


THE IMPACT OF TAX LEGISLATION ON PUBLIC SHAREHOLDING COMPANIES TAX DISCLOSURE: A COMPARATIVE STUDY BETWEEN THE JORDANIAN TAX SYSTEM AND THE U.S. TAX SYSTEM (STATE OF ILLINOIS)

Adel Mohammed Qatawneh^A, Ayman Bader^B, Khalid Thaher Amayreh^C



ARTICLE INFO	ABSTRACT
<p>Article history:</p> <p>Received 17 March 2023</p> <p>Accepted 14 June 2023</p>	<p>Purpose: the purpose of this study is to examine the impact of tax legislation frequency and awareness on tax disclosures in publicly held companies in Jordan and the USA.</p> <p>Theoretical Framework: the study utilizes a theoretical framework that considers the transparency, tax evasion, and availability of financial resources to the companies. The research employs an analysis of peer-reviewed journals and reports to explore the interaction between these variables.</p> <p>Findings: the findings reveal that frequent changes in tax legislation reduce awareness levels but have no significant effect on transparency. Companies tend to prefer minimal disclosures rather than making extensive reports. Controlled policy changes enable companies to adjust their practices and influence the availability of resources. Increased awareness of tax policies enhances corporate understanding, but its impact on transparency is limited unless there is a mandatory requirement. Higher levels of awareness also contribute to reduced corporate evasion and improved availability of financial resources.</p> <p>Implications of the research: the study has implications for tax legislators, providing insights into developing more effective tax legislation that enhances disclosures.</p> <p>Originality/value: It highlights the importance of considering other moderating factors that influence policy effectiveness across different countries.</p>
<p>Keywords:</p> <p>Tax Legislation; Tax Disclosures; Transparency; Evasion; Awareness; Frequency; Financial Resources.</p> <div data-bbox="172 1093 480 1339" style="text-align: center;">  </div>	<p>Doi: https://doi.org/10.26668/businessreview/2023.v8i6.2396</p>

O IMPACTO DA LEGISLAÇÃO TRIBUTÁRIA NA DIVULGAÇÃO DE IMPOSTOS DAS EMPRESAS DE CAPITAL ABERTO: UM ESTUDO COMPARATIVO ENTRE O SISTEMA TRIBUTÁRIO DA JORDÂNIA E O SISTEMA TRIBUTÁRIO DOS ESTADOS UNIDOS (ESTADO DE ILLINOIS)

RESUMO

Objetivo: o objetivo deste estudo é examinar o impacto da frequência e do conhecimento da legislação tributária sobre a divulgação de informações fiscais em empresas de capital aberto na Jordânia e nos EUA.

Estrutura teórica: o estudo utiliza uma estrutura teórica que considera a transparência, a evasão fiscal e a disponibilidade de recursos financeiros para as empresas. A pesquisa emprega uma análise de periódicos e relatórios revisados por pares para explorar a interação entre essas variáveis.

Resultados: os resultados revelam que mudanças frequentes na legislação tributária reduzem os níveis de conscientização, mas não têm efeito significativo sobre a transparência. As empresas tendem a preferir divulgações mínimas em vez de relatórios extensos. Mudanças controladas nas políticas permitem que as empresas ajustem

^A Doctor of Accounting, Departments of Accounting, Al-Zaytoonah University of Jordan. Jordan.

E-mail: A.Qatawneh@zuj.edu.jo Orcid: <https://orcid.org/0000-0003-0762-437X>

^B Doctor of Accounting, Departments of Accounting, Al-Zaytoonah University of Jordan. Jordan.

E-mail: a.bader@zuj.edu.jo Orcid: <https://orcid.org/0000-0002-6653-3550>

^C Doctor of Business Administration, Business Administration Department, Irbid National University. Jordan.

E-mail: khaled_amayreh@inu.edu.jo Orcid: <https://orcid.org/0000-0001-5481-6628>

suas práticas e influenciam a disponibilidade de recursos. O aumento da conscientização sobre as políticas fiscais melhora a compreensão das empresas, mas seu impacto sobre a transparência é limitado, a menos que haja uma exigência obrigatória. Níveis mais altos de conscientização também contribuem para reduzir a evasão corporativa e melhorar a disponibilidade de recursos financeiros.

Implicações da pesquisa: o estudo tem implicações para os legisladores tributários, fornecendo insights sobre o desenvolvimento de uma legislação tributária mais eficaz que aprimore as divulgações.

Originalidade/valor: O estudo destaca a importância de considerar outros fatores moderadores que influenciam a eficácia da política em diferentes países.

Palavras-chave: Legislação Tributária, Divulgação de Impostos, Transparência, Evasão, Conscientização, Frequência, Recursos Financeiros.

EL IMPACTO DE LA LEGISLACIÓN FISCAL EN LA INFORMACIÓN FISCAL DE LAS EMPRESAS QUE COTIZAN EN BOLSA: UN ESTUDIO COMPARATIVO ENTRE EL SISTEMA FISCAL DE JORDANIA Y EL SISTEMA FISCAL DE ESTADOS UNIDOS (ESTADO DE ILLINOIS)

RESUMEN

Objetivo: el objetivo de este estudio es examinar el impacto de la frecuencia y el conocimiento de la legislación fiscal en la revelación de información fiscal de las empresas que cotizan en bolsa en Jordania y Estados Unidos.

Marco teórico: el estudio utiliza un marco teórico que considera la transparencia, la elusión fiscal y la disponibilidad de recursos financieros para las empresas. La investigación emplea un análisis de revistas e informes revisados por pares para explorar la interacción entre estas variables.

