TAXPAYERS' PERCEPTION TOWARDS FAIRNESS: PERSONAL BUSINESS PROFIT TAXPAYERS IN WOLKITE TOWN

MACFN THESIS RESEARCH

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June ,2024

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Taxpayers' Perception towards Fairness: Personal Business Profit Taxpayers in Wolkite Town

A MSc Thesis Submitted to The School of Graduate Studies in Partial Fulfillment of the Requirements for the Degree of Master in Accounting and Finance

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June, 2024

Wolkita, Ethiopia

SCHOOL OF GRADUATE STUDIES

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DEDICATION

This thesis is dedicated to my mother Tedalch Tani and my father Tesfay Nema.

STATEMENT OF AUTHOR

First of all, I declare that this thesis is my work and that all sources of materials used for this thesis have been duly acknowledged. This thesis has been submitted in partial fulfillment of the requirements for an advanced (M.Sc.) degree at the Wolkite University and deposited at the University Library to be made available to borrowers under rules of the library.

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Name: Entonyos Tesfya Signature -------------------

Place: Wolkite University

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ACKNOWLEDGEMENT

First, I would like to express my deepest and warmest gratitude to the God, who help me from the beginning to the end of this thesis. Secondly, I am also greatly interested to express my hearted thanks to my major advisor Aster K (Ass prof) ; for her great assisting, contribution, useful suggestion and constructive criticism on this excellence advising and limitless effort in encouraging me in my work, correcting and giving comments by devoting a deal of his time from the beginning of the thesis to finish it. In addition, I would like to express my hearted thanks to my family especially my family for psychological, moral, and financial supports during my stay at Wolkite University. Lastly, I would like to express my heartfelt and appreciation to my friends for their invaluable help when I do the thesis.

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ACRONYMS/ABREACTIONS

FDRE	Federal Democratic Republic of Ethiopia
ERCA	Ethiopian Income and Custom Authority
MoFED	Ministry of Finance and Economic Development
GDP	Gross Domestic Product
US	United State
UK	United Kingdom
SS	Sample Size
CA	Category A
CB	Category B
CC	Category C

ABSTRACT

Tax fairness issues encompass a number of tax fairness dimensions and other fairness affecting factors. If all tax fairness dimension and other affecting factors negativelyinterpreted by taxpayers, it could lead to the negative perceptions of the tax system by the taxpayers Good understandings of business profit taxpayers' fairness perceptions help the tax authorities to improve the tax system in order to narrow the tax gap. Although past studies on tax fairness issues widely conducted in developed countries, literature and data concerning this topic are still scarce in Ethiopia. This study focuses on taxpayers' perception of fairness, specifically among personal business profit taxpayers in Wolkite Town. The study was conducted on business taxpayers' in Wolkite Town including trader (wholesaler and retailers), manufacturers and service providers. The general objective of the study was to assesee taxpayers' Perception towards Fairness: Personal Business Profit Taxpayers in Wolkite Town.The research followed mainly qualitative (literature review), and quantitative (survey) methodology. A questionnaire was developed asking about background of respondents and the respondents' opinions about tax fairness. The data for this study was collected from a sample of 374 Personal Business Profit Taxpayers ' in Wolkite Town by means of questionnaires collected during the period February 20 - March 15, 2024. The results of this combined research methodology suggest that Wolkite Town business profit taxpayers perceive positively in respect of exchange, horizontal , personal, , and administration fairness except Vertical fairness . The thesis proposes a set of actions that could be implemented by the government and tax authorities to enhance policy and administration, educate taxpayers, raise awareness through consultation sessions, and offer essential social services to the public. Additionally, it emphasizes the importance of maintaining fairness in the current business profit tax system.

Keyword*:Perception • Tax fairness*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Taxes are an important source of revenue for governments in both developing and developed countries. However, the amount of revenue that the government earns from such taxes for its spending program depends, among other things, on the willingness of taxpayers to comply with the country's tax laws (Selamawit Admasu, 2021). According to (Abdu & Adem, 2023) and (Rantelangi & Majid, 2018), a tax liability is considered to be functionally compliant with tax laws if the tax base is correctly reflected, tax liabilities are correctly calculated, tax returns are submitted on time and the amount payable according to tax laws is paid on time.

Tax patterns around the world show great differences between countries, especially between developed and developing countries. In particular, developing countries today collect a much larger part of their national output in taxes than developing countries; and they tend to rely more on income tax to do so. Developing countries, on the other hand, rely more on both trade and consumption taxes. Furthermore, the data show that despite comparable statutory tax rates, developed countries actually collect far more tax revenue than developing countries, even after controlling for underlying differences in economic activity. This suggests that cross-country heterogeneity in fiscal policy capacity is largely determined by differences in the compliance and effectiveness of tax collection mechanisms. The strength of political institutions seems to influence both factors(Eden Emiru, 2018).

In almost all countries, taxation is the most important source of government revenue. According to the latest estimates from the International Center for Taxation and Development, tax revenues constitute more than 80 percent of total government revenue in about half of the world's countries and more than 50 percent in almost all countries (Abdul, 2019).

A perception of fairness and trust are important tools for a tax administration. The key to establishing trust is to frame the collection of taxes to the population in a transparent manner and emphasize the perceived fairness of the approach taken. Norms and the motivation to pay taxes are influenced by fairness both in how a person is treated by the administration individually and in perceptions of fairness of the tax system in general (whether other people are also paying their fair share). If a tax administration can demonstrate its commitment in these areas, there will be a compliance benefit (Reeson, 2009).

Notwithstanding this view, however, it is useful to consider the concept of tax fairness as it relates to each of the goals of taxation. According to Duff, (Nasira Perveen & Ashfaq Ahmad, 2022)a government spending on publicly-provided goods and services, for example, traditional tax equity principles of benefits received and ability to pay provide useful criteria to assess the fairness of any particular tax or set of taxes designed to collect revenues for this purpose, despite considerable disagreement about the meaning of a taxpayers' "ability to pay". Just as important is horizontal equity - the principle that people who are equally able to pay and who benefit equally should be taxed equally (Parameswaran, 2005).

According to (Abdul, 2019). tax fairness is difficult to define because of four problems. The first one is its multidimensionality, the second problem is that it can be defined at the individual level or for society at large, thirdly a lack of fairness may be perceived justification or a cause of noncompliance and the last one is that, tax fairness is intertwined with complexity. Tax complexity may be responsible for the misperception of the tax system. In this study, tax complexity is understood from two dimensions that is, excessive detail in the tax rules and numerous computations required. According to Martin et.al, (2010), at least a reasonable level of

Simplicity should be there because; taxpayers come from various backgrounds, with differing levels of education, income and tax knowledge. In helping taxpayers to complete the tax returns accurately, the tax authority is responsible to come up with a simple, but sufficient, tax return. With this regard (Weldegiorgis, 2017). States that, the success of income tax rests primarily upon the honesty of the taxpayers and one of the factors that contribute to dishonesty in taxpayers is the complexity of the tax system as it may lead to administrative failures. As the tax law has become increasingly complex, complexity has come to recognize as a possible reason for tax payers' misperception thereby for tax noncompliance (Gebregiorgies, 2021).

In general, understanding of taxpayers' perception towards the tax system that can influence compliance will bring more revenue and less administrative cost to the tax authority (Abdul, 2019). The other main issue is that, one of the responsibilities of a government is to modify unreasonable patterns of behavior. That means, when taxpayers feel that, there is a tax imposed on unreasonable patterns of behavior, most taxpayers will avoid these patterns, or they will try to reduce them. On the other hand, the tax system should encourage investors through different means and it must be attractive for outsiders. This is what we call it tax efficiency. However, it is worthless to be actually efficient unless the tax system is efficient in the minds of taxpayers, or to be perceived by taxpayers as efficient that means, the taxpayers perceive that the existing tax system is used in influencing their behavior. Whether taxpayers perceive, or do not perceive that the tax system is actually used to influence their economic behavior, is therefore the concern of this study.

Since taxpayers' perception towards the tax system has a serious influence on their compliance with the tax law, a study on taxpayers' perceptions is important. Hence, there are a number of studies conducted on taxpayers' perception towards tax system. For instance, (Abdu & Adem, 2023) and (Eden Emiru, 2018).were conducting their study on tax payers' perception. However, all these researchers investigate the tax payers' perception towards particular issue in the tax system that is, either tax fairness or tax complexity or tax efficiency independently. In order to fill this research gap, in this study the researcher tries to assess the Personal Business Profit taxpayers' perception towards tax fairness.

Here it should be noted that, even if tax to GDP ratios are not completely comparable because of differences among countries with respect to the definition of tax base and rates, administrative capabilities and level of taxpayers' awareness, such a comparison can be made in practice and used as indicative although not conclusive (Tulu, 2019). Consequently, evaluating the tax burden of the Ethiopian government in comparison with the average in Sub-Saharan Africa indicates that the tax revenue performance of the Ethiopian government is subpar. The presence of noncompliance at a high level, which is believed to be caused by the implementation of overly strict enforcement methods and disregard for the behavioral aspects of tax compliance decision making, such as the perception of tax fairness, is identified as the primary reason for the insufficient level of tax income, particularly in regards to business income tax (Weldegiorgis, 2017).). In Ethiopia, similar to other developing nations, there have been only a few studies conducted on the perception of tax fairness, especially among business profit taxpayers (Belachew, 2019). As a result, the perception of taxpayers regarding the fairness of the tax system is one of the factors that contribute to the government's ability to achieve its objectives and initiatives. Additionally, it lessens the country's reliance on foreign loans and donations.

1.2 Statement of the Problem

Accurate comprehension of business earnings taxpayers' perception of equitability supports the tax authorities in enhancing the taxation system to reduce the tax disparity, promote business earnings taxpayers' adherence, and consequently generate sufficient tax income. Devoid of taxes, governments would be incapable of fulfilling the needs of their communities. Taxes are essential as they enable governments to gather these funds and allocate them towards societal initiatives. Without taxes, government funding for healthcare, education, infrastructure, and other sectors would be unattainable.

A government should fund its expenses using both domestic or internal sources (such as taxation, non-tax revenue, and domestic borrowing) and external sources (including foreign loans and grants). While taxation is the primary financial source in developed nations, in Ethiopia, the government generates a substantial amount of revenue through borrowing and grants due to significant challenges in establishing effective tax systems that enable sufficient funding of its expenditures.

The fairness theory states that a tax system must consider both equal treatment of equals and unequal treatment of unequals. This means that horizontal equity, which ensures fairness in the tax system, and vertical equity, which aims to achieve distributive justice, is both important. According to (Mera, 2019),(Torgler et al., 2017) and(Khasawneh et al., 2018), there is no fairness in the tax system when the burden of tax falls disproportionately on large businesses that are easily visible and accessible to the authorities. (Kiow et al., 2017) further reveal that over-taxing big and visible businesses has a significant negative impact on their legally earned profits, creating a loophole where small businesses, including the informal sector, are taxed much less or not at all. Supporting this, it is stated in (Finance and Economic Minster, 2016) that the tax system in Ethiopia primarily relies on legal enforcement as a solution to ensure its proper functioning. For instance, Proclamation No. 608/2008 modifies the previous Income Tax Proclamation (No. 286/2002); the modifications include changing the name of the Federal tax authority to the (ERCA, 2009): and allowing deduction of the actual amount of expenses for maintaining and improving a business asset.

