

Feasibility of Online Taxation Using Theory of Planned Behavior and Technology Acceptance Model

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Abstract: Comparison of national tax performance and fiscal capacity takes special consideration of apparent low tax to GDP rate in the economy. Therefore, beside issues including identifying tax sources, optimal amount of payable tax, eligibility or hit rate tax, compliances and breaks, Ministry of Economy and Finance should devote an important part of national tax system efficiency to conditions and situations in which taxes are paid accurately, fast and with minimum costs per unit of products as well as minimum abuse. The researcher in this study aims to investigate this issue, to analyze causes for non-compliances from taxpayers and finally implement online taxation in Iran. The methodology in this study is correlation based in which the relationship among variables is analyzed based on the study purpose. Considering the study issue, active companies and institutes in productions and services in Jolfa City are study population composed of 450 micro and macro institutes with total 8039 staff of which Because of low facilities and study reasons, 120 companies and institutes (total 1943 staff) are selected by systematic random sampling. In order to collect theoretical basics, laboratory data collection was used while field method and questionnaire were used to collect statistical data for this study.

In this study following results were obtained: 1) tendencies of taxpayers to use online method influence on their uses of this method; 2) perceived behavioral controls in taxpayers influence on their tendencies to use online method; 3) taxpayer attitudes to online method influence on their use; and 4) mental norms of taxpayers influence on their tendencies to use the method.

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1. Introduction

In most countries around the world, significant part of state revenue sources is provided by taxation. Tax proportion of general revenues is different among the countries and it is dependent on their economic development and infrastructure. So, tax breaks and evasions in some countries cause that national tax revenues are always lower than estimations and all countries try to decline these two phenomena via tax reforms (Branson, 1997). Considering the link between tax policy and taxation system on national tax system reforms is accounted for an important issue. Comparison of national tax performance and fiscal capacity takes special consideration of apparent low tax to GDP rate in the economy. Therefore, beside issues including identifying tax sources, optimal amount of payable tax, eligibility or hit rate tax, compliances and breaks, Ministry of Economy and Finance should devote an important part of national tax system efficiency to conditions and situations in which taxes are paid accurately, fast and with minimum costs per unit of products as well as minimum abuse. With this regard, calculation of state direct taxation costs to total tax revenues ratio indicates a factor that converts minimum high costs of tax revenues to an important

issue in national economy. In summary, its future target should be tax revenues inside a collection of identifiable performances for budget policies or generally inside state economic macro policies. Based on this, increasing tax revenue is no longer an issue by itself and requirements for extra revenues are determined by considering balanced growth rate ceiling and expected capital to product ratio in national economy. This point, specifically by considering the weak link between available expectations from national tax system and national economic development purposes is very important. Therefore, explaining new methods for taxation from taxpayers has significant importance (Branson, 1997). At the same time, although codifying new taxation methods can be affective to reach mentioned purposes, these methods are made such that they result in taxpayer compliances by on-time and effective payments.

2. Problem

In recent years by occurrence of economic revolution in some countries, main international financial and economic plan for was based on taxation, the same as Iran. Although different factors such as targeted subsidies have influenced on beside

other reasons, taxpayers (industries and service providers) are not aware of its importance and the influence that on-time payment has on facilitating even national economic cycle and citizens affairs. Therefore, in this study it is tried to take consideration of this subject from two viewpoints:

- 1) Main reasons for this tax evasion by taxpayers are considered as infrastructures, methods to attract taxes and taxation and feasibilities of online taxation methods are investigated;
- 2) The influences of this method and online taxation-based methods on taxpayer deference of payments are investigated.

Thus, at the first place it is going to evaluate reasons and causes for evasions of taxpayers in Iran. Considering previous studies in this regard, they are classified as follows:

- 1) Lack of tax culture development in the society;
- 2) No full exchange of information and tax monitoring and follow-up;
- 3) Identification of tax rates and its weakness within enforcement;
- 4) Weak enforcement warranties;
- 5) Delays in receipt of taxes;
- 6) No documented income from taxpayers; and
- 7) Various and different tax breaks.

3. Necessity and importance

Considering the importance of taxation mentioned in the introduction, no on-time tax payment from taxpayers can significantly influence on national economic system and impose high economic and financial pressures on centralized state or the private sector active in national economic system. At the same time, it has been tried in this section that in order to identify the study importance, the factors affected of no on-time tax payments from taxpayers are evaluated and then new methods that can help the state in line with on-time taxation are proposed. Any illegal effort to not pay taxes including giving no necessary information about taxable incomes and benefits to authorities is called tax evasion. Tax evasion definition is the same for all tax kinds. Despite compliance of activities with the rules and regulations, it is tried in tax evasion that one or more activities or criteria adopted by corresponding competent authorities are deliberately ignored.

