

Original Research Paper

# Examine the Relationship between Tax Payer Registration and Collection of Turnover Tax Category "B" Tax Payers in Ethiopia, South Gonder Zone

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**Abstract:** No one escapes from tax and death. Tax is the only tool of the government's fiscal policy; The investigation aims to examine the relationship between taxpayer registration and collection of turnover tax category "B" taxpayers and specifically examine the relationship between taxpayer registration and collection of tax, knowledge of taxpayer and collection and examine the attitude of taxpayer and the collection of tax. An exploratory research design strategy with a mixed approach is applied because data was collected in qualitative and quantitative ways. There are 797 registered categories "B" taxpayers in the zone; from this, 266 taxpayers are selected using the probability simple random method since the population is the same and from 18 Woreda office employees, 36 are determined using the non-probability purposive sampling system, 19 managers also taken as a total 321 samples are selected. Data was composed from primary and secondary sources. Questionnaires and interviews were taken as the primary sources of the data collection method and both published and unpublished materials were used as secondary. The collected data was analyzed using descriptive and inferential statistics. Validity and reliability tests are conducted using the Cronbach alpha 0.822. The findings of the study show that customer knowledge, the convenience of the payment, the attitude of taxpayers and penalties and fines were strong significant relationships and substantial negative correlations between taxpayer registrations and corruption with TOT collection; it is recommended that due to poor ICT arrangement and control tax is not collected. So, the government must aggressively work on ICT infrastructure development, training and awareness creation as a first remedial. The Practical applicability of the findings: Provide valuable insights for policymakers in Ethiopia's tax administration to help identify gaps in registration and collection processes, make informed decisions on targeted registration campaigns, streamline tax collection processes, develop strategies to enhance tax compliance and effective incentives to encourage compliance among category "B" taxpayers. The absence of prior research in the area, the fact that only category "B" taxpayers participated in the study, the fact that only the south Gonder zone was studied, the small sample size, limited generalizability, the scope of the survey since only one zone, the design the researcher choose limit the stud.

**Keywords:** Turnover Tax, Factors Affecting Tax Collection, Ethiopian Tax System, Indirect Tax, Category "B" Taxpayer

## Introduction

Taxation plays a significant role in generating revenue for governments worldwide (Shoup, 1959). Ethiopia's tax system is characterized by complex and outdated tax laws,

the existence of informal sectors, unrevised tax laws and weak tax administration and enforcement. Turnover tax collection is a crucial aspect of the country's fiscal policy, contributing to its sustainable development and economic growth and the withdrawal of the nation's successive year

budget deficit. However, the effective collection of turnover tax revenue is subject to various factors that can significantly influence its outcomes. To ensure the effectiveness and efficiency of tax systems a proper tax administration is mandatory, it is crucial to examine the relationship between taxpayer registration and the collection of turnover tax. Turnover tax is a consumption-based tax levied on goods and services, particularly for countries with large informal sectors and a massive Number of small businesses like Ethiopia. Turnover Tax (TOT) is "a sales tax that is based on the gross receipts from the sale of goods and services" (Shoup, 1960). In this article, the investigator aims to explore the relationship between taxpayer registration and the collection of turnover tax. Taxpayer registration refers to the formal process through which individuals and businesses register with the tax authorities to fulfill their tax obligations. According to Income Tax, Proclamation 797/2016 of Ethiopia, category "B" taxpayers are those people whose annual turnover is between 500,000-1,000,000 Ethiopian Birr (ETB). Works of literature showed that taxpayer registration and collection of tax have a significant relation to them; the greater number of registered taxpayers led to a more substantial amount of collection and vice versa. Understanding this relationship is essential for policymakers and tax administrators as it can provide insights into the effectiveness of taxpayer registration systems and their impact on tax compliance. Again, empirical findings (Baharu and Nidhi, 2023a-b) also concluded the above general fact and showed other factors like legal requirements, administrative procedures, incentives provided by the tax authorities, corruption, education level, problems of equity, limited resources, inadequate enforcement mechanisms and the presence of informal economic activities impacts the collection activity. The study fills the gap in Literature because there is a deviation one said that TOT is important to fill the gap between VAT registers and non-VAT and important to include SMEs in the central tax system, in another side this type of tax distorts SMEs, since the tax is collected from SME's So, the study's objective is to examine the relationship between taxpayer registration and collection of Turnover Tax category "B" taxpayers in Ethiopia's South Gonder zone. The study's findings provide valuable insights for policymakers in Ethiopia's tax administration to help identify gaps in registration and collection processes, make informed decisions on targeted registration campaigns, streamline tax collection processes and develop strategies to enhance tax compliance for better tax collection in Ethiopia.

