

Taxpayers' Perception on the Seriousness of Tax Evasion in Dessie Town Administration, Ethiopia

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Abstract

Tax evasion is found to be threatening to tax authorities in developing countries including Ethiopia. Hence, this study was designed to evaluate the understanding of taxpayers themselves on the seriousness of tax evasion in Dessie town, Ethiopia. For this set objective, data were collected from 318 randomly selected self-employed taxpayers using 7 point likert scale questionnaire. The study found out that the more the respondents are educated and older, the more they likely to perceive that the government losses more due to tax evasion by tax evader. Seeing how serious tax is being evaded the study found out that only few people report all of their income to tax Authority (64.6%) and deliberate tax evasion is on the increase in study area (60.4%) though deliberate tax evasion is not considered acceptable by society (60.4%). Likewise, the summarization of taxpayers perception about the study area tax administration indicated that taxpayers pay too much tax on what they earn already (76.4%), the taxes collected are used poorly (68.5%), there is a culture of tax evasion (63%), and the risk of getting caught for tax evader is low(49.1%). Overall, we can conclude that taxpayers themselves recognized that taxes are being seriously evaded due these different reasons. Therefore, tax authority is expected to improve its tax collection enforcements and exert efforts to change the culture. Further researches should be conducted to investigate the reasons for increment of deliberate tax evasion and tax evasion culture in the town.

Keywords: taxpayers' perception, tax evasion, seriousness, tax loss, Ethiopia

1. INTRODUCTION

Taxation has gained importance not only as a tool for raising revenue to meet the administrative costs of governance as well as for the provision of public services but it also serves as a tool available to planners, policy makers and implementers aiming to regulate the economy in order to bring about desired economic development (Palil, 2005). Therefore, the citizens are expected to discharge their civic responsibility by paying their taxes as these contribute to the development and administration of the society at large (Murkur, 2001). Nonetheless, significant taxes to be collected find their way out of the economy through tax evasion (Fagbemi, Uadiale, & Noah, 2010). Hence, building the capacity of low-income countries to mobilize more tax revenues is now at the top of the development policy agenda (Kasipillai, 2012).

Researchers, in fact, have identified different factors for the tax concealing action of taxpayers. Accordingly, some of the factors for the tax evading behavior of taxpayers are the rates at which taxpayers are being taxed; the probability of being detected after evading taxes; level of Tax Law Enforcement; corruption in society; Failure by the Government to provide basic Public services (Pashev, 2005; Chiumya, 2006; John & Enoch, 2013; Uadiale et al, 2010). Furthermore, probability of being audited; perception on government spending; perception on equity and fairness of the tax system, and penalties are also important factors in assessing tax compliance behavior (Palil, 2010; Chan et al, 2000; Tilahun, & Yidersal, 2014).

In fact, tax evasion is a phenomenon present in all societies (Uadiale, Fagbemi, & Ogunleye, 2010). It is found to be threatening to tax authorities, especially in developing countries. Recently, there is drastic reduction in states budget all over the world because of practice of tax evasion by economic agents. The value of tax evasion in the world over all is in excess of US\$3.1 trillion approximately 5.1% of global GDP (Muhrtala & Ogundeji, 2013). Moreover, Murphy (2011), showed that the total size of shadow economy on total GDP, by region, South America (36.8%) is placed at the top of the list, followed by Africa (34.8%), Europe (20.5%), Asia (17.7%), Oceania (14.1%) and North America (10.8%) (Ching, 2013).

Apparently, Ethiopia has a tax to GDP of 12.2% which is lower than other African countries of Kenya 17.7%, zambia 17%, Malawi 15.6% and Rwanda 14.1% (Tilahun & Yidersal, 2014). The country's tax mobilization is also the lowest among most African countries (Tilahun, & Yidersal, 2014). Hence, Ethiopian government has given an attention to increase tax collection. For this reason, in the country five year Growth and Transformation Plan it has been clearly stated that efforts will be geared towards promoting compliance and equipping tax collection institutions with adequate enforcement power which will further boost revenue mobilization at federal and regional levels. The achievement of this intention will be unimaginable to attain without understanding perception of taxpayers themselves in seriousness of tax evasion. Unfortunately, this issue is not covered yet by previous research works. Therefore, this study on its part investigated the perception of self-employed taxpayers themselves on the seriousness of tax evasion in Dessie town administration, Ethiopia, by investigating the existence of factors that taxpayers uses to justify tax evasion as well as taxpayers understanding the extent of tax evasion committed in the town.

