

**DETERMINANTS OF TAX EVASION AND
AVOIDANCE IN REVENUE COLLECTION PRACTISES
Evidence from Taxpayers and Tax Officers in Hawassa City
Tax Authority**

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Abstract

The daily activity of every country in the world is collecting tax revenue effectively based on generating the capacity of the economy to cover their expenditure. In developing countries, the tax revenue is not collected as that of generating capacity of the economy. The problem with the under-collection of taxes is tax evasion and avoidance. In these illegal and dishonest activities of the tax revenue concealing and hiding process, taxpayers and tax officers play their role, whether directly participating or facilitating the way to the evaders and avoiding by intentionally unfulfilling their responsibilities. The main objective of this study is to identify Determinants of tax evasion and avoidance in tax revenue collection practices with the reference of taxpayers and tax officers in the Hawassa City Administration revenue authority office. The researcher disseminated questionnaires to chosen taxpayers, tax officers, and tax office management. The researcher employed an in-depth interview and focus group discussion with the selected target group to triangulate and substantiate the survey findings. The study conducted a cross-sectional study design on a sample size of 41 and 180 tax office employees and category "A" taxpayers and employed a multistage sampling technique. The study also employed a probit model to identify tax evasion and avoidance determinants on revenue collection practices. As a result, the probit regression outcomes of determinants of tax evasion and avoidance show that of every six variables in the estimation of determinants of evasion and avoidance in tax revenue collection practices employing the probit model, four were found to be significant at various levels of significance. Among the variables hypothesized to affect practices of tax evasion and avoidance with thin the rubric of tax audit *INTA* (internal tax audit), *INCT* (information communication & Technology), *ATTP* (attitude of taxpayers) negatively and significantly affect the likelihood of tax evasion and avoidance in tax revenue collection practices and performance except for *CMTL* (complexity of tax law) which affects positively the likelihood of tax evasion and avoidance practices in tax revenue collection practices and performance. The study concluded that tax evasion and avoidance highly affect revenue collection practices and performance. The study recommends the tax office establish well-organized tax laws and well-networked information communication and technology system, enhancing the tax auditors' practitioners and ensuring their independence and taxpaying citizens who are proud of being taxpayers and thus have a positive attitude toward tax payment and their government.

Introduction

Most of the time, tax collection performance becomes ineffective, caused either by evasion or avoidance practice of taxes in the process and practices. The tax evasion, avoidance, and corruption activities of taxpayers and tax officers in the tax collection practices affect the collection performance in one way and the overall economic activities of the nation in such away.

Tax evasion is the dishonesty of taxpayers on tax rules, regulations, and laws through misreporting their income to the tax authority to reduce their tax liabilities. Further, tax evasion is a crime in which those evaders involved dishonestly report false statements to the tax authority on the amount they are obliged to pay. Their activities involve misrepresenting their income, purposefully overstating and inflating their expenses, and understating the tax liabilities; in addition that they are not recording and reporting all appropriate business transactions and hiding their income through different mechanisms such as without selling the goods and services without a receipt and recording less amount of the selling price during selling by untraceable accounts mechanism.

However, Tax evasion refers to any illegal and dishonest activities performed by tax decision makers and tax officers within the tax authority office by giving unnecessary and illegal favor to taxpayers through violation of laws to privilege someone to receive unnecessary benefits from the favored one. Tax avoidance is the reducing mechanism that obliges tax liabilities to the tax authority using loophole laws of tax and the complexity of tax rules, regulations, and tax laws. Those tax avoiders use lawful mechanisms in the tax laws and regulations to reduce their tax liability. Those tax avoiders intentionally work to reduce their obliged amount of tax liabilities by using tax loopholes in one way and by creating networks and relationships with tax officers to reduce their liabilities and give unnecessary benefits to the tax officer approve they are At its core, it requires deliberately structuring your assets in such a way that you pay as little tax as possible furthermore, In the case of tax avoidance the taxpayers employees the A tax experts to assist them legally by reducing their tax liabilities through using tax loophole laws as much as possible.

