

FACTORS AFFECTING ENHANCING CONFIDENCE BETWEEN TAXPAYERS AND INCOME AND SALES TAX AUDITORS IN JORDAN

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ABSTRACT

The escalating dependence of countries on tax revenues, highlighted the importance of rising up the awareness of taxpayers of the importance of the tax they pay to the state as a major resource of the state's revenues in financing its projects and economic and social plans to serve the different groups of society, and because this awareness has decreased in the developing countries, a trust gap has emerged between taxpayers and Income and sales tax auditors where taxpayers consider what are the expected benefits can be gained from paying their taxes, whether in the near or far perspective. Therefore, this study came to highlight the factors that enhance the trust between taxpayers and income and sales tax auditors in Jordan, and after analyzing the results; the study concluded that the trust between taxpayers and income and sales tax auditors should be strengthened and enhanced by reducing frequent amendments to the law. On the other hand, tax auditors should be encouraged to perform their duties as it should by motivating and encouraging them through incentives and by improving their living conditions. In addition, they must be trained on the appropriate communication skills to deal with taxpayers. As for the taxpayer when he sees the return on the tax he pays, his confidence in income and sales tax auditors will increase, which leads to his eagerness to pay the tax. As a result, tax collection rate will increase while tax abstinence/evasion will limit.

Keywords: Tax, Taxpayers, Income and Sales Tax Auditors.

INTRODUCTION

The general framework of the study: with the beginning of the thirties of the twentieth century, the state in Jordan began to collect the tax from the taxpayers to cover its burdens and finance the state budget Al-Ghanem (2011) with the passage of time, the dependence on tax had increased to finance the budget and the tax system has also become more sophisticated, and hence a feeling emerged among the taxpayers that they are the weak party. They are always and compulsorily obliged to pay the tax due on them which is imposed by the government through the income and sales tax laws that is considered to be the most powerful party in this system. Thus, if taxpayers fail to pay the amounts due, fines and penalties are imposed on them according to the law. Therefore, and in order to ensure a balanced relationship between taxpayers and tax authorities, it is necessary to consolidate and root the concepts of tax awareness among taxpayers, simplify procedures, and modernize tax systems to be in line with developments taking place in the country at the present time (Munther, 2006).

The tax is considered to be one of the most important components of the state's revenue, besides the taxpayer's relationship with the tax auditors can be considered a representative of the citizen's relationship with the state, and his commitment to the tax imposed without evading

expresses the extent of conviction in government spending, except that tax laws usually aim to achieve a degree of balance between the two parties of the relationship, especially the privileges established for the treasury and the guarantees of the taxpayers (The assignees). If this balance falters, trust between the two parties lacks, the taxpayer will be keen to hide his real income, and the tax auditor will always doubt what the statements and reports are provided to him by the taxpayers (Al-Ghafour, 2018).

The Study Problem

The problem of the study emerges from the existence of a conflict of interest between taxpayers and income tax auditors for many reasons and factors. Therefore, this study came to discuss these factors aiming to boost confidence between taxpayers and income and sales tax auditors in Jordan.

The Importance of The Study

The importance of the study stems from the importance of the state's tax revenues and its burden on taxpayers, and the need of mutual trust between taxpayers and income and sales tax auditors in order to increase the efficiency of tax collection, therefore this study identifies the factors that enhance mutual trust between the two parties.

Objectives of The Study

This study is aiming to achieve the following goals:

1. Seeking to raise awareness of the tax, this is to reduce the gap of mistrust between taxpayers and tax auditors.
2. Identifying the credibility of the taxpayer in clarifying their financial position through self-assessment (Model1).
3. A statement of whether the level of application of justice stipulated in the law affects the obligation of taxpayers and the performance of tax auditors as well.

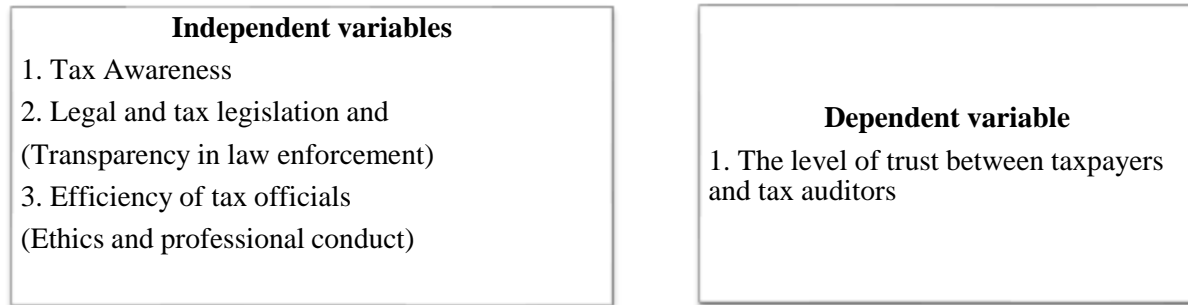
Study Limitations

Lack of previous studies dealing with this issue, especially in the search of the real causes of distrust between the taxpayer and income and sales tax auditors. Study hypotheses: In this study, the following hypotheses will be tested:

