.

2.1.3 Types of Tax

Taxes have been classified by various economists in various ways from different angles. The major classification is based on the impact (immediate burden and incident (ultimate burden) of the tax. Accordingly taxes are classified into two broad categories, which are direct tax (whose impact and incident falls on the same person) and indirect tax (whose impact and incident falls on different persons). Indirect taxes are taxes based on consumption or expenditure. Some examples of indirect taxes are value added tax (VAT), turn over tax (TOT), excise tax and custom duty (Misrak, 2008, 31).

Direct Tax

Direct Taxes Are levied (directly) on individuals, households, and firm's income as per the revenue and expenditure account. Direct taxes are made up on six different individual taxes.

They are: Personal income tax, rental income tax, business profit tax, agricultural income tax, tax on dividend, chance wining tax, and rural land use fee (Baumol, 1994).

Indirect Tax

Indirect Taxes:-Are levied on the basis of production cost, and on the amount of sales from manufacturing and service. These taxes include turnover tax ,excises tax, value added tax,and customs duty. These taxes are termed as expenditure or consumption taxes (Alka 2001).

Turnover Tax: The Turnover tax would be payable on goods sold and services rendered by persons not registered for Value Added Tax. The rate of Turnover Tax is2% on goods sold locally, for services rendered locally2% on contractors, grain mills, tractors an dcombine-harvesters 10% on others.(Proclamation 307/2002).

Excise Tax : Excise taxes are also called selective sales taxes. Goods subject to excise taxes are mostly luxury items and harmful products. Excise taxes are applied either on a Per Unit Basis, such as per package of cigarettes or per litter or gallon of gasoline, or a fixed percentage of the sales price. In Ethiopia Excise Tax was introduced in 1993 under Sales and Excise Tax Proclamation No.68/1993 and this proclamation was repealed in 2002 through Excise Tax Proclamation No. 307/2002. Excise tax is payable either on production of goods listed in Excise Tax Rate Schedule or on the importation of the same goods from foreign countries. For Excise Tax purposes, the Taxpayer is either a person who is importing the goods or producing the goods. This person is liable to pay excise tax according to the Excise Tax Proclamation (ERCA, 2010).

Value Added Tax: VAT is a tax levied on the increase in value of commodity that has been created by the taxpayer's stage of the production or distribution cycle. It is a sales tax based on the increase in value or price or price of the product at each stage in its manufacture and distribution. The cost of the tax is added to the final price and is eventually paid by the consumer (Byrd et al (1996/97).

Value added tax proclamation no. 285/2002 states that VAT is a broad based tax on the consumption of goods and services. It is collected at all stages in the production and distribution process beginning with the importers and producers of raw materials and ending with the retailers. Tax Invoices (Article-22): A person registered for VAT carries out a taxable

transaction is required to issue a VAT invoice to the person who receives the goods or services. A person who is not registered for VAT does not have the right to issue a tax invoice.

2.1.4 Tax Administration

Tax administration refers to the identification of tax liability based on the existing tax law, the assessment of this liability, and the collection, prosecution and penalties imposed on recalcitrant taxpayers. Tax collection and tax administration; therefore, covers a wide   area of study encompassing aspects such as taxpayers registration, assessments, returns processing collection, and audits (Asamnew, 2005).

Tax administration has to secure compliance with the laws by applying an array of registration, assessment and collection procedures. A government can keep taxpayers from doing these activities, and thus successfully avoid tax evasion depends on the nature of economies actual tax base. Tax administration therefore, should aim at improving on laws regarding the registration assessment, collection revenue, and exploiting fully taxation potential of a nation (World Bank,1999).

2.1.5 Current Challenges in Revenue Mobilization

According to the IMF 2015 report, the extent of compliance with the legal obligations it imposes powerfully affects the revenue yield, efficiency and fairness of any tax system. Noncompliance undermines revenue distorts competition (putting the noncompliant at an advantage), and compromise equity (both horizontally between taxpayers, otherwise alike, but differing in their degrees of compliance and potentially, vertical to the extent that the better of escape their obligations more extensively) these effects interact governments anxious for revenue may concentrate their efforts on more compliant taxpayers,amplifying the distortions,and a perception of unequal treatment can jeopardize wider willingness to comply.

2.1.6. Tax Administration Challenges

A country's revenue generation primarily depends upon its sufficient capacity to tax more in both economic and administrative term, lack of homogeneity across time and culture, the existence of gap between the tax payments required by the law and those actually surrendered to the state because of the inadequacy of the tax authority manpower, institutionally weak and

lack in potential support are not in a position to collect the amounts outstanding (Cheibub, 1998).

The efficiency of a tax system is not determined only by appropriate legal regulation but also bythe efficiency and integrity of the tax administration. In many countries, especially in developing countries, small amounts of collected public revenue can be explained by either incapability of the tax administration in realization of its duty, or with some degree of corruption. Regardless of how carefully tax laws have been made, they could not eliminate conflict between tax administration and tax payers. Tax administration with a skilled and responsible staff is almost the most important precondition for realization of "tax potential" of the state. It is generallyknown that tax laws and tax policy are as good as good is the tax administration (Kaldor, 1980).

2.1.7 Standardized Integrated Government Tax Administration System (SIGTAS)

Automation of the tax system can be used to perform the function of tax administration more rapidly, which enables easy detection of defaulters and reduces corruption by reducing personal contact between tax officials and taxpayers that is necessitated by inefficient manual systems. Automation by itself does not necessarily improve tax administration without the combination of the political willing and effective management system (Kayaga, 2007). effectively designed information technology enables tax auditor to track tax violation, which enhance tax collection effectiveness (Drogalas et al. (2015)

2.1.7. Challenges of Tax Collection in Developing Economies

Managing taxation in transforming developing countries in 21st century is a challenging duty. The entire necessary infrastructure and capacity building in tax administrations to manage tax policy, reaping revenues from tax rate changes (whether up or down) requires effectual tax administration(Bird & Zolt, 2003).

In many countries, especially in developing countries, small amounts of collected public revenue can be explained by either incapability of the tax administration in realization of its duty, or with some degree of corruption. (Kaldor, 1980).

Lack of modern technology, especially computers, to facilitate the taxation process is another impediment to effective tax administration. The level of tax collection and administration of information is relatively low in developing countries, sharing mechanism is not yet formed the basis of information derived from the work of weak tax collection and management model requires anew network based on a computer, information, and professional development as the goal.(Jenkins, 1996).

Imposition of tax couldn"t still bring the required result due to a number of reasons such as lack of clear understanding about the tax system by the tax payers, tax payers don"t comply with their tax obligation, hostility between the tax payers and tax officials, economical factors, negative attitude of tax payer towards the tax system, that is, understating their taxable income by significant amount and related. For these reasons, the actual amount of tax couldn't be collected properly (Tadele, 2010).

2.1.8. Tax collection in Ethiopia

For a long period of time, tax administration in Ethiopia was an appendage of ministries that did not have administrative specialization over the assessment and collection of taxes the Ministry of Trade and Industry before the Italian occupation (1936) and the Ministry of Finance after the Italian occupation Administrative units or departments within these Ministries were charged with tax administration. The preferred mode of organization was the organization of administrative units around the types of taxes rather than the functions of tax administration. The separation of tax administration for domestic and internationaltransactions had the effect of parallel tax administrations for those taxes that were levied on both domestic and international transactions. For example, customs departments or administrations assessed and collected sales taxes on imports and Inland Revenue Departments assessed and collected sales taxes on domestic transactions (Tadese, 2000).

The most recent reorganization and restructuring of tax administration which occurred in 2008 merged the three Revenues agencies of the Federal Government into one authority which is named ERCA. This reorganization of Federal Tax Administration has relegated the task of tax administration from ministerial level to an authority but in substance, the reorganization has in fact strengthened the powers of the Tax Authority. Recent tax administration reforms have introduced a number of changes to Ethiopian tax administration (Ibid, 2000).

2.1.9. The Present Tax Reform in Ethiopia

The fiscal systems of government should reflect the economic and social conditions of a given period of time. Since such conditions are likely to change overtime, public sector revenues and expenditures are subject to change in reflection of these changing economic and social parameters. The reasons presently being given for Ethiopia tax reform include that the existing tax system was . old and loose tax legislation weak administration , tax base principles not in place, operation programmers, and reorganization and tax payers education.The present's taxreform is aimed at over having the tax legislation and improving the tax administration (ERCA, 2010).

2.1.10. Tax collection in Gambella.

Gambella people's national regional state is one among the regions of Ethiopia which is located to the south- west of Ethiopia. Gambella region is neighbors with Oromyia and SPNRS. Gambella Region is also borders with South Sudan. Since its establishment as independent Revenue Authority in 2008 Gambella Peoples National Regional State, Revenue Authority is collecting the tax revenue from taxpayers of the region based on the region jurisdiction. When we look the tax collection plan and collection performance reports of the revenue authority starting from 2016, 2017 , 2018 year and 2019 six month tax collection performance report explain that, the Revenue Authority revenue collection performance was very low when we compared with the tax collection plan. (Tax collection report, 2019).

Table 1:Three years and six month Tax collection plan and Tax collection pereformance

Budget year	Revenue collection plan In million ETB	Revenue collected in million ETB	Performance 100 %
2016	392,201,615 million	301,742,227.34	76.93 %
2017	461,193,886 million	352,479,076.64	76.43 %
2018	538,325,118 million	361,451,005.27	67.14 %
2019	315,658,068 million	205,716,702.99	65.17 %

Source:- Gambella Revenue Authority tax collection report (2019)

2.2 Empirical Literature Review

2.2.1 Challenges of revue collection system

As it is indicated in the study of Crandall and Bodin (2005), the developing countries tax revenue is in a weak position because of both a complex tax system and widespread corruption. Complex and fragmented tax administration has its source in part in developing countries.