Most developing countries are facing various organizational And operational constraints on the tax administration and effective tax revenue collection. The

major causes for this ineffectiveness are the existence of tax evasion and tax evasion by taxpayers with supporting and assisting the tax professionals of the organization of tax authority.

According to [Jonathan F.](#) (2018), as stated on revealed in his empirical study, "separate [report](#) by the United Nations Economic Commission for Africa (UNECA) estimates that African countries lose more than \$50 billion each year to illegal financial outflows, most especially through tax avoidance and evasion." In addition to that, the report of IMF data reports revealed that the average tax frontier (a country's maximum achievable level of tax revenues) is [7.5% lower](#) in Sub-Saharan African countries than anywhere else in the world.

In most African countries, especially in Sub-Saharan African countries, tax revenue collection practices are highly exposed to tax evasion and tax avoidance because the incentives and benefits for someone who participates in the practices and procedures of revenue collection are common in most developing countries.

Many developing countries are unable to generate a sufficient amount of tax revenues because of these developing countries are existed highly in the institutional problem in general and operational in particular in the process and practice of revenue, such as the incapability of tax auditors, lack of well-networked information communication technology, and perception and commitment of taxpayers to correct the tax evasion and avoidance.

Collection of revenue based on generating capacity is hampered by various factors; these factors are weak administration systems, lack of Compliance of both taxpayers and tax officers, lack of infrastructure, lack of smooth and regular communication between stakeholder sectors, the attitude of taxpayers, and perception of tax officers, these leads to tax evasion and avoidance and its highly affect the revenue collection performance of the nation in general and institution in particular.

When the tax authority managers and higher executives are assigned by political assignment rather than merit-based, the level of independence of the officers and experts is eroded. As the power of a leader evolves into the political management of a service, the independence of officials is rapidly eroded by the interference of political leaders and the risk of corruption increases. However, other researchers also support this idea; political appointments reduce work efficiency and facilitate corruption, as in Tanzania, where entrance into the police or the legal profession required joining the party Sedigh and Muganda (1999).

According to Chand and Moene, (1999); Tanzi, (2000b) and Hindriks et al., (1999), corruption and tax evasion literal have affected the economic efficiency of the nation in general And highly affect the income and wealth distribution of citizens; in particular, this is caused by the effective tax rates

faced by individuals and firms may differ due to different opportunities for Evasion. According to the literature of Odd-Helge Fjeldstad (2006), the Tax administration system in many African countries are weak, inefficient, and corrupt. Further, the cause of weak tax administration is their effort is highly tried by tax evasion and avoidance.

Objective of the study

The main objective of this study is to identify Determinants of tax evasion and avoidance in revenue collection practices with the reference of taxpayers and tax officers in the Hawassa City administration revenue authority office.

Brief literature review

Evasion and avoidance strong similarities; sometimes, indeed, they can hardly be distinguished, Feldman and Kay, 1981; Cowell, (1990); McBarnet, (1992).

According to [Renyan Mu](#), [Nigatu MengeshaFentaw](#), and [Lu Zhang](#) (2023), The theory of psychological egoism has similar bases. However, the perception of tax evasion raising from personal greed to conceal income and reduce tax liabilities by performing illegal active leads to the collection of tax revenue and affect the effectiveness of tax revenue collection of the institution.

According to Franzoni, L. A. (2008), various Studies in developing countries indicate more than half of the taxes that should be collected cannot be traced by government treasuries due to corruption and tax evasion. Furthermore, I agree with the above researcher's finding that developing countries' revenue is highly hampered by the evasion and avoidance of tax. There are many causes why those taxpayers evade and avoid tax revenue rather than providing genuine reports to the tax authority. Furthermore, Taxpayers' tax experts and finance professionals lead the taxpayers to misinterpret the laws and use tax loopholes for tax avoidance if they favor the taxpayers and get the favor from benefited taxpayers.

