



**ANAYSIS OF RENTAL TAX LEVY AND COLLECTION
PROBLEMS IN CASE EMDIBER CITY REVENUE
OFFICE**

*A RESEARCH PAPER SUBMITTED TO DEPARTMENT OF
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PREPARED BY;

ASASAHEGN ZEWDU

ADVISOR;

Ms. LAKECH E. (MSc)

WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING AND FINANCE

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Abstract

The study was conducted rental tax levy and collection problem in Emdbir city revenue office. The general objective is to assess the rental tax levy and collection problem according to the established regulation of Emdbir city revenue office and problem encountered by tax payers and collecting authority. To achieve the objective necessary data were used. The Primary and secondary source of data to be collected order there gatherer information, which help fall for the study. Primary data was collected through unstructured interviewer and questionnaires distribution to employees and tax payers. Secondary data collected from review the documents, manuals of Emdbir revenue office report issued to their employees and research has been judgment sampling for it advantage of convent to use all less time consuming. This payer is descriptive types of research. Finally the collected data were processed, analyzed and interpret by using different table, percentage, and recommendation and conclusion were forwarded bases on the identified problems.

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CHAPTER ONE

1. INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Tax is the most source of government income. All government requires payment at money taxes from people. The government uses the revenue to build dams, to operative schools and hospitals to provide food and medical care for the poor and hundreds of other purposes. Tax are compulsory contribution by every citizen to government to enable the permanent to fulfill its commitment to its society all government requires money to finance their activity then tax is one of the sources of revenue for government expenditure.(Geber.W,2006)

In Ethiopia taxation come into being with the emergency of state and government exist hardily any reliable documentary evidence as to when taxation was introduced. In the 15th century written stories of AsteZereyacob indicate that taxation was introduced previously in Ethiopia.

Taxes are imposed by government on taxpayer based on their respective ability to pay without receiving any benefit in return. To administrate and establish effective and efficient tax system in the country the tax unit must follow some principle, rule and regulation.(Gebre,2006)

Taxation is the principal source of revenue the government. The government has the right to imposed tax on operating business and collects the tax from them. The tax collected from operating business has great importance in rising of revenue for the government and in providing incentive for certain type of economic area (proclamation No 308/2002)

Government needs funds to achieve social and economic objectives or to achieve political popularity with certain groups. This is because it can be redistributing a society's wealth

by imposing a heavier tax burden on one group in order to fund raise for another. All government depends on various taxes as their main source of fund. Among those business income tax is one of the type of income tax which is imposed on taxable income (profit) of business and business are allowed to deduct a number of expense called tax deductible expense from their taxable income, (misrake, 2008).

A tax is said to be efficient if it does not change any of the economic decision that firms and household would have made in the absences of the tax. Very few taxes can meet that high standard of efficiency, (Holly.U 2003)

Every taxpayer in the country should be taxed according to his ability to pay and the time of payment, the manner of payment, the quality to pay must be certain.

The tax levying and collecting system must be economical for the government. i.e., the amount of collected and the cost collection must be proportional and the system should be simple to understand and administer.(*Gebre,2006,*)

If you own properties and rent them out, you have tax responsibilities. Your rental income is regarded by the tax authorities as a business, even if it is a small amount. This means you have to complete a self-assessment tax return, calculate any tax you owe, and pay that tax. It can be a complicated area, even for experienced landlords. Here is an overview of what you need to know when it comes to rental income and tax (Gilroy.G 2019)

You have to pay tax as a landlord whether you rent residential or commercial property. In fact, you are responsible for a number of taxes as a landlord. Tax on your rental income is just one of them. Others include stamp duty when you first buy the property, and capital gains tax on the profits you make when you sell it. The tax you pay on rental income comes under the same rules as income tax.

Rental income is, therefore, taxed at the normal income tax rates. This is either 20 percent or 40 percent, depending on whether you are a standard rate or high rate taxpayer based on your total income. The tax rate on your rental income is calculated on the taxable rental income

Capital allowances cover wear and tear on items used to furnish the property, as well as any losses you incur on either rental income or the sale of a property. Here are some examples:

If you buy furniture, you can claim 12.5% of the total cost of the furniture per year for eight years.

If you make a loss on the sale of a property, you can offset that against the profit made on the sale of a different property.

If you make a loss on the rental income of a property, you can carry that loss forward to the following year (although you can't claim it against other income such as income from another business, or PAYE income).(Gilroy,chartered 2019)

The Federal Income Tax Proclamation No. 979/2016 (hereinafter the Proclamation) envisages that rental tax falls under Schedule "B" (article 13-17 of the Proclamation).The aim of this paper is to analysis rental tax levy and collection problem in emdbir city revenue authority and identifying the problem rental tax collection and also it is not more research conduct in this area in our country this is motivating factor to conduct this study

1.2 STATEMENT OF THE PROBLEM

Any government provides good and service to the public like, police defense, hospital, education, and other infrastructure facilities. In order to provide those good and service, the government will enter expenditure to cover those expenditure government needs to collect revenue. Government has different source of revenue. From that, revenue tax is the main sources.

However, the problem will most time occurs in the tax levying and collecting efficiency, lack of motivation of employees to collect the tax required and poor awareness of the people to pay the tax.

There are many studies available under this topic but many of them are to solve the hinder of analysis of tax levying and collecting system the strong side of previous study was show the solution clearly in the study area and most of them where conducted in south Africa Jonesburg, (Global property guide 2019) Ghana Accra and Ethiopia

Hawassa (Daba 2019) but I think it does not represent the real situation of Emdbir revenue office rental tax levy and collection problem.

So this introduced to new activities and create an opportunities for the researcher was conducts on Emdbir city revenue office. Therefore, what factories hinder Rental tax levying and collection system activities in Emdbir city revenue official the main problem that brings about research paper to conduct this study.

. Therefore, the research paper was focus in assessing Rental tax levying and collecting system in Emdbir city revenue office to answer the following questions;

- i) Does the tax payers of Emdbir city are voluntary to pay tax?
- ii) What are the factors, which are consider in levying the tax?
- iii) What are the problems faced while collecting rental tax in Emdiber revenue authority office?
- iv) Does the collected tax can much with budget (estimated) tax in Emdbir revenue authority office?

1.3 Objective of the study

1.3.1 General objective

The general objective of this research study is to assess the Rental tax levying and collecting problem in Emdbir city revenue office.

1.3.2 Specific objective

1. To assess if tax payers pay the tax voluntarily in Emdbir city?
2. To assess factor to be consider in levying the tax in Emdbir revenue authority office.
3. To assess the problem faced while collecting rental tax in Emdbir revenue authority
4. To evaluate whether the collected tax much with the budgeted tax revenue of Emdbir revenue authority office.

