



**BENEFITS AND CHALLENGES OF ELECTRONIC TAX  
FILING SYSTEM IN *MINISTRY OF REVENUES MEDIUM  
TAX PAYERS(MERKATO BRANCH OFFICE)***

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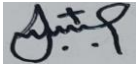

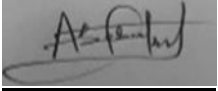
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## DECLARATION

I declare that this thesis is my original work, prepared under the guidance of Asmamaw Getie (Asst. Professor). I have acknowledged all resources and works of other scholars that I used in the research. Furthermore, I assert that this paper has never been submitted partly or in full to any higher institution for the purpose of receiving any type of degree.

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Signature

St. Mary's University, Addis Ababa

Date \_\_\_\_\_

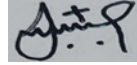
## ENDORSEMENT

This paper has been submitted to St. Mary's University for examination with my approval as an advisor in the university.

ASMAMAW GETIE (Asst. Professor)

Advisor

St. Mary's University, Addis Ababa



\_\_\_\_\_  
Signature

Date\_\_\_\_\_

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## Abbreviations

<b>E-TAX-</b>	Electronic Tax
<b>IRS-</b>	Internal Revenue Service
<b>KRA-</b>	Kenya Revenue Authority
<b>MOR –</b>	Ministry of Revenue
<b>PEOU-</b>	Perceived ease of use
<b>PU- URA -</b>	Uganda Revenue Authority Perceived usefulness
<b>RRA-</b>	Rwanda Revenue Authority
<b>SIGTAS-</b>	Standard Integrated government tax administration system
<b>TRA-</b>	Tanzania Revenue Authority
<b>TIN-</b>	Taxpayer Identification Number

## **ABSTRACT**

*This research aimed to investigate the benefits & practical challenges of e-filing medium tax payers in Ethiopia. To achieve this objective, descriptive study carried on produced information by using a Likert scales questionnaire from Ethiopian Ministry of Revenue medium Tax payers, 100 respondents used convenience sampling technique. Data analysis was carried out using descriptive analysis. The finding revealed that e-tax filling system promote the tax payers satisfaction and saved time cost by avoiding emotional stress due to long queue and make them efficient and effective as they can administer their own taxes and create flexibility to timely recording tax credit and to refund tax any time .The study also indicate that some of the practical challenge faces while using e-filing are; unreliable e-filing service, system inefficiency as it isn't fully operational and the e- filing is not also very well supported with e- payment supplementary system , so taxpayer still forced to go to tax office. The Study recommended that tax authority increase the excellence of system fully lunched by provide electrically registration, clearance and payment system.*

**Key Words: Benefit Challenges. E-tax filing system, Taxpayers**

# **CHAPTER ONE**

## **INTRODUCTION**

This research section presents the introduction and background of the research, the description of the research, the purpose and significance of the research, the scope and limitations of the research, and the composition of the research.

### **1.1. BACKGROUND OF THE STUDY**

Governments all around the globe are using IT more and more to enhance the delivery of public services as information technology develops. It helps in making government accountable to its citizens and when governments apply taxpayers' money, they are more accountable to make budget decisions transparent and accessible (Joanna, 2014). IT assistance is necessary for national tax authorities to deliver effective, efficient, and timely services due to the expanding population of taxpayers and the complexity of the information that tax authority's demand. However, how significant the nation's populations are will determine if such a new platform is successful. New business models' perceived effects may include, but not be limited to, how beneficial and well-liked they are by customers. Compared to governments in poor nations, the majority of governments, particularly those in wealthy countries, have included e-tax as a public service. Aware of the advantages of e-tax, emerging nations have begun to use it. Both electronic filing and electronic payment are included in electronic taxation. When taxpayers utilize her web-based software to submit their tax returns, this is known as electronic filing. With the use of this innovative platform, taxpayers may avoid face-to-face interactions with tax authorities while also lowering paperwork and tax return mistakes and enhancing the effectiveness of paperwork comparisons and tax administration. Additionally, taxpayers gain from a reduction in the time and expenses related to tax compliance paperwork preparation (Anna &Yusniza2009).

Despite the aforementioned considerations (Bird, R M & Zolt, E M ( 2003).emphasizes that e-filing increases taxpayer and tax authority convenience, efficiency, and effectiveness These advantages have prompted several economies to implement electronic filing systems

in an effort to enhance service delivery, boost tax compliance, and boost tax collection. For instance, the World Bank's Paying Tax 2022 report states that as recently as 2020, 126 economies have fully adopted electronic systems for filing taxes and paying them. Taxpayers can obtain online tax services through a website called as an electronic tax payment system. These services include requesting certifications of conformity, submitting tax returns, registering payments, and registering tax identification numbers. Online tax services frequently employ internet-based platforms therefore having a basic understanding of internet usage is crucial (Azmi & Bee, 2010). Through its developing electronic tax filing system, the Ministry of Finance (MOR) has significantly benefited both the business community and Ethiopia's tax system. In one day, people may now complete their tax forms online, according to Fortune (News Paper, 2013).

According to Bird and Zolt (2008), due to technological advancement, tax systems in emerging nations challenge both new opportunities and constraints. His MOR in Ethiopia, where an electronic tax filing system has been implemented, is no exception. Tax authorities have recently begun accepting electronic tax returns and submissions for big and medium taxpayers. Tax authorities have recently begun accepting electronic tax returns and submissions. Since electronic tax filing is still a relatively new method, little study has been done on its difficulties, advantages, and ramifications. The difficulties and possibilities of computerized tax filing systems for MOR intermediate taxpayers are not adequately explored in empirical study. However, considering the size of the tax money the government receives from these businesses, it's critical to understand the advantages and disadvantages of the new platform for intermediate taxpayers. The Ethiopian government has to figure out what obstacles are keeping intermediate taxpayers from making the most of their time, using e-tax platforms more frequently, and reaping the rewards of e-tax. Therefore, the current study's objective is to evaluate the benefits and problems that intermediate taxpayers have while using electronic filing systems (Dagnachev, 2018)

## **1.2.STATEMENT OF THE PROBLEM**

The Ethiopian government will upgrade the Ministry of Finance's institutional capabilities and increase its ability to mobilize domestic resources by strengthening and fully

implementing the tax administration's information system and providing it with the newest technology. We work to get better (NPC, 2016). The government wants to raise more domestic tax money to support megaprojects and other high-priority development sectors. It is modernizing and strengthening its institutions in order to do this. But in order to accomplish this, the government will enhance the efficacy and efficiency of tax administration and benefit taxpayers by resolving some of the issues with manual methods for cash disbursement and tax filing. Various tax administration improvements must be put into place in order to achieve this.

Taxpayers who file their returns by hand incur a number of expenditures, such as the time and gas expenses associated with physically submitting tax forms and paying the tax office, as well as the psychological stress brought on by long lines, particularly at the end of the month or the end of the fiscal year. Expenses linked with paperwork and the environmental expenses of producing paper are an obstacle for me. Along with the aforementioned difficulties for taxpayers, manual filing procedures raise the expense of government tax administration, which results in inefficiency and other dishonest actions by tax authorities. These studies are agreed in highlighting the advantages of IT for taxpayers and tax administrators. Improving government performance, accountability, and openness in the provision of public services are among the advantages highlighted. Some of the aforementioned writers discuss the advantages of electronic taxes for taxpayers, including how it will speed up performance, lower expenses associated with compliance, and promote transparency. Although this approach benefits both taxpayers and tax administrators in the ways mentioned above, there are still some difficulties.

Bojuwon (2020) claims that problems with system compatibility, worry about security gaps, and theft of corporate data by rivals and hackers are issues Nigerian taxpayers confront while utilizing e-tax. Therefore, the aforementioned issues must be effectively addressed and handled to encourage the adoption of e-taxes and benefit both taxpayers and tax authorities (Alibasha, Kishore & Naveen, (2016)

As far as this study is aware, few empirical studies address the benefits and cons of electronic filing for Ethiopia's medium taxpayers. However, considering the amount of tax revenue the government receives from these enterprises, the challenges and benefits that

moderate taxpayers believe would drive the adoption of the new platform must be highlighted. The barriers that prevent moderate taxpayers from paying on-time payments should be identified by governments (Dagnachev, 2018).

However, those who are against complicated computerized tax forms that must be filled out online have also expressed worry about the new method. Use is heavily reliant on how well the taxpayer does. Given what our experts know and the lack of empirical research the e-tax system is essential for increasing government revenues everywhere. To the best of our knowledge, few studies have been undertaken in the Ethiopian context, focusing on e-government practices, challenges and prospects in the case of ERCA (Samuel, 2015). Another study by Ruta (2017) also focused on the evaluating an electronic tax filing system in selected branches of the Ethiopian Customs Department, focusing on the tax administration side. (Dagnachev, 2018) Challenges and opportunities of introducing e-tax systems Case of ERCA MTO

Therefore, the main objective of this study is to assess the benefits and challenges of Ethiopia's electronic tax filing system under the Ministry of Finance in the case of intermediate taxpayer Merkato branches, in terms of taxpayer perceptions. This research 4project explores the large number of medium-sized taxpayers compared to large taxpayers and the challenges of electronic tax filing systems in medium-sized taxpayer (MOR) branches (MTO) regarding taxpayer perceptions. Promising given the paucity of research on and opportunity Therefore, the MTO lacks understanding of the benefits and challenges of the e-tax system. Therefore, this study is believed to help understand the advantages and challenges of electronic tax filing systems in MOR MTO.

### **1.3. RESEARCH QUESTIONS**

To achieve the study's objective, the following key research questions are set:

- ❖ What are the benefits of the e-filing system for the Ministry of Revenues medium Taxpayers?
  
- ❖ How the current practices and extent of E-Tax service in Ministry of Revenues medium

Taxpayers?

- ❖ What are the major challenges of E-Tax service in Ministry of Revenues medium Taxpayers?

## **1.4. OBJECTIVE OF THE STUDY**

### **1.4.1. GENERAL OBJECTIVES**

The main objective of the study is to assess the benefits and challenges of electronic tax filing system in Ministry of Revenues Medium *Tax payers in merkato branch office*

### **1.4.2. SPECIFIC OBJECTIVES**

The specific objectives of the study:

- To identify the benefits of the e-tax filing system in the Ministry of Revenues Medium Taxpayers
- To assess the current practice and extent of adoption of E-Tax in the Ministry of Revenues Medium Taxpayers
- To identify the major challenges of E-Tax in the Ministry of Revenues Medium Taxpayers

## **1.5. SIGNIFICANCE OF THE STUDY**

While tax payers and the government are transitioning away from this method, this study will play a crucial role in identifying the advantages and difficulties of electronic filing. Additionally, the research will highlight the difficulties experienced by taxpayers and offer advice on how to resolve these problems for increased efficiency while utilizing the e-filing system. The research report is also anticipated to provide suggestions to the concerned taxpayers regarding how they should appropriately handle the system, and it is also anticipated that the study will encourage the Authority to take corrective action for appropriate positive outcomes.

