

The Role of Training Methods Taxpayers on the Performance of Value-Added Tax in Iran (The Perspective of the Taxpayers in Isfahan Province)

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ABSTRACT

Value-added tax is a kind of tax on consumption which seller takes it from the buyer of goods and services in all stages. To achieve its long-term goals, the tax system should provide appropriate grounds including training taxpayers. The aim of present paper is the investigation of effect of training methods taxpayers on the performance of value-added tax and its method is descriptive – measurable. The statistical community of study is composed of the taxpayers of value-added tax in Isfahan Province. The way of sampling is random-simple and the instrument of data collection is a researcher-made questionnaire involving 42 questions in the form of five options of Likert scale that it should be selected 377 people based on Krejcie and Morgan's formula. 450 questionnaires were distributed and 422 questionnaires were returned. To verify questionnaire, it was used from the views of a number of sophisticated experts at the university and the general office of tax affairs of Isfahan Province. Cronbach's alpha coefficient was 0.935 and reliability of questionnaire was also confirmed. The information was obtained by using spss software and it was analyzed in two levels of descriptive and inferential statistics. The findings of research show that training methods taxpayers such as radio and television, press, websites, educational classes, educational books, unions and communities of trade affairs have positive effect on the performance of value-added tax. According to the taxpayers, priority of educational methods on the performance of value-added tax is radio and television, unions and communities of trade affairs, educational classes, websites, educational books and press respectively.

KEYWORDS: tax, value-added tax, training, tax payers, performance.

1. INTRODUCTION

Value-added tax is a tax having several stages which is taken in the various stages of sequence of production or given services. In fact, it is a tax on consumption taken from buyer of goods and services in all stages by the seller.

Implementation of value-added tax represents acceptability and efficiency of system in providing a source of reliable and secure income for the governments in more than 120 countries and it is implemented from 22 September in 2008 in Iran.

One of the important cases for facility of implementation of this tax system is the continuous training of taxpayers playing the most important role in the achievement of the purposes of the law of value added tax. The present study investigates the role of training methods taxpayers on the performance of value-added tax in Isfahan province.

The present paper is divided into six sections: After the introduction, it is considered theoretical foundations in the second section. In the third section, literature review is explained, the research method is described in the fourth section, findings of research are explained in the fifth section and conclusion and recommendations are explained at the end.

2. Theoretical foundations

The emergence of value-added tax is possibly the most important economic occurrence of the last decades of the 20th century which is increasingly added to its importance. The modern essence, short-term periods, self-statement trend, mechanism of restitution and frequency of the number of tax payers in comparison with traditional tax system getting tax, training of all those involved in its implementation is necessary consisting of tax officers, tax payers, consumers, associated professional jobs (such as accountants and auditors), the respective employers of economic establishments and institutions (employers of sale section, officers of purchasing, procurements and accounting) [7].

Therefore, the trade communities and associations as well as other respective organizations such as radio and television, press and etc. In addition to organization of tax affairs are required to be active and they should provide all necessary procurements and arrangements for participation in the implementation of value-added tax by training their employers and then training tax payers. It is clear that the country's tax affairs organization has not the power and ability of overall actions of training tax payers and consumers in the short-term due to expansion of implementation of the mentioned tax system, it seems now that due to excessive collection of taxes, the government surely allocates the predicted budget and sources on providing and implementation of educational plans of taking the tax to the country's tax affairs organization based on the article No.35 of the law. The country's tax affairs organization should also provide the conditions of activities of competent real and legal entities for participation in professional and general training in order to be

accelerated tax payers training, consumers and professional careers associated with implementation of tax system and the purposes of tax system could be achieved.

The country's tax affairs organization may use various methods for training tax payers, including training through media (radio and television, the press, websites), educational classes, educational books and the unions and communities of trade affairs. Therefore, the present study investigates the training methods tax payers on the performance of value – added tax from the viewpoint of tax payers in Isfahan province.

3. LITERATURE REVIEW

Considering the importance of value – added tax and its role in financing governments, many researchers have been carried out in this respect, however, it was not found a specific research for training methods tax payers. We explain some studies close to the present study in the following section:

In a research, Pourgivi (2013) [6], identified the factors affecting tax violations and offered the strategies for their reduction among tax payers of the office of tax affairs located in the eastern Tehran by using descriptive – measurable method and he concluded that training and range of informing tax payers influenced on reduction of tax violations.

In a research, Tabaghi (2013) [9], offered operational strategies for promotion of the level of tax obedience in the value – added tax of Western Azerbaijan province by using descriptive – measurable method and he found out that informing and training tax payers about payment of tax lead to promotion of level of obedience in the system of value – added tax of Western Azerbaijan.

Mohammadian (2012) [5], investigated the factors affecting tax culture of tax payers of the pharmacies located in Tabriz by using descriptive – measurable method and he stated that the media have insignificant role in increasing tax culture.