According to the information that the researcher obtained from Addis Ababa City Tax Administration Authority, only about 55% of the business communities are committed to fulfill their tax obligations regardless of the existing powerful tax proclamation. This clearly shows that relying solely on legal enforcement (stick approach) may not work always and forever (ERCA, 2019). According to information from the Wolkite Town Tax Organization Expert, only about 65% of business communities pay their taxes, despite the law requiring them to do so. This means that following the law alone may not always work(Berhanu, 2018).

Based on a proposal sent by (MoFED, 2021), it is anticipated that the ratio of GDP will rise to 50.3% in the coming five years. However, recent evidence indicates a decline for money collected as taxes for GDP, which may be attributed to numerous trading groups not adhering to regulations. Consequently, it is imperative to thoroughly examine the exhaustion issues discussed in order to identify their root causes. Additionally, researchers must ensure that they have not overlooked any other obstacles that those in positions of authority have not investigated. This problem is very visible in Gurage Zone Wolkite Town. Although this study issues of fairness in business profit taxation in Gurage Zone Wolkite town have been little studied. The perceptions of business profit taxpayers in Wolkite town regarding issues of fairness in business profit taxation have also not been well appreciated. In this stands, this study will conducted to explore the perceptions of business profit taxpayers in Wolkite town regarding issues of fairness in business profit taxation.

1.3 Research Questions and hypotheses

1.3.1 Research Questions

Based on the objective of the study, the following specific research question is developing.

1. What is tax payers' perception towards tax fairness?
2. How do the taxpayers perceive about horizontal fairness?
3. How do these taxpayers perceive about vertical fairness?
4. How do these taxpayers perceive about exchange fairness?
5. How do these taxpayers perceive about administrative fairness?

1.3.2 Research hypotheses

This research examines the following research hypotheses in their null form;

Ho1; Wolkite town business profit taxpayers do not perceive the Ethiopian tax system was fair system.

HO2; Wolkite town business profit taxpayers do not perceive the Ethiopian tax system as fair in terms of exchange fairness.

HO3;Wolkite town business profit taxpayers do not perceive the Ethiopian tax system as horizontally fair.

HO4; Wolkite town business profit taxpayers do not perceive the Ethiopian tax system as vertically fair.

Ho5; Wolkite town business profit taxpayers do not perceive the Ethiopian tax system as fair in terms of administrative fairness.

1.4 Objectives of the study

1.4.1 General objectives

The general objective of this study was to assess the taxpayers' perception towards fairness business profit taxpayers in Gurage Zone Wolkite Town.

1.4.2 The Specific objectives

Specific objectives of this study include the following.

1. To assess the tax payers perception towards personal fairness
2. To assess the tax payers perception towards horizontal fairness
3. To assess the tax payers perception towards vertical fairness
4. To assess the tax payers perception towards exchange fairness
5. To assess the tax payers perception towards administrative fairness

1.5 Significance Of The Study

This study is believe to be an input in improving the perception of taxpayers towards the existing tax system. Since the aim of this study was to assess the taxpayers' perception towards tax fairness, it gives some insights into how the tax authority creates awareness among the society to improve the taxpayer's perception towards tax fairness. This study is expect to assist the tax administration to identify aspects or areas where taxpayers experience challenges. The finding of this study is helping the tax authority to improve public confidence on the existing tax system. Finally, this study believed to be relevant for further and future researchers.

1.6 Scope of the study

In this study, the researcher attempts to assess the taxpayers' perception towards tax fairness in Wolkite town, Ethiopia. The study was on personal business profit taxpayers in Wolkite town including trader (wholesaler and retailers), manufacturers and service providers. This study is including only those non-incorporated taxpayer that is, sole proprietorship and partnership (personal business profit taxpayers). The research followed mainly qualitative (literature review), and quantitative (survey) methodology. The data for this study was collected from a sample of 374 from Category "A" 37, Category "B" 19 and Category "C" 318 business profit taxpayers' in Wolkite town by means of questionnaires were collected during the period February 20 - March 15, 2024. Any of the analysis and finding of this research was confined only to the selected personal business profit taxpayers in the selected case study area.

1.7 Organization of the study

This thesis is organized in to five chapters. Chapter one comprises of the background of the study, the statement of the problem which tells about the research gap and justifies the need for the research, the research questions which lead to hypotheses, the significance, scope and limitation of the study which summarizes the way the research proposal is organized. Chapter two reviews the theoretical backgrounds and empirical literatures related to the study. Chapter three outlines the methodological approach applied in the study, whereas the results and main findings of the study are present in Chapter four. The main findings and contribution of the study as well as recommendations for further study is summarize in chapter five.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1Theoretical Literatures

2.1.1 Fair tax system

To be regarded as an equitable tax system, taxpayers should possess the capacity to meet their tax obligations. Capacity to pay implies that within the realm of taxation, a taxpayer's economic resources should be within their jurisdiction. When a tax system is structured in such a way that individuals with equal capacity to pay are liable for the same tax amount, it can be deemed as horizontally just, whereas if it is designed to make individuals with higher capacity to pay contribute more than those with lower capacity, it is considered vertically just. (Torgler et al., 2017) highlighted that tax fairness is a crucial determinant of taxpayers' compliance behavior as it is intertwined with tax burdens. For any "good" tax system, fairness in taxation is of utmost importance. Policymakers in the United States hold the belief that public perceptions can directly affect tax compliance behavior.

A just tax system should be formulated taking into account a equilibrium between the concerns of the taxpayers' and the tax authorities. The majority of individuals concur that a just tax system should require taxpayers to contribute to the expense of public services based on their capacity to pay. Inequity of the tax system might manifest taxpayers' viewpoints that they are paying excessive taxes in connection to the worth of the services supplied by government or in connection to what other taxpayers' pay (Leung, 2019).

Tax fairness is a significant policy concern for both developing and developed nations (Mannan, et al., 2021);(Ramkumar et al., 2023)). Particularly, low-income countries face challenges with widespread tax avoidance due to inadequate tax policies, ineffective tax administration, and taxpayers' attitudes towards taxation.

Economists commonly assess the fairness of a tax system or specific taxes by considering the percentage of a family's income. One approach to achieve tax fairness is to ensure that individuals with equal ability to pay contribute the same amount of tax. This concept, known as horizontal equity, is easily understandable. Another principle of tax fairness, known as vertical equity, is based on the idea that individuals with higher incomes should pay a higher proportion of their income in taxes (Rekhi & Saxena, 2023):

- ✓ Progressive when higher-income households pay a larger share of their incomes in taxes.
- ✓ Proportional, or "flat," when the share of income paid in taxes is the same at all income levels, regardless of how much or how little households earn; or
- ✓ Regressive when lower-income households pay a larger share of their incomes in taxes.

2.1.2 Tax fairness perceptions

Tax fairness is a highly significant factor influencing taxpayers' adherence. Previous studies indicate that perceptions of equity can manifest in various ways. (Adams, 2018) suggests that the theory of fairness includes two dimensions, namely reciprocation and allocation. Reciprocal equity, or fair exchange, is based on the belief that individuals will only act fairly if the other party also acts fairly towards them. In other words, a person will perceive a system as fair if the benefits they receive match their contributions, and vice versa. In contrast to reciprocal fairness, allocation fairness (also referred to as indirect exchange) involves the one-sided distribution of resources among a group or circle of recipients.

The understanding of citizens regarding the equity of taxes has a significant impact on the formation of the tax culture within a country. Consequently, this understanding is influenced by various factors in the surrounding environment. Hence, the significance of these contextual factors in shaping the decision of taxpayers to comply with tax regulations cannot be underestimated (Mesfin & Sisay, 2019). In simpler terms, it is proposed that the general population is more likely to adhere to the laws concerning state taxation if they perceive the taxation system to be just and view compliance with tax obligations as a patriotic duty and the morally correct course of action(Torgler & Schaltegger, 2021).

Perception is narrated as "a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment"(Belay, 2020). While ethical perception is considered as a relative recognition and awareness of ethical dimension of a certain situation(Tulu, 2019). As it is a relative measure, therefore the individuals' behavior would vary based on ethical aspect of a certain phenomenon. A person, who does not consider the moral aspect, would employ rational scheme in their decision-making instead of moral scheme (Jones, 1991). The current study implied Fairness Heuristic Theory (Abdul, 2019) along with the TAM Model (Davis, 1989). Fairness Heuristic Theory argues that fairness perception about some phenomenon helps participants to make decisions. This perception is in turn formulated from large number of contextual factors. In taxation context, fairness perception on tax authorities helps citizens to make compliance decisions. E-taxation system was initially used in USA, where IRS was used to apply for tax refund only. After that, e-taxation system was used by many states, such as, Canada, Australia, India, China, UK, The Netherlands, Germany, France, Ireland, and Malaysia.

(Rantelangi & Majid, 2018) found that taxpayers adjust their perceived inequalities through tax evasion. This shows the importance of addressing other fairness or justice factors apart from equity aspect of tax fairness dimensions claimed by equity theory since the fulfillment of tax obligations is an issue of fairness. (Alem & Tewabe, 2022) developed multi-faceted fairness framework of taxation to explain and predict tax attitudes and voluntary tax compliance. The study proposes fulfillment of tax obligations to be an issue of fairness and perceived fairness of the tax system is assumed to play a paramount role in producing genuine acceptance of tax obligations and regulations. he model suggested in the research linked equity and readiness to contribute taxes with the subsequent four aspects of justice; allocation justice (how societal resources are distributed), procedural justice (how tax decisions are reached), interpersonal justice (how citizens are treated by tax authorities/staff), and informational justice (how tax decisions and legislation are communicated and justified to citizens) (Zeleke, 2019) .

Distributive justice: refers to the perceived justness of the result of a resource distribution event (e.g., a government spending program). That means, it refers to how societal resources (such as subsidies, education, and healthcare) are distributed among citizens. This is presumably the dominant and most noticeable fairness aspect relevant to willingness to contribute taxes. Three distribution principles are commonly discussed in the fairness literature: fairness, equality, and necessity (Rekhi & Saxena, 2023). According to(Zeleke, 2019) , the fairness principle (requiring proportionality between an individual's inputs and outcomes should be proportional to his/her inputs) can be formulated in terms of amount of exerted effort, ability, inherent or attained, and productivity (i.e., the actual outcomes achieved).

The concept of fairness (where inputs don't matter) can be understood as fairness in how people are treated, meaning that everyone receives the same results. Equality of opportunity means that everyone has an equal chance to receive something, and equity means that everyone ends up with the same amount of resources in the end, even if they receive unequal shares initially. The principle of necessity can be seen as the biological necessities for survival, such as food, shelter, and air; the basic items and conditions that are considered essential for a minimum standard of living in a particular society; as well as the functional means and tools needed to fulfill one's role in society.

Procedural justice: focuses on the formal structural aspects of how tax decisions are made and can be evaluated using various criteria, such as Uniformity (equal treatment of all individuals, for example, applying the same tax rules to all citizens, including government officials). Impartiality (avoiding personal interests and preconceptions, for instance, the tax agency cannot make biased tax decisions); Accuracy (using accurate information available about the financial circumstances of individual taxpayers); Transparency (providing opportunities for second opinions and revisions of decisions, meaning taxpayers should have the chance to seek a second opinion if they believe their tax return is incorrect) and Morality (alignment of tax legislation with universal moral standards and values). Interpersonal justice: focuses on the informal communicative aspects of justice and pertains to whether authorities are perceived as considerate and respectful, treating citizens with dignity (which does not involve any financial costs, yet is highly effective in fostering positive attitudes towards the tax agency and ultimately citizens' willingness to pay taxes).