Therefore, research like these are important because they may give policymakers especially the tax authority's specific information that will help them better grasp the exciting

difficulties and issues that users of the system encounter when using it and consider potential solutions.

Finally, it is anticipated that the study will contribute to the body of knowledge and act as a resource for those conducting subsequent research.

## **1.6. SCOPE OF THE STUDY**

Only the advantages and difficulties of the e-tax filing system at the Ministry of Revenue, notably in the instance of the Medium Taxpayer's Office, were the focus of this study. Selected taxpayers from the Medium Taxpayers Branch were the subject of the study. Not all taxpayers in Ethiopia's Ministry of Revenues are covered by the research. Therefore, the study is restricted to the Ministry of Revenues' Addis Ababa merkato branch offices, with medium taxpayers serving as its primary focus.

## **1.7. LIMITATION OF THE STUDY**

This study's shortcoming has to do with how the samples were chosen. The researchers' technique of choice was convenience sampling. The researchers are unable to generalize this discovery in terms of the outcome. In addition, the study described here merely provides information and details on the population or phenomena under investigation. The research cannot identify the root cause of a phenomenon, despite the fact that the data explanation is truthful, exact, and methodical.

## **1.8. ORGANIZATION OF THE PAPER**

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



## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

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

#### **2.1 TAX OVERVIEW**

Tax can be simply defined as “a sum of money that required from individuals to achieve economic, social and financial goals”(Chanchal Vipin and Vinayak (2013).order for the tax system to achieve the interest of states, workers and taxpayers together, the tax should be defined and distinguished from resources that may be similar. Moreover, tax signifies a statement of the bases on which the state relies and the rules it regulates. The tax event is an economic and social occurrence that is formed in that environment and through it (Czinkota et al., 2017). In addition, tax is described as a financial deduction made from an individual's income that is final and free of charge in order to pay for the costs associated with the public good. The charge is distinct from the fine in a way that the tax is not imposed for the purpose of discouragement or punishment, but an improvement to cover the state (Alibasha, Kishore, & Naveen, (2016) Similarly According to the definition of tax, it is "a compulsory levy, imposed by government or other tax raising body, on income, expenditure, or capital assets, for which the taxpayer receives expenditure, or capital assets, for which the taxpayer receives nothing specific in return (Lymer, 2022; et al.) Tax administration is a challenging and evolving duty. On a systematic basis, leaders are faced with new issues, conflicting priorities, taxpayer compliance and emerging commitments (Thomson, 2023). As (Berhan & Jenkins 2005) noted, governments of developing countries are eager to create modern tax systems although saddled with weak tax administrations, and sometimes have experimented with tax administration instruments that inflict higher

compliance costs on the private sector.

Government necessities tax administration and compliance to produce revenue from private entities to provide public goods and services. Ethiopia desires to use domestic based resources mainly obtained from domestic tax (Tekulu, 2011). The procedure of taxation is generally known as the technical regulation of the tax on how to measure the taxable material, linking and collecting the tax on the result of this measurement. The mission of selecting taxation method in any activity depends on the technical organization (Dowe, D.E (2008) Taxation system is defined as a tax system component which is concerned with implementing the provisions of the tax legislation. It is the one which implements the requirements of the tax legislation that incorporates the tax policy and seeks to reflect it on the reality of social and economic life in society (Crandall, 2020). Hence, the level of performance of this system is the controlling factor in the level of the embodiment of the goals of tax policy on the ground because the objectives of the tax system on matter how ambitious and whatever their technical tools are well prepared and organized and designed to meet the needs of the higher interest of the people of society in light of the political, social, economic and financial conditions of the state and society (Palan et al., 2019).The evaded tax due to the occurrence of unreported economy would have been an important resource for infrastructural and public service developments in the country. Taking the unreported economy to the tax net remained as a challenge for the responsible body with significant implication on tax policy of the country (Emrta, 2010).

## **2.2 CONCEPTS OF E-TAX FILING SYSTEM**

The majority of businesses, whether for-profit or nonprofit, private or public, are becoming more and more reliant on IT, which has also significantly impacted the business environment in three different ways: the ability to store, capture, analyze, and process large amounts of information have increased; the control process has been significantly impacted; and the auditing profession has been impacted in terms of the skills required to conduct an audit and the knowledge required to draw conclusions (Wagner). Electronic tax filing, often known as e-filing, is a process where tax forms or returns are submitted online, typically

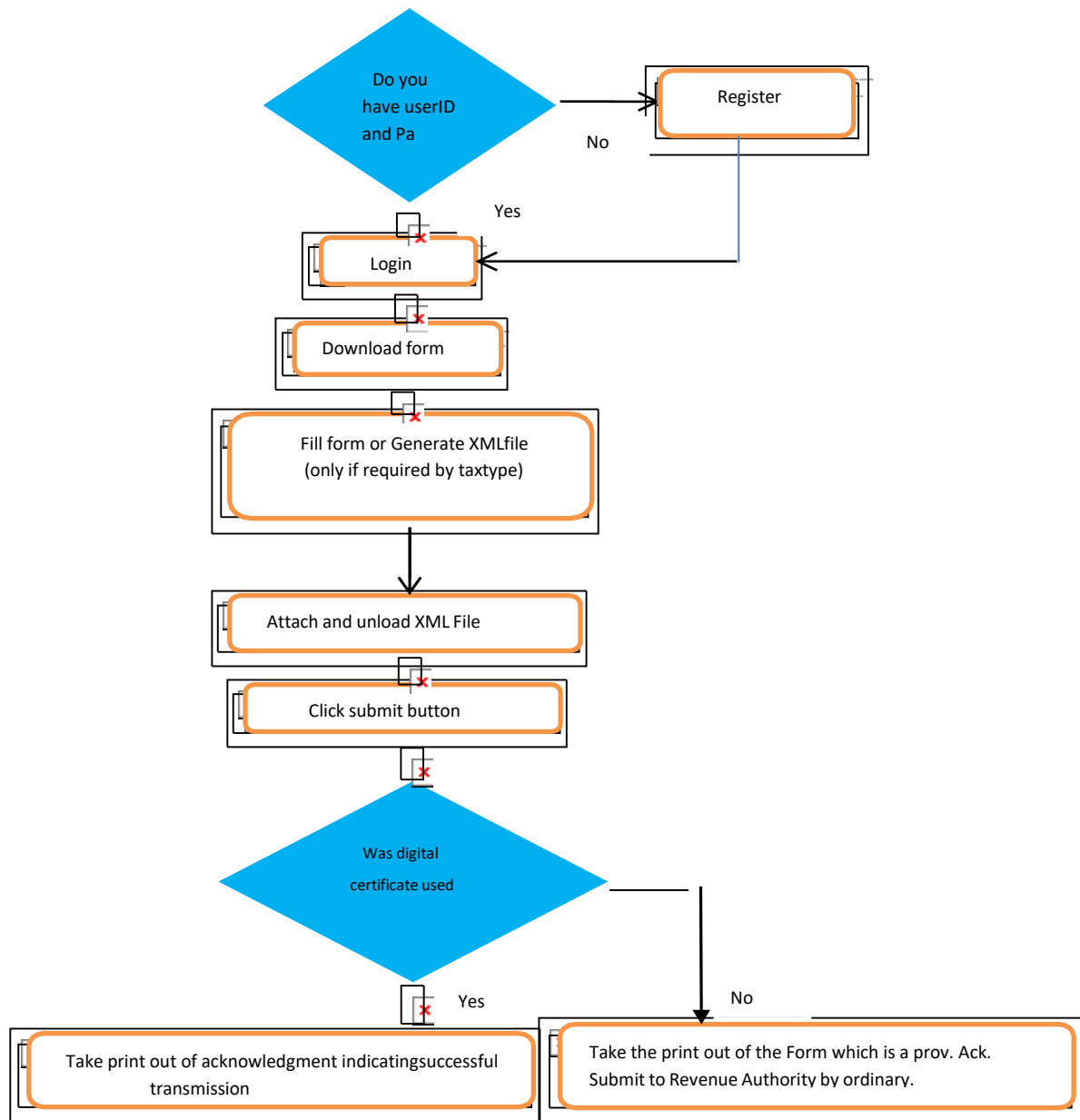
without the use of paper. The e-filing system uses software, the internet, and internet technologies for a variety of tax administration and compliance needs. Since an electronic tax varies from nation to country, so does the name of the system. Electronic declaration is also known as electronic tax filing, according to Gellis (2000). It has also been referred to as e-tax lodgments by (Tumer & Apelt, 2004) or online taxation payment by UN (2007). The Internal Revenue Service (IRS) first introduced tax return e-filing for tax refunds only in the United States, where it was invented (Muita, 2011).

This has now grown to the level that currently approximately one out of every five individual taxpayers are now filing electronically. This however, has been as a result of numerous enhancements and features being added to the program over the years. Today, electronic filing has been extended to other developed countries. Equally developing countries has also been embracing tax return filing electronically. Uganda, Nigeria, Rwanda, and Kenya are a few of the nations that are embracing electronic filing (Muita, 2011). The tax environment is continuously evolving on a global scale. The current method of communication between tax authorities and taxpayers is electronic filing. Since it enables taxpayers to submit returns and make payments on schedule, the electronic tax system is one of the mechanisms tax officials can be proud of (Nkundabanyangaet, 2017). (Chanchal, et al., 2013) defined e-tax filing as the process of submitting taxes electronically in their study about the knowledge and satisfaction of taxpayers regarding e-filing of income tax returns in Moradabad city. The Tax Authority has created customized forms, which are accessible on the website. These forms were created without the requirement for tax payers to provide any further paperwork.

### **2.3 PROCEDURES INVOLVED IN UTILIZING E-TAX FILING**

(Mahara, H.; Subrota, & Ghofar, A., 2017) assert that the purpose to use e-filing determines the taxpayer behavior when using the e-filing tax system. The ease of use, strategy, and subjective norm all have an impact on how likely a taxpayer is to use electronic tax filing.