1.4 Significance of the study

The significance of this research study has given clue to the office how to improve its Rental tax levying and collecting problem. In addition this research would have

- ★ paved the way for improvement of rental tax collection
- ★ encourage compliance of tax payers
- ★ to create fairly clear image how the rental tax levying with collection are taking place

It would also provide some point how to improve taxpayer participation towards rental tax. And also this study benefit both the tax payer and the tax collector as whole

1.5. Scope of the study

As tax is crucial source of revenue, it can be study in country level as well as regional level but due to time and cost constraint the research would focus in assessing of rental tax levying and collecting problem Emdbir city revenue office.

1.6. Organization of the study

This research paper has five chapters. Chapter one deals about the introduction of the research, attempt would make to introduce the general purpose of the study back ground, statement the problem, objective of study, significance of the study, scope of study. In chapter two, it would try to organize different ideas, principle and rules from different authors' books as literature review. In chapter three, research Design Methodology. In chapter four deals about data processing and Analysis implies by editing, coding, classification of collected data. In chapter five it about conclusion and recommendation

CHAPTER TWO

2. LETREACURE REWIEW

2.1 DEFINATION OF TAXATION AND RELATED CONCEPTS

Taxation is a system of raising money to finance government service and activities. Government at all level local, state and national-requires peoples and business to pay the taxes. Tax is contribution to state revenue legally lived on person property or business.

Government can be finance their activities by borrowing, creating money or by obtaining technical assistance from abroad and donation, but the major service of revenue to finance public expenditure are taxes. It is compulsory contribution by people or organization to the government.

Taxes are as old as government. The general level of taxes has varied through the years; depend on the role of governments. In modern times, many governments especially in advanced industrial countries have rapidly expended their roles and take new responsibility. As a result, their need for tax revenue has become great.*(Gebrie,2006)*

A tax is compulsory levy payable by an economic unit individual or organization to the government without any corresponding entitlements to receive a define and direct benefit from the government, the contribution made by tax payers, it is generalized extraction which may be levied on one or more criteria up on individual or other entities,*(Bahita,2003)*.

Government is inconceivable without taxation. Tax is the major source of revenue needed to finance government service. To raise sufficient revenue, government uses varies types of taxes and arrange of tax rate. A part from raising the necessary revenue, tax has multiple objectives. Thus, tax police have to be designed properly in order to promote incentives to work, save, invest and support economic growth and equity. Tax reform, therefore has to be balance multiple objective of taxation including raising adequate

revenue, insuring economic efficiency and equity. It must limit up productive taxes and incentive; keep differential rates to minimum reduce economic distortion,(Misrake,2008).

Taxes are compulsory payment associated with certain activities. The revenue collected through taxation are used to purchase the input necessarily to produce government supplied goods and services or redistribute purchasing power among citizens,(Hymen,2002).

Taxes have micro and macroeconomic effect in a modern economy. The economy effect of taxation may be good as well as bad. Due to heavy imposition of tax, the ability of tax payer to work may be affected adversely or he may be reluctant to work more since his additional income is taxed, (Gupta 2001)

2.2 Basic characteristics of Taxation

Taxation is characterized by the following basic features

- i) a compulsory contribution
- ii) Levied only by the government
- iii) Not based on condition
- iv) a legal collection
- v) Impose personal obligation
- vi) Involve an element of sacrifice
- vii) recognizes the basic rights of the tax payers (Misrake ,2008)

2.3 Objective of taxation

The basic objectives of taxation are to mobilize sufficient revenue to meet the ever growing needs of government expenditure. In addition to raising revenue taxes have other objectives. A good tax system is also anticipated to follow the principle of efficiency, fairness and administrative case. (Misrake, 2008)

The main objectives of taxation are the following;

- a. Raising revenue by government to finance expenditure of its agencies; the primary objective of taxation to raise revenue to support expenditure

according to the writer, that expenditure includes education, health provision of utility maintaining, laws and defense all needs expenditure.

- b. Enhancement of standard living the people; by way of to certain giving various tax concession essential goods, the government enhances the standard of living of people.
- c. To ensure economic stability; government use to control inflation and deflation pressure during inflation period government may increase the existing tax rates or impose additional tax to reduce abnormal demand. During deflation period; government by reduce the existing tax rates or remove certain taxes to increase demand and encourages business activities.
- d. To minimize income and wealth inequalities; to narrow the gap between the rich and the poor, most government adopts progressive tax system. In such system the higher income groups pay more amounts of tax and middle income tax pay lower amount of tax. Then the tax collected from the higher and the middle income earning groups and employments.
- e. To discourage the consumption of harmful product, by imposing heavy taxes on harmful product that worsen people's health such as tobacco and alcoholic drink products, governments can reduce the consumption of such product.
- f. To reduce regional imbalances within the country, governments may give tax exemption or recession to those investors who want to invest in relatively less/under developed regions.
- g. Creation of employment opportunities; more employment opportunities can be created by giving tax concessions to small entrepreneur and to the industry labor incentives techniques(Misrake,2008)

2.4 Importance of taxation

Taxes are levied by federal state and local government are significant part of accost operating typical household as well as business enterprises every manager who makes a business decision and every individual who make personal investment urgently need some knowledge of income taxes. The purpose of income tax includes several goals apart from raising revenue which are influencing the rate economic growth encouraging full employment combating inflation of varying small business and redistributing national

income on a more equal basis the prime purpose or objective of taxation is to give as raise.

Revenue taxes are used for other purpose like;

- 1 To minimum the cost of running the tax system and enforcing the collection of tax.
- 2 To change the distribution of income
- 3 To make the receipt of certain benefit apart the cost of generating those benefit.
- 4 To change people behavior, for example, to discourages smoking to more expense.(Misrake,2008)

According to Bernard P. two payers in rent in sovereignty government and regions give the public sector the authority to institute tax laws. These revenue and police powers of government nicest authoring to sovereign government control persons and properly for the purpose of promoting the general welfare. Most taxes for both revenue and welfare propose. All taxes by nature extert on income effect since compel drawl of revenue from private sector and reduce the level of private sector phasing power. A tax can be defined as a compulsory contribution from an individual for the purpose or goal.

Though a single purpose is typically dominated, all taxes by their nature provide revenues to the government which imposes the taxes. In most instances the primary motive for existence for tax. Tax may exist primary for regulator purpose. Tax may be regulatory in either micro economic since. A regulatory tax designed to discourage the consumption of particular item such alcoholic beverage or to base of product (Bernard p. 1999).

2.5. Principle of Taxation

The pioneer economist like Adam Smith who agrees for laissez faire which state that the government minimal governance intervention. However Adam Smith acknowledges the role of the government in the provision of public. In his well known book "The Wealth of Nations" published in 1776 has stated four principles which called them as canons of taxation they are:-

People should pay taxes according to their abilities (principle with modern economist have subject to two interpretation) they are the benefit principle and to pay principle can none of equity. The payment of tax should be clear; certain to the tax payers and the tax collector cannot convenience.