2. RESEARCH METHODOLOGY

The purpose of this study is to describe the perception of self-employed taxpayers about tax evasion environment in their town and their understanding on the extent of tax evasion. Hence, a descriptive survey research design was used. This study was conducted in Amhara region particularly in Dessie town administration. It is found in north-central part of Ethiopia by 401 km far from the capital city of Ethiopia, Addis Ababa. It is known as a trade center for many towns and areas around it.

The population of this study is self-employed taxpayers of Dessie town administration. According to Dessie town tax collection authority (2015), they are estimated to be 10, 820 registered individuals in number in this year. From this population 318 individual samples were drawn. Then these determined samples were selected through simple random sampling technique from the population. The taxpayers' registration list in the Dessie town tax collection center was taken as sampling frame.

The necessary data to achieve the set research objective were collected through distributing close ended questionnaire to self-employed taxpayers in Dessie town administration to express their opinions about tax evasion and their understandings on the seriousness of tax evasion in their town. In the questionnaire, to determine self-employed taxpayers perceptions about tax evasion issue as well as their understanding on the severity of tax evasion in study area, respondents were requested to state their level of agreeableness in the 7 point likert scale. Ultimately, the collected data were analyzed using descriptive statistics and correlation

3. SURVEY FINDING

3.1. Demographic Profile of Respondents

Both genders of respondents were participants for this study. Male respondents consist of 69% and the remaining are females. Again, most of the respondents which comprises of 47.3% were from the age group between 26 –35 years old followed by age group of 36-45 years. Few of the respondents were from age group 46-55 and above. The above age groups of the respondents indicated that the respondents of this study were in the good age group to make informed decisions for the data they are provided for this study.

Likewise, respondents of this study are from different educational levels. 16.4% of respondents have academic status below grade eight, while majority of the respondents are 9-10/12 grade complete and diploma holder with 38.2% and 27.3 % proportion, respectively. The remaining 16.4% respondents are masters' degree holder.

3.2. Taxpayers' perceived loss of tax due to tax evasion in Dessie town Administration

Table 1: % of tax uncollected from the total by the government as to respondents' opinion

% of tax loss by the government	Frequency	Percent	Valid Percent	Cumulative Percent
above 50%	36	10.7	11.3	11.3
31%-50%	48	14.3	15.1	26.4
21%-30%	42	12.5	13.2	39.6
11%-20%	54	16.1	17.0	56.6
up to 10%	60	17.9	18.9	75.5
below 1%	78	23.2	24.5	100.0
Total	318	94.6	100.0	

As shown in table-1 respondents were asked their opinion about how much percentage of tax government losses as a result of tax evasion. Accordingly, 24.5 % of the respondents believe that the government losses only less than 1% of tax to be collected whereas 18.9% believe that tax lost for the government due to tax evasion is up to 10%. The other respondents which comprises of 17% of the total respondents reflected that the government losses 11% up to 20 % tax to be collected due tax evasion by taxpayers. Likewise, the remaining respondents which consists of 13.2%, 15% and 11.3 % of the total respondents reported that the government loses 21% up to 30%, 31% up to 50% and above 50% of tax that to be collected, respectively. Over all, the table-1 survey result reflects that 56.6 % of respondents reported that the government is losing more than 10% of tax due to tax evasion. This reflected that taxpayers themselves believe that there is tax evasion in some extent in the town. Here, tax evasion isn't something only the government announces but it is also an incident even taxpayers recognizes.

3.3 Which groups of the respondents notice the loss the government incurred due to tax evasion?

3.3.1. The Relationship between Respondents Academic Status and the Amount of perceived loss of tax due to tax evasion

Educated respondents are more likely to recognize the loss of tax due to tax evasion. The following correlation table shows the relationship between tax loss of the government and respondents education level.

Table 2: The correlation of respondents' academic status and amount of perceived tax loss

			academic status of the respondents	%of tax uncollected from the total by the government as to respondents opinion
Spearman's rho	Academic status of the respondents	Correlation Coefficient	1.000	.122*
		Sig. (2-tailed)	.	.030
		N	318	318
	%of tax uncollected from the total by the government as to respondents opinion	Correlation Coefficient	.122*	1.000
		Sig. (2-tailed)	.030	.
		N	318	318
*. Correlation is significant at the 0.05 level (2-tailed).				