Kangave (2005) discussed tax administration in Ugandans context it then discussed Ugandan tax structure and the problems faced in administering tax and it gave possible solutions to the problems. The author identified in his research about the existence of corruption, tax evasion and inadequate resources for tax administration poor quality of audits and inadequate support for tax administration as problems or challenges of tax administration that have weakened the ability to achieve revenue targets. The authorities did not surport to address all of the problems. Neither does it set out to address in detail the cause of these problems.

As Terkper (2003) stated that when the taxpayer has not made payment on the due date, and does not object to the tax assessed, tax authority can enforce payment in a number of ways. The Survey for enforcement action to those delinquent taxpayers is properly enforced to collect tax.

Wollea (2008) discussed value added tax administration in Ethiopia a reflection of problems. The author describes about value added tax administration in Ethiopia and its reflection problems. Wollela finding indicate that in Ethiopia there is problems of taxpayers awareness about tax the culture of paying tax and poor tax administration capacity is becoming an obstacle in enhancing the tax development in the country.

Habtamu *et al* (2015) discussed about challenges of value added tax administration regarding the value added tax collection assessment collection and implementation of value added tax and the authors assessed the main problems related to value added tax administration activities performance tax offices, service delivery of tax offices and voluntary compliance of taxpayers in the case of east Wollega zone. The authors in their finding describe that even though there is many challenges in the administration of value added tax across the country, the value added tax implementation in east Wollega zone is successful. Despite this, successful value

added tax implementation, the authors also mentioned that there is so many challenges in the administration and implementation of value added tax in east Wollega zone.

Yohanes and Zerihun (2013) in their study on the Gaps and problems that exist between the business community and tax authorities of Dire-Dawa administration. The authors have identified the gaps and problems that exist between Dire Dawa business community and the tax authority. They also provided important information as to how narrow the gaps and work for the better of the business community and the government in the study area. According to the authors results show that most of the tax payers taxpayers do not exactly known how the tax is assessed or calculated and the procedures in the tax assessment and competitions are not objectively understood by the most taxpayers. The authors finally reached on general conclusion that the tax authority of the Dire Dawa city administration is not effective in designing and implementing and administering sustainable system to make this procedures objective, transparent, and understandable to taxpayers.

Hailemariam (2011) identified VAT related challenges: misunderstanding of the public in general and business community in particular regarding the VAT laws, resistance against registrations for VAT by some traders, administration inefficiency from ERCA, provisions of understated financial statements, and non-issuance of invoices or issuance of illegal invoices exercised by registered business enterprises with the research title implementation of value added tax and its related problems in Ethiopia.

Study by Ahmed (2012) problems in business (profit) tax administration and he identify problems of proper identification, registration and upgrading of taxpayers. The researcher investigate the absence of proper identification, registration and upgrading of tax payers leads to inefficient collection of tax revenue with respect to the compliance of the taxpayers its amount to be paid, inappropriate categorization of tax payers, discouraging the compliers to properly comply, and equity of tax law(enforcement) is compromised.

2.2.2 Opportunities of revenue collection system

According to Guillermo (2013 study), the use of appropriate IT, when implemented correctly, helps tax administrations become more effective by increasing revenue, delivering better services to taxpayers, and maximizing the utilization of scarce resources.There fore its important to study the as its implemented correctly or not.

Clarke,(2001) discussed that One way to boost a tax authority's efficiency is by expanding its use of Information and Communication Technology (ICT). Such technology can facilitate a broad range of services, including registering taxpayers, filing returns, processing payments, issuing assessments and checking against third-party information (Clarke, 2001). There fore its important to study the wether its correctly put in to practice or not.

Jenkins (1996) dicussed that modern information technology has a role of its own to play in improving tax administration. Integrating information technology and capacitated labor into tax administration will facilitates for improving the efficiency of the tax administration.

According to Bird (2010), political willingness, a clear strategy and adequate resources are ingredients that are essential to effective tax administration. Unfair and unpredictable tax administration might bring tax system into disrupt and deteriorate legality of government.

According to Ethiopia Constitution HPR (1994), Proclamation No 1/1994), there are political, economic, social, cultural and environmental objectives of taxation. The implementation of tax legislation helps for attainment of the government objective. In order to achieve such objectives, a good tax system contributes a lot which require citizens understanding of the tax laws of the country. So its useful to identify whether its implemented or not.

The empirical studies that have been reviewed in the preceding section focused on the different tax relted studies that affect tax collection system.Most of theses studies were conducted on the tax collection problem in advanced regions. So that therre is no reseach conducted on challenges and opportunities of revenue collection system in Gambella town. There fore its possible to conclude that although there have been a number of studies on tax related issues in advanced regions there is no studies investigated on chaallenges and opportunities of tax revenue collection system in Branch of Federal Revenues authority in Gambella town. Hence this study focus on identifying opportunities and challenges in henancing revenue collection system at study area.

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2.3 Conceptual framework

From the below figure 2.1 conceptual framework model this study assumes that, there are challenges at nationwide regarding with revenue collection system. These includes absence of awareness on the side of taxpayers, Lack of skilled human power, Lack of good governance in the tax administrationsa and Existence of corruption ,identified as challenges to effective revenue collection nationwide.

On Other side the review literature has identified opportunities that help to collect fully the revenue. These are Political stability of the region, the increasing of trade transaction , and online taxpayer identification number (TIN) registration server.

Challenges
- ❖ awareness on the side of taxpayers
- ❖ skilled human power
- ❖ good governance in the tax administrations
- ❖ Frequent turnover of Directors.
- ❖ modern technology

Tax collection efficiency

Opportunities
- o Political stability
- o The increasing of trade transaction
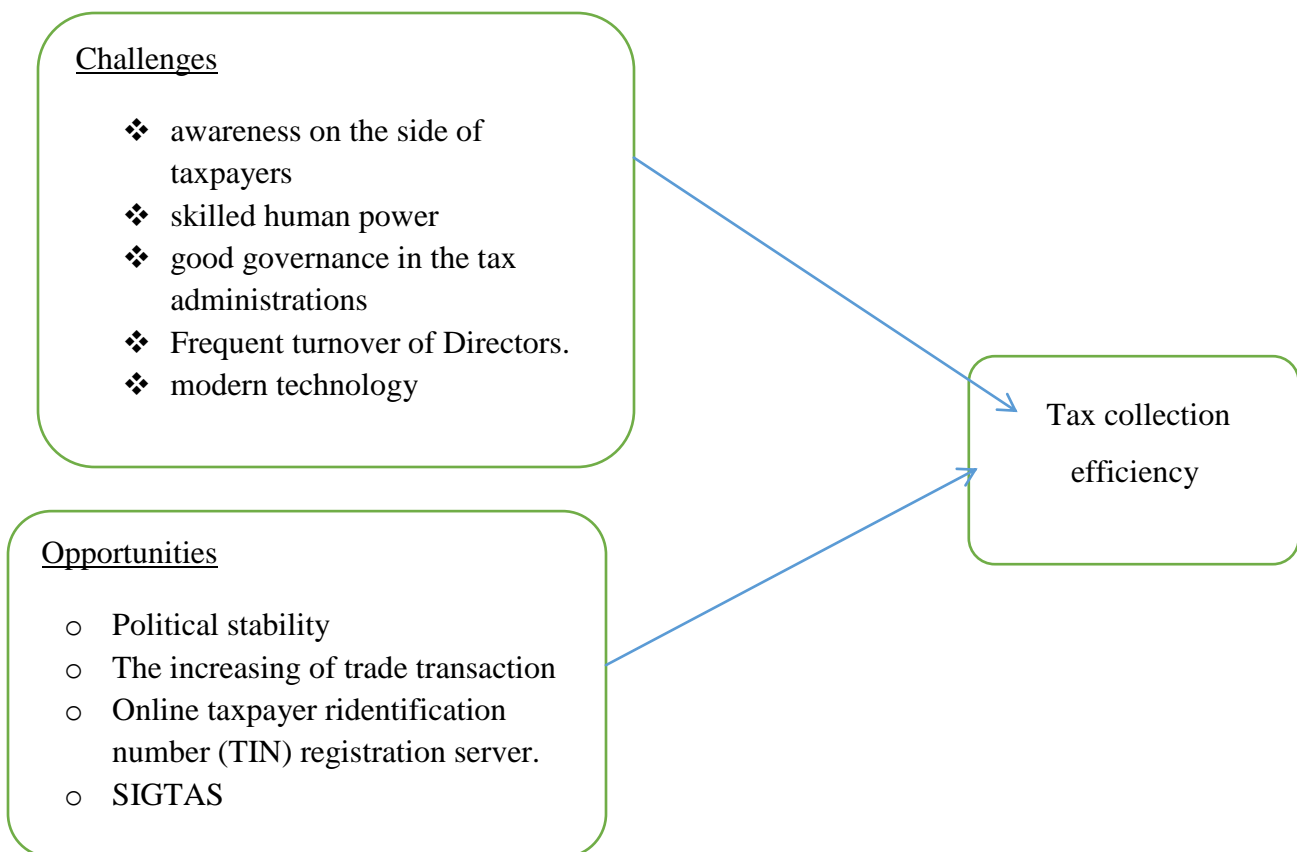- o Online taxpayer ridentification number (TIN) registration server.
- o SIGTAS

Figure 1: Conceptual framework model

Sourc:(Diagram designed by the researcher 2020)

3. RESEARCH DESIGN AND METHODOLOGY

3.1 Description of Study area

The study area is in Gambella National Regional State. Gambella Region is one of the Regions among the nine Regions of Ethiopia and is located in the south-western part of Ethiopia and borders two other regions Oromiya to the North and east and the Southern Nations, Nationalities and Peoples' Regional State (SNNPRS) to the south and the country south of Sudan to the west. Most of Gambella land is flat and its climate is hot and humid. Annual rainfall averages about 600mm while the minimum and maximum temperatures are approximately 21.1^0C and 35.9^0C respectively. Gambella town is believed to have more than 120,000 populations (CSA, 2017/18).

