

The impact of the merger of Income Tax Department with Sales Tax Department with their associated accounting and legal policies in the reduction of tax evasion

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Abstract

The current study aimed at identifying the impact of the integration of the merger of Income Tax Department with Sales Tax Department with their associated accounting and legal policies in the reduction of tax evasion. In order to achieve the objectives of the current study, the researcher has applied the Descriptive approach for data view, while he has applied the analytical approach for the analysis of the results of the current study. The study population consisted of the auditors of Income & Sales Tax Department in medium taxpayers directorates working in auditing whose number was (150) auditors. A questionnaire was distributed on the study sample consisting of (150) respondents. (128) questionnaires were retrieved, (22) were excluded because they were not valid for analysis. The actual percentage of the study sample was (85,3%).

The researcher, having analyzed the responses of the study sample using SPSS, he has concluded a set of results, the most important are:

- There is a statistically significant difference of the merger of Income Tax Department with Sales Tax Department in the reduction of tax evasion in Jordan.
- There is a statistically significant difference for the merger of information systems in Income & Sales Tax Departments in the reduction of tax evasion in Jordan.
- There is a statistically significant difference for Anti Tax Evasion Directorate in the reduction of tax evasion in Jordan.
- There is a statistically significant difference for the accounting and legal policies of Income Tax Law no. 28 of 2009 in the reduction of tax evasion in Jordan.

In light of the results of the current study, the researcher recommends the following:

- The activation of the role of Directorate of Information in the Department and supplying it with experienced staff and necessary equipment.
- The activation of the role of Anti Tax Evasion Directorate in the Department and supplying it with experienced staff and necessary equipment.
- The activation of procedures applications with regard to the in advance deduction that shall be imposed on business activities.
- Rehabilitation and training of Income & Sales Tax Departments staff and increase their competencies through the necessary training programs.
- Raising the taxpayers 'awareness regarding the importance of tax and its role in the national economy.

1. Introduction

The global financial crisis brought to light the importance of state's intervention in the economic activities, what makes the economic management in general and financial management in particular responsible for strengthening the role of state's positive intervention and positive public spending in order to make the state able to face the repercussions of this crisis.

In order to increase public spending of the state, it must increase its public resources which can only be achieved through positive cooperation between the government's administration, civil organizations and economic activities to improve the level of tax awareness culture, the fight against tax evasion, the mobilization of additional resources to the public treasury of the state through the intensification of efforts of anti tax evasions, the activation of the role of the tax administration and the fight against all forms of corruption (Reem Amourah, 2010).

Taxes imposed by the state are considered as the most important tools that are used to directing the economy in general towards the achievement of social justice, the organization of economic life, the provision of public services, the realization of the interests related to life affairs, but tax imposition faces many obstacles and problems; the most important is tax evasion (Khalid Qablan, 2014).

The state has taken a set of measures; the most important was the merger of Income Tax Department with Sales Tax Department and also has taken a set of accounting and legal policies and procedures, which in turn limit the tax evasion through tax planning and control.

2. Problem and questions of the study

Tax evasion has several negative effects that directly affect state's treasury, and therefore, the level of services provided by the state to its citizen's. Also, tax evasion has significant effects on the social and economic goals that the state is seeking to achieve through the imposition of the tax which affects the national economy and society in general.

Here, the role of this study comes, which seeks to measure the impact of the merger of Income Tax Department with Sales Tax Department and their associated accounting and legal in the reduction of tax evasion.

In order to achieve this objective, the current study will try to answer the following questions:

1- What is the impact of the merger of Income Tax Department with Sales Tax Department in the reduction of tax evasion?

2. What is the impact of the accounting and legal policies in the temporary Income Tax Act No. 28 of 2009 in the reduction of tax evasion?

3. Importance of the study

The importance of the current study stems from the role of Income Tax Department with Sales Tax Department in supporting the budget and the Income Tax Act No. 28 of 2009, where this law was enacted in difficult economic conditions experienced by the Jordanian economy in light of the economic recession and the increasing indebtedness, and thus, was necessary to reduce tax evasion, which will lead to the achievement of tax justice among taxpayers, and therefore, the taxpayers' satisfaction regarding the law and their conviction to pay their taxes, which will increase the cash flow to the public treasury, and thus, the reduction of the deficit in the annual budget. So, the importance of this study lies in demonstrating the impact of the merger of Income Tax Department with Sales Tax Department and their associated accounting and legal policies in the reduction of tax evasion, and therefore, it may contribute through future recommendations to increase the revenue generated from Income & Sales Tax Department, which will positively reflect on Jordan's economy.

