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| RESEARCH ARTICLE

Assessing the Practices and the Challenges of Tax Audit in the Somali Regional State Revenue Authority

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| ABSTRACT

The tax collection system of the Somali regional state revenue authority is plagued by continues challenges ranging from misuse of the tax for vested interests to dissatisfied businesses often amused by the lack of the public infrastructure return on their routine tax payments. Using in depth interviews and survey design with selected tax auditors, this study assesses the practices and the challenges of the tax auditing system employed by the Somali regional state revenue authority. Results of the study reveal that the practices to achieve ultimate Goals of Tax Audit was found at moderate level; Tax Auditors of the Office do not make sufficient efforts to create Taxpayers' awareness; instead focus on gathering and collecting information on health of the Tax system including compliance behavior of the Taxpayers. In addition, this study reveals that the Office did not proportionally focus on all types of Tax Audit techniques; most of the time Tax Audit activities were done without schedules and carried out arbitrarily. Overall, the practice of Tax audit at Head Office level of the Region is sub-standard. The finding further indicated that, majority of the Tax Auditors have not previously attended training programs related to their current job during the past two years of their services at the Office. Yet, the results of this study revealed that, there is no well-established strategies that make Tax Auditors competent and efficient on their job through training on continuous bases. As a result, proficiency and competency level of Tax Auditors was found at moderate levels. The challenges that often curtail the effectiveness of the tax system included long standing traditions of corruption, inflated estimation of tax amount; not responding the compliance of taxpayers on time; taxpayers' consideration of illegal business practices as best way of doing business; and absences of coordinated efforts among sector offices of the region engaged on Tax audit related responsibilities. Key recommendations of the study include offering training; assigning competent Tax Auditors, integrating sector offices' efforts, developing and using annual schedule of auditing for Taxpayers business firm, and arranging annual forum.

| KEYWORDS

Tax, Tax Audit Practices, Tax Auditor, Taxpayer, and Tax Audit Challenges

| ARTICLE INFORMATION

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1. Background

Taxes have been acknowledged as a major source of public revenue (Hegab, 2025). For that reason, states have been trying to implement and establish dynamic tax systems that will not only ensure the public revenues, necessary for the economic state functioning, but will also enhance citizens' trust towards governments in terms of fairness in the distribution of income tax burdens. Due to this, the tax compliance and tax audit have been radically changing in most countries worldwide(Chavarri et al., 2025). Despite the changes in the tax audit and compliance behaviors, taxation perse has been consistently defined as a system of raising money to finance government(Larsen & Boll, 2021). All governments require payments of money: taxes from people. Governments use tax revenues to pay soldiers and police, to build dams and roads, to operate schools and hospitals, to provide food to the poor and medical care to the elderly, and for hundreds of other purposes. Without taxes to fund its activities, a government could not exist(Hegab, 2025). On the other hand, audit is an inspection and verification of the accuracy of financial records and statements

(Humphrey et al., 2025). In such an audit, the auditor provides the expert opinion about the quality of such statements and merely attests the truth of the statements. According to Francis (2024) auditing of taxpayers is defined as the activities conducted by the tax authorities to detect whether there is under reporting of tax basis. Tax audit can therefore be defined as the process of assessing the level of taxpayers that have produced financial statements in compliance with the sated tax rules and regulations and whether the taxpayers have accordingly declared the tax payables as per the tax legislations(Francis, 2024). The purpose of tax audit is to ensure proper maintenance of books of accounts and other records, to reflect the true income of the assesses and to facilitate the assessing officer to carry out the verification(Mu et al., 2022). Lastly, the accuracy of the declared tax documents should be assessed, and the tax auditors confirm the amount of tax liabilities that will be paid by taxpayers(Mu et al., 2022).

To collect the necessary tax revenue from the taxpayers, states have designed different mechanisms of tax collection. Effective tax audit is one of the mechanisms that help to collect the estimated governments' revenue from tax (Kasper & Alm, 2022). Of course, there are factors that affect the tax audit effectiveness such as tax legislation, information system, education level of the tax auditors, experiences of tax auditors, and the trainings that are given to tax auditors (Sarfo, 2015). Using the factors an indicator, this research focuses on the practice and challenges of tax audits in general and in Ethiopia in particular; therefore, this study emphasis on the practice and challenges that relatively affect tax audit in Somali Regional State (SRS) Revenues Authority, Jigjiga Main Office.