Ago-ecologically, the region is predominantly lowland (kolla) ".with a few midlands (weynadega). Recession riverside agriculture is common, particularly maize and sorghum, and widely practiced by Anyuaa people along the Baro, Gilo and Akobo rivers. As the region is generally not cereal self-sufficient, alternative income sources such as fishing are important sources of food. Wild food consumption is part of the daily dietary intake given the still partly untouched bush land and natural forest resources."

The region has given the power of taxation by the constitution of Ethiopia. Based on this right, the regional government has establishes the former Gambella revenue administration authority which is now renamed as Gambella revenue authority in 2008. So, the revenues authority has given responsibility to administer and collect the regional revenue from the regional taxpayers.

According to the 2019 Gambella Regional State Revenue Authority annual report, the taxpayer's statics data shows that Gambella region has 6180 numbers of total taxpayers working within Gambella region. The taxpayers data of the authority shows that   From the regional total tax payers 446 taxpayers are category "A" and769 taxpayers are category "B "taxpayers and the rest 4965 taxpayers are category "C" taxpayers located in the region. The revenue authority in Gambella   is administering only 359 numbers of taxpayers located in the Gambella town   who are category "A "and the authority also administer and collect tax from only 345 and 1152 numbers of category "B" and "C" taxpayers respectively whom are

making their transaction in Gambella town. But the rest numbers of tax payers are located in all of the regional Woredas and all zones in Gamblla revenue collection branch tax center.
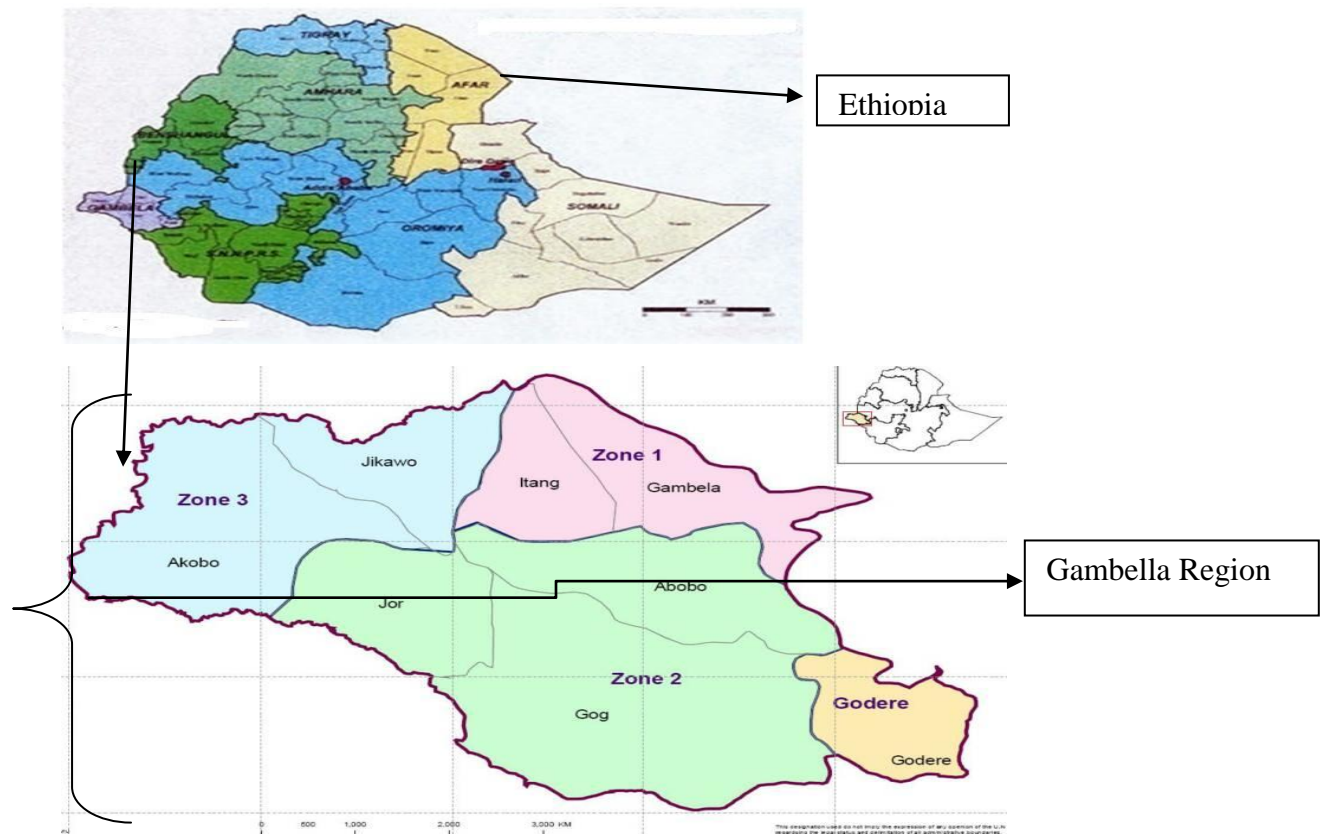

Figure 2 :Map of study area

Source: (Gambella regional GIS)

3.2   Research Design

In order to achieve the research objectives, a mixed research design was adopted. The important of adopting such a mixed approach was to gather data that could not be obtained by using a single method and for triangulation purpose so that the findings with a single approach could be checked against the other whenever possible. Accordingly, the quantitative approach deals with objective quantitative facts to form a data base from which to describe the result. On the other hand, the qualitative approach involves subjective assessment of attitudes, opinions and behaviors with detailed investigation aimed to gain deeper knowledge that is obtained from a quantitative approach.

3.3 Population and Sample Design

3.3.1 Target Population

The target population of this study was Gambella towm revenue authority workers and total category 'A' taxpayers in Gambella town. According to Gambella   Region revenue Authority data, there are 359 categories 'A' tax payers in the town and 25 tax official workers in Gambella revenue authority. There fore target population of this study was the total 359 category   A tax payers in Gambella town and 25 tax official workers in Gambella revenue authority. category 'A tax payers were selected for the reason of those taxpayers have more annual income than others and has great influence in henancing revenue collectin system. The reason for the selection of tax official workers that, was the authority officials helps to indicate the challenges that they face in their day to day work experiences in the revenues authority during tax law enforcement and tax collection system.

3.3.2 Sampling Techniques

A sample is a set of individuals/companies/ selected from an identified population with the intent of generalizing the findings to the entire population. It is drawn as a result of constraints that make it difficult to cover the entire research population (Leedy and Ormord, 2005).

For this research both simple random sampling technique and purposive sampling technique was used. Simple random sampling technique was used for categort 'A' Tax payers to select quetionnary respondents,because of their homogeneity and purposive sample selection technique was adopted to select the tax officers for an interview.The reason to obtain

purposive sampling is to purposely select tax experts who have knowledge, skill, and better work experience in the organization and about the study which was helpful to conduct this study.

3.3.3 Sample size

The study was conducted by taking about 109 questionnaire respondents from the total category "A" tax payers that found in Gambella town. From the tax officers also, 5 authority experts that are working in Gambella revenue authority at different positions were required as key informants interview. To select the sample frame the formula of Yamane (1967) finite and large population sample size formula with sampling error of 0.08 is used to calculate the sample quetionaries respondents.

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

Where

n = number of sample taken

N = population size

e= sampling error/level of precision

$$\frac{359}{1+359(0.08^2)} = 109$$

Gambella town has five kebeles and the researcher used all the kebeles due to small size. From each kebele a sample representative were selected for the purpose of to get more information. The following table shows the sampling frame of the study.

Table 2: Distribution of the sample in each Kebele.

No	Kebele	No of category "A" taxpayers in each Kebele	Sample from each kebele
1	New- land (01)	84	25
2	*Arat-Killo (02)*	37	11
3	*Gonder- Sefer (03)*	105	31
4	*Addis -Sefer (04)*	60	20
5	*Baro-Mado (05)*	73	22
	Total	**359**	**109**

Source: - Gambella town revenue office and own computation 2019

3.4.Method of data collection

The study used questionnaires, interview and review of document to collect relevant data. Questionnaires cover a large area easily and quickly. Based on the research objective and fundamental issues of the study both open ended and closed ended questions were prepared and distributed.

Both quantitative and qualitative data was collected from primary and secondary sources with the aimend to collect sufficient data and to enhance the truthiness of the findings that can lead to valid conclusion.

The primary data: Primary data are those, which are collected afresh and for the first time, and thus happen to be original in character (Kothari, 2004). Primary data were obtained from field study mainly from the branch of federal revenue authority in gambella town tax officers and category gory 'A' taxpayers.