4. Tax evasion incidences

Most common incidences of tax evasion are occurred in:

- 1) Complexity and ambiguity in tax laws and regulations;
- 2) Poor tax policies (tax senior managers);
- 3) Ignoring efficient and effective human resources;
- 4) No development in tax culture in the society;

- 5) No reward and punishment proportional with taxpayer performance;
- 6) Failure to notify taxpayers of their rights and principles of taxation; and
- 7) No up to date information system of economic state.

5. Questions

- 1) Is willingness of taxpayers to follow online method effective on applications of this method?
- 2) Is perceived behavioral control factor among taxpayers effective on the willingness to use online method?
- 3) Are the attitudes of taxpayers relative to this (behavioral) method effective on the willingness to use online method?
- 4) Are intellectual norms of taxpayers effective on the willingness to use online method?

6. Hypotheses

1. Willingness of taxpayers to follow online method is effective on applications of this method.
2. Perceived behavioral control factor among taxpayers is effective on the willingness to use online method.
3. The attitudes of taxpayers relative to this (behavioral) method are effective on the willingness to use online method.
4. Intellectual norms of taxpayers are effective on the willingness to use online method.

7. Methodology

The methodology in this paper is based on correlation. In this type of study the relationship among variables is based on study purpose. Correlation analyses are classified in three classes:

- a) Bivariate correlation;
- b) Regression analysis; and
- c) Covariance or correlation matrix analysis.

The purpose in bivariate correlation analysis is to investigate the relationship between each pair of variables. The purpose in regression analysis is to predict variations in one or more dependent (criterion) variables considering variations of independent (predictor) variables. In some cases, such as factor analysis and structural equation modeling, analyzed bivariate correlations are introduced by a matrix called covariance or correlation matrix. The purpose in the former analysis is to summarize a data collection or to achieve latent variables (structure) and in the latter is to analyze structural relations based on available theories and findings. Following are explained with details every above mentioned methods. Considering this study issue, the population was composed of (450 micro and macro) institutes and companies,

active in productions and services of Jolfa city 120 of which was selected by the author by systematic stochastic sampling. It should be noted that in order to collect theoretical basics, library data collection was implemented while field studies and questionnaire for statistical data collection. The questionnaire was included 33 items that were ranked on basis of 5-points Likert scale (completely agree, agree, neutral, disagree and completely disagree) it should be mentioned that first 5 items of the questionnaire measured simplicity and perceived uses by taxpayers. Next 6 items measured tax fairness felt by taxpayers. Next 2 items measured observance of intellectual norms by taxpayers. Next 3 items evaluated willingness of taxpayers to use online taxation methods. 3 final items measured electronic

behaviors of taxpayers. The validity of questionnaire was measured by Cronbach's Alpha (0.84). In order to collect the data, a questionnaire was devoted to every statistical sample and then coordinated with the targeted research unit and set an appointment, the questionnaire form was sent to tax authorities of mentioned companies and institutes and after a week, they collected by the researcher to statistically analyze and investigate the data.

8. Findings

Hypothesis 1: *Willingness of taxpayers to follow online method is effective on applications of this method.*

Table 1: Linear regression (Willingness of taxpayers to follow online method)

Variable	A	F (1, 118)	R ²	R	β	B
Willingness of taxpayers to follow online method	1.376	488.604	0.255	0.897	0.897	0.825

According to Table 1, it can be concluded that willingness of taxpayers to follow online method is significantly correlated with applications of this method and as a result R² is significant (R² = 0.255; F (1, 1118) = 488.604). It shows that about 25% of applications of online method from taxpayers are explained by willingness of taxpayers to follow this method. In addition, the results indicate that prediction equations are as follows:

The rate for applications of this method = 1.376 + 0.825 (Willingness of taxpayers to follow online method)

Also the equation for standard rates is as follows:
The rate for applications of this method = 0.897 (Willingness of taxpayers to follow online method)

Hypothesis 2: *Perceived behavioral control factor among taxpayers is effective on the willingness to use online method.*

Table 2: Linear regression (Perceived behavioral control factor among taxpayers)

Variable	A	F (1, 118)	R ²	R	β	B
Perceived behavioral control factor among taxpayers	1.518	232.395	0.142	-0.559	-0.559	-0.514

According to Table 2, it can be concluded that perceived behavioral control factor among taxpayers is significantly inversely correlated with willingness to use online method as a result R² is significant (R² = 0.142; F (1, 1118) = 232.395). It shows that about 14% of variations for willingness of taxpayers to follow online method are explained by their Perceived behavioral controls. In addition, the results indicate that prediction equations are as follows:

The rate for applications of this method = 1.518 - 0.514 (Perceived behavioral control factor among taxpayers)

