THE EFFECT OF ATTITUDE TOWARDS E-TAX SYSTEM ON TAX COMPLIANCE: USING TECHNOLOGY ACCEPETANCE MODEL IN ETHIOPIAN LARGE TAX PAYERS

MASTER OF SCIENCE IN ACCOUNTING AND FINANCE

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This is to certify that the thesis entitled "The Effect of Attitude towards E-tax System on Tax Compliance: Using Technology Acceptance Model in Ethiopian Large Tax Payers" submitted in partial fulfillment of the requirements for the degree of Master's with specialization in Accounting and Finance, the Graduate Program of the College of business and economics, Wolkite University, Ethiopia, and has been carried out by Amir Muhdin, under my/our supervision. Therefore, I/we recommend that the student has fulfilled the requirements and hence hereby can submit the thesis to the department.

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As members of the Board of Examiners of the final Master's degree open defense, we certify that we have read and evaluated the thesis prepared by Amir Muhdin under the title **"**The Effect of Attitude towards E-tax System on Tax Compliance: Using Technology Acceptance Model in Ethiopian Large Tax Payers**"** and recommend that it be accepted as fulfilling the thesis requirement for the degree of Master of Science in accounting and finance with specialization in accounting and finance.

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I hereby certify that all the correction and recommendation suggested by the board of examiners are incorporated in to the final thesis entitled “The Effect of Attitude towards E-tax System on Tax Compliance: Using Technology Acceptance Model in Ethiopian Large Tax Payers” by

Amir Muhdin _____ _____

Name Signature Date

I declare that this thesis entitled ‘The Effect of Attitude towards E-tax System on Tax Compliance: Using Technology Acceptance Model in Ethiopian Large Tax Payers’ is my own work and has not been presented for a degree in any other University and that all sources of materials used for this thesis have been duly acknowledged.

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ACRONYMS

TAM	-	Technology Acceptance Model
AMOS	-	Analysis of Moment Structures
LTO	-	Large taxpayer's Office
SEM	-	Structural Equation Modeling
PLS	-	Partial Least Square

ABSTRACT

The main purpose of this study is to examine the effect of attitude towards e-tax system on tax compliance by using Technology Acceptance Model (TAM) in Ethiopian large tax payer organizations. This research uses lottery method of simple random sampling technique to determine the samples. Respondents of this study were large taxpayers who had been registered in large taxpayers' branch office. There are 215 respondents out of 242 exemplars of distributed questionnaires who are willing to participate. Data were analyzed using Partial List Square Structural Equation Modeling (PLS-SEM) modeling which consists of two stages: the measurement model and the structural model. The research findings revealed that, attitude towards using e-tax system has a significant positive effect on the E-tax system adoption and Tax Compliance. The perceived ease of use has significant and positive effect on the Perceived Usefulness of e-tax system and attitudes towards using e-tax system. Perceived Usefulness of e-tax system has a significant positive effect on Attitude towards using e-tax system and E-tax system adoption has a significant positive effect on Tax Compliance. The overall implication of the construct collectively explained 40.50% of the variance in tax compliance and was predicted from the variables Attitude towards using e-tax, E-tax system adoption, Perceived ease of use & Perceived Usefulness.

Keywords: Tax Compliance, Partial List Square Structural Equation Modeling, Technology Acceptance Model Attitude towards using e-tax, E-tax system adoption, Perceived ease of use ,Perceived Usefulness

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

The word ‘tax’ can be defined as an obligatory imposition charged by the government on income, expenditure, assets and capital of its citizens; and almost every country in the world imposes tax, i.e., the main source of national income, in order to meet its expenditure needs. Effectiveness of tax administration system, and tax compliance, depend on certain fundamental rules like certainty, equity and fairness, convenience and efficiency (Adam Smith, 1776). Tax compliance –i.e., taxpayers’ decision to comply with tax laws and regulations by paying tax timely and accurately –determines the amount of revenue to be generated from taxes (Nilgata, 2019; Fjeldstad et al, 2012). A well-functioning revenue system is a necessary condition for strong, sustained and inclusive economic development. The countries that fail to capitalize on the benefits of rapid economic growth are missing a tremendous opportunity to improve the quality of life for their citizens (Carnahan, 2015).

Previous studies show that most governments face serious challenges in their revenue collection performance where governments are not able to collect sufficient funds to cover their budget expectations (Balunywa et al., 2014). Especially, developing countries are known for problems of poor tax administration including failure to collect sufficient tax revenues and integrate tax structures (Tesfaye, 2015). Ethiopia, like any other developing countries, faces difficulty in raising revenue to the level required for the promotion of economic growth through making different tax reforms for improving revenue generation, enhancing the efficiency of tax administration and improving equity in the tax system. A study conducted on determinants of tax revenue from time series of (1992-2013) declared that the trend of tax collection in Ethiopia is inconsistent, changing upward and downward (Belay, 2015).

Tax noncompliance is a challenge not only to government revenue but also to social welfare and allocation efficiency. This is so because when the rich are unwilling to pay their fair share

of taxes the objective of using taxation as a redistributive tool would be defeated. By the same token, the idea of using taxation as an instrument for allocation efficiency would suffer when taxpayers do not comply with the tax laws. It means that taxation would fail to serve its being a fiscal tool of the government as levy and collection do not match. More seriously, it would remain unfair if the rich continue to free ride the infrastructure built with the contribution of the poor (Mamo et. al., 2014).

Voluntary compliance with tax laws of taxpayers is believed to be shaped by two major streams of factors: economic and social-psychological. Many countries of the world including Ethiopia try to emphasize the economic deterrence approach in which the belief is that taxpayers pay taxes only because they fear audit and the subsequent sanctions. The social-psychology approach to taxation, on the other hand, takes the position that taxpayers' noncompliance decision is influenced by justice perception, how they value government expenditure, how they feel they are treated by the revenue authority, and so on (Mamo et. al., 2014). Hence, tax compliance can be affected by tax payers' attitude and tax regulations and government administration.

Governments devise various mechanisms to ensure effective tax compliance by the tax payer community. One of such mechanisms is E-tax system. The E-tax is a large public application designed to work with the Standard Integrated Government Tax Administration System (SIGTAS). It is a user friendly product which allows taxpayers to file electronically and to see and print their declarations on line. Because E-tax system relieves the tax payers from discouraging burdensome door to door administration, which is exposed to corruptive practices, it plays great role in ensuring voluntary and effective tax compliance. In order to make E-tax system result in effective tax compliance, however, it is important to shape tax payers attitude to that end.

There is a growing body of research that focus on examining the determinants users' satisfaction on information system technology. The success of an information system (IS) depends on the continued usage of the system. (Davies, 1989) presents the Technology Acceptance Model (TAM) by explaining the determinants of user's satisfaction. According to TAM, adoption behavior is determined by the intention to use a particular system, which in

turn is determined by perceived usefulness and perceived ease of use of that system. As Davis noted, future technology acceptance research needs to address how other variables affect usefulness, ease of use, and user acceptance. However, factors affecting the acceptance of a new IT are likely to vary with the technology, target users, and the context. Recent research has indicated that "credibility" has a striking influence on user willingness to engage in online exchanges of money and personal sensitive information. Therefore, perceived ease of use and perceived usefulness may not properly explain the user's intention to adopt the electronic tax filing system. Consequently it becomes necessary to search for additional factors that can better predict the acceptance of electronic tax-filing systems such as credibility or security (Wang, 2002).

Accordingly, the Ethiopian government also gives an attention for the development of ICT and under taking substantial reforms to provide equitable, efficient and effective service to taxpayers. Since 2015, Ministry of Revenue has been tested e-tax payment system as pilot for large tax payers. However, after a year of 2018 it becomes fully operational for large tax payers. As the result, Ministry of Revenue has been good progress in the development, delivery and exploitation of electronic services. Ministry of Revenue has been collecting taxes from large tax payers using electronic tax system.

The studies conducted in Ethiopia mainly focus on taxpayer's perception (Tesfaye, 2018, Ruta, 2017; Samson, 2016, Tadesse et al., 2014). This paper examines the effect of attitude towards e-tax system on tax compliance by using Technology Acceptance Model (TAM) in Ethiopian large tax payer organizations.

1.2. Statement of the Problem

Taxation is the main source of government revenue to finance its expenditure by imposing charges on citizens and corporate entities. It has also a wide impact on the economy, social and political stability and wellbeing of the nation. But the provision of revenue to finance the expenditure is less; this is because of tax provisions are not properly enforced either in ability to administer or on account of tax evasion through straight forward collusion between the tax officials, employees and tax payer. According to IMF (2011) developing country face many

common challenges most are qualitatively the same as in advanced economies but much larger. The sector is hard to tax everywhere but especially where administrative capacity and compliance habit are weak. Informality is extensive it is 40% up to 60%. In addition to these weak revenue administration, low tax payer moral, poor governance, heavy reliance on receipts from multinational enterprise, whose adroitness in tax planning possesses increasing challenges, shadow use of financial institution, pressure on revenue from trade liberalization.

For all governments, the administration of tax is a priority. Paying tax is one of the most universal, frequent and potentially contentious interactions that citizens have with their government. It can affect, and be affected by, an individual's broader perception of government (World Bank group, 2020).

Adoption of e-tax filing and payment system has become fundamental as many countries adopt Information systems in tax management. E-tax systems improve tax filing and payment efficiency and effectiveness. Well-designed and efficiently implemented electronic systems can greatly reduce the time and effort required by businesses to meet their tax obligations and can also offer significant benefits for tax authorities. According to the OECD data, the use of digital contact channels (online, email, digital assistance) continued to increase from 2016 to 2017, while traditional channels continued to decrease (World Bank group, 2020). However, as Dwilson (2014) discusses on his study says another challenge with e tax filing is its inability to provide automated online assistance to a taxpayer with a complex income structure. Therefore for such taxpayers trying to get help on a complicated tax question from a website help-desk may not be nearly as useful as getting help from an in-person tax professional.

E-tax filing system is equally important for all countries but as far as the researcher's knowledge there is lack of empirical studies which examine the Ethiopian tax office. Little is known about the adoption of electronics tax system, the attitude towards electronics tax system and tax compliance. Ethiopia, like any other developing countries, faces difficulty in raising revenue to the level required for the promotion of economic growth. According to Markose (2010), Ethiopia has highly dependent on external financial resources to finance its development activities. For many decades, the tax contribution to GDP was very less and this

needs an improvement. To narrow the gap, VAT was introduced before seven years and is showing dramatic changes in generating government revenue.

However, VAT showing a dramatic change the amount of VAT contribution to the revenue is insignificant and also desired amount of revenue could not be collected according to expenditure spent to the annual activity. In fact, in modern tax administration when tax administration is organized a unit for large tax payer it will have a better performance of revenue collection. It is beneficial to set up large tax payer office (LTO) that should be allocated a large share of administration resources than their numbers would suggest. Indeed, LTO are so popular among advisors on tax administration policy that, without an LTO, a tax administration is unlikely to be called modern. However, LTO is a structure for large tax payers, not only for the functional but also a better management of complaints (Tesfaye, 2018).

Past researches in examining the continuance usage intention have acknowledged various factors that affect technology adoption and its continued usage such as usefulness, ease of use, self-efficacy, quality, loyalty, voluntariness and subjective norm in either ecommerce or e-government environment. Studies have found linkages between technology adoption and optimism bias (Carter, et al., 2012; Schaupp, et al., 2010; Schaupp and Carter, 2010; Carter et al., 2008). The TAM theory argues that perceived usefulness and perceived ease of use influences the computer user‘s intention and actual usage of anew information system (Hussein et al., 2010; Davis, 1989). There are varied thoughts among the scholars on whether the perceived usefulness or the perceived ease of use is the primary determinant in the usage of a new information system (Azmi & Bee, 2011).

Local studies were conducted by (Yoseph, 2017) regarding assessing of E-tax filing system in selected branch offices of Ethiopian Revenues and customs Authority (ERCA). Findings revealed challenges like tax payers ‘attitude, taxpayers ‘fault and governmental problems and benefits which include data handling, accuracy, job performance and tax compliance. In addition, the study found out that E-tax filing system and tax compliance has a positive relationship. (Wondwossen & Tsegai, 2005) study on e-payment practices in developed countries, Africa and Ethiopia reveals that the major challenges of e-payment in Ethiopia

include poor telecommunication infrastructure, frequent power disruption, people are resistant to new payment mechanisms , lack of skilled manpower and unavailability of payment laws, and regulations particularly for e-payment.

The lack of the appropriate computer literacy levels therefore makes online tax filing expensive (Osebe, 2013). Lack of the ability to use the e-filing system quickly and efficiently or lack of understanding the type of information required by the online tax filing system forces taxpayers to engage third parties (Mandola, 2013) there are challenges associated with the online filing including taxpayers‘ perception, challenges associated with learning the electronic filing system from service provider, limited accessibility of internet infrastructure and electronic filing system down times (Azmi & Bee, 2011).

Does technology assist taxpayers to be more compliance if tax return is filed electronically? Technology acceptance is a crucial determinant in knowing the level of technology usage. (Fu, Farn & Chao, 2006) Defined technology acceptance as an individual‘s psychological state with regard to his or her voluntary, intended use of a technology, taxpayers‘ motivation to file tax returns on time and correctly highly depends on their willingness to cooperate (Kirchler, Niemirowski & Wearing, 2006). This is supported by The Compliance Model (Braithwaite, 2003) where supportive relationship from tax officers would be the pushing factor for taxpayers to comply with the rules, regulations and procedures outlines by the tax authorities.

Despite technology on tax filing system importance, E-tax filing system in Ethiopia unexplored so far. As to the researcher knowledge, there is no empirical research on the influence of electronic tax filing system on tax compliance regarding on technology acceptance and assistance in Ethiopia. Thus, examining the impact of electronic tax filing on tax compliance which has not been extensively studied yet in developing countries especially in Ethiopia can contribute to address the gap in the literature. This research would endeavor to bridge the gap between technology assistance and acceptance among tax preparers

A need to explore tax compliance and network connectivity as well as technical skills of filing behavior of the self-employed is very important. Tax payers offend and upset when system stability disturbed due to extra cost and effort requesting which is manual tax filing system.

(Kiring'a & Jagongo, 2017) study shows the knowledge of taxation system, internet familiarity, professionals' assistance and website ease of use of tax payers are also the other factors that tax payers to be compliance.

This research unlike the above discussed attempts to examine the mediating role of adoption of electronic tax system in the relationship between attitude towards electronic tax system and tax compliance using evidence from Large Tax Payers Office and understand the perception on the adoption of electronics tax system and the attitude towards electronics tax system on the tax compliance.

1.3. Objectives of the Study

1.3.1. General Objective

The objective of the study is to examine the effect of attitude towards e-tax system on tax compliance by using Technology Acceptance Model (TAM) in Ethiopian large tax payer organizations.

1.3.2. Specific Objectives

Specifically, the study is within the consideration of the following specific objectives.

- ✓ To examine the effect of perceived ease of use on perceived usefulness of e-tax system.
- ✓ To examine the effect of perceived ease of use on attitude towards using e-tax system
- ✓ To identify the effect of perceived usefulness on attitude towards using e-tax system
- ✓ To examine the effect of attitude towards using e-tax system on tax compliance
- ✓ To examine the impact of attitude towards using e-tax system on e-tax system adoption
- ✓ To examine the effect of e-tax system adoption on tax compliance
- ✓ To examine the adoption of electronic tax system mediation in the relationship between attitude towards an e-tax system and tax compliance among large taxpayers.

1.4. Significance of the Study

Tax is the major revenue source of every government and for all governments; the administration of tax is a priority. Accordingly, in recent time the Ethiopian government implemented e-tax system. Therefore, this study aimed to analyze the effect of attitude towards e-tax system on tax compliance by using Technology Acceptance Model (TAM) in Ethiopian large tax payer organizations. The result of the study is expected to give insights about the E-tax payment system. In doing so, the result of the study expected to benefit different stakeholders. Specifically

- **To Ethiopian Revenues and Customs Authority large tax payers branch office**

The study result provides information for the tax collector branch office that could help it to evaluate the system and to take remedial actions for suitable positive results. In addition, it might be used to see the level of customer perceived value and their satisfaction on the e-tax system. In doing so, the result might be used to evaluate the system to continue as it is working or to review and customize the system, as customers need.

- **To Large Tax Payers**

This study can be one source of transferring the voice and sharing the ideas about the system based on the perception of large tax payers about the system quality and gives a recommendation as a way formed.

- **Other Researcher**

The result of the study might also contribute as a ground for future researchers to conduct further study about customers perceived e-tax payment quality of ERCA and ERCA's online payment system in different way.