Secondary data: Secondary data data were also collected from the town revenue office data base or unpublished sources through detail observation and document review. This data includes number of category 'A' taxpayers in each Kebeles ,the region tax authority annual plan and performances report. While collecting and using these data for the study, more considerations were given to their time, reliability, and relevance to the purpose of the study.

3.5 Method of Data Analysis

Based on the data types, quantitative and qualitative data analyses were employed. The quantitative data was analyzed using descriptive statistics such as frequency ,percentage,and presented using tables. Qualitative data were also analyzed through description and organization of the themes and used to supplement data obtained through quantitative instruments.

3.6 Reliability and Validity of Data

The Major advantage of, reliability and validity is to address issues about the quality of the data and appropriation of the methods used in carrying out the survey. Validity addresses whether a researcher explain or measures what you said would be measuring or explaining. Reliability is address how accurate your research methods and technique produce data. Hence, one way of avoiding internal validity threats is by submitting same questionnaires to all

subjects and interviews them constantly under the same condition. After the questionnaire were prepared translation were done in appropriate languages that helps to understand easily.

The questionnaires were distributed to the tax payers to answer the research question drafted in line with the research objectives. In addition to that, in order to narrow up information gap seen in fulfilling the objectives of the study interview were conducted to core process owners who have better knowledge on the issue. Furthermore, to avoid biasedness of incomplete and erroneous primary data, which were filled without giving attention, were rejected during data analysis. Finally, to simplify the task, the researcher made daily support to the respondents on giving brief explanation on any area that is not clear for them. The researcher has worked closely with respondent properly to collect the data within scheduled time. Therefore, the validity and reliability of the data be well recognized.

3.7 Research Ethics

Regarding this issue focus has been given to the following points:. Firstly, to undertake the research the necessary approval and permission was obtained from Jimma University.

Secondly, a covering letter was attached to the questionnaire ensuring participants anonymity and confidentiality that information obtained from them would not be disclosed to the third party. Consequently, the respondents' right to privacy, confidentiality and secrecy were addressed individually. Moreover, the researcher has not used the findings of others without acknowledging the writers ideas.

4. RESULT AND DISCUSSIONS

This study was conducted to identify challenges and opportunities of revenue collection system specifically in Gambella town.

The results obtained based on the survey of taxpayers, was coded in numeric form, and secondary data were organized in wise way to disclose the output of the study. Interpretations were clearly set by using frequency,percentages, and presented with research tool tables, with detailed clarifications including the researcher observation and respondents expression.

4.1. Demographic ,socioeconomic and the institutional tax collectin charactestics

Table 3: Demographic Charactesitics of tax payers.

Variables	Frequeny	Percent	Variables	Frequeny	Percentag
Sex			Age category		
Male	73	67	31-40 year	38	34.9
Female	36	33	41-50 year	46	42.2
Total	109	100	50 year above	25	22.9
Level of education			Total	109	100
Primary school	37	34.0	Work experience		
High school	32	29.4	From 1-5 Years	5	4.6
Certificate	20	18,3	6-10 Years	6	5.5
Diploma	14	12.8	11-15 Years	35	32.1
Degree above	6	5.5	Above15 years	63	57.8

Source: Own data computation (2020)

As we can observe from the above table 3, among 109 respondents, 73(67%) of them were Males and around 36 (33 %) of them were Females. This data shows that Males are more involved in trade transaction than Females.

From the same Table3, 38 (34.9%) of the taxpayers respondents are between 31-40 Years old as well as 46 (42.2%) of the respondents age are between 41-50 Years old; which means that

most of the respondents are involved in trade transaction on various sectors at Middles ages, finally 25 (22.9%) of the respondents age were above 50 Years old. This shows that, young's and youths age groups are more involved in trade than elder's peoples.

As can be looked on the above (Table 3) 37 (34.0%) of the respondent's education level were primary school level; whereas, 32 (29.4%) of the respondent's education level were high school complete; as well as 20 (18.3%) of the respondents were certificate holders; in similar condition, 14 (12.8%) of the respondents were Diploma graduate. Finally 6 (5.5%) of the respondents were first degree holders and above. So it is possible to say that almost all of the taxpayers respondents have gained the necessary education level that help them to read and write everything and this also can enable taxpayers to have knowledge about tax law because they acquire formal education. In the analysis case the level of education may affect tax collection positively,that having formal education ennabl them to understand the rules and regulation of tax collection.

From the same table 5 (4.6%) of the respondents have between 1- 5 Years work experiences in trade involvement. On the opposite side 6 (5.5%) of the respondents work experiences in trade involvement was in between 6-10 Years, whereas 35 (32.1%) of the respondentsit had exerienced in between 11-15 Years. Finally 63(57.8%) of the respondents have involved in the trade transaction before 15 Years ago.There fore the respondents have enough work experience that positively affect the tax collection system.

Table 4:Socioeconomic Characteristics of tax payers.

Variables	Frequency	Percent	Variables	Frequency	Percent
Type of business			Annual income		
Service	36	33.0	500,000-1Million	53	48.6
Producer	2	1.8	1Million-5Million	32	29.4
Wholesaler	10	9.2	5Million-10Million	19	17.4
A retailer	61	56.0	Above 10million	5	4.6
Total	109	100	Total	109	100

The above (Table 4) also depicts that 36 (33.0%) of the respondents were involved in service sector business which include Hotels, building constructions, printing business. whereas among the respondents only 10 (9.2%) of respondents was involved in whole sailor. Similarly only 2 (1.8%) of the respondents were involved in production. Where as 61 (56 %) of the respondents were a retailers. This shows that majority of the respondents were a retailers.

In the above survey respondents were asked about their average annual turn-over of their business enterprises. According to the above table 48.6% of respondents were included between Birr 500,000- Birr1Mill which is the highest level of average annual turnover for tax payer, 29% of the respondents', Birr. 1,000,000 - Birr.5 Mlliion annual income, 17.4 % were between 5Mill-10Mill average annual turnover and 4.6% of the respondents were above 10Mill annual income. Therefore the analysis indicates the majority of the category "A" taxpayers' annual income was below 1Mill in study area (Table 4).

Table 5 The institution tax collection charecteistics.

Statement of Assertion		Responses			
		Yes	No	Neutral	Total
Do you believe that the tax administration collect the tax revenue on time?	Frequency	25	73	11	109
	Percentage	23	67	10	100
Does the tax administration tax revenue collection system is efficient?	Frequency	33	70	6	109
	Percentage	30	64	5	100
Would you think, that the Revenue office generate adequate amount of revenue from taxpayers?	Frequency	43	57	9	109
	Percentage	39	53	8	100
The absence of modern tax collection system has challenged the customer service.	Frequency	92	12	5	109
	Percentage	84.4	11	4.6	100
Have you faced any problem when you go to the tax center to pay tax	Frequency	87	18	4	109
	Percentage	79.8	16.5	3.7	100

Source: Own data computation (2020)

The above table shows that collection of tax revenue on time; the results, 25 (23%) were responded that tax administration collect on time and 73 (67%) were respond that the tax administration is not collect on time. The respondents that replied in the open ended; said that tax payers that are not satisfied with the amount imposed on them and those lacks of understanding to wards tax were not paid on time. As stated by Silvani (1997) and written by Transberg (2004) the main important task of tax administration is to collect planned amount of tax revenues on time and cover the needs for public expenditures. Here, in order to collect tax revenue on planned shcedule the tax officials have to be familiar with all tax rules of collection.There fore the tax adiminstratin is not collected on time for the reason that the officers not familiar with the all tax rule.

From thae above table 5 we can observe that , 33(30)% were respond that the tax collection system is efficient while 70(64)% were respond that not efficient. This implies more than half of the respondent replied that the collection system is not efficien. As stated by Misrak (2011) tax administration may be said efficient in its operation if the tax collection and compliance costs are kept minimum possible level for both the government and the taxpayers.

As discussed in Lawal (1982) cited in Chinyere (2000) in adequate staff or manpower to carry out the assignment efficiently and thus has contributed to the low revenue generated for the state. From the above table 5 regarding the issue of the revenue administration office generate adequate amount of revenue from taxpayers; 43 (39%)of the respondents' support that the tax administration generates adequate revenue from the taxpayers, while 57(53%) were not support. They reason out on the open ended survey for the respondent who said no and interview conducted that some taxpayers hiding of their real annual income at the time of estimation, some taxpayers lack of permanent place of operation, lack of commitment on taxpayers to inform to the revenue administration office those who hiding their actual income at the time of estimation, lack of commitment and corruption from the tax employees.

As clearly indicated from the above (Table 5) that, 92 (84.4%) of the respondents were agreed the absences of modernized tax collection system in the revenue authority has challenged the customer service delivering system to be exposed in to corruption practices between taxpayers

and tax collectors, whereas 12 (11%) of the respondents were disagreed, Whereas 5 (4.6%) of the respondents are protected themselves from giving any opinion on the statement. Therefore, majority respondents were agreed that, the absences of modernized tax collection system in the revenue authority has challenged the customer service delivering system to be exposed in to corruption practices between taxpayers and tax collectors.This finding is consistent with the information from interview.

According to Bird & Zolt(2003) study tax authorities should provide adequate taxpayer service in the form of information, pamphlets, forms, advice agencies, payment facilities, telephone and electronic filing, and so on, to make taxpayer compliance with the system as easy as possible (Bird & Zolt, 2003). From the above table 87 (79.8%) of respondents were faced problem when they go to the tax center to pay tax or revenue, however 18 (16.5%) of the respondents were not faced any problem, finally, 4 (3.7%) of the respondents were stand neutral. So, as we can clearly understand from the above data, majority of the respondents were faced problems when they go to the tax center to pay their tax. So, this shows that, the revenues authority office is not giving satisfactory fast and transparent services for the customers or taxpayers. This will have negative impact on the tax collection efficiency.

