

PERCEPTION AND TAX COMPLIANCE BEHAVIOUR IN ETHIOPIA: EVIDENCE FROM BUSINESS PROFIT TAXPAYERS IN WESTERN OROMIA

Assessment of Growth of Tax Revenue Regarding Business Profits Taxpayers in Western Oromia.

1. Keno Telila Mijena

2. Professor, Jasmindeep Kaur

1. A PhD Scholar, Department of Commerce, Punjabi University, Patiala, India

2. Professor Jasmindeep Kaur, Head Department of Commerce, Punjabi University, Patiala, India

Abstract: The study has been carried out in Ethiopia, Oromia region specifically, Ambo, Nekemte, Gimbi, Shambo and Dambi Dollo municipalities. The real motivations behind this short article was to examine the amount of government revenues generated from business profits taxpayers between 2007/2008 and 2016/2017 fiscal years. In other word, the significance of this short article was to assess the magnitudes of revenue growth in western part of Oromia regional state. The major pieces of the secondary data sources were the annual tax statistics and other relevant material on the WebPages of revenue authority. Accordingly, the researcher was used tax reports of respective town revenue authority extended from 2007/2008 to 2016/2017 fiscal years. For the purpose of data analysis the study was employed descriptive statistics including percentage, graph and table. The major finding of this study was that the extent of government revenue derived from business income taxpayers in the form of business profit tax and municipal revenues are volatile and increase in diverse degree. In last decade, the amount of government's revenue that Ambo, Nekemte, Gimbi, Shambo and Dambi Dollo municipalities' revenue authority contributed to the regional treasure has been accounted to 1,194,941,841 Billion Ethiopia Birr. Out of the total 1,194,941,841 billion Ethiopia Birr obtained from the business profit taxpayers in the last decade, business income tax was accounted to 730,277,898.2 Billion Ethiopia Birr or (61%) while municipal revenues was accounted to 464,663,942.6 Billion Ethiopia Birr or (39%). This is very low relative to the degree of business activities and number of business enterprises inhabited in Ambo, Nekemte, Gimbi, and Shambo and Dambi Dollo municipalities. This is suggested that many business organizations in these areas are not disburse their taxes properly. Likewise, it revealed the existence of tax noncompliance due to lack of tax knowledges, tax avoidance, tax evasion, shadow economy, unfairness perceptions and ineffective coordination and communication as well as administrations.

Index Terms- Business, Taxpayers, Extent, Revenue, Growth

I. INTRODUCTION

Song and Yarbrough (1978) the effectiveness and efficiency of the state as a rule assessed depend on its capacity in deriving adequate income that expected to fiscal improvement. A charge in the form of tax is a mandatory or constrained installment made to a legislative unit. The significant goals of taxation are to raise income for financial advancement, to cultivate financial development, income redistribution, to accomplish prices steadiness, reduce unemployment, and preserve public security, school, hospital, universities, road, bridges and natural conservation. Those nations with wide duty base and effective assessment of tax framework have been acknowledging quick and feasible social advancement. Accordingly, taxation matter for monetary enhancement in both advanced and developing nations. Uncomplicated and dependable tax structure advances the work of states by urging governments to be responsible to their residents. Even though this the facts, as per my knowledges so far only little studies were conducted on assessing the government revenues growth regarding business profit taxpayers resided in selected municipalities of Oromia, Ethiopia. Thus, this article was emphasized on evaluating the sum of government's revenues derived from business enterprises in habited in Ambo, Nekemte, Shambo, Gimbi and Dambi Dollo towns in the last decade.

II. THEORETICAL FRAMEWORK

Strauss and Hyun (2001) state that the primary objectives of a given country tax law is to collect more tax revenues that enough to cover the government expenditures such as safety, electricity, road, hospital and schools. The tax rules and regulations of the country and region reveal that the major sources of government's revenues are direct and indirect taxes. Subsequently, the essential sources of revenues for local governments are classified as income and municipality taxes. Accordingly, income taxes include all direct taxes while municipal taxes comprise indirect taxes and other sources of revenues derived from the taxpayers. Thereafter, the current tax reports of the Oromia regional and federal government revenue authorities indicated that most of the local governments are not collected adequately the planned tax revenues.