The study demonstrates that behavioral control via intention also affects the intention to use electronic filing. Enthusiasm plays a role as a full facilitation variable in the relationship between behavioral control and the e-tax filing utilization behavior. Since e-filing is a self-assessment system, the taxpayer is authorized to take control of the security of his or her information or data, by securing their login details (login name & password). A taxpayer to access e-tax filing they have to first register online and displayed the process as follows:



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

## **2.4 HISTORY OF E-TAX SYSTEM IN ETHIOPIA**

Tax is obligatory payment to government without anticipation of direct return or benefit to tax payers. It executes a personal obligation on the tax payer. Taxes received from the tax payers, may not be incurred for their benefit only. Tax revenue is one of the most significant sources of funding for the government. Taxation is the most effective tool the government has to transfer peoples' purchasing power from them to the government (Gebre, 2006). Ethiopia enhances its tax collection methods to boost tax income and reduce tax evasion. The current information communication technologies are modernizing tax collections The Electronic Tax System automated system was established by the Ethiopia Revenue and Custom Authority (ERCA) for the administration of client data. Since its launch in Addis Ababa in February 2008, Ethiopia's electronic tax system has seen a substantial increase in usage. The Ethiopian Ministry of Revenue plans to completely collect revenue from big and moderate tax payers via an electronic payment system as part of improving its services. The e-tax filing system, which has been used as a trial by 11 businesses for almost a year, is shortly scheduled to become fully operational. The Commercial Bank of Ethiopia, a state-owned financial institution with a significant market share in Ethiopia's banking industry, has tested the e-tax payment system. The purpose of the research was to find out how effectively e-Government is understood and fully used as a tactical instrument, such as on current tax administration systems at MOR MTO. MOR has been making investments to update its administrative framework.

One of the most noticeable ICT-based services offered to taxpayers is electronic tax filing. A system allowing taxpayers to submit their tax returns electronically can be beneficial to both taxpayers and the government. Taxpayers benefit from a simpler and more convenient system, reducing compliance effort and uncertainty, and in some cases rationalizing payment of taxes. Governments benefit from a reduced administration burden.

Via direct disclosure of taxpayer data in uniform electronic form, greater compliance, and direct disclosure Businesses can also profit from electronic filing systems, especially those that make it easier to comply with tax laws.

Implementing efficient and common electronic filing techniques has several advantages. Reduced compliance burden for taxpayers thanks to online tax filing and the elimination of the need for paper returns and instructions higher standard of data transmission and a decrease in revenue bodies' MOR MTO operational costs can be attributed to the fact that many data items can be validated as taxpayers input them. This result in a significant reduction in the number of employees needed to process electronically filed returns. The (ERCA), currently known as MOR, is expanding its e-Tax (online tax payments) system as part of attempts to modernize the tax system. ERCA's Director of Information Technology, Berhanu Mamo, stated that attempting to expand the system nationally. According to the director, the system allows taxpayers to pay their taxes at any bank that is convenient for them and learn online how much they owe in taxes.

According to him, their payments would be sent to the National Bank of Ethiopia (NBE) via a core banking system. In the upcoming two to three months, the authority will also adopt a system that will assist to expand the number of taxpayers who get service at a time from 1,000 to 6,000. According to him, this would prevent overcrowding and improve the efficiency of the tax service. With the new method, taxpayers may complete their tax forms online and provide the necessary payment information. This extensive system currently includes, which permits online tax payment through designated banks. Ethiopia had several difficulties as a result of the adoption of this new computerized system. About instance, fear about the safety and privacy of their personal data prevented many taxpayers from giving up the old paper-based system. Taxpayers who wanted to use the new technology were deterred since the service was sluggish and regularly crashed.

The Ministry of Revenue made various system updates and invested a lot of time and money promoting the system's security and usability in order to fix these issues. Taxpayers who use the electronic system are given incentives, such as receiving handwritten reports from taxpayers if the server is delayed or the connection fails during the deadline. The main issues with MOR are its unpredictability as a result of several technological issues and constrained system availability at the time of its debut.

The taxpayer could experience some of these issues after filing returns online. Taxpayers can also file returns at the commercial Bank of Ethiopia. (Ruta, 2017) in her research paper

titled "Assessing E-Tax Filing System in Selected ERCA Branch Offices." In order to accomplish this goal, primary data were acquired utilizing a Liker scale questionnaire style and a study of pertinent literature. Descriptive analysis was used to do the data analysis. The research revealed both benefits, such as data processing, accuracy, work performance, and tax compliance, as well as drawbacks, such as the attitude of the taxpayer, the burden of the taxpayer, and governmental issues. The study also discovered a favorable association between tax compliance and the use of the electronic filing method. The report suggested that the business handle power outages utilizing other options, including as backup and generators, should be built with information security and privacy in mind to prevent online users from losing their data when using e-tax.

## **2.5 EMPIRICAL EVIDENCE**

### **2.5.1. OPPORTUNITIES OF ELECTRONIC TAX FILING SYSTEM**

An E-filing tax offers prospects for increased information access, worker efficiency, and service delivery. Although strategic gains are typically hard to assess financially, their importance is undeniable. Business analytics is one instance where a data warehouse may be searched to get specialized information on certain component parts and make it available for their decision-making process (Kavanagh, 2007). E-filing is one of the greatest paperless solutions that improve the firm account balance, according to (Peterson, 2014). He considers it a safer approach because it is paperless, helping to safeguard clients, businesses, and their bottom line. (Kumar & Anees, 2014) talked to academics, government officials, policymakers, current and potential taxpayers, e-tax filing intermediaries, and financial software developers on the advantages of electronic tax filing. The study concentrated on the benefits received by various social groups as a result of completing tax returns electronically. Therefore, the literature has highlighted a number of advantages of electronic filing systems.

### **2.5.1.1. CONVENIENCE**

Convenience is one of the advantages of the e-tax filing system, according to (Geetha & Sekar, 2012), as returns may be filed at any time (day or night). According to a 2009 research by Anna & Yusniza on the adoption of the electronic tax filing system in Malaysia, e-tax filing enables users to complete transactions with just a few mouse clicks. This ease of use has the potential to be a major factor in the adoption of e-tax filing. E-tax filing offers taxpayers a variety of 'conveniences,' such as the ability to file at a certain time or location, reduce confusion, search for information easily, and make transactions online at a location not accessible through conventional channels.

According to research by (Barati et al. 2014), the deployment of the e-tax system, which increases tax compliance among taxpayers, is influenced by convenience in terms of time and location and restricted movements to the tax authority's premises. According to a study by Cobham, A. (2010) taxpayers intend to use e-filing systems because they believe that filing taxes online is more convenient than filing them by mail or by hand. They also believe that their perceived willingness to use technology is a key factor in their decision to use e-filing systems.

### **2.5.1.2. COST SAVING**

If more firms and individual taxpayers adopt and use an electronic system for filing tax returns and paying the required taxes, both the taxpayers and the government would benefit in real ways. The government does this through cutting operational expenses, such as those related to filing, storing, and managing returns, as well as by reducing time, which increases compliance. The taxpayer benefit from the system in the form of reduced calculation error a preparation and filing time (Odongo, 2016). A government may decide to promote the use of electronic means for various parts of the economy as part of its tax policy. This may be advantageous for the tax system as well as encourage private businesses to adopt more effective practices. E-invoicing is one such sector. For instance, all organizations utilizing a uniform electronic invoicing format might save money on administrative expenses. But without government support, it is challenging to gain traction for a certain format (Abdul & Idris, 2016). E-government may also significantly reduce corruption in the provision of public services, promote transparency, and result in significant cost savings for both



governments and citizens. Public service delivery has previously been divided into three categories: publishing, engaging, and transacting (Kumar et al. 2007). (Goolsbee, 2002) explored the advantages of electronic tax filing for service providers, or tax authorities. Due to the submission of tax returns in a paperless environment, e-tax filing reduces the burden and operating costs for the service provider. Additionally, it lowers the expense of handling, storing, and processing the returns. Al-Kibsi, et al. (2001) claimed in their book "Putting Citizens Online, Not In-Line" that moving services online significantly lowers the processing costs of various activities as compared to manual processing.

By utilizing e-tax filing systems, governments can benefit from things like online data collection to cut down on data entry costs and automate error checking, cut down on communication costs with citizens, improve application treatment consistency, increase data reuse, and cut down on publication and distribution costs for the government through online publication (OECD, 2003). The advantages of employing electronic filing for taxpayers are discussed in the (ERCA, 2016) e-tax filing experience presentation. Checking his account balance online is safe and secure (requires a unique login and password), and it also builds confidence between the Ministry of Revenues and the taxpayer by providing instant confirmation of their declaration. More efficiency and effectiveness, more accountability and transparency, increased tax compliance, and increased revenue collection are all advantages of electronic tax filing for the Ministry of Revenues.

### **2.5.1.3. FAST AND ACCURACY**

According to (Joanna, 2014), e-tax filing systems increase the quantity and quality of information available to tax officials, allowing them to complete transactions more rapidly and accurately. This is in accordance with Joanna's investigation of Malaysia's use of electronic tax filing and payment. Because there are substantially fewer errors in electronically submitted returns than in paper returns, there is a lot less need for fines and other punitive measures to promote compliance. Due to the more effective processing provided by electronic returns, tax officers may send assessments and refunds more quickly, and taxpayers can learn right away if the tax authorities have accepted their returns. (Wamathu, 2013) investigated how Kenyan audit businesses' financial performance was impacted by electronic taxation. According to the study's findings, timely returns have

been filed since the introduction of e-tax, the audit period has been shortened as a result of e-tax, respondents were well-informed, system failures during login were less frequent, e-tax will be user-friendly, reliable, and cost-effective, and respondents were aware that the e-tax system will include an electronic cash register and an electronic signature device.

#### **2.5.1.4. STORAGE SECURITY**

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

#### **2.5.1.5. PERCEIVED EASE OF USE**

According to Davis (2007), perceived ease of use refers to how little effort a potential user perceives using the target technology to require. Potential customers are more likely to adopt and employ innovations that they believe are simpler to use and less difficult (Agarwal & Prasad, 2001). Due to the fact that researchers use it so frequently, this has been extensively researched as a factor in the adoption of information technology. Identified perceived simplicity of use as a key factor influencing information technology acceptance at the pre-implementation stage (Davis, 2007)

#### **2.5.1.6. RELIABILITY**

In Wang and Yi-Shun's 2003 article, "The Adoption of Electronic Tax Filing Systems: An Empirical Study," he discussed the advantages, challenges, and key features of e-tax filing among the country's citizens. E-filing Internet-based income tax returns are a gift to tax payers. This study offers perceived credibility as a new element that indicates utilization of the e-tax filing system using the Technology Acceptance Model (TAM) as a theoretical framework. Studies have determined that electronic filing has the ability to significantly improve tax services (Dowe, D.E (2008).Automatic mistake checking, professional tax

guidance, and other features that can find problems and reduce the likelihood of an audit are frequently included in tax software.