The cost of collection in relation to the tax yield should be minimal canon of economy. Now days Smith's canons get wider perspective and some are added. Todaro (1994) tried to put factors which the tax potential in to five categories there are:-

The degree of inequality in the distribution of that income, the industrial structure of the economic activity of example the importance for foreign trade, the significance of the enterprises, the degree to which the agricultural sector is commercialized as opposed to subsistence oriented.

The social, political, institutional setting and the relative power of different groups (for example land lord as opposed to manufactures) organization.

The administration competence honesty and integrity of the gathering branches of government (Gebrie, 2006).

There are two basic principle of taxation. These are

2.5.1. Benefit Principle

The benefits principle of taxation states that only the beneficiaries of a particular, government programs should have to pay for it. The benefits principle regards public service as similar to private goods and regards taxes, as the people must pay for these services. The practical application of the benefits principle is extremely limited, because most government services consumed by the community as a whole. For example, one

cannot estimate the benefit received by a particular individual for general public services such as national defense and local police protection, (Gebrie, 2008 page 21,22).

2.5.2. Ability to Pay Principle

The ability to pay principle holds that people, taxes should be based up on their ability to pay, usually as measured by income or wealth. One implication of this principle is horizontal equity, which states that people in equal positions should pay the same amounts of tax. A second requirement of the ability to-pay principle is vertical equity, the idea that a tax system should distribute the burden fairly across people with different abilities to pay. This idea implies that a person with higher income pay more in taxes than one with less income (Grbrie 2008,).

2.6. Effective of taxation

Economists have devoted considerable expert to studying the effects of taxes. In particular, they study how taxes affect people's behavior, including their choosing in working, saving and investing.

To understand the effect of any tax, one must determine who bears the burden of the tax. The way a tax affects people is called the tax incidences the statutory incidences of tax refer to the individual group who must legal pay in contrast, the economics of a tax refers to its actually effect son people incomes. The economics incidences of a tax depends on how buyer and seller of the commodity when the tax is imposed. It have also been used to reducing the inequality of income and wealthy.

2.6.1 Effect on the ability to work, save and invest

Taxation refer the money income from the public to the government and their by reducing their purchasing power. The reduction in purchasing power reduces their ability to obtain necessity luxuries of life.

Thus, the levies of tax on peoples reduce their competitions of necessities and comforts, which lower the standard of living, when the standard of living is affected. This effect is strongly felt by the poor people. However, the efficiency and ability of rich people is not so much affected by taxation.

2.6.2 Effects of taxation on willingness to work, save and invest

Taxation affects the design of the people to work, saving invest. If the willingness of the people to work, save and invest is affected by taxation, the production will automatically be affected. It is universal recognized that direct taxes have more adverse effects all the willingness of the people to work, save and invest.

It is all the ground psychology reaction of the people. That is when the higher progressive of taxation is levied, the government takes the major of protection of the additionally income book. This many create a trends in the mind of the people not to take risk to work, hard to earn a manager income.

However, fair and justices tax system may not have any such bad effective on the willingness to the work save and invest.

2.6.3 Effects of taxation on the divers of economic resources

Will the value of production of the encounter depend up on ability and willingness to a work, save and invest, the patterns of production depends up on the allocation of economic resources amount the industry and region and consumes. If the product certain industry are taxed, their prices would rise and therefore, the demands for their product would reduce and there bathe profits also Is reduced, this may result in the diversion of resources from this industries to some other industries whose product is subjected to no tax or low rate.

If there is original imbalance with in the country, government can uses taxation to remove such imbalance by tax examination and tax concession to investors who made investment in under developed regions. The diversion may be beneficial diversion or harmful diversion. Taxation on the commodities that has injuries to the health like cigarettes and liquid may discourage their consumption, which in turn affects their production. The factors of production engaged in these industries may be diverted some other industries. This is “beneficial diversion”. The taxation on the goods of common consumption will increase their price.

Hence may be diverted to the production of some other commodities which may be in the nature of luxury or harmful to healthy, it is known as “harmful diversion”. (*Public Finance*, (7th edition))

2.7. An Overview on Rental Income and Tax house-calculator

If you own properties and rent them out, you have tax responsibilities. Your rental income is regarded by the tax authorities as a business, even if it is a small amount. This means you have to complete a self-assessment tax return, calculate any tax you owe, and pay that tax. It can be a complicated area, even for experienced landlords. Here is an overview of what you need to know when it comes to rental income and tax.

You have to pay tax as a landlord whether you rent residential or commercial property. In fact, you are responsible for a number of taxes as a landlord. Tax on your rental income is just one of them. Others include stamp duty when you first buy the property, and capital gains tax on the profits you make when you sell it. The tax you pay on rental income comes under the same rules as income tax.

Rental income is, therefore, taxed at the normal income tax rates. This is either 20 percent or 40 percent, depending on whether you are a standard rate or high rate taxpayer based on your total income. The tax rate on your rental income is calculated on the taxable rental income.

2.7.1 Taxable Rental Income

In simple terms, to calculate your taxable rental income, you take the total amount of rent you received over 12 months (gross rental income) and subtract any allowable expenses and capital allowances. You then apply your income tax rate to this figure to calculate how much tax you have to pay.

2.7.2 Allowable Expenses

Allowable expenses are expenses related to the management of your rental property. They include Mortgage interest, although how much depends on the type of property. If it is a residential property, you can claim 75 percent, but if it is a commercial property, you can claim 100 percent. The exception is if you have a tenant on social welfare. If the

tenant has been in the property for three years, it is possible to increase the claim from 75 percent to 100 percent. Your property has to be registered with the Private Residential Tenancies Board (PRTB) to claim mortgage interest.

Estate agent and management fees. You can also claim advertising expenses.

Insurance premiums, including mortgage protection premiums.

Legal and accounting fees.

Private Residential Tenancies Board (PRTB) registration fees.(Gilroy 2019)

Repair and maintenance costs, although you cannot claim for your own time, i.e. you can't offset the cost of repair if you do the work. Also, you can't claim the cost of repairs completed before your registered the property as a rental property Services charges, but only if you pay them. An example is refuse collection

2.7.3. Capital Allowances

Capital allowances cover wear and tear on items used to furnish the property, as well as any losses you incur on either rental income or the sale of a property. Here are some examples:

If you buy furniture, you can claim 12.5% of the total cost of the furniture per year for eight years.

If you make a loss on the sale of a property, you can offset that against the profit made on the sale of a different property.