According to Teshome (2017) the current report pointed out that the proportion of domestic revenue from entire budget has been declining throughout the last fiscal years. While the state productions and private's enterprises have been rising for the few previous years however the rate of regional government domestic revenue growth rate was diminished. In view of that, in 2010 the total return of the state was 1.6 Billion Ethiopia Birr out of this revenue from tax only accounted to 942 million. In 2012 the total revenue of the state was mounted to 3.6 billion Ethiopia Birr, in which tax revenues was only 1.5 Billion Ethiopia Birr. Accordingly, the regional tax revenue ratio to GDP was less than 2% compared to 14% of the country's tax revenue ratio to GDP in the year 2016 (Teshome, 2017).

In Oromia though the tax reforms is undertaken by governments from time to time to boost tax revenue, previous statistical evidence revealed that the contribution of profit tax to the government's total revenue to GDP is low. For voluntary system to work successfully, the people must be confident that the taxes levied are fair and everyone pays his/her share. The recent report disclosed that the sum of government revenues collected from business income taxpayers is volatile and low compared to the government expenditure in Ethiopia, Oromia particularly Ambo, Nekemte, Gimbi, Dambi Dollo and Shambo municipalities. By the same token, the Oromia regional state just oversees 58 percent of its long term gross and change plan. This is one of the conditions that cause social, economic and political unsteadiness in the region including western parts.

For instance, the prime minster of the country Doctor Abiy Ahamed on national tax movement conference vowed that the ratio of tax to GDP is only accounted to 10%. Additionally, he clarified that mismatch between the number of the business men and actual number of taxpayers; affiliated business enterprises with government officials; shadow economy, unlicensed business organizations, lack of tax awareness, negative perceptions and public resentments are the major factors paralyzed the degree of government revenue and expenditures throughout the country (OBN new, December 22 at 1:09Am).

Understanding this constant issue, the governments have attempted the day by day business revenues evaluation to upgrade provincial revenue collections capability. While this is concrete evidences at hand, little studies were conducted on analyzing the revenue growth rate in Ethiopia, Oromia mostly Western Oromia. Hence, this paper was evaluated the trend of revenue growth in view of business income taxpayers in Ambo, Nekemte, Gimbi, Dambi Dollo and Shambo towns.

The article was discussed the extent of the tax revenue generated in form of business profits and municipal taxes from business profits taxpayers in western Oromia. The first section of this article emphasize on an assessment of the degree of government revenue generated in the form of business income tax from business profit taxpayers. The second part was focused on evaluation of the extent of local government revenues derived from business income taxpayers in the form of municipal tax. The third part was explained the whole local government revenues collected from business profits taxpayers in western Oromia. Lastly, it revealed conclusion and recommendation for different parties.

III. RESEARCH METHODOLOGY

3.1. Research Design

For the intent of this short article, the researcher was used quantitative research approach as it measures quantitatively the degree of government's revenue generated from business profit taxpayers in Ethiopia, Western Oromia specifically, Ambo, Nekemte, Gimbi, Dambi Dollo and Shambo Towns.

3.1 Population and Sample

The data was covered 10 years tax reports of Oromia National Regional State Revenue Authority specifically, Western Oromia including Ambo, Nekemte, and Gimbi, Dambi Dollo and Shambo town's branches. As a consequence, it covered the fiscal years of 2007/2008 to 2016/2017.

3.2 Data and Sources of Data

For the purpose of this article the study was used secondary sources. Accordingly, a secondary source was included tax reports of Ethiopia, Oromia Region Revenue Authority specifically, Ambo, Nekemte, and Gimbi, Dambi Dollo and Shambo town's branches. Moreover, the data was gathered from previous works related to Ethiopian and Oromia Region Revenue Authorities. Overall, the major pieces of the secondary data sources were the annual tax statistics and other relevant material on the WebPages of revenue authority. With regard to data analysis, the researcher has been used descriptive statistics such as percentage, frequency, graph and table via excel.