2. Statement of the Problem

Since tax is the main source of revenue, most governments devise taxation policies to meet their fiscal requirements(Kasper & Alm, 2022). In doing so, the proper use of enforcing tax laws, examining taxpayers' systems and financial documents by the tax auditors for the selected business companies are crucial to check whether the taxpayers declared correctly their tax liabilities through tax audit (Alem & Tewabe, 2022). In such instances, tax audit is an activity or a set of activities performed by tax auditors to determine at taxpayer's correct tax liabilities for a particular accounting or tax period, by examining a taxpayer's organization procedures and financial records in order to assess compliance to tax laws and verifying the true, fair, reliable, and accuracy of tax returns, and financial statements(Mebratu, 2016). Thus, Tax audit becomes a bridge that is believed to connect Taxpayers with the tax authority(Kasper & Alm, 2022). In addition, it could also fill the gap by exposing tax evaders and teaching those that have knowledge gap on the tax laws. Hence, the existence of efficient and effective tax audit structure within a tax authority could guarantee optimum tax collection and increased societal awareness towards the existing tax laws (Bánfi & Bánfi, 2015). To meet this requirement, tax audit should be performed by highly skilled, knowledgeable and committed auditors.

However, as noted by Coelho et al., (2001) several developing countries do not yet have effective audit programs due to: insufficient numbers of the required qualified and appropriately paid audit practitioners, absence of a sound institutional audit practices, illegal cooperation between taxpayers and auditors, lack of clear political support for the tax administration, and the deficiency of an appropriate legal and judicial environment(Coelho et al., 2001). Additionally, those countries tend to offset weak tax audit by adopting complex procedures, such as increased filing requirements and massive cross-checking (Bird & Gendron, 2007).

In Ethiopia, a tax policy is geared towards promoting investment, supporting industrial development; and broadening the tax base and decreasing the tax rate, at least maintaining the current reduced tax rates compared to most other countries, in view of financing the ever-growing needs of the government expenditure(Mu et al., 2022). Furthermore, the policy is designed towards discouraging certain production and consumption activities, which had /and will have bad effects on health, moral, economic and social settings of the community(Hegab, 2025).

Based on those policy directions, as stated on Revenues and Customs Authority Establishment Proclamation (No. 587/2008) of the country; government services in relation to tax and trade are being rendered by a number of institutions problems regarding with the manner of service rendering, keeping and utilization of information and promotion of law and order are being resulted (Dickins et al., 2018). Similarly, it has been a topic of discussion among the public that the Somali Regional Revenue Authority has not been able to carry out efficient Tax audit practices. As a result, this study shows how the perceived understanding of the poor tax audit and collection system can create crucial challenges for the effective undertaking of tax audit by the authority. Additionally, tax audit practices and challenges did not get proper focuses by researchers in Ethiopian higher education institutions. Tax audit related issues have been not studied at regional and local level of the Region. As far as the researcher's knowledge is concerned, there is no independent study carried out focusing on Somali Regional Revenue Authority Head Office level prior to the data collection of this study which mid 2020.

3. Research Questions

Building on the above background this research answers the following questions

RQ1. Does Somali Regional Revenue Authority perform appropriate range of tax audit practice targeting noncompliant taxpayers?

RQ2. Do the auditors possess the relevant experiences and capabilities of conducting effective audit practices regarding the national standards? And what are the main challenges encountered during the tax audit process in Somali Regional Revenue Authority?

RQ3. Does Somali Regional Revenue Authority have adequate tax audit resources, tax audit staff in particular, in relation to national standards?

RQ4. Are the tax audit case selection methods and audit techniques practiced appropriate?

RQ5. To what extent is the degree of the frequency and/or rate of tax audit performed?

3.1 Objectives of the Study

The general objective of the study was to establish the practice of tax audit on revenue collection and the challenges faced in the process case study of Somali Regional State.