If you make a loss on the rental income of a property, you can carry that loss forward to the following year (although you can't claim it against other income such as income from another business, or PAYE income).(Gilroy, chartered 2019)

2.8. Rental Income Tax in Ethiopia

The Federal Income Tax Proclamation No. 979/2016 (hereinafter the Proclamation) envisages that rental tax falls under Schedule "B" (article 13-17 of the Proclamation).

2.8.1. Imposition of Rental Income Tax

Rental income tax shall be imposed for each tax year at the rate or rates specified in Article 14 of this Proclamation on a person renting out a building or buildings who has taxable rental income for the year.

Subject to sub-article (3) of this Article, the rental income tax payable by a taxpayer for a tax year shall be calculated by applying the rate or rates of tax applicable to the taxpayer under Article 14 of this Proclamation to the taxable rental income of the taxpayer for the year.

This Schedule shall not apply to rental income subject to tax under Article 58.

2.8.2. Rental Income Tax Rates

1/ the rate of rental income tax applicable to a body are 30%.

2/ the rates of rental income tax applicable to an individual are)

Taxable Rental Income per year	Rental Income Tax rate
0-7200	0 %
7201 – 19800	10 %
19801 – 38400	15 %
38400 – 63000	20 %
633001 – 93600	25 %
93601 – 130800	30 %
over -130800	35 %

2.8.3 Taxable Rental Income

1/ The taxable rental income of a taxpayer for a tax year is the gross amount of income derived by the taxpayer from the rental of a building for the year reduced by the total amount of deductions allowed to the taxpayer for the year.

2/ Subject to sub-articles (3) and (4) of this Article, the gross amount of income derived by a taxpayer from the rental of a building for a tax year shall include the following:

- a) All amounts derived by the taxpayer during the year under the lease agreement, including any lease premium¹⁶
- b) All payments made by the lessee during the year on behalf of the less or according to the lease agreement;
- c) The amount of any bond, security, or similar amount that, during the year, the taxpayer is entitled to retain as a result of damage to the building and that has not been used by the taxpayer in repairing the damage to the building;
- d) The value of any renovation or improvement made under the lease agreement to the building when the cost was borne by the lessee in addition to the rent payable to the taxpayer.

3/ If a taxpayer leases a furnished building, the gross amount of income derived by the taxpayer from the lease of the building shall include any amount attributable to the lease of the furniture or equipment.

4/ the gross amount of income derived by a taxpayer from the lease of a building shall not include exempt income.

5/ in computing the taxable rental income for a tax year of a taxpayer who does not maintain books of account, a deduction shall be allowed for the following amounts:

- a) any fees and charges, but not tax, levied by a State or City Administration in respect of the land or building leased and paid by the taxpayer during the year;

b) an amount equal to fifty percent (50%) of the gross rental income derived by the taxpayer for the year as an allowance for the repair, maintenance, and depreciation of the building, furniture, and equipment.

6/ the provisions of sub-article 5 of this Article shall not be applicable for taxpayers who are required to maintain books.

2.8.4 New Rental Building Notification

1/ At the earlier of the time construction of a rental building is completed or when the building is rented, the owner of the¹⁷ building and the builder shall notify the kebel administration or local administration in which the building is located about the completion and the name, address, and TIN of the person liable for rental income tax with respect to the building.

2/ The Kebele Administration or Local Administration shall communicate the information contained in the notification to the Authority.¹⁷

2.9. Problems of tax collection

Lawal (1982) cited in Chinyere (2000) posits that the following are problems of tax collection:

In adequate staff or manpower to carry out the assignment efficiently and thus has Contributed to the low revenue generated for the state.

Mismanagement of tax collected: taxes collected were not been utilized for the purpose for which it was collected thus makes tax payers not give out their wealth for the state.

Bribery and corruption: in this day, tax collector personal interest has over ride their Official interest in the performance of their duties consequently affects revenue generation for the state.

Lack of voluntary compliance from tax payers these attitudes of tax payer causes tax avoidance evasion and delinquency.

Poor accounting records, must business traders professional do not keep proper records of their income and expenditure.

Inadequate facilities: The facilities like motor vehicle, motor cycle to carry out the assignment effectively is inadequate.

2.10. Tax avoidance

from the Tax avoidance refers to that legal exploitation of the tax law regime to one's advantage to attempt to reduce, the amount of tax that is payable by means that are within the tax law whilst making full disclosure of the material information to the tax authority. Tax avoidance may be considered as either the moral dodging one's duties to the society or the right of every one citizen to find out all legal way to avoid paying too much tax. (Misrake, 2008)

Accord to Misrake the following are definition of tax avoidance, "It is a means that tax payers resort to a device within ambit of law to divert the income before it occurs or arises to him or her." Tax avoidance has to be recognized that the person whether poor or wealthy has the legal right to dispose of this income so as to attract the last amount of tax. 'Tax avoidance is can be defined as escaping tax liability by using avoidable loop-holes of the tax law.

2.11. Tax Evasion

Tax evasion is a general term for effort by individual, firms, trust and other entities to evade the payment of tax by breaking the law. Tax evasion usually entails tax payers deliberately miss representing or canceling the true state of the afforest to the tax authorities for reducing the tax liability and includes in particular, dishonest tax reporting (such as under declare income, profit or gain or overstating deductions. (Misrake, 2008)

According to Misrake the following are definition of tax evasion. Tax evasion means fraudulent action on the part of the tax payer with a view to violate civil and criminal provision of the taxation law. It can be define as tax evasion implies the activities involving an element of deceit, miss representation of facts, and falsification of accounts

including downright fraud. It is a crime in all most all countries and subjects the guilty parts to fines or even imprisonment.

N.B in general tax evasion means tax avoidance by illegal means i.e. tax evasion is against the law and unsocial act.

2.12. Theoretical reviews

2.12.1 Economic Deterrence Theory

This theory, known as deterrence theory, holds that behavior of tax payers is impacted by factors such as tax rate that determines the threats that may come with evasion, and also the likelihood of being detected upon evasion and what penalties one may face as a result of Allingham and Sadmo (1972).The concept suggest that tax payers are moral utility maximizes, hence the stress on augmented inspections and punishments as a resolution to compliance challenges. Monetary founded studies are certain of that tax payers' behavior is subjective to monetary motives like enlargement of profits and likelihood of being detected (Trivedi & Shehata, 2005).

2.12.2 Purpose of taxation

According to chamber of commerce (2005), taxation in Ethiopia has many purposes. Among those purposes, some of are listed below;

- i) Promoting capital investment and trade.
- ii) Ensuring equity, fairness, and consistency in the administration of tax laws.
- iii) Rising revenue to finance the country's social and economic development programs and to alleviate penalty.
- iv) Encouraging a certain industries, which are held important to the long run development of the country?