IV. RESULTS AND DISCUSSION

4.1 Results of Descriptive Statics on Growth of Business Profits Tax

It focused on evaluation of the extent of government's revenue growth between the financial year of 2007/ 2008 and 2016/2017. This piece is deals with an assessment of the degree of revenues growth in the context of business profit taxpayers in the selected area of Oromia Regional State of Ethiopia in the last decade. In the same way, it emphasized on evaluation of the sum of government's revenue generated from profit taxpayers in the form of business income tax.

Table 1

Revenue Growth Rate Between the year 2007/2008 and 2016/ 2017			
Years	Business income taxes in Ethiopian Birr	Difference	Percentage Change
2007/2008	20,232,607.3	-	-
2008/2009	25,881,914	5,649,306.70	28%
2009/2010	32,536,299	6,654,385.00	26%
2010/2011	40,760,493	8,224,194.00	25%
2011/2012	65,331,944	24,571,451.00	60%
2012/2013	774,417,66	12,109,822.00	16%
2013/2014	106,665,532	29,223,766.00	38%
2014/2015	15,249,740	91,415,792.00	85%
2015/2016	178,046,552	162,796,812.00	11%
2016/2017	183,380,791	5,334,239.00	3%
Ground total	730,277,898.2	345,979,767.7.00	

An assessment of the growth rate of the local government revenue specifically Ambo, Nekemte, Shambu, Gimbi, Dambi Dollo municipalities are covered the total amount of profit tax collected from business profit taxpayers between the year 2007/2008 and 2016/2017. As revealed in the above table, the amount of business income tax collected from business profit taxpayers in Western Oromia, predominantly, Nekemte, Gimbi, Dambi Dollo, Shambu and Ambo towns were continuously increases for the last ten consecutive tax years in various degrees. However, 2012/2013, 2015/2016 and 2016/2017 fiscal years have been scored low level of revenue growth rate. In these three years the amount of business profit tax was increased at decreasing rate.

In the last decade, the total amount of profit tax that Nekemte, Gimbi, Dambi Dollo, Shambu and Ambo towns have been collected and transferred to the regional treasure was accounted to 730,277,898.2 Billion Ethiopian Birr.

Accordingly, the total amount of regional government revenues collected from business income taxpayers in the year 2007 /2008 accounted to twenty million two hundred thirty two six hundred seven and thirty cent (20,232,607.30) Ethiopian Birr. In other words, it was 2.28% of the entire (730,277,898.2 EBR) business profits tax collected from traders in Western Oromia between the tax years of 2007/2008 and 2016/20017.

In fiscal year of 2008/2009 the overall amount of business income tax generated from business income taxpayers in desired towns of Western Oromia was raised to 25,881,914 million Ethiopian Birr. During this period the business income tax accounted to 3.54 % of the whole profit tax collected in the desired fiscal periods. In other side, it was exceeded the total amount of government revenue generated from individuals' traders in 2007/2008 by 5,649,306.7 Ethiopian Birr. Therefore, between the tax years of 2007/2008 and 2008/2009 the business profit tax was recognized an annual growth rate of 28%.

In the year 2009/2010 tax years the entire amount of business income tax derived from business profit taxpayers in study areas was reached 32,536,299 million Ethiopian Birr. Similarly, it was covered 4.5% of the total government revenue amassed in the last decade from the business income taxpayers. Afterward, it showed the variance of 6,654,385 Ethiopian Birr compared to 2008/2009 tax years. Subsequently, it exposed the growth rate of 26% relation to the year 2008/2009. By the same token, during this year the extent of government revenue collected from profit taxpayers in west Oromia specifically, Nekemte, Gimbi, Dambi Dollo, Shambu and Ambo municipals was increased at decreasing rate.