### Literature Review

When considered holistically, the three aspects of tax systems that are confusing when looked at separately make sense. The ongoing push to improve the number of taxpayers registered indicates that policy and

management are excessively increasing revenue collection. According to Palil and Mustapha (2011); Chan (2000), the government cannot manage its taxpayers unless it knows their identities, residences and activity levels. Kibret and Dula (2020) discovery that taxpayer registrations have a favorable positive relation to tax collection. E-filing has a significant effect on taxpayer-level satisfaction; it has a good impact because it makes it easy, fast and accurate for the taxpayer to report their tax returns using only the DJB application or website and can be done anytime and anywhere. Amin *et al.* (2014) The findings of their study showed that while trade openness and real per capita income increase tax revenues, rising corruption, inflation and political instability cause tax collection to decline (Goro, 2021). According to the study, there is a statistically significant positive correlation between income level and tax collection in Kenya and a statistically significant optimistic correlation between education level and tax collection, age and tax collection (with women contributing slightly more than men). Desta *et al.* (2022) Factors affecting tax revenue in Ethiopia: The findings show that taxes and inflation have a positive association; nevertheless, during the study period, the GDP of agriculture had a short-term negative effect on tax income, on the other hand, inflation, GDP contribution and political stability all have a long-term beneficial impact on tax revenue whereas corruption has a negative one. The main factors that affect tax collection in developing countries, especially in sub-Saharan Africa, are weak tax administration characterized by the heavy tax rate and unfair treatment among taxpayers, also tax administration is invalid due to severe corruption practices and followed by poor knowledge or awareness and willingness to pay, (IMF 2015) tax administration is inadequate in many developing nations, particularly in sub-Saharan Africa and the problem of tax evasion and corruption is severe. Tax administration's excessive complexity of tax rules and processes to accommodate exclusions, preferences and societal interests is a shortcoming. As a result, the share of government spending to GDP and the fraction of tax revenue to GDP in sub-Saharan African nations, including Ethiopia, are often low (Yegon *et al.*, 2023). The study results showed that MSEs' tax compliance was positively and significantly impacted by online tax registration, online tax filing and online tax payment. Tax compliance among MSEs was negatively and statistically considerably affected by the stability of the online tax system. Kibret and Dula (2020) results showed that the following factors positively impact turnover tax performance: Staff qualifications and personnel, taxpayer registrations, technology and information systems, management commitment level and tax understanding. It was

discovered that while compliance costs have a statistically small negative impact, sustaining tax fairness has a detrimental impact. The slippery slope paradigm posits that trust in authorities and their power can enhance tax compliance intentions and reduce intentional tax evasion in countries with diverse economic, sociodemographic, political and cultural origins Kogler *et al.* (2013). The findings suggest that several factors, institutional quality such as corruption willingness to obey and religiosity, tax administration, tax system and perceived tax burden, tax awareness, compliance perceptions and trust in officials, the state and others, have a comparatively strong impact on tax morale Torgler and Schneider (2007).

### Research Gap

It is clear from the literature analysis that customers are subject to the turnover tax, an indirect tax. Unlike direct taxes, indirect taxes are more challenging to cheat because they are part of the cost of products and services. But, here in Ethiopia, the South Gonder Zone, the turnover tax is not collected correctly and the collection rate is also challenging not only in the South Gonder Zone but also overall. Different kinds of literature argue that TOT is necessary firstly because it bridges and fills the gap between VATs registered payers and non-VATs and since small and medium-sized businesses must be included in the tax system, the tax must be collected but on the other side, others argue that this tax is not necessary because it distorts the small and medium-sized businesses and its cascading effect.