A correlation analysis was used to examine the relationship between the respondents' academic status and amount government tax loss reported. The correlation result was found to be statistically Significant, $r(318) = +.122, p = .030$, two-tailed. It is a positive relationship which mean when respondents' academic status moves up from lower grade to college and universities, the respondents perceived amount of tax loss of the government due to tax evasion increases. This suggests that the educated taxpayers are more likely to notice that the government loses higher amount of tax due to tax evasion than less educated.

3.3.2. The Relationship between Respondents Age and the Amount of Perceived Loss of Tax Due to Tax Evasion

The following correlation table shows the relationship between tax loss of the government and age of respondents.

Table 3: The correlation of age of respondents and amount of perceived tax loss

			age group of the respondents	%of tax uncollected from the total by the government as to respondents opinion
Spearman's rho	age group of the respondents	Correlation Coefficient	1.000	.111*
		Sig. (2-tailed)	.	.049
		N	318	318
	%of tax uncollected from the total by the government as to respondents opinion	Correlation Coefficient	.111*	1.000
		Sig. (2-tailed)	.049	.
		N	318	318
*. Correlation is significant at the 0.05 level (2-tailed).				

Table 3 indicted that the correlation result is statistically Significant, $r(318) = +.111, p = .049$, two-tailed. Respondents' age and perceived amount of tax loss have positive relationship which mean that while respondents' age moves older, the respondents perceived amount of tax loss of government is higher. This implies that older taxpayers are more likely to notice higher amount of government loss of tax due to tax evasion than younger. Hence, the government needs to work with younger groups of taxpayers in its effort of tax evasion combat.

3.4 The Tax Evasion Environment and Tax System in Dessie Town

In the society as well as within the tax system a tax evasion environment may be created. The following table summarized the tax evasion environment from a general point of view which will concern why people engage in deliberate tax evasion.

Table 3: Opinion of respondents about Dessie town tax evasion environment and tax system

	Items	Description of respondents level of agreement							Existence of tax evasion environment and unfair tax system		
		strongly agree	agree	fairly agree	indifferent	fairly disagree	disagree	strongly disagree	yes	No	indifferent
1	There is a culture of tax evasion in Dessie everyone who has the opportunity to evade tax does so	46.3%	7.4%	9.3%	14.8%	5.6%	13.0%	3.7%	63.0%	22.2%	14.8%
2	The taxes collected are used poorly	40.7%	11.1%	16.7%	5.6%	7.4%	13.0%	5.6%	68.5%	25.9%	5.6%
3	People try to avoid paying tax because they know the Government spends the money badly	30.9%	14.5%	12.7%	16.4%	9.1%	9.1%	7.3%	58.2%	25.5%	16.4%
4	People think they pay too much tax on what they earn already	41.8%	21.8%	12.7%	7.3%	9.1%	5.5%	1.8%	76.4%	16.4%	7.3%
5	In Dessie town the tax system is fair among taxpayers	34.5%	9.1%	5.5%	5.5%	9.1%	5.5%	30.9%	49.1%	45.5%	5.5%
6	The risk of getting caught is low	30.9%	14.5%	3.6%	18.2%	20.0%	5.5%	7.3%	49.1%	32.7%	18.2%

In the below paragraphs the survey results of table-3 are analyzed and interpreted.

The culture of tax evasion in Dessie town

As indicated in table-3, just to determine the culture of tax evasion in Dessie town, respondents were asked their level of agreement for the statement ‘There is a culture of tax evasion in Dessie town everyone who has the opportunity to evade tax does so’. Accordingly, 46.3% of the respondents strongly agree on the statement, 7.4% agree, 9.3%, fairly agree, 14.8% indifferent, 5.6% fairly disagree, 13% disagree, and 3.7% strongly disagree on the statement. This indicates that majority (63%) of the respondents believe that there is a culture of evading tax in Dessie town, everybody is doing it. Taxpayers in the town make evading tax as common practice among taxpayers. Every taxpayer in the town is doing it. Hence, it can be conclude that taxpayers themselves believe that there is tax evasion act in Dessie town.