1.5. Scope of the Study

This research is conducted on large tax payer organizations in Ethiopia which have higher share of tax contribution, and are currently implementing the electronics tax system. The study covered only the large tax payers who are customers of large tax payers' branch office but which does not consider small and middle tax payers. The research considered the adoption of electronics tax system, attitudes towards electronic tax system and the tax compliance in the

case of large taxpayers' organizations. The research design is cross-sectional and co-relational. Both primary and secondary data were used in order to generate relevant information to the research. The study used data gathered from sampled 215 key informants of 2012 E.C. large tax payers.

1.6. Limitations of this Study

The study was conducted using large tax payers' data as primary source. The taxpayers in the selected large tax payer's office were 630 taxpayers who may not represent the total large tax payers in the country. Therefore, this might affect the capability of the result in showing the whole image of the large tax payer's tax compliance.

1.7. Organization of the Study

This study was organized into five chapters. The first chapter is an introduction part includes background of the study, statement of the problem, objectives of the study, significant of the study, scope and limitation of the study. The second chapter presents related literature review. Chapter 3 presents the methodology of the study such as the general research design, population of study, sample size and sampling technique, data type and sources, research instrument and methods of data analysis. Chapter four presents data analyses and presentation. Finally, conclusion and recommendations are included in this study

CHAPTER TWO

2. Literature Review

Literature review provides background information on the matter study. The purpose of literature review is to enable one to develop documented, logical rational for a problem, research question or hypothesis to ensure that there is some flow from what is already known about the topic to what one is attempting to be studied (ECSU, 2012).The literature that are presented in these area are more specifically, associated with the attitude of tax payers, the e-tax system, tax compliance, and the mediating role of adoption of electronic tax system in the relationship between attitude towards electronic tax system and tax compliance. In this literature review conceptual, theoretical and empirical frame works are included according to the adoption of electronic tax system in the relationship between attitude towards electronic tax system and tax compliance, from the study conducted by different scholars.

2.1 Theoretical Literature

2.1.1. Definitions of Tax and Tax Administration

2.1.1.1. What is Tax?

Tax is a forced payment made to a governmental unit that is unrelated to the value of goods or services provided (Shireley (2008). If we have income, we pay income taxes on that income to the federal government and possibly to state and local governments. Taxes are not levied as a punishment, nor are they levied as payment for particular goods or service rendered by the government. Although we may benefit from many governmental activities that are paid for by taxes, there is no direct connection between the benefit received by the tax payer and the amount of tax the taxpayer must pay.

2.1.1.2. What is Tax Administration?

Viktor, (2014) Tax administration means establishing capable tax collecting agencies; distributing employees among tax offices; maintaining information systems between governmental agencies; calculation and levying taxes; inspection of individuals and companies; solving contradiction between taxpayers and revenue administrators; charging penalties for noncompliant taxpayers and many other activities.

2.1.2. Classification of Tax

Taxes have been classified by various economists in various ways from different angles (Misrak (2014). Some economists' classify taxes based on who initially pays them and who ultimately bears the burden of them. Some other classifies taxes based on what determines the tax. Others classify taxes based on the objects to be taxed and based another criteria. The common dimensions to classify taxes are: - based on burden of tax, tax base, tax determinant, number of tax, and source of tax. Based on burden of tax, taxes are categorized in to two as direct and indirect taxes. Direct taxes are taxes, which paid by the tax payer on the self, whereas indirect taxes are paid to tax collector by some others on behalf of revenue Authority.

2.1.2.1. Direct tax

Direct taxes are levied on with the tax payer directly to the government and that cannot be shifted. Misrak (2014), direct taxes are whose impact and incidence fall on the same person. Such taxes are entirely paid to the government by those persons on whom the taxes are initially imposed. They cannot be shifted to others in any form. According to, FDRE proclamation (NO.286/2002) direct taxes are employment income tax, building rent tax, business income tax, interest earnings, and earnings from corporate capital gains, dividends, rental income tax and salaries of employment.

2.1.2.2. Indirect Tax

Indirect tax lived on sale of service and goods. These can be passed or shift on to another person or group. These tax also referred as consumption taxes because of the nature of being

paid when transaction of goods and services take place (FDRE proclamation NO.286/2002). Indirect taxes are imposed by government and collected by tax payer assigned by low from consumers for the transaction service they get goods or service from market. These indirect taxes are Value add, turn over, Excise, Stamp duty, Custom duty taxes.

2.1.3. Characteristics of a Good Tax System

A good tax system should meet the basic condition of Equity, Certainty, Economy and Convenience. According to Shirley, (2008) the problem with defining a good tax is that, like beauty, the definition is in the eye of the beholder. Most of us would like to assert that a good tax is one that applies to other persons and leaves us relatively unscathed–theory of Taxation. The concept proposed by (Smith, 1776) known as the four canons of taxations are; equity, Certainty, convenience, and economy. These concepts are still valid for determining whether a tax should be considered as a good tax.

2.1.3.1. Equity

Shirley (2008), the basic idea of equity is persons with similar incomes will face similar taxes. There is a major problem in determining when persons have similar incomes. To consider equity, one person who is very wealthy may decide to invest in municipal bonds, the interest from which is exempt from tax. A working person's income may be no more than the wealthy person's interest. In such a case, the working person may be pay 25 to 30 percent of that equivalent income in taxes. Both taxpayers have the same inflow of income, but one is able to avoid tax because of his or her wealth and ability to invest in tax-sheltered investments. Equity has another side, which is vertical equity. Vertical equity would require higher-income person to pay a greater proportion of their income than lower-income persons. Vertical equity is often referred to as the ability to pay concept. Vertical equity is the basis for a progressive tax system. As a person's income increases, he or she is assumed to need a smaller percentage of that income for basic living and other expenses and, thus, is in a better position to pay a greater share of that income in taxes.

2.1.3.2. Certainty

Certainty is related to simplicity. Certainty would dictate that a taxpayer know with reasonable accuracy the tax consequence of a transaction at the time, transaction takes place. If tax lows are continually changing, a change in the tax low practice imposes a totally uncertain environment on the taxpayer who was contemplating a transaction that could be affected by tax low change. Taxpayer does not know if the law will be passed –thus, he cannot know if the transaction will be affected. Certainty would dictate that tax lows change as little as necessary so that the outcome of a particular transaction could be predicted with reasonable accuracy (ibid).

2.1.3.3. Convenience

A convenient tax would be readily determined and paid with little effort (ibid). According to Sandford (1993), Gach (2014) cited in page 10),Tax administrators should not only focus on their convenience but must also consider taxpayers' convenience particularly in terms of tax regulation, filings, assessment, payments, administration and cost of administering the ax system.

2.1.3.4. Economy

Shirley (2008), a tax meets the criterion of economy when the amount of revenue it raises at an optimum level after the cost of administration and compliance are considered. The costs of a tax are not just limited to the cost incurred by the tax administration office in collecting the tax. Certain taxes impose an enormous burden on the tax payer for compliance. Economy is also related to the concept of simplicity. The simpler a tax system is, the less it costs to administer and comply with the tax.

2.1.4. Tax compliance

Tax compliance is defined as the full payment of all taxes due. Compliance with the tax law typically means true reporting of the tax base, correct computation of the liability, timely filing of the return, and timely payment of the amounts due (Yoseph,2017). This refers to adherence

to the executive rules of reporting and paying taxes on time. This includes compliance with the coverage requirements, procedural rules and laws. This entails filing tax returns on time, coverage all the income and claiming the right deductions and making tax payments on time (Abdu et.al. 2019). Yoseph (2017) stated that 'Compliance' will essentially relate to the extent to which a taxpayer meets its obligations. These broad categories of taxpayer obligation are registration in the system, timely filing or lodgment of requisite taxation information, reporting of complete and accurate information (incorporating good record keeping) and payment of taxation obligations on time.

Theoretically the above definitions of tax compliance are acceptable. However, when it comes to the obligations imposed on them by law, taxpayers are not always compliant. Most tax payers are not paying their tax liabilities voluntary because of lack of understanding the benefits of being compliant. Literature on "tax compliance benefits" categorized benefits into three broad categories, namely cash-flow benefits; the benefits derived from the use of tax revenues for a period before they must be paid over to the revenue authority, such as property tax collected by banks or supermarkets, the deduction of "pay-as-you-earn tax" (PAYE) by employers and VAT by vendors, before these are paid over to the relevant revenue authority, managerial benefits; that may arise due to a requirement in terms of tax legislation to maintain records, such as better recordkeeping, the use of technology, improved knowledge of the financial affairs of the business in particular in the form of increased knowledge of their complex accounting information systems and improved business or managerial decisions, and tax deductibility benefits; the benefits that arise when the income tax system permits some tax compliance costs to be treated as a legitimate deduction for tax calculation purposes, for example where the tax system permits a business a deduction for the services of their tax practitioners and tax related incidental expenses from their taxable income (Dinku,2018).

For taxation to be effective in achieving both short and long term goals in any economy, the level of tax compliance must be improved for efficient tax administration. One measure that can be used to improve the level of tax compliance is tax audit (Dinku, 2018).

Tax compliance can either be through voluntary tax compliance or involuntary tax compliance. Voluntary tax compliance involves obeying the tax laws without any state enforcement actions that leads to maximizing revenues because administration costs are low in

both the economic and psychic sense. The government wastes little money and time in collecting the tax and tax payers suffer little alienation in parting with their money (Tesfaye, 2018).

Compliance with the tax law typically means true reporting of tax bases, correct computation of the tax liability, timely filing of returns and timely payment of the amount due. Tax compliance can be described as the degree to which a taxpayer obliges to tax rules and regulations. In the contrary, tax noncompliance is individual failure to comply with their tax obligation. It can be: not reporting the tax bases, not timely filing and payment, and incorrect calculation of liability.

Tax payers are influenced by many factors from compiling their tax obligation, including, their distortion toward public institution, perceived fairness of taxes, prevailing social norm and chance of noncompliance being detected and punished (Ababu, 2019).

Tax compliance is taxpayers' ability and willingness to comply with the existing tax low whereas, non-compliance is a failure to meet obligation whether it is deliberately or not. According to Barnett (2003) cited in Asad (2014), there are three forms of tax compliance; those are committed compliance, capitulate compliance and creative compliance. Committed compliance is the willingness to discharge tax obligations by taxpayer without grumbling. While capitulate compliance is reluctance in discharging of tax obligation by tax payers and creative compliance referees to any act by taxpayer aimed at reducing taxes by redefining and deductible expenditure within the confines of the low. According to OECD (2010) the basic component of tax compliance obligation of citizens and businesses are to register for tax purposes, to file tax return on time or at all, to correctly report tax liability and to pay taxes on time. (Sharon and Sheila) acknowledged that Voluntary compliance depends up on taxpayers having trust in the tax authority, the alternative, enforced compliance depend up on the perceived power of the tax authorities to penalize evaders'. Tax payers' decision to evade or non-compliance is by calculating the difference between the gain from avoiding the tax and the cost of evasion if detected. Utility maximizing individuals who chose to evade tax whenever the expected gain exceeds the cost (http://books,google.com.et).

In more recent theoretical advances, the tax payer's behavior towards tax compliance depends entirely on his/her attitude towards risk. Tax payers can reasonably be expected to be troubled

by the awareness that high income individuals and profitable corporations pay little or no tax, even if methods being used to avoid taxes are totally legal. Unless the perception that the tax system is unfair can be reversed, tax payer morale is undermined and evasion may become uncontrollable. On the other hand however, if one believes that mostly negative outcome will result from the behavior, he or she will hold a negative attitude towards it and the reverse is true (Tesfaye,2018). According to (Night, and Bananuka, 2019), some people may have a negative attitude towards electronic tax system and that they would prefer to stay with traditional methods, which for most is the paper-based way, and in this case, attitudes towards using electronic tax system represent one of the main barriers for tax compliance.

Voluntary compliance of tax payer's was the back bone of the workable, efficient and effective taxation system. Hence, Taxpayers' perception towards fairness of tax system is one of the factors that enable the government to achieve its goals and programs. Besides, it reduces the country's dependability on the foreign loan and donations (Kebede, et.al 2019).

2.1.5. Benefits of Electronic Tax Filing and Payment

The goal of any tax authority is to establish a system of tax administration that allows for the collection of required taxes at minimum cost. A tax authority engages in many activities, such as processing returns and related information from taxpayers, entering tax return data into a database, matching returns against filing requirements, processing tax payments and matching them against assessments, and issuing assessments and refunds. One way to boost a tax authority's efficiency is by expanding its use of information and communication technology. Such technology can facilitate a broad range of services, including registering taxpayers, filing returns, processing payments, issuing assessments and checking against third-party information. E-filing systems increase the quality and quantity of information available to tax officers, enabling them to complete transactions faster and more accurately. Returns filed electronically have much lower error rates than paper returns and substantially cut the need to impose penalties and other punitive measures to foster compliance. The more efficient handling provided by electronic returns allows tax officers to issue assessments and refunds more quickly, and taxpayers know right away if their returns have been accepted by the tax authorities'-filing lowers the cost of handling returns—allowing administrative resources to be reallocated to other tasks such as auditing, customer services and tracking non-compliance.

The benefits of e-filing and e-payment systems extend to other electronic processes in the tax authority. E-filing and e-payment allow for better, safer data storage that can be used to implement a risk management system for auditing and enforcement. Automation helps establish a good system for tracking case files, which is essential for effective auditing and increases the speed and quality of data provided to auditors. In addition, e-filing systems are usually complemented by software that standardizes and facilitates processes for taxpayers, making compliance easier. Finally, well-designed electronic systems can lower corruption by reducing face-to face interactions. To ensure that taxes are collected efficiently and reduce opportunities for corruption, a generally accepted principle is that tax authorities should not handle money directly. Ideally, tax officials should have little direct contact with taxpayers and so less discretion in deciding how to treat them. E-filing is also easy, flexible and convenient for taxpayers. E-filing makes it possible to file returns from a taxpayer's home, library, financial institution, workplace, tax professional's business or even stores and shopping malls. With an integrated e-filing and e-payment system, taxes can be filed and paid online from any place (Joanna, 2019) place.

2.1.6. Technology Acceptance Model (TAM)

Technology Acceptance Model has been developed by Davis (1989) is one of the most popular research models to predict use and acceptance of information systems and technology by individual users (Tatek, 2019). Davis (1989) proposed TAM to explain why a user accepts to use or rejects to use information technology (IT) by adapting TRA (Night, and Bananuka, 2019).

TAM is one of the most influential extensions of Ajzen and Fishbein's theory of reasoned action (TRA) in the literature. Davis's technology acceptance model (Davis, 1989; Davis, Bagozzi, et al. 1992) is the most widely applied model of users' acceptance and usage of technology (Venkatesh, 2000). It was developed by Fred Davis and Richard Bagozzi (Davis 1989, Bagozzi, et al. 1992). TAM replaces many of TRA's attitude measures with the two technology acceptance measures—*ease of use*, and *usefulness*. TRA and TAM, both of which have strong behavioral elements, assume that when someone forms an intention to act, that

they will be free to act without limitation. In the real world there will be many constraints, such as limited freedom to act (Bagozzi, et al. 1992).

According to Bagozzi, et al. 1992 say: Because new technologies such as personal computers are complex and an element of uncertainty exists in the minds of decision makers with respect to the successful adoption of them, people form attitudes and intentions toward trying to learn to use the new technology prior to initiating efforts directed at using. Attitudes towards usage and intentions to use may be ill-formed or lacking in conviction or else may occur only after preliminary strivings to learn to use the technology evolve. Thus, actual usage may not be a direct or immediate consequence of such attitudes and intentions. (Bagozzi, Davis & Warshaw 1992)

The Technology Acceptance Model (TAM) has been used in research to explore the acceptance of new e-technology or new e-services (Davis, 1989; Davis & Venkatesh, 1996). TAM is one of the most effective contributions of Ajzen and Fishbein's theory of reasoned action (TRA). Davis's technology acceptance model (Davis, 1989; Davis, et al. 1989) is the most widely utilized models of acceptance and usage of innovated technology by users.

A relationship has been found between the beliefs of users about a technology's usefulness and the attitude and the intention to use the technology. A perceived usefulness shows more harmonious relationship with usage than did other model's variables. Therefore, the researcher decides to use PU and PEOU in building new research model.

Perceived usefulness (PU): Is defined as the degree to which a user believes that using a specific system would enhance the job performance.

Perceived ease-of-use (PEOU) - Is defined as the degree to which a user believes that using a particular system would be effort-free.

