Challenges of Tax Administration on Category "B" Taxpayers in case of Sheka Zone, SNNPR, South West Ethiopia

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ABSTRACT

Good tax administration is very important to raise the revenue for government which helps to provide the public goods and service. To collect the revenue for government the good tax administration facilitates the collection procedure to be in good manner. Besides, tax administration in Ethiopia is still in problems. The research was conducted on the title "Challenges of Tax Administration on Category "B" Taxpayers in case of Sheka Zone", South Nation and Nationalities Region, Ethiopia. The research main objectives are to assess the challenges of tax administration of category "B" taxpayers. The researcher used both primary and secondary data. By using stratified sampling method, the researcher selects the sample size 152 out of 245 categories "B" taxpayers' in Sheka Zone. The regression result shown that gender, tax system complexity, audit effectiveness, personal financial constraints, tax penalties, taxpayer's expectation from government, knowledge of taxpayer, and fairness of tax among business all this variable significantly affect the tax administration. It's recommended that, for tax authority of each town suggestible to make avail tax laws and regulation for taxpayers and explain clearly to their understanding for effective compliance. The tax authority and tax payer communication would be advisable to be two-way direction rather than one direction from authority to tax payer.

Keywords: Compliance; Revenue; Tax Administration; Tax payer, Voluntarily

INTRODUCTION

Taxes are important sources of government revenue. Public goods and service refer to roads, power, municipal services, and other public infrastructures are normally subject to collective consumption, thus requiring that we put some of what we earn into government hands. Public goods are normally provided by public agencies to meet the basic society need in public infrastructure due to their natures of non-rivalry and non- excludability. The nature of consumption of public goods is such that consumption by one does not reduce consumption for others. Besides, consumption of public goods by an agent does not exclude others from doing same. Such nature of public goods therefore makes them impossible for private suppliers to avail them at market prices like other Commodities. To collect the tax which is bases for government revenue to provide the public goods, the tax administration system has its own impact on collecting the expected amount of the revenue (Joseph, 2011).

Ethiopian Tax Administration Proclamation Number 983/2016, article 37(c). The tax administration in the country is directly responsible for the tax collection. Officials or employees of the authority appointed under the Ethiopian Revenue and Custom Authority establishment proclamation and any delegation of powers or duties to the officer under Article 8(3) of Ethiopian Revenue and Customs Authority Establishment proclamation with responsibility for the Administration and enforcement of the tax laws. Tax administration is puzzling task for developing countries like our country Ethiopia. An efficient and proper tax administration requires the occurrence of clear and transparent rules and regulations. Since the business owners do not have basic access to and clarification on information of the tax laws, they lack awareness on tax rules

Statement of the Problem

The quality of tax administration system is very important in developing countries. Many developing countries in the 1990s failed to improve the taxation administration when new tax structures were introduced, which resulted in the very irregular tax imposition, widespread tax evasion and lower than anticipated tax revenue [1].

Every country in the world collects tax to fulfill the government public expenditure. This becomes easy to government if only the tax

payer willingly and voluntarily pay tax liabilities according to their countries tax laws. To meet this government needs of revenue, the three condition should have to take in to account to facilitate the voluntarily compliance of tax the tax system should be convenient to pay the tax liabilities both in time and situation. And the other one is the tax amount to be paid should be certain without any ambiguity and it depends on ability to pay. Finally the attitude of tax administration should be encouraging the tax payer by through helpful, progressive and non-adverse impact on tax payer [2].

The effective and efficient tax administration collect more tax that helps to facilitate the infrastructure to the general public. Tax administration system of such developing countries should be maximizing the revenue of the governments without any negative impacts on macroeconomic stability.

And regulations and this has an impact on the possibility of the regulations. A country's revenue generation primarily depends upon its sufficient capacity to tax more in both economic and administrative term. Also the country's capacity to generate the sufficient and budgeted amount of tax collected depends on the proper administration of tax system [3].

