

Analysis of Taxpayer's Disposition

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Abstract

The primary goal of the study, which is being conducted in the Gedio Zone of SNNPR Ethiopia, is to evaluate how business income taxpayers feel about their attitudes and perceptions towards various tax-related issues, including tax compliance, the justification for paying taxes, tax audits, efficiency, and the imposition of the tax authority they are registered in. In order to reduce the nonresponse rate, a convenient sampling procedure has been utilised to choose respondents. The data was examined and interpreted using descriptive statistics. Based on the study's findings, the researcher came to the following conclusions: Taxpayers believe that paying taxes is their civic duty; the majority of them believe that their taxes are fair; and there is no discernible difference in how tax officials treat different taxpayers. However, most of them claim that tax officials have ethical issues and are incompetent in their jobs. The researcher has advised Revenue Authority higher officers at the Regional and Zonal levels to endeavour to raise taxpayers' awareness and actively pursue human resource development in order to raise their officers' levels of professional competence and moral character.

Keywords: business, taxpayers, revenue, tax, income

1. Introduction

1.1 Study's Background

Major sources of public funding include taxes. Giving some of our money to the government is necessary because of the existence of common usage of goods and services. Numerous families, corporate companies, industries, and the general public benefit from such public goods as roads, municipal services, power, and other public infrastructures. Due to their non-rivalry and non-excludability, public agencies typically provide public goods. Because of the way public commodities are used, consumption by one person does not affect consumption by others. In addition, one agent's use of public commodities does not prevent others from performing the same. Due to their unique nature, public goods cannot be provided by private suppliers at market rates like other goods. Since the public must pay taxes to fund the creation and distribution of public goods, government intervention in their provision is unavoidable. Despite the fact that people must pay taxes based on the principles of vertical and horizontal equity, tax systems are not always clear to taxpayers, particularly for less educated business owners. Typically, the business community is not properly

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consulted before developing tax regimes. Business owners argue that they are regularly overtaxed as a result of the tax assessment method's reliance on subjective estimation. Business owners lack knowledge of tax rules and regulations due to their inability to easily obtain and understand information on tax laws, which has an impact on the applicability of the regulations.

One of the main pillars of both political and economic growth is the ability to raise taxes. Investment, the growth of the private sector, and the tax system all depend on it. The primary responsibility of the revenue authority is to guarantee that the tax rules are followed. Their efficacy depends on a number of variables, including the status of the economy, public support for government priorities, taxpayers' willingness to abide by tax laws, and taxpayers' general opinions and attitudes. The effectiveness and efficiency of the tax administration are also significantly impacted by internal factors, including the knowledge and expertise of the workforce, infrastructure facilities, and computerization of the revenue authority. Revenue authorities must constantly review their operational ways and procedures to make sure they are utilising their resources as effectively and efficiently as possible in an environment that is constantly changing. They must also have a clear focus on their aims.

One kind of decentralisation that gives local governments control over spending decisions and ability to levy taxes is fiscal decentralisation. Although fiscal decentralisation has given lower levels of government the ability to raise taxes and make spending decisions, many local governments in developing countries have found the implementation process to be a challenging undertaking. Effective decentralised operations require local governments to have a satisfactory level of revenue, either locally generated or transmitted from the federal government, as well as the power to decide how much money to spend. It is not a coincidence that many governments in developing countries have undertaken a wide range of fiscal reforms given their appeal. However, the outcomes have frequently been dismal as a result of numerous difficulties, particularly at the lowest levels of governance. Such monetary changes were implemented in Ethiopia in 1991, and since then, nearly all local administrations have been charged with overseeing the country's finances. The degree of execution and organisational structures of financial duties have a tendency to differ from location to location due to the partially autonomous nature of the numerous local administrations.

1.2 A succinct summary of the subject

Ethiopia now has 2 city administrative states and 9 regional states. One of the 13 zones in the regional states is the Southern Nations Nationalities People Region (hence referred to as SNNPR). Gedeo' Zone is a region made up of 6 woredas and 2 reform cities from 13 SNNPR and is situated between 50 84' -60 43' north latitude e and 380 08' -380 44' east longitude. It lies in the valley of the rift region and is located between 1350 and 3000 metres above sea level. 180 C and 1333.1 mm of rainfall are the annular temperatures. The zone is bordered by 1 region, the Oromia region, to the east, west, and south, and 1 zone, the Sidama zone, to the north.