Informational justice: centers on the rationales behind why particular protocols were adhered to or why specific choices were taken. Therefore, it pertains to the degree to which tax choices are justified and the elucidations that tax agency personnel provide when individuals inquire about the laws, their tax responsibilities, and penalties.

Additional notions within this conceptual structure include unpredictability, reliance, and validity. The analysis of research conducted by (Rekhi & Saxena, 2023)identified five important dimensions of taxpayers' fairness perception namely;

1. **Exchange fairness** is concerned with reciprocal exchange between taxpayers and the government,
2. **Horizontal fairness** deals with equal tax treatment among taxpayers in similar economic positions.
3. **Vertical fairness** is assessed based on the ability to pay principle and preference for tax rate structure, either a flat rate or progressive rate.
4. **Personal fairness**, leads to individuals‟ judgments about whether the income tax system is favorable to them.
5. **Administrative fairness** relates to the content of the tax law (policy fairness) and procedures employed by the tax authority (procedural fairness).

2.1.3 Tax compliance

Tax compliance refers to taxpayers' willingness to adhere to tax regulations by accurately disclosing their taxable income, correctly calculating their tax obligations, submitting their tax returns on time, and promptly paying the required amount (Koswara et al., 2023). Tax compliance can be analyzed in relation to tax avoidance and tax evasion (Tulu, 2019). These two practices are typically differentiated based on their legality, where avoidance involves legal strategies to minimize tax liability, while evasion involves illegal methods.

In the contrary, tax noncompliance is individual failure to comply with their tax obligation. Tax noncompliance consists of three distinct types:

- **Filing noncompliance**: refers to non-filing of returns to the tax authority which will lead to tax gap i.e. the amount of unpaid taxes due foregone.
- **Nonpayment compliance**: refers to untimely taxes paid, that means payment not made on a timely manner to the tax authority. Timely tax payment is important to the tax authority. The dues received now will used for the government’s expenditure otherwise, the insufficient fund needs to borrowed and incur additional cost.
- **Tax underreporting**; considered a criminal offence that imposes severe penalty. The taxpayer practices no reporting by way of evasion and avoidance; both are same except that the latter is legal while the former is illegal. This area of noncompliance poses a serious problem to tax authority because these taxpayers' escape tax and their burden

pushed to the other complying taxpayers. This is where the fair and equitable tax system is questionable.

According to (Barineka Gberegbe et al., 2018)referred the magnitude of evasion being the tax gap which is the difference between the federal income taxes households actually owe, and what they report and pay voluntarily on a timely basis but is mainly concerned with tax evasion as the central part of the tax gap definition. As mentioned earlier taxpayer compliance is a multi-faceted measure. (Jorge Martinez-Vazque, 2017)stated that theoretical definition of taxpayer compliance consists of „three mutually exclusive and exhaustive measures‟ (Payment, filing, and reporting compliance). There are many predictors for tax compliance from the economic to the non-economic factors. The economic factors are detection and punishment, harsh enforcement, burden of taxation whereas the non-economic factors as mentioned by (Bin-Nashwan et al., 2020)are behavioral in nature. Fiscal psychological factor is an important element in tax compliance research and numerous tax compliance researches on tax fairness showed significant results. Generally the decision to comply or not is an individual's rational profit seeking attitude(Barineka Gberegbe et al., 2018).A major difficulty in analyzing noncompliance is in its methods of measurement.

According to(Saad, 2022), the degree of non-compliance measured in terms of the net tax gap (the difference between „true‟ individual income tax liability and that finally collected on a voluntary basis or by enforcement action) which happens by means of both tax avoidance and tax evasion. Most tax administrators and taxpayers believed that, the growing dissatisfaction with the fairness of tax system is the major causes for increasing tax noncompliance (Chau and Leung, 2009). Tax noncompliance can reduce revenue, distort labor market and weaken state stability by feeding perception of cheating and fraud(Sawyer, 2019).

Literatures on tax compliance theory have identified some categories of factors that overlap each other in explaining tax compliance behavior (Khasawneh et al., 2018):

- ✓ The effectiveness of tax enforcement (including the probability of detection and the size of fines);
- ✓ economic factors and factors associated with fiscal policy and fiscal structure (including ratio of direct to indirect taxes and growth of public expenditure);

- ✓ the structure of government and constitution (including the role of pressure groups and responsiveness of policymaking to public opinion); and
- ✓ The perceptions and attitudes of taxpayers towards the other three influences. The perceptions and attitudes of taxpayers category also includes personal characteristics of taxpayers such as their fiscal knowledge, social class, economic wellbeing, risk aversion, deference to authority, familiarity with and acquaintance to tax evaders, income, occupation, and personal tax-compliance costs.

2.1.4 Tax system in Ethiopia

Ethiopian tax system in the recent past indicates, until the year 1992, had a central tax system (in line with the principles of a command economic system) where all tax revenues belonged to the central government(Giray et al., 2020). The principal revenue organs were the Ethiopian Inland Revenue Authority and Regional Finance Ministry Offices. The Ethiopian Inland Revenue Authority had limited its tax administration duties to the capital city (Addis Ababa) delegating the Regional Finance Ministry Offices to administer various types of taxes in their respective regions on its behalf. Later in the fiscal year 1992/93, the Ethiopian government embarked on the path of a market-oriented economy as opposed to a command economy for the preceding 17 years. This change coupled with the establishment of regional governments (with the enactment of Proclamation No. 7/1992) made the replacement of the central taxation system by federal taxation system inevitable. Following the establishment of regional governments, Proclamation No. 33/1992 (Definition of Sharing of Revenue between the Federal Government and Regional Governments) was enacted to differentiate revenues belonging to the federal and regional governments. Business profit tax is the tax imposed on the taxable business income / net profit realized from entrepreneurial activity (Belay, 2020). Taxable business income would be determined per tax period based on the profit and loss account or income statement, which shall be drawn in compliance with the generally accepted accounting standards.

According to the federal income tax proclamation no.979/2016, source of income has classified into four schedules: Schedules A (income from employment), Schedule B (income from rental of buildings), Schedule C (income earned from business) and Schedule D (other income not categorized in any of the three, e.g. Income from royalties). Schedule C type of tax system, which is the topic of this study, is further divided into three major categories, namely Category

“A”, “B”, and “C” based on the volume of their sales, form of their business and annual turnover.

Category "A” taxpayers' are composed of two groups. The first group comprises of those taxpayers whose annual turnover of Birr 1,000,000 or more. The second group comprises of any company incorporated under the laws of Ethiopia or in a foreign country is a category “A” taxpayer irrespective of their annual turnover. Category "B" taxpayers': are those taxpayers with annual turnover greater than Birr 500,000 but less than Birr 1,000,000. Category "C" taxpayers': are those taxpayers with annual turnover less than Birr 500,000. Small businesses their main types of business incorporated under this category. For individual businesses, the business income tax ranges from 10%-35%. As per the income tax proclamation no 979/2016, individual businesses taxed in accordance with the computation given in Table 2.1(Finance and Economic Minster, 2016)

Table 2.1: Computation of business profit tax, in accordance with income tax proclamation no 979/2016.

Annual taxable business income (net annual profit in Birr)	**Tax rate (payable income tax)**	**Deduction (Birr)**
0-7,200	Exempted	-
7,201-19,800	10%	720
19,801-38,400	15%	1,720
38,401-63,000	20%	3,630
63,001-93,600	25%	6,780
93,601-130,800	30%	11,460
>130,800	35%	18,000

*An example of business profit tax computation for net profit of 19,801 is 19,801*15% - 1 710 = 1,260.

2.2 Empirical reviews

In their research titled as: “Income Tax Fairness and the Taxpayers' Compliance in (Nasira Perveen & Ashfaq Ahmad, 2022).carried out a survey included 275 respondents and investigate that, in general the taxpayers perceive the Jordanian income tax system as fair. In other words, the general image that available to most of taxpayers concerning the income tax system is positive, because they perceive the income tax system as fair. Individually, taxpayers perceive the Jordanian income tax system as fair. In other words, when they examine how taxpayers’ views to the fairness of their income and income tax burden under the Jordanian income tax system, they find that tax payers considers that income tax system in Jordan as fair. Taxpayers in Jordan believe that they receive enough services from the government, when they compare the amounts of income tax that they pay with those services. In other words, income taxpayers in Jordan believe that the value of the services they receive from the Jordanian government is higher than the value of income taxes that they pay to the government. Taxpayers in Jordan perceive the dimension of special provisions that related to the income tax as fair. Income taxpayer looks to most aspects of income tax law as fair.

In(Jackson et al., 2021), who studied taxpayers‟ perceptions towards the self-assessment system which was to be introduced (at that time), suggests the presence of tax complexity in Malaysia, particularly in terms of record-keeping, too much detail in the tax law and ambiguity. The findings are partly consistent with the six potential causes of complexity labeled as ambiguity, calculations, changes, details, forms, and record keeping, identified by Long and Swingen (1997). Such complexity is also present in Australia where it forces taxpayers to engage tax agents to deal with their tax matters (Al-Rahamneh & Bidin, 2022)identified the most common problem faced by taxpayers is to understand the instructions in the Tax pack. This followed by the problems of understanding the rules, the tax return forms, and other relevant written information provided by the tax authority.

The study by (Brainyyah, 2022) indicated that, although the majority of respondents did not feel it is unfair to pay tax, all of the respondents were of the opinion that waste and corruption in government is high. In addition, the majority of the respondents felt that government uses taxes for meaningless purposes and that the government does not provide enough information about how they utilize taxpayers’ money.

(Mera, 2019)studied a multi-faceted fairness framework of taxation. He stated taxation fairness as not only related to the tax expenditure programmer (distributive justice), but also to how tax decisions are made (procedural justice), how citizens are treated by the tax authorities/employees (interpersonal justice), and how tax decisions and the legislation are explained and justified to the citizens (informational justice). Perception of fairness is mainly discussed as one of the determinant factor of tax compliance.

Previous research has shown that tax fairness perceptions have an impact on tax compliance. For instance, in Malaysia, tax fairness was found to significantly affect individual tax compliance (Mesfin & Sisay, 2019)discovered a positive relationship between the two variables. In a cross-analysis involving New Zealand and Malaysia, (Saad, 2022)compared individual taxpayer perceptions of fairness and their impact on tax compliance; although New Zealanders are more compliant, Malaysian taxpayers believe that their tax system is fairer. Meanwhile, in Ethiopia, taxpayers' perceptions of fairness were found to influence their tax compliance behavior (Zeleke, 2019). However, although tax fairness perceptions were strongly linked to tax compliance in (Giray et al., 2020), they drawing from the literature, tax administrators can improve the equity of the tax system by identifying the dimensions of tax fairness towards increased tax compliance and national growth.