Perception of taxpayers on the usage of the tax collected

In order to obtain respondents opinion on the utilization of the tax collected, they were asked their level of agreement on the statement that ‘the tax collected is used poorly.’ The survey result in table-3 shows that 40.7% of the respondents strongly agree on the statement, 11.1% agree, 16.7%, fairly agree, and 5.6% are indifferent. Whereas, the remaining 7.4% fairly disagree, 13% disagree, and 5.6% strongly disagree on the statement. In cumulative of the agreement spectrum, majority of the respondents (68.5%) perceive that the tax collected is used poorly in the town. Only 25.9% of the respondents oppose the statement. This indicated that in Dessie town administration taxpayers perceive that money collected is used poorly by the government. Taxpayers are unaware of the utilization of the tax collected amounts in the country. However, the studies conducted on taxpayers’ ethics of tax evasion concluded that one of the justifications for tax evader to evade tax is the poor utilization of the money collected by the government (Muleye, 2015). Hence, the government has to work on this understanding of taxpayers to enhance the tax evasion fight.

The reaction of taxpayers in paying tax when the Government spends the money collected badly

In relation with the above paragraph argument, respondents were also asked whether they avoid paying tax when they know the Government spends the money badly. The opinion of the taxpayers is surveyed by asking them to express their level of agreement on the statement ‘People try to avoid paying tax because they know the Government spends the money badly’. Accordingly table-3 result indicates that 30.9% of the respondents expressed that they strongly agree on the statement, 14.5% agree, 12.7% fairly agree, and 16.4% are indifferent. Whereas, 9.1% of respondents fairly disagree, 9.1% disagree and 7.3% strongly disagree. This implies that majority of the respondents which comprises of 58.2% of the total respondents believe that people don’t like to pay tax while the government spend money improperly. This supports also the above paragraph conclusion that one of the reasons to evade tax for taxpayers of Dessie town is perceived poor money utilization by the government. Perhaps, this may contribute for tax evasion culture in the town.

Taxpayers’ perception on the amount of tax being paid

Do taxpayers think that they are paying tax too much in relative to their earning? Table-3 survey result indicates that majority of the respondents which comprises of 41.8% reported that they strongly agree that they are paying too much tax relative to their earning. Likewise, 21.5 % and 12.7 % of the respondents agree and fairly agree, respectively on the statement. In cumulative, 76% of the respondents believe that the tax being paid is high. The remaining few respondents which consists of 24% reported in the opposite. Therefore, the result reflects that taxpayers perceive that they are paying too much tax in comparison with their income which will lead to tax evasion behaviour. Taxpayers believe that tax evasion is always ethical if they are to pay too much (Fagbemi et

al, 2010). Hence, one of the justifications of tax evasion for Dessie town taxpayers is un-affordability of tax amount.

The perceived fairness of the tax system

A tax system of one region is expected to be fair to increase the payment of tax. In Dessie, to survey the perceived fairness of tax system by taxpayers, the experiences of taxpayers were surveyed by asking them to express their level of agreement on statement ‘In Dessie town the tax system is fair among taxpayers.’ Table-3 survey result indicates that 34.5% of the respondents strongly agreed that in Dessie town the tax system is fair among taxpayers. The other second majority which consists of 30.9%, in contrary, reported that they strongly disagree on the statement. The remaining few respondents which comprises of 9.1% and 5.5% agree and fairly agree that the tax system in Dessie town is fair where as other respondents which consist of 9.1 and 5.5 % fairly disagree and disagree, respectively that tax system is fair in Dessie town. From these responses of the respondents it can be understood that though majority of the taxpayers (49.1%) believe that tax system is fair there are also other significant majority (45.5%) respondents who believe that tax system in Dessie is not fair. This indicates that Dessie town administration still need to work to improve the perceived unfairness of tax system by taxpayers because this perception will lead taxpayers to tax evasion behavior.

The ability of revenue authority to caught tax evaders’

The tax authority need to be strong enough to caught tax evaders. To describe the issue in Dessie town, respondents were asked to state their level of agreement on the statement ‘The risk of getting caught is low’ in the study region. Accordingly table-3 shows that 30.9% of the respondents strongly agree on the statement, 14.5% agree, 3.6%, fairly agree, 18.2% are indifferent. Whereas, the remaining 20% respondents fairly disagree, 5.5% disagree, and 7.3% strongly disagree on the statement. This implies that the majority of the respondents which comprises of 49% believe in different extent that the probability of being caught is low in the study region. Taxpayers will not be caught when they evade tax. However, though the probability of being caught is low in Dessie town they don’t use this issue to justify tax evasion. Because other research finding in the same study area (Muleye, 2015) indicated that it is never ethical for taxpayers to evade tax thinking the probability of getting caught is low.