1.3 Problem formulation

In order to finance the ever-increasing demands of government expenditure, Ethiopia's tax policy is designed to encourage investment, support industrial development, broaden the tax base, reduce the

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tax rate, or at the very least maintain the present reduced tax rates when compared to most other countries. On the other hand, the policy is intended to discourage those industries and behaviours of consumption and production that have had or will have negative consequences on the community's health, morals, economy, and social structures.

The accountable government organs carry out a range of operations with the aim of upholding and successfully implementing this tax system's goal. The government's increased tax revenue is collected by tax offices, which also serve as revenue-collection agencies. There are numerous legal authorities and procedures that they might use to do this. Taxpayers must determine their legal tax obligations and pay the appropriate amount of tax in order for Ethiopia's revenue administration system to function. However, such a self-evaluation approach carries inherent risks unless it is consistently used.

The appropriate application of tax laws depends greatly on the attitudes and perceptions of taxpayers, which will also improve the amount of tax income that may be reaped. Taxpayers are more likely to comply with tax laws if they have a favourable attitude about paying taxes and dealing with tax authority officers. One explanation for taxpayers' degree of satisfaction is tax compliance.

1.4 Study's Objectives

Examining taxpayers' attitudes and perceptions of tax-related issues is the main goal of this study. Taxpayer attitudes, tax officers' ethics and professionalism, the fairness of tax assessments, and tax compliance are among the difficulties.

1.5 Importance of the research

The relevance of this study will be as follows after it is successfully completed:

- It will enable interested bodies at various levels of government (Regional and Local) to understand tax payers' attitudes and take appropriate action to increase tax payers' knowledge so that they can have a more optimistic and knowledge-driven attitude.
- In order for tax officers to serve taxpayers with adequate ethics and professional competence, concerned income offices will devise a system to strengthen tax officers' competency and ethical standards.
- Various seminars and training sessions may be arranged to raise the knowledge of key stakeholder groups regarding the issue, depending on the findings of the research.

1.6 Study's Purview

This study will be carried out in the Gedio' zone of the SNNPR of Ethiopia, with a focus on company income tax reporting and all associated operations of the zonal tax office. It only aims to investigate how taxpayers feel about tax-related topics.

1.7 Studies limitations

The following are the limitations of this study:

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- Since the investigator lacks the skills necessary to create and use econometric models, conclusions cannot be predicted using models.
- Convenient sampling is one of the nonprobability sampling techniques used to choose the respondents. Because it is not a random sample, it could not be representative.

2. Literature Review

2.1 Tax Definition

"A mandatory charge enacted by the Government without the expectation of an immediate return in benefit" is what is meant by the definition of a tax. To put it another way, a tax is a requirement that the public makes a payment or contribution to a government agency for which there is no immediate benefit to the payers. If someone is required to pay taxes, they have a personal commitment to do so. The general population deserves to be taxed in accordance with their financial capacity, i.e., all individuals in similar financial situations should be taxed equally and without distinction. As a result, tax can be described as "an unavoidable fee or, more precisely, "unrequited payment," made by individuals or companies to a government (central or local)." Taxes may be paid in either kind or cash, though not all systems will accept or classify payments made in kind as taxes. Discussions about taxation are usually tendentious because the methods of taxing and the purposes for which the money collected via taxation should be used are subjects of intense debate in politics and economics.

Since it supports the core duties of an efficient government and establishes the framework for economic expansion, taxation is essential to sustainable development. The function of taxes as a motivator for the growth of state capacity and the creation of a responsive and responsible government is one that is more frequently neglected.

The goal is always to maximise revenue production, and a number of initiatives have been launched to encourage taxpayers to voluntarily comply. Based on a number of variables, including the level of satisfaction with tax authorities, tax policies, how they are implemented, the fairness of tax assessment, and other criteria, it is anticipated that the rate of tax compliance will rise.

The main goals of tax agencies are to ensure that tax laws are followed and to enhance taxpayer satisfaction with customer service. A better understanding of taxpayer behaviour (and attitudes towards taxation) can assist tax administrations in creating compliance risk treatments that are stronger and more effective.

2.1.1 Factors influencing service consumers' perceptions

Specific considerations for filing tax returns and paying taxes include:

Convenience, certainty, and prompt reimbursement

- A tax administration notice, and
- Adaptability

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The state must improve its services in order to retain tax payers rather than lose them since the demand for tax money grows every day. Particularly tax agents and their supervisors who have direct contact with tax payers should establish positive relationships with all taxpayers, show empathy for them, treat them equitably, and encourage them to pay their taxes on time. In this study, a poll of tax officers working for the Revenue was done.