4. Hypotheses of the study

In order to answer the questions of the current study, the following hypotheses were formulated:

First Main hypothesis

There is no statistically significant difference at the significance level ($\alpha = 0.05$) for the merger of Income Tax Department with Sales Tax Department in the reduction of tax evasion in Jordan.

4.1 Sub-hypotheses

- There is no statistically significant impact at the level of significance ($\alpha = 0.05$) for the information system applied in the Income & Sales Tax Department in the reduction of tax evasion.
- There is no statistically significant impact at the level of significance ($\alpha = 0.05$) for Anti tax evasion Department in the Income & Sales Tax Department in the reduction of tax evasion.

Second Main hypothesis

There is no statistically significant impact at the level of significance ($\alpha = 0.05$) for the accounting and legal policies in the temporary tax law no, 28 of 2009 in the reduction of tax evasion.

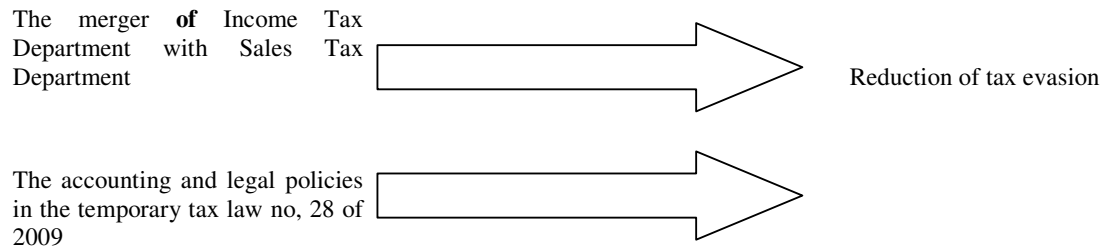
Sub-hypotheses

- There is no statistically significant impact at the level of significance ($\alpha = 0.05$) for tax brackets in Income Tax Act No. 28 of 2009 in the reduction of tax evasion.
- There is no statistically significant impact at the level of significance ($\alpha = 0.05$) for personal and family exceptions in Tax Act No. 28 of 2009 in the reduction of tax evasion.
- There is no statistically significant impact at the level of significance ($\alpha = 0.05$) for legal compensation in Tax Act No. 28 of 2009 in the reduction of tax evasion.
- There is no statistically significant impact at the level of significance ($\alpha = 0.05$) for fines imposed by Income & Sales Tax Department in the reduction of tax evasion.

5. Study Model

Dependant variable

Independent variable



5.1 Procedural definitions

The merger of Income Tax Department with Sales Tax Department:

The merger of Income Tax Department with Sales Tax Department as well as both departments' procedures including the unification of procedures and unification of auditing.

Accounting and legal policies: mean any modern amendments applied on income & sales law pursuant to law no 28 of 2009 in force since 1/1/2010.

Taxpayer: Everyone is obliged to pay the tax, deduct it in accordance with the provisions of the law.

Tax evasion: this means any illegal actions taken by the tax payer to reduce the sum of the tax imposed on him.

Income tax law: the temporary income tax no. 28 of 2009 in force since 1/1/2010.

6. Literature review

6.1 Arabic studies

- A study carried out by (Amre, 2011) entitled "*The extent to which governance criteria are applied in Palestinian tax departments in West Bank districts and its impact on the increased efficiency and effectiveness of performance*".
- This study aimed to assess the application of corporate governance criteria in the income tax departments in Palestine, to increase awareness of governance and a culture of transparency and disclosure among staff in government departments, which contributes to increasing the efficiency and effectiveness of employees. The study population consisted of income tax auditors in the Palestinian Authority areas. Study sample consisted of a number of workers in the income tax departments, and a questionnaire was used as a tool for data collection.
- The results of the study revealed that the application of governance criteria was at a medium level in the tax departments, and there was a relationship between the efficiency and effectiveness on one hand and corporate governance criteria on the other hand, and accordingly, the criteria of governance shall be applied as one package.
- A study carried out by (Al-Abini, 2012) entitled "*the impact of tax governance mechanisms on tax revenues*". This study aimed at identifying the impact of tax governance mechanisms on tax revenues. In order to achieve the objective of this study, the researcher has developed a questionnaire distributed on the study sample which consisted of 119 tax auditors and 205 accountants. Having analyzed the data of the study, the researcher has concluded the following results:
- There was an impact of tax governance mechanisms on tax revenues in all stages through the imposition of tax and the prevention of tax evasion, as the tax control and supervision positively affect the tax revenues through the activation of the control and supervision procedures and the increment of Self-censorship.
- Taxpaying commitment – as one of tax governance mechanisms – positively affects tax revenues through raising the taxpayers' awareness in terms of this duty, as tax risks affect the tax revenues with an inverse relationship.
- Finally, tax incentives positively affect the tax revenue, where small sized organizations "taxpayers" should be encouraged by giving them a promotional discount.
- In light of the results of this study, the researcher has presented a set of recommendations, the most important were:
- The need to develop the work of the tax administration by increasing electronic services provided to the taxpayers, such as: electronic distance education for registered and non-registered taxpayers, the development of a special system of salaries, allowances and rewards for income tax and sales department auditors in order to motivate them. The researcher has also recommended carrying out other studies and research on the other mechanisms and principles of tax governance, and taking some variables into account due to their importance, for example: the continued development of e-services, and moral concepts of tax in the tax community.