Also, some scholars like prof. Carl S. Shop did not distinguish between general sales and turnover taxes. Thus, he said, "The general sales taxes include the manufacturer's sales tax, entire sales tax, retail sales tax and turnover tax. He continued, "The turnover strikes all transfers for consideration in the production and distribution of goods and services," which is how he defined the turnover tax. Again empirical findings Dejen D. finds there is a positive connection between taxpayer registration and collection of TOT. Based on the above viewpoint, the researcher identified the following gaps from previous researchers' studies and also tried to fill them: The previous studies were used and conducted with small sample size, were taken at the city or single Woreda level, did not investigate the impacts of inefficient tax collection on economic development, were conducted on tax collection as a whole and did not show the category taxpayer "B," failed to demonstrate the connection between taxpayer knowledge and TOT collection, did not look at the connection between taxpayer registrations and turnover tax collection and they did not examine the attitude of taxpayers toward turnover tax collection.

## Materials and Methods

Sweetman *et al.* (2010) exploratory design is available when a problem is not well defined, little is known and the method best fits when there is a lack of previous study. To achieve the stated objective, the investigator selected this research design. There are two sources of data, I.e., primary and secondary (Hair, 2010). Data from the selected representatives are collected quantitatively (numerically) and qualitatively (from open-ended interviews and other published and unpublished documents); a mixed research approach is applied. The total population of the study from the taxpayer's side is 797 category "B" registered taxpayers; out of them, 16 are female and 250 male respondents are selected using Yemane's formula because sample size determination in scientific research is based on statistical principles and considerations. The goal of determining an appropriate sample size is to ensure that the study has sufficient statistical power to detect meaningful effects or differences, while also balancing practical constraints such as time, cost and feasibility. since the population is homogeneous. A simple random probability sampling method is employed. Again, 36 office employees from 18 Woreda revenue offices, two from each and 19 managers for interview booked using the non-probability purposive sampling method. For the study, a total of 321 representatives participated. Data was collected using two sources. Interviews and questionnaires were employed as primary and secondary sources from published and unpublished sources. The collected data was analyzed using the descriptive statistics tools (tables, charts. Figures, mean, median, mode and standard deviation) and the inferential statistics method using ANOVA, correlation, regression and  $r^2$  using SPSS software. Models are depicted; the study's liner equation is turnover tax collection as a dependent variable and the (Number of taxpayers, attitude of taxpayer, taxpayer's knowledge, corruption, the convenience of payment and penalty and fines) as the model-independent variable: TOT performance  $Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5X_5 + B_6X_6$  The model represents the impact or effect of each predictor variable on the dependent variable Y and it determines the magnitude and direction of the relationship between each predictor variable and the dependent variable:

$$Y = B_0 + B_1NOTP_1 + B_2ATT_2 + B_3TKN_3 + B_4CORR_4 + B_5CONP_5 + B_6PEFL_6 + e$$

### Summary of Samples

### Research Model

The research model will provide a systematic framework for examining the relationship between taxpayer registration and the collection of turnover tax from Category B taxpayers in the South Gonder Zone. By following this model, the study aims to contribute valuable

insights into tax administration and compliance in Ethiopia and facilitate evidence-based policy decisions in the context of tax collection efficiency and revenue generation (Table 1 and Fig. 1).