### **2.5.1.7. IMPROVE TAX COMPLIANCE**

The full payment of all taxes owed is referred to as tax compliance. True reporting of the tax base, accurate calculation of the liability, prompt submission of the return, and timely payment of the balance due are all examples of compliance with the tax law. The first point accounts for the majority of tax avoidance. According to Geetha et al. (2012), the majority of evaders either does not register their responsibility at all or just partially do so. Any discrepancy between the actual amount of taxes paid and the total amount of taxes owed is referred to as tax non-compliance. Overstating income, expenses, and deductions as well as a lack of understanding are to blame for this discrepancy. Internal evasion falls under the category of non-compliance, as does accidental non-compliance brought about by calculation mistakes and a lack of knowledge of tax legislation (David, 2014).

According to (Yousef, 2010), who conducted a research titled "A web-based electronic filing system using conversion of image file to text file approach," contemporary tax administrations have limited resources and understand that keeping track of each taxpayer's duties efficiently is a time-consuming effort. Modern tax administrations place more emphasis on three main goals than on "policing" tax compliance: encouraging voluntary compliance, selectively monitoring compliance, and selectively enforcing compliance. The 'compliance performance system' of contemporary IT systems supports the tax administration's audit and collection role in gathering and managing information to target areas, where non-compliance offers the biggest threats to revenues, with regard to compliance monitoring and enforcement. Through electronic registration, filing, and payment, the electronic tax system educates and informs taxpayers. The e-tax system is an extensive online portal that is accessible seven days a week and twenty-four hours a day. It offers taxpayers a safe self-service option package, a single point of information and action, and it does not require assistance from tax administration staff (Moore, G.C.2013). Online filing and tax declarations, which are often web-based portals that let taxpayers make electronic payments, transmit information about tax assessments amongst various

government agencies, and educate taxpayers on tax issues, are considered when describing electronic taxes. The majority of nations employ e-taxation services, which are occasionally required by clients (Decman & Klun, 2015). As more nations use information technologies for tax management, the e-tax system has become essential (Ondara et al., 2016). TAM shows that taxpayer adoption behavior is driven by the intention to use a certain system, which is determined by the attitudes about the system, according to Davis (2007). As a result, the desire to engage in a certain activity may be used to determine taxpayer acceptance of any system. The e-tax system is crucial for enhancing tax compliance as well as short-term cost and taxpayer convenience reductions (Moore, G.C. (1991).

### **2.5.2. CHALLENGES OF ELECTRONIC TAX FILING SYSTEM**

There is opposition to using electronic filing, according to empirical research. According to (Ling, 2018), the usage of the e-filing system by taxpayers is met with opposition in several studies conducted all over the world, which presents a significant issue for the government. (Sheikh, 2015) claims that the electronic system has experienced several teething issues, as with any new system. As (Joanna 2014) noted, one of the factors keeping the number of taxpayers utilizing the e-tax filing system well below expectations is taxpayers' reluctance to give up paper-based processes due to their perspective and switch to an electronic system. There is no perfect system anywhere, so taxpayers who run into issues using the system should have access to information and other types of real-time support, according to Tamami (2006) in his thesis from Washington, D.C., titled "An Analysis of the Effect of Electronic Filing on Individual Income Tax Compliance". A thorough instruction booklet on how to fill out tax forms should also be available.

According to (Musimenta et al., (2016); Nkundabanyanga et al., (2017) in his MBA essay titled "Perceived effects of an electronic filing system on tax compliance in an area municipality, South Africa's", the e-tax filing system is not entirely independent of human involvement and taxpayers cannot perform certain functions online, so they still need to visit tax offices and wait in line for assistance. Tax registration is one such instance. Taxpayers can register for their taxes online, but they must then visit the office to submit payment or provide supporting documentation. The next section, which is based on the

literature research, lists some of the typical obstacles to the deployment and ongoing usage of the e-tax filing system.

### **2.5.2.1. RISK**

Even if a user has a positive opinion of electronic filing, the risk that is associated with it may make them less likely to utilize it. The perceived risk of e-tax filing, according to (Fu, J., Farn, C., & Chao, W. (2006).may have a considerable negative impact on the user's inclination to adopt. According to Warkentin and Gefen (2002), perceived risk is the belief that one will not lose money when pursuing a particular goal. The absence of internet security is a generally acknowledged obstacle to the use of e-commerce (Amitabh, O., Shailendra, p., Gupta, M, P. 2008). Some of the taxpayers particularly said in the study by Lai et al. (2004) that they would only utilize the e-tax filing system if the tax agency could supply. There is no guarantee that online transactions can be carried out safely, and there is a chance that private data sent over the internet might be intercepted and taken. In order to successfully address internet security and privacy issues, the tax agency must thus have the necessary resources. Otherwise, it will be difficult to boost the adoption rate of e-filing. De Castro and others (2015) investigated the respondent's desire to utilize the Electronic Filing and Payment System (EFPS) and the benefits they see from utilizing it are typically influenced by the perceived risks and issues.

Security of personal data and tax data is one of the initial difficulties with e-filing, according to Tan & Foo (2015). Due to the perceived risk involved, a large number of other taxpayers continue to oppose the use of electronic filing (2013, February 22) looked into how much the impression of risk affected the taxpayer's or user's propensity to utilize it. Lack of internet security is the risk that everyone talks about as being the most well-known. Another concern mentioned by (Fortune 2013).is the potential for fraudsters to intercept and steal sensitive personal data while it is being sent.

### **2.5.2.2. COMPLEXITY**

According to Rogers (2010), complexity is the degree to which new innovation is thought to be relatively challenging to put into practice and comprehend. It displays how

challenging people believe it will be to understand and use the invention (Rogers, 2003). Evidence from the field of information systems suggests that complexity has a substantial impact on the adoption of innovations (Benbasat 1991; Venkatesh & Davis 2000). In keeping with this, people consider using the online tax system to file their returns as complicated, particularly when trying it out in an area with poor network access. Although the new e-tax payment system in Ethiopia has expanded, only large and very large businesses now use it.

### **2.5.2.3. COST OF INVESTMENT**

Studies by Sweeny R.K (2009) listed certain expenses associated with tax e-filing. For taxpayers, extra funding could be required to invest in e-filing in order to set up the system. Hardware purchases and internet access may be necessary for this. If the expenses are considerable, it is probable that they will slow down the adoption of e-filing in the near term, but in the long run, the advantages will surpass the costs. According to Ling (2008), there is opposition to the use of e-filing, which presents a significant problem for the government. Many studies from across the world have demonstrated this opposition.

### **2.5.2.4. LACK OF AWARENESS**

Another issue with e-filing, according to (Dwilson 2014), is its inability to offer automated online support to a taxpayer with a complicated income structure. Therefore, for such taxpayers, seeking assistance with a complex tax matter from a website help-disk may not be as helpful as seeking assistance from a tax expert in person. According to (Coolidge & Ylmaz 2014), some taxpayers are more likely to use e-tax filing than others. They primarily contend that huge companies operating in capital-intensive industries, paying several taxes [e.g. the most probable tax types to employ electronic filing are income tax, value-added tax (VAT), payroll taxes, and excise taxes. In a similar vein, high-income taxpayers with complicated income structures are likewise more likely to file electronically. Additionally, the choice to file an e-tax depends on the availability of dependable Internet connectivity, electricity, computer proficiency, awareness of e-filing, and knowledge of the procedure.

Employees are essential in making sure that the revenue authority collects taxes from taxpayers on schedule, according to (Cobham, A. 2010). Additionally they guarantee that people are properly informed about corporate taxation. According to reports, the tax Authority's efforts to improve tax collection are severely hampered by low staff honesty. The problem of employee corruption has been handled to a significant part by the Tanzanian revenue authority's usage of ICTs. According to (Mohammad & Mukeesha 2017), some users are dissatisfied with the e-taxation services, but the majority of individual taxpayers are unaware of the e-filing and e-payment processes. As a result, adequate steps must be taken to increase taxpayer awareness of e-filing of income tax. Due to a lack of computer expertise, some persons may not be interested in filing documents electronically. This was reinforced by (Crews, 2013), who made reference to several Florida lawyers who refused to adopt electronic filing in their law firms because they lacked basic computer skills. Technology also demonstrates that e-filing is not just used by tax authorities; the judiciary has also adopted technology to make document management easier and more efficient for attorneys (Crews, 2013).

#### **2.5.2.5. POWER INTERRUPTION**

In Uganda, (Cobham, A. (2010) claimed that there are difficulties including sporadic power supply and internet failures, but claims that the tax authority has created backup measures to guarantee that the system is functional round-the-clock. First, even when power or the internets are down in some regions of the nation, the e-tax is not impacted by them since it is hosted on a centralized server at their Kampala headquarters. Because the online site offers several capabilities yet the majority of people are unable to comprehend some tax jargon, the e-tax filing procedure still causes confusion for many individuals.

Sub-Saharan economies confront particularly challenging obstacles when establishing electronic systems for filing and paying taxes, according to the (World Bank Doing Business 2014). These economies are also described as being in a region of the world where

residents struggle with poor internet connectivity, power outages, sluggish network speeds, and system malfunctions.

## **2.6. RESEARCH GAP**

Most studies discussed in the above indicate the existing challenges and benefits of an electronic tax system conducted outside of Ethiopia. There are different studies have been done on the subject of technology with specific reference to tax filing. In Kenya Revenue Authority, different studies have been done on the subject of technology and tax compliance with specific reference to e-tax filing system, (Makanga 2010) did a study on the implementation of technology as a strategic tool for improving tax compliance in Kenya. (Dowe, D.E 2008).has done a related study on electronic taxation in Nigeria with the entitled of The Gains and Challenges of e-taxation

Perceived effects of an electronic filing system on tax compliance in a district municipality, South Africa (Mongwaketse, 2015 and Muita, 2010) The study examined the skills required by the users of e- tax filing, the technology required and the tax authority 's awareness in enhancing the adoption of e-tax filing. As per knowledge of the research, In Ethiopia's context, only a few studies were addressed and it focused on Practice, Challenges, and Prospects of e-Government in the case of ERCA by (Samuel, 2015). The other studies made by Ruta, (2017) also focus on the Assessment of Electronic Tax Filing System in Selected Branch Offices of Ethiopian Revenues and Customs Authority that focused on the Tax authority side; (Dagnachew, 2018) Challenge and Opportunities of adopting E-tax system: the case of ERCA LTO.