Specific objectives

More specifically, the study intended:

- To examine the practice of tax audit of noncompliant taxpayers in Somali Regional Revenue Authority at Jigjiga Main Office.
- To highlight the challenges encountered in the process of tax audit practice and application in Somali Regional Revenue Authority at Jigjiga Main Office.
- To determine the effects of education level of tax auditors on tax audit effectiveness in Somali Regional Revenue Authority at Jigjiga Main Office.
- To examine the effect of tax auditors' experiences on tax audit effectiveness participated in the tax audit in Somali Regional Revenue Authority at Jigjiga Main Office.
- To examine the effect of tax auditors' training frequency that given for the tax auditors on tax audit best practice in Somali Regional Revenue Authority at Jigjiga Main Office.

3.2 Significance and the Scope of the Study

The primary use of this research is to the Somali Regional State Revenue Authority. The authority might be able to see its level and performance of tax audit practices and learn some lessons and come up with practical solutions for the challenges based on recommendations to be forwarded. Further, the study aims to contribute the government understanding of the shortcomings of its current tax auditing system at regional level.

4. Review of the Literature

4.1 Definition of Taxation

Taxation is a system of raising money to finance government. All governments require payments of money taxes from people. Governments use tax revenues to pay soldiers and police, to build dams and roads, to operate schools and hospitals, to provide food to the poor and medical care to the elderly, and for hundreds of other purposes. Without taxes to fund its activities, a government could not exist(Hegab, 2025). Taxes have been acknowledged as a major source of public revenue(Mebratu, 2016). Taxation is one of the most important elements in managing national income in both developed and developing countries. Tax, therefore, is defined as a compulsory levy, imposed by government or other raising body, on income, expenditure, or capital assets, for which the taxpayer receives nothing specific in return(Lymer & Oats., 2009).

4.2 Tax Audit Practices

Tax audit has been described as the procedure of examining the degree to which the taxpayer has properly prepared the financial statements according to the existing tax legislation and whether he has correctly reported tax liabilities (Ormotsadze, 2022). As discussed in the introduction part, tax audit examines the accuracy of the submitted tax documents, so that the auditors can confirm the amount of tax due (Belnap et al., 2022). The role of an audit program in a modern tax administration must extend beyond merely verifying a taxpayer's reported obligations and detection of discrepancies between a taxpayer's declaration and supporting documentation (Fund & Fund, 2010).

The purpose of tax audit is to ensure proper maintenance of books of accounts and other records, to reflect the true income of the assessed and to facilitate the assessing officer to carry out the verification (Alem & Tewabe, 2022). To conduct a viable tax audit, the following points are necessarily required to be practiced: It is the primary responsibility of the assessed to give classified information for the purpose of tax audit (Francis, 2024). This is in the interest of an efficient practice of tax audit. Audit programme and the extent of audit procedures must be planned according to the nature of business and operations of the client. Authorities must design a flexible and effective tax audit system, with straight forward and efficient procedures, supported by easy-to-use control systems as well as educated and qualified auditors.

4.3 Emperical Studies

A study conducted by Waiswa et al., (2019) found a number of administrative inefficiencies related to ERCA's taxation of public sector entities, including: (1) the perception that enforcing tax laws on the public sector is a hard or even impossible task; (2) a fragmented VAT withholding system; (3) malfunctioning e-filing and e-payment systems; (4) limited taxpayer sensitization campaigns; (5) low levels of automation; and (6) unsatisfactory tax services rendered. From the perspective of public sector taxpayers themselves, the study also found a number of factors that undermine compliance, including: (1) a lack of sufficient care and attention to tax obligations among managers; (2) the fact that some government entities use a single taxpayer identification number (TIN) for many branches makes it difficult to trace transactions; and (3) the lack of supportive actions from political leaders (Ronald Waiswa, et al, 2019).

TEFERA, (2021)study examines tax audit practice in Ethiopia (the case of federal government) and investigates key problems in tax audit operation regarding the appropriateness of audit type used, audit rate, aptness of audit case selection methods and audit examination techniques used, and the experience and capability of audit staff resources. Tefera adopts mixed method approach to achieve the research objectives and to answer research questions. Specifically, the techniques used in the study include survey with tax auditors and investigators, in-depth interviews with tax officials and taxpayers, and documentary analysis. With these research methods, the results of the study reveal that tax audit program remains undeveloped with slight range of tax audit activities performed targeting aptly specific risks. The tax audit program is a toddler tool in improving voluntary compliance and increasing future revenue performance through educating and helping taxpayers to understand their tax obligations. The study also shows low audit coverage, the absence of compliance risk-based audit case selection strategy, scarcity of audit resources, tax auditors in particular, and absence of proficient and experienced tax auditors. In the end, the study forwards the possible measures to be taken by the Ethiopian Revenue and Customs Authority to mitigate problems in tax audit operation. (TEFERA, 2021).