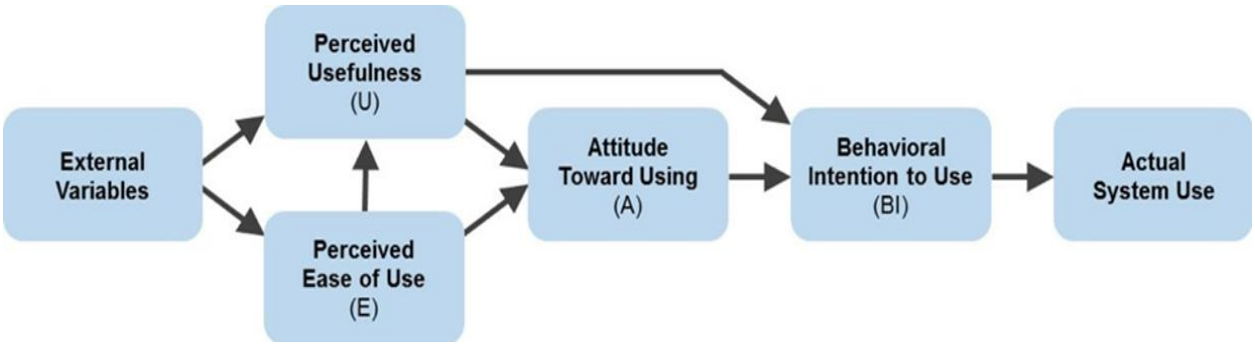

Figure 2.1: Technology Acceptance Model (Davies, 1989)

2.1.7. Electronic tax system and tax compliance

According to Mudiaga and Olusola (2019), an Electronic tax system is the system of collecting taxes from the taxpayers electronically. This is an online platform whereby the taxpayer is able to access through the internet all the services offered by the tax administration such as the registration for a personal identification number, filing of returns and application for compliance certificate. The Electronic tax system in Nigeria introduced the following e-services; e-Filing, e-Payment, e-Registration, e-Stamp duty, e-receipt and e-TCC. E-filing enables taxpayers file their tax returns through the FIRS' Integrated Tax Administration System (ITAS). The United States was the first economy to introduce e-filing, in 1986, followed by Australia in 1987(World Bank group, 2020).

The use of electronic tax filing and payment systems has risen sharply since 2004, when only 43 of the 174 economies measured by Doing Business had an online system for filing and paying taxes. Fifteen years later, this number has more than doubled (to 106) as economies have shifted from filing taxes manually and paying them in person to filing tax returns electronically and paying taxes online. The average compliance time in this region fell from 473 hours per year in 2004 to 225 hours in 2018 mainly because of the use of e-filing and e-payment in addition to the simplifying and streamlining of the tax systems of the individual economies. Since Doing Business 2006, 63 economies have introduced online platforms for filing tax returns including online payment modules. Europe and Central Asia, and East Asia and the Pacific, were the two most proactive regions in introducing such systems. The Organization for Economic Co-operation and Development (OECD) high-income group has

the highest share of economies (97%) using e-filing or e-payments, whereas sub-Saharan Africa has the lowest (17%). Factors inhibiting the adoption of technology by tax administrations and taxpayers include low literacy levels, unreliable information technology (IT) infrastructure, and poor availability of suitable accounting and tax preparation software. Doing Business data shows, however, that the use of online systems for tax filing and payment resulted in efficiency gains in several economies in sub-Saharan Africa in 2017–18, including Côte d'Ivoire, Kenya, Mauritius and Togo (World Bank group, 2020).

The convergence of the computers with the internet facilitated and accelerated the sharing of the produced information among the computers, institutions and even the states. The computer and the internet composition provide the basis for the birth of electronic services (e-service), giving the opportunity to be given in a non-physical virtual environment with some private and public services users. In this context, e-services were first used by the business community to develop trade (Allahverdi, et.al 2017).

2.1.8. Perceived Usefulness

Perceived usefulness indicates an individual decision to use or not to use information technology systems in completing a series of tasks or activities related to work (Goodhue and Thomson, 1995). Davis et al. (1989) defined the perception of usefulness as the degree to which individuals believe that by using a particular system can improve user performance. According to Seddon and Kiew (1996) perceived of usage about system usefulness with an effort to maximize user performance achievement.

2.1.9. Perceived Ease of Use

Davis (1988) provided an understanding of the perception of ease of use as a level of confidence that in the use of certain systems is not required a hard effort. Although the efforts made by everyone vary but in general to avoid the rejection of the system users on the system developed, the system should be easy to apply or applied by the user without spending the business that is considered burdensome in terms of time and cost.

2.2. Hypotheses Development

2.2.1. Attitude towards Use e-tax system

Attitude has long been identified as a cause of intention. Attitude in Fishbein and Ajzen's (1975) paradigm is classified into two constructs: attitude toward the object and attitude toward the behavior. The latter refers to a person's evaluation of a specified behavior. This evaluation of a specified behavior leads to certain behavioral intention that further results in certain behavioral action. Adapting this general principle, attitude toward use in the TAM model is defined as the mediating affective response between usefulness and ease of use beliefs and intention to use target system. In other words, a prospective user's overall attitude toward using a given system is an antecedent to intentions to adopt (Davis, 1989). In user participation research, it is also believed that, prior to system development; users are likely to have vaguely formed beliefs and attitude concerning the system to be developed (Hartwick and Barki, 1994).

There are differences in results of the research on attitudes so that there are researchers who studied these constructs in the model (TAM) and some are not. The result of the research Venkatesh (1999), attitude is an original TAM construct, but often does not used in the model (TAM) because it is not fully function as mediator between perceived usefulness and interest behavior (behavioral intention). According to Sheng et al., (1999) behavior intention In contrast to Davis (1989); Taylor and Todd (1995), the research results indicated that perceived usefulness has a direct influence on the behavior of interest (behavioral intention) or via attitude. The differences in findings of previous research (research gap) are the focus of this research while still incorporating the construct attitude in model (TAM). Based on the literature description above, this research adapted the model (TAM) as it relates to the behavior of using the technology and adapted TAM model that has not been developed or modified (Jullie, 2017).

H1: Attitude towards using e-tax system has a significant positive effect on e-tax system adoption

2.2.2. Attitude towards Use e-tax system in tax compliance

Past research have provided evidence of the significant effect of perceived Ease of Use (PEOU) and perceived usefulness (PU) on behavioral intention (BI) (Vekantesh and Davis, 1996; Davis et al., 1989; Hu et.al., 1999; Argawal and Prasad, 1999, Vekantesh, 1999). Fu, et al., 2006 and Norazah, et al., 2010 found that behavioral intentions (BI) were largely driven by perceived usefulness (PU). Perceived usefulness (PU) has a direct effect on intentions to use over and above its influence via attitude (Davis, 1989; Taylor and Todd, 1995). Past research was consistent on whether perceived usefulness was a stronger determinant (Jullie, 2017).

H2: Attitude towards using e-tax system has a significant positive effect on tax compliance
H3: E-tax system adoption has a significant positive effect on tax compliance

2.2.3. Perceived Ease of Use (PEOU) and attitude towards use e-tax system

Perceived ease of use (PEOU) is another major determinant of attitude towards use in the TAM model. Taxpayers will know the advantages of the system only if it is easy to operate (Paylou et al., 2002). They will also have a positive attitude towards a system. When users perceive that the system is easy to operate, they will have more positive attitude. Davis (1989) once proposed to test the generality of the observed usefulness and ease of use tradeoff and to assess the impact of external interventions on these internal behavioral determinants. Beliefs about reliability certainly will affect one's attitude toward the system, which will shape behavioral beliefs about using the system (e.g. ease of use). It is the system behavioral beliefs (ease of use) that directly influence attitude toward use, ultimately usage (Wixom and Todd, 2005). Wang (2002) found that perceived ease of use (PEOU) was a stronger predictor of people's intention to e-file than perceived usefulness. The empirical research findings are, however mixed (Chau, 1996; Davis, 1989).

H4: Perceived ease of use has a significant positive effect on attitude towards using e-tax system

2.2.4. Perceived Ease of Use (PEOU) and Perceived Usefulness (PU)

According to TAM, individuals accept a particular system if they believe in the system. These believe are perceived ease of use (PEOU) dan perceived usefulness (PU). PU is defined as the user's perception of the degree to which using the system will improve his or her performance in the workplace. Perceived ease of use (PEOU) is defined as the user's perception of the amount of effort they need, to use the system (Jullie, 2017). In the e-government literature, various studies (e.g. Carter and Belanger, 2005) have also adopted TAM in their model to test or evaluate the citizen adoption of e-government services. Perceived usefulness (PU) and perceived ease of use (PEOU) were found to be significant constructs in the e-government adoption literature (Carter and Belanger, 2004 and 2005; Nechaev and Antipina, 2016). Past research was inconsistent on whether perceived usefulness (PU) or perceived ease of use (PEOU) was the stronger determinant. According to Davis (1989), Perceived usefulness (PU) is shown as a primary determinant and perceived ease of use (PEOU) as a secondary determinant of intention to use a certain technology. According to the findings in Wixom and Todd (2005), perceived usefulness (PU) was influenced by perceived ease of Use (PEOU). When taxpayers understand or learn the on-line tax filing system quicker, the filing efficiency and accuracy will be increased. Taxpayers can complete tax filing quicker (perceived usefulness) when they perceive the ease of use of the system is higher (Fetai, 2015). Hence, perceived ease of use (PEOU) is the determinant of perceived usefulness (PU) Perceived usefulness (PU) and perceived ease of use (PEOU) are distinct but related construct. Improvements in perceived ease of use (PEOU) may contribute to improved performance. Since improved performance defines perceived usefulness (PU) that is equivalent to near-term usefulness, perceived ease of use (PEOU) would have a direct, positive effect on perceived near-term usefulness (Suki, and Ramayah, 2010).

H5: Perceived ease of use has a significant positive effect on perceived usefulness of e-tax system

2.2.5. Perceived usefulness (PU) and attitude towards Use e-tax system

Perceived usefulness (PU) in the TAM model originally referred to job elated productivity, performance, and effectiveness (Davis, 1989). This in an important belief identified as providing diagnostic insight into how user attitudes toward using (and intention to use) are influenced; perceived usefulness has a direct effect on intention to use over and above its influence via attitude (Davis, 1989; Taylor and Todd, 1995). The higher degree of perceiving usefulness from on-line tax filing system would make taxpayers perceive that the system can increase the tax filing efficiency and convenience. On the other hands, the convenience and promptness that on-line tax filing system brings will increase taxpayer's perception of tax filing efficiency (Jullie, 2017). Taxpayers will then have positive attitude toward on-line tax filing behavior. When the users perceive the usefulness of on-line tax filing system is higher, their attitude will be affected positively (Huang et al., 2010).

H6: Perceived usefulness has a significant positive effect on attitude towards using e-tax system

2.2.6. E-tax system adoption a mediating role between ATU and tax compliance

Many scholars document a relationship between attitude towards electronic tax system (ATU) and tax compliance (TAXCOM) (Simuyu and Jagongo, 2019; Kimani et al., 2016; Maisiba and Atambo, 2016; Akroush et al., 2015). Findings by Simuyu and Jagongo (2019) indicate that there is a significant relationship between the perception towards online tax filing in terms of ease and simple to file and also the system being secure, and this improves tax compliance levels. Furthermore, Kimani et al. (2016) suggest that there is a strong relationship between attitude towards electronic tax system and tax compliance. Further, Maisiba and Atambo (2016) found that taxpayers in Kenya felt uncomfortable using an electronic tax system as compared to the old manual system. Taxpayers who evaluate electronic filing system as not easy to use do not adopt it which affects tax compliance (Maisiba and Atambo, 2016). Akroush et al. (2015) also propose that consumer attitudes towards online system are positively and directly affected by trust and perceived website reputation, and this implies that

if taxpayers perceive or evaluate the e-tax system to be secure, they will trust it and adopt it. Similarly, Troutman et al. (2000) found that Hong Kong taxpayers have a low promising attitude towards electronic tax system which results in a lower level of tax compliance

H7: E-tax system adoption has a mediating role in the relationship between attitude towards using e-tax system and tax compliance

2.3. Conceptual Framework

As indicated in the literature, it is tried to show that factors that was affected tax compliance intention of tax payers by taking evidence from large tax payers like; Tax & Technology Knowledge ,Perceived ease of use (PEOU), Perceived usefulness (PU), Attitude towards using e-tax system and E-tax system adoption . Based on this the following conceptual frame work was developed to guide this particular study.

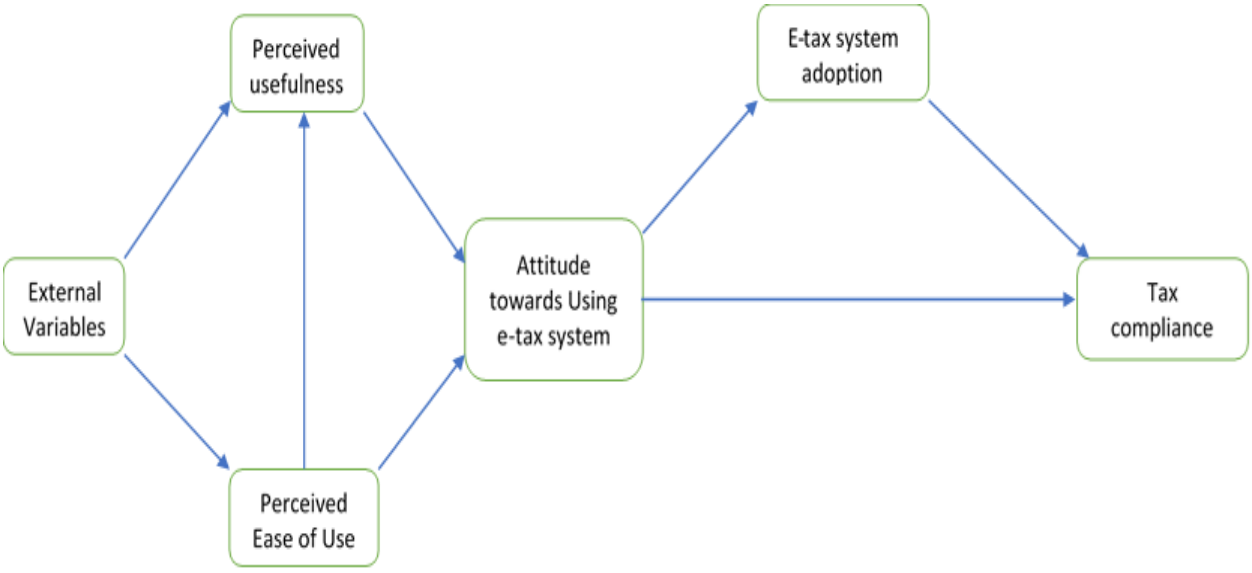

Figure 2.2: Research Model adopted from TAM

CHAPTER THREE

3. Research Methodology

3.1. Research design

The research design is cross-sectional and co-relational. Quantitative research design was applied to collect, organize and analyze numerical data.

3.2. Types of Data and Data Collection Methods

3.2.1. Types of Data

Both primary and secondary data used in order to generate relevant information to the research. Primary data is gathered from key informants of 2012 E.C. large tax payers. Relevant tax legislations of the country were used as primary data source. Secondary data was gathered from literatures, reports and internet.

3.2.2. Data collection methods

The primary data collected using a structured self-administered five point Liker scale questionnaire. The questionnaire had four sections. The first section includes questions about the general information of the respondents. The remaining sections included close-ended questions to determine the level of agreement or disagreement of large tax payers about the different issues related to the attitude towards electronic tax system, adoption of electronic tax system and its relation with tax compliance.

3.3. Population and Sample design

3.3.1. Population of the Study

The total populations of the study are 630 large taxpayers who are paying tax using electronic tax system. The sample frame of the study is taxpayer's employees and accountant of the electronic tax system register.

3.3.2. Sampling Techniques

The sampling techniques employed were probabilistic. Probabilistic sampling is employed to select sample from respondent of tax payers, those who are being registered for electronic tax system under the large tax payer office to obtain information and current situation of tax administration. Hence simple random sampling technique used the reason behind using this sampling technique is it gives equal chance to the entire unit in the universe. To select the sample from the universe the lottery method sampling were used to obtain information with the respondent on questioner.

3.3.3. Sampling Size

The total target population of the study was ERCA report 2012 LTO branch comprises 630 large tax payers registered for electronics tax purposes in LTO. But, for this study, 242 sample large tax payers who registered for electronics tax system were determined using Yamane (1967) formula sample size determination.

$$n = \left(\frac{N}{1 + (0.05)2 \times N}\right)$$

Where N= study population, n = sample size and e = error margin accordingly, sample was first determined from total target population by formula of Yamane (1967) as $242 = \left(\frac{630}{1+(0.05)2\times 630}\right)$

Then, the lottery method of simple random sampling was used to select the 242 large tax payers registered for electronics tax system.

After selecting the 242 questionnaires are distributed to the tax payers and at the end of the field work, a total of 215 questionnaires were returned filled completely and properly.