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



## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODS**

The research approach employed in the study was covered in this chapter. It includes the study design, research methodology, sample size, population and sampling methods, data collecting and analysis techniques, reliability and validity testing, ethical considerations, and data quality assurance.

#### **3.1. RESEARCH DESIGN**

For assembling For Ministry of Revenue medium tax payers, this research will evaluate the benefits and drawbacks of computerized tax systems. The descriptive research technique is used in the survey to assist MOR in describing the current benefits and drawbacks of the e-tax system. According to Creswel (2004), descriptive research combines techniques that involve gathering data and having participants respond to a set of pre-made questions.

#### **3.2. RESEARCH APPROACH**

Additionally, this study included both qualitative and quantitative research approaches. According to (Dowe, D.E 2008).the main motivation for mixed-methods research is the use of one methodology to "inform, test, and compensate for the weaknesses of another." Each technique has advantages and disadvantages. The study's subject may be understood more realistically using both quantitative and qualitative methodologies.

According to Jones (2004), the essential concept of mixed methodology is an approach that enables the comparison of both qualitative and quantitative data. Quantitative data refers to information in numerical form, often generated from surveys or scheduled interviews.

Qualitative data are descriptive data collected from observations or unstructured interviews, according to (Taylor et al. 2018, p632).

### **3.3. POPULATION AND SAMPLING**

According to (Kelly D. Edmiston & Richard M. Bird, 2004) the population definition was a distinct category of topics that academics looked at. All of the participants in this study's population were e-tax system administrators and medium taxpayer office (MTO) paying taxpayers. According to the MOR, electronic filing is handled by a separate section. Researchers regarded the group of workers participating in these departments' investigations as the population.

The Addis Ababa Merkato branch of the Intermediate Taxpayer helps taxpayers with tax administration. The 100 e-taxpayers and the two e-tax system taxpayers make up the population survey, according to a behavioral analysis done by this office (MTO Annual Report, 2014 E.C.). As a result, this group is considered in this study.

This study uses a practical sampling strategy since the population is relatively large, it is difficult to include every member of the population, was carried out employing the samples were selected using one of the non-probabilistic sampling models; this useful sampling technique makes it simpler to find samples that satisfy the requirements. The questionnaire was distributed to electronic taxpayers who visited the taxpayer office during the MOR.

### **3.4. SAMPLE SIZE**

In this study, a formula was used to determine the sample size using the 100 e-taxpayers of the targeted population as a sample frame to determine a representative sample size. The study used Taro Yamane's formula to calculate the sample size as a result. The following is a presentation of Taro Yamane's calculating formula:

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

To find the sample size, use the formulas n=Sample Size, N=Population, e=Margin of Error, 95% confidence level, and 5% margin of error (Mark et al., 2009). Given that the researcher believes The 100 e-taxpayers and the two e-tax system taxpayers make up the

population survey the sample size is:

$$n = \frac{100}{1 + 100 (0.05)^2}$$

$$n = \underline{\underline{80}}$$

As a result, the sample size of the study that represents the total target population of hundred is eighty. Therefore, the total sample for this study is 88 which includes 10% contingency, since the researcher believe some questioners may be rejected due to various reasons which includes non-response and incompleteness, so the researcher increased the sample size by 10% to have a good precision for the result which obtained from the study.

### **3.5. METHOD OF DATA COLLECTION**

A questionnaire is used to conduct the survey of medium-sized taxpayers. The major data gathering techniques were employed to get the data for this investigation. The following are examples of the key data collection tools: Questionnaire: a questionnaire with open-ended and some closed-ended questions. The questionnaire's structure was taken from the writings of earlier writers of (Haymanot, 2020). There were open-ended questions that gave the respondents the option to give additional details that were left out of the closed questionnaire. There were four sections in the closed-ended surveys.

The first section focuses on general aspects of the respondents. The second section describes the practice of electronic tax filing systems, the third section describes the benefits of electronic tax filing systems, and the final section describes the challenges of electronic tax filing systems. Other questions are multiple-choice, whereas closed questions are based on ordinal metrics. The 5-item Likert scales used in some of the multiple-choice questions (Cobham, A. 2010) Provide respondents a wide range of options, with an endpoint of '5' signifying entire agreement and '1' signifying complete disagreement. Shows that the assertion directly contradicts itself Interview for extra information on closed-ended questions, some of which were specifically about electronic tax filing systems, the researchers conducted unstructured interviews with managers of two electronic taxpayers. I continued to speak with individuals from

### **3.6. METHOD OF DATA ANALYSIS**

The respondents' data were statistically analyzed using Statistical Package for Social Science (SPSS) version 16. Tables were mainly used to ensure easy and quick interpretation of data the surveys were given out, returned, and processed (edited and validated). In order to answer the original thesis of a research, data analysis entails evaluating, classifying, tabulating, or otherwise recombining the evidence (Lai, N, Siti, OS & Ahamed, KM (2004). With the use of qualitative and quantitative analytic methodologies, the researcher examined the information gathered through questionnaires. To seek convergence among the outcomes, analysis and interpretation of qualitative data are combined.

To gather information through questionnaires, the Liker scales model (5-rating scale) was used by the researcher. The analyzed data were described and summarized by using the descriptive statistics methods particularly by measure of frequency, and percentage. Then, the results of the study have been presented by using various tables. The first section focuses on general aspects of the respondents. The second section describes the practice of electronic tax filing systems, the third section describes the benefits of electronic tax filing systems, and the final section describes the challenges of electronic tax filing systems. Closed questions are based on ordinal measures, others are multiple-choice questions. Some of the multiple-choice questions are 5-item Liker scales (Kothari, 2004), offering respondents a wide range of choices, with an endpoint of '5' indicating complete agreement and '1' indicating complete agreement.

### **3.7. MEASUREMENT OF RELIABILITY AND VALIDITY**

#### **3.7.1. RELIABILITY**

The usual range for Cornbrash's alpha reliability coefficient is 0 to 1. The scale's elements (variables) have a higher degree of internal consistency the closer the coefficient is to 1.0. Furthermore, 0.7 is the generally accepted cut-off figure for the degree of Alpha in the majority of social scientific studies (Thomas, R 2008). According to George and Mallery (2003), scales with an alpha coefficient above 0.90 are regarded as having outstanding dependability.

### **3.7.2. VALIDITY**

Measurement accuracy (Thomas, R 2008) Survey questions must assess the shape or structure of the described object in order to be useful measurement tools (Sweeny, Yilmaz & Coolidge 2014). A statistical method for determining concept validity is factor analysis. Prior to being given to the respondents, the questionnaire's efficacy was also assessed. Component analysis tests were run at the time of analysis to evaluate the efficacy of each question and statement that went into producing the research results.

### **3.8. ETHICAL CONSIDERATIONS**

Researchers will inform participants of the study's goals, advantages, and their right to decline or accept participation when distributing surveys. Respondents' identities won't be revealed, and they'll be treated discreetly. Information gathered from responders was kept private. You are not required to include your name in the poll for respondent evaluations. The ability of participants to engage in the data gathering procedure was another need. We didn't utilize the information we collected from the participants for any other reason.

### **3.9. DATA QUALITY ASSURANCE**

During and after data collection, the researcher worked to ensure precision and accuracy. To do this, the investigator must take all essential safety precautions when creating the questionnaires and other activities. In addition, the researcher will adhere to St. Mary's University methodology and data gathering criteria.

## CHAPTER FOUR

### DATA ANALYSIS AND FINDING

#### 4.1. INTRODUCTION

The presentation, analysis, and interpretation of data gathered from taxpayers are the topics of this chapter. To evaluate the advantages and user difficulties of the e-tax filing system for midsize taxpayers in the Ethiopian Ministry of Revenue, data was gathered and analyzed. Only 80 of the 88 questionnaires that were sent to the participants in this study were returned. That indicates that the response rate was 83%, which is deemed appropriate for further examination. The study used first-hand information.

#### 4.2. THE QUESTIONNAIRE RESPONSE RATE

The researcher delivered 88 questionnaires to benefit and user challenges of the e-tax filing system of Ethiopian Ministry of Revenues medium taxpayers. Of them, 80 questionnaires were fully completed; the other 8 questionnaires were not collected because the respondents refused to respond to the questions. This resulted in an 83% response rate. The statistically meaningful response rate for analysis, according to Mugenda, should be at least 50%. Following is a summary of these respondents' distributions: using original data.

**Table 4.1: Response Rate**

	No of Questioner	Percent
Completed	80	91%
Not Completed	8	9%
Total	88	100%

Source: Survey result 2023

#### 4.3. GENERAL INFORMATION OF THE RESPONDENTS

This section gives information about the respondents regarding their age category, level of education, their working position and experience with the e-tax filing.

**Table 4.2: Demographic Profile Respondents**

<b>Characteristics</b>		<b>Frequency</b>	<b>Percentage</b>
Job Position	Accountant or office assistant	16	19.47%
	Finance Manager	18	23.01%
	Senior accountant	46	57.52%
<b>Total</b>		<b>80</b>	<b>100%</b>
Age	25-30	15	18.58%
	31 – 35	28	35.40%
	36 – 40	12	14.16%
	41 -45	12	15.04%
	Above 46	13	16.81%
<b>Total</b>		<b>80</b>	<b>100.00%</b>
Educational Level	BA/BSC Degree	64	80%
	MSc/MA	14	17.70%
	Other	2	2.3%
<b>Total</b>		<b>80</b>	<b>100.00%</b>
Work Experience in the Bank	0-5 years	10	13.27%
	6-10 years	13	15.93%
	11 -20 years	57	70.80%
<b>Total</b>		<b>80</b>	<b>100.00%</b>

Source: Primary Data, 2023

According to the chart above, the majority of respondents—57.52 percent—said they have held the post of senior accountant, followed by the finance manager—23.1 percent—and the accountant or office assistant—19.47%. According to the survey, senior accountants make up the majority of e-filers, making them more likely to possess the specialized expertise necessary to ensure the success of the e-tax system (Table 4.2):

Using original data from the table above, most of the respondents 80% are university bachelor degree holders while 2.3% of the respondents have Other 17.70% respondents have attained a master's degree level respectively. The study indicates that the majority of the respondents are graduate degree holders this implies that the respondents are educated meaning they could read, understand and interpret questionnaires reliably. It reveals the fact that the e-filers have basic IT and related knowledge that is important in helping to use the filing system. (Table, 4.2)

According to the data in above table respondents who have filed taxes electronically for at least 36 months have a success rate of 70.80%, followed by those who have done so for at least 18 to 36 months at a rate of 15.93%, and those who have filed electronically for fewer than 18 months at a rate of 13.27%. This demonstrates that the majority of respondents have extensive experience with e-tax filing, making them suitable for the study because they are the most informed about the topic, and the information they supplied is trustworthy. (Table, 4.2)

#### **4.4. E-tax filing Practice & the Benefits**

The study asked the respondents to state the extent to which they agreed with the following statements regarding benefits of accessing e-tax filing. The responses were rated on a five-point Likers scale.