Other studies such as Sarfo, (2015) argue that in most nations, taxation serves as the main source of revenue in which governments use for their developmental projects. However, this is not the case in Ghana, the country relies on foreign sources of finance namely foreign loans and aids due to its poor performance in tax administration. The result of the study showed that all the respondents admitted Tax Audit is essential in improving revenue generation and play important part in tax administration in Ghana. Even though the employees in the Tax Audit unit have the necessary skills which enable them to perform their duties and responsibilities, it is recommended that there must be adequate short term and refresher training to keep them abreast with current trends of auditing and investigations and also the numerous amendments to the tax laws. In conclusion, an improved and well-equipped Tax Audit unit can aid the nation in her pursuit to be self- sufficient in domestic revenue generation through taxation(Sarfo, 2015).

A. 2.6 Conclusions and Knowledge Gap

Tax audit practice is a current issue for both developing and developed countries. In the theoretical review, to the knowledge of the researcher, there is no standard as to the percentage of audit methodologies to be conducted in each tax authority. In addition, there is no adequate literature regarding the appropriate audit examination techniques to be used for checking the accuracy of tax returns in line with the level of economy and technological advancement. The empirical studies that have been reviewed in the preceding section (like study conducted by Gebeyehu, 2008; Getaneh, 2011; Netsanet, 2014; and Atisbha, 2016) focused on the different audit strategies that affect tax compliance behavior, income tax in particular, and the use of sampling tax audit strategy for improving the tax audit coverage. In addition, most prior studies regarding tax audit issues tried to examine the possible audit strategies including the use of audit information for the purpose of compliance improvement and fraud detection, and the impact of component reporting requirements on taxpayer incentives to misstate the tax liability.

However, as far as the knowledge of the researcher is concerned, it is possible to conclude that although there have been some studies on tax audit related issues both in developed and developing countries, Ethiopia in particular, the studies did not explore challenges in tax audit thoroughly though some has been said about the practices. Most of those studies had made a little effort to address on issues related to practices, challenges of tax audit, and major issues that focus on competences of tax auditors has not been well elaborated. Based on these gaps in the literature together with the problems stated in section one of chapter one, and in order to attain major objective of the study, the following research questions will be addressed: How tax audit are practices in SRS Revenue Authority with respect to: the types of tax audit frequently performed; Tax audit case selection methods used; Audit techniques applied; frequency of audit performed; and the adequacy of tax audit resources. Furthermore, questions that associated with extent of tax auditors' proficiency and competency; and major challenges of tax audit practices in SRS Revenue Authority will be raised. With this end, the next chapter discusses research methodology and specific research methods that are applied for the study along with proper justification for the selection of appropriate samples and data collection instruments.

5 Research Method/steps

The study was conducted at Somali Regional State Revenue Authority, Jigjiga main Office. Jigjiga is the capital city of Somali Regional State (SRS) of the Federal Democratic Republic of Ethiopia. Kothari (2004) argues that the design of a study using mixed approach involves the use of qualitative and quantitative approaches, and the mixing of both approaches in a study. Using mixed approach is more than simply collecting and analyzing both kinds of data; it involves the use of both approaches in tandem so that the overall strength of the study is greater than either qualitative or quantitative research(Kothari, 2004). In mixed approach, the researcher bases the inquiry on the assumption that collecting diverse types of data best provides an understanding of a research problem. Thus, this study was applied mixed approach to describe and evaluate the practices and challenges of tax audit in the study area. The applications of both approaches enable the researcher to obtain adequate, relevant and reliable data to the issue understudy.