Discourage other industries, which are likewise not important to the long run development on the country

2.12.3 Definition of rental tax

You have to pay tax as a landlord whether you rent residential or commercial property. In fact, you are responsible for a number of taxes as a landlord. Tax on your rental income is

just one of them. Others include stamp duty when you first buy the property, and capital gains tax on the profits you make when you sell it. The tax you pay on rental income comes under the same rules as income tax.

Rental income is, therefore, taxed at the normal income tax rates. This is either 20 percent or 40 percent, depending on whether you are a standard rate or high rate taxpayer based on your total income. The tax rate on your rental income is calculated on the taxable rental income (Gilroy.G, 2019)

2.13. Empirical reviews

The study on assessing the gaps and problems that factor affecting rental income tax payers complains with tax system in case Hawassa city (Daba Geremew, 2017) found various factors related to taxation system. The study was conducted to assess the rental income tax payer s compliance with tax system in case of Hawassa city administration. According to the response of the respondents, certain factors were found to be the major determinants of nonresidential house rental income tax payers' voluntary compliance. These are: financial constraints, referent group influences, awareness of tax payers, perception on tax fairness, understatement of income, educational status, absence of government incentives, trust in tax assessment and collection procedure and rental tax audit. Based on the findings some possible recommendations were given. These include, building understanding of tax payers, upholding tax fairness and equity, constructing capacity of the tax authority, and providing required social services to the general public to get trust from society and critical follow up over tax payers those evade tax by their personal problem.

Suresh.v & shinivas.G(2012).They study on assessing the gaps and problems that factor affecting that influence rental tax payers compliance with tax systems in case of Mekelle city. .Understanding the rental income taxpayers' attitude and their compliance with tax system is one of the most important factors for increasing the revenue of a government. However, the amount of tax that has to be collected from rental income is not sufficient enough to undertake developmental activities. A number of reasons may be attributable for low compliance and attitudinal differences of rental taxpayers such as lack of

awareness and inability in capturing the tax laws and regulations. Hence, the purpose of this study is to identify and understand the major factors that influence attitudes of rental taxpayers and their compliance behavior with tax system. Moreover, it is also designed to establish a relationship between the attitudes of rental taxpayers and their tax compliance behaviors.

2.14. Knowledge gaps

As we understand from the above statement the researcher was conducted on business rental tax payer's different countries by assessing different factors, method and approach. Much research was conducted over the entire world nevertheless; little study was conducted in developing country like Ethiopia.

In our countries Ethiopia the researcher was collected data from various sources such as taxpayers' survey and focus group discussions for business income tax collection by ignoring management, single employee, and specific area specially Emdbir town . Generally reviews of past studies on rental tax payers compliance with tax payers indicate mixed theory on its problem but it needs interesting findings solution on its problem in case of Emdbir town. Due to different approach is exist the researcher is try to identify the main problem rental tax levy and collection problem in case of Emdbir town revenue authority and set some solution about the problem.

2.3 Conceptual frame work.

Conceptual framework means that concepts relate to another are used to explain the research problem. To align the conceptual framework with the research objectives, rental tax levy and collection problem is the dependent variable whereas factor consider tax levying, tax awareness, problem of rental tax collection and tax budgeted & actual collection are independent variable

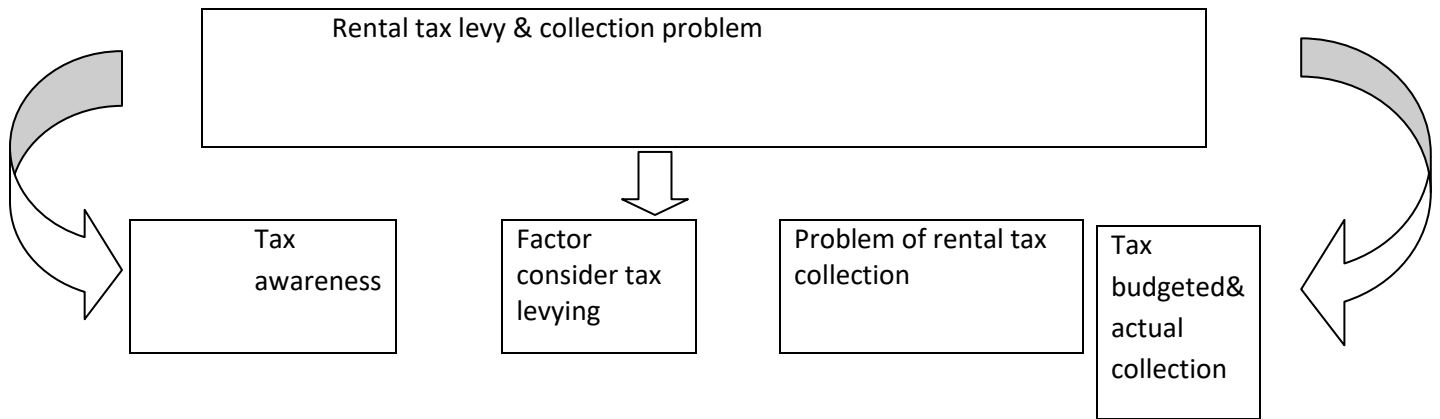


Figure 2.1 **Conceptual Framework**

CHAPTER THREE

3. Research Methodology

3.1. Introduction

The study was conducted in Emdiber town particularly of the revenue authority limit to the analysis rental tax levy and collection related problem. The researcher would have utilized different research methods and materials in taking in to consideration the variables.

3.2. Research Design

Research design is defined as a framework of methods and techniques chosen by a researcher to combine various components of research in a reasonably logical manner so that the research problem is efficiently handled. It provides insights about “how” to conduct research using a particular methodology. Every researcher has a list of research questions which need to be assessed – this can be done with research design.

The research paper was a case study type and basically designing to analyze Rental tax levy and collection problem in Emdiber city revenue office. The study was implementing descriptive type research design. Descriptive design have be conducts to analysis of rental tax levy and collection problem of Emdiber city revenue office. Mean that.

By analysis to describe, as well as explain, or validate some sort of problem in rental tax levy and collection problem of Emdiber revenue authority

The purpose of descriptive research is, of course to describe, as well as explain, or validate some sort of hypothesis or objective when it comes to a specific group of people. There are three main methods of descriptive research.(Bhat 2019)

3.3. Source of Data and method of Data collection

Primary and secondary data was used considered and using in study. Primary sources were the main sources of information for the study. primary source of data collected through by unstructured interview and questionnaires. The study was conduct by

distributing questionnaires to the Emdiber town revenue authority employees and tax payer. Secondary data collected by survey and reviews the document manuals of Emdiber town revenue authority report issues to the employees.

Primary data is data that is collected by a researcher from first-hand sources, using methods like surveys, interviews, or experiments. It is collected with the research project in mind, directly from primary sources.