H1: There is no statistically significant effect of tax awareness on the level of trust exchange between the taxpayer and the income and sales tax auditors.

H2: There are no statistically significant effects on legal and tax legislation on the level of trust between taxpayers and income and sales tax auditors.

H3: There is no statistically significant effect between the efficiency of tax employees on the level of taxpayer confidence towards income and sales tax auditors.



MODEL 1 STUDY MODEL

LITERATURE REVIEW

Thabet (2017) indicated the necessity of activating the role of the units concerned with tax planning operations to take advantage of tax benefits and incentives, with the need to appoint tax consultants in companies to preserve their resources and assets and achieve tax savings that contribute to enhancing financial performance. Droubi's study (Droubi, 2016) also indicated that there is weak coordination between the tax department and government departments resulting in many protests, and perhaps the low efficiency of workers led to this, and there is also LACK OF awareness of the tax department of the social and economic status and condition of the taxpayer, and that the income tax department does not take into account income differences between taxpayers the thing that does not achieve social justice for the taxpayerAs for the study (Al-Safi, 2015), it recommended the necessity of enhancing the role of the chartered accountant and his impartiality and setting controls and limitations through which not to affect his independence, especially when approving the financial statements, so as to reduce the gap between the taxpayer and the tax department. While the study (Qablan, 2014) recommended that awareness should be raised up among the taxpayers of the importance of income and sales tax and its role in the national economy, likewise the level of qualification and training of employees of the Income and Sales Tax.

Department should be raised. While the study (Jaradat, 2013) recommended to increase awareness among the taxpayer by providing extensive consultations and increasing the incentives among taxpayers by providing intensive consultations and increased incentives for taxpayers with focusing on the accounting examination of the books and records in order to improve tax collections. As for the study (Siham, 2011), it was revealed that the amount of tax evasion depends on the relationship established between taxpayers and tax service, and the study concluded that the reduction of tax evasion is done through adjusting the powers granted to the taxpayer, adjusting the tax rate imposed, granting the taxpayer confidentiality of information and increasing mutual trust between taxpayers And the tax department.

Theoretical Framework of The Study

Tax is defined as an amount of money that the taxpayers pay to the state's treasury, as a contribution from them to the public expenditures that the state needs as joint members in a political organization targeting providing public services. It is also a mandatory obligation set by the state and the person in charge of its performance is obliged to perform it free of charge to

enable the state to achieve the objectives of society, whether economic or social (Abu Hashish, 2010). Whereas (Abu Nassar, 2020) defined it as a cash amount imposed by the state or one of its local bodies by force, and it is collected from the taxpayer permanently and without compensation, according to a specific law or some legislation and the aim of imposing the tax is to contribute to covering the various state expenditures, and achieving economic and social goals that the state seeks to reach, the tax also aims to redistribute the wealth among citizens, and work to encourage local industries and protect them from competition.

To estimate the tax in accordance with the Income Tax Law No. 38 in Article (7) Paragraph (A) of 2018, there are two methods:

Self-assessment: Or the method of tax declaration: The law amending the Income Tax Law No. 38 in Article (7) Paragraph (a) for the year 2018 committed every person who is obligated to pay the tax to submit to the tax department before the end of the fourth month following the end of the tax period a tax declaration according to the approved form.

The administrative assessment: This estimate takes several forms, including (the estimate based on the taxpayer's statements and records, the discretionary estimate, and the estimate based on external appearances). The Tax Law has classified the persons charged with income tax objectives into two categories:

1. A natural person such as employees in the public and private sector, merchants and self-employed who practice their business in the form of individual institutions.
2. It was established or registered in accordance with the provisions of Jordanian legislation and had in the Kingdom a branch or branch that exercises management and control over its work or its main or actual management center in the Kingdom or the government or any of the official public institutions or public institutions owns more than 50% of its capital and from it, such as Joint-stock companies, limited liability companies, solidarity companies, and branches of foreign companies existing and registered in Jordan (Article 2 Law No. 38 of 2018).