The tax revenue collection practices and processes involve several Stakeholders in government institutions and societies in the taxpayers, which enables the create opportunities for and encourages them to engage in tax evasion and avoidance on both tax authority office specifically, and the overall economic health is widespread. These stakeholders include tax officials, engineers involved in leasing land, immovable property estimators, politicians, and the taxpayers themselves.

In the case of developing countries, tax evasion is widespread, and its consequences for the tax system are destructive and highly affect the tax revenue collection performance of the nation in general and

the city/ town in particular. This affects the collection performance, the genuine estimation of tax revenue-generating capacity, and the nation's overall development.

Taxpayers tax evasion and avoidance is a systematic way through which taxpayers erode socio-economic development and try to increase their associated expenses of the business and decrease their tax liabilities, and earn more after-tax income rather than the normal legal income. Tax evasion and avoidance are the taxpayers intentionally employ different strategies and techniques to maximize their income through illegal and using loopholes of tax and minimizing the government tax income. These taxpayers' strategies affect the nation's economic development, enhancing the gaps of income and wealth of the citizens, affecting the genuine estimation of tax revenue generating capacity, and affecting the effective collection of tax revenue of the nation as a whole and tax authority in particular.

Tax avoidance has increased sustainability problems. People take excuses like they earned less profit or gain on such income than earned to evade taxes.

According to U Myint* (2000) on Government revenue collection, when bribes can be existed and are used by tax officers, it reduces the amount of taxes revenue such as fees, dues, customs duties, and electricity and other public utility charges collected from business firms and private individuals. The higher level of tax evasion and avoidance in the tax revenue collection practices in developing countries have a larger impact on the socio-economic development of developing countries. It is also consistent with the high tax evasion and avoidance level in developing countries. In addition, they hypothesized that a 4-point reduction in evasion and avoidance leads the officers to earn corruption and an increase in direct taxes in developing countries, as a group, by 7.2 percent of GDP.

According to Franzoni (1999), Compliance with tax laws typically means that taxpayers are willing for true reporting of the taxable income, maintain appropriate information about their transactions, appropriately computation of the tax payable, filing of returns, and make timely tax liability payments. Furthermore, when the taxpayers' attitude toward a negative feeling the aim of tax revenue collection, they fail to evade their taxes and avoid their income by searching for tax loophole laws. The officers do not securitize their financial statements because they perceivethe unnecessary benefit by favoring the taxpayers by violating rules and regulation tax; this leads to increasing the evaded amount of tax in one way, reducing the revenue collection performance, and increasing the corruption level in another way.

There are many Causes of tax evasion and avoidance in tax revenue collection practices, and there are A variety of factors that contributes to the collection of tax; These include the complexity of tax laws and procedures, the monopoly power and degree of discretion of tax officials, lack of adequate monitoring and supervision, the commitment of political leadership, and the overall environment in the public sector Mahesh. Purohit, M. C., & Purohit, V. K. (2010) , my argument here is that the monopoly of power of control is not alone; the main causes the way for the monopolization is the system of tax and fragmented administration system, which leads to control of the power of tax collection practices and procedures by monopoly and allow the taxpayers and to evade and involve in avoidance of tax revenue and officers for corruption.

The political leaders are evolving into the tax revenue administration practices and procedures a service, the independence of the tax officers is rapidly eroded by the interference of political leaders, and the level of corruption on tax revenue will be increased. "Political appointments not only reduce work efficiency, but they also facilitate corruption, as they did in Tanzania, where entrance into the police or the legal profession required joining the party" Sedigh, S., & Muganda, A. (1999). However, the consequence of tax evasion and avoidance enables the tax officers to perceive corruption when they do not evaluate and review their financial statement misstatements.

Tax revenue administration refers to the identification of tax liability based on the existing tax law, the assessment of this liability, and the collection, prosecution, and penalties imposed on recalcitrant taxpayers. Tax administration covers a wide area of study, encompassing aspects such as the registration of taxpayers, assessments, returns processing, collection, and audits Kangave, J. (2005), Furthermore, in assessing their liabilities, the tax officers and experts have objectively assessed, evaluated, and reviewed their statement fairness and reports based on the standards.