- A study carried out by (Al Nsour, 2014) entitled “*Tax evasion in Jordan, its causes, methods, and its size*”.
- The study aimed to analyze the tax system in Jordan, factors affecting the increase in the tax burden, identify the causes and means of evasion, estimate the resulting losses and the impact of all this on the Jordanian economy.
- The study has indicated that some taxpayers in various countries seek to avoid paying their taxes in various ways which thus depriving the state budget of a significant proportion of the revenue through which it can exercise its economic, social and environmental roles, and even a deficit in the budget takes place which soon turns into external and internal indebtedness that inflicts greater damage to the national economy.
- A study carried out by a team of researchers headed by Dr. Maan Al Nsour has revealed the most important reasons that lead to tax evasion in Jordan, namely: the complexity of the tax system, tax system instability due to frequent amendments to the tax laws and lack of militancy in the imposition of the penalty on tax evaders , the lack of sufficient data base and information on taxpayers activity in certain professions. The tax reforms in recent years did not adequately take care of the development of human resources in the area of taxation
- The study showed - through the results of inputs and outputs of the schedules of the Jordanian economy - that the size of the tax losses was 1.9 billion dinars including the tax exceptions which amounted 834 million dinars and tax arrears amounting to about 370 million dinars, while the size of the tax evasion was nearly 695 million dinars, 200 million dinars of which were evasion of income and profits tax and 495 million dinars were tax evasion of sales tax.
- The study recommended the development of the database of taxpayers at Income & Sales Tax Department , the abolition of the minimum amounts imposed on the sales to be registered at the registry of the tax department , the activation of the role of tax administration , means of collection and auditing, not to give any authority to the executive bodies to intervene in the exemptions as well as the importance of communication and dissemination of tax awareness , reconsideration of the income law in order to expand the tax base ,carrying out a comprehensive field study that covers this topic in all its aspects without ignoring the social security contributions when talking about tax evasion .This study has emphasized in its recommendations the need for harsher penalties for income and sales tax evaders, with an emphasis on the need to facilitate and accelerate the collection processes.

6.2 foreign studies

6.2.1 (Misheal , 2005) “ Relationships Between Tax Administrations and Tax Agents and Tax Payers”.

This study aimed at identifying the relationships between tax administrations and tax agents and tax payers, and the most important factors affecting this relationship. This study has revealed a set of important results, including that the relationship between the tax administration , tax agents and taxpayers must be reciprocal, so that there must be mutual trust and respect, and therefore, the tax administration should work to gain the trust and respect for the taxpayers, and to be able to do so , tax system must be based on justice, efficiency and effectiveness .This study has revealed that tax agents play a crucial role in the process of efficiency and effectiveness of the tax system through the influence they have on their customers, and there are benefits gained by tax administration from tax agents where tax administration -through its dealings with a single tax agent- can affect many taxpayers, as well as there are benefits to taxpayers as tax agent bears the responsibility of spreading awareness and tax culture among taxpayers who represent them through making them aware of their rights and duties.

The researcher recommended through this study to instill confidence of community members towards tax system, to provide assistance to taxpayers by taking into account justice rules in the tax legislation, also tax agents shall commit to their legal and moral duties toward taxpayers and represented by helping them for understanding their rights and duties and to encourage them to bear their tax responsibility. Also, and the tax administration shall simplify procedures and to provide citizens with excellent service, and to build and acquire the trust of the community, and to increase the efficiency of its employees to be able to achieve the desired goals.

6.2.2 (Jacop , 2007) “Effect of Corruption on Tax in the Middle East”

This study aimed at identifying theEffect of Corruption on Tax in the Middle East”. This study showed that the reason beyond low tax collections is the existence of corruption within the state, and this led to the lack of trust in these governments by the taxpayers, and this led to tax evasion. This study also showed that income tax was the most type of taxes that was affected by such evasion. The researcher has presented a set of recommendations including that : if governments desire to raise the rates of the revenues of the taxes , this shall be through anti-corruption , and to increase the social welfare of citizens by achieving justice for taxpayers through the enacting tax laws applicable and in force within the state.