A study titled as "Progressive Taxation, Fairness, and Compliance" and carried out by Hite (Zeleke, 2019) examined the preferences for income tax progressively, other tax fairness issues, and tax compliance. This study revealed that mean public preferences for fair tax burdens are close to actual effective tax rates. The study sample was about 600 households and classified into three groups: (1) those who believe that tax rates should be higher for upper income persons (steep progressives), (2) those who prefer mildly progressive tax rates (mild progressives), and (3) those who believe tax rates should be flat (flatters).

The dimensions are general fairness; tax rate structure; middle-income earners‟ tax burden; exchange with the government; self-interest; and special provisions for high-income earners. In his extension to the research, (Yesegat & Fjeldstad, 2016) made a cross-cultural comparison between the findings from Australia and Hong Kong, where several significant differences of opinion regarding the fairness perceptions were reported. Such differences expected due to markedly different tax systems between the two countries, where Hong Kong applies a flat tax rate structure, no withholding tax, no self-assessment system, and no tax on dividend and interest incomes. Notwithstanding the importance of fairness issue as far as researcher, view almost no literature on fairness perceptions in Ethiopia, particularly Addis Ababa City case.

Using survey instrument with a sample size of 200,(Wubshet, 2011). Investigate that, Addis Ababa Business profit taxpayers viewed the current business profit tax system as reasonably fair in terms of horizontal fairness, but not on vertical fairness, personal fairness, administrative fairness, exchange fairness, and general fairness. In addition this, Wubshet examine that there is no difference in level of fairness perceptions among Addis Ababa City business profit taxpayers towards the current income tax systems.

(Tulu, 2019)who analyzed Addis Ababa business profit taxpayers' tax compliance behavior identified that the taxpayers' tax compliance behavior significantly affected by tax knowledge, feeling of fairness, the influence of peer groups, income level of taxpayers and detection & punishments variables, while confidence in government spending does not have as such significant impact on tax compliance behavior of businesses.

(Eden Emiru, 2018)investigated the determinants of tax compliant behavior in Ethiopia, and found that the perception of tax equity and fair tax system significantly influence tax compliant behaviors. From the studies stated above, it could be seen that fairness of tax plays a significant role in enhancing the level of tax compliance.

Another study performed by (Abdul, 2019) on Addis Ababa federal business taxpayers' satisfactions with the tax system also show dissatisfaction of the taxpayers'. The findings identified high compliance costs, a lack of clarity and access to information about tax regulations, arbitrary behavior of tax officials and a lack of transparency in the tax authority makes taxpayers unaware of their rights and exposes them to discretionary treatment by corrupt officers. In addition, the study found that taxpayer are encountered a lot of inconveniences, including from misconduct of the tax officers like an impersonal, insensitive and heartless bureaucracy and imbalance between location and accessibility of the tax office with number of taxpayer.

The question is how to define fairness? According to (Tulu, 2019) a tax system defined as being fair when taxpayers are taxed based on their ability to pay (or vertical fairness), i.e., vertical fairness asserts that taxpayers with different eco nomic situations should be taxed at different rates. This would result in higher income earners paying tax at higher rates than the low -income earners.

However, this definition does not encompass the comprehensive fairness perception since past studies have unanimously agreed that tax fairness is a multi-dimensional construct. For example, (Tulu, 2019) suggest another component to fairness, horizontal fairness. Horizontal fairness recommends that taxpayers of similar economic positions should pay the same amount of tax. However, such equal treatment sometimes conflicts with other economic objectives of taxation, which therefore need to be compromised (Yesegat & Fjeldstad, 2016). (Yesegat & Fjeldstad, 2016) further claims that, in practice, all income tax systems have br eached the horizontal fairness premise to meet economic, social, or political objectives.

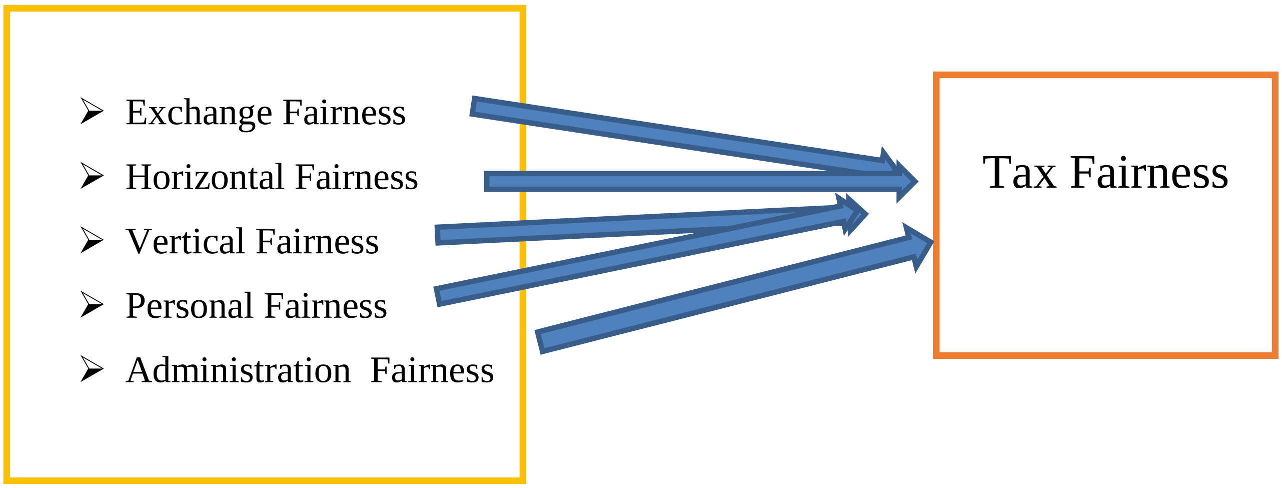
Other dimensions of fairness further documented in the following studies. The first study is a major study on fairness perceptions, which was undertaken in the US after the (then) latest Tax Reform Act of 1986 by (Mesfin & Sisay, 2019), through a mail survey of 225 taxpayers in the Dallas/Ft. Worth metropolitan area. Using a factor analysis on the self-developed measures of fairness, (Mesfin & Sisay, 2019)identified four underlying dimensions of fairness .

A study performed by (Belay, 2020) to evaluate the business income taxpayers' level of tax knowledge, perceived complexity of the income tax system and tax compliance issues in Amhara regional state of Ethiopia shows taxpayers' have inadequate technical knowledge and perceive the income tax system as complex. The result also revealed that tax knowledge and tax complexity as important factors towards non-compliance behavior among business income taxpayers.

2.3 Conceptual frame work

In general, the literatures we see in the above are written more about tax, tax perception, and tax fairness the conceptual frame work well be develop by depends up on the above literature reviews.

Figure 2.1: **Factors affecting fairness perceptions (the influence of independents variables on dependent variable)**



Source: Author development (2024).

CHAPTER THREE

RESEARCH METHODOLOGY

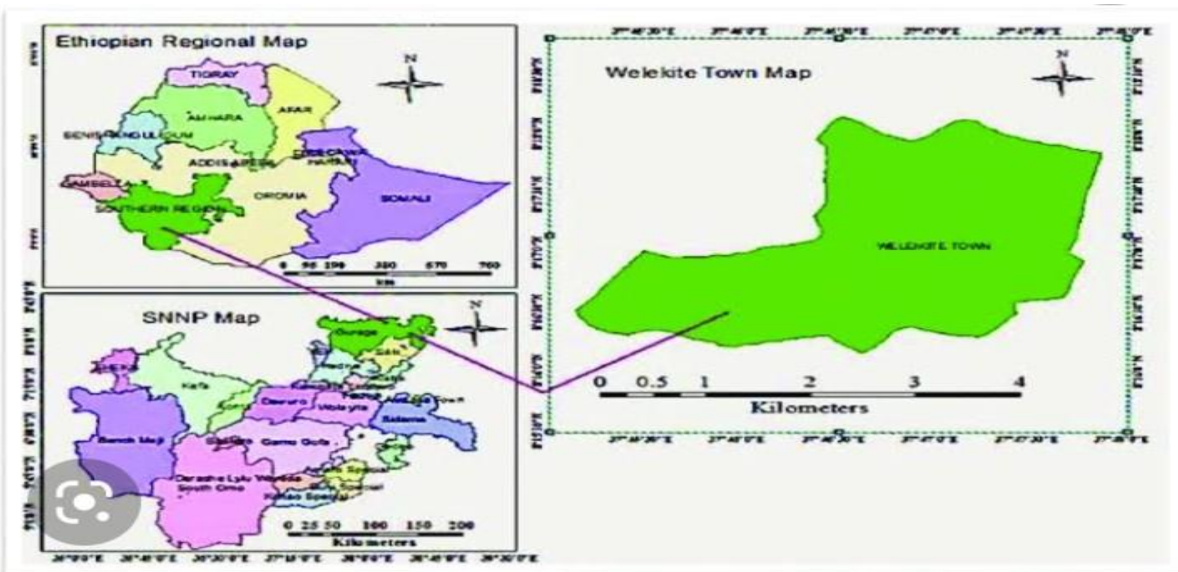
3.1 Research Design

In order to achieve the objective of this study, quantitative research approach was used. Data were collected through questionnaires that are self-administered. Quantitative data collection methods are canter on the quantification of relationships between variables. Quantitative approach is useful as it helps the researcher to prevent bias in gathering and presenting research data. After the data collection, in this study were used different statistical methods, such as descriptive statistics, inferential statistic and multiple liner regression model. This study were including only those non-incorporated taxpayer that is, sole proprietorship and partnership (personal business profit taxpayers). That is register in wolkite town revenue and custom authority branch office who are engage in different business activates they are Categorized in A, B and C business profit taxpayers' in Wolkite town.

3.2 Description of the Study Area

Wolkite Town is located in Southern Nation Nationality and People Regional State in Garage Zone. It is the administrative center of Garage zone approximately 149.8 km far from Addis Ababa, and 257.4km far from Hawassa. Wolkite town has a latitude and longitude of 8°17′N 37°47′E and an elevation between 1910 and 1935 meters above sea level. It is surrounded by Cheha woreda. Wolkite has 77,514 population within this population 50.1% is male and 49.9 is female and Wolkite is one of 12 towns with electrical power, one of 11 with telephone service and one of nine that have postal service. The SNNPR's Bureau of Finance and Economic Development, adds that as of 2003 Wolkite also had a bank branch and other financial institutions, as well as a hospital. Due to the strategic location of the town, trade and hotel business are the dominant economic activity. With the exceptions of government office workers, majority of the inhabitants are engaged in trade and hotel activities. The study area is Wolkite Town and the study conducts only the personal business profit taxpayers in Wolkite Town.

Finger 3.1 The administrative map of Wolkite town.



Source: Endalkachew Mekonen (2022)

3.3 Target Population

The target populations of this study are Wolkite town 5,814 taxpayers including trader (wholesaler and retailers), manufacturers and service providers. This study were including only those non-incorporated taxpayer that is, sole proprietorship and partnership (personal business profit taxpayers). That is register in wolkite town revenue and custom authority branch office who are engage in different business activates they are Categorized in A, B and C business profit taxpayers' in Wolkite town.

3.4 Source and Type of Data

There are use primary source of data. The researcher used primary data source to collect raw data from respondent through questionnaires,

3.5 Data Collection Method

Primary data source are used to collected raw data from respondent through questionnaires. On this study, the primary data are used to collected through self-administrating questionnaire.