In recent decades, both rich and developing nations have realised the importance of improving the provision of public services and products for residents (Karim, 2003 in ADB, 2010).

The emphasis has now shifted away from the New Public Management (NPM) principles of efficiency, maximising the value of money, handling for results, and procedural compliance to the "public value model," which raises the NPM idea of people as buyers to citizens with broad societal issues (Njunwa, 2007 in ADB, 2010). This evolution has been linked to this shift in public administration.

Higher public spending on behalf of the state was necessary in order to achieve faster development and growth. It is obvious why it is crucial to raise tax revenues, which serve as the funding source for public spending. It is crucial to boost tax payer compliance in order to raise the proportion of tax revenue in total public revenue. The impact of globalisation has increased the importance of customer satisfaction in the management of tax systems, and as a result, the way that the public perceives the state's ability to provide faster, more efficient, as well as more transparent services has changed. "Max Weber, one of the prominent founders of classical managerial thought, who believed that an administration's duties require specific definitions, and that such measures are vital in the development of an advanced market economy".

To motivate more taxpayers to abide by tax regulations, the public sector needs to improve its reputation. In the long run, this would result in increased tax revenue for the general sector and more budgetary space. Better reputation, however, may only be attained if customers perceive real advancements in service quality. In addition, the tax administration must set up a strong system of sanctions for people who do not pay their taxes (RAS, 2010).

2.2 Tax compliance

Many of the tasks involved in tax administration rely, at least in part, on taxpayers' voluntary compliance. The Irish tax system also heavily relies on self-assessment in several areas. It is obvious that behaviour can be influenced in this situation to increase compliance (Walsh, 2012). [12]. Respecting tax laws is known as tax compliance. Compliance with reporting requirements, according to Andreoni et al. (1998), entails that the taxpayer files all necessary tax returns on time as well as that the returns accurately disclose tax liability according to with the Internal Revenue Code, its regulations, and court rulings in effect at the time the return is filed. According to James S. et al. (2003), tax compliance is judged by how well taxpayers adhere to the tax code, and tax noncompliance is gauged by the size of the tax gap. Tax compliance is a behaviour of the tax function and consists of a constellation of cognitive, effective, and native components that combine to help people comprehend, feel, and act in accordance with the purpose and meaning of taxes.

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2.2.1 Theories of tax compliance

Tax compliance can be predicted by a variety of factors, both economic and non-economic. The economic elements, according to (Alm, Sanchez, and Ana, 2003) [2], are detection and punishment, strict enforcement, and tax burden, whereas the non-economic components are behavioural in character. Tax compliance study includes the fiscal psychological factor as a key component, and various studies on tax compliance's impact on tax fairness have produced notable findings. According to Allingham and Sandmo (2007) [1], a person's reasonable approach towards profit-seeking generally determines whether or not they cooperate. The methods used to measure noncompliance present a significant analytical challenge. People have reasons to hide their cheating, of course. The meaning of tax compliance can be succinctly defined as the taxpayers' intention or willingness to behave in line with the tax law and the independent effort they exert to pay their tax burden on a timely basis based on the aforementioned expressions.

2.2.1.1 Theorem of deterrence

The classification of tax compliance was researched from the theoretical angles of fiscal psychology and deterrence theory. Sanctions and threats (fines and penalty structures) are related to deterrence theory. It is connected to criminal justice. Noncompliance with tax rules is a soft form of what would otherwise be considered "illegal" behaviour. In reality, tax avoidance relates to legal tax evasion, while tax evasion refers to the criminal act of avoiding taxes. Tax avoidance activities include tax preparation and tax investment. Why was the deterrence hypothesis so important? They needed to stop taxpayers from engaging in noncompliance behaviour that denied the government access to its legitimate source of income. However, because deterrence can sometimes be counterproductive and because sanctions were employed to find a negative association, many tax academics questioned the suitability of the deterrence hypothesis framework (model) that was used to explain compliance behaviour. As reported by Jackson B. and Milliron V. (1986), and Cuccia A. (1994) [4], studies on the likelihood of detection and the intentions of avoiding taxes and his findings were consistent with the deterrence theory. Despite this relationship between fear of sanction and crime rate, it can lead to a passive behaviour by individual.