According to Gilligan and Richardson (2005), the tax system perceived as unfair by the taxpayers may likely be less successful, and this will encourage the taxpayers to engage in noncompliant behavior. In addition to that, the taxpayers do not confidently feel about the aims, objectives, equity, and equality of tax collection practices and their attitude of taxpayers towards evasion and avoiding tax revenue. Bird, R. M., & Oldman, O. (1968) further state that the sure sign of ineffective tax administration is the presence of a very large delinquency in tax payments, which indicates the lack of taxpayer respect for the tax system. The major causes for ineffectiveness and under-collection of tax revenue are tax evasion and avoidance practices on the taxpayers and some tax officers' participation in corruption activities.

A tax system that is complex poorly understood by tax administrators, officers, and taxpayers creates plenty of possibilities for evasion of tax and, leads the officers tends to corrupt behavior, and involves coercion in the collection of taxes from reluctant citizens, providing a poor basis upon which to build trust between citizens and the government. As a result, it is thought that the complex tax system and inadequate data maintenance system affect the amount of tax that will be collected.

Eriksen, K., & Fallan, L. (1996). said that dimensions of attitude towards tax evasion include: attitude towards one's tax evasion, which is referred to as tax ethic, fairness of the tax system, attitude towards other people's tax evasion, and attitude towards general crime. However, taxpayers' attitude negatively perceives that there is no fairness in tax liabilities between taxpayers and that the collected tax is not invested in development issues because the taxpayers are not voluntary. They are not compliant with tax rules and regulations, which reduces the amount of tax and non- tax collection performance.