3.4. The Questionnaire and Measurement scales

The questionnaire was comprised 42 items measuring the elements of the extended Technology acceptance model; Tax & Technology Knowledge, Perceived ease of use (PEOU), Perceived usefulness (PU), Attitude towards using e-tax system and E-tax system adoption attitudes. Many matters were discussed before a factor was constructed. The first

methodological issue is the number of variables to be included in the model for the study and the sample size to be used. Moreover, there are at least four variables for each common factor which are expected to emerge from the data analysis (Creswell, 2009). Based on preliminary readings of previous literature, the scale (of the 42-variable questionnaire) was constructed to SMEs' perceptions of the subject of E- tax compliance, as well as some demographic information. The items are a combination of positive and negative statements rating on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The SmartPLS, Version 3.0 was used to conduct the exploratory factor analysis (EFA).

3.5. Data Analysis Method

The respondents' data statistically analyzed using Statistical Package for Social Science (SPSS) and multiple regression analysis method. Descriptive statistics used to analyze all data gathered in the form of frequencies, percentages, mean and standard deviations. In addition, correlation analysis will be conducted to test the relationship between study variables.

In analyzing the primary data, first recapped data from research questionnaires will be collected in accordance with research variables to be studied. Then, data will be presented in descriptive statistics, to know the description of the research data, which is maximum, minimum, mean and standard deviation. Next, the data feasibility test will be evaluated by validity test. Furthermore, reliability test will be made by testing composite reliability. Finally, hypotheses test will be conducted by using structural equation modeling. Structural Equation Modeling (SEM) is used by many scholars, in particular social sciences, behavioral sciences, educational sciences, economics, marketing and health sciences (Raykov and Marcoulides, 2006). SEM is a multivariate statistical method based on the determination of observable and non-observable variables in a casual and relational model based on a certain theory (Bryne, 2010 as cited in Meydan and Sesen, 2011).

3.5.1. Descriptive Analysis

The means and standard deviation scores were computed for each of the Technology acceptance model constructs and its corresponding measures. The composite scores for the means of each construct were derived by adding up all the expectancy and value items' scores and then averaging the summed score. Likewise, the composite score for the means of each

measure was derived by adding up the expectancy and value item scores of each individual measure. The average score for each construct, and each measure, then be described in terms of means and standard deviation, and presented in the tables that follow. Lower scores of indicate increased importance of an item towards attitude to comply, whereas higher scores indicate the importance of an item towards attitude not to comply.

3.5.2. Structural models

The research model was tested using Partial Least Squares structural equation modeling (PLS_SEM), a variance-based structural equation modeling (Rigdon et al., 2017). Partial Least Squares structural equation modeling (PLS_SEM) consists of two stages: measurement model and structural model.

The measurement models with reflective indicators, indicators' reliability, construct reliability and construct validity including convergent and discriminant validity were established as suggested by Hair et al. (2017).

The structural model using PLS-SEM, key criteria are the size, sign, and significance of path coefficient, the R2 values, the effect size f2 , the predictive relevance Q2 , effect size q2 (Hair et al., 2017, Ali et al., 2018).

SmartPLS3, software for analyzing variance-based structural models (Ringle, Wende, & Becker, 2015), was employed to analyze the PLS-SEM structures. The authors applied path weighting, a maximum of 300 iterations, and a stop criterion of 10-7 (Hair Jr, Hult, Ringle, & Sarstedt, 2016). The measurement model was evaluated in the first stage of the analysis, followed by an analysis of the structural model (Chin, 2010; Henseler and Chin, 2010).Smart PLS3 analyzes relationships in the path model using three evaluation methods: algorithm, bootstrapping, and blindfolding methods (Olalere, 2014).

The algorithm method calculates construct scores, weights, and loadings and maximizes the explained variance of the dependent construct to estimate path coefficients and other model parameters (Hair et al., 2014).

The Bootstrapping method is a resampling approach that re-samples and calculates large numbers (typically 5000) of subsamples (with replacement) from the original data to test coefficients for their significance and make estimates of the path model (Hair et al., 2014).

The Blindfolding method is a sample reuse (reiterative) technique for testing endogenous constructs with reflective indicators. Blindfolding omits every d^{th} data point in an endogenous construct's indicators, replaces it with a mean value replacement data point, estimates the parameters with these data points and continues to do so until every data point in the original sample has been eliminated and the model re-estimated (Hair et al., 2014; Shurden, 2014).

3.5.2.1. Validating the Measurement Model

Following the validation guidelines provided by various researchers (Straub et al., 2004; Chin, 2010; and Gotz et al., 2010), the measurement models were tested for indicator reliability (loadings), construct reliability (composite reliability or CR), convergent validity (average variance extracted or AVE) and discriminant validity (square root of AVE and loadings and cross loadings analysis). The results of validity and reliability tests were generated by SmartPLS.

3.5.2.2. Indicator Reliability

All measures were initially included in the research models and the reliability of individual indicators or measures was evaluated by examining the loadings of each measure. A commonly accepted threshold is to accept items with loadings of 0.70 or higher, which implies that there is more shared variance between the constructs and its measures than error variance (Chin, 1998a; Hulland, 1999; Barroso et al., 2010; and Gotz et al., 2010). Arguably, it is equally common to have several items in an estimated model having loadings measuring less than the prescribed 0.70 level; particularly when new items for newly developed scales are employed (Hulland, 1999; and Chin, 2010).

3.5.2.3. Construct Reliability (Composite Reliability)

Construct reliability which fulfills the same task as Cronbach's alpha, allows the evaluation of the extent to which a variable or a set of variables is consistent with what it intends to measure (Straub et al., 2004). Construct reliability was examined using the composite reliability index

which ranges from 0 (indicating completely unreliable) to 1 (indicating perfectly reliable). All values larger than 0.7 are considered to be acceptable (Richard et, al. 2010). The results showed in Table 4.13 clearly indicate that all composite reliability indices for all constructs used in the research model exceeded the acceptable threshold of 0.7. Construct reliability has therefore been established for the model.

3.5.2.4. Convergent Validity (Average Variance Extracted)

In order to satisfy the convergent validity test, it is necessary to ensure that the measures or items share more variance with its measures than with other constructs in the model (Fornell & Larcker, 1981). The average variance extracted (AVE), which attempts to measure the amount of variance that a latent variable captures from its indicators relative to the amount due to measurement error, is commonly used to measure convergent validity of reflective measures13 (Fornell & Larcker, 1981; Chin, 1998b; and Gotz et al., 2010). While a universally accepted threshold for this measure is yet to be determined, an AVE of at least 0.50 is considered acceptable (Gefen & Straub, 2005; and Hair et al., 2006).The result showed in table 4.13 reports that all of the average variances extracted by the measures range above the acceptable level of 0.5. Convergent validity has therefore been established in this model.

3.5.2.5. Discriminant Validity

Discriminant validity, which indicates the extent to which a given construct is different from other constructs in the model, is established when each measurement item correlates weakly with all other constructs except for the one to which it is theoretically associated (Gefen & Straub, 2005). Discriminant validity was assessed in two ways. The first way Fornell-Lacker result showed in Table 4.14 reports that all the square roots of AVE ranged between 0.778 and 0.875 and are greater than their correlations with the other latent constructs. And the second way Heterotrait-Monotrait Ratio (HTMT) results were below the threshold of 0.90, (Table 4.14) this threshold is an acceptable result for this model.

3.5.2.6. Square Root of Average Variance Extracted

The square root of the AVE of each construct should be greater than the correlation coefficient of the construct and all other constructs in the model (Fornell & Larcker, 1981; and Gefen & Straub, 2005). Equally important is for the AVE value to achieve the acceptable threshold of

0.50 (Fornell & Larcker, 1981; Chin, 1998b; and Hair et al., 2006). The result showed in table 4.14 reports that all the square roots of AVE ranged between 0.778 and 0.875 and are greater than their correlations with the other latent constructs.

3.5.2.7. Cross Loadings Analysis

The cross loadings was then obtained by correlating each construct's scores with all the other measures used in the research model.

3.5.3. Assessing the Structural Model

In evaluating the structural model's predictive; the path coefficients between each construct in the structural model were estimated using the SmartPLS3.0 software. The path coefficients indicate the size, direction and significance of the statistical relationship between two constructs (Hair et al., 2006). Structural Model reports each independent construct's effect on its corresponding dependent constructs the path coefficients, the observed *t*-statistics and their corresponding level of significance.

3.5.4. Goodness of Fit Index

The model fit measures are provided by the SmartPLS3.0: In PLS-SEM, the standard root mean square residual (SRMR), exact fit criteria, d_ULS, d_G, Chi-Square, NFI, and RMS_theta show the model fit (Trial, 2021). The difference between the experienced correlations and model implied correlation matrix (Hu,L et al,1998) by the SRMR, where the values that are less than 0.8 are recognized as a good model fit measures (Hair,et al 2016).The squared Euclidean distance, d_ULS, and the geodesic distance d_G are two metrics that offer discrepancy connecting empirical covariance matrix and covariance matrix implied by composite factor model (Hu,L et al,1998). Only for the reflective models, the RMS theta is valid and estimates the degree of outer model residuals correlation (Lohmoller, 1989). The nearer the RMS theta value is to zero, the better the PLS-SEM model, and their values less than 0.12 are recognized as a good fit, while any other value represents a lack of fit (Henseler, J. et al,2014). According to (Al-Emran et al, 2020), the saturated model judge link between all constructs and the estimated model takes total effects and model structure into consideration. The result showed in Table 4.16, the RMS_theta value was 0.113, which means that the concerned goodness-of-fit for the PLS-SEM model validity.

3.6. Model Constructs and Measures

The proposed research model is derived from the well-developed TAM is used as the underlying framework, with modified measures and structural paths added to the model. The modified measures are based on the theoretical and empirical literature in tax compliance, with some measures based on taxpayers‟ opinions and views.

3.6.1. Construct Development

The proposed model for this study consists of six constructs. These are: Tax Compliance (TAXCOM); E-tax system adoption (ETAX); Attitude towards using e-tax system (ATU); Perceived ease of use (PEOU); Perceived usefulness (PU) and Tax and Technology knowledge (TTK). The independent variables of the model (E-tax system adoption; Attitude towards using e-tax system; Perceived ease of use; Perceived usefulness) were significant predictors of the dependent variable, Intent and tax compliance. Figure 3.2 was explaining measurement and structural models‟ concepts. The latent variable ETAX is described as an unobserved variable implied by the covariance among the measured block of indicators ETAX1, ETAX2, ETAX3, ETAX4, ETAX5, ETAX6, ETAX7 and ETAX8. Likewise, latent variables ATU, PEOU, PU, TTK and TAXCOM are measured by their associated observed measures, and together the five latent variables and their associated indicators represent five measurement models. The structural model represented in the middle prescribes the relations among the latent variables in the circle represents a construct and each indicator in the small boxes represents a measure (manifest variable measuring its associated construct). The arrows between the latent variables represent the path coefficients measuring the relationships between these constructs.

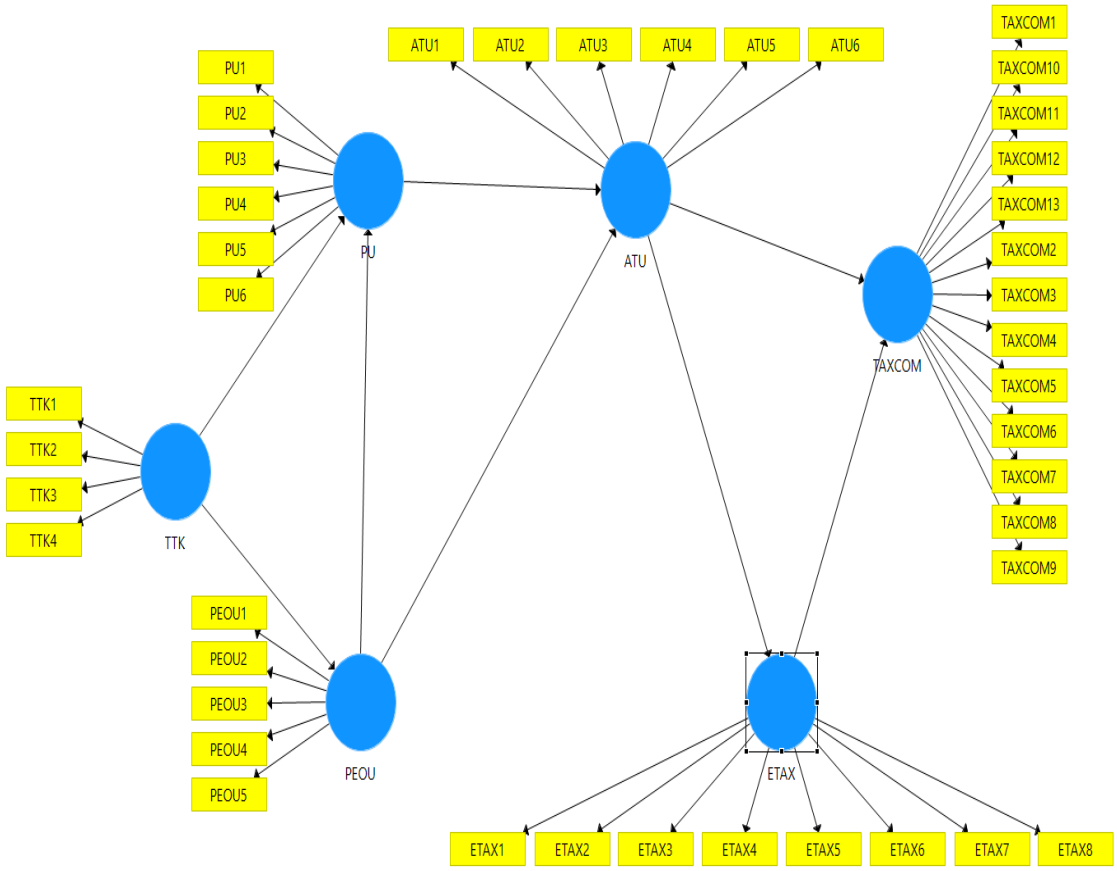

Figure 3.1: Measurement and structural paths model in the framework of TAM

3.7. Operational definitions of the key words

Electronic tax system: According to Dowe (2010), electronic tax system is a computerized tax administration system that is especially designed to handle general tax administration from registration, assessment, filing returns and processing of claims and refunds.

Tax Compliance: According to Allink and Kommer (2010), tax compliance is the timely filing and reporting of required tax information, the correct self-assessment of taxes owed, and the timely payment of those taxes without enforcement action.

E-filing: According to Allink and Kommer (2010), e-filing refers to the transmission of tax information directly to the tax administration using the internet.

E-payment: According to Allink and Kommer (2010), e-payment is defined as the transfer of money from a person's bank account to the tax administration's bank account using the internet.

CHAPTER FOUR

DATA PRESANTATION AND ANALYSIS

4.1. Introduction

This chapter presents results of study based on the data and information that was collected through questionnaires. Further, the chapter analyses and interprets the findings on The Effect of Attitude towards E-Tax System on Tax Compliance in the framework of Technology Acceptance model in Ethiopian Large Tax Payers. The research objectives were addressed by discussion.

4.2. Survey Response Rate

Table 4.1: Response Rates for Observed Samples

Number of Questioners Returns	Taxpayers	
	Numbers	Percentage
Total delivered	242	100
Total received	215	88.85
Response rate (100%)	88.85%	

Source: Survey, 2021

To achieve the objectives of the study a questionnaire was prepared and distributed to large taxpayer's organization. For these, 242 questionnaires are distributed to the tax payers and at the end of the field work, a total of 215 questionnaires were returned filled completely and properly. This worked out to a 88.85% response rate for the Taxpayer samples. Therefore, the samples are more adequate for the selected analytical approach adopted for this study.

4.3. Demographic Information

The respondent's demographic information's consists of four characteristics which include gender, age, education level and business types of respondent's. Personal characteristics were represented in the questionnaire as multiple choice items which form the basis under which the analyses were done.

Table 4.2: Respondents by Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	120	55.8	55.8	55.8
	Female	95	44.2	44.2	100.0
	Total	215	100.0	100.0	

Source: Survey, 2021

As shown in table 4.2, Gender by participation in the survey has a higher percentage of male's 55.8percent compared to female's 44.2 percent of taxpayers. Therefore, it could be concluded that most of large tax payers accountant are concentrated by males.

Table 4.3: Age of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-24	4	1.9	1.9	1.9
	25-29	67	31.2	31.2	33.0
	30-34	90	41.9	41.9	74.9
	35-39	30	14.0	14.0	88.8
	40-44	22	10.2	10.2	99.1
	45-49	2	.9	.9	100.0
	Total	215	100.0	100.0	

Source: Survey, 2021

As shown in table 4.3, the largest concentration of respondents participating in the survey is clustered around the 25 to 29, 30 to 34, 35 to 39 and 40 to 44 age groups. Collectively, these three groups represent 97.3 percent of respondents in the sample. Respondents in age brackets of below 25 and above 45 years old were the lowest represent 1.9 percent and 0.9 percent respectively of the total respondents. This shows that most taxpayer's accountant in the sample is in their productive age.