**Table 4.3: E-tax filing Practice & the Benefits**

Item	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	Mean	SD
	F	%	F	%	F	%	F	%	F	%			
E-filing enabled me to accurately compute the amount of tax I owe.	2	1.77	17	21.2	19	23.9	36	45.1	6	7.96	80	3.75	0.98
E-filing makes it easier to avoid emotional stress especially that brought on by long lines.	-	-	8	9.73	13	16.8	48	60.2	11	13.3	80	3.78	0.82
E-filing improved the relationship between customers and ERCA.	2	1.72	3	3.45	10	12.78	34	42.76	31	39.3	80	4.11	0.94
Data storage is made safer by the e-tax filing method.	-	-	5	6.19	15	18.6	52	65.5	8	9.73	80	3.78	0.70
E-tax payment method saves transaction costs.	4	4.13	8	10.34	11	14.13	34	42.07	23	29.3	80	3.80	1.11
E-filing enables quick tax liability recording throughout the month.	-	-	10	12.43	43	53.5	56	69.9	11	14.2	80	3.86	0.82
The electronic tax payment system is more convenient to use than the manual system.	2	2.41	3	3.79	7	8.97	32	40	36	44.83	80	4.21	0.93
E-tax payment systems are less prone than manual ones to experience data loss.	2	2.07	2	2.76	4	4.83	35	43.44	37	46.89	80	4.28	0.87
E-tax payment system protects money from theft, loss, or embezzlement	-	-	1	1.03	7	8.28	39	48.97	33	41.72	80	4.31	0.68
The e-tax payment system's instructions are simple to follow.	1	1.37	2	2.07	13	16.20	37	45.86	27	34.48	80	4.10	

2023Source: Primary Data,

According to the study, 45.1% of participants agreed that E-filing enabled me to accurately compute the amount of tax I owe. And 7.96% of respondents strongly agreed. Which results average mean 3.33 and standard deviation of 0.98 and 23.9% of the population expressed

"Neutral" attitudes The remaining 1.77 % and 21.2% both disagree and strongly disapprove. The results indicate that attractive people to continue electronically filing their tax returns (Table 4.3)

The next question asked whether using an E-filing makes it easier to avoid emotional stress especially that brought on by long lines, and the majority of responses, 60.2% and 13.3%, were in favor and 16.8% of the population as a whole had "neutral" attitudes Which made the mean value is 3.78 and Standard deviation of 0.82 And 9.73% of the participants disagree. The outcome demonstrated that E-tax filing assisted taxpayers in avoiding the mental strain associated with standing in a lengthy line. (Table 4.3)

The majority of respondents, or 39.3%, strongly agreed with the assertion that E-filing improved the relationship between customers and ERCA. This was followed by 42.76% of respondents who also agreed 12.78% of the overall population had "Neutral" opinions which results average mean 4.11 and standard deviation of 0.94 and. The remaining 1.72% and 3.45%, respectively, strongly disagree and disagree. The overall results of this study showed that E-filing improved the relationship between customers and ERCA.

Regarding whether or not the Data storage is made safer by the e-tax filing method the survey respondents' opinions revealed that 9.73% of them strongly agreed, 65.5% agreed the average mean and the standard deviation 3.78 and 0.71 respectively. And 18.5% of the general public had "Neutral" sentiments. The remaining 6.19% disagree that using an electronic file system leads to safer data storage. (Table 4.3)

The majority of respondents (42.07%) highly agreed that the E-tax payment method saves transaction costs which made the mean value is 3.80 and Standard deviation of 1.11 this was followed by 29.3% of those who also strongly agreed, while 14.13% of the whole population had "Neutral" sentiments. The remaining percentages are 10.34% disagree and 4.13% strongly disagree. According to the overall survey results (Table 4.3), the E-tax payment method reduces transaction costs

Respondents were also questioned if they agreed or disagreed that E-filing enables quick tax liability recording throughout the month. 69.9% of those surveyed agreed, while 14.2% strongly agreed. The mean score is 3.86 and the standard deviation is 0.82 the percentage of

people who were "neutral" as a total was 3.4%. 12.4% of the total is distributed. Consumers may discover that e-filing is more advantageous for keeping track of their monthly tax payments, per the response. (Table 4.3)

The electronic tax payment system is more convenient to use than the manual system. According to poll respondents' responses with 44.83% strongly agreeing 40% agreeing the mean score is 4.21 and the standard deviation is 0.93 and 8.97% of the population expressing "Neutral" opinions 2.41 percent strongly disagree and 3.7 percent disagree make up the remaining percentages. The study's conclusions (Table 4.3) show that the electronic tax payment method is more convenient to use than the manual approach.

46.89% of poll respondents strongly agree that E-tax payment systems are less prone than manual ones to experience data loss and 43.44% of respondents agree In this regard, the response scored mean value of 4.28 and a standard deviation of 0.87 with the aforementioned responder. The above-mentioned claim, however, was vehemently and somewhat rejected by 1.76% and 2.76% of respondents, respectively. However, the remaining 4.83% of respondents did not concur with either party's position. According to the study's findings (Table 4.3), respondents believe E-tax payment systems are less prone than manual ones to experience data loss.

The statement, E-tax payment system protects money from theft, loss, or embezzlement was delivered to the respondents, and they were then questioned about their opinions. Of those who replied, 41.72% strongly agreed and 48.97% agreed, as indicated by mean scores 4.31 and Standard deviation were found 0.68 whereas 1.03% and 8.82% disagreed or claimed they were unsure (Table 4.3). This suggests that the statement was supported by the majority of respondents.

The survey's findings indicated that 45.86% of participants agreed, 34.48% strongly agreed, as indicated by mean scores 4.10 and Standard deviation were found 0.85 and 16.20% had "Neutral" attitudes. The remaining 2.35% and 1.37% of the total respondents, however, disagreed and strongly disagreed with the claim that the e-tax payment system's instructions are simple to follow The study's results demonstrate that the participants believe it is easy to commit larceny using the e-tax payment system (Table 4.3).

#### 4.5. PRACTICAL CHALLENGES ON E-FILING

Questions about the practical difficulties of e-filing were included in the research instrument's second part. The respondents were asked for details regarding their actual struggles with the e-filing system.

**Table 4.4 Practical Challenges On E-filing**

Item	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	Mean	SD
	F	%	F	%	F	%	F	%	F	%			
The campaign to increase awareness is insufficient to increase compliance.	4	4.83	10	13.1	5	5.86	32	40	29	36.2	80	3.90	1.17
E-tax payment system is affected by a poor intranet connection.	6	6.89	6	7.93	4	4.82	36	45.17	28	35.17	80	3.93	1.18
Inconsistent filing service (continual failure) System	3	3.45	6	7.24	23	29.31	28	34.83	20	25.17	80	3.70	1.04
The electronic filing system is not fully functional.	8	8.97	9	11.03	11	14.82	32	40	20	25.17	80	3.58	1.25
When e-tax payment is adopted, the government does not provide any support.	2	1.77	3	4.42	4	5.31	49	61.1	22	27.4	80	4.08	0.84
There are not enough qualified IT workers to support the e-tax system.	27	34.48	37	45.86	13	16.20	2	2.07	1	1.37	80	1.91	0.84
As a result of the taxpayer's poor data encoding, the e-tax system is less effective	8	10	13	15.86	3	4.14	32	40	24	30	80	3.65	1.34
Taxpayers are not responding to the e-tax payment system as favorably as I had planned	5	7	10	12	5	6	34	42.5	26	32.5	80	3.82	1.19
My use of the electronic tax payment method is not problematic		15.17	12	14.48	11	13.45	26	33.45	19	23.45	80	3.36	1.39

Source Primary Data, 2023

40% of respondents agreed with the fear, 36.2% strongly agreed, average result in the Likert scale is found 3.90 and the standard deviation of 1.17 respectively. And 5.86% had "Neutral" attitudes, according to the study data. But the remainder of respondents, who made up 4.83% and 13.1% of the total, disagreed and strongly disagreed with the assertion, respectively. The campaign to increase awareness is insufficient to increase compliance the study's results (Table 4.4) show that respondents don't believe the campaign to increase awareness is insufficient to increase compliance.

When given the statement, E-tax payment system is affected by a poor intranet connection. Respondents were asked how they felt about it. Of the 35.17% who strongly agreed and the 45.17% who agreed, in which the mean score and standard deviation were found 3.93 and 1.18 respectively. 6.89% and 7.93% who strongly and partially disagreed, and 4.82% who neither agreed nor disagreed, respectively. This indicates that the majority of respondents (Table 4.4) concur that the e-tax payment system is impacted by poor intranet connectivity.

Inconsistent filing service (continual failure) System is strongly believed to be the problem by about 25.17% of survey respondents, and the respondent who was described above has the same opinion with 34.83% of participants with an average mean 3.70 And standard deviation 1.04 on the other hand, 3.45% and 7.24% of respondents disagreed with the assertion made above strongly and somewhat. The study's findings show that respondents believe that a challenge to e-filing is an unreliable filing service (continuous breakdown) system (Table 4.4). The remaining 29.31% of respondents, however, did not agree with either party's opinion.

According to the replies from the study's participants, 25.17 percent of them strongly agreed, 40% agreed, and 14.82 percent of the public overall expressed with an average mean 3.58 And standard deviation 1.25 "Neutral" thoughts about the electronic filing system are not fully functional. 8.97% and 11.03% of respondents who were not surveyed either strongly disagree or disagree. The findings of this investigation show that the E-filing

system is not entirely functional (Table 4.4)

The respondents' perceptions of when e-tax payment is adopted, the government does not provide any support. The majority of respondents, 27.4% of them strongly agreeing, and 61.1% agreed; as indicated by mean score of 4.08 the standard deviation 0.84 and 5.31% of the total population stated "Neutral" viewpoints. The remaining percentages are 1.77% strongly disagrees and 4.42% disagree. The overall survey result indicated that the government is not supporting the implementation of e-tax payment (Table 4.4).