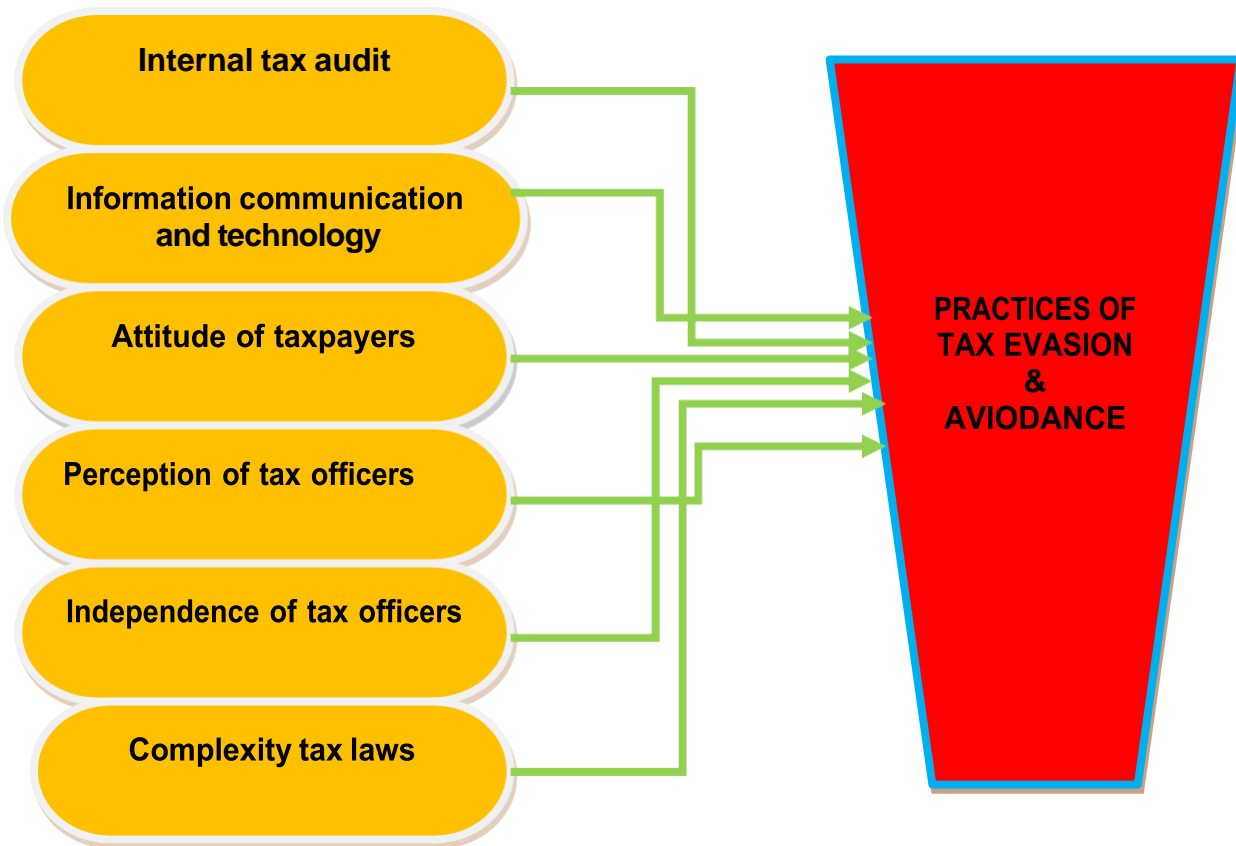
Conceptual Framework

A conceptual framework shows the expected relationship between explanatory and dependent variables. It's used as a road map that helps the researcher come together to draw consistent conclusions by illustrating causes and effects between variables. The different variables in the conceptual framework reflect the expectation of the study.

The conceptual framework draws from the study's objectives that help the research come together to draw consistent conclusions.

Explanatory variable

Dependent variable



Source: compiled by researcher

Material and Methods

Descriptive of Study Area

The name Hawassa comes from Sidaamu Afoo, the name of the city comes from the word "Hawassa," which means huge in the Sidama language and is used to describe the large surface area of Lake Hawassa. Hawassa, the capital city of Sidama regional state, is very attractive to tourists and residents because one of most the Ethiopian Central Statistical Agency estimates that the population of Hawassa is 351,469 and has an annual population growth rate of 4%.

The city is far from the capital city of Ethiopia by 273 KM and comprises eight sub-cities, with each city having its own revenue authority offices. The revenue collection performances of each sub-cities are different in amount because of their generating capacities, the size of the sub-city, and the

number of taxpayers or business owners are different.

Sources and types of Data

There are two types of data primary data and secondary data. In this study, both secondary and primary data were employed. Both primary and secondary data were used in this study to present and analyze the data. Primary data were collected from Menahariya sub-city taxpayers and revenue authority officers of the Menahariya sub-city from the Hawassa city administration. Why the reason selects, Menahariya sub-city is there is a large number of taxpayers in the Menahariya sub-city rather than in the sub-city. There are various types of business sectors and taxpayers available in this sub-city. It is also very important to triangulate and substantiate the information, to get the various information from different categories, and obtain information differently.

Target population sample size and Sampling techniques

Target population

In statistics, a population is a total group about which some data is required to be collected, presented, and analyzed the data to ascertain and ensure whether the research question is answered or not.

In other words, the target population is the group of individuals that the involvement intends to collect data and present and analyze during research and to draw conclusions from the responses of the selected respondents. Why the reason and the benefit of identifying the target population in the research is; to Sets clear direction on the scope of the study, to identify the clear objective of the study and to collect the data only from the concerned body, to determine the types of data, to determine the sample size when the population is too much, to qualify the data and to give the recommendation to the concerned body. In conducting research, defining the target population is necessary before determining the sample.

Sample size

In research, sample size means the selection from the total population that the selected amount is representative of the real population for the specific study is called a sample size. Taking a sample is only when the real population is too large, it's difficult to touch in a specific time, and impossible in the case of budget.