The term is used in contrast with the term secondary data. Secondary data is data gathered from studies, surveys, or experiments that have been run by other people or for other research.(Theme.H,2019)

3.4. Target Population and Sampling Method

The data collect from different groups such as employees and tax payers that have long term experiences in engaged in tax authority of revenue in Emdiber town. In order, to collect the desire data from these group. Then the data are processes and analysis.

Emdiber town revenue authority offices have about 30 total employees. From 30 employees, 7 employees were Women's and the remaining, 23 are Men's. Out of 30 employees 10 employees will be selects relegated to rental tax. And there is 52 rental tax payer 30 tax payers will selects as a sampling. Because of save time and cost will uses sampling .The sampling techniques use judgmental sampling of non-probability techniques. The reason behind selecting this technique was less time consuming to get respondents.

Judgment sample, or Expert sample, is a type of random sample that is selected based on the opinion of an expert. (Wikipedia)

Judgmental sampling, also called purposive sampling or authoritative sampling, is a non-probability sampling technique in which the sample members are chosen only on the basis of the researcher's knowledge and judgment.(Bhat,2019)

3.4.1. Data Processing and Analysis

Data processing will be implies editing, coding and classification of collect data so as to make suitable for further analysis.

Data processed by implies editing, coding and classification data so as to make suitable for further analysis.

The required data was process classifies, gathering, analyzed by using methods of tabulation and percentages description. Data collects from questionnaires and interview shall analyze by using descriptive analysis technique.

CHAPTER FOUR

4. Data analysis, interpretation and presentation

The data was analyzed based on their nature. The result of secondary and primary data presented below in a precise form by using table and description. The objective of the chapter is to identify Rental tax levying and collection problem and factor which cause weakness. Analysis was made by collecting information from revenue authority office employees and tax payers. The method of data collection was carried out through questionnaires and interview. The researcher was taken 40 respondents as sampling from total population. Researcher taker 10 respondent from employees within the organization and 30 respondents from the total tax payers. The main objective of data collection is to assess rental tax levying and collection problem method is according with rule and regulation of Emdbir city revenue office. The problem related with tax payer and to identify the responsible bodies to collect tax is Emdbir city revenue to evaluate the tax payer's awareness and knowledge about taxation. Connected with collection, the papers try to measure the tax payers willingness to pay tax to the tax collector of government body with in Emdbir city. Another objective of this study is to assess whether the standard assessment is accordance with the ability of the tax payers.

4.1. Demographic Background

Introduction:- demographic back ground means general detail of personality of people or it describes feature of personality. People have such kind of personal features such as gender, age, sex, marital status, education level ... etc.

Below table shows demographic back ground of people

Table 4.1. Demographic back ground

No	Personal details	Number of respondent	Percentage of response
1.	Sex		
	Male	7	70%
	Female	3	30%
	Total	10	100%
2.	Age		
	21-25 years	3	30%
	26-30 years	2	20%
	31-38 years	4	40%
	39-45 years	1	10%
	Total	10	100%
3.	Marital status		
	Single	4	40%
	Married	6	60%
	Total	10	100%

Source: primary data. Questionnaires year 2020

According to table 4.1 above 70% of total employees in the revenue office in Emdbir city construe makes. This shows that majority of males are educated than female in the city. While only 30% of female employees are involved in the Emdbir revenue office from

these we understand that there is variation between male and female in involvement in higher institution because of absence of educated female in the town.

The reason for absence of educated female is carrying of heavy burden at home and difficult to continue their education and society and society has poor understanding for educated female as their do not have ability like male.

As we can from table 4.1 40% of employees are found between 31 up to 38 age years. 30% of employees are found between ages of 21 up to 25 years, 20% of employees are found between age 26-30 year.10% of employees are found between 39-45 age years. This further indicated that majority of employees are found in productive age. This means those productive are the main contributor for the country to increase in production amount. Due to this economic problem of city may be minimized. As a researcher understand from the table 4.1. There are no employees who are below 20 years and above 45. Form the table researcher understand that majority of employees found in productive. Related with this we can understand that there is low amount of unemployment problem in city.

As indicated that in table 4.1. 60% of respondent are married and 40% of employees are single (unmarried). From this further understand that majority employees are married in the organization. Related with this the researcher understand that most of them are experienced.

4.2. Education man power and their service duration

Introduction:- education is the way changing illiterate people to literate people and tool of fighting backwardness from people. Education help to develop one country economically, politically and others, Therefore education plays a vital role for change of every country. And also educations provide important contribution for people by creating awareness, by changing attitude and by developing psychologically. Below table describe educated man power and services duration.

Table 4.2 Educated man powers and services period of employees

Education level	Number of respondent	Percentage of response
Certificate	-	-
Diploma	1	10%
Degree	9	90%
Total	10	100%
Service year		
2 year	2	20%
3 year	2	20%
> 5 year	6	60%
Total	10	100%

Source: primary data. Questionnaires year 2020

According to table 4.2 90% of employees in organization are degree holders, 10% of employee are diploma holders. From this we can understand that, an organization has most employees are degree graduate program. As indicated in the table above an organization has highly skilled human power.

Table 4.2 also show that 60% of respondents have five years and more than five years experiences, 20% of employees in organization for three years up to five years experiences and 20% of employees have two years' experience. From this we can understand that organization has more experienced employees, related with this experienced employees who performs organization work efficiently and effectively.

Table 4.3 Tax Payers and Awareness about Taxation

Tax payers are peoples who engage indifferent business activity and those who pay their expected tax liability from their own income. Some of them are loyal and awareness about taxation but most of them are not loyal and awareness about and below show attitude of tax payers.

Question	Response	Number	Percentage
Do most tax payers pay their tax liability on Certificate time?	Yes	7	70%
	No	3	30%
	Total	10	100%
How do you evaluate the knowledge of tax payers about taxation?	Good	7	70%
	Bad	3	30%
	Total	10	100%
How is more responsibly for tax collection and assessment?	Tax payers	4	40%
	Tax office	5	50%
	Any government body	1	10%
	Total	10	100%

Source: primary data. Questionnaires year 2020

As we can see on table 4.3 show that 70% of respondent provides that majority of tax payers as pay their expected tax liability on time. This indicates that most of tax payers has good understanding and awareness about taxation. But only 30% of respondents are not pay their expected tax liability on time. This show that those tax payers has poor understanding and awareness about taxation. From this we can understand that majority of tax payers are motivated to pay their expected tax liability by understanding tax payment will benefit themselves. Further indicate that those tax payers known for what purpose as they have to pay and to whom as they pay on the other hand, the other have not motivated for doing this due to carelessness of them.

Table 4.3 further that 70% of employee's responses has good knowledge about taxation. 30% of employees have bad knowledge about taxation from these we can understand that

more tax payer pay their tax liability in fear of punishment made by government. Not only has that majority employees are developed their understanding about taxation, because they knows as government rendering command benefit to public. But 30% of respondent has bad knowledge about taxation. This means those employees do not have knowledge about taxation because they do not know the purpose of taxation.

