

**Addis Ababa Science and Technology University**

**School of Electrical and Mechanical**

**Department of Software Engineering**

**RESEARCH METHODOLOGY IN SOFTWARE ENG**

**Title: Online Tax Paying System**

**GROUP-ASSIGNMENT-4**

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**Abstract**

The objective of this research is that with most of the Current systems being replaced with more computerized schemes It is very important to develop an online tax payment system that will enhance the existing system by adding functionality, saving customers time, money, and energy, and providing accurate results almost all of the time.

The objective of the study was answered using three research questions which revolved around online tax registration, online tax filing and online tax payments.

The tax-paying system is a system in which all citizens who are able to pay according to the country's laws pay a certain amount of money to the government at the end of the year. Every country has its own version of this system. In our country, the amount of money that each person pays are calculated by the government and then paid by the citizens.

**Introduction**

1.1. Problem Statement (background)

The tax-paying system, as described in the preceding section, provides a means for citizens to

pay for government. The current system may be effective in some cases, but it is inefficient in

others because:

• Customers waste their energy and time because there are many peoples in this country,

and even though there are many centers to go and pay, the amount of peoples that pay

in one center (in our case Woreda) are beyond the limits that they can handle, so the

reason that all of these things are mentioned is that even after wasting their entire day,

they may not get their turn to pay and may be told to come back tomorrow.

• Some customers pay via cash.

• There may be some confusion about the amount of money that the customer must pay.

• Some users do not pay within the specified time frame.

Citizens have become more mobilized and electronically connected in recent years, resulting in a

demand for more diverse and universal payment options.

To ensure a level playing field for both citizens and the government, the system makes it easier

for citizens to pay their taxes.

We believe that the online tax payment system will add value in terms of scalability and

improved work flow. Customers would also be able to make payments with ease and

convenience using this system.

**Research questions**

According to the problem statement which is described above, the following research questions are constructed.

* How will tax payers perceive this new system?
* What are the merits and demerits of using the new system?
* How will this system solve the problem of tax evasion?
* What impact will the system have on tax collection?
* What new insights will the research bring to tax payment?

**Motivation**

Our primary motivation for writing this research proposal is to try and solve the current tax payment problems. with most of the Current systems being replaced with more computerized schemes It is very important to develop an online tax payment system that will enhance the existing system by adding functionality, saving customers time, money, and energy, and providing accurate results almost all of the time.

**Goal**

To improve the current tax payment system and decrease the problem of fairness in tax payment and tax evasion.

**Objectives**

**General Objective**

The goal of this project is to build a system where citizens can pay their tax any time and anywhere without wasting their time and effort.

**Specific Objective**

To achieve the general objective of this project the following specific objectives are set:

* Identify the problem in the current system
* Cut down on the amount of energy wasted.
* Design the system with appropriate methodologies and tools
* Reduce the amount of misunderstanding that occurs during tax calculation.
* Implement on time payment system
* Ensure that the amount of tax each citizen pays is fair.

**Contribution**

**Scope and limitation**

The system is designed to include every customer who is involved in taxation. This project is

intended to address the issues raised in the preceding topics (background). However, this does

not imply that the project cannot address any issues. The system is unable to automatically

deduct the amount that the customer is required to pay from the banking system. The user

must manually log in and pay the total amount they intend to pay.

The system does not calculate their daily salary; rather, it calculates their monthly salary (this

only involves for the customers which are working in marketing, sales and related fields).

The system does nothing for those who do not use the cash register machine, which reports

their monthly salary to the system. Our system assumes that the majority of customers use the

cash register machine so that their earnings can be tracked.

Customers who work in marketing and sales and do not use the cash register are required to

enter the amount of money they make per month, but we do not know whether they are

truthful or not.

**Literature review**

The use of technology is compulsory for the tax administration activity as large sets of

data must be processed. But the technology must not be considered the objective, quite the

opposite it must be regarded as a means to gain efficiency. To achieve the excellence in the tax

administration activity, organizations must focus on the customer/taxpayer. As a consequence,

the most important concepts are “reducing the period of time between when the tax is generated

and the moment it is paid”, “decreasing the number of human errors by automating ordinary

procedures”, “making possible to pay the tax any time and almost anywhere”, and “allowing any

employee to help every customer at the office”.

Bearing these objectives in mind, it is easy to infer that technology in tax administration means

integrated software with a one-stop-shop implementation; comprehensive work flow systems

where every document or form is included in the information system; easy-to-use internet

websites with online information and payment options; customer service network connected by

fast lines, mobility to allow service in remote areas and real-time process monitoring. Technology has been looked at from different perspectives like the role, the requirements

(Including user skills), attitude of users towards the use of technology, simplicity and the

taxpayer category.

**Methods and materials**

We need both qualitative (the data collected must be correct and valid) and quantitative data to

complete the project.

The data that we collect are primary and are gathered through observations and interviews. The

interviewees are chosen based on their prior experience with the system, such as being tax

payers. Audiovisual recordings and note-taking are used to record the data.

The system will be developed using hardware (e.g., a laptop) and software tools (e.g., flutter).

All of the tools and methodologies will be described in the system's full documentation.

Language, image, and observation are used in the analysis. Content analysis, thematic analysis,

and discourse analysis are examples of common analysis methods.

Content analysis: classifying and debating the meanings of words, phrases, and sentences

Thematic analysis: coding and closely examining the data to identify broad themes and

patterns.

Discourse analysis: investigating communication and meaning in the context of their social

context

**Work plan**

**Budget**

**Reference**

Websites

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PDF

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**Appendix**

The Ethiopian Taxation system has two major categories: direct and indirect taxes. All tax types in the

Ethiopian tax system are described and explained as follows.

**Direct Taxes**

These are one type of taxes a company or individual pays directly to the government. The following are

the tax categories under the income tax proclamation No. 979/2016. Tax payers are categorized

according to their income levels.

Category A taxpayers:

• A body or any other person having annual gross income of ETB 1,000,000 or

more.

Category B taxpayer:

• A person, other than a body, having an annual gross income of ETB 500,000 or

more, but less than ETB 1,000,000.

Category C taxpayer:

• A person, other than a body, having an annual gross income of less than ETB

500,000

**Indirect Taxes**

The main types of indirect taxes are VAT, customs duty, excise and turn over taxes.

1) VAT

A person who carries out a taxable activity is required to file an application for VAT registration if the total

value of taxable transactions, at the end of any 12 calendar months period, exceeds ETB 1 million or there

are reasonable grounds to believe that the taxable transactions of the coming 12 months exceed the

threshold.

Turnover tax (TOT)

Turnover tax is an equalization tax imposed on persons not registered for value-added tax to allow them

to fulfil their obligations and enhance fairnessin commercial relations and complete the coverage of the

tax system, among otherobjectives. Thistax is,therefore, applicable to small taxpayers who do not meet

the VAT registration threshold of turnover of ETB 1,000,000 per year.

Turnover tax rates

The turnover tax shall be:

• 2% on goods soldlocally.

• For services rendered locally:

• 2% on contractors, grain mills, tractors and combine harvesters.

• 10% on others.

Excise tax

Excise tax is imposed on selected goods that are:

• Luxury goods and basic goods that are in inelastic demand.

• Hazardousto health and that are a cause ofsocial problems.

Excise tax will be applicable on 19 groups of items and 378 goods. The tax rate ranges from 5% to 500%.

• Excisable value in respect of goods produced locally,ex-factorysellingprice

excludingVAT,costof excise stamps and the cost ofreturnable containers.

• The customs value of the goods plusthe amount of customs duty payable

(whether paid or not)