Resultados: Los resultados revelan que los cambios frecuentes en la legislación fiscal reducen los niveles de concienciación, pero no tienen un efecto significativo sobre la transparencia. Las empresas tienden a preferir una información mínima a una información exhaustiva. Los cambios controlados de la política permiten a las empresas ajustar sus prácticas e influyen en la disponibilidad de recursos. Un mayor conocimiento de las políticas fiscales mejora la comprensión de las empresas, pero su impacto en la transparencia es limitado a menos que exista un requisito obligatorio. Unos mayores niveles de concienciación también contribuyen a reducir la evasión empresarial y a mejorar la disponibilidad de fondos.

Repercusiones de la investigación: El estudio tiene implicaciones para los responsables de la política fiscal al aportar ideas para el desarrollo de una legislación fiscal más eficaz que mejore la divulgación de información.

Originalidad/valor: El estudio pone de relieve la importancia de considerar otros factores moderadores que influyen en la eficacia de las políticas en distintos países.

Palabras clave: Legislación Fiscal, Divulgación Fiscal, Transparencia, Evasión, Concienciación, Frecuencia, Recursos Financieros.

INTRODUCTION

The tax systems in the USA are highly controlled at the federal and at the state levels. The tax is administered at the federal and at the state level where it is also cascades downward to the counties, municipalities, cities and educational districts. Most of the federal tax policies superseded those of the state level. The policies at the national level, guides how the corporate are to approach the tax disclosures. The IRS has issued a set of rules, guidelines and policies to guide the tax system. IRC 6103(d) provides sharing of information between the IRS and the state while IRC 6103(I)(1) accounts for the court orders as part of the tax enforcers. The tax code provides from limited disclosures of the tax information for the purposes of administration of tax in IRC 6103(k)(6). Once the information is received, the information is shared with various other entries including the sources security administration as required for the execution

of its mandate. The tax system also allows for the power of attorney (Internal Revenue Service, 2020). The state of Illinois requires the companies listed an operating in the state to have a disclosure of the names of the director as part of the disclosure. Besides the IRS, the companies are under the control and regulation of the Securities and Exchange Commission to ensure the accuracy of the information and abiding to the governance in the process of the managing the companies.

Jordanian tax regime offers a combination of the traditional and more contemporary taxation that allow for a more robust and dynamic system. The country has enacted a set of rules mean to enhance disclosures and high level of compliances. All corporates operating in the country have to be registered with the Jordanian Income and Sales Tax Department A. S. H. (2023). The tax is graduated depending on the entities and ownership. There is an additional surcharge tax levied. Corporate filing of taxes abides by the IAS and IFRS disclosures standard and follows the country's mandatory and voluntary disclosures. The mandatory disclosures are as guided by the mandating of IFRS in the country's taxing and reporting systems and changes to the Companies Law, Securities Law and its Disclosure Directives, Banks Law and the Insurance Regulatory Acts (Deloitte, 2020). Jordanian income tax laws have undergone a series of changes and metamorphoses for a long time. The recent history traces the income tax

The first income tax law was promulgated in 1933 and then successive amendments to the income tax law as required by the economic and social conditions in the Kingdom, where the subject of income tax was limited to salaries and wages only from both the private and public sectors, while income from crafts and trade was not subject to income tax. Later, Law No. (26) of 1946 was promulgated which expanded the scope of taxable income to and reporting include salaries, wages and income resulting from any trade, craft or workmanship. Law No. (25) of 1964, classified incomes into and identified part of incomes that would not be subject to tax, for economic, humanitarian and social reasons. Law No. (34) of 1982 introduced the aspects of self-assessment to give the taxpayer a chance for self-assessment. Since the 1982 law, further amendment made includes Law of 1958 No. 57., Act No. 4 of 1989., Law No. 4 of 1992, Act No. 25 of 2001, and Law No. 39 of 2003. In 2009, Law No. (28) reduced most of the fees and tax obligation but were later increased in Tax Law No. (34) of 2014.).

Research Problem

There has been a wide range of laws and policies enacted by the various entities to improve the level of compliance with a wide set of law for the taxation purposes. However,

even with these laws, there are still cases of noncompliance on the tax disclosures that make the process not fully compliant. There is need therefore to understand and evaluate the effectiveness of some of these policies on the levels of compliance and disclosures.

Research Question

What is the impact of tax legislation on the tax disclosure of public shareholding companies in the Jordanian tax system and US tax system in the state of Illinois?