6.3 What distinguishes this study from previous ones?

Most studies in general, and the Jordanian studies in particular have focused on tax evasion and the difference between the disclosed income and the actual income, the relation between the auditing and income, or other partial factors. This study will address all the accounting policies adopted by the Income & Sales Tax Department and the statement of their direct impact on the reduction of tax evasion through the following three main axes:

- The temporary income law no. 28 of 2009, which, as far as the researcher knows, no study has previously addressed the effect of this law in the reduction of tax evasion.
- Accounting policies, and legal procedures applied and followed in income & sales tax department, which, and as far as the researcher knows, no study has previously addressed the effect of such legislations in the reduction of tax evasion, as well as the policies and procedures applied by Anti Tax Evasion Directorate.

7. Methodology and procedures

This chapter includes a revision of study methodology, population, sample, and the way through which resources for data collection are used, how data are prepared, developed and verified regarding study tool validity and reliability, and clarification of statistical approach applied for data processing, conclusion of results and analysis.

7.1 Methodology

The researcher has applied the Descriptive approach for data view, while he has applied the analytical approach for the analysis of the results of the current study.

7.1.1 Resources of data collection

1-Secondary resources

Data and information were collected through sources, references, books, articles and scientific journals available in libraries, in addition to previous studies on the subject of the study, as will the use of the World Wide network (the Internet) to deal with all that is new on the subject of the study.

2-Primary sources

The researcher has developed a questionnaire to identify the impact of the merger of Income Tax Department with Sales Tax Department with their associated accounting and legal policies in the reduction of tax evasion. The questionnaire consisted of three parts:

- The first part included the demographic information to study sample (specialization, certification, experience, position)

While the second part included the dimensions of the problem of the study as follows:

- **The first dimension:** the merger of Income Tax Department with Sales Tax Department, which consisted of (16) paragraphs.
- **The second dimension:** This part included “the commitment to accounting and legal policies applied in Income & Sales Tax Departments “. This part consisted of (6) paragraphs.
- **And finally, the third part** which represents the dimensions of the problem associated with the ways of tax evasion, and this part consisted of (9) paragraphs.

7.2 Questionnaire scale test

Point Likert scale was applied and responses scale was determined as table (1) shows.

Table (1) Questionnaire scale test

| Response | Very high | High | Somewhat high | Low | Very low |
|----------|-----------|------|---------------|-----|----------|
| Score | 5 | 4 | 3 | 2 | 1 |

7.2.1 Validity and reliability of study tool

Validity of study tool (questionnaire) was verified being reviewed by a group of specialist in tax accounting.

7.2.2 Reliability test

In order to verify the reliability of the study tool and to verify its validity, the researcher has measured the internal consistency of the paragraphs of the scale, as the researcher has used (Cronbach Alpha) because it depends on individual's score's consistency from a paragraph to another. Also, Cronbach Alpha gives an estimation of reliability of the study tool. In order to verify the reliability of the study tool, Cronbach Alpha was applied on reliability sample individuals. In spite of the lack of standardized rules regarding the appropriate values of (Alpha), but in practice ($\text{Alpha} \geq 0.06$) is acceptable in sciences financial and administrative research.

Table (2) (Cronbach Alpha) of questionnaire dimensions

| No. | Dimension | Alpha |
|-----|---|-------|
| 1 | The merger of Income Tax Department with Sales Tax Department | 0.867 |
| 2 | Applied accounting and legal policies | 0.823 |
| 3 | Ways of tax evasion | 0.855 |
| | Total score | 0.848 |

Reliability coefficients show high level of tool's ability to achieve the objectives of the current study. Table (2:2) shows that the highest reliability coefficient of the dimensions of the study was (0.867) , while the lowest one was (0.823) what indicates that the reliability of the results.

7.2.3 Normality Distribution Test

(K-S) Test was used where Sig value was (> 0.05) as for each hypothesis.

Table (3) Normality Distribution Test

| | Sig |
|----------------|-------|
| Hypothesis 1 | 0.278 |
| Hypothesis 2 | 0.22 |
| Way of evasion | 0.12 |

8. Study population and sample

The study population consisted of the auditors of Income & Sales Tax Department in medium taxpayers directorates working in auditing whose number was (150) auditors up to the date of the current study.(128) questionnaires were retrieved ,(22) were excluded because they were not valid for analysis. The actual percentage of the study sample was (85,3%).