From the below table 6, it has been found about 4 (3.7 %) of 109 respondents agreed on strongly disagree on the statement of the inapplicability of cash register machine in Gambella region has affected the tax collection system to be low, whereas, about 6 (5.5%) of 109 respondents agree on "disagree" however, 2(1.8%)of individual respondent agreed on "neutral". whereas, 58 (53.2%) of 109 respondents agree on "agree " finally 39(35.8%) of 109 respondents were agreed that the inapplicability of cash register machine in Gambella region has affected the tax collection system to be low. So, majority of the respondents agreed that inapplicability of cash register machine in Gambella region has affected the tax collection system to be low and made the tax collection system to be traditional and manual based. This can open ways for tax evasion and corruption practices in the tax collection system.

Table 6:Tax collection modernization in the revenues authority.

Statement of Assertion	Frequency & Percent	Responses					
		Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Total %
The inapplicability of cash register machine has affected the tax collection system.	Frequency	4	6	2	58	39	109
	Percentage	3.7	5.5	1.8	53.2	35.8	100
Taxpayers file system is well organized in to computerized data base.	Frequency	53	49	4	0	3	109
	Percentage	48.6	45.0	3.6	0	2.7	100
The Authority has enough employees to provide services to the growing customers.	Frequency	33	62	5	6	3	109
	Percentage	30.3	56.9	4.6	5.5	2.8	100

Source: Own data computation (2020)

In another case, it has been found that, about 53 (48.6 %) of 109 respondents "strongly disagree" on the statement of taxpayers filing system is well organized in to computerized data base system in the revenue authority, whereas 49 (45 %) of 109 respondents were disagree. However, about 4 (3.6 %) of 109 respondents agreed on neutral whereas about none respondents were strongly agree. Therefore, majority of the respondent's shows that the revenues authority did not modernized the taxpayers filing system from manual in to computerized data base system we analyze that indirectly Manual filing system challenges the customer services delivering system in particular and the tax collection efficiency to be poor and unsatisfactory in general (Table 6).

In similar Table 6, it has been found that, about 33(30.2 %) of respondents "strongly disagree" on the statement that the Revenues Authority have enough employees that is enough to provide services to the growing customers, 62 (56.9 %) of the respondents "disagree" However, about 5 (4.6 %) of 57 respondents agreed on "neutral " whereas about 6 (5..5 %) of respondents agreed on "strongly disagree" about 3 (2.7 %) of respondents agreed on "strongly agree". Therefore majority of the respondents do not believe that the Revenues Authority have

enough employees that is enough to provide services to the growing customers. This shows that the authority workers are not matched with the growing numbers of customers.

4.2 Perceptions and general understanding of tax payers on paying tax.

From below (Table 7), it has been found that, about 2 (1.8 %) of 109 respondents were strongly disagree on the statement which says that, you are benefiting from paying of tax or revenues, about 3 (2.8%) of respondents were disagree. Whereas, about 39 (35.8 %) of 109 respondents agreed on "agree" that they get direct and indirect benefit by paying tax or revenues to the government, whereas, about 65 (59.6 %) of 109 respondents agreed on "strongly agree" that they get direct and indirect benefit by paying tax or revenues to the government. Therefore, as clearly indicated from the above findings, majority of the respondents agreed that they get direct and indirect benefit by paying tax.

Table 7:Tax payers general understanding about paying tax.

Statement of Assertion	Responses						
	No and Percent	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Do you think that you are benefiting from paying of tax or revenue?	Frequency	2	3	0	39	65	109
	Percentage	1.8	2.8	0	35.8	59.6	100
We receive any form of incentive by paying tax .	Frequency	4	12	7	51	35	109
	Percentage	3.7	11	6.4	46.8	32.1	100
The tax you are paying will be used for public investment in the region.	Frequency	37	42	13	10	7	109
	Percentage	33.9	38.5	11.9	9.1	6.4	100
Does Paying tax makes you to be happy?	Frequency	4	7	11	57	30	109
	Percentage	3.7	6.4	10.1	52.3	27.5	100

Source: Own data computation (2020).

From (Table 7) above , concerning about whether they receive any form of incentives by paying tax properly, so, about 4 (3.7 %) of 109 respondents agreed on "strongly disagree" on the statement, about 12 (11 %) of 109 respondents agreed on " disagree" on the statement whereas, about 7 (6.4%) of 109 respondents agreed on "neutral" on the statement, however 51 (46.8 %) of 109 respondents agreed on "agree" that they receive any form of incentives by

paying tax properly to the government, whereas, about 35 (32.1 %) of 109 respondents agreed on "strongly agree" that they receive any form of incentives by paying tax properly to the government. Therefore the highest numbers of the respondents ensured that they receive directly or indirectly any form of benefits from paying their tax properly. Paying tax properly makes taxpayers to have tax free clearance official letter from the revenues authority that help them to be legal taxpayers that makes them to renews their trading licenses, as well as tax clearance will be issued if taxpayers are paid their tax properly within the tax payment period.

As it also indicated from the same (Table 7), about37 (33.9 %) of 109 respondents strongly disagree that, the tax they are paying is not used properly for public investment in the region, 42 (38.5 %) of respondents disagree whereas, about 13 (11 %) of 109 respondents were answered neutral. However, about 10 (9.1%) of respondents agree that, the tax they are paying is used properly for public investment in the region, in addition, about 7 (6.4 %) of respondents strongly agree that, the tax they are paying is used properly for public investment and for the government budget in the region. Therefore. the tax payers not believe that the tax they are paying used properly for public investmen. Even the resul from the interview is consistent with this information because there are many infrastructure problems not solved, that they have raised such as road,water and quality based haeath center.

From the same table, about 4 (3.7 %) of 109 respondents strongly disagree that, paying tax makes taxpayers happy, 7 (6.4 %) of 109 respondents were dis agree, whereas 11(10.1%) were neutral, however, 57(52.3%) of 109 respondents agreed that, paying tax makes taxpayers happy, about 30 (27.5 %) of 109 respondents strongly agree. Therefore, as it's shown from the above fact data only four individual respondent put their opinion that paying tax do not makes them happy, whereas, very few respondents were neutral. However, 80% of the respondents agreed that the paying tax or revenues makes them to feel very happy ,This shows that for the majority of taxpayers paying tax makes them to be happy,The above result is consistent with idea raised during focus group discussion and key informant interview(Table 7).

As can be observed from below table 8 that, 29 (26.6 %) of 109 respondents strongly disagree with that statement of the tax amount that they are paying is fair, about 55 (50.5%) of respondents disagree whereas, about 11 (10.1%) of the respondents were answered neutral,

however, about 9 (8.2%) of the respondents agree that the tax amount they are paying were fair, whereas, about 5 (4.6%) of the respondents strongly agree that the tax amount they are paying were fair. Therefore, this finding shows, almost 50.5 % of the respondents do not considered the tax amount that they are paying is fair . This shows that, there is lack of good governance in the tax administrations system which makes unfair tax collection from the tax payers. Even data obtained from open ended questions indicate that the revenues authority tax collection is challenged by corruption and lack of well trained, transparent, skilled, experienced and absence of highly commuted officials. These factors directly or indirectly affect the performance of tax collection efficiency of the revenues authority.

Table 8:Tax fairnes perception of taxpayers.

Statement of Assertion.	Responses .						
	No& Percent	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Total
The tax amount that I am paying is fair.	Frequency	29	55	11	9	5	109
	Percentage	26.6	50.5	10.1	8.2	4.6	100
Tax fraud is the result of high tax.	Frequency	10	8	6	59	26	109
	Percentage	9.2	7.3	5.5	54.1	23.9	100
Tax officials are involved in tax evasion .	Frequency	3	10	13	49	34	109
	Percentage	2.8	9.2	11.9	44.9	31.2	100
There is discrimination in the tax collection process.	Frequency	0	0	11	71	27	109
	Percentage	0	0	10.1	65.1	24.8	100
The Authority employees consider your business working cost.	Frequency	8	15	9	58	19	109
	Percentage	7.3	13.8	8.3	53.2	17.4	109

Source: Filed survey (2020).

From the above table 8, about 10 (9.2%) of 109 respondents strongly disagree with the statement that tax fraud is the result of high tax, about 8 (7.3%) of 109 respondents disagree whereas, about 6 (5.5%) of 109 respondents agreed on "neutral", however, 59 (54.1 %) of 109 respondents agree that tax fraud is the result of high tax, whereas, about 26 (23.9 %) of 109 respondents strongly agree that tax fraud is the result of high tax. Therefore, we can analyses from this finding that; majority of the respondent's agreed and ensured that, tax fraud is the result of high tax rate. This shows that tax fraud and the amount of tax levied on peoples have direct relationships with each other's.

Survey from (table 8), about 3 (2.8%) of 109 respondents were disagree that, on the statement which say, tax officials are involved in tax evasions crime,10 (9.2%) strongly dis agreed, whereas 13 (11.9 %) of respondents were agreed on choosing neutral, however, about 49 (44.9 %) of 109 respondents were agreed that, tax officials are involved in tax evasion crime act, whereas about 34 (31.2 %) of 109 respondents were strongly agreed that, that tax officials are involved in tax evasion crime act. Therefore, as we observed from the above research findings, majority of the respondents were agreed that tax officials are involved in tax evasion crime. So this indicates that, the revenues authority employees are involved in corruption practices,so that existence of corruption has direct relationships with tax collection efficiency to be low in Gambella town.