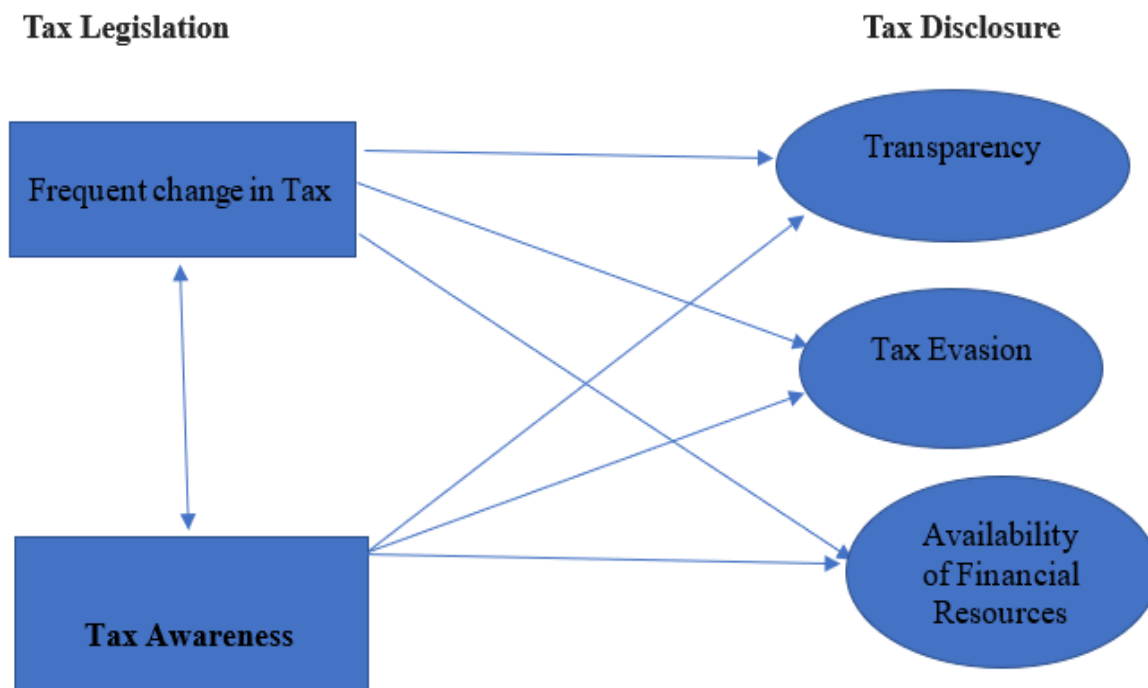
Research Significance

The research will provide critical information to guide the various stakeholders on the effectiveness of the various laws and policies concerning the corporate disclosures for the purposes of taxation.

Goal of Research

The goal of the research is to have an in-depth exploration of the tax laws and policies in the USA and Jordan and analyse their impact on the tax disclosures and conformance in their respective areas.

Figure 1. Model of research



Source: The Model Prepared by Researchers

The model seeks to find the connection between the aspects of tax legislation on the tax disclosures as the dependent variable. The aspect of the independent variable being measured are the level of tax awareness of the policy which is the extent to which the key stakeholders are aware of the policies and its impact on the various aspects of the corporates. The frequency of tax changes seeks to evaluate how often the tax legislators makes changes to the tax legislations. The aspects of tax disclosure include the transparency levels, tax evasion and the capital availability (Amayreh & Wahsheh, 2019). Transparency measures show truthful the disclosures area and accurately represents the true standing of the company's financial performance. Tax evasion is an illegal action by the tax payer to use means not to pay what they are required to pay while the financial resources are the sources of finances that are used by the companies to meet their financial obligations

METHODOLOGY

Research Design

Research hypotheses and relationships proposed by the research model are examined using SPSS 26 version as the basis for the study. According to the study, respondent responses were evaluated on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). In addition, each construct was evaluated using mostly valid and reliable elements that had been used in previous research. In particular, Tax Legislation and its corresponding items (i.e. Frequent change in Tax, Tax Awareness) were adapted from various studies to measure Tax Legislation. Frequent change in Tax included 9 items derived from the study conducted by Pui Yee et al., (2017), Tax Awareness included 10 items based on the study conducted by Vousinas (2017). Tax Disclosure and its corresponding items (i.e. Transparency, Tax Evasion, Availability of Financial Resources) were adapted from various studies to measure Tax Disclosure. Transparency included 9 items derived from the study conducted by De la Cuesta-González et al., (2019), Tax Evasion included 10 items based on the study conducted by Sarkar and Sahu (2018), Availability of Financial Resources 10 items based on the study conducted by Nurunnabi (2019).

Sample

Empirical data for this study was collected through paper-based survey in Jordan and survey monkey USA. Specifically, a survey questionnaire was used to gather data for hypotheses testing from at the Income Sales Tax Department in Jordan and Internal revenue

service in USA. As part of the development process, the instrument was reviewed by four lecturers who are specialized in the taxation and Tax Disclosure to identify ambiguities in wording, content, and questions. After some changes were made based on their suggestions, the modified questionnaire was piloted on 11 employees Income Sales Tax Department in Jordan and Internal revenue service in USA. The pilot study provided feedback, some minor edits were made to the survey questions, and participants were sent questionnaires. The population of this study consists of all employees from t Income Sales Tax Department in Jordan and the Internal revenue service in USA. The employees specialized in tax audit were selected from accountants and financial and legal experts as simple random sampling methods by which the elements do not have a known or predetermined chance of being selected as subjects. The sample size of this study was determined based on the rules of thumb for using SPSS 26 in order to obtain reliable and valid results. Kline (2010) suggested that a sample of 200 or larger is suitable for a complicated path model. Furthermore, taking into account the complexity of the model which considers the number of constructs and variables within the model and after eliminating the incomplete responses surveys (29), our sample size (206) meets the recommended guidelines of Kline (2010), Krejcie and Morgan (1970) and Pallant (2010). The demographic data of the respondents are reported in Table (1) and (2).