Maximization of the government can be achieved by improving the tax administration operation (Rai *et al.* 2004). The regular operation of tax administration authority body has the positive impacts on the effectiveness of tax revenue collected and the detection of fraud that made by taxpayer to evade the tax. Improving the tax administration system also enhances the revenue of the government and lowers the costs of administration without any adverse effect on the economic environment (Orviska and Hunady, 2014)

There are key problems among tax payer and tax authority which is lack of tax knowledge. This implies that the tax authority has an obligation to create awareness and administer properly the tax payer [4]. Different studies conducted in Ethiopia related to income taxation. In Ethiopia category "B" taxpayers has higher compliance cost burden than category "A" taxpayers. Evidently the compliance cost burden rises with business size while the relative cost burden is remarkably higher for small businesses. Ethiopian business income taxpayer's as in other developing countries, tax noncompliance is a serious challenges facing income tax administration and hindering tax revenue performance. Currently, [5] conducted research on business people's view of paying taxes in Ethiopia based on Data obtained from business tax payers in Addis Abeba.

The first motive to conduct this study according to Sheka Zone revenue authority report during the year 2010 E.C the development of business activities in Sheka zone particularly in Masha, Gecha and Tepi towns, the number of category "b" tax payer increase year to year. The second back ground to conduct this study is to fill the research gap. These gaps are two forms the area gap and literature gap. Under area gap there is no research conducted on tax administration in this area by any researcher. That was not addressed by any one of the

Research Questions

For the gaps that mentioned above this study intended to answer empirically the following research questions;

1. What are the institutional factors that affect category "B" taxpayers regarding to tax administration?

Objectives of the study

To assess the challenges of tax administration on category "B" tax payer, in case of Sheka Zone particularly in Masha, Gecha and Tepi town category "B" taxpayers. And specifically;

1) To identify institutional factors that affect category "b" tax payer and internal challenges of tax administration.

LITERATURE REVIEW

Efficient tax administration is key determinant factors for the development of any nation. It helps to attract potential investors, reducing poverty and increasing growth [6]. The three major tasks of a good tax administration are facilitating compliance by ensuring that individual's obligation to pay taxes is doing so and to try and make compliance easier for

Earlier studies, specifically challenges of tax administration on category B tax payers in Sheka Zone. However [7] conducted on analysis of tax compliance and its determinants evidence from Keffa, Bench Maji and Sheka Zones category "b" tax payer. Literature gap which concluded that tax knowledge of tax payer has positive impact on compliance for instance [8], Eriksen & Fallan (1996). And in other side they concluded as negatively correlated and insignificant with tax compliance [9], [10].

2. What are the individual tax payers and economic factors that determine the category "b" taxpayer's tax administration?

3. What problems that encounter tax payer of category "b" in relation to tax regulation and tax administration.

2) To identify the taxpayer related factor that determines the tax administration of category "b" taxpayer.

3) To examine the factors that encounter taxpayer of category "b" in relation to tax regulation and tax administration.

The taxpayer, enforcing compliance and reducing tax evasion, and improving governance to keep tax officials honest and reinforce the legitimacy of the tax system [11]

Emmanuel (2018) investigates the impact of tax administration on revenue generation in Gombe state in Nigeria. His finding shows that tax administration in the Gombe state was not efficient and effective, and the revenue generated in the state was low to meet the objective due to less awareness of taxpayers and incidents of tax evasion and tax avoidance.

[12] Study results on determinant's factors of tax administration efficiency in the context of Nigeria, they concluded that Nigerian tax administration faced challenges which make it inefficient due to tax defaulter in the country.

Addisu (2018) conducted study on assessment of tax practice and its administration in Dilla town. The finding of the study revealed that tax payers have awareness about the reason why they pay tax but, they perceive it as debt and obligation, unfair tax rate and the improper allocation of collected tax for intended purpose. According to [4] problems associated with tax payers and revenue authority in case of Dessie town was facing tax payers were tax fairness and equity, organizational strength of the tax authority, awareness level of the taxpayers, cultural factors and provision of social services by the government.

[13] conducted research on entitle as factors affecting voluntary compliance of category "C" taxpayers" attitude of Arbaminch,

Ethiopia. And they concluded that the survey data has showed

RESEARCH METHODOLOGY

The researcher used a cross-sectional data to conduct the research. For the purpose of this study the researcher used both qualitative and quantitative approach. The data source to conduct the study the researcher used both primary and secondary data. The primary data was collected from category "B" tax payer according to sample that was selected from the target population. And purposively the key informants from tax administration

That majority of the taxpayers know why they pay taxes but they have no detail knowledge about taxation.