As it also indicated from the same (Table 8), about 11 (10.1 %) of 109 respondents were choices neutral on the statement which say "there is discrimination in the tax collection process", whereas about 71(65.1 %) of 109 respondents were agreed about 27 (24.8 %) of 109 respondents were "strongly agreed" that, there is discrimination in the tax collection process. Therefore, as we can see from those facts, 65.1% of the respondents were agreed and ensured the existence of discriminations in the tax collection process. This further, indicates that the tax collection processes were exposed in to corruption and discriminations conditions.

From the same table, about 8(7.3 %) of 109 respondents were strongly disagree on the statement which said,"the tax Authority employees consider your business working/running cost when they set the annual tax on your firm" , about 15 (13.8 %) of 109 respondents were disagree, whereas, about 9 (8.3 %) of the respondents were remained neutral, however, about

58 (53.2 %) of the respondents were agreed that, the tax Authority employees consider their business working/running cost when they set the annual tax on their firms" at the same condition,19 (17.4 %) of the respondents were "strongly agreed" that, the tax Authority employees consider their business working/running cost when they set the annual tax on their firms".Therefore, as we observed from the findings that, majority of the respondents were agreed that, tax officials are taking in to considerations their business working costs when the authority set their annual tax assessments.The revenues authority has good tax calculations procedures but it needs to be applicable equally to all taxpayers to set fair and equal tax (Table 8).

As it is shown from the below (table 9), 20 (19.3 %) of 109 respondents strongly disagree that, on the statement which say, do you get all information from the Authority when you need it? whereas about 67 (61.4 %) of 109 respondents were disagreed on the same statement, whereas about 11 (10.1 %) of respondents were remained neutral on the issues. However, about 7 (6.4 %) of 109 respondents were agreed that they will get all information from the authority when they request it or need it, whereas, about 3 (2.8 %) of 109 respondents strongly agreed that, they will get all the necessary information's from the authority when they request it or need it. Therefore, as it was clearly shown regarding about level of getting accessible information in the authority almost 61.4 % of the respondents were agreed on disagree, this shows that they are not getting all the information from the authority when they need it. So this further indicates that there is a high gap between information demanding taxpayers and the level of information delivering system in the authority.

 Survey result from the taxpayers on service delivery condition.

Jenkins, (1996) defines taxpayers' service as any activity that involves providing assistance and answers to taxpayers who have questions about TIN, filling, assessment, payment, audit, appeals and other issues.

From the belowe table , about 24 (22 %) of 109 respondents strongly disagreed that, on the statement which say, the tax Authority employees are good enough to answer your questions? about 64 (58.7 %) of respondents were disagreed on the same statement, whereas about 12 (11 %) of 57 respondents were remained neutral on the issues. However, about 6 (5.5 %) of 109 respondents were agreed that, the tax Authority employees are good enoughs to answer their

questions, whereas, about 3(2.8 %) of 109 respondents strongly agreed that, the tax Authority employees are good enoughs to answer their questions. Therefore, as we can understand from this fact finding, majority of the respondents were disagreed that the authority employees are not good enough to answer the growing customer's questions (Table 9).

Table 9:Service delivering condition in the authority.

Statement of Assertion.		Responses					
	No & Perce	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Would you get satisfactory service in the revenue authority?	Frequency	21	67	11	7	3	109
	Percentage	19.3	61.4	10.1	6.4	2.8	100
The tax Authority employees are good .	Frequency	24	64	12	6	3	109
	Percentage	22	58.7.	11	5.5	2.8	100
The Authority employees are interactive .	Frequency	23	72	8	6	0	109
	Percentage	21.1	66.1	7.3	5.5	0	100
Tax officials offer periodic tax training for taxpayers.	Frequency	28	69	8	4	0	109
	Percentage	25.7	63.3	7.3	3.7	0	100

Source: Filed survey, 2020

From the same (Table 9), about 23 (21.1 %) of respondents strongly disagreed that, on the statement which say, the Authority employees are interactive and good in customer handling, whereas, about 72 (66.1 %) of 109 respondents disagreed that, on the same statement, whereas, 8 (7.3 %) of respondents remained neutral on the statement. However, about 6 (5.5%) of 109 respondents agreed that, The Authority employees are interactive and good in customer handlings. Therefore, this data analyze that, majority of the respondents were disagreed that the revenues authority is not interactive and good enough in customers handling, so this, indicates that, the authority is not delivering fast, quality services for its customers.

As it is shown in the above table, about 28 (25.7 %) of 109 respondents strongly disagreed that, on the statement which say that, Tax officials offer periodic tax training for taxpayers, whereas, about 69 (63.3 %) of respondents were disagreed whereas, about 8 (7.3 %) of 109 respondents' chooses neutral, however, only 4 (3.7 %) of 109 respondents agreed that, tax officials offer periodic tax training for taxpayers. Therefore, we can analyze from this finding that, almost above 63.3 % of the respondents were not believe that tax officials are offering periodic tax training for taxpayers, this indicates that the authority has weakens in terms of giving continuous tax education training to the taxpayers. Even the data from interview with the tax officer shows that the education or training given to the taxpayers once a year and which is difficult to create awareness 'about taxation (Table 9).

4.3 Challenges and Opportunities of tax collection system

As it is shown in the below table, about 9 (8.3 %) of the respondents were remained neutral that, the establishment and expansion of different private banks and others services sectors construction and the expansion of investments in the region has increased Gambella town trade transaction, However, about 33 (30.2 %) of respondents were agreed, whereas, about 61 (56 %) of respondents were strongly agreed. Therefore, as clearly shown from this finding, only insignificant number of respondents remained neutral. Whereas, majority of the respondents agreed and strongly agreed that the establishment and expansion of different private banks and others service sectors construction and the expansion of investments in the region has increased Gambella town trade transaction. So, this shows that, the expansion of trade transaction in Gambella town has relationship with expansions of private and government business banks and investment expansion of the region which makes to increase directly or indirectly the trade transaction that never been before. Even the result from open ended question shows that the increasing of trade transaction and investment in the region has attracted more business owners and this will be directly or indirectly has the opportunity to enhance the region revenue (Table 10).

Table 10:Expansion of different Service sectors and Stablity of polotical system in Gambella.

Statement of Assertion .	Responses						
	No &Percen	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Total
The expansion of service sectors/private banks, in recent years will increase the trade transaction in the region for revenue collection of the study area.	Frequency	2	40	9	33	61	109
	Percentage	1.8	3.7	8.3	30.2	56	100
The stability of political system in the region helps the authority to maximize revenue collection at study area.	Frequency	4	7	12	19	67	109
	Percentage	3.7	6.4	11	17.4	61.5	100
The opening of different service organizations in the study area is associated with the existence of continuous peace.	Frequency	7	11	16	27	48	109
	Percentage	6.4	10.1	14.7	24.8	44	100

Source: Filed survey, 2020

From the same table one can easily understand that 12 (11 %) of respondents were remained neutral, whereas, about (17.4%) of respondents were agreed and about (61.5%) were strongly agreed that, the stability of political system in recent years in Gambella town will increase the tax revenue collection of the region. Therefore, almost 61% respondents believed that, the stability of peace in recent years in Gambella town will increase the tax revenue collection of the region. We can analyze that the stability of politics in the region considered as opportunity for the collection of revenue in study area(table 10).

As it indicated in the above table, 7(6.4 %) of respondents were dis agreed on the statement of opening business organization in the study area is associated with the existence of continuous peace, whereas, about 27(24.8 %) of respondents were agree and about 48 (44%) were strongly agreed that, opening of business organization in the study area is associated with the existence of continuous peace, Therefore,44% respondents believed that, opening of

business organization in the study area is associated with the existence of continuous peace and this will increase revenue collection of the region. We conclude that, availability of peace in state will open the door for entrance of business owner in business and this can enhance the revenue of the study area (table 10).

Table 11:Identification of new taxpayers and upgrade the existing taxpayers data:

Statement of Assertion.	Yes		No	
	No	%	No	%
Do you think that the revenue office properly identifies new taxpayers and upgrade the existing taxpayers regularly?	83	76	26	24
The tax office co-operate with kebele administration and other government organization to register and compliance.	75	69	34	31
Do you think that all the taxpayers have TIN, number?	95	87	14	13

Source: Own data computation (2020).

Regarding to identification and registration of new taxpayers and upgrade the existing taxpayers data regularly; the survey result, 83(76%) were respond that the revenue administration office identify and register new taxpayers and upgrade the existing taxpayers data regularly whereas the rest 26(24%) of the respondents were respond not identify and registered. The result indicates that the revenue office identifies and registered new taxpayers and made follow up for the existing taxpayers weather sustained or terminating from the market. However, the respondent under open-ended survey and interview conducted replied Gambella town is one of the strategic places for informal traders that working in southern Sudan. Due to this if there is high control in the town the informal traders move to the boarder of south Sudan and returned back to the town when the assessment completed this and other factors were challenges' to identify and register new tax payers in the tax net (Table 11).

The revenue administration office co-operates with *kebele* administration and other government organization to register and compliance; for this survey 75(69%) were respond the revenue administration office co-operate with *kebele* administration and other government organization to register and compliance while the remaining 34(31%) were respond no. From

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the result, conclude that the revenue office has a good co-operation with each kebele administration to get information about new business enterprises and with trade and industry for getting license and re-new the existing trade license,there fore this is positively affect the revenue collection(Table 11).