As can be seen in Tables (1 and 2), these tables are shows the descriptions of the respondents demographic profiles in USA and Jordan the sample consisted mainly of males, most of whom were experienced, most were over thirty years old, and the majority were accountants

Table 1. Description of the respondents' demographic profiles ,USA

	Category	NO	%
Gender	Male	107	51.7
	Female	99	47.8
Qualification	Community collage	58	28.0
	Bachelor's	98	47.3
	Postgraduate	50	24.2
Occupational	Accounting	149	72.0
	Financial and Banking Science	24	11.6
	Law	24	11.6
	Audit	9	4.3
Experience	Less than 5	65	31.4
	5 less than 10	37	17.9
	10 less than 15	15	7.2
	Above 15	89	43.0
Total		206	100

Source: SPSS Virgin 22 Data Analysis

Table 2. Description of the respondents' demographic profiles, Jordan

	Category	NO	%
Gender	Male	118	0.572
	Female	88	0.427
Qualification	Community collage	27	0.131
	Bachelor's	158	0.766
	Postgraduate	21	0.807
Occupational	Accounting	146	0.708
	Financial and Banking Science	42	0.203
	Law	11	0.053
	Audit	7	0.033
Experience	Less than 5	43	0.208
	5 less than10	77	0.373
	10 less than 15	67	0.325
	Above 15	19	0.0922
Total		206	100

Source: SPSS Virgin 22 Data Analysis

RESEARCH RESULTS

For the purpose of examining the relationship between tax legislation (frequent changes in taxes, tax awareness) and tax disclosure (transparency, tax evasion, availability of financial resources); a reliability and validity analysis was carried out; a descriptive analysis was used to describe respondents' attitudes toward the independent and dependent variables of the questionnaire Salim, E., Ali, H., Yulasmi, Y. (2023). The research hypotheses were also tested using multiple regression analysis.

Validity and Reliability

For the purpose of ensuring the content validity of this study, other researchers with similar interests developed and used scales and items. Following the formulation of the preliminary questionnaire, four academic lecturers reviewed the questionnaire – with sufficient expertise in this field- and three practitioners and field experts to make sure each item measures what it is meant to measure, as well as avoiding ambiguity and complexity in question phrasing. After considering their feedback, changes were made to the questionnaire based on their suggestions, and recommendations to improve its validity. According to Cronbach's coefficient, the instrument has a reliability cutoff value of 0.7 (Hair et al., 2010; Sekran and Bougie, 2016). For the independent and dependent variables, Cronbach's coefficients can be found in the table (3) and (4). It is worth noting that all the measured variables' Cronbach's coefficients are above the suggested cut-off points, indicating reliability.

Descriptive Analysis

According to table (3) and (4) of the descriptive analysis, there was a high degree of influence for tax legislation (frequent changes in taxes, tax awareness) and tax disclosure (transparency, tax evasion, financial resources); the results indicate a positive trend since all variables have high means (ranging from 3.43 to 3.90). A narrow spread around the mean can also be seen from the standard deviations, which revolve around 1.

Table (3) The constructs' measure, mean, standard deviation and reliability USA

Construct	measurement	Mean	SD	Cronbach's α
Frequent change in Tax	Cyclical change in portion of tax law within the IRS.	3.8544	1.03507	0.903030
	Portion of legal tax law is unclear	3.8447	1.00494	
	Tax mitigation is unclear	3.4175	1.18958	
	The existence of legal inconsistency in Tax mitigation	3.6990	.98114	
	No statutory tax mitigation incentive to pay tax	3.9612	.94143	
	Adopt a flat tax on some sectors of Joint-Stock Companies	3.6796	.97993	
	Tax mitigation indicating the time of tax payment.	3.7136	1.05484	
	Penal tax on violation of tax law	3.5922	1.08143	
Tax Awareness	IRS employees have ability to vascularity Public Joint Stock financial Department employees.	3.4660	1.12024	0.892991
	Urging Public Joint Stock Companies to use E-services and E- pay tax.	3.7087	.99884	
	IRS bureaucracy procedures affect the disclosures.	3.7282	.97475	
	IRS administration intervenes in the decisions of the tax auditor.	4.0485	.98653	
	Awareness on procedures used to expedite tax collection.	3.0485	1.07184	
Transparency	The fairness of the tax auditor estimator (IRS) during his audit work.	3.1796	1.02732	0.928597
	Compliance of the tax auditor estimator (IRS) with ethical responsibility	3.7039	1.01438	

	when conducting audit work.			
	Independence of the tax auditor estimator (IRS)	3.7961	.95109	
	Impartiality in the application of tax law on all types of Public Joint Stock Companies' tax files.	3.7136	1.08223	
	Completion of as many files as possible by the tax auditor.	3.0388	1.26045	
	Making as much tax differences as possible by the tax auditor.	3.1068	1.15114	
	The tax auditor's experience in Financial Reporting Standards and international auditing standards.	3.1505	1.22242	
	The obligation of the tax advisor to properly disclose the financial statements related to Public Joint Stock Companies.	3.6408	.99122	
	The obligation to disclose financial corruption cases to senior management.	3.5000	1.11202	
Tax Evasion	The IRS procedures in dealing with tax evasion cases.	3.3738	.96327	0.579738
	Type of the tests carried out by the estimator when practicing tax audit.	3.5340	1.11588	
	Administrative and financial control systems applicable in public Joint Stock Companies.	3.5631	1.10582	
	Proof of accounts Public Joint Stock Company is subject to tax audit.	3.7621	1.07146	
	Analytical procedures performed by the tax estimator.	3.2379	1.12042	
	Growth of size of the Public Joint Stock Company and the multiplicity of its operations and branches.	3.1650	1.08288	
	The historical register of the Joint-Stock Company with the IRS.	3.9563	1.03265	
	The Documentary Collection with the company.	2.9369	1.26526	
	Assessing and estimation of the risks that the Public Joint Stock Company deals with.	3.4515	1.23962	