**Research Hypothesis**

**Hypothesis: 1**

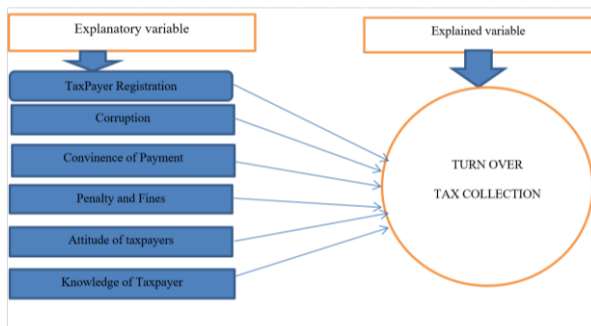
- There is no relationship between taxpayer registration and the collection of turnover tax

According to India's Income Tax Department data, direct tax collection has increased over the years. In the financial year 2021-22, the total direct tax collection was Rs. 14,12,422 crore. However, the data does not directly correlate the Number of taxpayers and tax collection. The relationship between the number of taxpayers and revenue/tax collection is complex. The Number of taxpayers is just one of the many factors that affect tax collection. Other factors, including the tax rate, the tax base, the level of compliance and the efficiency of the tax administration, affected the activity. According to the literature and several empirical studies, registering taxpayers and keeping track of them, One of the essential administrative duties of taxes is information, which significantly influences the operation of other core administrative tasks. Ineffective compliance programs will invariably result from an erroneous taxpayer database. Every person required to pay taxes should be identified by their unique identity numbers regarding a sound tax administration system. They are then put into a master file from which modifications and retrievals may be made (Palil and Mustapha, 2011).

**Table 1:** Summary of samples

Representative samples were taken for the study

	Zone			Woreda			Total		
	M	F	T	M	F	T	M	F	T
Managers	1	0	1	17	1	18	18	1	19
Employees	0	0	0	19	17	36	19	17	36
Taxpayer	0	0	0	250	16	266	250	16	266
Total	1	0	1	286	34	320	287	34	321



**Fig. 1:** Conceptual model

**Analysis and Discussion**

The following Table 2 and Fig. 2 presents sample respondents. Three hundred twenty-one respondents were selected; among them, the majority, 287 (89.4%), were male and the rest, 34 (10.6%), were female; from the total 321 respondents, taxpayers shared 82.8%, managers 6% and employees 11.2%.

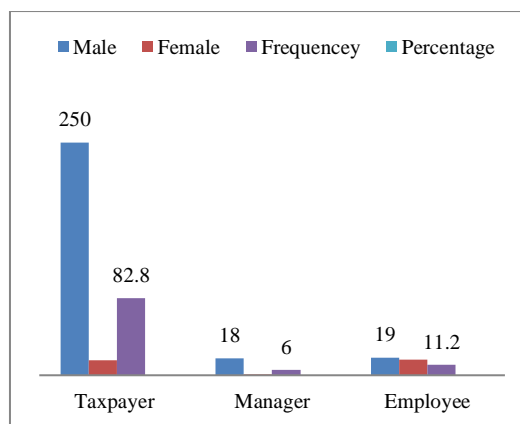
From the analysis of the questionnaire collected from respondents, the finding showed that taxpayer registration is unsuccessful because taxpayers fail to register and undervalue their revenue, the government imposes strict TOT regulations on taxpayers and the TOT registration process is inconsistent. Additionally, tax officials were revealed to have been involved in the registration of taxpayers, which led to an unfair calculation and the loss of registered taxpayers' potential clients to illegal dealers. The benefit of this is that: The taxpayer can report and pay taxes promptly and tax authorities can monitor how each taxpayer is fulfilling their tax obligations. Also, the outbreak of COVID-19, war in the country, corruption and collusion and the more significant Number of businesses dominated by informal sectors have led to poor revenue collection in the zone.

**Data on Planned and Collected Amount of TOT Category "B."**

Table 3 shows that the number of tax filers fluctuates yearly. In the last three years (2018/19, 2019/20 and 2020/21 uncollected amounts) reached 100,664,950. The most surprising issue here is that due to the variation of the registered taxpayer, the collected amount also varies negatively. Because in 2016/17, the office targeted to collect 15,167,426.00, the number of taxpayers registered during this time was 1021.