In quantitative research, taking an appropriate sample size allows the researcher to Control the

error (Type I & II error) on one side and help to achieve the appropriate conclusion. To address the problem of tax evasion and avoidance, considering only the taxpayers do not give full information about the causes and effects to achieve the solution, so considering tax officers is crucial to address the causes and consequences of the outcomes. There are two sample sizes under this study the first one is tax officers of revenue authority, and the second one is taxpayers of Category "A" taxpayers and determined as below:

The sample size was determined by using Yemane T (1967) as follows:
The sample size of tax Authority officers is as follows:

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

Where

n –sample size, N –population, e -permitted error

$$n = \frac{46}{1 + 46(0.05)^2} = \frac{46}{1 + 0.115} = \frac{46}{1.115} = 41.25 \approx 41$$

The sample size was determined by using Yemane T (1967) as follows:

The sample size of category "A" taxpayers in Menahariya|Sub city is:

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

Where

n –sample size, N –population, e -permitted error

$$n = \frac{326}{1 + 326(0.05)^2} = \frac{326}{1 + 0.815} = \frac{326}{1.815} = 179.6 \approx 180$$

Sampling techniques

The sampling technique is studying the population by gathering information and analyzing that data from the ascertained sample size.

In this study purposive sampling technique is employed for both taxpayers and tax officers; why that purposive sampling is because there is a large number of Category "A" taxpayers in this sub- city. These taxpayers must maintain all information regarding tax and non-tax-related transactions rather than the other taxpayers.

Data collection instruments

Primary data collection instruments

Questionnaire

To obtain answers to the research questions and to achieve the objective, the primary data were collected by self-administered open and close-ended questions and distributed to both taxpayers and tax officers based on their concerns. The questionnaires are prepared and distributed after considering the validity and reliability test.

Interview

In addition to the questionnaire, the interview type of data collection technique was employed to make the information more reliable from the respondents. Interviews means a qualitative research method used to collect primary data from respondents to take their responses based on their perceptions, opinions, experiences, or perspectives on a particular topic or subject matter. The research has different types of interviews, such as; structured, unstructured, and semi- structured.

Focus group discussion

To triangulate and substantiate the information and to make the information more reliable, the focus group discussion plays a vital role because, in the focus group discussion, the respondents make a few arguments and correct some misunderstandings from participating. Obtaining fresh, neat, more accepted, and reliable information from respondents is very important. In this study, seven respondents formed one group, and sixty-five focus group discussions were discussed.

Secondary data collection

The secondary data is the data collected by someone other than the actual user. It means the information is already available and prepared for other purposes. This study employed secondary data from the financial statement of taxpayers, the annual plan of the revenue authority office,

the annual plan report of the revenue authority office, magazines, newspapers, books, and journals, including published and unpublished data.

Model specification

Model specification is the decision of the researcher to identify independent and dependent variables and to determine the variables which should be included and excluded in a regression equation. The measurement matters the model specification, and the model specification matters the data analysis.

"Specification is the process by which variables are selected to be included in a model"(MacCallum, 1995).

The model specification should be based consideration primarily is better than on theoretical considerations or empirical ones.

Probit regression is designed to analyze binary or dummy and categorical response variables." When the response variable is dummy or categorical, a standard linear regression model can't be used because of the lie outside the normal 0 to 1 range. However, we can use probit regression models instead of linear regression models.

The choice between the two (the probit model and the Logit model) is one of mathematical convenience. The study, however, employed the probit model. (Gujarati, 2007; Wooldridge, 2009).

As specified below:

The probit model is generated by a simple latent model of the form shown below

$$y_i^* = X'Q + \epsilon \dots \dots \dots (1)$$

$$v_i = \left\{ \begin{matrix} 1 & \text{if } y_i^* > 0 \\ 0 & \text{other wise} \end{matrix} \right\} \dots \dots \dots (2)$$

Where y_i^* A latent variable or unobserved variable is, y_i is the i^{th} there is tax evasion and avoidance in the collection practices, and its value is 1 if the office's tax collection practices are caused by tax evasion and avoidance and 0 otherwise. X' is a vector of explanatory variables; β isa vector of parameters to be estimated, and ϵ is the error term which is normally distributed with mean 0 and variance δ^2 . With the assumption of the normal distribution function, the model to estimate the probability of observing effective revenue collection practices can be stated as follows:

$$p(y_i = 1|X) = \Phi(X'\beta) = \int_{-\infty}^{x'\beta} \frac{1}{\sqrt{2\pi}} \exp\left(-\frac{z^2}{2}\right) dz \dots \dots \dots (3)$$

Where p is the probability that the *i*th tax revenue office, which 1 is deemed to have evasion and avoidance practices on tax revenue and 0 otherwise.