[14] Tried to investigate tax administration system on category "B" taxpayers in Arbaminch and Sawula towns from point of tax payer as well as tax collector. The findings of that study indicates that those factors that hinder the tax administration are low level of tax payers awareness on VAT and profits tax, resistance against VAT registration, unwillingness of tax payer to pay the tax liabilities and lack of ethics. Dinku & Alamirew (2018) conducted study on entitled external factors that affecting voluntary tax payer's compliance in case of Amhara National Regional State Revenue Authorities. They concluded that the contribution of audit productivity, tax investigation and penalties has significant impacts on improving voluntary tax payer's compliance.

[15] Investigated the study on factors influencing voluntary tax compliance in Gedio zone. concluded that among the explanatory variables gender, age, lack of tax knowledge, simplicity of tax system, awareness on penalty, probability of being audit, and perception on tax rate were the significant factors that influence tax payers" voluntary compliance.

Office was selected for each town (Masha, Gecha and Tepi).

The target population was category "B" tax payers according to Federal Income Tax Proclamation 979/2008 those tax payers whose annual turnover is ranging from 500,000 up to 1,000,000 ETB. According to the Sheka Zone Tax and Revenue Authority report during the last year June 2010 E.C the total number of category „B" tax payers in Three towns were Masha (29), Gecha (10) and Tepi (206) amounting a total of 245.

Stratified random sampling due to the reason of geographical and administration varies town to town. These types of sampling helps to minimize the tendency of selecting samples based on basic factor and as result the conclusion become misleading. [35] Formula the sample (Table 1).

At 95 percent confidence level and the remaining 5 percent as error term. The data source to conduct the study the Administration office was selected for each Researcher used both primary and secondary data to achieve the broad objectives of the study. The primary data was collected from category "B" tax payer according to sample that was selected from the target population. And purposively the key informants from tax town. The technique that

Table 1. The proportion of Sample to each strata/town.

Towns	Population	Proportion	Samples
Masha	29	0.118	18
Gecha	10	0.041	6
Tepi	206	0.841	128
Total	**245**	**100.00**	**152**

used to collect data from this sample is structured questionnaires developed by the researcher that included both open ended and closed ended questionnaires.

Variable Definition and Measurements

The dependent variable is tax administration of category "B" tax payer. The explained variables, tax administration focused on side of individual taxpayer of category "b" perception concerning tax administration. Y=1 for a situation where tax administration encourage taxpayer in to high compliance, and Y=0 for a situation where tax administration not encouraged to compliance. There are nine explanatory variables used to

Tools of Data Analysis and Model Diagnostic Tests

In this research data were analyzed by the help of Stata Software package version 13.0. Model Specification Test for this study the researcher used "link test" to test the inclusion of irrelevant variables. Hosmer- Lemeshow test statistics the goodness of fit of the binary logistic regression model by creating 10 equal groups of subject and they Detect the challenges of this tax administration. Those Variables are Gender (GTP), Tax System Complexity (TSC), Service delivery of tax authority (SDTAE), Tax Audit effectiveness (AUDE), Knowledge or awareness of tax payer [KNOTP], Personal financial constraints [PFC], Tax penalty [TP], Expectation from government expenditure [EGExp], and Fairness of tax among business [FTAB].

Compared the number actually in each group to the number predicted by the model. Reliability is the consistency of a set of measurements or measuring instruments, often used to describe a test. One of the most commonly used is called Cronbach"s Alpha. As the multicollinearity test shown as for this study is mean VIF is 1.27. Therefore, there is No problem of multicollinearity among the independent variables for this study.

RESULT AND DISCUSSION

The data are collected and then analyzed in response to the problems posed in the first chapter of this study. The findings are based on the responses of sample tax payers with the help of a structured questionnaire in the study area.