**Table 2:** Respondent's gender

Gender	Taxpayers	Managers	Employee	Total	Percentage
Male	250	18	19	287	287/321= 89.4
Female	16	1	17	34	34/321= 10.6
Total	266	19	36	321	100



**Fig. 2:** Respondents gender

**Table 3:** Data of category "B" taxpayer

Report of the organization	Year				
	2009 E.C (2016/17 G.C)	2010 E.C (2017/18 G.C)	2011 E.C (2018/19 G.C)	2012 E.C (2019/20 G.C)	2013 E.C (2020/21 G.C)
Target	15,167,426	16,357,906	27,746,718	52,003,630	74,961,874
Actual	11,264,604	19,607,103	18,126,253	18,721,642	17,199,377
Percentage %	74.268%	119.86%	65.33%	36%	22.944%
No of taxpayer	1021	797	578	421	797
Un collected	3,902,822	-	9,620,465	33,281,988	57,762,497
Over collected	0	3,249,197	0	0	0

The actual amount collected from those of the taxpayers is 11,264,604.00 ETB, almost 74.268% achieved and 3,902,822 is not organized; this covers almost (25.732%), in the year 2017/18; the target amount to collect is 16,357,906. Number of taxpayers registered was 797 and the office collect 19,607,103.00 which is over performance (119.86%) 3,249,197 is collected beyond the planned amount. In the year 2018/19, the office targeted to collect 27,746,718.00; the Number of taxpayers registered during this time was 578 and the amount collected from those of the taxpayers was 18,126,253 ETB almost 65.33% achieved from the target and 9,620,465.00 is not ordered these covers almost (34.67%), In the year 2019/20 the office targeted to collect 52,003,630.00, the Number of taxpayers registered during this time was 421 and the amount collected from those of the taxpayers are 18,721,642.00 ETB almost 36% achieved from the target and 33,281,988.00 is not ordered these covers almost (64%), in the year 2020/21 the office targeted to collect 74,961,874.00, the Number of taxpayers registered during this time was 797 and the amount collected from those of the taxpayers are 17,199,377.00 ETB almost 22.944% achieved from the target and 57,762,497.00 is not ordered these covers almost (77.056%).

Table 4 and Fig. 3 present the relationship of the two variables in consecutive years. The fiscal year changes from 2017-2021 and the Number of registered taxpayers fluctuates, which shows a decrease in the number even by hundreds. Still, the actual amount of collection goes in opposite increasing direction. It is evident from the office's report that there is no meaningful correlation between the number of registered taxpayers and the amount of turnover tax collected. The history of the office shows that there is a variation in recording taxpayers; one year, there is a more significant number of taxpayers registered and in another year, could not do that somewhat the registered Number of taxpayers even decreased by hundreds due to the amount of revenue collected by the organization also fluctuates this is because of the variation of tax

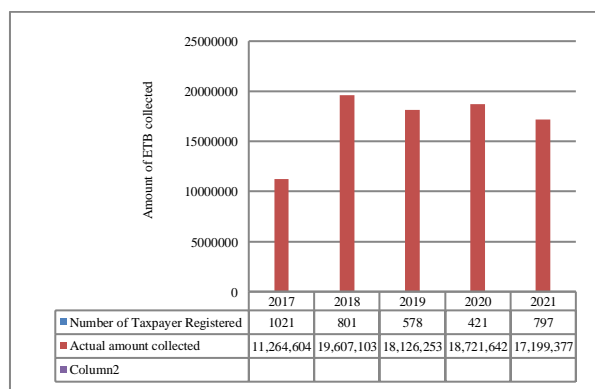
payers' registration. The researcher draws the inference from the statistics above that there is no significant correlation between the Number of taxpayers registered and the turnover tax collection in the south Gonder zone and the researcher cannot throw away the null hypothesis. At the same stretch, the current researcher fails to accept the findings of that the discovery of taxpayer registrations favors tax collection.

#### Regression Analysis

A straightforward regression analysis is conducted to study the connection between the Number of taxpayer registrations and the turnover tax collection. According to the simple regression, the registration of taxpayers is a cause variable and the rate of turnover tax collection is an output variable used to determine the link between these two variables.