The specific probit model for the determinants of evasion and avoidance can be defined as:

$$y_i = \beta_0 + \beta_1INTA + \beta_2INCT + \beta_3ATTP + \beta_4POTO + \beta_5EDLT + \beta_6CMTL + \varepsilon$$

Where *INTA* is an internal tax audit, *INCT* is information communication and technology, *ATTP* is the attitude of taxpayers, *POTO* is the perception of tax officers, *EDLT* is education level of taxpayers, and *CMTL* is the complexity of tax law.

Finding of the Study

These dummy variables are deemed to determine the practices of tax evasion and avoidance, and they are their coefficients and levels of significance are estimated using the probit model, which is depicted below:

Table One: Result of the Probit Model

Number of obs = 180 LR chi2(5) = 98.42 Prob> chi2 = 0.0000 Log-likelihood = -49.409706 Pseudo R2 = 0.3127				
	Coefficient	Std. Error	Z-value	P-value
INTA	-0.782254.	.7707218	-2.31	0.021 **
INCT	-0.061365.	.0159722	- 3.84	0.000***
ATTP	-0.426332	.5950379	-2.40	0.017 **
POTO	0 .0517289	.0838903	0.62	0.537
EDLT	-0.3398478	.4143208	0.82	0.412
CMTL	1.147434 .	.4869641	2.36	0.018 **

***, **, * significant at 1%, 5% and 10 respectively

Source: own survey and computation (2022)

From the result of the probit model (table one), one can understand that the likelihood ratio chi- square of 98.42 with a p-value of 0.000 tells us that our model as a whole is more statistically significant than a model with only the constant term. This implies the set of all independent variables put together significantly explains the variation in the dependent variable

The probit regression results in table one above depicts that of all the six variables that show used in the estimation of determinants of tax evasion and avoidance practices using the probit model, four of them were found to be significant at various level of significance. It also revealed that all of the variables (those that are significant and not significant) are of the expected sign. Among the variables hypothesized the tax evasion and avoidance affect practices of tax collection with thin the rubric of tax audit *INTA* (internal tax audit), *INCT* (information communication and technology), *ATTP*(attitude of taxpayers) negatively and significantly affect the likelihood of tax evasion and avoidance in tax revenue collection practices and administration except for *CMTL* (complexity of tax law) which affects positively the likely hood of tax evasion and avoidance practices in tax revenue collection practices and administration.

Thus far, we have seen only the direction of the relationship between tax revenue practices and their determinants. To interpret the quantitative implications of the determinants of the dependent variable, we need to compute the partial effects, using marginal effects for continuous explanatory variables and average effects for binary explanatory variables.

The variables' partial derivatives (marginal effects) on the tax revenue collection practices are computed at the means of the variables for all observations, as shown in Table two below.

Table Two: Marginal Effect of the probit model

Marginal effects after probit				
Dependent Variable: Revenue collection Performance(RCLP)				
	<i>dy/dx</i>	Std. Err	Z-value	P-value
INTA	-0.558026	.23859	-2.34	. 0.019**
INCT	-0.019878	.00489	-4.07	0.000***
ATTP	-0.464426	.17028	-2.73	0.006 ***
POTO	0.001696	.02712	0.63	. 0.531

EDLT	-0.098804	.10623	0.93	0.352
CMTL	0.404761	.15877	2.55	0.011 **

***, **, *significant at 1%, 5% &10 % respectively

Source: own survey and computation (2022)