3.6 Sampling Size and Sampling Procedure

3.6.1 Sampling Procedure

Sampling is the process of selecting some element from the entire population. The target population for the survey study is personal business profit taxpayers who are subject for business profit tax. Sole proprietorship and partnership (non-incorporated business taxpayers) in Wolkite town are use as participants in the survey study. Therefore, the target for the sample is includes population consists of all personal business profit taxpayers in Wolkite town. There are 5814 business profit taxpayers in Wolkite town, as the information obtained from Ethiopia revenue and custom authority (ERCA) Wolkite branch.

3.6.2 Sampling Size

In deciding the desired sample size it is customary to consider the availability of time, resources and the aim of the research. In this regard, taking the available resources, time, budget and geographic distances into account, a sample size of 374 is found to be feasible from the 5814 business profit taxpayers found in Wolkite. In order to determine the sample size Yamane's (1967) sampling size determination formula is use. This formula is use at 95% confidence level and at 0.05 level of significance.

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

Where; n is the sample size and e is the level of precision

$$n = \frac{5814}{1 + 5814(0.05)2}$$

$$n = \frac{5814}{1+14.54} \qquad n = \frac{5814}{15.54} \qquad n = 374$$

The researcher were pick stratified sampling to make sure the samples the researcher chose showed all the different things in the group the researcher are studying.

The formula of stratified sampling as follows:

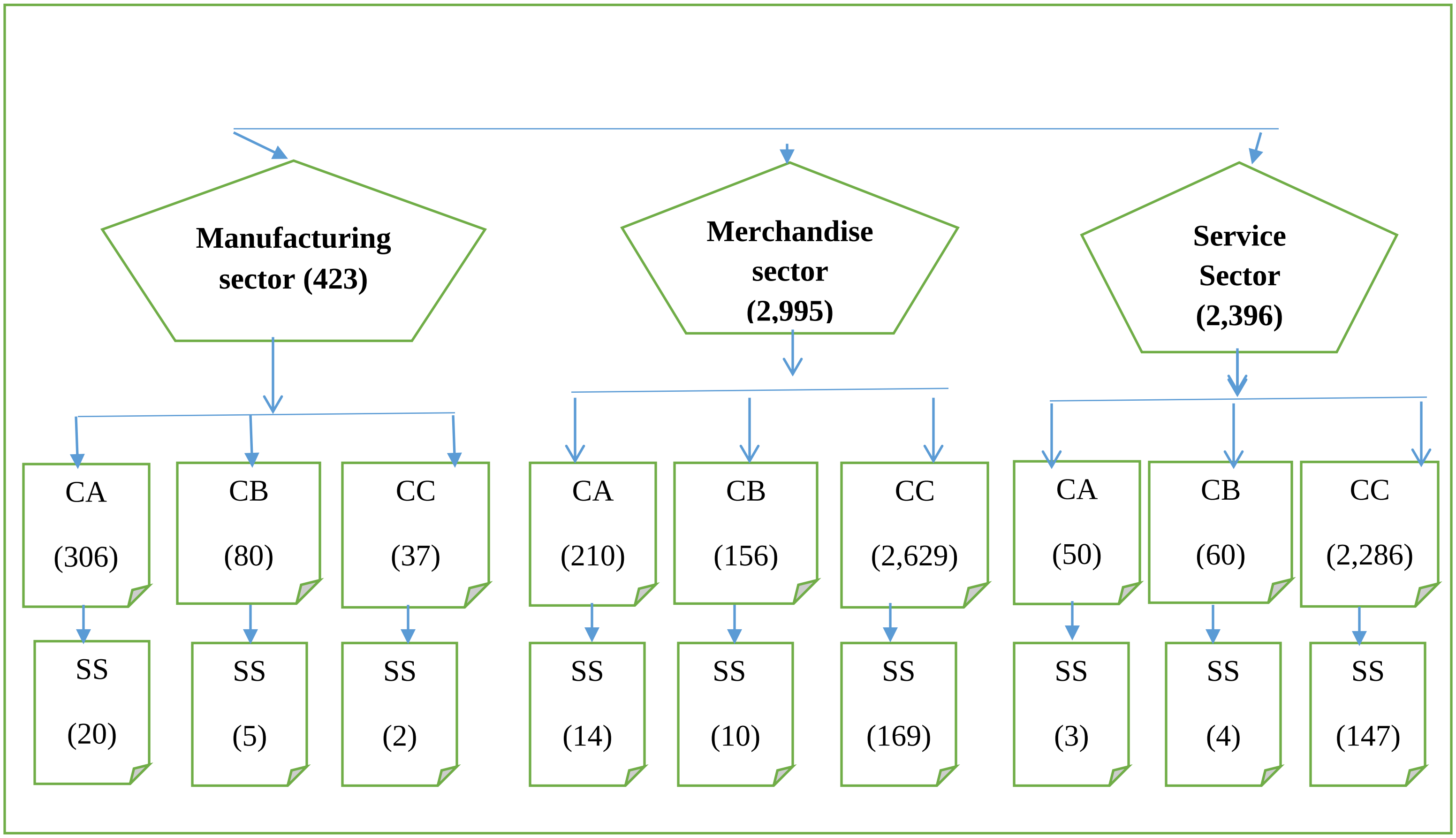
$$ni = n(\frac{Ni}{\sum Ni}) = n(\frac{Ni}{N})$$

Where n is the total number of sample units available for allocation and n_i is the number of sample units to allocate to stratum i.

$$n = n1 + n2 + n3 + \cdots + nk$$

The wolkite town Revenue Agency's technology and administration department says there are 5,814 people who pay taxes in Wolkite town. These are divided into three groups: making things, selling goods, and providing help. Each group is divided into three sub-groups called categories A, B, and C, which are determined by a chart.

Figure 3.2 Sample size selection procedures, using stratified multistage sampling



Note that: CA (Category A), CB (Category B), CA (Category C) and SS (Sample size from each category)

3.7 Method of Data Analysis

After the data collected, in this study are used different statistical methods, such as descriptive statistics, inferential statistic and multiple liner regression model. The researcher have employed relevant statistical techniques to make analysis on both types of data collected using the a fore mentioned data collection tools. Therefore, the collected data are processed or analysis by using STATA software and Microsoft Excel.

3.7.1 Descriptive Statistics

These method and techniques is for organizing, summarizing and presenting data without generalizing beyond that data. It describes the important features of the given data .It may be computed by the measures of central tendency (mean, median, mode, etc.) and measures of variation (range, variance, maximum, minimum, etc.). Descriptive statistics are very important, as if the researcher simply presented the raw data it well be hard to picture what the data was showing, especially if there was a lot of it measures of central tendency. These are ways of describing the central distribution for a group of data. The researcher can describe this central position using a number of static.

3.7.2 Inferential Statistics

Inferential statistics is statistical method deals with making inference or conclusion about population based on data obtained from a sample observation that come from population. Inferential statistics of estimation and hypothesis testing. The researcher will be use in this study multiple linear regression model under consideration.

3.7.2.1 Multiple linear regressions

Regression models well be use to describe relationships between variables by fitting a line to the observed data. Regression allows you to estimate how a dependent variable changes as the independent variable(s) change. Multiple linear regressions are use to estimate the relationship between two or more independent variables and one dependent variable. Multiple linear regressions are defending as: The formula for a multiple linear regression is:

$$y = \beta_0 + \beta_1 X_1 + \ldots + \beta_n X_n + \epsilon$$

TFair =Tax fairness, βi= Coefficient for Xi, X_1= Vertical Fairness, X_2=Exchange Fairness, X_3 = Horizontal Fairness, X_4= Personal Fairness, X_5=Administrative Fairness, Ei=Residual term

$TFairi = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + Ei$

To find the best-fit line for each independent variable, multiple linear regressions calculate three things:

- ✓ The regression coefficients that lead to the smallest overall model error.
- ✓ The t statistic of the overall model.
- ✓ The associated p value (how likely it is that the t statistic would have occurred by chance if the null hypothesis of no relationship between the independent and dependent variables were true).

CHAPTER FOUR

RESULT AND DISCUSSION

This chapter consists of presentation, analysis and interpretation of data gathered through primary and secondary data. Data was collected through a questionnaire prepared and distributed to assess taxpayers' perception towards fairness for the case of Wolkite Town business profit taxpayers.

4.1 Descriptive Analysis

4.1.1 **General Background of Respondents**

Under this section information about the general background of the respondents was collected including the demographic characteristics of respondents such as age group, gender and educational background. In addition to the above data‟s like respondents‟ company main business area and the annual revenue of the company in the year of study and others issues are presented in this section.

Table 4.1 General Background of Respondents

Variable		Ferquancy	percent
Gender	Male	227	60.70
	Female	147	39.30
Age	Below 30	145	38.77
	31 – 40	160	42.78
	41 – 50	49	13.10
	Above51	20	5.35
Education level	Below 10	132	35.29
	10th /12th complete	123	32.89
	Diploma	81	21.66
	Degree	36	9.63
	MA and above	2	0.53

main business activity	Manufacturing	27	7.22
	General Merchandise and Trade	193	51.60
	Services	154	41.18
legal form of business operation	A sole proprietorship	219	58.56
	A partnership	155	41.44
value of sales that your enterprise made in 2023 fiscal year	Under Birr 500,000	318	85.03
	Birr 500,001 – Birr 1,000,000	19	5.08
	Birr1000, 001more	37	9.89

Source: Survey result (2024)

Table 4.1 It indicates that the gender share of the respondents are male dominating with a share of 227(60.70%) and while females respondents were about 147(39.30%) of the sample size. This implies that, the highest percentages of respondents are male. This high ratio of males reflects the structure of income earners in the study area. That is in most developing countries; including Ethiopia, husbands and single males are responsible for the earning of income and providing money in general. And may be due to the cultural influences that Females are not capable of running large business; their participation in different business sectors is very minimum as compared to the participation of males.

Besides the Table 4.1 indicates that most of the respondents are within the age range of 31-40 years of age with the frequency of 160 (42.77%), followed by respondents whose age ranges are Below 30 with a frequency of 132 (38.77%). The next group ranges are 41-50 with 49 (13.10 %) share. Among the age ranges specified in this study more than 51 years has the lowest frequency consisting 20 (5.35%). As to the press release of National Youth Policy, young age range is 14-35. Thus, it can be said that majority of the respondent engaged in the business are of young age. In addition to the above points, Table 4.1 In case of the educational qualification of respondents, the survey revealed that about 132(35.29 %) had Below 10 while 123(32.89 %) had a 10th / 12th . Nearly 81(21.66%) of respondents indicated that they had holde Diploma, while 3 (9.63%) they had hold Degree and 2 (0.53%) were they hold MA and above. This can be an indication that the majority of the respondents have less academic background that can difficult them to understand the tax laws and difficult to understand current tax systems .According to Income Tax Regulation No. 78/2002, there are different categories of business sectors. For this study, the sectors distribution of respondents was summarized in Table 4.1. As per the outcomes of the survey, about 193 (51.60%) of the respondents were engaged in merchandise/trading activities, while 154(41.18%) and 27(7.22%) were to be engaged in service and manufacturing sectors respectively (Table 4.1). This implies that, the highest percentages of respondents are engaged with merchandise/trading activities. In terms of forms of business ownership, 219(58.56 %) and 155(41.44%) of the survey of taxpayer respondents were sole proprietors and partnership respectively (Table 4.1). The researcher recognizes that the respondents who fall in sole proprietors. Examination of business profit taxpayers survey respondents in terms of their turnover in the fiscal year 2022/23 showed 318 (85.03%) had a total turnover of Ethiopian birr (ETB) under 500,000 while 19 (5.08 %) had turnover between ETB 500,000 - ETB 1,000,000 and while 37(9.89%) more than 1,000,001 ETB (Table 4.1).