Table 4.4: Education level of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	18	8.4	8.4	8.4
	Degree and above	197	91.6	91.6	100.0
	Total	215	100.0	100.0	

Source: Survey, 2021

Table 4.4 indicates that of the sample 100 percent have completed Diploma or a university degree and above. All of respondents attained higher qualifications, which may suggest that they would have sufficient knowledge on tax matters to be able to complete the questionnaire.

Table 4.5: Business Type of respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Partnership	133	61.9	61.9	61.9
	Corporation	82	38.1	38.1	100.0
	Total	215	100.0	100.0	

Source: Survey, 2021

Table 4.5 above indicates that most of business types (61.9percent) of respondents were engaged in partnership. 38.1 percent of respondents were engage in corporation. Therefore, most of large tax payers of the Country were engaged in partnership.

4.4. Descriptive Statistics for Study Variables

The means, standard deviation, and minimum and maximum scores were computed for each of the Technology Acceptance model (TAM) constructs and its corresponding measures. The total scores for the means of each construct were derived by adding up all the expectancy and value items‟ scores and then averaging the summed score. The total score for the means of each measure was derived by adding up the expectancy and then averaging the summed score.

According to Smart (2012), the average score for each construct and each measure was described in terms of means and standard deviation, respondent described as lower scores an item indicates towards intentions to comply, whereas higher scores indicate an item towards intentions not to comply.

4.4.1. Measures of Attitude towards using e-tax system

Table 4.6: Descriptive Statistics and summated scale for the Attitude towards using e-tax system

	N	Minimum	Maximum	Mean	Std. Deviation
Attitude towards using e-tax system	(Alpha=0.92)	2.00	5.00	3.9488	.61457
Using e-tax system is good	215	2	5	3.96	.836
I agree with the existence of e-tax system	215	2	5	3.96	.802
I found the various functions of e-tax system is well structured	215	2	5	3.92	.472
It is interesting experience to use e-tax system	215	2	5	3.96	.836
E-tax system is useful in reporting tax	215	2	5	4.01	.834
The e-tax system is safe, secure and comfortable to use	215	2	5	3.87	.531
Valid N (listwise)	215				

Source: Survey, 2021

The above analysis shows that large taxpayers in the study area comply with the Attitude towards using e-tax system. The more important measure influencing Attitude is the e-tax system is safe, secure and comfortable to use (mean score 3.87).This is followed by I found the various functions of e-tax system is well structured (mean score 3.92), the composite (mean score 3.94) implies that Attitude towards using e-tax system has influenced tax compliance of large tax payers. Using e-tax system is good (mean score 3.96), I agree with the existence of e-tax system (mean score 3.96), It is interesting experience to use e-tax system (mean score 3.96). Standard deviation of < 1 that is (.614) shows less dispersion from the midpoint. Attitude toward the compliance had strong alpha value of .92. This show a high consistency and reliability among statements in questionnaire.

4.4.2. Measures of Perceived Ease of use

Table 4.7: Descriptive Statistics summated scale for the Perceived Ease of Use

	N	Minimum	Maximum	Mean	Std. Deviation
Perceived ease of use(PEOU)	(Alpha=0.924)	1.60	5.00	3.4298	.75841
I know and understand how to use e-tax system	215	2	5	3.38	.898
E-tax system is simple, easy to understand and use without assistance	215	2	5	3.50	.814
Using e-tax system makes submission of my tax return(s) easy	215	1	5	3.41	.876

I prefer to use e-tax system than doing manual tax submission of queuing at LTO office	215	1	5	3.43	.909
It is easy for everyone to use e-tax system	215	2	5	3.43	.834
Valid N (listwise)	215				

Source: Survey, 2021

The above analysis shows that large taxpayers in the study area comply with the Perceived ease of use. The more important measure influencing perceived ease of use is I know and understand how to use e-tax system (mean score 3.38).This is followed by Using e-tax system makes submission of my tax return(s) easy (mean score 3.41), the composite (mean score 3.429) implies that Perceived ease of use has influenced tax compliance of large tax payers. I prefer to use e-tax system than doing manual tax submission of queuing at LTO office (mean score 3.43), It is easy for everyone to use e-tax system (mean score 3.43), E-tax system is simple, easy to understand and use without assistance (mean score 3.50). Standard deviation of < 1 that is (.758) shows less dispersion from the midpoint. Perceived ease of use toward the compliance had strong alpha value of .924. This show a high consistency and reliability among statements in questionnaire.

4.4.3. Measures of Perceived Usefulness

Table 4.8: Descriptive Statistics summated scale for the Perceived Usefulness

	N	Minimum	Maximum	Mean	Std. Deviation
Perceived usefulness(PU)	(Alpha=0.904)	2.00	5.00	3.9930	.55729
Using the e-tax system simplifies the tax reporting practice	215	2	5	3.97	.672
Using e-tax system saves me time	215	2	5	4.01	.694
E-tax system improves my productivity and performance	215	2	5	3.94	.601
E-tax system enhances my effectiveness	215	2	5	3.99	.717
Using e-tax system improves the quality of the work I do	215	2	5	4.07	.701
Overall, I find the e-tax system useful in my job	215	2	5	3.98	.687
Valid N (listwise)	215				

Source: Survey, 2021

The above analysis shows that large taxpayers in the study area comply with the Perceived Usefulness. The more important measure influencing perceived Usefulness is E-tax system improves my productivity and performance (mean score 3.94).This is followed by Using the e-tax system simplifies the tax reporting practice (mean score 3.97), I find the e-tax system useful in my job (mean score 3.98), E-tax system enhances my effectiveness mean score 3.99) The composite (mean score 3.993) implies that Perceived Usefulness has influenced tax

compliance of large tax payers. Using e-tax system saves me time (mean score 4.01), Using e-tax system improves the quality of the work I do (mean score 4.07). Standard deviation of < 1 that is (.557) shows less dispersion from the midpoint. Perceived Usefulness toward the compliance had strong alpha value of .904. This show a high consistency and reliability among statements in questionnaire.

4.4.4. Measures of E-Tax System Adoption

Table 4.9: Descriptive Statistics and summated scale for the E-Tax System Adoption

	N	Minimum	Maximum	Mean	Std. Deviation
E-tax system adoption	(Alpha=0.907)	2.50	5.00	3.9436	.47370
My company use the e-tax system to pay tax dues	215	2	5	3.93	.572
My company use e-tax to be on time in complying with tax laws	215	2	5	3.93	.576
My company register for the tax identification number through the e-tax system	215	2	5	3.86	.744
My company use electronic tax system	215	2	5	3.95	.590
My company use the e-tax system to file returns	215	2	5	3.88	.556

My company use e-tax system to avoid tax penalties	215	2	5	4.07	.608
I equip myself with computer skills to deal with my company's tax matters	215	2	5	3.93	.619
My computer is connected with internet for purposes of handling tax issues	215	2	5	4.00	.604
Valid N (listwise)	215				

Source: Survey, 2021

The above analysis shows that large taxpayers in the study area comply with the E-tax System. The more important measure influencing E-tax system is My company register for the tax identification number through the e-tax system (mean score 3.86).This is followed by My company use the e-tax system to file returns (mean score 3.88), My company use the e-tax system to pay tax dues (mean score 3.93), My company use e-tax to be on time in complying with tax laws (mean score 3.93), I equip myself with computer skills to deal with my company's tax matters (mean score 3.93), The composite (mean score 3.943) implies that E-tax system has influenced tax compliance of large tax payers. My company use electronic tax system (mean score 3.95), my computer is connected with internet for purposes of handling tax issues (mean score 4.0), my company use e-tax system to avoid tax penalties (mean score 4.07). Standard deviation of < 1 that is (.473) shows less dispersion from the midpoint. E-Tax System toward the compliance had strong alpha value of .907. This show a high consistency and reliability among statements in questionnaire.

4.4.5. Measures of Tax and Technology knowledge

Table 4.10: Descriptive Statistics for the Tax and Technology knowledge and summated scale

	N	Minimum	Maximum	Mean	Std. Deviation
Tax and Technology knowledge	(Alpha=0.822)	2.50	5.00	3.9465	.49653
I have a good knowledge of Taxation	215	2	5	3.69	.633
I have a good knowledge of internet	215	3	5	4.06	.573
I use the services of a tax consultant in order to file my tax return(s) due to lack of tax knowledge	215	2	5	3.93	.666
I have basic computer skills and knowledge	215	2	5	4.11	.590
Valid N (listwise)	215				

Source: Survey, 2021

The above analysis shows that large taxpayers in the study area comply with the Tax and Technology knowledge. The more important measure influencing Tax and Technology knowledge is I have a good knowledge of Taxation (mean score 3.69).This is followed by I use the services of a tax consultant in order to file my tax return(s) due to lack of tax knowledge (mean score 3.93), The composite (mean score 3.946) implies that Tax and Technology knowledge has influenced tax compliance of large tax payers. I have a good knowledge of internet (mean score 4.06), I have basic computer skills and knowledge (mean score 4.11). Standard deviation of < 1 that is (.496) shows less dispersion from the midpoint. Tax and Technology knowledge toward the compliance had strong alpha value of .822. This show a high consistency and reliability among statements in questionnaire.

4.4.6. Measures of Tax Compliance

Table 4.11: Descriptive Statistics and summated scale for the Tax Compliance

	N	Minimum	Maximum	Mean	Std. Deviation
Tax compliance	(Alpha=0.948)	2.23	5.00	4.0351	.54801
I state all taxes when declaring returns	215	2	5	4.09	.711
I declare all income for tax assessment to LTO	215	2	5	4.02	.723
I have received a notice of assessment from LTO	215	2	5	4.07	.720
I always submit returns to LTO and in addition submit hard copies of the return	215	2	5	4.03	.732
When our accounts are not audited on the due date of filing returns, we apply for extension of due date. Once the due date is granted, we file within the granted period	215	2	5	3.80	.571
I file returns on the due date	215	2	5	4.26	.720
Upon filing returns, I register payment and proceed to pay	215	2	5	4.00	.677

We pay taxes on time	215	2	5	3.87	.628
I pay taxes on the due date upon filing returns	215	2	5	4.06	.698
We pay actual tax assessed to LTO	215	2	5	4.26	.713
We pay our LTO dues first before any other bills	215	2	5	4.00	.755
Our business has been exempted from paying withholding tax	215	2	5	4.01	.714
LTO officials always come to our business to demand tax due	215	2	5	3.99	.720
Valid N (listwise)	215				

Source: Survey, 2021

The above analysis shows that large taxpayers in the study area comply with the Tax Compliance. The more important measure influencing Tax Compliance is When our accounts are not audited on the due date of filing returns, we apply for extension of due date. Once the due date is granted, we file within the granted period (mean score 3.86).This is followed by We pay taxes on time (mean score 3.87), LTO officials always come to our business to demand tax due (mean score 3.99), I register payment and proceed to pay (mean score 4.00), We pay our LTO dues first before any other bills (mean score 4.00), Our business has been exempted from paying withholding tax (mean score 4.01), I declare all income for tax assessment to LTO (mean score 4.02), I always submit returns to LTO and in addition submit hard copies of the return (mean score 4.03), The composite (mean score 4.0351) implies that Tax Compliance has influenced of large tax payers. I pay taxes on the due date upon filing returns (mean score 4.06), I have received a notice of assessment from LTO (mean score 4.07), I state all taxes when declaring returns (mean score 4.09), I file returns on the due date (mean score 4.26), we pay actual tax assessed to LTO (mean score 4.26). Standard deviation

of < 1 that is (.548) shows less dispersion from the midpoint. Tax Compliance had strong alpha value of .948. This show a high consistency and reliability among statements in questionnaire.

4.5. Results from Model Evaluation

4.5.1. Measurement Model Results

Measurement model is also referred to as the outer models. Following the validation guidelines provided by Hair et al., (2014), the measurement models were tested for indicator reliability (loadings), construct reliability (composite reliability), convergent validity (average variance extracted (AVE) and discriminant validity is competed from (square root of AVE and loadings and cross loadings analysis). The results of these validity and reliability tests provide assurance for the survey items measuring the constructs described in the following sections.

4.5.1.1 Indicator Reliability (Indicator Loadings)

Indicator reliability, which was described in Chapter 3, explains the extent to which a measure or a set of measures is consistent in respect of what it intends to measure. According to Urbach & Ahlemann, (2010), the reliability of one construct is independent of, and calculated separately from, that of another construct. AMOS calculates estimates item loadings and measurement errors along with their respective significance values. According to Urbach & Ahlemann, (2010) the reliability of individual indicators or measures was evaluated by examining the loadings of each measure. According to (Hair et al., 2014) suggestion a commonly accepted threshold is to accept items with loadings of 0.5 or higher, which implies that there is more shared variance between the constructs and its measures than error variance Chin, 1998a et al., (2010).

The loadings of all indicators in the Models were examined to assess the indicators‟ reliability. Table 4.12, examining the loadings for each of the 6 constructs for the Model, 42 variables out of 42 variables indicate loadings of over 0.5 as prescribed by Hair et al., (2014) and achieved significance at the 0.05 level. Therefore, all measures loadings were accepted.

Table 4.12: Loadings for the Measurement Model

Standardized Regression Weights Estimate	
Attitude towards using e-tax system	
ATU1←ATU	0.865
ATU2←ATU	0.874
ATU3←ATU	0.795
ATU4←ATU	0.877
ATU5←ATU	0.890
ATU6←ATU	0.768
E-tax system adoption	
ETAX1←ETAX	0.777
ETAX2←ETAX	0.785
ETAX3←ETAX	0.792
ETAX4←ETAX	0.785
ETAX5←ETAX	0.785
ETAX6←ETAX	0.722
ETAX7←ETAX	0.784
ETAX8←ETAX	0.791
Perceived ease of use (PEOU)	
PEOU1←PEOU	0.885
PEOU2←PEOU	0.868
PEOU3←PEOU	0.889
PEOU4←PEOU	0.881
PEOU5←PEOU	0.855
Perceived usefulness (PU)	

PU1←PU	0.820
PU2←PU	0.791
PU3←PU	0.818
PU4←PU	0.837
PU5←PU	0.812
PU6←PU	0.849
Tax compliance	
TAXCOM 1←TAXCOM	0.744
TAXCOM 2←TAXCOM	0.779
TAXCOM 3←TAXCOM	0.818
TAXCOM 4←TAXCOM	0.773
TAXCOM 5←TAXCOM	0.802
TAXCOM 6←TAXCOM	0.777
TAXCOM 7←TAXCOM	0.755
TAXCOM 8←TAXCOM	0.789
TAXCOM 9←TAXCOM	0.769
TAXCOM 10←TAXCOM	0.808
TAXCOM 11←TAXCOM	0.821
TAXCOM 12←TAXCOM	0.762
TAXCOM 13←TAXCOM	0.798
Tax & Technology Knowledge	
TTK 1←TTK	0.755
TTK 1←TTK	0.844
TTK 1←TTK	0.814
TTK 1←TTK	0.816

Source: Survey, 2021

All of the items loadings were within the accepted threshold. The next step is to analyses the internal consistency of each construct.

4.5.1.2. Construct Reliability (Composite Reliability)

According to Hair et al., (2014), the construct reliability was examined using the composite reliability index which ranges from 0 (indicating completely unreliable) to 1 (indicating perfectly reliable).The CR values larger than 0.7 is considered to be acceptable. The composite reliability values generated by the Smart-PLS presented in Table 4.13.

The composite reliability values were above 0.8. The results showed in Table 4.13 clearly indicate that all composite reliability indices for all constructs used in the research model exceeded the acceptable threshold of 0.7. Construct reliability has therefore been established for the model.

4.5.1.3. Convergent Validity (Average Variance Extracted or AVE)

Fornell & Larcker (1981), suggested that to satisfy the convergent validity test, it is necessary to ensure that the measures or items share more variance with its measures than with other constructs in the model. According to Hair et al. (2014), AVE estimation should be greater than ≥ 0.5, table 4.13 reports that all of the average variances extracted by the measures range above the acceptable level of 0.5. Convergent validity has therefore been established in this model.

Cronbach's alpha (CA): the present study achieved the rule of thumb for Cronbach's alpha values of 0.70 to 0.90 [Henseler and Dijkstra (2015)], as depicted in Table 4.13.