Under this study, the population were sorely the Somali Regional State Revenue Authority Audit Division Staffs (Audit officers) and some management members. The population under this research comprises 38 Somali Regional State Revenue Authority audit officers and management members who are from the head offices. The study used both primary and secondary data source involving Somali Regional State Revenue Authority Tax Audit staffs and summaries of monthly and yearly tax audit and tax collection report and the main instruments used to collect data was Questionnaires. By referring standardized questionnaire formats the researcher tried to develop the questionnaires. Data are the basic input to conduct meaningful research. In conducting the research, the data that are used are both primary and secondary data. Among the different primary data collection methods questionnaires are the most usually applied in this research paper. The questionnaire contained some open-ended, which need further elaboration and suggestion by the respondent. Whereas the remaining closed-ended questions about tax audit application and its efficiency and effectiveness.

After collecting the data from the Somali Regional State Revenue Authority respondents, it was analyzed with the help of S-Excel, and application of SPSS software. The data analysis part of the study largely relied on descriptive data analysis method such as mean/average, standard deviation, frequency, percentages, ranges, was used to analyze the data collected for the study. Accordingly, descriptive statistical results were presented by tables, frequency distributions and percentages, graphical demonstrations on the way to reflect summary of results and findings of the field work. Lastly, appropriate interpretation and discussions was carried for each of the summary of findings and study results accordingly.

6 Analysis of the Finding

This section presents the results of the descriptive statistical analyses of the data and their interpretations. The descriptive statistics used are the means and standard deviations. The main purpose of using this statistical parameter is to interpret the average response rate of respondents for each item. The respondents were to give their independent opinion on the tax audit system in their organization.

Table1: Respondents' View on the Ultimate goals of Tax Audit Program

Descriptive Statement	Measurement Level					Mean	Std. Deviation
	SDA	DA	N	A	SA		
	%	%	%	%	%		
Increasing government tax revenue	0	27.8	47.2	25.0	0	2.97	.736
Increasing the compliance level of taxpayers to the tax laws	0	25.0	47.2	25.0	2.8	3.06	.791
Creating deterrent effect on non-compliant taxpayers	2.8	27.8	50.0	19.4	0	2.86	.762
Detecting tax evasion and avoidances	5.6	33.3	30.6	30.6	0	2.86	.931
Training the taxpayers	8.3	25.0	38.9	27.8	0	2.86	.931

Others (please specify)	8.3	50.0	22.2	19.4	0	2.53	.910
Total overall scores	**4.166**	**31.48**	**39.35**	**24.5**	**0.466**	**2.856**	**0.8435**

Source: SPSS output from field survey data, June 2020

As indicated in Table1, 47.2% of the respondents neutrally/agreed with increasing government tax revenue item as illustrated by mean score and standard deviation of 2.97 and 0.736 respectively. Similarly; the respondents neutrally 47.2% of the respondent that increasing the compliance level of taxpayers to the tax laws as illustrated by mean score and standard deviation of 3.06 and 0.791 respectively. In addition; the respondents neutrally agreed 50% of the respondents that creating deterrent effect on non-compliant taxpayers **as** illustrated by mean score and standard deviation of 2.86 and 0.762 respectively. likewise; the respondents disagree 33.3% of the respondents that detecting tax evasion and avoidances as illustrated by mean score and standard deviation of 2.86 and 0.931respectively. In some way; the respondents strongly agreed 38.9% of the respondents that training the taxpayers as illustrated by mean score and standard deviation of 2.86 and 0.931 respectively. 50% of the respondents disagreed with the others item as illustrated by mean score and standard deviation of 2.53 and 0.910 respectively. However, the overall average results related to the ultimate goals of tax audit Program has shown a grand mean score of 2.856 and standard deviation of 0.8435 indicated that, the agreed which means the result showed that the overall status was satisfactory with majority agreeableness to the ultimate goals of tax audit Program.

Table 2: Responses of Tax Auditors on Tax audit Selection Criteria Usually Practices in SRS Revenue Authority.