Table 4.2 Attitude towards the fairness of business profit tax system

Statements	Strongly disagree		Disagree		Neutral		Agree		Strongly Agree	
	Frequ	percent	Freq	percent	Freq	percent	Freq	percent	Freq	percent
The Ethiopian tax system it is personal fair	46	12.3	48	12.83	50	13.37	159	42.51	71	18.98
Higher income earners should pay more taxes than lower income earners	58	15.51	78	20.86	65	17.38	107	28.61	66	17.65
Comparing your business tax burden with the same business, you do not pay more than your fair tax.	62	16.58	68	18.18	72	19.25	94	25.13	78	20.86
Service Delivery of the Tax Authority is Excellent.	81	21.66	94	25.13	75	20.05	67	17.91	57	15.24
The benefits you receive from the government in exchange for your income-tax payments are reasonable	68	18.18	85	22.73	70	18.72	92	24.60	59	15.78

Table 4.2 indicates the taxpayers' perception towards fairness. In order to investigate the tax payers' perception towards fairness, respondents are asked whether they believe that, The Ethiopian tax system it is personal fair. As a result, as it is shown in table 4.3 out of 374 respondents'46 (12.3%) respondents are Strongly Disagree and 48(12.83%) Disagree, that is, they not believe that, the Ethiopian tax system personal fair tax. The rest 50(13.37%) respondent's Neutral while, 159(42.51%) respondents agree while 71(18.98%) respondents Strongly Agree that, In General the majority of the tax payers believed that, it is fair to say the Ethiopian tax system does not require me to pay more than my fair tax. Respondents are asked whether they believe that, higher income, earners should pay more taxes than lower income earners. As a result, out of 374 respondents 58 (15.51%) respondents are Strongly Disagree and 78(20.86%) Disagree and 65(17.38%) of respondents are Neutral. The rest 107 (28.61%) respondents Agree while, 66(17.65%) respondents strongly Agree that. Consequently, majority of the taxpayers believed that, higher income earners should pay more taxes than lower income earners. Respondents are asked whether they believe that, Comparing your business tax burden with the same business, you do not pay more than your fair tax. As a result, out of 374 respondents 62 (16.58%) respondents are Strongly Disagree and 68(18.18%) Disagree and 72(19.25%) of respondents are Neutral. The rest 94 (25.13%) respondents agree while, 78(20.86%) respondents Strongly Agree that, comparing their business tax burden with the same business, they do not pay more than their fair tax. Consequently, majority of the taxpayers believed that, they are paying fair amount of tax comparing their business tax burden with the same business.In respect of knowing respondents perception about the administrative fairness, the outcomes of the business profit taxpayers' survey revealed that, about 81(21.66%) respondents Strongly Disagree and 94(25.13%) Disagree and 75(20.05%) taxpayers are Neutral. The rest 67 (17.91%) respondents Agree while, 57(15.24%) respondents strongly Agree that. As a result, the majority of taxpayers' perceive that, the Service Delivery of the tax Authority is not good. Respondents are asked whether the benefits you receive from the government in exchange for your income-tax payments are reasonable, the outcomes of the business profit taxpayers' survey revealed that, about 68(18.18%) respondents Strongly Disagree and 85(22.73%) Disagree and 70(22.9%) taxpayers are neutral. The rest 92 (24.60%) respondents Agree while, 59(15.78%) respondents Strongly Agree that, the benefits they receive from the government in exchange for their income-tax payments are reasonable. Hence, the benefits they receive from the government in exchange for their income-tax payments are reasonable and fair.

Table 4.3 Perception of Exchange Fairness

No	Statements	Strongly disagree		Disagree		Neutral		Agree		Strongly Agree	
		Freq	percent	Freq	percent	Freq	per	Frequ	per	Frequ	percen
	The income taxes that you have to pay are high considering the benefits that you received from the government.	68	18.18	76	20.32	64	17.11	94	25.13	72	19.25
	It is fair that low income earners received more benefits from the government compared to high- income earners.	55	14.71	68	18.18	82	21.93	93	24.87	76	20.32
	You receive fair value from the government in return for your income tax paid (e.g. benefits)	83	22.19	87	23.26	78	20.86	70	18.72	56	14.97

Source: Survey result (2024)

Respondents are asked whether they believe that, the income tax that you have pay are high considering the benefits you received form the government. As a result, out of 374 respondents 68(18.18%) respondents are Strongly Disagree and 76(20.32%) Disagree and 64(17.11%) of respondents are Neutral. The rest 94 (25.13%) respondents Agree while, 72(19.25%) respondents Strongly Agree that, the taxpayers believe income tax they are pay high considering the benefits received form the government. Consequently, majority of the taxpayers believed that, the income tax are pay high considering the benefits received form the government.

In respect of knowing tax payers' perception towards the fairness of low income earners received more benefits from the government compared to high income earners. The survey outcome revealed that, about 55(14.71%) respondents found to be Strongly Disagree and 68(18.18%) Disagree and 82(21.93%) taxpayers were Neutral. The rest 93 (24.87%) respondents Agree while, 76(20.32%) respondents Strongly Agree that, low income earners received more benefits from the government compared to high income earners are fair. The Hence, low income earners received more benefits from the government compared to high-income earners are fair.

In respect of knowing respondents perception about their believe whether their receive fair value from the government in return for income tax paid like education, health, safety and etc., the outcomes of the business profit taxpayers' survey revealed that, about 83 (22.19%) respondents Strongly Disagree and 87(23.26%) Disagree and 78(80.86%) taxpayers are Neutral. The rest 70 (18.72%) respondents Agree while, 56(14.97%) respondents Strongly Agree that, their business has benefiting from basic government spending like education, health, safety etc. As a result, the majority of tax payers' perceive that, their business has not gating enough benefiting from basic government spending like education, health, safety and etc.

Table 4.4 Perception of Horizontal Fairness

No	Statements	Strongly disagree		Disagree		Neutral		Agree		Strongly Agree	
		Ferqu	perce	Ferqu	perce	Ferqu	perce	Ferqu	perce	Fer	percent
	It is fair for individuals with similar amount of	51	13.64	72	19.25	82	21.93	102	27.27	67	17.91
	You believe it is fair for you to pay a similar share of income tax compared with other taxpayers earning an equivalent amount of income	63	16.84	74	19.79	65	17.38	91	24.33	81	21.66

Source: Survey result (2024)

With regard to the tax payers' perception about the fairness of individuals with similar amount of income they are earn, they are pay a similar amount of income tax that, 51(13.64%) of the respondents are strongly Disagree and 72(19.25%) Disagree, while 82(21.93%) were Neutral about that. The rest 102(27.27%) Agree and 67(17.91%) of the respondents Strongly Agree that, the similar amount of income they are earn to pay a similar amount of income tax. Thus, the majority of tax payers perceive that, the similar amount of income they are earn, they are pay a similar amount of income tax it is a fair income tax system .

Respondents are asked whether they believe that, it is fair to pay a similar share of income tax compared with other taxpayers earning an equivalent amount of income they are earn., out of 374 respondents 63 (16.84%) respondents are Strongly Disagree and 74(19.9%) Disagree and 65(17.38%) of respondents are Neutral. The rest 91 (24.33%) respondents Agree while, 81(21.66%) respondents Strongly Agree that, comparing their business tax burden with others equivalent amount earning they pay similar share of income tax there are fair. Consequently, majority of the tax payers believed that, they are paying fair amount of tax comparing with equivalent amount earning they pay similar share of income tax there are fair.

Table 4.5 Perception of Vertical Fairness

No	Statements	Strongly disagree		Disagree		Neutral		Agree		Strongly Agree	
		Ferqu	percent	Ferqua	perc	Ferq	perc	Ferq	perce	Fer	percent
	It is fair that high-income earners are subject to tax at progressively higher tax rates than low-income earners. This also applied practically.	69	18.45	75	20.05	60	16.04	96	25.67	74	19.79
	It is fair that low-income earners are taxed at a lower rate than middle-income earners.	63	16.84	70	18.72	68	18.18	91	24.33	82	21.93

	The share of the total income taxes paid by high-income earners is much too high	74	19.79	93	24.87	66	17.65	82	21.93	59	15.78

Source: Survey result (2024)

Table (4.5) indicates to investigate the tax payers' perception towards Vertical fairness, respondents are asked whether they , It is fair that high-income earners are subject to tax at progressively higher tax rates than low-income earners. This also applied practically. As a result, as it is shown in table (4.6 out of 374 respondents'69(18.45%) respondents are Strongly Disagree and 75(20.05%) Disagree, and 60(16.04%) taxpayers are Neutral. the rest 96(25.67%) respondents Agree while, 74(19.79%) respondents strongly Agree that, In Ethiopian tax system the progressively tax is Practical applied. Thus, the majority of the taxpayers believed that, it is fair that high-income earners are subject to tax at progressively higher tax rates than low-income earners. In addition, they believed progressively tax is practically applied. Respondents are asked whether they believe that, it is fair that low-income earners are taxed at a lower rate than middle-income earners. As a result, out of 374 respondents 63 (16.84%) respondents are Strongly Disagree and 70(18.72%) Disagree and 68(18.18%) of respondents are Neutral. The rest 91 (24.33%) respondents Agree while, 82(21.93%) respondents Strongly Agree that, consequently, majority of the taxpayers believed that, it is fair that low-income earners are taxed at a lower rate than middle-income earners. In respect of knowing respondents perception about their 'share of the total income taxes paid by high-income earners is much too high' survey revealed that, about 74(19.79%) respondents Strongly Disagree and 93(24.87%) Disagree and 66(17.65%) tax payers are Neutral .The rest 82 (21.91%) respondents Agree while, 59(15.78%) respondents Strongly Agree that, As a result the majority of tax payers' perceive that, share of the total income taxes paid by high-income earners is much too high it is fair.

Table 4.6 Perception of Personal Fairness

No	Statements	Strongly disagree		Disagree		Neutral		Agree		Strongly Agree	
		Ferqu	percent	Ferquanc	perce	Ferq	perc	Fer	perc	Ferq	perce
	You believe there are a number of factors that affect the fairness of income tax system	67	17.91	69	18.45	71	18.98	93	24.87	74	19.79
	Compared to other taxpayers, you pay more than your fair share of income tax.	57	15.24	71	18.98	78	20.86	89	23.80	79	21.12
	You believe that you pay your fair share of the tax burden under the current income tax system	85	22.73	76	20.32	75	20.05	65	17.38	73	19.52

Source: Survey result (2024)

Table 4.6 indicates the taxpayers' perception towards fairness. Respondents are asked whether they believe that; there are a number of factors that affect the fairness of income tax system. As a result, out of 374 respondents 67 (17.91%) respondents are Strongly Disagree and 69(18.45%) Disagree and 71(18.98%) of respondents are Neutral. The rest 93 (24.87%) respondents Agree while, 74(19.79%) respondents Strongly Agree that, the taxpayer believe that there are a number of factors that affect the fairness of income tax system. majority of the tax payers believed that, they are a number of factors that affect the fairness of income tax system.