2.2.1.2 Monetary psychology

With the various studies that cover the fields of economics, criminal justice (decision sciences), accounting, psychology, law, sociology, ethics, and taxation, an attitude has long since been a common notion. This has raised a lot of difficulties and queries regarding taxpayer attitudes. In addition to being distinctive because it considers the taxpayer's intentions with regard to compliance, models based on societal tradition are more sophisticated than deterrence theory models. Cuccia (1994) [4] asserts that an economic-based compliance study will be better able to comprehend taxpayer reporting than fiscal psychology due to having failed to establish the processes by which the link arises. Demographic (e.g., age, gender), beliefs of the ethics of fraud, perceptions of peer compliance, and perceptions of the justice of the rules are some fiscal psychology factors that are behavioural in character. Due to bias, the taxpayer may not tell what is true in the survey because one

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individual may believe that underreporting is acceptable but not another. According to Alm and Ana (2003) [2], equity models are useful for comprehending how fairness is viewed. According to Ana and Schisler (2003) [2], the concepts of trade equity, vertical equity, and horizontal equity were the main areas of disagreement among the many theories on tax compliance research. Increases in public goods and services at a specific tax payment level boost the taxpayer's perception of exchange equality, which lowers the likelihood of tax evasion. There is still debate about whether the dependency of taxpayer and government in delivering public goods is due to the fairness impact, the economic effect, or both. More theories have suggested that as public goods increase, tax evasion decreases leading to better compliance. When concepts like tax underreporting and dishonesty are used to test for tax noncompliance, they highlight considerable support for the relationships between views on fairness and compliance, exchange equity and compliance, and compliance and commitment.

2.2.2 Elements that influence compliance with taxes behaviour

In their expanded model (the Fischer Model), Fischer et al. (1992) claimed that there are four fundamental elements that affect tax compliance behaviour:

1. demographic (including age, gender, and level of education)
2. Noncompliance potential (examples include income level, source of income, and occupation),
3. Attitudes and views (examples include fairness of the system of taxation and peer pressure), and
4. Tax system/structure (examples include the complicated nature of the tax system, likelihood of detection and penalties, and tax rates).

The precise reasons that are fairness issues and the fairness affecting aspects of the Ethiopian taxation of income system therefore remain as unanswered questions from the factors affecting compliance behaviour.

Costs of Tax Compliance

All costs incurred to ensure adequate compliance with applicable tax legislation were referred to as tax compliance costs.

These expenses consist of the following:

- The expenses incurred for record-keeping, which included all expenses related to gathering and organising receipts and records;
- The expenses incurred for preparing and submitting the necessary tax returns.

The costs incurred for the services of tax professionals, accountants, and other consultants that may have been necessary to either ensure complying and/or address disputes with SARS. Any additional expenses incurred in the course of ensuring compliance, such as incidental and travel costs. The value

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of the time used by the small company's staff in ensuring proper regulation, including visits to tax offices. (Citiz, 2008)

3. Research Methodology and Design

3.1 Source Information

3.1.1 Primary data source

The primary sources of information were interviews with tax office staff and

- Important information has also been gathered through observation. The researcher employed unstructured as well as structured inquiries in all of the interviews.

3.1.1 Secondary Data

The following sources will provide the secondary data: Open-ended and closed-ended questionnaires, reports provided by the office in question to the regional tax authority, manuals, guidelines, and rules published by the federal and regional tax offices. distribution of questionnaires to taxpayers

3.2 Data Collection Tools and Methods

3.2.1 Tools for Data Collection

Both primary and secondary data were used to create the study's data. Primary data were gathered using a typical questionnaire. There were both closed- and open-ended questions on the survey. Both responders and researchers like closed-ended questions to be quicker and simpler. The majority of closed-ended questions are set up as yes-or-no questions. Including open-ended questions might allow responders to provide more information to the inquiries. Open-ended question responses were examined as a source of proof. Given that the majority of respondents do not speak English, the questionnaire was translated into Amharic with care taken to prevent any unfavourable connotations and to lessen the respondents' propensity for confusion. Additionally, secondary data were gathered from unpublished sources and the data bank of the zone tax office. The number of category 'A' and 'B' taxpayers is included in this statistics. More thought was given to the time span, dependability, and relevance of these data to the study's goal when gathering and using them for the study.

Methods for sampling, 3.2.1 Convenience sampling, a non-probabilistic sample strategy, was used in this study. The sample respondents were chosen for the study based on factors such the respondents' willingness to reply and the number of years they had been operating in the city. This is done on purpose to increase respondent confidence and lower the failure rate, which increases the likelihood of getting real responses.

Participants in the study

In view of the fact that category 'A' and 'B' tax payers in the zone are obligated by law to disclose their income and maintain books of accounts, they make up the study's population.