Persistently, in the year 2010/2011 the sum of profits tax collected from business profit taxpayers has been increased to 40,760,493 million Ethiopian Birr in return showed an annual growth of 8,224,194 Ethiopia Birr. Hence, it is indicated a yearly growth rate of twenty five percent (25%) relative to the year 2009/2010. Likewise, in this tax year the amount of government income amassed from business income taxpayers in Nekemte, Gimbi, Dambi Dollo, Shambu and Ambo towns was increased at diminishing rate. Ultimately, it has been accounted to six percent of the whole profit taxes collected within the last ten years.

Also in the financial year of 2011/2012 the sum of business income taxes obtained from business enterprises was raised to 65,331,944 million Ethiopian Birr. This was provided a yearly growth rate of 60% or 24,571,451 million Ethiopian Birr comparative to the year 2010/2011. This means that, the Oromia regional state revenue departments at west Oromia have been collected huge amount of profit tax from the business enterprises resided in these environments. In other word, the revenue authority was collected more than twice of the amount of business income tax collected from business organizations in the

financial year of 2010/2011. Also, during this year the business income tax increased at increasing rate. Thereafter, it accounted to 9% of the general business profit tax derived from the traders between the years 2007/2008 and 2016/2017.

Just as, in the fiscal year of 2012/2013 the sum of business profits taxes generated from business enterprises resided in these towns was decreased from the former 245714551 to 12109822 Ethiopia Birr. Similarly, it has been revealed the low growth rate of 16% compared to 60% of the fiscal year of 2011/2012. In the same year, the total amount of income tax amassed from business organizations found in selected towns of West Oromia region was accounted to 77,441,766 million Ethiopian Birr. In the end, the degree of government revenue obtained from business profits taxpayers in Nekemte, Gimbi, Dambi Dollo, Shambu and Ambo towns was augmented at declining rate.

In the 2013/2014 financial year the extent of business income tax collected from business enterprises reside in Western Oromia specifically, Ambo, Nekemte, and Shambo, Gimbi and Dambi Dollo municipalities was accounted to 106,665,532 million Ethiopian Birr and pointed out the annual growth of 29,223,76 million birr. Likewise, it revealed the annual growth rate of 38% which is higher than twice of the growth rate (16%) of 2012/2013 fiscal year. So the amount of profits tax collected during this fiscal period was accounted to fifteen percent of the entire business income tax made in the last ten years.

During the financial year of 2014/2015 the revenue offices at selected municipalities of western Oromia were collected 15,249,740 million Ethiopia birr from the business enterprises. Subsequently, it accounted to 2% of the full (730,277,898.2) Ethiopia birr business profit tax amassed from the business organization resided in these areas. As a result, the government revenue was augmented by 85%. By the same token, it increased at increasing rate. Afterwards, the government revenue was augmented by 91,415,792 Ethiopian birr.

During the tax years of 2015/2016 and 2016/2017 the Oromia revenues authority in Western Oromia offices were generated 178,046,552 and 183, 380,791 billions Ethiopian birr from business income taxpayers located in, Ambo, Nekemte, Shambo, Gimbi and Dambi Dollo towns respectively. In these two years the revenues of the local government augmented by 5,334,167 million Ethiopian Birr. In other word, in the years 2015/2016 and 2016/2017 the degree of business profit tax have been increased by 20162,796,812 and 5,334,239.00 Ethiopian Birr respectively. The amount of tax revenue obtained from business profit taxpayers during these tax years was covered 49.5% of the whole (730,277,898.2) billion Ethiopia birr obtained from business organizations inhabited western part. Ultimately, during these periods the extent of business income tax was increased at little increasing rate.

During the financial year of 2016/2017 the magnitude of revenue generated from business enterprises has been accounted to 3% and very little relative to prior fiscal years. Hence, the researcher expected that decline of government revenue between the tax years 2015/2016 and 2016/2017 was the outcome of shadow economy, market embargo and public antipathies on the upward income tax reform of 2017 and political instability.