Table 4.13 shows the results and evaluation of criteria outcomes. All reflective measurement models were found to meet the relevant assessment criteria. More specifically, all the outer loadings are above 0.70, indicating that all AVE values were above 0.50, providing support for the measures' convergent validity. Composite reliability had values of 0.865 and higher, which is clearly above the expected minimum level of 0.70. Moreover, the Cronbach's alpha values ranged between 0.822 and 0.948, which is acceptable. Finally, all Reliability PA (rho-A) values met the 0.70 threshold. These results suggest that the construct measures of ATU, PU, PEOU, ETAX, TAXCOM and TTK exhibit sufficient levels of internal consistency Reliability.

Table 4.13: PLS-SEM assessment results of measurement models

Construct	Item code	Loadings	Average Variance Extracted (AVE)	Composite Reliability	Reliability PA(rho-A)	Cronbach`s Alpha
		>0.70	>0.50	>0.70	>0.70	0.70-0.95
Attitude towards using e-tax system	ATU1	0.865	0.716	0.938	0.928	0.920
	ATU2	0.874				
	ATU3	0.795				
	ATU4	0.877				
	ATU5	0.890				
	ATU6	0.768				
E-tax system adoption	ETAX1	0.777	0.605	0.924	0.909	0.907
	ETAX2	0.785				
	ETAX3	0.792				
	ETAX4	0.785				
	ETAX5	0.785				
	ETAX6	0.722				
	ETAX7	0.784				
	ETAX8	0.791				
Perceived ease of use (PEOU)	PEOU1	0.885	0.766	0.943	0.925	0.924
	PEOU2	0.868				
	PEOU3	0.889				
	PEOU4	0.881				
	PEOU5	0.855				
Perceived usefulness (PU)	PU1	0.820	0.674	0.925	0.906	0.904
	PU2	0.791				
	PU3	0.818				
	PU4	0.837				
	PU5	0.812				

	PU6	0.849				
Tax compliance	TAXCOM1	0.744	0.615	0.954	0.951	0.948
	TAXCOM10	0.808				
	TAXCOM11	0.821				
	TAXCOM12	0.762				
	TAXCOM13	0.798				
	TAXCOM2	0.779				
	TAXCOM3	0.818				
	TAXCOM4	0.773				
	TAXCOM5	0.802				
	TAXCOM6	0.777				
	TAXCOM7	0.755				
	TAXCOM8	0.789				
	TAXCOM9	0.769				
Tax & Technology Knowledge	TTK1	0.755	0.653	0.882	0.822	0.822
	TTK2	0.844				
	TTK3	0.814				

	TTK4	0.816				

Source: Survey, 2021

4.5.1.4 Discriminant Validity

The discrimination validity was evaluating using the Fornell-Lacker criterion is established when the value of the square root of the AVE of the individual constructs are higher than the highest correlation of the construct with other constructs (Hair et al, 2019; Henseler etal., 2015). Table 4.14 shows that all the square roots of AVE ranged between 0.778 and 0.875 and are greater than their correlations with the other latent constructs. As shown in Table 4.14, the square root of AVE's is higher than all cases as well as the diagonal values in the respective rows and columns. Therefore, this shows that sufficient discriminant validity was attained.

Table 4.14: Fornell-Larcker Criterion

	ATU	ETAX	PEOU	PU	TAXCOM	TTK
ATU	0.846					
ETAX	0.498	0.778				
PEOU	0.433	0.491	0.875			
PU	0.438	0.392	0.467	0.821		
TAXCOM	0.569	0.531	0.373	0.367	0.785	
TTK	0.380	0.332	0.466	0.437	0.260	0.808

Source: Survey, 2021

Finally, the discriminant validity was evaluated using the HTMT criterion. All results were below the threshold of 0.90, (Table 4.14), this threshold is an acceptable result for this model. Next, the bootstrapping procedure with 5000 samples was run, and the "no sign" changes option was used together with the bootstrap confidence intervals and two-tailed testing at the 0.05 significance level. The results show that none of the HTMT confidence intervals include value 1, suggesting that all the HTMT values are significantly different from 1. We thus, HTMT should be able to serve as the base for a statistical discriminant validity test (Hair et al., 2016). Table 4.15 shows that all the square roots of HTMT ranged between 0.284 and 0.598. Generally, the measurement model showed the satisfactory convergent validity as well as discriminant validity.

Table 4.15: Heterotrait-Monotrait Ratio (HTMT)

	ATU	ETAX	PEOU	PU	TAXCOM	TTK
ATU						
ETAX	0.541					
PEOU	0.467	0.535				
PU	0.470	0.428	0.505			
TAXCOM	0.598	0.562	0.394	0.389		
TTK	0.436	0.386	0.534	0.502	0.284	

Source: Survey, 2021

4.5.1.5. Goodness of Fit Measures

The model fit measures are provided by the SmartPLS3.0: In PLS-SEM, the standard root mean square residual (SRMR), exact fit criteria, d_ULS, d_G, Chi-Square, NFI, and RMS_theta show the model fit (Trial, D, 2021). The difference between the experienced correlations and model implied correlation matrix (Hu, L et al, 1998) by the SRMR, where the values that are less than 0.8 are recognized as a good model fit measures (Hair,et al 2016).The squared Euclidean distance, d_ULS, and the geodesic distance d_G are two metrics that offer discrepancy connecting empirical covariance matrix and covariance matrix implied by composite factor model (Hu,L et al,1998). Only for the reflective models, the RMS theta is valid and estimates the degree of outer model residuals correlation (Lohmoller, 1989). The nearer the RMS theta value is to zero, the better the PLS-SEM model, and their values less than 0.12 are recognized as a good fit, while any other value represents a lack of fit (Henseler, J. et al,2014). According to (Al-Emran et al, 2020), the saturated model judge link between all constructs and the estimated model takes total effects and model structure into consideration.

According to Table 4.16, the RMS_theta value was 0.113, which means that the concerned goodness-of-fit for the PLS-SEM model validity.

Table 4.16: Model fit indicators

Complete model		
	Saturated Model	Estimated Model
SRMR	0.055	0.084
d_ULS	2.777	6.444
d_G	1.382	1.418
Chi-square	1550.366	1585.533
NFI	0.784	0.779
RMS Theta	0.113	

Source: Survey, 2021

4.5.2. Structural Model Results

After validating the measurement models, the structural models were evaluated to provide evidence to support the theoretical model developed for this study. Each of the structural models illustrates the relationships between constructs or latent variables that were hypothesized in the theoretical model or TAM Model and presented in Chapter 3. The main objective of the structural equation model is prediction and, therefore, the goodness of fit of the current theoretical models was established by the strength of each structural path and the combined productiveness (R^2) or strength of the variance of its exogenous constructs Chin (1998b).

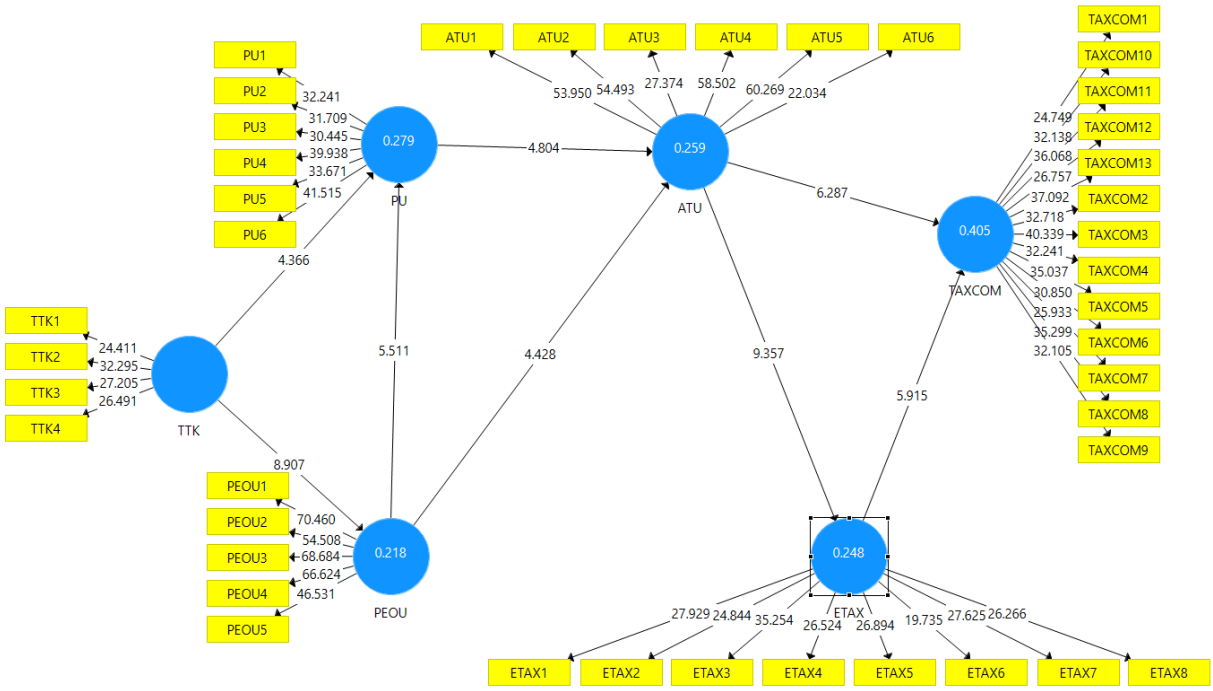

Figure 4.1: Summarized PLS-SEM Output

4.5.2.1. Path Coefficient

The path coefficients of structural model direct effects, showed structural model is statistically significant.

Table 4.17: Paths effects result from SmartPLS

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
ATU -> ETAX	0.498	0.504	0.053	9.357	0.000
ATU -> TAXCOM	0.406	0.406	0.065	6.287	0.000
ETAX -> TAXCOM	0.329	0.332	0.056	5.915	0.000
PEOU -> ATU	0.293	0.293	0.066	4.428	0.000
PEOU -> PU	0.336	0.337	0.061	5.511	0.000
PU -> ATU	0.301	0.303	0.063	4.804	0.000
TTK -> PEOU	0.466	0.471	0.052	8.907	0.000
TTK -> PU	0.280	0.282	0.064	4.366	0.000

Source: Survey, 2021

Significance $p \leq 0.01$***, $p \leq 0.05$***

4.5.2.2. Variance Explained (Coefficient of Determination (R^2)

Table 4.18: Variance Explained (Coefficient of Determination (R^2))

	R Square	**R Square Adjusted**
ATU	0.259	0.252
ETAX	0.248	0.245
PEOU	0.218	0.214
PU	0.279	0.273
TAXCOM	0.405	0.400

Source: Survey, 2021

The Results of the coefficient of determination in Table 4.18 shows the R-square values of all variables< 0.5. (Hair et al., 2017) recommends that R-square 0.75, 0.50 and 0.25 for the

outcome construct can be described as respectively substantial, moderate, and weak. It can be concluded, Attitude towards using e-tax, E-tax system adoption, Perceived Ease of Use , Perceived Usefulness and Tax Compliance respectively 0.259,0.248,0.218,0.279 and 0.405. In the case of our model exogenous constructs explain about 40.50% to endogenous constructs which is moderate as suggested in a critical value (figure 4.1).

4.5.3. Testing of Research Hypotheses

The hypotheses were addressed through a path analysis in SmartPLS using the structural Equation model to determine the hypotheses are supported as a result of the analysis. Hypotheses were developed using the endogenous variable Perceived ease of use (PEOU), Perceived usefulness (PU), Attitude towards using e-tax system and E-tax system adoption.
Out of Seven hypotheses seven of them were supported.

H1: Attitude towards using e-tax system has a significant positive effect on e-tax system adoption

The Effect of Attitude towards using e-tax system on E-tax system adoption

The effect level of the Attitude towards using e-tax system on E-Tax System Adoption can be determined by the parameter coefficient and the t statistical significance values. The parameter coefficient and t statistics significance values are presented in the table below:

Table 4.19: Path Value Coefficients on ATU -> ETAX

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
ATU -> ETAX	0.498	0.504	0.053	9.357	0.000

Source: Survey, 2021

Based on the following table, parameter coefficient value is 0.498. Thus, Attitude towards using e-tax system has positive effect on e-tax system adoption. Attitude towards using e-tax system affect E-tax System Adoption by 49.80%, while the remaining 50.20% is influenced by other variables. The Higher Attitude towards using e-tax system and the better E-tax system

Adoption. The t statistics value is 9.357 and the t table value with significance level of 5% = 1.96. The t statistics value is bigger than t table (9.357> 1.96) and the significance level <0.05.It means that Attitude towards using e-tax has significant effect on the e-tax system adoption. The finding show that the significant positive effect between Attitude towards using e-tax system (ATU) and E-tax system adoption (ETAX) towards attitude towards using e-tax system (ATU) is confirmed here and also by other studies (Davis,1989;Taylor and Todd,1995;Vekantesh,1999;Jullie,2017;Fishbein and Ajzens,1975;Hartwick and Barki,1994;Sheng et al,1999). In Conclusion, hypothesis stating that Attitude towards using e-tax system has significant and positive effect on E-tax system Adoption is accepted or supported.

H2: Attitude towards using e-tax system has a significant positive effect on tax compliance

The Effect of Attitude towards using e-tax system on Tax Compliance

The effect level of the Attitude towards using e-tax system on Tax Compliance can be determined by the parameter coefficient and the t statistical significance values. The parameter coefficient and t statistics significance values are presented in the table below:

Table 4.20: Path Value Coefficients on ATU -> TAXCOM

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
ATU -> TAXCOM	0.406	0.406	0.065	6.287	0.000

Source: Survey, 2021

Based on the following table, parameter coefficient value is 0.406. Thus, Attitude towards using e-tax system has positive effect on Tax Compliance. Attitude towards using e-tax system affect Tax Compliance by 40.60%, while the remaining 59.40% is affected by other variables. The Higher Attitude towards using e-tax system and the more Tax Compliance. The t statistics value is 6.287 and the t table value with significance level of 5% = 1.96. The t statistics value is bigger than t table (6.287> 1.96) and the significance level <0.05.It means that Attitude towards using e-tax has significant effect on the tax compliance. The finding show that the

significant positive effect between Attitude towards using e-tax system (ATU) and Tax Compliance (TAXCOM) towards attitude towards using e-tax system (ATU) is confirmed here and also by other studies (Davis,1989;Taylor and Todd,1995;Hu et al., 1999;Argawal and Prasad,1999;Norazah et al.,2010;Vekantesh and Davis,1996;Vekantesh,1999;Jullie,2017). In Conclusion, hypothesis stating that Attitude towards using e-tax system has positive and significant effect on Tax Compliance is accepted or supported.

H3: E-tax system adoption has a significant positive effect on tax compliance

The Effect of E-tax system adoption on Tax Compliance

The effect level of the E-tax System Adoption on Tax Compliance can be determined by the parameter coefficient and the t statistical significance values. The parameter coefficient and t statistics significance values are presented in the table below:

Table 4.21: Path Value Coefficients on ETAX -> TAXCOM

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
ETAX -> TAXCOM	0.329	0.332	0.056	5.915	0.000

Source: Survey, 2021

Based on the above table, parameter coefficient value is 0.329. Thus, E-tax System Adoption has positive effect on Tax Compliance. E-tax System Adoption affects Tax Compliance by 32.90%, while the remaining 67.10% is affected by other variables. The better the E-tax system adoption and higher Tax Compliance. The t statistics value is 5.915 and the t table value with significance level of 5% = 1.96. The t statistics value is bigger than t table (5.915> 1.96) and the significance level <0.05.It means that E-tax system adoption has significant effect on the tax compliance. The finding show that the significant positive effect between E-tax system adoption (ETAX) and Tax Compliance (TAXCOM) towards attitude towards using e-tax system (ATU) is confirmed here and also by other studies (Davis,1989;Taylor and Todd,1995;Hu et al., 1999;Argawal and Prasad,1999;Norazah et al.,2010;Vekantesh and

Davis,1996;Vekantesh,1999;Jullie,2017). In Conclusion, hypothesis stating that E-tax system Adoption has positive and significant effect on Tax Compliance is accepted.

H4: Perceived ease of use has a significant positive effect on attitude towards using e-tax system

The Effect of Perceived eases of use on Attitude towards using e-tax system

The effect level of the Perceived ease of use on Attitude towards using e-tax system can be determined by the parameter coefficient and the t statistical significance values. The parameter coefficient and t statistics significance values are presented in the table below:

Table 4.22: Path Value Coefficients on PEOU -> ATU

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
PEOU -> ATU	0.293	0.293	0.066	4.428	0.000

Source: Survey, 2021

Based on the above table, parameter coefficient value is 0.293. Thus, Perceived ease of use has positive effect on Attitude towards using e-tax system. Perceived ease of use affects Attitude towards using e-tax system by 29.30%, while the remaining 70.70% is affected by other variables. The Higher Perceived eases of use and the more Attitudes towards using e-tax system. The t statistics value is 4.428 and the t table value with significance level of 5% = 1.96. The t statistics value is bigger than t table (4.428> 1.96) and the significance level <0.05.It means that Perceived ease of use has significant effect on Attitude towards using e-tax system. The finding is consistent with that of Azmi and Bee, 2010; Lu et al., 2010; Warkentin et al., 2002; Ramayah et.al., 2009; Davis et al., 1989. They all agree that perceived ease of use (PEOU) would affect an attitude towards using e-tax system. In Conclusion, hypothesis stating that Perceived ease of use has positive and significant Attitude towards using e-tax system is accepted or supported.