8.1 Analysis of demographic factors

The following analysis of demographic factors of the study sample:

8.2 Specialization

Table (4) The study sample distribution by Specialization

| | Frequencies | Percentages |
|--------------------------------|-------------|-------------|
| Accounting | 104 | %81.2 |
| Management | 4 | %3.2 |
| Financial and Banking sciences | 6 | %4.6 |
| Economy | 8 | %6.4 |
| Other | 6 | %4.6 |
| Total | 128 | %100 |

We observe that (81.2%) of the study sample are specialized in accounting, (%3.2) management,(%4.6) Financial and Banking sciences, ((%6.4 economy, while (%4.6) were of other specializations .The researcher considers the high percentage of accounting specification is a good indicator of results validity.

8.3 Certification

Table (5) The study sample distribution by certification

| Specialization | Frequencies | Percentages |
|-------------------|-------------|-------------|
| Diploma | 4 | %3.1 |
| Bachelor's degree | 99 | %77.4 |
| Master's degree | 22 | %17.1 |
| PhD. | 3 | %2.4 |
| Other | - | - |
| Total | 128 | %100 |

We observe that (%3.1) of the study sample are holders of diploma, (%77.4) are holders of Bachelor's degree, (%17.1) are holders of Master's degree, and (%2.4) are holders of PhD degree. The highest percentage of the study sample was of those holders of university certificates .The researcher considers the high percentage of Bachelor's degree as a good indicator of better validity.

8.4 Experience

Table (6) The study sample distribution by Experience

| Years of experience | Frequencies | Percentage |
|-----------------------------|-------------|------------|
| Less than 5 years | 25 | %19.5 |
| 10 years-less than 15 years | 67 | %52.3 |
| 15 years and above | 36 | %28.2 |
| Total | 128 | %100 |

(%19.5) of the study sample have less than 5-year experience , (%52.3) have an experience from 10-less than 15 years , (%28.2) have an experience of more than 15 years. The researcher considers experience as a significant factor what is positively affects the results of the study.

8.5 Position

Table (7) The study sample distribution by position

| | Frequencies | Percentages |
|---------------------------------|-------------|-------------|
| Tax auditor | 102 | %79.6 |
| Head of tax auditing section | 18 | %14 |
| Head of tax auditing department | 4 | %3.2 |
| Director of a directorate | 4 | %3.2 |
| Total | 128 | %100 |

From the table above (%.79) of the study sample are tax auditors ,(%14) are heads of tax auditing section, (%3.2)are heads of tax auditing department, and (%3.2) are directors of a directorates. The researcher considers the high percentage of tax auditors is a good indicator on the high validity of the results of the current study. Having reviewed the abovementioned results relating to the demographic factors of the study sample, we can conclude that the results can provide an indicator that can be relied on regarding the eligibility of the individuals of the study sample to answer the questions of the questionnaire and to rely on their responses to extract the desired results.

8.6 Determination of relative significance scale

Relative significance was distributed on the means of the responses of the questionnaire's paragraphs in three levels as shown in table (8).

Table (8) Determination of relative significance scale

| Scale limits | | Relative significance |
|--------------|--------------|-----------------------|
| Lower limit | Higher limit | |
| 1 | 2.33 | LOW |
| 2.34 | 3.67 | MEDIUM |
| 3.68 | 5 | HIGH |

Category table: $1.33 = 3/4 = 3/1-5$

8.7 Methodologies of data analysis

SPSS will be used in analysis and test of hypotheses, and the following statistical means will be used:

- Means and standard deviations.
- Person Correlation.
- Simple Regression.
- Multiple Regression.

9. Results of the study

The results of the study and their analysis based on the data collected from the responses of the study sample on the questions of the study tool, where means and standard deviations of the responses of the study sample were calculated, and then the hypotheses of the study were tested.

9.1 Analysis of the study questions

Questions relating to information system applied in Income & Sales Departments.

Means and standard deviations of all paragraphs relating to information system applied in Income & Sales Departments were calculated.