Respondents are asked whether they believe that, Compared to other taxpayers, you pay more than your fair share of income tax. As a result, out of 374 respondents 57 (15.24%) respondents are Strongly Disagree and 71(18.98 %) Disagree and 78 (20.86%) of respondents are Neutral. The rest 89 (23.80. %) respondents Agree while, 79(21.12%) respondents strongly Agree that, comparing their business tax burden with others, they can pay more than their fair tax.

Consequently, majority of the taxpayers believed that, they are not paying fair amount of tax comparing their business tax burden with others.

In order to investigate the tax payers' perception towards fairness, respondents are asked whether they believe that, you can pay your fair share of the tax burden under the current income tax system. As a result, as it is shown in table (4.6), out of 374 respondents'85(22.73%) respondents are Strongly Disagree and 76(20.32%) Disagree, that is, they do not believe that, it is not fair share of tax burden under current income tax system. The rest 75(20.05%) respondents Neutral while, 65(17.38%) respondents Agree and 73(19.5%) respondents strongly agree that. Thus, the majority of the taxpayers believed that, under current income tax system they could not pay fair share of tax burden.

Table 4.7 Perception of Adminstration Fairness

No	Statements	Strongly disagree		Disagree		Neutral		Agree		Strongly Agree	
		Ferquancy	percent	Ferquancy	percent	Ferquancy	percent	Ferquancy	percent	Ferquancy	percent
	There are a number of ways available to me to correct errors in the calculation of my tax liability, If necessary at no additional cost.	84	22.46	86	22.99	74	19.79	76	20.32	54	14.44

	The administration of the income tax system by the Ethiopian Revenue and Custom Authority or Inland Revenue Authority is consistent across years and taxpayers	79	21.12	90	24.06	72	19.25	68	18.18	65	17.38

Source: Survey result (2024)

Respondents are asked whether they believe that there are a number of ways available to correct errors in the calculation of their tax liability, If necessary at no additional cost.. As a result, out of 374 respondents 84 (22.46%) respondents are Strongly Disagree and 86(22.99%) Disagree and 74(19.79%) of respondents are Neutral. The rest 76(20.32%) respondents Agree while, 54(14.44%) respondents Strongly Agree that, paying taxes are disagree on the ways available correct errors in the calculation of their tax liability and necessary at no additional cost. Consequently, majority of the tax payers believed that, they have no correction of errors in the calculation of their tax liability and necessary at no additional cost.

In respect of knowing tax payers' perception towards the tax system consistency across years, the survey outcome revealed that, about 79(21.10%) respondents found to be Strongly Disagree and 90(24.06%) Disagree and 72(19.25%) taxpayers were Neutral. The rest 68 (18.18%) respondents Agree while, 65(17.38%) respondents strongly Agree that, the administration of the tax system by taxing authority is not consistence across years and taxpayers. Hence, the majority of tax payers' not perceive positively that, the administration of the tax system by taxing authority is consistence across years and tax payers.

4.2 Analysis of Inferential Statistics

4.2.1 Multicollinearity

Multicollinearity, the linear relationship between the predicator variables, severely limits the multiple correlation coefficients, makes it difficult to identify the effect of a given explanatory variable, and causes an increase in the variance of the coefficients of the regression model. Therefore, checking for multicollinearity is important (Belsley, Kuh, and Welsh, 1980). The widely used technique to check for multicollinearity is examining the tolerance and variance inflation, VIF, values Table 4.9. The VIF of the independent variable measures the inflation of the variance of the regression coefficient of the variables relative to a regression where all the explanatory variables are independent. Tolerance value and VIF are inversely related. VIFs below 1 and above 10 are considered as the existence of multicollinearity. In the case the tolerance statistics value is greater than 1-R2; there is no multicollinearity between the explanatory variables (Landau and Everitt, 2004).

Table 4.8 Multicollinearity test table

variables	VIF	1/VIF
Administration Fairness	5.14	.194
Personal Fairness	4.03	.248
Vertical Fairness	3.71	.269
Horizontal Fairness	3.55	.283
Exchange Fairness	3.45	.289
Mean VIF	**3.97**	

Source: Survey result (2024)

From the above table 4.8 There is no Multicollinearity between the explanatory variables. The VIFs between 1 and 10 indicate the absence of a multicollinearity relationship between the explanatory variables. For this study the observed VIFs range from 3.45 to 5.14, indicating the absence of multicollinearity between the explanatory variables, Administration Fairness, Personal Fairness, Vertical Fairness, Horizontal Fairness, and Exchange Fairness.

4.2.2 Goodness of fit test

Table 4.9 Goodness of fit test

Source	SS	Df	MS	Number of obs = 374
Model	308.985877	5	61.7971753	F(5, 368) = 298.19
Residual	76.2654603	368	0.207243099	**Prob > F = 0.0000**
Total	**385.251337**	**373**	**1.03284541**	R-squared = 0.8020 Adj R-squared = 0.7993

Source: Survey result (2024)

H_0:-There is difference between observed and model predicted values(the model is not well fitted).

H_1:- There is no significant difference between observed and model predicted values(model is well fitted).

The F-value= 0.000 it indicates that the model is a good fit. That is, F value is 0.05 or less, we reject the null hypothesis that there is difference between the observed and predicted values of the dependent; if it is greater, we fail to reject the null hypothesis that there is difference, implying that the model's estimates fitted the data and observed value is equal. Therefore, F-value (0.000) is less than α=0.05 the statistical level of significance and it implies that we reject the null hypothesis. So we conclude that the fitted model is good fit.

4.2.3 Multiple Regression Analysis

Multiple regressions are the most common and widely used to analyze the relationship between a single continues dependent variable and multiple continues on categorical independent variable (George et al, 2003). In this study multiple regression analysis was employed to examine the Taxpayers' Perception towards Fairness. The following table presents the results of multiple regressions analysis.

Table 4.10 Multiple regression Regressions Model

Variabls	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval] Coef.
Exchange Fairness	0.0977	0.0397	2.46	0.014	0.0194 0.1759
Horizontal Fairness	0.2297	0.0369	6.21	0.000	0.1569 0.3024
Vertical Fairness	0.0244	0.0376	0.65	0.517	-0.0496 0.0984
Personal Fairness	0.3053	0.0390	7.8	0.000	0.2286 0.3820
Administration Fairness	0.1590	0.0411	3.87	0.000	0.0782 0.2399
Cons	0.6169	0.0756	8.15	0.000	0.4680 0.7657

Source: Survey result (2024)

Based on the table,4.10 show that the beta coefficient, which tell us that the unique contribution of each factor to the model. A high beta value and a small p value (<.005) indicate the predictor variable has made a significance statistical contribution to the model. On the other hand, a small beta value and a high p value (p >.005) indicate the predictor variable has little or no significant contribution to the model.

Table 4.10, also indicates that Exchange Fairness, Horizontal Fairness, Personal Fairness and Administrative Fairness dimension of taxpayers perceptions have a significant influence on tax fairness at 95% confidence level. The significant taxpayers perceptions factors have been included for the establishment of the function. The established regression function is:

$$Y= \beta_0 + \beta_1 X_1+ \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + Ei$$

TFairi=0.617 + 0.0977 Exchange Fairness + 0.229 Horizontal Fairness + 0.305 Personal Fairness + 0.159 Administrative Fairness

Regressing taxpayers' attitude towards the fairness of Business profit tax system

The result of this study indicates that except vertical fairness all dimensions of taxpayers' attitude towards the fairness of Business profit tax system have a significant effect on tax fairness. Moreover, from the findings of this study, researcher found out that not all of the diminssion of Taxpayers' Perception effects on tax fairnss. Out of the five Taxpayers' Perception all dimensions (Exchange Fairness ,Horizontal Fairness ,Personal Fairness and Administrative Fairness) have significant effects on tax fairnss. On the other hand Vertical fairnss has no significant effect on tax fairnss.

CHAPTER FIVE

5. Summary of findings, Conclusions and Recommendations

5.1 Summary of Findings

The main objective of this study is to assess 'Taxpayers' Perception towards Fairness: Personal Business Profit Taxpayers in Wolkite Town'. To achieve this objective, the study adopted a descriptive mixed method research approach. The results of survey with taxpayers were used in analysing the business taxpayers' perception. Accordingly, the finding of this thesis is presented below.

- ✓ The Ethiopian tax system is perceived by taxpayers as being personally fair. In simpler terms, taxpayers believe that they are not required to pay more than their fair share of taxes and that their tax burden is equitable when compared to other taxpayers. Furthermore, they believe that their businesses benefit from the government and that their tax payments are reasonable.
- ✓ The individuals with similar income levels are treated equally by the authorities, which demonstrates the endorsement of horizontal fairness by the taxpayers who profit from their businesses.
- ✓ The tax authority, being the responsible body for implementing the tax system in the city, does not efficiently allocate a fair share of tax revenue towards achieving social objectives. Instead, a significant portion of the tax revenue is allocated towards unnecessary welfare assistance.

When estimating taxes, tax authorities often impose tax burdens immediately without taking into account the financial capabilities of individual taxpayers, which goes against the principles of personal fairness.

From the above findings, what the paper generally conclude that, though there have been considerable attempts and progresses to improve taxation system in the town, there are significant drawbacks. Unless these strains are resolved there might not be changed the perceptions and attitudes of the taxpayers as well as the social and economic development of the town.

5.2. Recommendation

Based on the results from this study, the following recommendations can be made for further work on taxpayers' fairness perception, inside or outside the scope of this work:

- ✓ A proposal for the tax authority and future researchers is to conduct an extensive survey on the perception of taxpayers, encompassing various factors that contribute to tax fairness. The findings from this study will offer valuable insights to the tax authority regarding the opinions of taxpayers and the government as a whole. These insights can then be used to implement changes that will improve the tax system in the country.
- ✓ Ensuring fairness and equity among taxpayers involves treating each taxpayer according to their ability to pay in a just manner. Tax equity is not solely achieved by imposing progressive taxes on high-income earners (Vertical fairness), but also by considering other factors such as horizontal fairness, personal, administration, and exchange fairness.
- ✓ Hence, the issue of fairness and equity extends beyond the present taxpayers and encompasses individuals who are not part of the tax system. The objective of ensuring equity involves promoting and safeguarding a society that is honest and loyal through the implementation of a fair competition and efficient tax administration system. This includes effective and efficient tax assessment, collection, awareness creation, and provision of information. By doing so, the tax system will be perceived as robust and influential by the society, particularly the taxpayers.
- ✓ There is a lack of adequate social services provided by the government. Based on the findings, taxpayers expect a range of social services in exchange for the taxes they pay. If these services are not adequately provided, it may impact the willingness and motivation of taxpayers to fulfill their tax obligations in a timely and complete manner. This means that taxpayers may perceive that their money is being misused or used for purposes that hold no meaning. As a result, it is crucial for the government to be transparent about how taxpayers' money is being utilized and the services being provided to society.