H5: Perceived ease of use has a significant positive effect on perceived usefulness of e-tax system

The Effect of Perceived eases of use on Perceived usefulness of e-tax system

The effect level of the Perceived ease of use on Perceived usefulness of e-tax system can be determined by the parameter coefficient and the t statistical significance values. The parameter coefficient and t statistics significance values are presented in the table below:

Table 4.23: Path Value Coefficients on PEOU -> PU

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
PEOU -> PU	0.336	0.337	0.061	5.511	0.000

Source: Survey, 2021

Based on the following table, parameter coefficient value is 0.336. Thus, Perceived ease of use has positive effect on Perceived usefulness of e-tax system. Perceived ease of use affects Perceived usefulness of e-tax system by 33.60% and 66.40% is affected by other variables. The Higher Perceived eases of use, more Perceived usefulness of e-tax system. The t statistics value is 5.511 and the t table value with significance level of 5% = 1.96. The t statistics value is bigger than t table (5.511> 1.96) and the significance level <0.05.It means that Perceived ease of use has significant effect on Perceived usefulness of e-tax system. Perceived usefulness (PU) and perceived ease of use (PEOU) were found to be significant constructs in the e-government adoption literature (Carter and Belanger, 2004, 2005). The finding show that the significant positive effect between perceived ease of Use (PEOU) and perceived usefulness (PU) towards attitude towards using e-tax system(ATU) is confirmed here and also by other studies (Wixom and Todd, 2005; Fu et al., 2006; Azmi and Bee, 2010). In Conclusion, hypothesis stating that Perceived ease of use has significant and positive Perceived usefulness of e-tax system is accepted or supported.

H6: Perceived usefulness has a significant positive effect on attitude towards using e-tax system

The Effect of perceived usefulness on Attitude towards using e-tax system

The effect level of the Perceived usefulness on Attitude towards using e-tax system can be determined by the parameter coefficient and the t statistical significance values. The parameter coefficient and t statistics significance values are presented in the table below:

Table 4.24: Path Value Coefficients on PU -> ATU

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
PU -> ATU	0.301	0.303	0.063	4.804	0.000

Source: Survey, 2021

Based on the following table, parameter coefficient value is 0.301. Thus, Perceived usefulness has positive effect on Attitude towards using e-tax system. Perceived usefulness affects Attitude towards using e-tax system by 30.10%, while the remaining 69.90% is affected by other variables. The more Perceived usefulness and better Attitudes towards using e-tax system. The t statistics value is 4.804 and the t table value with significance level of 5% = 1.96. The t statistics value is bigger than t table (4.804> 1.96) and the significance level <0.05.It means that Perceived usefulness has significant effect on Attitude towards using e-tax system. The finding is consistent with that of Azmi and Bee, 2010; Lu et al., 2010; Warkentin et al., 2002; Ramayah et.al., 2009; Davis et al., 1989. They all agree that perceived usefulness (PU) would affect an attitude towards using e-tax system. In Conclusion, hypothesis stating that Perceived usefulness has positive and significant Attitude towards using e-tax system is accepted.

H7: E-tax system adoption has a mediating role in the relationship between attitude towards using e-tax system and tax compliance

The Effect of E-Tax System Adoption Mediating Attitude towards Using E-tax System on Tax Compliance

Procedure for testing the E-tax system adoption as mediating variable to relationship between Attitude towards using e-tax system and tax compliance by conducting direct effects and indirect effects testing. Estimate direct effect Attitude towards using e-tax system on tax compliance

Table 4.25: Mediating effect

Effect	Mediating variable	Original sample(o)
Direct Effect	Attitude towards using e-tax system→Tax Compliance	0.406
Indirect Effect	Attitude towards using e-tax system →E-tax System Adoption→Tax Compliance =0.498*0.329=0.164	0.164

Source: Survey, 2021

Based on the above table equation it can be concluded that Attitude towards using e-tax system not only have direct but also indirect effect on tax compliance mediated by E-tax system adoption. E-tax system adoption mediates Attitude towards using e-tax system by 0.164 or 16.4% with a significance of 0.05. The results of this calculation are presented in the indirect effect table below:

Table 4.26: Indirect effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
ATU -> ETAX -> TAXCOM	0.164	0.168	0.036	4.551	0.000

Source: Survey, 2021

Based on the above table, E-tax system adoption mediates Attitude towards using e-tax system with tax compliance 0.164. The t count value is 4.551 (t table = 1.96) and the significance level is 0.05. The finding is consistent with that of Simuyu and Jagongo, 2019; Kimani et al., 2016; Maisiba and Atambo, 2016; Akroush et al., 2015; Davis et al., 1989; Troutman et al. (2000). They all agree that E-tax system adoption (ETAX) and Tax Compliance (TAXCOM) would affect Attitude towards using e-tax system (ATU). In conclusion, of hypothesis stating that E-tax system adoption mediates the relationship between Attitude towards using e-tax system and Tax compliance is significant, and positive.

Table 4.27: Results for Hypothesized

Hypothesis	Path Hypothesis	Support
H1	ATU -> ETAX	Support
H2	ATU -> TAXCOM	Support
H3	ETAX -> TAXCOM	Support
H4	PEOU -> ATU	Support
H5	PEOU -> PU	Support
H6	PU -> ATU	Support
H7	ATU -> ETAX -> TAXCOM	Support

Source: Survey, 2021

4.5.4. Summary of Findings

Attitude towards using e-tax system: -

Attitude is the strongest contributor to explaining the tax compliance. It was found that attitude had a positive effect on tax compliance. The Positive Beta-value of 0.259 indicates that effects of attitude support positive and a statistically significant influence on tax compliance p=0.05. Result interprets that for every one-unit increase in attitude toward compliance; there would be 0.259unit increases in tax compliance.

E-tax system adoption:-

E-tax system adoption affected taxpayers' compliance. It was found that E-tax system adoption had a positive effect on tax compliance. The Positive Beta-value of 0.248 indicates that effects of subjective norms support positive and a statistically significant influence on tax compliance p=0.05. Result interprets that for every one-unit increase in E-tax system adoption toward compliance; there would be 0.248 unit increases in tax compliance.

Perceived Ease of Use:-

Perceived Ease of Use has beta coefficient values of 0.218. This means that perceived ease of use has positive significant influence with the tax compliance with 0.05 levels. The result interprets that for every one-unit increase in perceived ease of use; there would be 0.218 unit increase in tax compliance.

Perceived Usefulness:-

Perceived Usefulness has beta coefficient values of 0.279. The effect of perceived usefulness on tax compliance was found positive significant relationship with 0.05 levels. The result interprets that for every one-unit increase in perceived usefulness; there would be 0.279 unit increase in tax compliance.

CHAPTER FIVE

5. CONCLUSION AND RECOMMENDATION

5.1. Conclusion

The main objective of this study was to examine the effect of attitude towards e-tax system on tax compliance by using Technology Acceptance Model (TAM) in Ethiopian large tax payer organizations. The attitude towards electronic tax system improves tax compliance given that in Ethiopia; the filing of returns is done online. When a taxpayer evaluates the e-tax system as favorable, for instance as time-saving, improving performance in preparing tax returns, making work easier and being secure the person develops a positive attitude towards an e-tax system and end up adopting it, and this translates into tax compliance. This is supported by the finding who concludes the E-tax system adoption the strong relationship between Attitude towards using e-tax system and Tax compliance. In Ethiopia, increased usage of the e-tax system by the taxpayers is associated with improvement in tax compliance. This is precise because when a taxpayer uses an e-tax system, for instance, to file returns, pay the tax dues, avoid penalties, comply with the law and register to get a tax identification number; this is likely to play a great role in tax compliance. According to TAM, one's perception of the use of information technology is critical to its adoption. Once information technology is embraced by the owners of large tax payers, it is likely that tax compliance will improve.

The mediation path analysis results indicate that the adoption of the e-tax system partially mediates the link between attitude towards an e-tax system and tax compliance. For example, attitude towards an e-tax system such as ease for completion of filing returns and payment, secure and time-saving significantly affect the usage of an e-tax system by a large taxpayer in terms of filling returns, paying the tax dues and avoiding penalties which partially translate to filing compliance and payment compliance.

This study was motivated by three factors. First, to contribute to limited research on taxpayers‟ E-tax system adoption from the country; second, to extend research focusing on the influence of Technology acceptance model variables on taxpayers‟ compliance in the country;

third, to fill the gap in literature by empirically testing a structural model of taxpayers‟ E-tax system adoption to provide direction for change in Attitude towards greater improvement. There was the lack of research identifying how a Technology acceptance model variable influences the tax compliance.

Use of the TAM may be an effective theoretical framework to enhance taxpayer's compliance by using Technology acceptance model variables related to explaining, predicating and changing intentions and behaviors of taxpayers.

This study found that attitude towards tax compliance factor has the greatest influence on the intention to comply than e-tax system adoption and perceived behavioral control. This study concluded that the TAM constructs of, attitude towards tax compliance and perceived behavioral control in Ethiopia large tax payers.

5.2. Recommendations

On the basis of the findings, the study forwards the following recommendations:

- The Government should strive to solve interruption of internet connection problem so that tax payers can comply with their tax requirements by easily using E-tax system. Access to the internet is one of the conditions that affect tax payers' motivation and decision of tax compliance using e-tax system conforming to their positive attitude.
- The Government should disseminate to the public in general and tax payers in particular findings regarding positive impact of e-tax system on the country's overall economic endeavor.
- The outcome of e-tax system on tax administration in regions should be assessed so that necessary intervention and action could be taken to ensure uniformity in all regional states.
- E-tax system should be upgraded in line with emerging technologies to promote its use by tax payers and to tackle advanced tax offences.
- Given its significant positive effect on tax compliance adoption of E-tax system should be expanded to medium tax payers' regime. To that effect, the relevant stakeholders are expected to facilitate the necessary conditions of using E-tax system.
- Tax authority should focus more on increasing taxpayers' personal norms such as, moral values, feelings of guilt, and a sense of civic duty that can motivate taxpayers to comply.
- Ethiopia large taxpayers' office should devise strategies that would help to increase the level of assisting and educating taxpayers to comply, employees working in the tax office fairness of the tax system, equitable, clear, keeping the administering cost down.
- Ethiopia large taxpayers' office should provide recognition to best performed taxpayers to improve positive peer influences.
- The Government should primarily focus on implementing every potential means that could promote and enable voluntary tax compliance.

- The law enforcement system should be made strong, impartial and flexible.
- Researches on effect of PLS_SEM analysis on the effect of attitude towards e-tax system on tax compliance using TAM factors on compliance intention is not yet addressed well in developing countries like Ethiopia. Therefore, more research is recommended to be conducted in this regard.
- The last, but not the least recommendation is to encourage PLS_SEM analysis on the effect of attitude towards e-tax system on tax compliance using TAM factors effect on compliance intention researches. Hence, both academicians and practitioners are advised to identify PLS_SEM analysis on the effect of attitude towards e-tax system on tax compliance using TAM factors effect on compliance intention studies in different areas.

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Annex -I

WOLKITE UNIVERSITY

SCHOOL OF POST GRADUATE STUDIES

DEPARTMENT OF ACCOUNTING AND FINANCE

Questionnaire to Be Filled By electronic tax system users of Ethiopian large tax payers

Dear/sir/Respondents,

Conducting this questioner is for the purpose of thesis work entitled as "The Effect of attitude towards E-tax system on tax compliance: using Technology Acceptance Model in Ethiopian large tax payers" for the partial fulfillment of the requirement for the Masters of Science in Accounting and Finance program. The purpose of the questioner is to obtain data regarding your perception and views on the existing electronics tax system in large tax payers. It is believed that the result of the study will have considerable importance for Ethiopian revenue authority, to improve the challenges. The finding may also provide information for decision to be taken and helps as a reference for further study. Therefore, I would like to emphasis that your response is very valuable information for the study and I assure that the information obtained through these questioners is confidential and will be used only for academic purpose.

I thank you in advance for your cooperation and for scarifying your invaluable time and the response to the question genuinely.

For further information, please contact:

Amir Muhdin with these, phone No 0913532534

Thanks in advance!

SECTION A: PERSONAL DATA

1. Sex Male ☐ Female ☐

2. Age 18-24 ☐ 25-29 ☐

30-34 ☐ 35-39 ☐

40-44 ☐ 45-49 ☐

50 & Above ☐

3. Level of education

Primary school ☐ Secondary school ☐ Certificate ☐ Diploma ☐

Degree and above ☐

4. Type of Business

Sole proprietorship ☐ Partnership ☐ Corporation ☐ Other ☐

SECTION B:

Tax & Technology Knowledge		Strongly Disagree (SD)	Disagree (DA)	Neutral (N)	Agree (A)	Strongly Agree (SA)
1	I have a good knowledge of Taxation					
2	I have a good knowledge of internet.					
3	I use the services of a tax consultant in order to file my tax return(s) due to lack of tax knowledge					
4	I have basic computer skills and knowledge					
Perceived ease of use (PEOU)						
1	I know and understand how to use e-tax system.					
2	E-tax system is simple, easy to understand and use without assistance					
3	Using e-tax system makes submission of					

	my tax return(s) easy					
4	I prefer to use e-tax system than doing manual tax submission of queuing at LTO office					
5	It is easy for everyone to use e-tax system					
Perceived usefulness (PU)						
1	Using the e-tax system simplifies the tax reporting practice					
2	Using e-tax system saves me time					
3	E-tax system improves my productivity and performance.					

4	E-tax system enhances my effectiveness					
		SD	DA	N	A	SA
5	Using e-tax system improves the quality of the work I do.					
6	Overall, I find the e-tax system useful in my job.					
Attitude towards using e-tax system						
1	Using e-tax system is good					
2	I agree with the existence of e-tax system					
3	I found the various functions of e-tax system is well structured					
4	It is interesting experience to use e-tax system					
5	E-tax system is useful in reporting tax					
6	The e-tax system is safe, secure and comfortable to use					
E-tax system adoption						
1	My company use the e-tax system to pay					

	tax dues					
2	My company use e-tax to be on time in complying with tax laws					
3	My company register for the tax identification number through the e-tax system					
4	My company use electronic tax system					
5	My company use the e-tax system to file returns					
6	My company use e-tax system to avoid tax penalties					
7	I equip myself with computer skills to deal with my company's tax matters					
8	My computer is connected with internet for purposes of handling tax issues					
Tax compliance						
1	I state all taxes when declaring returns					

2	I declare all income for tax assessment to LTO					
		SD	DA	N	A	SA
3	I have received a notice of assessment from LTO					
4	I always submit returns to LTO and in addition submit hard copies of the return					
5	When our accounts are not audited on the due date of filing returns, we apply for extension of due date. Once the due date is granted, we file within the granted period					
6	I file returns on the due date					

7	Upon filing returns, I register payment and proceed to pay					
8	We pay taxes on time					
9	I pay taxes on the due date upon filing returns					
10	We pay actual tax assessed to LTO					
11	We pay our LTO dues first before any other bills					
12	Our business has been exempted from paying withholding tax					
13	LTO officials always come to our business to demand tax due					

Thank you very much for your patience, cooperation, and support for my research.