	The IRS procedures in dealing with tax evasion cases.	2.3350	1.20545	
Availability of Financial Resources	Granting tax exemptions from penalties to defaulters of tax payments continues.	3.9612	1.05389	0.725052
	Activating E-the billing system to all taxpayers of the IRS.	3.3252	1.08472	
	Audit the activities of operations related to revenues and cost.	3.7621	1.12042	
	Audit of planning and production activities.	3.4223	1.03655	
	follow-up of inventory movement.	3.8835	.87011	
	Audit sales, marketing, import, and export activities.	4.2864	.64051	
	Audit maintenance activities items.	4.2379	.66752	
	Audit of Information Systems activities.	4.2913	.63447	
	Examine and evaluate the adequacy of the internal control system.	4.2767	.64478	
	Verification of control activities and examination of documents.	4.2567	.68868	

Source: SPSS Virgin 22 Data Analysis

Table (4) The constructs' measure, mean, standard deviation and reliability Jordan

Construct	measurement	Mean	SD	Cronbach's α
Frequent change in Tax	Cyclical change in portion of tax law within the IRS.	1.8243	1.07984	0.716811
	Portion of legal tax law is unclear	2.5901	1.12958	
	Tax mitigation is unclear	2.0676	1.06631	
	The existence of legal inconsistency in Tax mitigation	3.8018	1.06321	
	No statutory tax mitigation incentive to pay tax	3.7658	1.23914	
	Adopt a flat tax on some sectors of Joint-Stock Companies	3.4730	1.04018	
	Tax mitigation indicating the time of tax payment.	3.6036	.98862	
	Penal tax on violation of tax law	1.8243	1.02871	
	IRS employees have ability to vascularity Public	4.0000	1.05432	0.862441

Tax Awareness	Joint Stock financial Department employees.			
	Urging Public Joint Stock Companies to use E-services and E-pay tax.	3.5856	1.10717	
	IRS bureaucracy procedures affect the disclosures.	3.6622	1.13656	
	IRS administration intervenes in the decisions of the tax auditor.	3.6081	1.07601	
	Awareness on procedures used to expedite tax collection.	3.5090	1.03275	
Transparency	The fairness of the tax auditor estimator (IRS) during his audit work.	3.5856	1.03638	0.926709
	Compliance of the tax auditor estimator (IRS) with ethical responsibility when conducting audit work.	3.6306	1.09346	
	Independence of the tax auditor estimator (IRS)	3.9144	1.03650	
	Impartiality in the application of tax law on all types of Public Joint Stock Companies' tax files.	3.0586	1.04791	
	Completion of as many files as possible by the tax auditor.	3.1847	.95562	
	Making as much tax differences as possible by the tax auditor.	3.6126	1.10591	
	The tax auditor's experience in Financial Reporting Standards and international auditing standards.	3.7658	1.25956	
	The obligation of the tax advisor to properly disclose the financial statements related to Public Joint Stock Companies.	3.6802	1.19100	
	The obligation to disclose financial corruption cases to senior management.	3.1036	1.22803	
Tax Evasion	The IRS procedures in dealing with tax evasion cases.	3.1577	1.03547	0.937253
	Type of the tests carried out by the estimator when practicing tax audit.	3.1982	1.09606	
	Administrative and financial control systems applicable in public Joint Stock Companies.	3.5495	1.00851	

	Proof of accounts Public Joint Stock Company is subject to tax audit.	3.5000	1.07934	
	Analytical procedures performed by the tax estimator.	3.3018	1.11446	
	Growth of size of the Public Joint Stock Company and the multiplicity of its operations and branches.	3.5135	1.08292	
	The historical register of the Joint-Stock Company with the IRS.	3.5676	1.14150	
	The Documentary Collection with the company.	3.6937	1.09270	
	Assessing and estimation of the risks that the Public Joint Stock Company deals with.	3.2928	1.07245	
	The IRS procedures in dealing with tax evasion cases.	3.2523	1.28661	
Availability of Financial Resources	Granting tax exemptions from penalties to defaulters of tax payments continues.	3.8874	1.19440	0.701350
	Activating E-the billing system to all taxpayers of the IRS.	3.0270	1.31854	
	Audit the activities of operations related to revenues and cost.	3.5315	1.07320	
	Audit of planning and production activities.	2.6216	1.09484	
	follow-up of inventory movement.	3.9189	1.09672	
	Audit sales, marketing, import, and export activities.	3.3919	1.05234	
	Audit maintenance activities items.	3.7658	.90865	
	Audit of Information Systems activities.	3.4414	.80016	
	Examine and evaluate the adequacy of the internal control system.	3.8739	.84967	
	Verification of control activities and examination of documents.	4.1712	1.12590	

Source: SPSS Virgin 22 Data Analysis

Hypotheses Testing Results

In this study, the main objective is to examine the relationship between tax legislation (frequent changes in taxes, tax awareness) and tax disclosure (transparency, tax evasion, financial resources) in Income Sales Tax Department in Jordan and Internal revenue service in

USA. As a result, multiple regression technique was used to test the hypotheses related to this study. Furthermore, significance levels were set at 0.05 for the statistical hypotheses tests and a probability value (p-value) was used as the decision rule to reject null hypotheses (Creswell, 2009). P-values lower than or equal to α level, rejecting null and supporting alternative hypotheses. In any case, with a p-value that exceeds the α level, it is impossible to reject the null hypothesis and it is impossible to support the alternative hypothesis. Tax legislation is related to tax disclosure (transparency, tax evasion, financial resources) as tested by the two hypotheses in Table (5) and (6).