4.2. Results of Descriptive Statics on Growth of Municipal Tax

This piece was focused on measurement of the amount of municipal revenue derived from business profit taxpayers in Western Oromia within the desired time. In addition to the business income tax, the profit taxpayers in Oromia region ought to pay municipality taxes, sport and Red Cross contributions at rate determined by regional council and cabinets of the towns correspondingly. Thus, between the year 2007/2008 and 2016/2017 the Western Oromia Revenue departments have been collected the sum of 464,663,942.78 Billion Ethiopia Birr in the form of municipal tax from these profit taxpayers. Further, these profit taxpayers obligatory to contribute the portion of their revenue for the intent of sport and Red Cross together with income and municipality taxes. Astonishingly, the sport and Red Cross contribution are not disclosed in tax systems of the region as well as the country. Thus, the amount is different from region to region as well as town to town though they are in the identical tax environment.

In the year 2007/2008 the total amount of municipal tax collected from the business profit taxpayers in study areas was accounted to 17759659.40 Billion Ethiopian Birr or 3.8% of the whole municipal revenues collected from business profit taxpayers. Subsequently, in the tax year of 2008/2009 municipal revenue was augmented to 21,668,483.24 million Ethiopian Birr as a result indicated annual growth rate of 18% or 3,908,823.84 Ethiopian Birr. Likewise, in the fiscal year of 2009/2010 the amount of municipal tax obtained from selected taxpayers has been increased to 25,234,008.10 million Ethiopian Birr. Thus, it offered an annual growth rate of sixteen percent. In other word, it has been scored the yearly growth of 3,565,524.86 Ethiopian Birr. On the other hand, in the 2010/2011 financial period the amount of municipal tax was raised to 31,451,949.84 Billion Ethiopian Birr contrast to the 2009/2010 tax year. By the same token, it provided the annual growth of 6,217,941.74 Ethiopian Birr or 25% relative to 2009/2010 tax year. This means that, the revenue of the government form the business organization has been increased by 25% in west Oromia.

In the tax years of 2011/2012, 2012/2013, 2013/2014, 2014/2015, 2015/2016 and 2016/2017 the revenue offices of the Oromia region in west part have been generated 31451949.84; 37604831; 40285647.63 ; 61095217.32 ; 65982416.4 ; 80026218.7 and 83555511 municipal revenues from business enterprises inhabited in selected towns respectively. In the same way, in these periods the amount of municipal revenues that obtained from business income taxpayers have been realized the growth rate of 6152881.16; 2680816; 20809569.69; 4887199.08; 14043802.30 and 3529292.22 million Ethiopian Birr respectively. As pointed out in the following figure, the amounts of municipal revenues from business income taxpayers were vigilantly improved at various degrees.