The total numbers of (152) one hundred fifty two questionnaires were organized and the demographic characteristics of respondent have depicted which included in the sample of the study distributed to taxpayers. Out of these 152 questionnaires 128 were distributed to Tepi, 6 to Gecha and 18 to Masha. The data are collected and then analyzed in response to the problems posed in the first chapter of this study. Here the non-response rate is zero or all questionnaires that were distributed were collected /returned as the researcher familiar with study area and follow up and collected the all distributed questionnaire (Table 2).

Table 2 shows that out of 152 respondents which were selected randomly 82.89% were male and 17.11% were females.

This Indicates that the majority of the category "b" tax payers in Sheka zone are male taxpayers. In this area, due to cultural influence male is Responsible for supporting family as household head and engaging in business for earning income. Majority of the respondents were married (64.47%). This is because of The married tax payer takes responsibility for his or her family to provide money or service. So as to provide service they engaged to run business.

Table 2. Demographic Characteristics of respondent.

Gender	Frequency	Percent
Male	126	82.89%
Female	26	17.11%
Total	**152**	**100%**
Marital Status	**Frequency**	**Percent**
Married	98	64.47%
Unmarried	41	26.97%
Divorced	10	6.58%
Widowed	3	1.97%
Total	**152**	**100%**
Age	**Frequency**	**Percent**
Between 15 and 25	2	1.32%
Between 25 and 35	38	25%
Between 35 and 45	84	55.26%
Between 45 and 60	24	15.79%
Above 60	4	2.63%

Source: *Survey result, 2019*

Descriptive Statistics for Explanatory Variables

Descriptive statistics for nine (9) explanatory variables included frequency and percentage of each variable. (Table 3).

Table 4.2 shows as the descriptive statistics for all explanatory variables which included in the study. It depict as the number of male and female [GTP] included in the sample was 82.89% and 17.11% respectively. Result shows as majority of the business owner in This area is male. Tax law complexity and difficulty [TSC] to easily understand the tax regulation, procedure, calculation makes more complex. Which the number of tax payer complicated with the existing tax procedure 63.16% of the respondents.

Tax audit effectiveness [AUDEF] shows that 53.95% of the respondent responded tax audit in their town is ineffective. Service delivery of tax employee [SDTAE] in this table 4.3 indicates that 36.84% of respondent relied the service is good. And the remaining replies the service of the tax authority employee is poor.

Tax penalties [TPEN] less than half 36.18% of the respondent believes that tax penalties encourages them to pay tax. The personal financial constraint [PFC] is the variable that the respondent asked their agreement on personal financial problem determine their level of tax compliance. Majority of the respondent which is 61.19% agreed on the tax payer financial constraints determine the compliance level and tax administration.

Binary Logistic Regression Result

The researcher used binary logistic regression to investigate the challenges that affect category "b" tax administration in Sheka zone. By using nine variables namely, gender of tax payer, tax system complexity, audit Even though, the binary logistic regression not meets the assumption of normality and hetroschedacity. The researcher used the analysis measures like multicollinearity, reliability test, model specification, and goodness of fit. Before evaluating the regression result in which the explanatory variables affect the explained variables, it's better to test some assumption. Binary logistic regressions, faces many of the restrictive assumptions unlike linear regressions. For instance, linearity, normality and equal variances are not assumed, nor is it expected that the error

Table 3. Descriptive Statistics for Explanatory Variables.

Variables	Observation	Characteristic	Frequency	Percent %
GTP	152	0	26	17.11
		1	126	82.89
TSC	152	0	56	36.84
		1	96	63.16
SDTAE	152	0	96	63.16
AUDEF	152	0	82	53.95
		1	56	36.84
		1	70	46.05
TPEN	152	0	97	63.82
		1	55	36.18
PFC	152	0	59	38.81
		1	93	61.19
EGExp	152	0	35	23.02
		1	117	76.98
FTAB	152	0	91	59.87
		1	61	40.13
KNOTP	152	0	63	41.44
		1	89	58.56

Source: *Survey result, 2019*

term variance is normally distributed (Tabachnick and Fidell, 2012).

Effectiveness, service delivery of tax employee, personal financial constraint, tax penalties, tax fairness among business, tax payers expectation from government, and knowledge of tax payers (Tables 4 and 5).