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According to Article 18 of the Income Tax Regulation No. 78/2002, Category "A" includes the following individuals and entities: i) Any company incorporated in Ethiopia or abroad; ii) Any other business with a yearly revenue of Birr 500,000 (five hundred thousand Birr) or more; and Category "B" is subdivided as follows: i) Unless already classified in category "A", any business with a yearly revenue of over birr 100,000 (on the dollar) or more

There are around 203 category "A" and "B" taxpayers (total population size) in the zone.

Instance Size

There were a total of 40 respondents who were chosen and provided the questioner from the target population; of these, 25 were dispersed in Dilla Town, 8 in Yirgacheffe Werda Administration tax payers, and the remaining 7 were spread in Yirgacheffe City Administration tax payers. This permits a 20% sample size. Only 36 of the 40 distributed questionnaires have been returned, while 14 have not. This indicates that the research's response rate is roughly 90%.

3.2 Techniques for Analysing Data

Percentages and ratios are examples of descriptive statistics that have been applied. The data was presented without the use of graphs or tables, but the narratives were as detailed as possible to make the point plain to readers. The analysis of some of the comments made in response to the questions posed is combined with the examination of information gleaned from the documents, while the analysis of other responses is done separately.

4. Data Analysis, Discussion, and Presentation

The investigator will present the data from the office records, gained through in-person interviews with the relevant officers and by means of questionnaires given to the tax payers, in this section of the article, analyse them, and explain the findings.

Background Information about Respondents:

- 92.3% of them, or the majority, are men.
- In terms of educational attainment, 15% of those surveyed have completed elementary school, 81% have completed secondary school, and only 4% have completed college.
- In terms of how long they have been in operation, just 4% of respondents have less than three years of operation, 31% have three to five years of operation, 6% have five to ten years of operation, and 42% have more than ten years.
- In terms of the type of company they are involved in, 23% of them provide services, while 8% are manufacturing businesses.
- All businesses in the region are sole proprietorships, thus the tax liability is determined using schedules A and B. Only 12% of these companies are whole sellers, while the remaining 57% are both delivering services and acting as whole sellers.

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A Study of Taxpayers' Attitudes Towards Tax Authorities, Tax Audits, and Tax Compliance

Along with the discouraging measures put in place by the tax authorities, the mindset of taxpayers has a considerable impact on tax compliance. Ad hoc administrative processes used in tax systems quickly lose credibility and put compliance at risk. Equally crucial to encouraging compliance is fair tax law administration by taxing officials. This entails both the absence of authorities acting arbitrarily or corruptly and "normative standards" to guarantee that identical laws be enforced and administered uniformly everywhere. According to tax compliance theories, psychological considerations such as ethical and moral issues are significant to taxpayers, and as a result, even in situations when there is a low danger of an audit, taxpayers may comply. However, their tendency and interest in compliance are determined by their suspicion of being examined, the mindset they have established towards the overall tax position, and how they handle problems when interacting with authority authorities.

Analysis of Taxpayers' Perceptions of the Tax Authorities

The examiner will present the queries that were sent to the respondents in the section that follows in order to analyse the responses received and gauge how the tax payers felt about the various factors that would increase their level of tax compliance. To investigate how tax payers feel about the government and the overall tax situation, five queries have been posed. The analysis proceeds in question order:

Taxpayers were questioned about the fundamental justification for paying taxes. Additionally, they were given various choices, such as whether it was due to their legal obligations, civic responsibilities, the tax authority's enforcement, or any other reason to be described. Nearly all of the respondents stated that the primary reason they pay taxes is because it is their civic duty; some even made a comment that the taxes they pay will aid in the nation's development. As a result, the researcher came to the conclusion that the tax education programme devised and disseminated by federal and local revenue agencies through various media had positively influenced tax payers' attitudes.

Additionally, they have given tax authority personnel' ethical character and professional competence ratings ranging from very good to terribly poor. According to the analysis, 39% of respondents assessed the ethics and professional skill of officers as ordinary, while just 12% ranked them as very good. However, some respondents did not want to provide a rating. The researcher has had numerous informal discussions on the issue with different tax payers at different times during the study time and has identified that since tax officers are typically loaded especially in four months of annual company tax declaration period (June 7-October 10 every year). However, one of the respondents gives his/her free comment saying that "they undermine us as they consider themselves very educated". They typically act badly on these days, and the majority of tax payers, particularly business owners, visit revenue offices during such hours just to risk running into unruly police.