Descriptive Statement	Measurement Level					Mean	Std. Deviation
	SDA	DA	N	A	SA		
	%	%	%	%	%		
Amount of capital and high tax potential of the taxpayer	13.9	30.6	25.0	30.6	0	2.72	1.059
Long years of establishment of Taxpayers business firm	19.4	13.9	38.9	27.8	0	2.75	1.079
Amount of annual profit declared by Taxpayers and possible amount of tax to be collected	5.6	30.6	44.4	19.4	0	2.78	.832
Number of Human resources in the Taxpayers business firm	16.7	38.9	25.0	19.4	0	2.47	1.000
Taxpaying trends of the Taxpayers: through Statistical techniques using prior tax audit results in conjunction with taxpayer data	13.9	27.8	47.2	11.1	0	2.56	.877

Level of taxpayer's cooperation to give essential information necessary for performing an audit	16.7	16.7	41.7	25.0	0	2.75	1.025
Presences of Taxpayers associated compliance risks	13.9	36.1	30.6	19.4	0	2.56	.969
Total overall scores	**16.68**	**32.43**	**42.1**	**25.45**	**0**	**3.093**	**1.140**

Source: SPSS output from field survey data, June 2020

As indicated in table 2,30.6% of the respondents were neutral about the amount of capital and high tax potential of the taxpayer the illustrated by mean score and standard deviation of 2.72 and 1.059 respectively. Similarly; 38.9% chose neutral position about the long years of establishment of taxpayer's business firm as illustrated by mean score and standard deviation of 2.75 and 1.079 respectively. In addition; 44.4% of the respondents were neutral about the amount of annual profit declared by Taxpayers and possible amount of tax to be collected as illustrated by mean score and standard deviation of 2.78 and 0.832 respectively. Likewise; 38.9% of the respondents disagreed that the number of human resources in the taxpayer's business firm as illustrated by mean score and standard deviation of 2.47 and 1.000 respectively. Furthermore; the respondents 47.2% of the respondents were neutral about taxpaying trends of the Taxpayers: through Statistical techniques using prior tax audit results in conjunction with taxpayer data as illustrated by mean score and standard deviation of 2.56 and 0.877 respectively, Likewise 41.7% of the respondents chose neutral position about the level of taxpayer's cooperation to give essential information necessary for performing an audit as illustrated by mean score and standard deviation of 2.75 and 1.025 respectively, 36.1% of the respondents disagree that presences of taxpayers associated compliance risks as illustrated by mean score and standard deviation of 2.56 and 0.969 respectively.However, the overall average results related to the tax audit selection criteria has shown a grand mean score of 3.093 and standard deviation of 1.140 indicated that, the agreed which means the result showed that the overall status was satisfactory with majority.

Table3: Major Challenges to the Practices of Tax Audit in SRS Revenue Authority

Descriptive Statement	Measurement Level					Mean	Std. Deviation
	SDA	DA	N	A	SA		
	%	%	%	%	%		
Limited capacity of management and leadership on the part of Somali Region Revenue Authority on tax audit administration	5.6	19.4	30.6	44.4	0	2.64	.867
In adequacy of resource and facilities required for Tax Audit	0	27.8	52.8	19.4	0	2.92	.692
Absences of Coordinated efforts among sector offices of the region engaged on Tax audit related responsibilities	8.3	25.0	41.7	22.2	2.8	2.86	.961
Total overall scores	**4.633**	**24.06**	**41.7**	**28.66**	**2.8**	**8.42**	**0.84**

Source: SPSS output from field survey data, June 2020

As indicated in Table 3, 44.4% of the respondents agree that there is limited capacity of management and leadership on the part of Somali region revenue authority on tax audit administration as illustrated by mean score and standard deviation of 2.64 and 0.867 respectively. Differently; 53.8% of the respondents were neutral about that the adequacy of resource and facilities required for tax audit as illustrated by mean score and standard deviation of 2.92 and 0.692 respectively. In addition, 41.7% of the respondents were neutral about the absences of coordinated efforts among sector offices of the region engaged on tax audit related responsibilities as illustrated by mean score and standard deviation of 8.42 and 0.84respectively.