Results of the direct impacts show that Frequent change in Taxis considerably and favorably related to Transparency (β 0.862, $P < 0.000$), confirming hypothesis H1. The direct effects of Frequent change in Tax indicate that influences Tax Evasion positively and significantly ($\beta = 0.0774$, $P < 0.000$), so hypothesis H2 is supported. Also, Frequent change in Taxes positively and significantly related to Availability of Financial Resources ($\beta = 0.515$, $P < 0.000$), so hypothesis H3 is also supported. In addition, Results of the direct impacts show that Tax Awareness is considerably and favorably related to Transparency (β 0.847, $P < 0.000$), confirming hypothesis H4. The direct effects Tax Awareness indicate that influences Tax Evasion positively and significantly ($\beta = 0.0718$, $P < 0.000$), so hypothesis H5 is supported. Also Tax Awareness is positively and significantly related to Availability of Financial Resources ($\beta = 0.457$, $P < 0.000$), so hypothesis H6 is also supported.

Table 5. Summary of results USA

Hypothesis	Path	β	t	Sig (t)	R2	Result
H1	FCT→TRA	0.862	24.36	0.000	0.744	Supported
H2	FCT →TAV	0.774	17.48	0.000	0.599	Supported
H3	FCT →AFR	0.515	8.591	0.000	0.265	Supported
H4	TAW→TRA	0.847	22.83	0.000	0.718	Supported
H5	TAW→TAV	0.718	14.771	0.000	0.516	Supported
H6	TAW→AFR	0.457	7.345	0.000	0.209	Supported

Source: SPSS Virgin 22 Data Analysis

Results of the direct impacts show that Frequent change in Taxis considerably and favorably related to Transparency ($\beta = 0.453$, $P < 0.000$), confirming hypothesis H1:a. The direct effects of Frequent change in Tax indicate that influences Tax Evasion positively and significantly ($\beta = 0.0521$, $P < 0.000$), so hypothesis H2:b is supported. Also, Frequent change in Tax is positively and significantly related to the Availability of Financial Resources (β 0.569, $P < 0.000$), so hypothesis H3:c is also supported. In addition, Results of the direct impacts show that Tax Awareness is considerably and favorably related to Transparency (β 0.837, $P < 0.000$),

confirming hypothesis H4:d. The direct effects Tax Awareness indicate that influences Tax Evasion positively and significantly ($\beta = 0.824$, $P < 0.000$), so hypothesis H5:e is supported. Also, Tax Awareness is positively and significantly related to the Availability of Financial Resources ($\beta = 0.371$, $P < 0.000$), so hypothesis H6:f is also supported.

Table 6. Summary of results Jordan

Hypothesis	Path	β	t	Sig (t)	R2	Result
H1:a	FCT→TRA	0.453	12.358	0.000	0.426	Supported
H2:b	FCT →TAV	0.521	11.382	0.000	0.462	Supported
H3:c	FCT →AFR	0.569	11.564	0.000	0.453	Supported
H4:d	TAW→TRA	0.837	22.75	0.000	0.701	Supported
H5:e	TAW→TAV	0.824	21.135	0.000	0.678	Supported
H6:f	TAW→AFR	0.371	5.925	0.000	0.137	Supported

Source: SPSS Virgin 22 Data Analysis

DISCUSSION

Through a comprehensive literature review and testing of the proposed theoretical model, the paper tested the elements of between tax legislation (frequent changes in taxes, tax awareness) on tax disclosure (transparency, tax evasion, financial resources) in Income Sales Tax Department in Jordan and Internal revenue service in USA. The Income Sales Tax Department in Jordan and Internal revenue service in USA sector is one of Jordan's most important economic service sectors and one of the most important in the Hashemite Kingdom of Jordan and USA . This sector contributes significantly to the annual economic growth of both countries.

Many important results were obtained from the study. For instance, H1, H2 and H3 indicate a statistically significant effect of tax legislation (frequent changes in taxes, tax awareness) on tax disclosure (transparency, tax evasion, financial resources) in Internal revenue service in USA. Studies previously conducted, found the same results about the link between tax legislation (frequent changes in taxes) on tax disclosure (transparency, tax evasion, financial resources) that the relationship is positive, such as Venter, Stiglingh, &Smit, (2017) pointed out, Transparency is concerned with the truthfulness and consistency of the tax reporting agency to always provide the material and all the relevant information about their operations and financial performance to enable and ensure the right assessment of the taxes. The emergence on this aspect on the tax disclosures is traceable to the existence of multinationals that would engage in a wide range of opaque financial reporting that would benefit these entities through underreporting of the taxes. This is consistent with tax laws and legislation in America, The country has enacted different policies with the aim of improve the level of tax compliance

among the corporates making it difficult and harder for the corporates to evade tax (PwC, 2022). These changes also provide an incentive for the company's compliance hence reducing the evasive behaviors among the corporates than it is for the individual income tax payers. A frequency of changes to the tax policy has a major impact on corporate financial planning not only for the long run but also creates a sense of suspense and instability in the planning hence creating room for more speculation in the organization operations. The lack of clarity would drive companies to seek additional financing from external sources which would come at an additional cost.