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APENDEX I

Taxpayers survey instrument (English version)

Wolkite University

Department of Accounting & Finance

Dear Respondents,

This study entitled "Taxpayers' Perception towards Fairness: Personal Business Profit Taxpayers in Wolkite Town" and will be conducted for partial fulfillment of Masters of Accounting and Finance at Wolkite University. Its main objective is to examine Taxpayers' Perception towards Fairness Personal Business Profit Taxpayers in Wolkite Town. Your cooperation of filling the questionnaire is very important to this study because it represents a number of others who are not included in the sample. The information provided is purely for academic purpose and I would promise that all information you provide would be strictly confidential. In order to accomplish this study, you are kindly requested to answer every question and your kind cooperation is highly appreciated.

I thank you very much in advance for your cooperation

Entonyos Tesfya

Phone number: 0932069020

E-mail address: tesfyaentonyos@gmail.com

REQUEST FOR THE COMPLETION OF QUESTIONNAIRE

General Instruction

This close-ended questionnaire has two parts, part I am regarding respondents' general background; the second (II) part of the questionnaire contains questions on the degree of Taxpayers' Perception towards Fairness.

Section I: Background information Please tick (√) where appropriate

PART I: Tax payers' general information

Kindly ticks (√) on the choice you do believe that it is the most appropriate response.

1) Gender

Male ☐ Female ☐

2) Age

Below 30 ☐ 31 – 40 ☐ 41 – 50 ☐ Above51 ☐

3) Education level

Below 10 ☐ 10th /12th complete ☐ Diploma ☐ Degree ☐

MA and above ☐

4) What is your main business activity?

Manufacturing ☐ General Merchandise and Trade ☐ 3 Services

5) What is your legal form of business operation?

A sole proprietorship ☐ A partnership ☐

6) What was the approximate turnover/birr value of sales that your enterprise made in 2023 fiscal year?

Under Birr 500,000 ☐ Birr 500,001 – Birr 1,000,000 ☐

Birr1000, 001more ☐

Section II: Questions related to taxpayers' attitude towards the fairness of Business profit tax system

No	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
	The Ethiopian tax system it is personal fair					
	Higher income earners should pay more taxes than lower income earners					
	Comparing your business tax burden with the same business, you do not pay more than your fair tax.					
	Service Delivery of the Tax Authority is Excellent.					
	The benefits you receive from the government in exchange for your income-tax payments are reasonable					

Please state your agreement or disagreement to the statements listed in the following table

- **<u>Exchange Fairness</u>**

No	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
	The income taxes that you have to pay are high considering the benefits that you received from the government.					

	It is fair that low income earners received more benefits from the government compared to high-income earners.					
	You receive fair value from the government in return for your income tax paid (e.g. benefits)					

- **Horizontal Fairness**

No	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
	It is fair for individuals with similar amount of income to pay a similar amount of income tax					
	You believe it is fair for you to pay a similar share of income tax compared with other taxpayers earning an equivalent amount of income					

- **Vertical Fairness**

No	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
	It is fair that high-income earners are subject to tax at progressively higher tax rates than low-income earners. This also applied practically.					

	It is fair that low-income earners are taxed at a lower rate than middle-income earners.					
	The share of the total income taxes paid by high-income earners is much too high					

- **Personal Fairness**

No	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
	You believe there are a number of factors that affect the fairness of income tax system					
	Compared to other taxpayers, you pay more than your fair share of income tax.					
	You believe that you pay your fair share of the tax burden under the current income tax system					

- **Administration Fairness**

No	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
	There are a number of ways available to me to correct errors in the calculation of my tax liability, If necessary at no additional cost.					

	The administration of the income tax system by the Ethiopian Revenue and Custom Authority or Inland Revenue Authority is consistent across years and taxpayers					

አባሪ አንድ፡- መደርደርያ ሃሳብ

ወልቂጤ ዩኒቨርሲቲ

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የሂሳብ እና ፋይናንስ ት/ክፍሌ

የ ገቢ ግብርን (business profit tax system) ጥናት መጠየቅ

የ ተከበሩ የ ጥናቱ ተሳታፊ

የዚህ ጥናት ርዕስ ""የታክስ ከፋዮች አመለካከት ወደ ፍትሃዊነት፡ የግል ቢዝነስ ትርፍ ግብር ከፋዮች በወልቂጤ ከተማ"" ነው። አጥኚው እንጦንዮስ ተሰፋዬ ስሆን በአሁን ጊዜ ወልቂጤ ዩኒቨርሲቲ በቢዚነስና ቢዚነስና ኢኮኖሚክ እስኩል በአካውን ቲን ግና ፋዪናን ስ ት/ክፍል የማስተር ተማሪ ነኗ።

ይህ ጥናት "የታክስ ከፋዮች አመለካከት ወደ ፍትሃዊነት፡ የግል ቢዝነስ ትርፍ ግብር ከፋዮች በወልቂጤ ከተማ" በሚል ርዕስ በወልቂጤ ዩኒቨርስቲ የአካውንቲንግ እና ፋይናንሺያል ማስተርስ ተማሪዎችን በከፊል ለመሙላት የሚካሄድ ነው። ዋናው አላማው በወልቂጤ ከተማ የሚገኙ የግብር ከፋዮችን አመለካከት ለፍትሃዊነት የግል ንግድ ትርፍ ግብር ከፋዮችን መመርመር ነው። መጠይቁን ለመሙላት ያደረጋችሁት ትብብር ለዚህ ጥናት በጣም አስፈላጊ ነው ምክንያቱም በናሙናው ውስጥ ያልተካተቱትን ሌሎች በርካታ ስለሚወክል ነው። የቀረበው መረጃ ለአካዳሚክ ዓላማ ብቻ ነው እና ሁሉም የሚሰጡት መረጃ በጥብቅ ሚስጥራዊ እንደሚሆን ቃል እገባለሁ። ይህንን ጥናት ለማሳካት ለእያንዳንዱ ጥያቄ መልስ እንድትሰጡ በአክብሮት እንጠይቃለን እና ደግ ትብብርዎ በጣም እናመሰግናለን።

ለተጨማሪ መረጃ እንጦንዮስ ተስፋዬ ንማ በሚከተለው አድራሻ ማግኘት ይችላለ ::

ስሌክ 251932069020

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1) ጾታ

ወንድ ☐ ሴት ☐

2) እድሜ

ከ 21-30 ☐ ከ 41 – 50 ☐ ከ 31 – 40 ☐ ከ 51 በላይ ☐

3) ትምህርት ደረጃዎ

ከ 10ኛ ክፍሌ በታች ☐ 12ተኛ ክፍል ያጠናቀቀ ☐ ዲፕሎም ☐ ባችለር ☐ ዲግሪ

ማስተርስ ከዛ በላይ ☐

4) የድርጅቶዎ ዋና የስራ እንቅስቃሴ ምንድን ነው?

ማምረት ☐ የንግድ ሥራ ☐ 3 የአገልግል ሥራ. ☐

5) የእርሰዎ ድርጅት?

በአንድ ግለሰብ የተያያዘ ☐ የሽርክና ማህበር ነው ☐

6) በ2015 የበጀት አመት በግምት እርሰዎ ወይም ድርጅቶዎ ምን ያህሌ ሽያጭ ነበረዎት / ነበረዎ?

ከ 500,000 በታች ☐ ከ 500,001 እስከ 1,000,000 ☐

ከ 1,000,0001 በላይ ☐

የ ገቢ ግብር ከፋዬች በግብር ስርዓት ላይ ያላቸው አመለካከት

		በጣም እልስማማም	እልስማማም	ገለልተኛ ነኝ	እስማማለሁ	በጣም እስማማለሁ
7	የኢትዮጵያ የግብር ሥርዓት የግል ፍትሐዊ ነው					
8	ከፍተኛ ገቢ ያላቸው ዝቅተኛ ገቢ ካላቸው ሰዎች የበለጠ ግብር መከፈል አለባቸው					
9	የእርስዎን የንግድ ግብር ጫና ከተመሳሳይ ንግድ ጋር በማነፃፀር፣ ከእርስዎ ትክክለኛ ግብር በላይ አይከፍሉም.					
10	የታክስ ባለስልጣን አገልግሎት አሰጣጥ በጣም ጥሩ ነው፡፡					
11	ለገቢ-ታክስ ክፍያዎ ምትክ ከመንግስት የሚያገኙት ጥቅማ ጥቅሞች ምክንያታዊ ናቸው፡፡					

እባክዎ በሚከተለው ሠንጠረዥ ውስጥ በተዘረዘሩት መግለጫዎች ላይ የእርስዎን ስምምነት ወይም አለመግባባት ይግለጹ

		በጣም እልስማማም	እልስማማም	ገለልተኛ ነኝ	እስማማለሁ	በጣም እስማማለሁ
12	ከመንግስት የተቀበሉትን ጥቅማ ጥቅሞች ግምት ውስጥ በማስገባት መከፈል ያለብዎት የገቢ ግብር ከፍተኛ ነው፡፡					

13	ዝቅተኛ ገቢ ያላቸው ከመንግስት ከፍተኛ ገቢ ካላቸው ጋር ሲነፃፀሩ የበለጠ ጥቅማጥቅሞች ማግኘታቸው ፍትሃዊ ነው።					
14	ለተከፈሉት የገቢ ግብር (ለምሳሌ ጥቅማጥቅሞች) በምላሹ ከመንግስት ትክክለኛ ዋጋ ያገኛሉ።					
15	ተመሳሳይ የገቢ መጠን ያላቸው ግለሰቦች ተመሳሳይ የገቢ ግብር መክፈል ተገቢ ነው።					
16	ከሌሎች ግብር ከፋዮች ጋር እኩል የሆነ የገቢ ግብር መክፈል ተገቢ ነው ብለው ያምናሉ።					
17	ከፍተኛ ገቢ ያላቸው ዝቅተኛ ገቢ ካላቸው ሰዎች ይልቅ ቀስ በቀስ ከፍ ያለ የግብር ተመን እንዲከፍሉ መደረጉ ተገቢ ነው። ይህ በተግባራዊ ሁኔታም ተተግብሯል.					
18	ዝቅተኛ ገቢ ያላቸው መካከለኛ ገቢ ካላቸው ዝቅተኛ ገቢ ያላቸው ታክስ መከፈላቸው ተገቢ ነው።					
19	ከፍተኛ ገቢ ባላቸው ሰዎች የሚከፈለው አጠቃላይ የገቢ ግብር ድርሻ በጣም ከፍተኛ ነው።					
20	የገቢ ታክስ ስርዓትን ፍትሃዊነት የሚነኩ በርካታ ምክንያቶች እንዳሉ ያምናሉ					
21	ከሌሎች ግብር ከፋዮች ጋር ሲነጻጸር፣ እርስዎ ከሚሰጡት ትክክለኛ የገቢ ግብር የበለጠ ከፍለዋል።					
22	አሁን ባለው የገቢ ታክስ ስርዓት ከታክስ ሸክሙ ትክክለኛ ድርሻዎን እንደሚከፍሉ ያምናሉ					
23	ያለ ተጨማሪ ወጪ አስፈላጊ ከሆነ በታክስ					

	እዳዎት ስሌት ውስጥ ስህተቶችን ለማስተካከል ብዙ መንገዶች አሎት።					
24	የገቢ ግብር አስተዳደር ስርዓት በኢትዮጵያ ገቢ እና ብጁ ባለስልጣን ወይም የሀገር ውስጥ ገቢ ባለስልጣን በዓመታት እና በግብር ከፋዮች ላይ ወጥነት ያለው ነው					