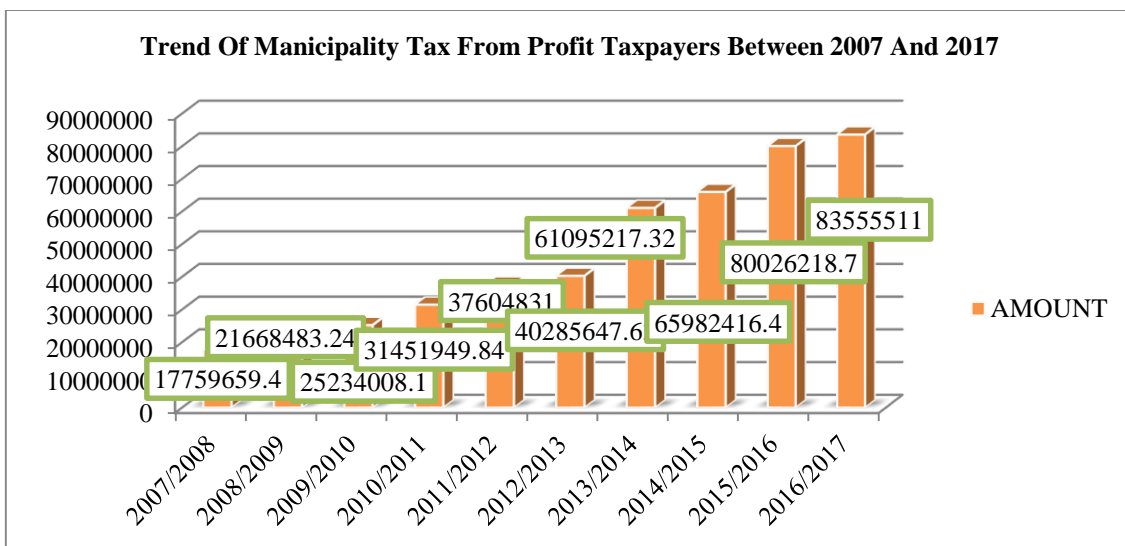


Fig.1

4.3. Overall Government Revenues From Profits Taxpayers

This section recognized the overall revenue of government gathered from these taxpayers in the form of business income and municipal taxes in the last ten years. Thus, the below figure told that between the year 2007/2008 and 2016/2017 revenue authorities were collected the total amount of 1,194,941,841 billion Ethiopia Birr in the form of business income and municipality revenues. In view of that, out of the total 1,194,941,841 billion Ethiopia Birr obtained from the business income taxpayers in the last decade, business income tax was accounted to 730,277,898.2 billion Birr or (61%) whereas municipal revenues was accounted to 464,663,942.6 Billion Ethiopia Birr or (39%).

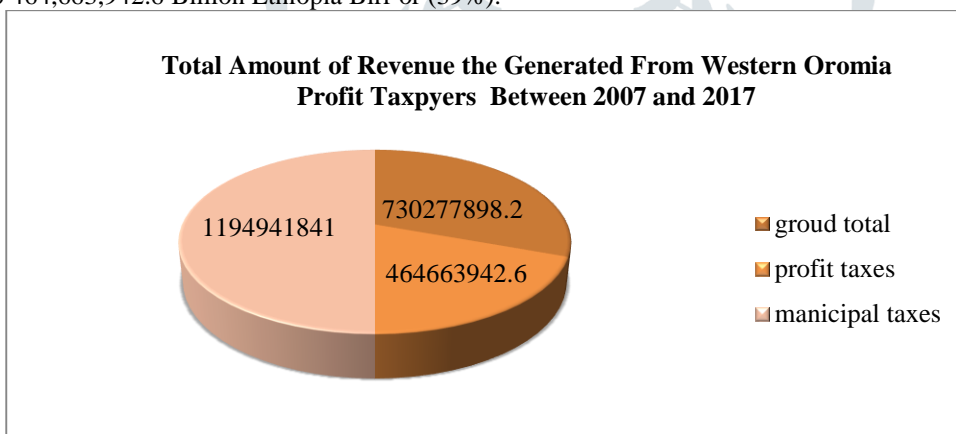


Fig.2

According to the current Oromia regional government’s taxes report, the local governments were not collected the planned the business income taxes because of shadow economy, tax evasion, avoidances and low degree of business income taxpayer’s tax compliance behaviour. Compared to the number of business organizations resides in the selected towns of the region in general and Western area in particular, for the last decade the amount of revenue collected from these enterprises are relatively low. Indirectly, it means that the region and the towns administrations are not achieve the goal of business income taxes systems for the last fiscal periods.

Adanech Abebe who is the Ministry of Revenue vowed that ERCA is not collected the planned tax revenues for the first quarter, particularly, from large group of taxpayers because of disappearance of cash register machine; unable to determine appropriate taxable income; shadow economy; corruption and provision of inaccurate invoices; lack of proper tax audit functions; inadequate supervision; lack of communication and coordination among the authorities (Official Facebook of OBN Afan Oromo October 31,2011/2018 at 7:48AM). Subsequently, she explained that out of the fifty four billion and eight hundred thousand Ethiopia Birr targeted to collect in first quarter the Authority is only collected forty four billion Ethiopia Birr.