From the summary of regression result in table 4.3 the Variables in the Equation table contains the coefficients for the (fitted) lie And other relative information about the coefficients.

Regarding to the result of the model, of the nine variables included in the model except tax payer's expectation from the government expenditure all variables are significant at 5% of significance level. Those variables significant at 5% significance level are tax system complexity, audit effectiveness, gender of tax payer, service delivery of tax employee, personal financial constraint, tax penalties, and fairness of tax among business.

Table 4 depict as the number of male and female [GTP] included in the sample was 82.89% and 17.11% respectively. Result shows as majority of the business owner in this area are male. In culture of Ethiopia females not encouraged in running the business as the owner. Because of they considered as dependent within a community on the householder especially on male householder. The number of female business owner and taxpayer are few in numbers in the area. Female tax payer committed for the business they engaged than males. Once the Business started they operate for long period of time then they averse any risk associated with their business. This result is concurrent with findings of other studies results [16], [17], [18], [8].

Tax law complexity and difficulty [TSC] to easily understand the tax regulation, procedure, calculation makes more complex. Which the number of tax payer complicated with the existing tax procedure 63.16% of the sample. The complexity of the tax related issue makes the taxpayer more sensitive in this study area. That means majority is not clear with existing tax laws and regulation. The open ended question response of the respondent also support

Table 4. Regression result: Dependent variable (TADMCb).

Logistic Regression Obs = 152 Prob > chi2 = 0.0000
Pseudo R2 = 0.8642
Log likelihood = -12.876251 LR chi2 (9) = 163.84

Variables	Coef.	Std.err	Z-value	P- value	Marginal Effect
GTP	- 12.07402	5.84291	-2.307	0.039**	-0.8875047
TSC	-10.69158	4.84679	-2.21	0.027**	-0.2332158
AUDEF	12.37536	5.36593	2.31	0.021**	0.2198394
SDTAE	11.72028	5.36777	2.18	0.029**	0.3680683
TPEN	8.764529	4.15826	2.11	0.035**	0.0870807
PFC	- 2.885968	1.39985	-2.06	0.039**	-0.0010244
EGExp	1.595781	0.84068	1.90	0.058***	0.0005664
FTAB	11.46753	5.41418	2.12	0.034**	0.2540041
KNOT P	1.31814	0.60507	2.18	0.029**	0.0004679
CONST	-10.1747	4.50947	-2.26	0.024	

*Significance level *p< 0.01, ** p< 0.05, and *** p<0.1*

Table 5. Test result of the hypothesis.

Hypothesis	TADMCb(Dependent) Association with	Significant	Sign	Conclusion
H1	GTP	Yes*	Positive	Accepted
H2	TSC	Yes*	Negative	Accepted
H3	SDTAE	Yes*	Positive	Accepted
H4	AUDEF	Yes*	Positive	Accepted
H5	KNOTP	Yes*	Positive	Accepted
H6	PFC	Yes*	Negative	Accepted

Source; *Regression result summary, 2019*

as the system is complex. More complex and ambiguity of the tax law and regulation determine the voluntary compliance of the taxpayer in this area. This result is consistent with different studies result [19], [11], [20], [21].

Tax audit effectiveness [AUDEF] shows that 53.95% of the respondent responded tax audit in their town is ineffective. And 46.05% responded tax audit is effective and audited regularly. In this study area the tax audit like field audit, back duty, and registration audit are weak and not effective. According to the interview result the response for why tax "auditor becomes ineffective in the sector", they responded that high tax auditor turnover and shortage of logistic service in the sector. On open ended questionnaires the respondents revealed that the audit system is made after several years of the report submission. Which is after the tax payer forget each transaction made during that period, this made difficult for them. Effective tax audit are important to tax administration as encourage voluntary compliance that assists a good tax administration (Harelimana, 2018). The result is consistent with other earlier studies [22], [16[23], [20], and [3].