Over all, taxpayers of Dessie town perceived that they pay too much tax on what they earn already (76.2%), the taxes collected are used poorly (68.5%), there is a culture of tax evasion in Dessie(63%), the risk of getting caught is low (49%) and tax system is fair (51%). These situations are prevalent in the study area.

3.5. Taxpayers’ perception towards Tax Evasion environments in Dessie town Administration

In order to understand taxpayers’ awareness on the practice of tax evasion in their town, respondents were asked to agree or disagree with a number of statements that reflect the civic responsibility and acceptability of them as well as the revenue authority performance in dealing with tax evasion. The statements are presented as follows:

Table 4: Taxpayers understanding on the prevalence of tax evasion in their town

	Items	Description of respondents level of agreement							Existence of tax evasion in indicator s		
		strongly agree	agree	fairly agree	indifferent	fairly disagree	disagree	strongly disagree	Yes	No	Indifferent
1	Few people report all of their income to tax Authority	44.4%	18.5%	20.4%	1.9%	7.4%	1.9%	5.6%	83.3%	14.8%	1.9%
2	Deliberate tax evasion is not considered acceptable by Dessie society	30.9%	10.9%	20.0%	14.5%	3.6%	9.1%	10.9%	61.8%	23.6%	14.5%
3	Deliberate tax evasion is a minor crime	25.9%	11.1%	9.3%	7.4%	3.7%	9.3%	33.3%	46.3%	46.3%	7.4%
4	Deliberate tax evasion is on the increase in Dessie	21.8%	18.2%	20.0%	27.3%	.0%	9.1%	3.6%	60.2%	12.7%	27.3
5	Tax Authority is able to detect people not paying the right amount of tax	25.9%	11.1%	9.3%	11.1%	20.4%	11.1%	11.1%	48.2%	41.1%	10.7%
6	It is every taxpayer’s civic responsibility to pay his or her correct taxes	65.5%	21.8%	.0%	3.6%	.0%	1.8%	7.3%	87.3%	9.1%	3.6%

The opinion of respondents summarized in table-4 are analyzed and interpreted below for each argument.

The extent of taxpayers who report their income to revenue authority

The survey result in table-4 indicates that majority of the respondents which comprise of 44.4% strongly agree that only few people report all of their income to tax Authority followed by 20.4% & 18.5 % of respondents which agree and fairly agree, respectively on the issue. In cumulative, in fact, 83.5 % of respondents reported that only few people report all of their income to tax Authority. The remaining few respondents which are 7.4%, 1.9% and 5.6% fairly disagree, disagree and strongly disagree, respectively on the statement that ‘few people report all of their income to tax Authority.’ Hence it can be conclude that taxpayers don’t report all of their

taxable income to tax authority. This may be existed because there is a culture of tax evasion the society.

Acceptability of tax evasion by the society

Is deliberate tax evasion considered acceptable in the society? To respond for this question a survey was conducted by asking respondents to state their level of agreement on the statement 'Deliberate tax evasion is not considered acceptable by Dessie society.' The survey result in table-4 indicates that 30.9% of the respondents strongly agree on the statement, 10.9% agree, 20%, fairly agree, 14.5% indifferent, 3.6% fairly disagree, 9.1% disagree, and 10.9% strongly disagree on the statement. In cumulative, majority of the respondents (61.8%) believe that deliberate tax evasion is unacceptable in the society. This implies that most of the taxpayers understand that tax evasion is not acceptable in society.

Perceived Criminality of tax evasion

Respondents were also asked to state their level of agreement on the statement that 'Deliberate tax evasion is a minor crime' to determine taxpayers position on the criminality of tax evasion. Respondents responses in table-4 indicates that 25.9% of the respondents strongly agree on the statement, 11.1% agree, 9.3%, fairly agree, 7.4% indifferent, 3.7% fairly disagree, 9.3% disagree, and 33.3% strongly disagree on the statement. This result indicates that there are significant proportions of respondents in both side of the agreement level. This implies that though majority of the respondents understand that it is not minor crime half of the population still believes that evading tax is a minor crime. A study conducted in Yemen also indicated that people are less likely to perceive tax evasion as a serious crime (Yaslam et al, 2011).