**Table 4:** Taxpayer in years

Years	No taxpayer registered	Actual
2017	1021	11,264,604
2018	801	19,607,103
2019	578	18,126,253
2020	421	18,721,642
2021	797	17,199,377



**Fig. 3:** Registered taxpayer in years

The preceding Table 5 summarizes the descriptive statistics results. The average number of taxpayer registrations is approximately 723.6. The standard deviation of the Number of taxpayer registrations is 230.538, indicating some variation in the data points around the mean. The average turnover tax collection is approximately 16,983,795.80. The standard deviation of the turnover tax collection is 3,315,218.267, indicating a relatively large variation in the data points around the mean. It's important to note that descriptive statistics summarise the data and do not deliver evidence about the underlying distribution or make inferences about the population.

In correlation Table 6, the correlation coefficient between "Number of taxpayer registrations" and "Turnover tax collection" is  $-0.711$ . The significance value (p-value) associated with the correlation coefficient is provided to test the null hypothesis that there is no correlation between the variables. In this case, the significance value is  $0.178$ . The correlation coefficient of  $-0.711$  suggests a strong negative linear relationship between the "Number of taxpayer registrations" and "Turnover tax collection." This indicates that as the number of taxpayer registrations increases, the turnover tax collection tends to decrease. However, it is essential to note that the p-value ( $0.178$ ) is more significant than the conventional significance level of  $0.05$ . The result suggests that the observed correlation may not be statistically significant, meaning that the relationship between the variables may have occurred by chance alone.

The result in Table 7 provides R is approximately  $0.711$ , indicating a moderate positive relationship between the predictor variable (Number of taxpayer registrations) and the turnover tax collection. R Square is about  $0.506$ , which means that around  $50.6\%$  of the variation in the turnover tax

collection can be explained by the number of taxpayer registrations. (ANOVA) the model presents a sum of squares of approximately  $22,236,544,257,929.605$ . The degrees of freedom (df) signify the Number of independent pieces of information available for estimating the model parameters. For the regression model, the Mean Square is approximately  $22,236,544,257,929.605$ . It represents the average amount of variation explained by the model. For the residual, the Mean Square is approximately  $7,242,048,125,103.063$ , representing the average unexplained variation amount. The F-statistic is  $0.178$  (or  $17.8\%$ ). This value is greater than the conventional alpha level of  $0.05$ , suggesting that the relationship between the predictor variable (Number of taxpayer registrations) and turnover tax collection is not statistically significant. In summary, the regression model explains a particular variation in the turnover tax collection. However, the relationship between the number of taxpayer registrations and turnover tax collection is not statistically significant based on the F-statistic and significance level.

**Table 5:** Descriptive statistics

Descriptive statistics			
	Mean	Std. deviation	N
Number of taxpayers	723.60	230.538	5
Turnover tax collection	16983795.80	3315218.267	5

**Table 6:** Correlations

Correlations			
		Number of taxpayer	Turn over tax collection
Number of taxpayer	Pearson correlation	1.000	$-0.711$
	Sig. (2-tailed)		$0.178$
	N	5.000	5.000
Turnover tax collection	Pearson correlation	$-0.711$	1.000
	Sig. (2-tailed)	$0.178$	
	N	5.000	5.000

**Table 7:** Model summary

Model summary										
					Change statistics					
Model	R	R Square	Adjusted R Square	Std. The error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	$.711^a$	$.506$	$.341$	2691105.372	$.506$	3.070	1	3	$.178$	2.655

a. Predictors: (Constant), number of taxpayer registrations

b. Dependent Variable: Turnover tax collection

ANOVA<sup>a</sup>

Model						
		Sum of squares	Df	Mean square	F	Sig.
1	Regression	22236544257929.605	1	22236544257929.605	3.070	$.178^b$
	Residual	21726144375309.190	3	7242048125103.063		
	Total	43962688633238.790	4			