In return, the law defines tax auditors: A person or group of persons authorized by the general manager of the Income and Sales Tax Department to estimate a financial value on the amounts collected by members of the people. Reference (Law Amending Income Tax Law No. 38 of Six 2018)

Tax awareness: This concept expresses the taxpayer has reached to a level of conviction to pay the value of the tax that was assessed and due on him, and this requires the government's work to rationalize its spending in a way that serves the community in a general way so that the taxpayer feels that the tax he paid is beneficial to him, whether this benefit is direct or indirect. This awareness increases the confidence in the self-assessment statements provided by the taxpayers, and increases the efficiency of tax collection and the revenues of the state budget as well. (Abu Nassar, 2020)

Legal and tax legislation (Transparency in law enforcement): Financial and tax legislation is a modern science, but it had started to be independent and emerged with the emergence of the state, as financial and tax legislation went through several stages that manifested in the development of the financial and legal role of the state and the change in the perception of revenues and expenditures, and considered them as various important financial tools for the state to achieve its economic, social, political and legal goals. Despite the independence of the financial and tax legislation that is concerned with studying the financial and economic activity of the state

and is in the process of satisfying public needs by using part of the limited resources of society, we believe that it occupies an important position within other sciences and is controversially linked, as its relationship to law, economics, politics and other sciences (Al-Juneidi, 2016) and tax auditors must apply and implement laws in a transparent and unbiased manner for any party and not allow conflicts of interest to affect his work, as well as taxpayers should not knowingly change facts and should provide his financial statements with all impartiality, putting the public interest on the private interest.

Efficiency of tax employees (Ethics and professional conduct): Tax employees must provide services continuously, with all diligence and efficiency, so that they gain trust of the taxpayers by providing a high-quality service, as well as they should obtain a high level of culture, education and training in order to enhance trust between them and the taxpayers (Abu Hashish, 2010).

The Ethics and professional conduct: It is a set of ethical principles and values that bind all employees of the income and sales tax and who interact with the society during the performance of their duties and responsibilities. Usually, these rules include credibility, honesty and objectivity etc) where these principals achieve an appropriate degree of professional behavior control, and it is empowering tax auditors to perform their duties as best and serve taxpayers with sincerity, objectivity and honesty. (Droubi, 2016).

The level of trust between taxpayers and tax auditors: The obligation to implement the law in all transparency, honesty and integrity, adherence to ethical rules and good planning by the government and activating the role of regulatory authorities in the state enhances the trust of taxpayers to perform their duties and reduces the gap between taxpayers and tax auditor.

RESEARCH METHODOLOGY

The questionnaires were distributed in the period between February 2019 and May 2019 to a study sample consisted of (70) individuals from the tax auditors of the Income and Sales Tax Department in Jordan. (58) questionnaires valid for statistical analysis were retrieved.

The Statistical Package for Humanities and Social Sciences (SPSS) was used based on the following statistical methods to answer research questions and test hypotheses:

1. Frequencies and percentages to describe the characteristics of the study sample individuals.
2. Arithmetic mean and standard deviation: as it were extracted for each of the questionnaire paragraphs related to the independent and dependent study variables.
3. Cronbach's Alpha: To ensure the degree of stability of the study measuring instrument.
4. One sample t-test: To test the study hypotheses

To test the reliability of the measuring instrument, the Cronbach's Alpha test was used according to the responses of the study's 58 sample individuals. Table 1 shows the results of the test, where the value of the Cronbach alpha for the tool as a whole (85%) was considered acceptable in research and humanities studies.

Table 1	
CRONBACH'S ALPHA TEST RESULTS	
Number of paragraphs	value of α alpha%
21	85%

This part of the chapter aims to present the results of using some descriptive and analytical statistical methods to process the data produced by the questionnaire in terms of mathematical

averages and standard deviations, by answering the questions covered in the study.

Description of The Study Sample Trends

Factors affecting confidence between taxpayers and income and sales tax auditors in Jordan This field was measured by (21) items, and Table 2 includes the results of both the mean and the standard deviation.