They responded as follows in regards to the fairness of the total amount of tax they had paid: 62% of respondents indicated that they are paying their taxes fairly. However, there were some individuals

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who claimed that even though they had provided officers with legally valid proof of their expenses, the documents had been rejected, and as a result, they were not eligible for tax-deductible charges as they were claiming.

The researcher spoke with three officers at the revenue office about the rejection of cost records, and each officer's reaction was essentially the same. These vouchers were purposely generated for the sole goal of receiving a deduction; as a result, they were frequently not actual expenses spent with the usual running of the firm. This was explained by their overstatement and inappropriateness.

Regarding the frequency of unjust treatment of some taxpayers by the tax authority officials you have come into contact with, taxpayers responded as follows: There is no such treatment, stated 73% of the respondents in their response to the question. However, 5% of the respondents acknowledged that certain taxpayers receive unjust treatment relative to others. The other respondents gave responses that suggested they were unaware of it.

Regarding the issue of the tax authority's propensity for harsh enforcement The majority of respondents concur that the tax office does not typically execute laws with vigour. The majority of them responded "No" to the previous question. Even while 3 (12%) of them said that the tax authorities does engage in aggressive enforcement, they made no mention of the basis for their suspicions. Such apprehension on the part of the taxpayers over the tax authority's management style could impede efficient operation, particularly if it is coupled with the seldom discovery of tax frauds. "Roaring only couldn't give the lion the desired grace."

Analysis of Taxpayers' Attitudes Towards Tax Compliance and Audit

The question of whether respondents anticipated the revenue authority auditing their business and if they would make any additional preparations if they did or not was put to the respondents. Sixty-nine percent of those under the age of 18 anticipate that their business may be audited. About 7 (39%) of them responded that they would be doing more planning, but the remaining respondents stated there would be no additional planning and that everything would continue as usual. Increasing taxpayers' perceptions of audit presence, or the likelihood that they would be audited, is crucial for increasing voluntary compliance, particularly in areas that have elevated non-compliance rates. The goal of having an auditing presence is to deter taxpayers from voluntarily complying with tax laws while also generating short-term revenue advantages.

Analysis of Taxpayers' Perceptions of Tax Regulations

In essence, more taxpayers who are afraid of fines have turned to tax professionals for assistance when they are faced with complex tax issues, such as when a tax legislation is unclear. Because of this, most business owners choose to have tax returns prepared by experts.

Only 5 of the respondents in this study claimed that they found tax rules to be simple and easy to grasp, while the remaining respondents responded as though they did not. The majority of respondents' low levels of education might be a factor in this situation. For those who said "No," it was also questioned if they had sought any kind of clarification from tax authority officers; 12 (46%)

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stated they had and had received it, but some noted that the explanations received varied from person to person.

"The minimum legal penalties if they fail to comply with the tax laws" was the other question posed to the participants to gauge their knowledge of tax legislation. A sizable portion of the respondents responded, "It is the financial penalty in the manner of interest." But since this is just familiarity gained through experience, it cannot significantly affect their knowledge of tax laws.

Cost of Tax Compliance Analysis

The costs incurred by taxpayers to file tax returns are known as tax compliance costs. This includes the sums paid to accountants or other experts as well as the monetary value of the time spent preparing tax returns. In this regard, the researcher finds it challenging to convert the time that taxpayers spend adhering to tax laws. It only attempted to quantify the cost of compliance in monetary terms, i.e., the sum taxpayers must pay to have their financial statements prepared. There were 8 individuals who responded to this question. For instance, the total lump sum of the costs borne by these taxpayers in 2002 was around 54,700 birr. Accordingly, the average cost of preparing tax returns is roughly 6837.5 birr; with a margin of 10,700 birr, the maximum cost is almost 15,000 birr and the smallest cost is 4,300 birr. The researcher was able to conclude that there hasn't been a significant increase from year to year because respondents were asked to detail their spending for the previous three years.

5. Finalisation

A reasonably good attitude towards the tax authority and the overall trend in tax administration is revealed by the taxpayers' attitude, which is assessed by letting taxpayers respond to several attitude measuring questions. Such a positive outlook is crucial for the authority to convey messages to taxpayers and gain acceptance.

Based on the study's findings, the researcher came to the following conclusions: Taxpayers believe that paying taxes is their civic duty; most of them believe that their taxes are fair; and there is no discernible difference in how tax officials treat different taxpayers. However, the majority of them claim that tax officers have moral issues and are professionally incompetent. The price that business owners pay to have their tax returns prepared is not as high. This is a result of the activity's disorganised and reckless nature.

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