IV. CONCLUSION

The growth and tendency of revenues of a given government realizes the economic growth and progress. Thus, growth of government’s revenues derived from tax is considered as the crucial sources for stabilizing economy of the land. As discussed in above part, for a decade the local government’s revenues generated from business income taxpayers in the form of business income taxes and municipality taxes was relatively low relative to the number of business enterprise, resources and economics activities in Ambo, Nekemte, Shambo, Gimbi and Dambi Dollo. For instance, the recent Oromia region revenue authority reported that for the last fiscal years the growth of business income taxes was diminished relative to the expenditures required for the region. Further, this slow growth rates may be results from tax frauds such as tax evasions, avoidance by certain business

organizations; ineffective tax administrations, tax incentives, failed to exercise the power of taxation by the region on all companies working in the region. Besides, the problem is possibly results from shadow of economy and illegal trades.

The Oromia Regional State specifically, Ambo, Nekemte, Shambo, Gimbi and Dambi Dollo towns are struggle to raise their revenue from business profit tax, hitherto the analysis has been revealed 730,277,898.20 and 464,663,942.60 billion Ethiopia Birr regarding profit and municipal taxes respectively. Within the last ten years these towns only contributed the sum of 1,194,941,841 Billion Ethiopia Birr in the form of business profits tax and municipality revenues from business enterprises resided in their tax jurisdictions. This means that, the Oromia Revenue Authority mainly in desired towns are not collected business income tax from the whole business enterprises. This situation possibly affects the regional and local government revenues capacity that uses to provide basic social services. Therefore, one can be confident that the main causes of low level of capital accumulation, infrastructures development; economic growth, political unsteadiness and poverty in Oromia, primarily Ambo, Nekemte, Shambo, Gimbi and Dambi Dollo cities are the fruit of inadequate amount of revenues from the whole business enterprises. Notwithstanding, productivity and number of business organizations has been rising at alarm rate for a decade in Western part of Oromia, however, the amount of revenue received from the individuals and business organizations were insufficient. For instance, the office of the auditor general and revenue authority of Oromia region were stated that most of the private organizations located in Oromia are paying most of their profit tax at the federal government and other region as a result of receiving the TIN from these administrations.

Equally, the Oromia revenue authority notified that most of the business organizations operating in the region are paying their tax in other tax jurisdictions knowingly and unknowingly. This magnify that significant sum of the local government is being collected business profit tax and municipal tax from sole business, micro and small enterprises. The state is being derived taxes from insignificant sources of income taxes in the circumstance that commonly complex to collect, while, these areas are the hub of big domestic and international business enterprises.

Overall, the critical hesitating chunk that is slowing business income taxes in the region are the issues of tax frauds (tax evasion and avoidance), illegal trade, understatement of daily revenues, shadow economy, failed to provide invoices, unlicensed trade, using of malfunctioning machine and lack of effective coordination and communication. For instance, in the November, 9, 2018 the Ministry of Revenues controlled around 124 unlicensed and illegal business organizations (OBN Afaan Oromo Premiered Video, 2018).