According to the study, the majority of respondents 45.86% strongly disagreed and 34.48% disagreed Average mean of 1.92 and standard deviation 0.84 that there are not enough qualified IT workers to support the e-tax system. A total of 2.07% respondents agreed, while 16.20% of the population expressed "Neutral" viewpoints. The remaining 1.37% strongly agrees. As a result, it appears that there is no shortage of competent IT personnel who support the e-tax system. (Table 4.4)

The following question asked whether as a result of the taxpayer's poor data encoding, the e-tax system is less effective. The majority of respondents (30% and 40%) agreed and strongly agreed with this statement, Average mean of 3.65 and standard deviation 1.34 whereas 4.14% of the total population expressed "Neutral" views. The remaining 10% and 15.86% strongly disagreed and disagreed, respectively, and the results demonstrated that the taxpayer's improper data encoding reduces the effectiveness of the e-tax system (Table 4.4)

According to the survey participants' comments, 32.5% of them strongly agreed, 42.5% agreed, indicate Average mean of 3.82 and standard deviation 1.19 and 6% of the entire population stated "Neutral" sentiments on the taxpayers' attitude being Taxpayers are not responding to the e-tax payment system as favorably as I had planned. The remaining 7% and 12% both disagree and strongly disapprove. The study's findings indicate that taxpayers' attitudes regarding the Taxpayers are not responding to the e-tax payment system as favorably as I had planned. (Table 4.4)

23.45% of respondents said they agreed with the worry, 33.45% said they strongly agreed,

indicate Average mean of 3.36 and standard deviation 1.39 and 13.45% said they were "Neutral" about it. On the other side, when asked if my use of the electronic tax payment method is not problematic. The remaining 15.17% and 14.48% of all respondents disagreed and strongly disagreed, respectively. The study's findings shows that while the majority of respondents think them my use of the electronic tax payment method is not problematic.29.65% of respondents really do (Table 4.4)

Item	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	Mean	SD
	F	%	F	%	F	%	F	%	F	%			
I am equipped with everything needed to operate the computerized filing system.	-	-	3	2.75	1	1.72	63	78.62	13	16.89	80	4.08	0.57
I have access to detailed E-filing guidelines.	-	-	41	51.3	5	6.19	23	28.3	11	14.2	80	3.06	1.18
The Ministry of Revenues is giving me immediate access to technical support to ensure that my e-filing system is operating properly.	-	-	6	7.69	7	8.85	62	77	5	6.55	80	3.8	0.69
I know how to use the electronic filing system well.	-	-	13	15.9	12	15	48	61.1	7	8.27	80	3.6	0.87

Source: Primary Data, 2023

According to the responses to the first question, which had a response of 78.8% in favor and 16.8% strongly in favor, the majority of taxpayers I am equipped with everything needed to operate the computerized filing system with the mean value 4.08 while the standard deviation 0.58 as a result; businesses can leverage organizational resources like

PCs and the Internet to use e-filing taxes if they have the necessary infrastructure. The absence of supporting resources, however, might function as a practice barrier.

The second question was I have access to detailed E-filing guidelines. 51.3% of respondents disagreed, 28.3% agreed, Averages mean 3.06 and a standard deviation of 1.18 and 6.19% were indifferent. The majority of respondents admit that there is no access to detailed E-filing guidelines.

The third query was whether the Ministry of Revenues is giving me immediate access to technical support to ensure that my e-filing system is operating properly. 77% of respondents said they agreed, while 6.65% said they strongly agreed which makes the average mean 3.8 and the standard deviation 0.69 This suggests that the Ministry of Revenue concurs with the effort toward electronic filing that the majority of respondents made.

Table 10 above shows that 61.1% of survey participants strongly agree or agree that they I know how to use the electronic filing system well. While 15.9% dispute that they do not with the average mean 3.6 and the standard deviation 0.87 This shows that most survey participants "have necessary knowledge of e-filing," which is crucial when using online tax filing

The facilitation condition (Venkatesh et al., 2003) describes how much a person believes that the system is supported by a technological and organizational infrastructure. The adoption of innovation and its ongoing use in e-file are significantly influenced by the enabling circumstances construct, according to researchers in the field of technology studies (e.g. Venkatesh et al., 2003; Taylor & Todd, 1995).



## 4.6. Questions related to continued usage intention online tax filin

**Table 4.6 usage intention online tax filing**

Item	Strongly		Disagree		Neutral		Agree		Strongly		Total	Mean	SD
	F	%	F	%	F	%	F	%	F	%			
E-filing is understandable, easy to use, and transparent.	5	4.8	9	11.7	12	15.5	37	46.9	17	21.03	80	3.63	1.11
E-filing has inspired me to accept responsibility for my tax issues.	-	-	5	6.19	8	10.68	63	78.6	4	4.48	80	3.82	0.61
My tax return procedure is accelerated by using e-Filing.	-	-	2	2.06	4	5.31	58	73.5	16	19.5	80	4.11	0.59
It is straightforward to locate the data required for electronic filing.	-	-	5	5.76	10	12.06	49	61.7	16	20.34	80	3.96	0.77
The use of electronic filing is the ideal way to boost the efficiency of MOR systems and promote taxpayer compliance.	2	2.07	13	16.8	19	23.9	35	44.3	11	13.3	80	3.51	1.01
I prefer to manually file my taxes at the Ministry of Revenues office rather than electronically.	7	8.9	44	54.8	18	22.07	11	14.14	-	-	80	2.42	0.85
I can do tasks more quickly now that I use electronic filing.	-	-	13	16.2	16	20	40	50	11	13.8	80	3.63	0.91
I was able to complete my income tax return more rapidly because to e-filing technology.	4	4.9	16	20	14	17.6	33	41.72	13	16.2	80	3.45	1.14
An e-filing option would make it easier for me to prepare my business income tax return.	-	-	17	22.07	12	14.8	47	58.3	4	4.8	80	3.48	0.88

Source: Primary Data, 2023

Table 4.6 discusses the ongoing purpose for online tax filing with respect to E-filing is understandable, easy to use, and transparent. 15.5% of respondents expressed "Neutral" opinions on the issue, while 46.9% of respondents agreed and 21.03 % strongly agreed that 3.63 averages mean 1.11 in standard deviation. However, the remaining respondents, who made up 11.7% and 4.8% of the total, disagreed and strongly disagreed, respectively. E-filing is simple to use and comprehend. However, Table 4.6 result therefore demonstrates that the majority of medium-income taxpayers acknowledge how clear and easy the electronic tax filing method is to grasp.

The overall survey result showed that E-filing has inspired me to accept responsibility for my tax issues (Table 4.4). 78.6% of respondents agreed, with 4.48% of them strongly agreeing; 10.68% of the population overall stated "Neutral" attitudes. This makes the average mean 3.82 and the standard deviation 0.61 and 6.19% of respondents disagree. The results indicate that using electronic filing has motivated me to assume personal accountability for my tax issues.

(Table 4.4)

According to the survey results, 73.5% of respondents agreed with the statement, 19.5% strongly agreed, and 5.31% expressed "Neutral" opinions on the issue. Averages mean 4.11 and a standard deviation 0.59 However, the remaining 2.06% of all responses either strongly agree or disapprove. My tax return procedure is accelerated by using e-Filing. According to the study's findings, the majority of respondents think that using e-Filing speeds up the processing of their tax returns. The respondents' perception of how it is straightforward to locate the data required for electronic filing. The majority of respondents voiced their ideas, with 20.34% of them strongly agreeing and 61.7% agreeing. 12.06% of the total population expressed "Neutral" sentiments. which makes the average mean higher than any other's item average mean, 3.96 and standard deviation 0.77 and 5.76% of people still disagree. The overall survey result showed that it is simple to locate the data needed for

electronic filing (Table 4.4).

According to the study participants' responses, 13.3% of them strongly agreed, 44.3% agreed, and 23.9% of the entire population had "Neutral" opinions about the use of electronic filing is the ideal way to boost the efficiency of MOR systems and promote taxpayer compliance with an average mean 3.51 and standard deviation 1.01 The remaining 16.8% and 2.07%, respectively, disagree and strongly disagree. According to the findings of this study, e-filing is the greatest strategy to increase the effectiveness of MOR systems and motivate taxpayers to comply (Table 4.4).

On the subject of whether I prefer to manually file my taxes at the Ministry of Revenues office rather than electronically, respondents couldn't agree. 54.8% and 8.9% of participants in this research strongly disagreed and disagreed, respectively. 22.07% of the total population had "neutral" sentiments with an average mean 2.21 and standard deviation 0.85 about whether they preferred submitting taxes manually at the Ministry of Revenues office or filing electronically. According to the remaining 14.14% who concur, taxpayers prefer manual filing over electronic filing.

For the three (Question 7-9) related to usefulness e-filing system which able to faster, improved productivity, enhance effectiveness and improved performance in preparing business income tax filing majority of respondents agreed with it but the response of e-filing technology income tax return highly deviated because the standard deviation is 1.14. As indicated by mean scores of 3.63, 3.45 and 3.48 respectively.

#### 4.7. THE OVERALL EXPERIENCE OF E-TAX FILING

**Table 7: - The overall experience of e-tax filing**

Item	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		total	Mean	SD
	F	%	F	%	F	%	F	%	F	%			
Good and nice e-tax filing experience	3	2.07	13	16.9	18	23.1	36	44.83	10	13.1	80	3.47	1.04
E-tax filing experience was positive and convenient.	-	-	11	13.44	18	23.1	42	52.07	9	11.03	80	3.62	0.87
Understanding electronic tax filing is boring and inconvenient.	-	-	49	61.72	11	13.3	20	24.8	-	-	80	2.63	0.86

Source: Primary Data, 2023

The final three inquiries analysis respondents' general perceptions of the electronic tax filing system. While 16.9% of respondents thought that the process would be laborious and unpleasant, 44.83 percent of respondents agreed that it would be good. The majority of respondents (52.07%) thought that paying taxes electronically was a Good Convenient Experience.

## **CHAPTER FIVE**

### **CONCLUSIONS AND RECOMMENDATIONS**

The summary of the study's key findings, the study's conclusions, and recommendations for potential fixes are covered in this chapter.

#### **5.1. SUMMARY OF MAJOR FINDINGS**

The purpose of this research first, to identifying the benefits of the e-tax filing system in the Ethiopian Ministry of Revenues medium taxpayers. Secondly, to investigate Practical Challenges to e-taxation filing practice and assessing continued usage intention online tax filing system. Finally, the study findings can be summarized as follows:

According to the demographic findings of the study, of respondents are within the age range of 31 to 35, indicating that the majority of respondents are above the age of 30.

The survey also details the respondents' educational history.