Table 4.3 further indicates that 50% of respondents said that responsibility of tax collection should be given to the office and 40% of respondent from employees are considered as tax payer and also any government body response 10% responsible for tax collection. Further understand that, tax office was the main responsible body to collect tax liability because tax office are governmental body and formed for seek of collect taxation to the government. Due to these most employees considered as tax office is the most responsible, body than any other government body. And other government body not considered as the main responsible body, but considered as optional to collect tax liability.

4.4. Tax Payers Feeling and Payment Period of Taxation

Tax payer are those people who are registered for tax payment to the government and there is May party to the tax payer like trade and merchants. Tax payers has different attitude about taxation. Therefore some of tax payer has positive attitude and most of other has negative attitude about taxation. Because of the tax payers knowledge about taxation are not equal payment period of taxation means payment schedule of taxation and the table below describe about tax payer attitude and payment period of taxation.

Table 4.4 Tax Payers Feeling and Data of Tax Payment

Question	Response	Number	Percentage
How do you feel about taxation?	As obligation	10	33.3 %
	As debt	6	20 %
	As useful	14	46.67 %
	Total	30	100 %
When do you pay tax liability?	When I receive assessment notification	15	50%
	Before due date	6	20%
	After due date	9	30%
	Total	30	100%

Source: primary data. Questionnaires year 2020

Indicate above table most of tax payers feel taxation as useful, by considering the service reordering from the government for the command benefit of public majority of tax payers pay their tax liability when they receive assessment notification.

As indicate above table 4.4 46.67% of respondents were feeling the taxation as useful. This shows that majority of tax payers are considering taxation as useful. Further understand from those, most of tax payers have knowledge and awareness about taxation and they understand a government renders enormous good and service for general and command benefit to the people as whole. And 33.3% respondents was feeling the taxation as obligation this is because some people is lack of understand about taxation, but only 20% of respondent was feeling the taxation as debt because of these are poor understand about taxation.

Table 4.4 further indicate that 50% of respondent pay their expected tax liability when they receive assessment notification, related with this majority of tax payers want to pay when they receive assessment notification. From these we understand the most of tax payers are loyal to pay tax collection body of government. And 30% of respondents pay their tax liability after due date and also only 20% of respondent pay their tax liability before due date. From these we can understand that those tax payer are not loyal to pay their tax liability and related with these lack of understand about taxation.

4.5 Comparisons of Present Taxation System and Annual Income Tax Payers.

Introduction present taxation system is a system provide by present government which is acceptable and suitable by majority of tax payers and employees. For example present taxation considers ability of tax payers. Below table describe about present taxation system and annual income of tax payment.

Table 4.5 comparison of present taxation system and annual income of tax payers.

Question	Response	Number	Percentage
How do you see the present taxation system?	Good	24	80 %
	Need restatement	6	20 %
	Total	30	100 %
Is your annual tax liability based on your income?	Yes	21	70%
	No	9	30 %
	Total	30	100
Is the tax payment is enough?	Yes	21	70 %
	No	9	30 %
	Total	30	100%

Source: primary data. Questionnaires year 2020

As show above table 4.5 present taxation system in Ethiopia case considered as good because most of respondent said that tax liability imposed on tax payers are based on their annual income. This shows that in town tax office apply equity principle of taxation.

According to the above table 4.5 show 80% of respondents look the presentation system as a good. This show that tax collection system was considers ability of tax payers. Further understand from these each tax payers pay their tax liability based on their ability and has positive understand and awareness about taxation. But only 20% of respondents are considering the present taxation system as needed restatement. From this we understand that tax payers show poor understand about taxation related with these lack of knowledge and awareness from side of tax payers therefore, they considers as government impose heavy burden only on them.

Tables 4.5 further indicate that 70% of respondent said that as their annual tax liability based on their annual income. Only 30% of respondents were said annual tax liability not relate with their annual income. Farther understand from these do poor understand from side of tax payers about taxation.

Table 4.5, further show that 70% of respondents consider as a given enough period to pay their expected tax liability. But only 30% respondents were not agreed with the period given to them to pay their expected tax liability. From these we can understand that, almost majority tax payers voluntary to pay their expected tax liability within given period of time.

4.6. Problems Related With Tax Payment

Introduction tax payers fare such problem when they want to pay their expected tax liability. Therefore most of tax payers has negative attitude on tax collection body of government. Below table shows that problem related with tax payment period.

Question	Response	Number	Percentage
Do you face any problem when you got to pay tax liability?	Yes	30	47 %
	No	16	53 %
	Total	30	100 %
Is your answer is 'yes' for question 6 above what type of problem?	Absence employees in office	18	60%
	Waiting for long time	12	40%
	Total	30	100

Source: - primary date. Questionnaires year 2020

According to the table 4.6 53% of respondents were share their idea to us as not faced problem related with tax payment when they go to pay their expected tax liability. From these we can understand that Emdbir city revenue office as provided standard assessment to collect taxation from tax payers. But 47% of respondents said that, as minor problem they would have faced when they go to pay their expected tax liability. Further indicates on table 4.6 60% of respondent as faced with problem of absence of employees (tax collector) in the office. This might they went office after an employee had left the office to have lunch or other purpose and 40% of them faced with waiting problem for long

time. It also might be over crowding office with other tax payers. If there is many tax payers top wait on all them it may take much time.

As researcher personally discussed with some of revenue authority employees there are the problem of low scale of salary which they get monthly and motivation in the tax assessment and collection bureau, which lead to carelessness and misstatement of tax payers. Moreover the tax collector did not have adequate skill.

4.7. The Relation of Tax Paid Amount and the Service Which Rendered from Government

Introduction most of tax payers are business activity provider and can be known their annual income by calculating expenditure and revenue which earn their business activity. Government provide such good and service to public as whole, such as road, infrastructure, water, electric and health center and school ... etc. By considering all these service which rendered from government tax payers satisfied with those service then willingness to pay their expected tax liability to government. Below table describe about relation between amount of tax paid and service of government render to public as whole.

Table 4.7 the relation of tax paid amount and the service which rendered

Question	Response	Number	Percentage
Do you know the annual income of your business?	Yes	22	73%
	No	8	27%
	Total	30	100 %
How much do you satisfied from service you receive in return to pay tax?	I satisfied	20	67%
	I slightly satisfied	10	33%
	Dissatisfied	-	0
	Total	30	100%
The amount of tax that you pay is related with services you receive?	I agree	15	50%
	I can't decide	8	27%
	I disagree strongly	7	23%
	Total	30	100%

Source: primary. Questionnaires year 2020

As indicates above 4.7 almost majority of tax payers satisfied with these service which rendered from the government related with the tax paid from them.