From the result of the probit model, we can see that the coefficient of the partial effect of *INTA* (internal tax audit) is negative and significant at a five percent level of significance implying that internal tax audit matters greatly in affecting the likelihood of tax revenue collection practices. The table above shows that the likely hood of revenue collection performance decreases by about 56% for those tax authority offices with competent internal tax audits compared with their counterparts. Most of the time, internal tax audit effectiveness should depend on the independence and objective activities of auditors activities; when the audit work is free from interference and influence, the audit work becomes effective, and the accountabilities of officers and taxpayers are unquestionable, and those tax evaders and participating on the tax avoidance through using tax loopholes of tax laws and regulation become accountable. Tax evasion and avoidance will be reduced without any doubt, and the collection performance become effective. In addition to that, the most obvious explanation for this is that a well-functioning internal tax audit coupled with the necessary skill, knowledge, and capacity of the operators gets things well

done which in turn ensures the ability of the organization to successfully, efficiently, and tax evasion and avoidance reduced and freely collect tax revenue and administer tax revenue collection processes. *INCT* (information communication and technology) also plays a significant role in deterring the likelihood of the practice and prevalence of tax evasion and avoidance in due course of tax revenue collection practices and administration. This variable refers to how well information communication and technology processes and practices pave the way for tax authorities and taxpayers to obtain sufficient and appropriate information and evidence to express their feelings, reveal key information, and provide reasonable assurance on their activities. It refers to the accuracy and completeness of the audit practitioners' performance and analyses of the activities, which intuitively include evasion and avoidance practices. The result of the marginal effect of the probit model above shows that *INCT* (information communication and technology) significantly and negatively affects the likelihood of tax evasion and avoidance practices at a one percent level of significance. For every tax authority, those credible, well- networked, and functioning information communication and technology processes have a 2 % less likelihood of evasion and avoidance practices than their counterpart.

The government also made it easier to pay taxes by introducing measures such as an electronic tax filing system. In this way, technology improved efficiency and reduced opportunities for evasion and avoidance.

ATTP (attitude of taxpayers) refers to whether or not taxpayers have a positive attitude toward tax payment and government tax revenue collection and administration. It is intuitive that the more positive the attitude taxpayers have, the more complies with the tax laws and the less likely the tax evasion and avoidance practices in tax revenue collection practices and administration will be. As seen from the table above, this variable negatively and significantly affects practices of tax evasion and avoidance at a 1% significance level. The positive attitude of taxpayers will decrease the likelihood of tax evasion and avoidance in tax collection practices and administration by 46 %, keeping all other variables constant at their mean.

CMTL (complexity of tax law) also matters a lot in so tax evasion and avoidance; tax laws are critical to ensure that taxpayers and government authorities are disciplined and provide a framework for performing and promoting ethically credible public services. The laws and standards are mandatory requirements consisting of the Statements of basic requirements for the professional practice of internal auditing and for evaluating the effectiveness of its tax collection practices and performance. But when these laws are complex, they open room for loopholes, evasion, and avoidance, leading to corruption. The variable *CMTL* (complexity of tax law), as can be seen from the probit model above, positively and significantly affects the likelihood of the practices of tax evasion and avoidance in due course of revenue collection practices and performance at a five percent level of significance. From the marginal effect of the probit model above, we can deduce that tax authorities with complex tax laws are more likely, 40%, to experience tax evasion and avoidance than their counterparts.

Suggestion

The study, as can be deduced from the probit model and its marginal effect, has unveiled that evasion and avoidance practices in tax revenue collection and administration have been evidenced by the complexity of tax law when its likelihood of practices decreases with tax revenue administration system, information communication and the attitude of taxpayers. And thus, the study recommends that the government should make sure that there are proper but noncomplex tax laws, an effective internal tax audit system, a well-functioning information communication and technology system, and taxpaying citizens who are proud of being taxpayers and thus have a positive attitude toward tax payment and their government.

COMPETING INTERESTS

The author has no competing interests to declare.

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