H4, H5, and H6 are accepted and supported if statistically significant effects are found of tax awareness on tax disclosure (transparency, tax evasion, financial resources) in the Internal revenue service in the USA. Generally, this study confirms the findings of many previous studies, which confirmed the existence of a causal relationship between tax awareness and tax disclosure (transparency, tax evasion, financial resources). Oats & Tuck, (2019), showed that a High level of awareness would be expected to have a higher level of transparency in the tax disclosures. There is a need for information on the tax obligation and ways to evade its payment while the taxing authorities must also have access to the company information to determine the occurrence of tax evasion (Hofmann, Hoelzl, & Kirchler, 2008). Taylor, Tower, & Zahn, (2011), concluded, Tax awareness is a vital and critical element to assist in the managerial activities and undertakings of the various entities to engage in a proper set of financial planning and analysis.

H1:a, H2:b, and H3:c, were accepted because the effect of tax legislation (frequent changes in taxes) on tax disclosure (transparency, tax evasion, financial resources) in the Income Sales Tax Department in Jordan is statistically significant and positive. The result of this study was inconsistent with the study by Shunnaq & Azzam, (2018), as it showed its results to there has been a shortage of transparency aspect on Jordanian companies even amidst the rapid changes in the taxation policies enacted by the country. The changes in the law and policies has a positive impact on the tax evasion. In Jordan, the last amendment in 2018 provided critical and sweeping powers to the tax assessors to investigate, pursue and confront the wide ranging and rampant tax evasion. This was evidenced by the country's actions towards the crack down on the tax evaders. The lack of clarity would drive companies to seek additional financing from external sources which would come at an additional cost. However, existence of reliable, predictable and stable set of company policies would make it easier for the company to have the needed stability and understanding of the tax effects and implications on the business, which

allows for better financial and capital budgeting planning (Shakatreh, Mansour, & Alatyat, 2022). Finally, the hypotheses were accepted H4:d, H5:e and H6:f, because the effect of tax legislation (tax awareness) on tax disclosure (transparency, tax evasion, financial resources) in the Income Sales Tax Department in Jordan is statistically significant and positive. This corresponds to a study Mohammad, Al-Rahamneh, & Bidin, 2022, indicates the need for transparency and fairness in the tax policies as an aspect of incentivizing the corporates towards higher levels of transparency, there is a need for more enhancement in the approaches to tax disclosure transparency. In addition to studying, AlAdham, Abukhadijeh, & Qasem, (2016) found out there is a direct relationship between the awareness levels of the tax payer and the tax authority officials to tax evasion to take place. For tax evasion to take place, there is need for information on the tax obligation and way to evade its payment while the taxing authorities must also have access to the company information to determine the occurrence of a tax evasion

CONCLUSION

The main objective of this study was to investigate the empirical effects of the Tax Legislation on Tax Disclosure (Transparency, Tax Evasion, Availability of Financial Resources) This study was conducted at the Income Sales Tax Department in Jordan and Internal revenue service in USA.

This study acknowledges the importance of previous studies in the literature that dealt with the relationship between Tax Legislation, and Tax Disclosure. However, this study is the first Which studies two different contexts in a developing country such as Jordan and a developed country, the United States of America to address such constructs. Therefore, this study has new theoretical and administrative contributions to literature, which can be considered one of the most important theoretical and practical contributions, especially in the context of developing countries such as Jordan. This study can be considered the of rare study that combines Tax Legislation and Tax Disclosure (Transparency, Tax Evasion, Availability of Financial Resources).

Results showed that all hypothesized relationships were accepted and that all constructs were positively correlated. The importance of the effective role of Frequent change in Tax and Tax Awareness as an antecedent to Tax Disclosure has been emphasized. As detailed in the discussion section, the study results are consistent with many previous studies.

Promoting better transparency can also be achieved by providing incentives for good disclosure in Jordan. A Blue Return System was recommended by Professor Karl Soup to Japan

back in 1949. By using the system, companies are encouraged to keep accurate tax accounting records and As a company, they have the privilege to disclose all tax information in their annual report, which is required when dealing with government departments, as well as with financial institutions and suppliers. With this system, tax information could be disclosed better by using a new principle of "disclose and enjoy"

REFERENCES

- AlAdham, M., Abukhadijeh, M. A., & Qasem, M. F. (2016). Tax Evasion and Tax Awareness Evidence from Jordan. *International Business Research*, 9(12), 65-75.
- Alexander, R. M. (2013). Tax transparency. . *Business Horizons*, 56(5), 543-549.
- Alzoubi, E. (2016). Disclosure quality and earnings management: evidence from Jordan. *Accounting Research Journal*, 29(4), 429-456.
- Aman. (2018, 04 28). '132,000 companies involved in tax evasion'. Retrieved from <https://www.jordantimes.com/news/local/132000-companies-involved-tax-evasion%E2%80%99>
- Amayreh, K. T., & Wahsheh, F. (2019). Effect of Owner's Equity Structure on stock Performance. *International Research Journal of Applied Finance*, 10(4), 170-180.
- Amosh, H. A., & Khatib, S. F. (2021). Corporate governance and voluntary disclosure of sustainability performance: the case of Jordan. *Springer Nature Business Economics*, 165- 187.
- A. S. H. (2023). The Effect of Emotional Intelligence on Manager Performance: a Field Study in the General Authority for Irrigation and Reclamation Projects in Baghdad. *International Journal of Professional Business Review*, 8(5), e01653. <https://doi.org/10.26668/businessreview/2023.v8i5.165>
- Creswell, J. (2009), *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*, 3rd ed., Sage Publications, Thousand Oaks, CA.
- Deloitte. (2020). International tax Jordan highlights 2020. Retrieved from <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-jordanhighlights-2020.pdf>
- Gupta, S., Mills, L. F., & Towery, E. M. (2014). The effect of mandatory financial statement disclosures of tax uncertainty on tax reporting and collections: The case of FIN 48 and multistate tax avoidance. *The Journal of the American Taxation Association*, 36(2), 203-229.
- Haddad, A. E., Sbeiti, W. M., & Qasim, A. (2017). Accounting legislation, corporate governance codes and disclosure in Jordan: a review. *International Journal of Law and Management*, 59(1), 147-176.
- Hair, J.F., Black, W.C., Babin, B.J. and Anderson, R.E. (2010), *Multivariate Data Analysis*, 7th ed., Pearson Education, Jersey City, NJ.