Service delivery of tax employee [SDTAE] indicates that 36.84% of respondent relied the service is good. And the remaining replies the service of the tax authority employee is poor. So, the tax payers in the area are sensitive regarding tax employee service to comply. The open ended questionnaire result shows us the quality of the service provided by tax employee is not good as expected. The smooth and friendly relationship between tax payer and tax employee also encourage voluntary tax compliance. If the tax authority has commitment to their position to serve the taxpayer, they become more tax compliant and enhanced the tax administration

effectiveness. So, the service quality of tax authority determines the willingness of taxpayer voluntary to comply.

The result is consistent with prior studies; [21] and [24].

Tax penalties [TPEN] less than half 36.18% of the respondent believes that tax penalties encourage them to pay tax. Even if the majority believes that tax penalties discourage the voluntary compliance. More than half of respondent (63.82%) agree on penalties discourage to voluntarily compliant. Tax penalty impacted as deterrent measures that refrain taxpayers from evasion. If tax payer evasion weakened by the penalty, the compliance level increased and resulted in to a good for tax administration [25]. These positively affect the tax administration system and compliance level of taxpayer. The result is consistent with tax penalties are just one of the many factors that drive taxpayer compliance. [26], tax penalties not only support tax compliance but also distinguish compliant taxpayers from non-compliant taxpayers. Dinku & Alamirew (2018) there is strong positive association between tax penalties and level of compliance. [27] In many countries revenue bodies seem to rely on increased checks and severity of penalties as the main vehicle for enforcement of taxes. [8] Study finding on determinant of voluntary compliance, found that tax penalties has insignificant impact on voluntary compliance. However, the finding of [28] contrary with this finding of tax penalty has an effect on compliance and to be a good for tax administration. Their findings revealed that tax penalty does not affect the compliance of individual taxpayer.

The personal financial constraint [PFC] is the variable that the respondent asked their agreement on personal financial problem determine their level of tax compliance. Majority of the respondent

which is 61.19% agreed on the tax payer financial constraints determine the compliance level and tax

Administration. Only 38.8% of the respondents show their disagreement with this idea. In addition to this binary response the researcher used data triangulation to check its consistency by providing five likert scale or categorical questions. As taxpayer not enough to consume for basic consumption it evade more to fulfill its needs. The open ended questionnaire supports that income that only from single business affect the compliance level. If the taxpayer compliance affected by the personal financial constraints, it also adversely affect the tax administration. The result is also consistent with the finding of [17], [23], [29], and [16]. The findings revealed that the taxpayer personal financial constraints determine the tax administration.

Expectation from government the expenditure [EGExp] determines their tax administration. In this table 4.3 above indicates 76.98% of the sample agreed that the expectation from the government expenditure determines the taxpayer's compliance which is resulted in to a good tax administration. While only 23.02% disagree on the expectation has an impact on tax compliance and to be a good for tax administration. As taxpayers more expect from the government, more they compliance. The response of the respondents on the agreement that, taxpayer expectation affect the tax administration summarized in to two categories as disagree and agree. As compared to disagreed respondents the agreed respondents" positively affect the tax administration. Because the taxpayer that expect more from the government, comply voluntarily more than non-expecting. The result is consistent with the finding of [8], [30], and [31]. This result suggested that, if the government is expenditure on the national development wisely for basic facilities, such as education,

Health, safety and public transportation, it is assumed that voluntary compliance will increase which resulted in to good tax administration.

Fairness of tax among similar business [FTAB] also important factors that challenges the tax payer. According to the survey result 59.87% of the respondent replies the tax amount they paid is unfair and discriminated among taxpayer. In this study area the taxpayer is more sensitive on tax fairness. In this study area the fairness among business has significant factor that affect a tax administration. [14] study revealed that the business income tax burden imposed on category "b" tax payers was not fair and it discourages them to pay tax. The burden imposed on them also beyond their ability according to his conclusion. The result is also consistent with findings of [32], [33], & [4]. If tax payer has

perceived that the tax imposed among business is fair it voluntarily comply more. Their voluntary compliance has significant impact on tax administration. Conversely, unfair tax treatment leads the tax payer in to tax non- compliance.