Table (9) Means and standard deviations of all paragraphs relating to information system applied in Income & Sales Departments

| No. | Paragraph | Mean | S.D | Rank | Level |
|-----|---|-------|-------|------|--------|
| 1 | The department registers the information of 5% deduction for the service by resident legal entity to a resident person. | 3.647 | 0.931 | 4 | high |
| 2 | The department registers the information of 5% deduction for the investments and revenues or any income excluded from tax. | 4.043 | 0.795 | 2 | high |
| 3 | The department links the sales with costs through the revision of sales and purchases invoices what in turn limits tax evasion. | 3.276 | 0.876 | 6 | medium |
| 4 | the department tracks sales through periodic sales disclosures | 2.735 | 1.025 | 8 | medium |
| 5 | Linking information system in the customs with the system in the Income Tax Department helps in reducing tax evasion | 3.983 | 0.981 | 3 | high |
| 6 | The disclosure of taxpayer about his full sales will reduce tax evasion | 2.720 | 1.117 | 9 | medium |
| 7 | The non-acceptance of tax disclosure unless enclosed with the CD of sales , purchases and expenses | 4.731 | 0.783 | 1 | high |
| 8 | The auditor checks all sales invoices when auditing sales tax supported by invoices. | 3.075 | 1.172 | 7 | medium |
| 9 | The ability of the auditor to access to all customs declarations of taxpayer limits tax evasion | 3.584 | 1.021 | 5 | high |
| | General mean and standard deviation | 3.532 | 0.753 | | |

Table (9) shows that the decision of the merger of Income Tax Department with Sales Tax Department is a sound decision through the information system used in the department after merger and its effect in tax evasion, whereas means were high (1.2.7.9) what indicates the efficiency of the information system used in the department after the merger process. The table also shows that the means relating to paragraphs (6.8.4) were at average, what indicates the limited ability of the tax auditor to discover the tax evasion in case of the absence of the information system.

The researcher believes that the high standard deviations of paragraphs (9.8.7.6.2.4) are a positive indicator on the differences in the attitudes of the individuals of the study sample, and this according to the researcher's point of view, is attributed to the difference of the nature of the activities of the taxpayers.

Questions relating to the establishment of Anti-tax evasion directorate in income & sales department, and its contribution to the reduction of tax evasion.

Table (10)

| No. | Paragraph | Mean | S.D | Rank | Level |
|-----|---|-------|------|------|--------|
| 1 | The establishment of Anti-tax evasion directorate reduces tax evasion. | 3.987 | .956 | 2 | high |
| 2 | The staff working in anti-tax evasion Directorate has the more powers that enable them to reduce tax evasion | 3.863 | .947 | 4 | high |
| 3 | The staff working in anti-tax evasion Directorate has the more experiences that enable them to reduce tax evasion | 3.838 | .931 | 6 | high |
| 4 | Subsequent auditing performed by the staff of anti-tax evasion department can reduce tax evasion. | 4.200 | .884 | 1 | high |
| 5 | Anti-tax evasion directorate has equipment's that enable it to reduce tax evasion. | 3.086 | .951 | 7 | medium |
| 6 | The staff working in anti-tax evasion Directorate has the juridical powers what in turn reduces tax evasion. | 3.982 | .998 | 3 | high |
| 7 | The staff working in anti-tax evasion Directorate has auditing skills what in turn reduces tax evasion. | 3.849 | .848 | 5 | high |
| | General mean and standard deviation | 3.829 | .886 | | high |

We observe that paragraph (4) which states "Subsequent auditing performed by the staff of anti tax evasion department can reduce tax evasion" was the most matching paragraph with a mean of 4.2 which comes within the category (5-3.67). Paragraph (5) which states that "Anti tax evasion directorate has equipments that enable it to reduce tax evasion", was the less matching paragraph with a mean of 3.086 and which comes within the category (3.66-2.33). The total general mean 3.829 reflects the importance of the establishment of anti tax evasion directorate in the reduction of tax evasion.

9.2 Questions relating to the extent to which income & sales department applies the accounting and legal policies.

Means and standard deviations of all paragraphs relating to the extent to which income & sales department applies the accounting and legal policies pursuant to income tax law no. 28 of 2009 were calculated.

Table (11) Means and standard deviations of all paragraphs relating to the extent to which income & sales department applies the accounting and legal policies

| No. | Paragraph | Mean | S.D | Rank | Level |
|-----|---|-------|------|------|--------|
| 1 | The new tax rates and brackets imposed on companies helped in the reduction of tax evasion | 4.200 | .876 | 2 | high |
| 2 | The new tax rates and brackets imposed on individuals helped in the reduction of tax evasion | 3.063 | .937 | 7 | medium |
| 3 | The new tax rates and brackets imposed on companies and individuals have taken into account their legal status what in turn helped in the reduction of tax evasion | 3.838 | .981 | 5 | high |
| 4 | Personal and family exemptions granted to the taxpayer as set forth in Income Tax Law No. (28) of 2009 will help in reducing tax evasion | 4.000 | .884 | 4 | high |
| 5 | Imposing legal compensation of different rates for undisclosed tax helps in reducing tax evasion | 4.441 | .786 | 1 | high |
| 6 | The imposition of a fine of 0.004% per one week delay- if it is proven there is a shortage in the tax disclosure submitted by the taxpayer- helps in reducing tax evasion | 4.086 | .905 | 3 | high |
| 7 | The imposition of a fine - if the taxpayer fails to deduct the tax and send it in accordance with the provisions of the law- will help in the reduction of tax evasion | 3.180 | .961 | 6 | medium |
| | general mean and standard deviation | 3.819 | .566 | | high |