No.	Variable	Paragraph	Arithmetic Mean	Standard Deviation
1	Tax awareness	5	3.004	0.5888
2	Legal and tax legislation (Transparency in law enforcement)	6	3.705	0.196
3	Efficiency of tax employees (Ethics and professional conduct)	7	3.714	0.193
4	The level of trust	3	3.885	0.140

Table 2 shows that all attitudes of the respondents towards the variables are positive, as the mean is more than the mean of the measuring instrument (3). We note from the table that the highest confidence level variable has come from among the variables with the value of the arithmetic average, which is considered to be first and with an arithmetic average (3.885) and a standard deviation (0.140), while the tax awareness variable came with the last rank and an arithmetic mean (3.004) and a standard deviation (0.5888)

H1: There is no statistically significant effect of tax awareness on the level of trust exchange between the taxpayer and the income and sales tax auditors.

The result of the null hypothesis	Sig	R value	R2 value	Computed F
Refusal	0.022	0.301	0.091	5.58

Statistical analysis was used by using the simple regression and to test the validity of the first hypothesis, as Table 3 displays the test results for the hypothesis test model for the hypothesis test, and it was found through the results of the analysis that the model is statistically significant in the interpretation of the regression equation, where the value of the level Significance is (0.022), while the value of F is (5.58) and the value of R² is (0.091) where the value of the tax awareness effect shows the level of confidence, and we notice that the value of the correlation coefficient Pearson R is (0.301). By referring to the value of the importance level and the decision rule, which shows that if the moral value (importance level) is less or equal to 0.05, we reject the null hypothesis and accept the alternative and vice versa, and through this; it becomes clear to the researcher that there is an effect of tax awareness on the level of trust between the taxpayer and the Income and sales tax auditors.

H2: There are no statistically significant effects of legal, tax and transparency legislation in law enforcement on the level of trust between taxpayers and income and sales tax auditors.

The result of the null hypothesis	Sig	R value	R ² value	Computed F
Refusal	0.037	0.394	0.155	4.87

To test the validity of the (regression simple) test the validity of the first hypothesis-, Table 4 shows the results of the validity of the model for the hypothesis test, and it was found through the results of the analysis that the form is statistically significant for the interpretation of the regression equation, where the value of the level of significance (0.022)), While the value of F is (5.58) and the value of R² were (0.091) where the value of the Legal and tax legislation effect shows the confidence level, and we notice that the value of the correlation coefficient Pearson R is (0.301). By referring to the value of the importance level and the decision rule, which shows that if the moral value (importance level) is less or equal to 0.05, we reject the null hypothesis and accept the alternative and vice versa, and through this it becomes clear to the researcher that there is an effect of Legal and tax legislation on the level of trust between the taxpayer and Income and sales tax auditors.

H3: There is no statistically significant effect between the efficiency of tax employees on the level of taxpayer confidence towards income and sales tax auditors.

The result of the null hypothesis	Sig	R value	R ² value	Computed F
Refusal	0.003	0.478	0.229	5.139

To test the validity of (regression simple), statistical analysis was used using simple regression. Table 5) displays the test results for the hypothesis test model, and it was found through the results of the analysis that the model was statistically significant in interpreting the regression equation, where the value of the significance level reached (0.003), Whereas, the value of F was (5.139) and the value of R² were (0.229), Where the effect value of the efficiency of the tax employees is shown on the level of confidence and we noticed that the value of the correlation coefficient Pearson R is (0.478). By referring to the value of the importance level and the decision rule that shows that if the moral value (importance level) is less or equal to 0.05, we reject the hypothesis of nullity and accept the alternative and vice versa. And through this it becomes clear to the researcher that there is an effect between the efficiency of tax officials and that of the taxpayer's level of confidence towards income and sales tax auditors.

CONCLSION AND SUGGESTION

The study reached the rejection of the first hypothesis, as there is a statistically significant effect on the existence of tax awareness on the level of trust between taxpayers and tax auditors, and this is what a study reached (Droubi, 2016) The study also demonstrated that there is a statistically significant effect on the tax auditors' commitment to legislation, laws and transparency in their application, and this is what the study (Al-Safi, 2015) spoke about by focusing on the neutrality and independence of tax auditors and maintaining them, which increases the trust of taxpayers and strengthens that We emphasize through this study the need to raise the efficiency of tax auditors through training courses in the application of laws and legislations and to encourage

to obtain professional certificates as well as increasing incentives, bonuses and bonuses, and this is what the study (Jaradat, 2013) indicated to the need to enhance confidence in tax auditors by preparing programs to develop their performance to strengthen Trust with the assignees through strong performance As for the study (Thabet, 2017) that recommended preparing development programs for tax auditors' performance in order to enhance confidence with taxpayers and increase awareness among taxpayers through increasing publications and media advertising, the importance of income and sales tax and its importance for national income and its impact on achieving the future benefit of taxpayers.

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