In a research, Ebeke and Ehrhart (2011) [1], investigated whether implementation of value – added tax is effective on consolidation of tax revenues for developing countries. By using data associated with 103 countries and various techniques, they concluded that the countries having value – added tax have on the average 40 – 50 percent more consolidation of tax revenues than those not having it.

Seyyed Noorani and Totoonchi Maleki(2010) [7], investigated some challenges and obstacles for implementation of the law of value-added tax of those working in the trade of gold and gem in 2009 by using descriptive – measurable method and they stated that the process of implementing the law may be accelerated and facilitated by using legal capacities and suggested authorities in some articles of the law of value – added tax(Articles No 28,35,38) in line with development of tax culture through establishing some organizations , institutions, and non-governmental trade associations as well as offering some incentives for active tax payers in the implementation and training of law. They also concluded that if the taxpayers and economic actors are not trained or they are unaware or having little knowledge about executive details of the law of value – added tax, it is occurred some resistances by the tax payers in relation to implementation of the law.

In a study called comparison of the resulting revenues from value – added tax with custom duties removed from after implementation of trade liberation in the Europe, Keen and Bansgard (2009) [3], investigated whether the lost income resulted from removal of custom duties has been compensated by the implementation of value – added tax or not ?The results showed that it is an appropriate alternative for the countries having high income and the substitution has been largely occurred for the countries having average income and the range of cover is less and more weak in the countries having low income.

In a study,Silvani (1997) [8], investigated executive dimensions of tax modification and he stated that simplification of tax system, reduction of the cost of obedience, promotion of voluntary obedience, services associated with tax payers, informing tax payers and system of punishments and penalties have the important role in the improvement and implementation of new tax system.

4. RESEARCH METHOD

The aim of present paper is functional and its method is descriptive – measurable. Statistical community is the tax payers of value – added tax in Isfahan province. Method of sampling is random-simple which 377 people should be selected based on Krejcie and Morgan's formula. 450 questionnaires were distributed and 422 questionnaires were returned. The instrument of data collection of researcher – made questionnaire is in the form of Likert scale consisting of 42 questions. To verify questionnaire, it was used from the views of a number of sophisticated experts at the university and general office of tax affairs. Cronbach's alpha coefficient was obtained 0.935 and the reliability of questionnaire was also confirmed. The information obtained by using SPSS software and it was used from statistical indexes such as frequency, percent, average, standard deviation, in the level of descriptive statistics and it was used from statistical tests such as t-one variable, T2 Hoteling and analysis of multivariable variance in the level of inferential statistics.

5. Findings of research

The hypotheses of study associated with independent variables; radio and television, the press, websites, educational classes, educational books and unions and communities of trade affairs are analyzed in the following section.

5.1. First hypothesis

Training of tax payers through radio and television has the positive effect on the performance of value – added tax.

Table 1. Comparison of the average of radio and television with the assumed average 3

	Average	SD	SE	t	Df	Sig
Radio and Television	4.086	0.822	0.040	27.094	419	0.000

Based on the results of above table, the average training through radio and television is more than the average level and the observed t is greater than the critical value of table at the 5% level. Therefore, training of tax payers through radio and television has the positive effect on the performance of value – added tax.

5.2. Second hypothesis

Training of tax payers through the press has the positive effect on the performance of value – added tax.

Table 2. Comparison of the average of the press with the assumed average 3

	Average	SD	SE	t	Df	Sig
Press	3.825	0.855	0.042	19.770	419	0.000

Based on the results of above table, the average training through the press is more than the average level and the observed t is greater than the critical value of table at the 5% level. Therefore, training of tax payers through the press has the positive effect on the performance of value – added tax.

5.3. Third hypothesis

Training of tax payers through the websites has the positive effect on the performance of value – added tax

Table 3. Comparison of the average of website with the assumed average 3

	Average	SD	SE	t	Df	Sig
Website	3.934	0.819	0.040	23.362	419	0.000

Based on the results of above table, the average training through website is more than the average level and the observed t is greater than the critical value of table at the 5% level. Therefore, training of tax payers through website has the positive effect on the performance of value – added tax.

5.4. Fourth hypothesis

Training of tax payers through educational classes has the positive effect on the performance of value – added tax.

Table 4. Comparison of the average of educational classes with the assumed average 3

	Average	SD	SE	t	Df	Sig
Educational Classes	3.958	0.826	0.040	23.767	419	0.000

Based on the results of above table, the average training through educational classes is more than the average level and the observed t is greater than the critical value of table at the 5% level. Therefore, training of tax payers through educational classes has the positive effect on the performance of value – added tax.

5.5. Fifth hypothesis

Training of tax payers through educational books has the positive effect on the performance of value – added tax.

Table 5. Comparison of the average of educational classes with the assumed average 3

	Average	SD	SE	t	Df	Sig
Educational Books	3.827	0.813	0.040	20.833	418	0.000

Based on the results of above table, the average training through educational books is more than the average level and the observed t is greater than the critical value of table at the 5% level. Therefore, training of tax payers through educational books has the positive effect on the performance of value – added tax.

5.6. Third hypothesis

Training of tax payers through the websites has the positive effect on the performance of value – added tax.