We observe that paragraph (5) which states "Imposing legal compensation of different rates for undisclosed tax helps in reducing tax evasion" was the most matching paragraph with a mean of 4.441 which comes within the category (5-3.67). Paragraph (2) which states that "The new tax rates and brackets imposed on individuals helped

in the reduction of tax evasion”, was the lowest matching paragraph with a mean of 3.063 and which comes within the category (3.66-2.33).The total general mean 3.819 reflects to the extent to which income & sales department applies the accounting and legal policies.

9.2 Questions relating to the extent to which taxpayers use the ways of tax evasion

Means and standard deviations of all paragraphs relating to the extent to which taxpayers use the ways of tax evasion were calculated.

Table (12) Means and standard deviations of all paragraphs relating to the extent to which taxpayers use the ways of tax evasion were calculated.

| No. | Paragraph | Mean | S.D | Rank | Level |
|-----|---|------|------|------|--------|
| 1 | failure to declare the entire sales | 4.04 | 0.9 | 2 | high |
| 2 | failure to declare the entire purchases | 3.77 | 0.99 | 3 | high |
| 3 | import using other names | 4.20 | 0.9 | 1 | high |
| 4 | maximizing the inventory at end | 3.76 | 1.0 | 4 | high |
| 5 | maximizing expenses | 3.62 | 1.06 | 6 | medium |
| 6 | Lack of commitment to keep official accounts | 3.49 | 0.9 | 7 | medium |
| 7 | not specifying a particular activity | 3.2 | 1.00 | 8 | medium |
| 8 | Providing fake accounts for the purpose of the tax different from the real accounts | 3.7 | 1.0 | 5 | high |
| | average | 3.72 | 0.69 | | high |

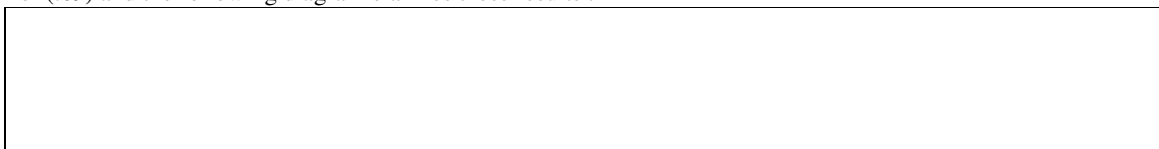
We note that the sample trends tend to agree on the above-mentioned ways of tax evasion where paragraph (3) “import using other names” was the most used way with a mean of 4.204, while paragraph (7) relating to “not specifying a particular activity” was the less used ways with a mean 3.24 and total average 3.72 what reflects high level of the usage of the abovementioned tax evasions ways.

9.3 conclusion of results

Table (13) Means and standard deviations of all fields of the impact of accounting and legal policies applied by income & sales department to reduce tax evasion.

| Field no. | Field | Mean | S.D | Score |
|-----------|---|-------|-------|-------|
| 1 | Information system applied in the Income & Sales Tax Department | 3.532 | 0.753 | high |
| 2 | The establishment of Anti tax evasion directorate in income & sales department | 3.829 | .886 | high |
| 3 | The Commitment to accounting and legal policies applied in income & sales tax departments | 3.819 | .566 | high |
| 4 | Ways of tax evasion | 3.72 | 0.69 | high |
| | General Mean And Standard Deviation | 3.55 | .718 | high |

The results showed that the field of the establishment of anti tax evasion directorate had a mean of (3.829) and a standard deviation of (.886), while the field “information system” had a mean of (3.53) and a standard deviation of (.69) and the following diagram clarifies these results :



9.3 Test of study hypotheses

Test of first main hypothesis:

There is no statistically significant difference at the significance level ($\alpha = 0.05$) for the merger of Income Tax Department with Sales Tax Department in the reduction of tax evasion in Jordan.

In order to test this hypothesis, regression was used in order to verify the potential impact of the merger of Income Tax Department with Sales Tax Department (information system and anti tax evasion Directorate) in the reduction of tax evasion in Jordan.