Annex -II

Final Result

Path Coefficients

Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
ATU -> ETAX	0.498	0.504	0.053	9.357	**0.000**
ATU -> TAXCOM	0.406	0.406	0.065	6.287	**0.000**
ETAX -> TAXCOM	0.329	0.332	0.056	5.915	**0.000**
PEOU -> ATU	0.293	0.293	0.066	4.428	**0.000**
PEOU -> PU	0.336	0.337	0.061	5.511	**0.000**
PU -> ATU	0.301	0.303	0.063	4.804	**0.000**
TTK -> PEOU	0.466	0.471	0.052	8.907	**0.000**
TTK -> PU	0.280	0.282	0.064	4.366	**0.000**

Total Indirect Effects

Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
ATU -> ETAX					
ATU -> TAXCOM	0.164	0.168	0.036	4.551	**0.000**
ETAX -> TAXCOM					
PEOU -> ATU	0.101	0.101	0.026	3.858	**0.000**
PEOU -> ETAX	0.196	0.200	0.040	4.870	**0.000**
PEOU -> PU					
PEOU -> TAXCOM	0.224	0.227	0.043	5.245	**0.000**
PU -> ATU					
PU -> ETAX	0.150	0.153	0.037	4.091	**0.000**
PU -> TAXCOM	0.172	0.174	0.040	4.254	**0.000**
TTK -> ATU	0.268	0.271	0.039	6.913	**0.000**
TTK -> ETAX	0.134	0.137	0.028	4.837	**0.000**
TTK -> PEOU					
TTK -> PU	0.157	0.158	0.034	4.644	**0.000**
TTK -> TAXCOM	0.153	0.156	0.029	5.192	**0.000**

Specific Indirect Effects
Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
PEOU -> PU -> ATU -> ETAX	0.050	0.051	0.015	3.396	**0.001**
TTK -> PEOU -> PU -> ATU -> ETAX -> TAXCOM	0.008	0.008	0.003	2.569	**0.010**
TTK -> PU -> ATU -> TAXCOM	0.034	0.035	0.013	2.611	**0.009**
TTK -> PU -> ATU	0.084	0.086	0.027	3.111	**0.002**
ATU -> ETAX -> TAXCOM	0.164	0.168	0.036	4.551	**0.000**
TTK -> PEOU -> ATU -> TAXCOM	0.055	0.056	0.017	3.171	**0.002**
PEOU -> ATU -> ETAX -> TAXCOM	0.048	0.049	0.016	3.008	**0.003**
PU -> ATU -> ETAX	0.150	0.153	0.037	4.091	**0.000**
TTK -> PEOU -> PU	0.157	0.158	0.034	4.644	**0.000**
TTK -> PU -> ATU -> ETAX -> TAXCOM	0.014	0.014	0.006	2.498	**0.013**
TTK -> PEOU -> PU -> ATU	0.047	0.048	0.014	3.498	**0.000**
PU -> ATU -> TAXCOM	0.122	0.123	0.034	3.624	**0.000**
TTK -> PEOU -> PU -> ATU -> ETAX	0.024	0.024	0.008	3.036	**0.002**
PEOU -> PU -> ATU -> ETAX -> TAXCOM	0.017	0.017	0.006	2.828	**0.005**
PU -> ATU -> ETAX -> TAXCOM	0.049	0.051	0.015	3.234	**0.001**
TTK -> PEOU -> PU -> ATU -> TAXCOM	0.019	0.019	0.007	2.913	**0.004**
TTK -> PEOU -> ATU -> ETAX -> TAXCOM	0.022	0.023	0.008	2.682	**0.007**
PEOU -> PU -> ATU	0.101	0.101	0.026	3.858	**0.000**
PEOU -> ATU -> TAXCOM	0.119	0.119	0.034	3.468	**0.001**
PEOU -> PU -> ATU -> TAXCOM	0.041	0.041	0.013	3.144	**0.002**
PEOU -> ATU -> ETAX	0.146	0.148	0.039	3.755	**0.000**
TTK -> PEOU -> ATU -> ETAX	0.068	0.070	0.021	3.260	**0.001**
TTK -> PU -> ATU -> ETAX	0.042	0.043	0.015	2.859	**0.004**
TTK -> PEOU -> ATU	0.136	0.138	0.035	3.884	**0.000**

Total Effects
Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
ATU -> ETAX	0.498	0.504	0.053	9.357	**0.000**
ATU -> TAXCOM	0.569	0.573	0.047	12.039	**0.000**
ETAX -> TAXCOM	0.329	0.332	0.056	5.915	**0.000**
PEOU -> ATU	0.394	0.395	0.061	6.506	**0.000**
PEOU -> ETAX	0.196	0.200	0.040	4.870	**0.000**
PEOU -> PU	0.336	0.337	0.061	5.511	**0.000**
PEOU -> TAXCOM	0.224	0.227	0.043	5.245	**0.000**
PU -> ATU	0.301	0.303	0.063	4.804	**0.000**
PU -> ETAX	0.150	0.153	0.037	4.091	**0.000**
PU -> TAXCOM	0.172	0.174	0.040	4.254	**0.000**
TTK -> ATU	0.268	0.271	0.039	6.913	**0.000**
TTK -> ETAX	0.134	0.137	0.028	4.837	**0.000**
TTK -> PEOU	0.466	0.471	0.052	8.907	**0.000**
TTK -> PU	0.437	0.440	0.059	7.352	**0.000**
TTK -> TAXCOM	0.153	0.156	0.029	5.192	**0.000**

Outer Loadings

Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
ATU1 <- ATU	0.865	0.865	0.016	53.950	**0.000**
ATU2 <- ATU	0.874	0.873	0.016	54.493	**0.000**
ATU3 <- ATU	0.795	0.792	0.029	27.374	**0.000**
ATU4 <- ATU	0.877	0.877	0.015	58.502	**0.000**
ATU5 <- ATU	0.890	0.890	0.015	60.269	**0.000**
ATU6 <- ATU	0.768	0.765	0.035	22.034	**0.000**
ETAX1 <- ETAX	0.777	0.776	0.028	27.929	**0.000**
ETAX2 <- ETAX	0.785	0.783	0.032	24.844	**0.000**

ETAX3 <- ETAX	0.792	0.791	0.022	35.254	**0.000**
ETAX4 <- ETAX	0.785	0.784	0.030	26.524	**0.000**
ETAX5 <- ETAX	0.785	0.784	0.029	26.894	**0.000**
ETAX6 <- ETAX	0.722	0.720	0.037	19.735	**0.000**
ETAX7 <- ETAX	0.784	0.783	0.028	27.625	**0.000**
ETAX8 <- ETAX	0.791	0.789	0.030	26.266	**0.000**
PEOU1 <- PEOU	0.885	0.885	0.013	70.460	**0.000**
PEOU2 <- PEOU	0.868	0.867	0.016	54.508	**0.000**
PEOU3 <- PEOU	0.889	0.888	0.013	68.684	**0.000**
PEOU4 <- PEOU	0.881	0.880	0.013	66.624	**0.000**
PEOU5 <- PEOU	0.855	0.854	0.018	46.531	**0.000**
PU1 <- PU	0.820	0.819	0.025	32.241	**0.000**
PU2 <- PU	0.791	0.790	0.025	31.709	**0.000**
PU3 <- PU	0.818	0.816	0.027	30.445	**0.000**
PU4 <- PU	0.837	0.836	0.021	39.938	**0.000**
PU5 <- PU	0.812	0.811	0.024	33.671	**0.000**
PU6 <- PU	0.849	0.848	0.020	41.515	**0.000**
TAXCOM1 <- TAXCOM	0.744	0.742	0.030	24.749	**0.000**
TAXCOM10 <- TAXCOM	0.808	0.807	0.025	32.138	**0.000**
TAXCOM11 <- TAXCOM	0.821	0.821	0.023	36.068	**0.000**
TAXCOM12 <- TAXCOM	0.762	0.761	0.028	26.757	**0.000**
TAXCOM13 <- TAXCOM	0.798	0.798	0.022	37.092	**0.000**
TAXCOM2 <- TAXCOM	0.779	0.778	0.024	32.718	**0.000**
TAXCOM3 <- TAXCOM	0.818	0.818	0.020	40.339	**0.000**
TAXCOM4 <- TAXCOM	0.773	0.772	0.024	32.241	**0.000**
TAXCOM5 <- TAXCOM	0.802	0.802	0.023	35.037	**0.000**
TAXCOM6 <- TAXCOM	0.777	0.777	0.025	30.850	**0.000**
TAXCOM7 <- TAXCOM	0.755	0.753	0.029	25.933	**0.000**
TAXCOM8 <- TAXCOM	0.789	0.788	0.022	35.299	**0.000**
TAXCOM9 <- TAXCOM	0.769	0.768	0.024	32.105	**0.000**
TTK1 <- TTK	0.755	0.755	0.031	24.411	**0.000**
TTK2 <- TTK	0.844	0.842	0.026	32.295	**0.000**
TTK3 <- TTK	0.814	0.812	0.030	27.205	**0.000**
TTK4 <- TTK	0.816	0.814	0.031	26.491	**0.000**

Outer Weights

Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
ATU1 <- ATU	0.201	0.201	0.010	20.000	**0.000**
ATU2 <- ATU	0.206	0.206	0.010	20.541	**0.000**
ATU3 <- ATU	0.170	0.170	0.013	13.565	**0.000**
ATU4 <- ATU	0.215	0.215	0.010	20.564	**0.000**
ATU5 <- ATU	0.220	0.220	0.011	19.733	**0.000**
ATU6 <- ATU	0.165	0.165	0.016	10.649	**0.000**
ETAX1 <- ETAX	0.178	0.178	0.014	12.777	**0.000**
ETAX2 <- ETAX	0.153	0.153	0.014	10.651	**0.000**
ETAX3 <- ETAX	0.164	0.164	0.013	12.207	**0.000**
ETAX4 <- ETAX	0.167	0.167	0.016	10.250	**0.000**
ETAX5 <- ETAX	0.172	0.171	0.012	13.741	**0.000**
ETAX6 <- ETAX	0.133	0.133	0.015	8.705	**0.000**
ETAX7 <- ETAX	0.174	0.174	0.015	11.950	**0.000**
ETAX8 <- ETAX	0.144	0.144	0.013	10.920	**0.000**
PEOU1 <- PEOU	0.238	0.238	0.013	18.634	**0.000**
PEOU2 <- PEOU	0.224	0.224	0.014	16.427	**0.000**
PEOU3 <- PEOU	0.220	0.221	0.013	16.889	**0.000**
PEOU4 <- PEOU	0.239	0.239	0.013	19.085	**0.000**
PEOU5 <- PEOU	0.220	0.220	0.013	16.490	**0.000**
PU1 <- PU	0.194	0.194	0.014	13.781	**0.000**
PU2 <- PU	0.229	0.230	0.020	11.513	**0.000**
PU3 <- PU	0.176	0.176	0.014	13.023	**0.000**
PU4 <- PU	0.214	0.214	0.015	13.845	**0.000**
PU5 <- PU	0.212	0.212	0.016	13.050	**0.000**
PU6 <- PU	0.194	0.194	0.013	15.193	**0.000**
TAXCOM1 <- TAXCOM	0.082	0.082	0.008	10.386	**0.000**
TAXCOM10 <- TAXCOM	0.115	0.115	0.007	15.697	**0.000**
TAXCOM11 <- TAXCOM	0.100	0.100	0.008	13.355	**0.000**
TAXCOM12 <- TAXCOM	0.099	0.099	0.007	13.251	**0.000**
TAXCOM13 <- TAXCOM	0.119	0.119	0.008	15.442	**0.000**
TAXCOM2 <- TAXCOM	0.099	0.099	0.007	14.004	**0.000**
TAXCOM3 <- TAXCOM	0.102	0.102	0.007	14.488	**0.000**
TAXCOM4 <- TAXCOM	0.095	0.095	0.007	12.678	**0.000**
TAXCOM5 <- TAXCOM	0.091	0.090	0.007	13.311	**0.000**
TAXCOM6 <- TAXCOM	0.104	0.104	0.008	13.515	**0.000**
TAXCOM7 <- TAXCOM	0.078	0.078	0.008	9.571	**0.000**
TAXCOM8 <- TAXCOM	0.093	0.093	0.007	12.736	**0.000**

TAXCOM9 <- TAXCOM	0.096	0.096	0.007	12.885	**0.000**
TTK1 <- TTK	0.318	0.319	0.032	9.800	**0.000**
TTK2 <- TTK	0.295	0.295	0.025	11.605	**0.000**
TTK3 <- TTK	0.298	0.297	0.026	11.533	**0.000**
TTK4 <- TTK	0.329	0.328	0.024	13.477	**0.000**

Quality Criteria

R Square

Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
ATU	0.259	0.267	0.050	5.149	**0.000**
ETAX	0.248	0.257	0.054	4.636	**0.000**
PEOU	0.218	0.224	0.049	4.445	**0.000**
PU	0.279	0.288	0.056	4.997	**0.000**
TAXCOM	0.405	0.415	0.048	8.513	**0.000**

R Square Adjusted

Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
ATU	0.252	0.260	0.051	4.962	**0.000**
ETAX	0.245	0.253	0.054	4.549	**0.000**
PEOU	0.214	0.221	0.049	4.350	**0.000**
PU	0.273	0.282	0.056	4.830	**0.000**
TAXCOM	0.400	0.409	0.048	8.317	**0.000**

f Square

Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
ATU -> ETAX	0.330	0.353	0.101	3.279	**0.001**
ATU -> TAXCOM	0.208	0.219	0.081	2.562	**0.010**
ETAX -> TAXCOM	0.137	0.144	0.049	2.807	**0.005**

PEOU -> ATU	0.090	0.097	0.045	1.985	**0.047**
PEOU -> PU	0.123	0.130	0.052	2.359	**0.018**
PU -> ATU	0.096	0.103	0.045	2.120	**0.034**
TTK -> PEOU	0.278	0.295	0.084	3.330	**0.001**
TTK -> PU	0.085	0.093	0.043	1.963	**0.050**

Average Variance Extracted (AVE)
Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
ATU	0.716	0.715	0.024	30.415	**0.000**
ETAX	0.605	0.604	0.025	23.935	**0.000**
PEOU	0.766	0.766	0.017	45.718	**0.000**
PU	0.674	0.673	0.025	27.191	**0.000**
TAXCOM	0.615	0.615	0.020	30.643	**0.000**
TTK	0.653	0.651	0.026	24.994	**0.000**

Composite Reliability

Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
ATU	0.938	0.937	0.007	135.468	**0.000**
ETAX	0.924	0.924	0.007	123.325	**0.000**
PEOU	0.943	0.942	0.005	184.586	**0.000**
PU	0.925	0.925	0.008	117.300	**0.000**
TAXCOM	0.954	0.954	0.004	254.022	**0.000**
TTK	0.882	0.881	0.012	72.861	**0.000**

rho_A
Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
ATU	0.928	0.928	0.009	107.449	**0.000**
ETAX	0.909	0.911	0.010	94.332	**0.000**
PEOU	0.925	0.926	0.007	126.528	**0.000**

PU	0.906	0.908	0.011	86.107	**0.000**
TAXCOM	0.951	0.951	0.004	234.649	**0.000**
TTK	0.822	0.826	0.021	39.089	**0.000**

Cronbach's Alpha
Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
ATU	0.920	0.919	0.010	96.818	**0.000**
ETAX	0.907	0.906	0.010	90.863	**0.000**
PEOU	0.924	0.923	0.007	128.287	**0.000**
PU	0.904	0.903	0.011	82.870	**0.000**
TAXCOM	0.948	0.948	0.004	213.356	**0.000**
TTK	0.822	0.820	0.021	39.942	**0.000**

Latent Variable Correlations
Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
ETAX -> ATU	0.498	0.504	0.053	9.357	**0.000**
PEOU -> ATU	0.433	0.435	0.057	7.588	**0.000**
PEOU -> ETAX	0.491	0.492	0.052	9.387	**0.000**
PU -> ATU	0.438	0.441	0.051	8.607	**0.000**
PU -> ETAX	0.392	0.394	0.050	7.802	**0.000**
PU -> PEOU	0.467	0.470	0.054	8.647	**0.000**
TAXCOM -> ATU	0.569	0.573	0.047	12.039	**0.000**
TAXCOM -> ETAX	0.531	0.536	0.044	11.992	**0.000**
TAXCOM -> PEOU	0.373	0.374	0.056	6.686	**0.000**
TAXCOM -> PU	0.367	0.368	0.060	6.143	**0.000**
TTK -> ATU	0.380	0.384	0.053	7.127	**0.000**
TTK -> ETAX	0.332	0.334	0.067	4.946	**0.000**
TTK -> PEOU	0.466	0.471	0.052	8.907	**0.000**
TTK -> PU	0.437	0.440	0.059	7.352	**0.000**
TTK -> TAXCOM	0.260	0.263	0.066	3.948	**0.000**

Model_Fit

SRMR

Confidence Intervals

	Original Sample (O)	Sample Mean (M)	95%	99%
Saturated Model	**0.055**	0.044	0.049	0.051
Estimated Model	**0.084**	0.051	0.060	0.065

d_ULS

Confidence Intervals

	Original Sample (O)	Sample Mean (M)	95%	99%
Saturated Model	**2.777**	1.740	2.143	2.342
Estimated Model	**6.444**	2.353	3.197	3.799

d_G

Confidence Intervals

	Original Sample (O)	Sample Mean (M)	95%	99%
Saturated Model	**1.382**	0.893	1.057	1.140
Estimated Model	**1.418**	0.903	1.079	1.159

Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
ATU	**0.920**	**0.928**	**0.938**	**0.716**
ETAX	**0.907**	**0.909**	**0.924**	**0.605**
PEOU	**0.924**	**0.925**	**0.943**	**0.766**
PU	**0.904**	**0.906**	**0.925**	**0.674**

TAXCOM	**0.948**	**0.951**	**0.954**	**0.615**
TTK	**0.822**	**0.822**	**0.882**	**0.653**