Trend of deliberate tax evasion in the society

If it is concluded that some respondents consider tax evasion is minor crime and some other reported it is not minor crime, is deliberate tax evasion on the increase in the society? The survey result in table-4 on the issue indicates that majority of the respondents which comprise of 21.8%, 18.2% and 20.5 of the total respondents strongly agree, agree, and fairly agree, respectively that deliberate tax evasion is on the increase in the society. Only the remaining few respondents which consists of 9.1% and 3.6 % respondents oppose the idea in 'disagree' and 'strongly disagree' agreement level, respectively. In fact, 27% of the respondents have no idea on the increment or decrement of tax evasion in the society. In cumulative, majority of the respondents (60.5%) reported that deliberate tax evasion is increasing in Dessie. This reflected that tax evasion is becoming common to everybody. Taxpayers who evade tax are increasing. It may be because there is a tax evasion culture in the town, tax un-affordability, poor money utilization by the government, and others justification of taxpayers.

Ability of Revenue Authority to detect taxpayers not paying the right amount of tax

Regarding the tax authority performance in dealing with tax evasion management, respondents were asked to express their level of agreement on the statement 'tax Authority is able to detect people not paying the right amount of tax.' As table-4 shows that 25.5% of the respondents strongly agree on the statement, 11.1% agree, 9.3%, fairly agree, and 11.1% indifferent. Whereas, the remaining 20.4% of the respondents fairly disagree, 11.1% disagree, and 11.1% strongly disagree on the statement. In summary, this survey result indicates that half of the respondents (48.2%) believe that Tax Authority is able to detect people not paying the right amount of tax and the other significant half (41.1%) in the opposite reflects that the tax authority has inability to detect. This finding implies that the tax collection enforcement of revenue authority is still in infant stage because half of the taxpayers observed its weakness.

Perception of taxpayers on the civic responsibility of paying tax

As indicated in table-4 in respect with civic responsibility of paying tax, 86.8% of the respondents agree that it is every taxpayer's civic responsibility to pay his or her correct taxes amount. In reverse very few respondents which comprises of 9.2% don't yet recognize it is their civic responsibility to pay tax. The remaining 3.65 of respondents keep neutral in expressing their level of agreement. In general, it can be concluding that most of the taxpayers understand that it their civic responsibility to pay the correct amount tax.

Overall, as revealed in table-4, though taxpayers are expected to report their entire taxable income majority of taxpayers (83.3%) believe that only few people report all of their income to tax Authority. However, majority of the respondents (61.8%) understands that deliberate tax evasion is not considered acceptable by society. Nonetheless, 60% of respondents reported that deliberate tax evasion is on the increase in study area though significant half of taxpayers (46.3%) perceive that the tax Authority is able to detect people not paying the right amount of tax. In fact, on contrary, significant majority of taxpayers (87.3% of respondents) understand that it is every taxpayer's civic responsibility to pay the correct amount taxes. Opposite to this half of the taxpayers still believe that deliberate tax evasion is a minor crime. This clearly shows a there is disconnection between the perception of the population and behaviors. Prior study indicated that where this happens it can have an effect on compliance and social cohesion (Irish Tax & Customs, 2013).

4. CONCLUSION AND RECOMMENDATIONS

The intention of this study was to investigate the tax evasion environment and attitudes of taxpayers in the case of Dessie town administration. Hence, the study discovered that in the taxpaying state of affairs there is tax

evasion culture among taxpaying community in the town, Dessie. It is reflected only few people report all of their income to tax Authority. Furthermore, deliberate tax evasion is on the increase in the city, because significant proportion of taxpayers believes that tax evasion is a minor crime though they understand that it is their civic responsibility to pay the correct amount of taxes. In general, some of the reasons to evade tax in the study area are: people think they pay too much amount tax; poor management of tax collected; existing culture of evading tax in the society; and existence of low risk of being caught. Furthermore, what makes the tax evasion situation serious in Dessie town is that those discussed issues are considered as the most tax evasion justification situations by taxpayers for their tax evasion action. Therefore, overall tax authority is expected to improve its tax collection enforcements and further researches should be conducted to investigate the reasons for increment of deliberate tax evasion and tax evasion culture in the town.

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