Table (14) Regression test of the impact of the merger of Income Tax Department with Sales Tax Department (information system and anti tax evasion Directorate) in the reduction of tax evasion in Jordan.

| Statement | R | R ² | F | β | df | Sig |
|--|-------|----------------|-------|---------|----|-------|
| The impact of the merger of Income Tax Department with Sales Tax Department (information system and anti tax evasion Directorate) in the reduction of tax evasion in Jordan. | 0.059 | 0.004 | 0.323 | 0.063 | 1 | 0.571 |
| | | | | | 91 | |
| | | | | | 92 | |

The results showed a statistically significant difference of the merger of Income Tax Department with Sales Tax Department (information system and anti tax evasion Directorate) in the reduction of tax evasion in Jordan. Whereas R was (0.059) at the significance level ($\alpha \leq 0.05$), while R² was (0.004). β was (0.063), and thus we reject the hypothesis which states *“There is no statistically significant difference at the significance level ($\alpha = 0.05$) for the merger of Income Tax Department with Sales Tax Department in the reduction of tax evasion in Jordan”*.

9.4 Test of Second Main hypothesis

There is no statistically significant impact at the level of significance ($\alpha = 0.05$) for the accounting and legal policies in the temporary tax law no, 28 of 2009 in the reduction of tax evasion.

In order to test this hypothesis, regression was used in order to verify the potential impact of the accounting and legal policies in the temporary tax law no, 28 of 2009 in the reduction of tax evasion.

Table (15) Regression test of the impact of the accounting and legal policies in the temporary tax law no, 28 of 2009 in the reduction of tax evasion.

| Statement | R | R ² | F | β | df | Sig |
|--|-------|----------------|-------|---------|----|-------|
| The impact of the accounting and legal policies in the temporary tax law no, 28 of 2009 in the reduction of tax evasion. | 0.027 | 0.001 | 0.067 | 0.066 | 1 | 0.797 |
| | | | | | 91 | |
| | | | | | 92 | |

The results showed a statistically significant difference of the accounting and legal policies in the temporary tax law no, 28 of 2009 in the reduction of tax evasion. Whereas R was (0.27) at the significance level ($\alpha \leq 0.05$), while R² was (0.001), β was (0.033), and thus we reject the hypothesis which states *“There is no statistically significant impact at the level of significance ($\alpha = 0.05$) for the accounting and legal policies in the temporary tax law no, 28 of 2009 in the reduction of tax evasion”*.

10. Conclusion:

After the researcher has analyzed the study sample's responses and has tested the hypotheses of the study in the previous chapter, he concluded the following results:

1. There is a statistically significant difference of the merger of Income Tax Department with Sales Tax Department in the reduction of tax evasion in Jordan.
2. There is a statistically significant difference of the information systems in Income & Sales Tax Departments in the reduction of tax evasion in Jordan.
3. There is a statistically significant difference for Anti Tax Evasion Directorate in the reduction of tax evasion in Jordan.
4. There is a statistically significant difference for the accounting and legal policies of Income Tax Law no. 28 of 2009 in the reduction of tax evasion in Jordan
5. The results of the current study showed that income & sales department-and depending on the sample of the study- seriously commits to the procedures and policies related to:
 - A. Imposing legal compensation of different rates for undisclosed tax up to the value of due tax.
 - B. The imposition of a fine of 0.004% per one week delay- if it is proven there is a shortage in the tax disclosure submitted by the taxpayer- helps in reducing tax evasion.
 - C. The activation of tax ratios and brackets based on the legal status of the taxpayer.
6. The current study found that the most prominent ways used by taxpayers in tax evasion process were failure to declare the entire sales, import using other names, and lack of commitment to keep official accounts.

10.1 Recommendations

In light of the results of the current study, the researcher recommends the following:

1. The activation of the role of Directorate of Information in the Department and supplying it with experienced staff and necessary equipment.
2. The activation of the role of Anti Tax Evasion Directorate in the Department and supplying it with experienced staff and necessary equipment.
3. The activation of procedures applications with regard to the in advance deduction that shall be imposed on business activities.
4. The necessity of activating and application procedures for the import using other name and coordination with the Jordanian Customs Department to follow up the activities of holders of import card, and raising the awareness of these cardholders .
5. Rehabilitation and training of Income & Sales Tax Departments staff and increase their competencies through the necessary training programs.
6. Raising the taxpayers 'awareness regarding the importance of tax and its role in the national economy.
7. The need for carrying out more studies on the merger of Income Tax Department with Sales Tax Department with their associated accounting and legal policies in the reduction of tax evasion

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Laws

- Temporary Income Tax no. 28 of 2009
- Instructions No. (1) of 2010 - instructions of the deduction of income tax issued pursuant to the provisions of paragraph (d) of Article of the temporary income tax law No. (28) of 2009.