6 Conclusion and Recommendation

Conclusions

Based on major findings of the study; the following conclusions are made. With regards to the practices of Tax Audit at Head Office of Somali Regional state Revenue Authority, the findings of this study indicated that, overall practices to achieve ultimate Goals of Tax Audit was found at moderate level. The practices did not sufficiently contribute for the success of Tax Audit objectives in offering training for Taxpayers and creating deterrent effect on non-compliant Taxpayers. Moreover, Tax Auditors have not made sufficient efforts to create Taxpayers' awareness that might help Somali Regional state Revenue Authority to increase voluntary compliance of Taxpayers to mitigate future compliance risks at its Head Office level. Instead, auditors focused on gathering and collecting information on health of the tax system including compliance behavior of the Taxpayers. This indicated that, the current practices of Tax Audit at Head Office of Somali Regional state Revenue Authority were not regarded as an important means of promoting excellences in Tax Administration and revenue collection of the Region. In relation to the utilization of Tax Audit techniques, the findings of this study indicated that, the practices of Somali Regional State Revenue Authority at Head Office level did not proportionally focus on all types of Tax Audit techniques. Particularly on sight survey of the current conditions of the taxpayer's business through physical checks of original transaction records; and an approach that uses information obtained through observation, discussion, documents obtained from either the taxpayer or other sources were not usually practiced as other Tax Audit techniques. Concerning planning and scheduling of Tax Audit at Taxpayers' business firm, the findings indicated that, most of the time Tax Audit activities were done without schedules, unplanned and carried out arbitrarily. These confirmed that, Somali Regional State Revenue Authority fail to recall the fact that, every work unit in any organization should have a set of actions that will be performed in the journey of achieving its goals and objectives. Regarding frequency of Tax Audit to be carried out at every business firm of a Taxpayer; the findings of this study identified as it was performed every two or three; even more than five years. If the Taxpayers business is not audited at regular at the end of fiscal years, they may be exposed to higher level of penalty and does not allow to correct certain errors on time. Likewise, large amount of Government revenue may not collect at the time they should be collected from the Taxpayers.

Recommendations

1) Assigning competent and qualified individuals on Tax Audit job positions: According to the finding of this study, inefficiency and lack of competency among Tax Auditors of the office have been affecting efficiently performing duties and responsibilities to be accomplished by them at Head Office of Somali Regional State Revenue Authority. Moreover, most of them were from non- accounting field of studies.

So, Somali Regional State Revenue Authority must work to assign those individuals competent and qualified on accounting filed of studies on Tax Auditor job positions is highly recommended. Moreover, it is better if the Authority gave attention for the employment of new Tax Auditors from labor market by developing a ladder structure for Tax Auditors job position in collaboration with Somali Regional State Public Service and Human Resource Development Bureau; which may encompasses Junior, Senior and other levels of Tax Auditors' job grades.

2) Organizing training and awareness creation programs: According to the findings of this study, majority of the Auditors did not attend any training programs related to their current job during the past two years of their services at Head Office of the Region. Yet, the results of this study revealed that, there is not a well-established strategy that make Tax Auditors competent and efficient on their job on continuous bases. As a results proficiency and competency level of Tax Auditors was found at moderate levels. They were focused to achieve their personal matters than major issues related to their job position and objectives of the organization. So, arranging capacity building training on topics related to the practices of Tax Audit is recommended for the Auditors. In Addition, arranging experience sharing program with Federal and Regional Revenue Authority become important to improve the current practices of Tax Audit at the Region. Moreover, it is advisable providing education to the taxpayers on continues bases to create awareness about their rights and obligations to build and develop a citizen who has better value for paying a tax.

3) Developing and Using Annual Schedule of Auditing for Taxpayers Business Firm: With regards to planning and scheduling of Tax Audit at Taxpayers' business firm, the findings of this study indicated that, most of the time Tax Audit activities takes place without schedules arbitrarily. Moreover, regarding frequency of Tax Audit to be carried out at every business firm of a Taxpayers, the findings of this study identify as it was not performed regularly on scheduled manner. As a result, Taxpayers were frequently exposed to higher level of penalty they were not allowed to correct the errors on time. Therefore, to overcome such deficiencies it is highly recommended if the Head Office of Somali Regional State Revenue Authority strengthen the issue of Developing and using annual schedule of Auditing among Taxpayers Business Firm.

Future Research Direction

Future research should focus on ways that the tax authority can enhance the experience and the competence of auditing staff by giving them free scholarships and employment promises to reduce the complex issues tax auditing practices. Such research might address how the tax authority should give more attention to experienced tax audit staffs to maintain them for long period of time by covering their educational fee in the universities available in the city to upgrade the tax audit staffs' education level.

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