V. RECOMMENDATION

- ❖ To the taxpayers it is better if they pay their tax liabilities according to the current business income tax systems since revenues from taxes helps the government to provide public goods and services such as schools, hospital, universities, roads, bridges, power, security, and other infrastructures. Further, the taxpayers who generate income from sources falling in multiple schedules must be subject to a self-assessment regime in which they are compel to provide their overall profit in a year and pay the appropriate tax due in the progressive income tax rate structures.
- ❖ It is beneficial if the Oromia Revenue Authority in Ambo, Nekemte, Shambo, Gimbi and Dambi Dollo towns provide training for the business profit taxpayers in order to boost their obedience behaviour then revenue of the region in general and municipalities in particular. By the same token, is recommendable if all kinds of business enterprises appropriately disburse their tax liabilities within specified period of time as taxation is one of the instruments that can be used to make economic growth and is the process of raising revenue for all level of government. Furthermore, better if the revenue authority works with stakeholders such as industry and investment bureaus to enlarge the number of business enterprises. Finally, recommendable if the revenue departments improve communication and coordination with revenue offices in other regions and cities nearby our region in order to reduce tax shadow economy
- ❖ Revenue from business income tax is very low relative to the employee's income tax and number of private business organizations functioning in these areas. The tax bases of the Oromia regional state is regarded as narrow which is conquered by employment income tax and little sole enterprise. Thus, large numbers of business organization in Oromia region specifically western part are hides from paying business taxes. Thus, it is advisable if revenue authority work on widening the base of business income tax; eradicate the dodges; modernizing and harmonizing income tax bracket through reform the income tax schedules. Thereafter, it will be recommendable if the Oromia revenue authorities at all divisions properly apply modern tax systems such as: E-payment systems and KAIZEN.
- ❖ It is valuable if the Oromia revenue authorities including west divisions brawl malpractices such as tax avoidances, tax evasions and rent seeking toward tax assessment, tax declarations, tax auditing and levying business profits tax. Moreover, it better if the revenue authority provide training for business enterprises or taxpayers on the importance of tax in improving the economy of the country, the region, zones and cities; maintaining equality and equity as well as alleviating the poverty.
- ❖ So as to increase the extent of its revenues and expenditures capacity better if the government and revenues authority strongly work how to mitigate otherwise reduce the level of tax frauds, illegal trade, understatement of daily revenues, shadow economy, failed to provide invoices, unlicensed trade, using of malfunctioning machine and lack of effective coordination and communication.
- ❖ Better if the government design exceptional profit tax systems for the corporation form of business enterprises as the term bodies is complex to taxpayers, staffs and other stakeholders to easily understand and increase the revenue of government and reduce tax avoidance.

VI. ACKNOWLEDGMENT

There are many individuals who deserve to be recognized in this paper and it is tricky to notify all of them explicitly. As a consequence, I would like to express my gratitude to those who have made noteworthy assistance concerning the execution of this paper behind almighty God.

First, my genuine gratitude goes to my advisor Professor Jasmindeep Kaur Head Department of Commerce of Punjabi University for her valuable guidance, kindness and acceptance.

Second, my greatest appreciation is given to my lovely Wife Shume Regasa as she has helped me throughout this expedition and devoted her time and effort to me.

Third, I desire to express my thanks and admiration to all of my brothers and sisters who have constantly stand with me for the accomplishment of the paper.

Finally, I would like to recognize the aid that I have got from Oromia Region Revenue Authority specifically Ambo, Nekemete, Gimbi, Dambi Dollo and Shambo towns Branches as well as their personnel.

REFERENCES

1. Song, Y. - D. and Yarbrough T.E. 1978. Tax ethics and tax attitudes: A survey, *Public Administrative Review*, Vol 38, pp. 442-452.
2. Strauss, P.Roberts and Hyun, J. K. 2001. The Evolution of the IRS and Taxpayer Compliance: Some Implications for Korea, *a Paper presented at Korea Institute of Public Finance Symposium, Commemorative the 35th Annual Taxpayer's Day of Korea.*
3. Teshome A. 2017. The Structure of Tax and Rationale of Recent Business Income Assessment in Oromia, Oromia Planning and Economic Development Commission, pp1-6.
4. Tax report of the Oromia National Regional State Revenue Authority, Ambo Branch, 2017.
5. Tax report of the Oromia National Regional State Revenue Authority Nekemte local office, 2017.
6. Tax report of the Oromia regional state Revenue Authority Shambo Branch, 2017.
7. Tax report of the Oromia National Regional State Revenue Authority Gimbi division, 2017.
8. Tax report of the Oromia National Regional State Revenue Authority Dambi Dollo area office, 2017.
9. Oromia Broadcasting Net Work (OBN) Afan Oromo Premiered Video, 2018.
10. Oromia Broadcasting Net Work (OBN) Afan Oromo news December 22 at 1:09Am.
11. Official Facebook of OBN Afan Oromo October 31, 2011/2018 at 7:48AM.