Hofmann, E., Hoelzl, E., & Kirchler, E. (2008). Preconditions of Voluntary Tax Compliance: Knowledge and Evaluation of Taxation, Norms, Fairness, and Motivation to Cooperate. *Journal of Psychology*, 16(4), 209-217.

Internal Revenue Service. (2016, May). Federal Tax Compliance Research: Tax Gap Estimates for Tax Years 2008–2010. Retrieved from <https://www.irs.gov/pub/irs-soi/p1415.pdf>

Internal Revenue Service. (2020). Disclosure Laws. Retrieved from <https://www.irs.gov/government-entities/federal-state-local-governments/disclosure-laws>

Liu, C., Xu, C., & Wang, X. (. (2021). Mandatory audit partner's rotation and corporate tax avoidance: Early evidence from form AP disclosure. *Journal of Corporate Accounting & Finance*, 32(2), 102-113.

Malkawi, B. H., & Haloush, H. A. (2008). The Case of Income Tax Evasion in Jordan: Symptoms and Solutions. *Journal of of Financial Crime*, 15(3), 282-294.

Mardini, G., Crawford, L., & Power, D. (2012). The impact of IFRS 8 on disclosure practices of Jordanian listed companies. *Journal of Accounting in Emerging Economies*, 2(1), 67-90.

Mohammad, N., Al-Rahamneh, & Bidin, Z. (2022). The Effect of Tax Fairness, Peer Influence, and Moral Obligation on Sales Tax Evasion among Jordanian SMEs. *Journal of Risk and Financial Management*, 15(9), 40.

Noked, N. (2018). Tax Evasion and Incomplete Tax Transparency. *Laws*, 7(3), 31.

Oats, L., & Tuck, P. (2019). Corporate tax avoidance: is tax transparency the solution? *Accounting and Business Research*, 565-583.

Omar, B., & Simon, J. (2011). Corporate aggregate disclosure practices in Jordan. *Advances in Accounting*, 27(1), 166-186.

PricewaterhouseCoopers. (2014, 12 5). Tax Transparency Framework. Retrieved from <https://www.pwc.co.uk/assets/pdf/2014-tax-transparency-framework-report.pdf>

PwC. (2022, August). Corporate - Significant developments. Retrieved from <https://taxsummaries.pwc.com/united-states/corporate/significant-developments#:~:text=In%20August%202022%2C%20Congress%20passed,tax%20on%20ce rtain%20stock%20buybacks.>

PwC. (2022). Public tax transparency benchmark study. Retrieved from <https://www.pwc.ch/en/insights/tax/public-tax-transparency-benchmark-study.html>

Salim, E., Ali, H., & Yulasmı. (2023). Modeling Interest in Visiting Through Expected Values in Tourism at Solok Regency, Indonesia. *International Journal of Professional Business Review*, 8(5), e0986. <https://doi.org/10.26668/businessreview/2023.v8i5.986Abunaila>,

Shakatreh, M., Mansour, A. M., & Alatyat, Z. A. (2022). CORPORATE TAX FEATURES IN JORDAN AFFECTING BUSINESS DECISIONS: STRENGTHENING FINANCE ACCOUNTABILITY IN EMERGING ECONOMIES. *International Journal of Professional Business Review*, 7(4), 01-18.

Sekaran, U. and Bougie, R. (2013), *Research Methods for Business*, 6th ed., John Wiley & Sons, Hoboken, NJ.

Shunnaq, M. F., & Azzam, F. A. (2018). Jordanian Corporate Governance , and Their Impact on Transparency and Objective Disclosure (A Comparative Study). *Journal of Law, Policy and Globalization*, 75, 46 - 54.

Taylor, G., Tower, G., & Zahn, M. D. (2011). The influence of international taxation structures on corporate financial disclosure patterns. *Accounting Forum*, 35(1), 32-46.

Thomsen, M., & Watrin, C. (2018). Tax avoidance over time: A comparison of European and US firms. . *Journal of International Accounting, Auditing and Taxation*, 33, 40-63.

Venter, E. R., Stiglingh, M., & Smit, A.-R. (2017). Integrated Thinking and the Transparency of Tax Disclosures in the Corporate Reports of Firms. *Journal of International Financial Management & Accountin*, 28(3), 394-427.

Widt, D., Lynne, D. O., & Mulligan, E. (2019). The US compliance assurance process: a relational signalling perspective. *Journal of Tax Administration*, 5(1), 145-161.

World Bank. (2021). Business extent of disclosure index (0=less disclosure to 10=more disclosure) - Jordan. Retrieved from <https://data.worldbank.org/indicator/IC.BUS.DISC.XQ?locations=JO>