Table 6. Comparison of the average of unions and communities of trade affairs with the assumed average 3

	Average	SD	SE	t	Df	Sig
Unions and Communities Of trade affairs	4.048	0.786	0.038	27.325	419	0.000

Based on the results of above table, the average training through unions and communities of trade affairs is more than the average level and the observed t is greater than the critical value of table at the 5% level. Therefore, training of tax payers through unions and communities of trade affairs has the positive effect on the performance of value – added tax.

Table 7. Comparison of the average variables of training tax payers

Variables of training tax payers	Average	SD
Unions and CommunitiesOf trade affairs	4.086	0.821
Radio and television	4.048	0.786
Unions and communities oftrade affairs	3.958	0.826
Educational classes	3.934	0.819
Websites	3.827	0.813
Educational classes	3.825	0.855
Sig	F	T ₂
0.000	22.440	113.283

Based on the findings of above table, the observed f is significant at 5% level. Therefore, there is a difference between the variables of training tax payers from various ways. Therefore, the component of training through radio and television with the average of 4/086 has the greatest influence and training through the press with the average of 3/825 has the least influence on the performance of value – added tax. Considering the observed average from the viewpoint of tax payers, we can observe among these factors that the training methods such as radio and television, unions and communities of trade affairs, educational classes, websites, educational books and the press have effect on the performance of value – added tax respectively.

6. CONCLUSION AND RECOMMENDATIONS

Since the law of value – added tax is new in the country, providing necessary factors and ground for its implementation is essential. One of these necessary factors is undoubtedly training of tax payers in the province and country. The main aim of study is the investigation of effect of training methods tax payers on the performance of value – added tax in Isfahan province. For this reason, training of tax payers was investigated by six methods (radio and television, the press, websites, educational classes, educational books, and unions and communities of trade affairs).

Based on the findings of research and investigation of the variables of training tax payers, it was identified that all referred training methods tax payers influence on the performance of value – added tax. The findings also showed that we can see among these factors that the component of training through radio and television has the most influence and the training through the press has the least influence on the performance of value – added tax. According to the tax payers, the training methods through radio and television, unions and communities of trade affairs, educational classes, websites, educational books and the press also influence on the performance of value – added tax.

Finally , based on the findings of research ,the country's tax affairs organization and naturally, the offices of tax affairs of provinces and cities should specifically pay attention to training tax payers in line with the country's macroeconomic purposes as well as the implementation of article 37 of the law of value – added tax stating : "0.001 of the total funds collected due to tax , duties and crimes belonging to the subject of the law, should be deposited in a special account in treasury in favor of the organization of tax affairs and its equivalent will be put for the respective organization from the place of credit specified in the laws of annual budget in order to be expended for training, encouragement and prize to the consumers and tax payers and the payable funds are excluded from the inclusion of tax and all opposed regulations . "And the awareness of people and tax payers should be increased by the various plans and programs and using the various methods of training and the obstacles and problems of implementation of the law should be removed in order to be appeared its economic effects for the country.

Based on the findings of research, the following recommendations are expressed for better implementation of the law of value – added tax:

1. Making educational programs by Amoozesh TV network about the law of value – added tax and its broadcasting on the specific hours.
2. Making educational programs by provincial TV networks about implementation of the law of value – added tax by consideration of culture and ethnicity of any province.
3. Explanation of various dimensions and stages of the law of value – added tax including time and the way of filling in and giving self-statements of value – added tax by radio and television.
4. Broadcasting of television notices and teasers
5. News coverage of the programs of value – added tax by the program called the voice of tax.
6. Establishing close relationship of the offices of value – added tax with correspondents.
7. Establishing different educational courses by the unions and communities of trade affairs on the basis of the type of expertise of any trade union by the general office of tax affairs.
8. holding numerous sessions and debates along with trade units and unions and explanation of different dimensions of the law of value – added tax.
9. Formation of the various committees with the presence of the representative of trade units and unions with managers and experts of the value – added tax for achievement to more harmony of invitation from professors of universities for holding educational classes of value – added tax and holding different seminars by using the capabilities of universities for

students of accounting and management for removal of doubts and the deficiencies of inference from the law of value – added tax.

10. Planning and establishment of internet networks by the Technological Directorate of Organization of Tax Affairs along with high facilities in line with the motto of electronic government for facility of the works of tax payers and saving in time and cost reduction.

11. Establishing electronic public relations and sending latest news and notices of value – added tax by e-mail.

12. Publication of books and notable facts of value – added tax and giving required matters for immediate access of tax payers.

13. Publication of specialized magazines associated with any trade union and giving matters of value – added tax by using consultancy of activists of unions and communities of trade affairs.

14. Publication of tax magazines and newspapers and its broadcast among economic activists by giving new matters of the law of value – added tax.

15. Publication of papers about the advantages of the law of added – value tax in highly- circulated and local newspapers.

16. Analysis of revenues of value – added tax and its expenditures in any province and city by considering the share of municipalities from value – added tax and duties in local newspapers for making aware people.

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