The tax payer's knowledge level [KNOTP] determines the voluntary tax compliance; this resulted in to good tax administration. The survey result in table 4.3 shows the respondents agreement on their knowledge level determines tax administration of category "b". The majority 89% of the respondent responded that as they agree on the issue of taxpayer knowledge has impact on a tax administration and to be a good for tax administration. While 41.44% of respondent shows their disagreement on the taxpayer has an impact on tax administration. The awareness of taxpayer positively affects the tax administration. This means more aware taxpayer compliant more without any Ambiguity of tax issues all other things constant. The result is concurrent with the finding of [23], [12], [20]. The awareness level of tax as much as possible it helps to understand the existing tax system. As a result it reduces the complication on tax related issue. So, as to the tax payer understand and aware the system they more

Comply tax with less complication than those not aware.

The researcher was developing hypothesis to be tested during the research. Based on conjectured hypothesis, the necessary tests has been estimated and interpreted accordingly. Consequently, the test result of hypothesis is summarized in table 4.4 (Table 6).

Content Analysis of Open-ended Questions

The respondents were given the opportunity to give their general comment on the overall tax administration of category "b". These comments are summarized in (Table 7) below.

Table 6 shows the respondent's comments regarding to the tax administration of category "b". The result is out of 152 respondent's proportion. The respondents tried to raise many issue on the tax administration of category "b" but the researcher tried to summarize in the table 8. The majority of the respondents out of 152 respondents about 78.28% complain that the tax burden imposed that not fair among business and among category. The result shows that the majority of the respondent about 12.50% complains that the tax office not gives the training timely and they treat unfairly the tax payer. Also the comment is 11.18% of the respondent criticized that there is discrimination among tax payer by the tax office employee. They depend on the religion, races or any other criteria to provide.

Table 6.

	Comments	Frequency	Percent
1.	The rules and the regulation that tax office used are not clear and work for all tax payer.	103	67.76%
2.	The administration is much poor as there is continuing political instability	26	17.10%
3.	Not timely the training is not given, unfair treatment of tax payer	19	12.50%
4.	Accidental audit after many years that the report submitted	33	21.71%
5.	Biasedness of tax employee with color, race, religion, parents and like	17	11.18%
6.	Not motivation to tax payer from government side.	7	4.61%
7.	As tax audit and penalties to correcting the tax payer"s Mistakes, but they used the means of revenging tax payer.	21	13.82%
8.	The tax burden imposed on tax payer not consider the ability to pay, family support and size, personal constraint	119	78.28%

Source; *Survey result, 2019*

CONCLUSION

• The tax administration of category "B" in Sheka zone is challenged by many aspects of factors. In this study area the taxpayers not understand the existing tax rules and regulations.

• No good communication between each town tax administration and taxpayer of this category

RECOMMENDATION

• Tax laws and policies should be made available by each town tax authority to tax payers and explain clearly to their understanding for effective compliance.

• The tax authority and tax payer communication should have to be two- way direction rather than one direction from authority to tax payer Quality service.

• The tax authority of each town used tax penalties as means of encouraging tax compliance.

• Each towns and zone administrative body not given attention to improve the tax administration of this category.

• Also zone revenue authority is not in good position to provide a package of training for taxpayer as the responsible body to administering the revenue in each town.

• Tax penalties should not be to generate the revenue rather than to create responsible attitude for taxpayers unless they terminate from business.

• The tax authority of each town should have to strengthen and empower the taxpayer on issue of how to file their document and pay their tax liabilities

• The tax authority of each town should establish good rewarding system for hard Working, quality service, dedicating and patriotic tax officials as well as taxpayers.

• The revenue authority should collect tax respect to their earnings according to basic principle of taxation and cut across to all citizen and business to encourage willingness to comply.

• The Regional government, Zonal and Each Woreda administration should have to give attention for zones and each town"s revenue authority by providing necessary equipment and logistic service that needed for the sector.

The tax audit and penalties considered by the tax payer as revenge rather than correcting action (13.82%). The tax audit is not made frequently and on regular basis.

The other issue is there is no motivation from the governments" for those voluntary compliant. The complaint not encouraged by the means of reward and the like from the governments (4.61%). The tax authority itself depends on the political situation. They complain the tax rules and regulation system. It is not clear for them and the task that performed itself complicated them. This is consistent with the result in the regression parts. And all employees used the regulation as they want rather than as it is, not work equally for all tax payers (67.76%).

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