For the survey do you think that all the taxpayers have TIN, number; for this 95(87) % of the respondent replied that not all taxpayers had TIN number. Some respondents' reason out some taxpayers provided their fingerprint and full fills the requirements but still they did not get TIN number. The problem is from the federal revenue and customs administration authority. From open ended question and interview data the revenues authority recently has started SIGTAS system and VAT taxpayers tax registration in Gambella, this has made more taxpayers to have legal TIN certificate more than before and also the beginning of VAT registration in Gambella town has increased the number of VAT registration more than before. So this become an opportunities to increase tax collection efficiency better than before.

4.4. Analysis from interview

4.4.1. The revenues authority tax collection plan was not successful

All of the respondents indicate that the revenues authority tax collection plan was not successful because of so many challenges that the authority have faced. The revenues authority tax collection performance was limited to below 65% this shows that 35% gap that is not collected based on the plan. This further indicates that the revenues authority need to improve the tax collection performance by modernizing the tax collection efficiency. The rapid turnover of main and vice directors of the revenues authority has created challenges in accomplishing the revenues authority work plan in well-organized manner. So it had influenced the tax collection system.

4.4.2. The major challenges of the revenues authority

The GRA workers explained that the major challenges faced them in tax collection system : Lack of logistics like car and materials necessary to run the function of the authority, lack of financial budget to run the function of the authority actively, lack of skilled and committed tax officials and management, lack of modernized technology data handling system. Existence of

corruption, the tax collected at Woredas and zone level are not collected in to bank block account treasury.

4.4.3. Categories of taxpayers administered in the revenues authority

All the key informants have agreed that category A and B Type of taxpayers are administered and pay their tax and revenues in the revenues authority.

4.4.4. The revenues authority has weakness in terms of enforcing VAT proclamation.

Most of taxpayers are not make their daily trade transaction by VAT manual invoices or they are collected the VAT tax from their customers on behalf of the government but they do not register it in to VAT manual invoices that means they will use the VAT tax for their own interest.

4.4.5. The revenues authority has not modernized the tax collection system.

According to the respondent's explanation, currently the revenues authority is trying to modernize the tax administration system in to computerized tax collection system; this in turn will increase the tax collection efficiency and customer service delivering condition. However, cash register machine is not enforced in Gambella region due to various challenges that the authority has faced. Among others, enforcing cash register machine in the region demands huge budget, while the authority has budget constraint to execute the cash register machine. And also lack of cash register machine operators professional is one factor, and lacke of willingness on the side of taxpayers to buy the cash register machine.

4.4.6. The manual tax collection system open an opportunities for corruption

The three core process owners explain that the current manual tax collection has created a good environment for the existence of corruption in process of tax collection. So this is another challenge that the authority need to replace the manual based tax collection system in to computerized networking system in order to ensure transparency and to reduce corruption in the tax collection process.

4.4.7. Action that revenues authority has planned to modernize the tax collection system

The authority is trying to modernize the tax collection system from manual to computer technology, the office also has planned to recruit experienced and well skilled tax

professionals through open job Vacancy posts, in addition to this, it will give capacity building for the workers in order to enhance their understanding, work commitment, to dislike corruption and give fast customer service for the growing customers.

4.4.8. The major challenges that hinder to execute fiscal cash register

The authority lack trained cash register machine operator and budget constraints to buy the machine server and also the taxpayers do not have interest to buy and use the cash register machine. So this was the major challenges that lag behind the applicability of this modern cash register machines in Gambella town.

5 SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

According to the responses obtained from tax officials, taxpayers from Gambella through key information like questionnaire and interview, the following main point were found as the major factor that challenges the tax collection efficiency of the revenues authority.

In terms of the Revenue authority tax collection plan: tax collection performance was limited to below 65% this shows that 35% gap that is not collected based on the plan. The rapid turnover of main and vice directors of the revenues authority has created challenges in accomplishing the revenues authority work plan in well-organized manner. So it had influenced the tax collection efficiency .

The result findings indicated that lack of modernized tax collection system, the existence of corruption practice in the process of the tax collection, poor customer service delivering and some other issues are considered as the main challenges that affect the tax collection efficiency of the authority to be very low.

In similar condition absence of well experienced and talented human resources had created the great vacuums in delivering and succeeding the tax collection plan of the authority. Revenues collected at zonal and woredas level is not collected properly and the collected money is not entered in to the regional finance block account.

The researcher finding further shows that the revenues authority does not give continuous tax education and capacity building to the taxpayers. The absence of tax education has created awareness creation shortages on the side of taxpayers which will reduce voluntary tax compliance of taxpayers. So this is also affected the tax collection performance to be low.

In applicability of modern cash register machine in Gambella town had affected the tax collection system to be backward and at the same time the tax collection system to be affected by the corruption practices. The manual tax collection had also exposed taxpayers to incur both in time wastage and in high money costs for manual invoice printing issues.

The findings also indicates that the existence of peace in the region has attracted more business owners including the coming of new agricultural investors, the opening of different

private banks, big constructions of Hotels in various branches in Gambella become an opportunities to increase the business transaction of Gambella which never been before. So this helps to increase the tax collection efficiency of the authority in the near future.

The revenues authority recently has started SIGTAS system and VAT taxpayers tax registration in Gambella, this has made more taxpayers to have legal TIN certificate more than before and also the beginning of VAT registration in Gambella town has increased the number of VAT registration more than before. So this become an opportunities to increase tax collection efficiency better than before.

5.2 Conclusion

The issues of tax and revenues collection is the major concern of any government to functions its duties properly and to ensure political, social and economic aspect of development of their nations. So it can be conclude that collecting tax and revenues effectively and efficiently is the first task of our regional government in order to run its functions and to enhance the economic, social and political development of the region at large. So,the Gambella revenues authority is collecting tax and revenues of the regions from the taxpayers. Despite this, the research finding results indicates that the revenues authority has faced various types of challenges in the tax collection system.

Existence of corruption in the process of the tax collection system and in service delivering system, absence of well-organized human resource management system together with lack of giving capacity building training for the employees. Lack of modernization in the tax collection system, manual tax collection system had lag behind the tax collection efficiency performance. The inapplicability of cash register machines in Gambella region affected the tax revenues collection performance to be low. The frequent turnover of politically appointed revenues authority director had impacted the tax modernization process and tax revenues collection and administrations efficiency to be less than its collections plan. The existence of tax fraud and tax evasions on the side of taxpayers had reduced the amount of actual tax and revenues collection implementations, As compared to the revenues collection plan, actually the existence of tax fraud and evasions highly practiced in the town is mainly because of absence of continues tax intelligence surveillance and follow up of the taxpayers and business communities by the revenues authority tax intelligence and law enforcement department.

The research findings also showed the opportunities to increase tax collection of GRA in the near future, the existence of peace and the opening of various private and governmental business companies like banks and constructions of big hotels, the agricultural based investment expansions in the region is considered as the major opportunities enhance or increase the tax collection efficiency to be fruitful and successful. The operating of SIGTAS system and VAT registrations in Gambella town is considered as positive opportunities to increase the amount of taxpayers registered in the tax network system and to reduce the financial and time wastage of the taxpayers.

5.3 Recommendations

To solve the main challenges of the revenues authority in terms of tax collection the following recommendations are forwarded.

- Its better, if the region revenues authority change the manual tax collection system to modernized tax collection system in order to enhance tax collection efficiency and to reduce corruption in the tax collection process as well as to deliver fast customer service for the customers.

- To improve the performance of tax collection and to narrow the gap ,the revenue office and the town administration should work in collaboration, involvement of political leadership and commitment to mobilize support, informing and educating tax payers to providing accurate information; collecting information from third parties, educating the tax collectors, taking enforcement action to delinquent taxpayers; penalized those who late payment, and failed to pay, controlling informal traders, the plan should be based on objective evidence, reducing corruption and minimizing taxpayers who evading tax.

- The tax collected at all zonal and Woredas level must be entered in to the regional finance development block account bank treasury and that would be redistributed as administrative costs for all Woredas and zones. This will increase the tax collection performance to be matched with the collection plan of the revenues authority.

- The revenues authority should enforce the applicability of cash register machine in Gambella town in order to reduce corruption practice in the process of tax collection. The authority should give both short term on job capacity building training   and long term education training for the staffs in order to enhance their capacity and knowledge's of the human resources that will help the authority to have talented and experienced work committed employees in which it enables the offices to deliver fast customers services based on the tax laws proclamations.

- It is good if, the directors appointment duration period is elongated to some years in order to have strong revenues authority tax administrations that will achieves at least what they planned for one transformation plan years.

- The authority must give continuous tax education awareness creations for business communities and all citizens in order to prevent tax evasion and fraud and to get high volunteers taxpayers. This in turn will show growth in the tax collection performance.

- Enforcing and ensuring the tax proclamation equally on all business communities by using its tax intelligence officers in order to prevent tax fraud and tax evasion in the business transactions and in the tax collection process. This will enable to increase the tax collection amount of the authority better than before.

- Now a day in Gambella, there is good opportunities to develop and collect high tax from the economic growth of the region following the establishments of business sectors. So the authority has the potential to develop and collect high tax amount if the authority uses the economic potential properly.

- It is better if *Kebele* administrative, trade and industry office and Revenue office works collaboratively to fight illegal trade and tax evasion in the study area.