a. Dependent Variable: Turnover tax collection

b. Predictors: (Constant), Number of taxpayer registrations

Coefficients										
Model		Unstandardized coefficients		Standardized coefficients Beta	t	Sig.	95.0% Confidence interval for B		Collinearity statistics	
		B	Std. Error				Lower bound	Upper bound	Tolerance	VIF
1	(Constant)	24384270.259	4391475.553		5.553	$.012$	10408635.111	38359905.407	1.000	1.000
	Number of taxpayer registrations	-10227.300	5836.575	$-0.711$	-1.752	$.178$	-28801.886	8347.286	1.000	1.000

a. Dependent Variable: Turnover tax collection

**Table 8:** Coefficients

Coefficients										
Model		Unstandardized coefficients		Standardized coefficients			95.0% Confidence interval for B		Collinearity statistics	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	24384270.259	4391475.553		5.553	.012	10408635.111	38359905.407		
	Number of taxpayer registrations	-10227.300	5836.575	-.711	-1.752	.178	-28801.886	8347.286	1.000	1.00

a. Dependent Variable: Turnover tax collection

Table 8 explains the direction (positive or negative) and magnitude of the relationship between each predictor variable and the dependent variable. The unstandardized coefficients, denoted as B, represent the estimated values of the coefficients in their original units. In this case, The "Number of taxpayer registrations" predictor has a standardized coefficient of -0.711. The t-value measures the coefficient estimate's significance, the t-value for the intercept is 5.553 and the "Number of taxpayer registrations" predictor is -1.752. The significance value (p-value) associated with the t-value tests the null hypothesis that the coefficient equals zero. The significance value for the intercept is 0.012 and for the "Number of taxpayer registrations" predictor is 0.178. Collinearity statistics provide information about multicollinearity, which is the presence of strong correlations between predictor variables. Based on the result, a tolerance value of 1.000 indicates no multicollinearity. The VIF value is the reciprocal of the Tolerance and measures the extent of multicollinearity. A VIF value of 1.000 also indicates no multicollinearity. The intercept suggests that when the "Number of taxpayer registrations" is zero, the estimated turnover tax collection is approximately 24,384,270.259.

Therefore, we cannot conclude that the relationship between the "Number of taxpayer registrations" and turnover tax collection is statistically significant in this analysis. The collinearity statistics (Tolerance and VIF) indicate no multicollinearity issues between the predictors. The regression analysis suggests that the "Number of taxpayer registrations" harms the turnover tax collection. Still, this relationship is not statistically significant based on the significance level ( $p = 0.178$ ):

$$Y = B_0 + B1_{x1} + U_i$$

$$Y = 24384270.259 - 10227.300 + U_i$$

### Interview Analysis

1. What connection exists between the number of taxpayers who register and the amount of turnover tax collected?

Registering the taxpayers in the master file is the first and foremost important activity, mainly to collect the more incredible amount of revenue; the aggressive work on recording taxpayers' files is essential because they have a direct relationship between them. The more registered taxpayers there are, the more revenue is collected. Tax authorities must compile and update the complete list of entities and people obliged by law to register. Essential administrative procedures related to filling, assessment, payment and collection are supported by the registration and numbering of each taxpayer. Since taxes are the government's primary source of income for the construction of hospitals, roads, universities, colleagues, schools, water, electricity and the like, the proper registration and identification of taxpayers at the same time identifying what they do? Where they live is very important because registering a more significant number of taxpayers and collecting TOTs have a direct relationship. To gather much revenue for the government, it shall register many numbers of taxpayers aggressively unless it cannot achieve the government plans. So, registration of taxpayers by giving the Tax Identification Number (TIN) is a severe issue for our office for more incredible achievement and collection of TOT. Still, this task is not done correctly due to the poor ICT infrastructure, which is why registrations fluctuate and go up and down in different years.

In general, the current study did not support Kibret and Dula (2020) Taxpayer registration positively impacts the tax collection. And supports Torgler and Schneider (2007)'s corruption affects tax collection negatively and tax knowledge positively. Orkaido Deyganto (2018) taxpayer's attitude has a positive relationship with the collection and Remali *et al.* (2018) tax penalty significant relationship towards tax compliance.