As we can table 4.7 73% respondent were known their annual income of their business. Due to these known the annual income of business is covering large area or absence of due consideration toward the business income and expenditure computation.

But only 27% of respondent do not know their annual income. That means tax payers has not knowledge about covering large area or absence of due consideration toward the business income and expenditure computation. Further understand almost most tax payers have knowledge about their income by calculate annual business income expenditure.

Table 4.7 further indicate that 67% of respondents were satisfied from the service is receive in turn to paid tax to the government. Form these we can understand that, respondent known service rendered from government as related with the tax liability they

paid. And only 33% of respondent were slightly satisfied from the service is receive in return to pay tax to the government. With regard to the amount of tax payment 50% of respondent were agreed on amount that majority of respondents has positive from government. Only 23% of respondents were disagree strongly with rendered service from government. That means those respondents as lack of awareness about taxation.

Table 4.8. Budget and actually collected amount of revenue

Year	Budget	Actual	%
2010	45000	28234	62.7
2011	49500	31897	64.4
2012	53500	39346	73.5

Source: secondary. Document review of the last three year

From 2010 up to 2012 year budget amount revenue are greater than actual amount of revenue.

As we can see in above table revenue office collected revenue in 2010 collect amount are 28234 from 45000 the budget amount of revenue. This shows the actual collected amount less than the budget amount. This also indicate that the weakness of revenue office collecting of tax collection. And also in 2011 collect amount are 31897 from 49500 the budget amount revenue. In 2012 collect amount are 39346 from 53500 budget amount. As we can see the years 2011 and 2012 the collected amount more than the year 2010 but there is a problem the whole years the actual collected amount not much the budget amount this show the tax collection problem of the office.

CHAPTER FIVE

Conclusion and Recommendation

5.1 Conclusion

As far as government has existed and performed various activities it should come up with means of financing its activities. There are four methods of financing sale of goods or service, borrowing, printing paper money and taxation. From these sources, taxation is the main source to raise necessary funds for payment of expenditures which are incurred by the government. Taxation is the most common way of financing government activities. Those activities are provided to the community without charge and necessary funds are collected by requiring persons to make payment to the government in accordance with some established criterion. As the tax payers under the study, majority of them feel taxation as useful. This indicates that they have a positive understanding about the concept of taxation.

Even though, tax imposes a personal obligation on the tax payer, the amount of tax received from the people is used for the general and common benefit of the people as a whole. Even if, the present taxation system was not fully good, majority of tax payers' taxation is useful. Therefore, most of the tax payers are satisfied with the service which is rendered from the government in return for their tax payment. Therefore, majority of tax payers can finish payment of their tax liability within the given time frame. Tax objectives are ultimately connected with overall economic and non-economic policies of the government. As a result, the objectives of a tax system in a developed country tend to differ significantly from those in a developing country. In line with generating revenue, taxes are used as;

- ⇒ Discouraging consumption of non-essential goods.
- ⇒ Discouraging consumption of certain goods i.e. discouraging the importation of some goods from abroad to encourage domestic products.
- ⇒ Stabilization function: it is during inflation that the government charges less taxes on the product. In this way, the economy becomes stable.

Tax has multiple objectives to raise sufficient resources of revenue. The government uses various types of taxes and a range of tax rates. The Ethiopian tax structure is composed of two types of taxes: direct tax and indirect tax respectively. The current tax proclamation

and related regulation divided tax payers in to three categories, categories “A” category “B” and category “C” based on the value of incomes and from of business organization. Excessive tax rate, poor quality of tax administration frequently change a policies and lack of up to date information for tax payer, however, leads to undesirable economic effects. In this connection any taxes tends to discourage society, As tried to show on the analysis part of this study a number of problem a rise in the tax levy and collection in Emdbir City Revenue Office.

5.2 Recommendation

In the data presentation data analysis few weakness and problem in rental tax levy and collection office and tax payers were observed. The problem in both office and tax payers, are mention as conclusion as indicated above here attempt is made to give recommendations that help to have an efficient and proper of clear and transporting rule and regulations.

- ⇒ Man power is the most important resource that should be given special attention.
- ⇒ The man power structure of revenue authority should be occupied by competent personnel. Therefore to enhance their capacity and improve their effectiveness, the employees should get training.
- ⇒ For effective and proper tax assessment and collection, measure should be taken to revise and update the existing tax laws.
- ⇒ Tax payers must receive clear, concise and up- to -date information an describing what is to be taxable, how to calculate their tax liabilities and procedure for calculating pay taxes where and when they pay taxes.
- ⇒ The tax payers should develop positive attitude towards taxation as it is crucial for country development.
- ⇒ To improve the tax assessment and collection activities, the existence an active participation of adequate, qualified and committed personnel is important. To make the tax assessment and collection process effective and efficient, the office are expected to initiate tax payers to keep book of account income on time. This protects the office from unfair tax assessment and helping to prevent tax evading and avoidance.
- ⇒ To generalized, based on the existing problems; recommendations has been made to minimize the weakness of tax levy and collections of Emdbir city, so the head the office as well as personnel's of each department should discharge ethers responsibility well to get success in tax administration and to achieve the policy of government.

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Appendix

Wolkite University **College of Business and Economic** **Department of Accounting and finance**

The purpose of questionnaire is to collect data on rental tax levy and collection problem in Emdbir town and regarding confidentiality it is required only for academic purpose and your respective response will be kept in confidentiality.

Instruction

Put tick mark in the appropriate box for each question.

1. Sex

Male Female

2Age

18 – 20 26 – 30 39-45

21 – 25 31 – 38 > 45

3Marital status

Single Divorced Married Widowed

4Education level

Degree Diploma

Certificate Above degree

5Years of services

2) year 3-5 year

3) year > 5 year

6 Do most tax payers pay their tax liability on time? Yes No

7 How do you evaluate the knowledge of tax payers about taxation?

High Medium Low

8 Who is more responsible for tax collection and assessment?

Tax payers Any Governmental body Tax office

Questionnaires to tax payers

1. How do you feel about taxation?

As an obligation

As debt

As useful

2. When do you pay tax liability?

When I receive assessment notification

Before due date

After due date

3. How do you see the present taxation system?

Good Need restatement No bad

4. Is your annual tax liability based on your income?

Yes No

5. Is the tax payment period enough?

Yes No

6. Do you face any problem when you got to pay tax liability?

Yes No

7. If you answer is yes for question 6 above what types of problem?

Absence of employee in the office

Waiting for long time

Cost of money in packed

8. Do you know the annual income of your business?

Yes No

9. How much do you satisfied from service you receive in turn to pay tax?

satisfied more slightly satisfied satisfied dissatisfied

10. The amount of tax that you pay is related with service you receive.

I agree very much I don't agree

I agree I disagree strongly

I can't decide