- The revenue office shall consider avoiding the doubt for tax paid not used for public service by providing social services to the public and it has to inform the taxpayers that these services are provided by their money. This helps to convince the taxpayer that they are getting their money back and this in turn enhances voluntary compliance and increases the trust of the taxpayers on the government.

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APPENDIX-I

Questionnaires provided for the Taxpayers

Dear respondents:-

The purpose of this questioner is to collect the necessary data for the thesis work requirement for the partial fulfillment of master of Business Administration (MBA) in Jimma University The study aimed at identifying the major challenges that the revenue authority is facing in its tax collection system and to study the major economic opportunities to increase the tax revenue collection of the authority. I would like to inform you that your response is very important for the successful completion of this paper and I would like to honestly appreciate your positive response for all questions are responded in the exact way. I want to make assure you that your identity will be completely secured.

I thank you in advance for your cooperation and for scarifying your invaluable time.

For further information please contact me through - Tel-0917834447

-E -Mail –asexlam@gmail.com

Notice: when you give answer to the questions no need of writing your name.

Part one; General information and tax related point of view

1. **Personal information**

Gender: Male ☐   Female ☐

2. Age: 31-40 ☐   41-50 ☐   above 50 year ☐

3. Educational Level: below primary school ☐ high school complete ☐ certificate ☐ Diploma ☐ First Degree and Above ☐

4. Your position in the organization : Accountant ☐ manager ☐ owner ☐ if others mention --

5. What is Your Work Experience in the organization:?   1-5 years ☐ from 6-10 years ☐ from 11-15 years ☐ above 15 years ☐

6. In which type of business sector do your organization had involved?

   in service sector ☐ general importer and distributor ☐ producer ☐ wholesaler ☐ a retailer ☐

7. What is your annual income: below 500,000.00 ☐ from 500,000.00 -1,000000.00 ☐ from 1,000000.00 -5,000000.00 ☐ from 5,000000.00 – 10,000000.00 ☐ from 10,000000- 50,000000.00 ☐ above 50,000,000.00 million

8. Do you believe that the revenue authority has weakness in terms of it is tax collection? Yes ☐ No ☐ neutral ☐ if your answer is **yes,** explain the weakens --- --- --- --- --

9. Do you think that the absences of modernized tax collection system in the revenue authority has challenged the customer service delivering system to be exposed in to corruption practices between taxpayers and tax collectors? Yes ☐ No ☐ neutral ☐ if you answer Yes, mention the challenges ------------------------------------ --- --- ------------

10. Would you get satisfactory service when you go to the revenue authority? Yes ☐ No ☐ neutral ☐ if your answer is No, please list the challenges that you have faced --- --- --

11. Can you hold the necessary information when you go to the revenue authority?

Yes, all the time [ ] some time [ ] no answer [ ]

12. If you do not hold the necessary information mention your reason ----------------------

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13. Do you believe that the tax administration collect the tax revenue on time? [ ]

Yes [ ] no [ ] nothing [ ]

14.) Does the tax administration tax revenue collection system is efficient? Yes [ ] no

[ ] nothing to say [ ] if the answer is no list the reason--------------------------------

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15. Would you think, that the town generate adequate amount of revenue from

taxpayers? [ ] as debt [ ] as an obligation [ ]

16. When do you pay your annual tax? Within the tax payment time schedule [ ] after

the tax payment period passed [ ] no answer [ ]

17. If your answer is after the tax payment period what is the reason? Because it is

beyond my capacity [ ] due to poor service delivery [ ] because I forgot [ ]

18. Have you faced any problem when you go to the tax center to pay your tax or

revenue? Yes [ ] no [ ] noting to say [ ]

19. If your answer for question number 17. is Yes, please explain

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20. it is due to unnecessary service [ ] partiality [ ] lack of skills on the side of tax

workers [ ] if others explain ---

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21 Please write your own suggestions that you think important to address the challenges

that the revenues authority is facing in the tax collection-------------------------------------

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Part Two: Tax related point of View or Information: please put only one tick mark (×) on the choice of your response which shows your level of agreement.

I. Tax collection modernization in the revenue authority.

No	Questions/ statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	The inapplicability of cash register machine in Gambella region has affected the tax collection system to be low?					
2	The taxpayers filing system is well organized in to computerized data base system in the revenue authority?					
3	The Authority have enough employees that is enough to provide services to the growing customers					

II. Taxpayers general understanding about the benefit of paying tax to the government

No	Questions/ statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
4	Do you think that you are benefiting from paying of tax or revenue?					
5	Do you think that the revenue authority is giving continuous tax education and capacity building training to the taxpayers on time with regard to tax compliance?					
6	We receive any form of incentive by paying tax properly					
7	The tax you are paying will be used for public investment in the region					
8	Does Paying tax makes you to be happy					

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III.   Tax fairness perception of taxpayers

No	Questions/ statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
9	The tax amount that I am paying is fair					
10	Tax fraud is the result of high tax					
11	I use legal and Authorized VAT manual invoices or bills for all transactions					
12	The tax amount that I am paying is fair					
13	Tax officials are involved in tax evasion crime or corruption					
14	There is discrimination in the tax collection process					
15	The tax Authority employees consider your business working/running cost when they set the annual tax on your firm					

Tax related point of View or Information: please put only one tick mark (×) on the choice of your response which shows your level of agreement

IV. **Customer services delivering condition in the authority and tax education capacity building and training offered for taxpayers.**

No	Questions/ statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
16	Do you think that the revenue authority is giving continuous tax education and capacity building training to the taxpayers on time with regard to tax compliance?					
17	Do You get all information from the Authority when you need it					
18	The tax Authority employees are good enough to answer your questions					
19	The Authority employees are interactive and good in customer handling					
20	Tax officials offer periodic tax training					
21	The Authority give tax related working manuals, procedures and tax proclamation every time for the taxpayers					
22	I get training to increase profitability of my own firm					

V.Various positive opportunities in Gambella Region and political stability of the region.

No	Questions/ statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
24	Do you think that the establishment and expansion of different private banks and others services sectors construction and the expansion of investments in the region has increased Gambella town trade transaction?					
25	Do you think that the expansion of different banks and service sectors in recent years in Gambella town will increase the tax revenue collection of the region?					
26	The opening of different service organizations like banks and tourism hotels expansion including the movement of investment in agriculture in the region is associated with the existence of continuous peace and due to political stability of the region					

APPENDIX- II

Jimma University

School of Post Graduate Program

Department of MBA

Interview to Gambella Revenue Authority tax experts'

Dear respondents:-

The purpose of this interview is to collect data for the thesis work requirement for the partial fulfillment of master of Business Administration (MBA) in Jimma university The study aimed at identifying the major challenges that the revenue authority is facing in its tax collection and to study the major economic opportunities to increase the tax revenue collection of the authority. I would like to inform you that your response is very important for the successful completion of this paper and I would like to honestly appreciate your positive response for all interview questions will be responded in the exact way. I want to make assure you that your identity will be completely secured.

I thank you in advance for your cooperation and for scarifying your invaluable time.

For further information please contact me through

E -Mail [–asexlam@gmail.com](mailto:asexlam@gmail.com) phone.no- 0917834447

Revenue Authority tax experts interview questions

1. Do you think that the revenue authority tax collection plan is successful? If your answer is yes! Explain the budget year tax collection plan and the collected revenue fact figure in which the authority was achieved its plan based on your argument in detail?

   If your answer is no! Please write the reason why the authority do not achieved the revenue collection plan.

2. What are the major challenges that revenue authority is facing in tax revenue collection?

3. Which categories of taxpayers are administered in the revenue authority?

4. Do you think that the revenue has weakness in enforcing VAT proclamation in Gambella town?

5. Do you think that the revenue authority has modernized the tax revenue collection system from manual into computerized taxpayers' data base and electronic sale register machine/cash register machine?

6. Do you think that the manual tax collection system open an opportunities for corruption in the process of tax revenue collection?

7. What type of measures/ action do the revenue authority planned to modernized the tax collection system and to bring transparency, to faster customer service delivery, to have ethical and talented tax experts in order to effectively collect the planed tax revenue in the future ?

8. How the revenue authority is working with other stakeholders to minimize tax evasion and tax avoidance, to ensure the rule of law and to enhance tax revenue collection?

9. How the revenue authority has planned to fight corruption in the tax collection system?

10. Do believe that the revenue authority give continuous tax education and capacity building to the taxpayers to increase volunteer tax compliance?

11. What are the major challenges that hinder the revenue authority to execute fiscal cash register machine in Gambella region?

12. In recent years its believed that different banks has been opened in different areas in the town and also the construction of big hotels, the expansion of business in Gambella , the existence of agricultural investment in different woredas has increased. Can this be an opportunities to increase the business transaction which in turn increase the tax revenue collection in the revenue authority?

13. Do the politically appointed main director and vice director of the revenue authority stay stable in the office for a long time or not?

14. If they are not stay for a long time: how the frequent turnovers of political appointed directors affect the overall management and the tax administration in general and revenue collection system specifically?

15. What type of change or action should be made to alleviate the challenges in tax revenue collection and to collect effectively the tax revenue of the authority from the taxpayers?

16. Do all taxpayers pay their annual income tax on the payment period?

17. Is there any unpaid tax from the taxpayers transferred to next years that going to be collected in the future?

18. What is their reason that makes them not to pay their tax on time?

19. What type of measures are been taken to collect unpaid tax from the taxpayers

20. You can mention other relevant information which you think it is missed but it is important for data analysis of this research paper.

   I thank you once again for your cooperation!!