### Conclusion

As we know, the government's primary revenue source is mainly tax. So, for collecting the optimum amount of tax, strong tax administration, policy and aggressive work on taxpayer registrations in the system are crucial. Unfortunately, this collection of optimum revenue is affected by social, economic and political factors or, in



short, internal (office side and external). This research aimed to examine the relationship between taxpayer registration and the collection of Turnover Tax Category "B" in Ethiopia's South Gonder Zone; the results indicate no direct relationship between the number of taxpayer registrations and the collection of turnover tax. This finding challenges the commonly held assumption that an increase in taxpayer registrations would automatically lead to a corresponding increase in the collection of turnover tax. The absence of a direct relationship suggests that due to poor information technology structure, poor tax administration, corruption and attitude of both taxpayer and employees. Further, the study identifies the poor collection of revenue for successive years due to COVID-19, war, especially in northern Ethiopia and poor morale of employees. Other factors may be influencing the collection of turnover tax, independent of the Number of registered taxpayers.

### *Finding*

The study found no significant association between the number of taxpayer registers and the collection of TOT and has an inverse relationship because the given significance level ( $p = 0.178$ ) is greater than 0.05.

### *Practical Implication*

These findings have important implications for policymakers and tax authorities in Ethiopia, as they highlight the need to re-evaluate strategies for improving the collection of turnover tax. It is crucial to consider additional factors that might impact tax compliance and revenue generation, such as taxpayer behavior, economic conditions, enforcement mechanisms and the effectiveness of tax administration systems.

### *For Further Studies*

Furthermore, this research underscores the importance of conducting further studies to identify the underlying factors that affect the collection of turnover tax in the South Gonder Zone. By gaining a deeper understanding of these factors, future researchers will conduct a study on the following suggested areas work their study on macro and regional levels by including samples, policy frameworks and other external factors so policymakers and tax authorities can develop targeted interventions and strategies to enhance tax compliance and increase revenue collection.

### **Acknowledgment**

We want to express our sincere gratitude to all the participants of this study, including the taxpayers, employees and managers of the South Gonder zone revenue office, who generously contributed their time, facilitated the data collection process, provided us with the necessary support, information and guidance throughout the study, shared their experiences and

provided us with the essential and valuable insights to examine the relationship between taxpayer registrations and the collection of TOT. Your willingness to participate in this research project was instrumental in obtaining accurate and meaningful data.

### *Limitation of the Study*

A causal relationship between taxpayer registration and TOT collection is challenging. The research may have a limited sample size and the research design itself. At the same time, the study may identify a correlation between the two variables. Still, it may not be able to definitively determine whether taxpayer registration directly influences TOT collection or if other factors are at play. Again, the research may focus on a specific jurisdiction or region, the South Gonder zone only, limiting its applicability to other locations with different regulatory frameworks or taxpayer demographics. The findings may not be generalizable to other contexts or regions with different characteristics.

### *Policy Recommendation*

For the effective and efficient collection of TOT, policymakers must work on simplifying and streamlining the taxpayer registration process for turnover tax to encourage more businesses to register. This could involve reducing paperwork, providing online registration options and minimizing bureaucratic hurdles. A simplified registration process would make it easier for companies to comply with their tax obligations. Enhancing taxpayer education and awareness, providing incentives for timely registration, strengthening enforcement measures, collaborating with relevant stakeholders and evaluating the effectiveness of registration efforts are essential and strong tax administration is mandatory.

### *Declaration*

All the available documents are in the researcher's hand.

### **Funding Information**

This study is conducted with the researcher's funds, so there is no funder.

### **Author's Contributions**

**Baharu Sisay Negatu:** Data collection, Analysis, written up of the manuscript, Software worked Edited, classified, sorting and over all work is done.

**Nidhi Walia:** Supervision, advising and guidance of the paper, finded of the journal.

### **Ethics**

This article is original and contains unpublished material. The corresponding author confirms that all of the



other authors have read and approved the manuscript and no ethical issues involved.

### Competing Interest

There is no competing interest in the study.

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