Accordingly, 80% of all respondents had a bachelor's degree from a university and worked as senior accountants, indicating that the majority of respondents were fairly educated. Additionally of respondents had 11 to 20 years of e-filing experience

The respondents were questioned regarding the Ministry of Revenue's present procedures for midsize taxpayers using the e-tax filing system. According to the study's descriptive statistics, medium taxpayers for the Ministry of Revenues consider that e-tax is advantageous.

The benefits listed under benefit assessing questions show that e-tax is advantageous to taxpayers in that it helps them avoid emotional stress, save money and time, make data storage safer, and help in the timely recording of tax credits and tax refunds at any time. However, there are also difficulties that taxpayers must deal with when filing their taxes electronically, such as frequent system failures, a filing system that is not fully functional, and e-filing that is not well supported by an e-payment supplementary system power

interruption and low internet connectivity. The survey's findings also demonstrate that even if taxpayers file their taxes electronically, they must still visit the tax office.

Inquiries on facilitating issues relating to conditions were also made of the respondent. The overall results demonstrate that the respondent has sufficient internal resources to use e-filing, and the Ministry of Revenues does not provide specialist e-filing instructions; nevertheless, it does provide close and prompt technical support for e-filing users. The primary goal of enabling conditions is to lower usage obstacles.

The findings from several researchers concluded that there is a strong relationship usage of electronic filing and facilitating conditions (Taylor, S., and Todd, P.A. (2005).whereas removing barriers of use by facilitating conditions help continued usage system e-filing system.

The e-filing system is also beneficial in encourage to take personal responsibility for tax affairs, e-filing was the best way to improve efficiency of ministry of revenue system, encourage taxpayers to comply and also able to faster, enhance effectiveness, improved Performance, access to earlier returns result of the study has shown that the Ministry of Revenues' medium taxpayers was found it on e-tax filing usefulness. According to Davis (2000), the taxpayers 'perceived usefulness is the extent to which a person or taxpayers believe that a system can improve or accelerate his work performance. The usefulness of a system will influence the use of the e-filing if its users feel its benefits in doing their duties or jobs in reporting their tax returns. Perceived usefulness is the strongest predictor of two of the most widely investigated metrics of information system success, namely intention and use (Venkatesh, V., and Davis, F.D. (2000)).

Other research made by Evans (2012) and Nellen (2012), it is stated that the important factor in influencing the users 'sustained use is usefulness. Taxpayers' perceived ease of use and perceived usefulness serve as the basis for attitude towards using a particular system, which in turn determines the intention to use and then generates the actual usage behavior of taxpayers (Davis, 2000). Warkentin, M., Gefen, D., Pavlou, P ., and Rose, G., (2002) also state that the user or taxpayers' views of ease of use as regards e-Tax systems are very influential in the continued user intension of electronic taxation. Taxpayers will

find it easier to perform their tax obligations in reporting their tax return by using the e-filing system, with this system taxpayers no longer need to come to a Tax Service Office making the system more effective and efficient. Wasao, D. (2014) state that dominant effect of perceived usefulness on intention provides potential fruitful avenues to the e-learning technology designers for affecting users' continuance intention to use e-learning technologies the taxpayers will discontinue using an e-tax filing technology, if it is not useful for their purpose, even if other conditions are fulfilled.

## **5.2. CONCLUSION**

The primary focus of the study was on the advantages and difficulties of the e-filing procedure in Ethiopia's Ministry of Revenues for medium taxpayers. This summary was created based on the study's goals, which were to identify the advantages of an e-tax filing system and analyze real-world obstacles to assess what would motivate medium taxpayers in the Ministry of Revenues to continue using the system.

As Prior Studies stated, the study also shows e-tax filing system benefits, mainly, making data filing easier, making data storage safer, faster and more accurate with less error, decrease penalty, decrease workload, make tasks more effective and efficient, gives greater control over tax declaration, affect tax evasion controlling positively, improved control over tax revenue, makes taxpayers tax compliant by facilitating timely report and helping them to abide by the law.

Taxpayers should be encouraged to use e-tax as there are many benefits of this system (both to government and to Taxpayers) it is helping Ministry of revenue medium taxpayers are benefiting from correctly calculates the tax avoid emotional stress on month-end long queues, reduction in paperwork savings on their time and transportation cost to travel Ministry of revenues office for tax filing, and also help for timely recording of tax liability trough out the month majority of the respondents are agreed with this determination.

Despite the above benefits of e-filing it is associated with some challenges the respondent's towards e-filing system main challenges identified includes e-filing service constant break down, filing system not fully operational, e-filing system not very well supported with e-

payment supplementary system so e-tax users still visiting tax offices are frequent challenges and feel doubt about it. And the majority of the respondents are agreeing overall experience of e-file is needed improvement.

The survey result also shows an imaginary increase in the usefulness and ease of use and facilitating condition or removing the barrier of use provides possible successful ways to the e-filing system's continued usage intention.

The current e-tax filing practices of the Ministry of Revenue, based on the medium taxpayer's assessment, are good and convenient. In as much as there are challenges of using e-taxation filing in tax administration, the gains of e-taxation outweigh the perceived and practical challenges seen above.

### **5.3. RECOMMENDATIONS**

Based on the finding of the study, the following recommendations are forwarded. It gives valuable suggestions to increase in order to overcome the challenges, exploit the full success of the E-tax system and to ensure a successful practice of the E-tax filing System of the Ministry of Revenues in Ethiopia.

Ministry of revenues should increase the quality of the system formulation of information-related- laws, enhancement of people's concept regarding information e-government system.

The Ethiopian Ministry of Revenue should continue educating taxpayers and officers to upgrade their know-how on the use of the system by using TV Programs. For example, video to demonstrate step by step in using the e-Filing can be prepared and easily accessed to enhance user understanding.

Ethiopian Ministry of Revenues should enhance internet connectivity and power interruption by using other options and facilitate backups that online users won't miss their data while using e-tax. This can be done by enterprise association with Ethno-telecom.

Results of the study show that provide that facilitating condition and usefulness and ease of



use are important issues in the continued use of e-filing systems so the Ethiopian Ministry of Revenue should give make sure for the subject. It is also important to develop an electronicpayment system that is boundless development of the system.

The Ethiopian Ministry of Revenue should support taxpayers by giving specialized instructions and providing close and fast technical support for e-filing effective functioning.

The researcher's suggestion for the same topic and subject is considering again the method of sample selection used, so the result can be generalized.

#### **5.4. Direction for further studies**

There are several limitations of this study which might be the way of future research constructed approach to understanding e-tax filing continued usage. The study also found that there are challenges in the use of the e-Tax filing system. Especially the organization to have many branches the specifics of the challenges experienced by various users of the E-filing system were not identified by this study. Further Similar studies can be done in other branches of the Ministry of Revenue and the results of the findings be compared for more accurate generalization.

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## ANNEXES 1 Questionnaire

### Questionnaire to Be Filled By medium tax payers of Ministry of Revenues

Dear Participant,

I am ABDULBASIT JEMIL ST. MARY'S UNIVERSITY, SCHOOL OF GRADUATES STUDIES IN PARTIAL FULFILLMENT FOR THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION IN ACCOUNTING AND FINANCE

And this questionnaire is set up to collect primary data for thesis entitled **“Benefit and Challenges of Electronic Tax Filing System in Ethiopian Ministry of Revenues medium taxpayers MERCATO Branch Offices**”. The research is conducted in partial fulfillment of the requirement for MSC in Accounting and Finance department.

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

Note

- No need to write your name
- Please put (√) mark in the box to the point which highly reflects your Thank you very much, in advance, for your sincere cooperation.

For any comment and questions, please contact me: Tel- *Telephone: +251933935579* Email - (Email:abdujemil36@gmail.com)

**Abdulbasitjemil**

## **Part I: General Information:**

1.1. Your current Job/Position \_\_\_\_\_

1.2. Age

- 25-30Years
- 31-35Year
- 41-45
- Over 45 Years

1.3. Educational Background

- BA/BSC Degree
- MSc/MA
- Other Specify \_\_\_\_\_

1.4. How long have you been working in ERCA?

- <5Years
- 5 to 10Years
- 11 to 15 Years
- 16-20 Years
- > 20 years

The following questions are presented on a five point Liker scale.

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

**Part II: Benefits on e-tax filing practice**

Description					
E-filing enabled me to accurately compute the amount of tax I owe.					
E-filing makes it easier to avoid emotional stress especially that brought on by long lines.					
E-filing improved the relationship between customers and ERCA					
Data storage is made safer by the e-tax filing method.					
E-tax payment method saves transaction costs.					
E-filing enables quick tax liability recording throughout the month.					
The electronic tax payment system is more convenient to use than the manual system.					
E-tax payment systems are less prone than manual ones to experience data loss.					
E-tax payment system protects money from theft, loss, or embezzlement					
The e-tax payment system's instructions are simple to follow.					



**Part III:** Practical Challenges on e-filing

The campaign to increase awareness is insufficient to increase compliance.					
E-tax payment system is affected by a poor intranet connection.					
E-tax payment system is affected by a poor intranet connection.					
The electronic filing system is not fully functional.					
When e-tax payment is adopted, the government does not provide any support.					
There are not enough qualified IT workers to support the e-tax system.					
As a result of the taxpayer's poor data encoding, the e-tax system is less effective.					
Taxpayers are not responding to the e-tax payment system as favorably as I had planned.					
My use of the electronic tax payment method is not problematic.					

**Part V:** Facilitating Condition

I am equipped with everything needed to operate the computerized filing system.					
I have access to detailed E-filing guidelines.					
The Ministry of Revenues is giving me immediate access to technical support to ensure that my e-filing system is operating properly.					
I know how to use the electronic filing system well.					

**Part IV: Continued usage intension online tax filing**

Description					
E-filing is understandable, easy to use, and transparent.					
E-filing has inspired me to accept responsibility for my tax issues.					
My tax return procedure is accelerated by using e-Filing.					
It is straightforward to locate the data required for electronic filing.					
The use of electronic filing is the ideal way to boost the efficiency of MOR systems and promote taxpayer compliance.					
I prefer to manually file my taxes at the Ministry of Revenues office rather than electronically.					
I can do tasks more quickly now that I use electronic filing.					
I was able to complete my income tax return more rapidly because to e-filing technology.					
An e-filing option would make it easier for me to prepare my business income tax return.					

**Part VII: Overall experience of e-tax filing**

Description	5	4	3	2	1
Good and nice e-tax filing experience					
E-tax filing experience was positive and convenient.					
Understanding electronic tax filing is tiresome and inconvenient.					

**Thank you! .....**