Also the equation for standard rates is as follows:
The rate for applications of this method = -0.559 (Perceived behavioral control factor among taxpayers)

Hypothesis 3: *The attitudes of taxpayers relative to this (behavioral) method are effective on the willingness to use online method.*

Table 3: Linear regression (The attitudes of taxpayers relative to this (behavioral) method)

Variable	A	F (1, 118)	R ²	R	β	B
The attitudes of taxpayers relative to this (behavioral) method	2.977	211.362	0.131	0.553	0.553	0.502

According to Table 2, it can be concluded that the attitudes of taxpayers relative to this (behavioral) method is relatively significantly correlated with their willingness to use online method as a result R² is significant (R² = 0.131; F (1, 1118) = 211.362). It

shows that about 13% of variations for willingness of taxpayers to use online method are explained by their attitudes relative to this (behavioral) method. In addition, the results indicate that prediction equations are as follows:

The rate for willingness to use online method = 2.977 + 0.553 (The attitudes of taxpayers relative to this (behavioral) method)

Also the equation for standard rates is as follows:

The rate for willingness to use online method = 0.553 (The attitudes of taxpayers relative to this (behavioral) method)

Hypothesis 4: *Intellectual norms of taxpayers are effective on the willingness to use online method.*

Table 4: Linear regression (Intellectual norms of taxpayers)

Variable	A	F (1, 118)	R ²	R	β	B
Intellectual norms of taxpayers	2.775	25.286	0.043	0.207	0.207	0.170

According to Table 2, it can be concluded that Intellectual norms of taxpayers is weakly significantly correlated the willingness to use online method as a result R² is significant (R² = 0.043; F (1, 1118) = 25.286). It shows that only about 4% of variations for the willingness of taxpayers to use online method are explained by Intellectual norms of taxpayers. In addition, the results indicate that prediction equations are as follows:

The rate for willingness to use online method = 2.775 + 0.170 (Intellectual norms of taxpayers)

Also the equation for standard rates is as follows:
The rate for willingness to use online method = 0.207 (Intellectual norms of taxpayers)

Hypothesis 4: Intellectual norms of taxpayers are effective on the willingness to use online method. It can be concluded that Intellectual norms of taxpayers is weakly significantly correlated the willingness to use online method as a result R² is significant (R² = 0.043; F (1, 1118) = 25.286). It shows that only about 4% of variations for the willingness of taxpayers to use online method are explained by Intellectual norms of taxpayers.

9. Conclusions

Hypothesis 1: Willingness of taxpayers to follow online method is effective on applications of this method. Considering the calculations, it can be concluded that willingness of taxpayers to follow online method is significantly correlated with applications of this method and as a result R² is significant (R² = 0.255; F (1, 1118) = 488.604). It shows that about 25% of applications of online method from taxpayers are explained by willingness of taxpayers to follow this method.

Hypothesis 2: Perceived behavioral control factor among taxpayers is effective on the willingness to use online method. it can be concluded that perceived behavioral control factor among taxpayers is significantly inversely correlated with willingness to use online method as a result R² is significant (R² = 0.142; F (1, 1118) = 232.395). It shows that about 14% of variations for willingness of taxpayers to follow online method are explained by their Perceived behavioral controls.

Hypothesis 3: The attitudes of taxpayers relative to this (behavioral) method are effective on the willingness to use online method. it can be concluded that the attitudes of taxpayers relative to this (behavioral) method is relatively significantly correlated with their willingness to use online method as a result R² is significant (R² = 0.131; F (1, 1118) = 211.362). It shows that about 13% of variations for willingness of taxpayers to use online method are explained by their attitudes relative to this (behavioral) method.

10. Future studies and suggestions

1. Understandable and easy to learn software packs for taxpayers. In order to assure taxation system effectiveness, at the first place tax rules and regulations should comprehensively defined and guaranteed.
2. Using economic managers in the society. Basically, organizational staff has no incentive to study because they can find no significant relationship between administrative activities and specialized study. In the other words, the affairs are conducted traditionally and out of habit rather than scientifically. Psychologists believe that for the behavior to be updated, there should be created a need inside the subject. The staff feel need for new scientific issues and they can conduct their daily activities by the current information and knowledge level, the culture in the society is no longer formed. Private enterprises as private properties or need for responsiveness to stakeholders try usually faster to adjust themselves with the economical world but unfortunately, state managers because of reasons such as direct unresponsiveness and no correct statistical data and information, they not only do not consider themselves obliged to study new sciences, but also they even often cut their relationship with information and economic world after being appointed as the manager. Therefore, using economic managers in the society as consultants at senior and to some extent internal managers causes their scientific grade and their knowledge about the society to be upgraded.
3. Developing online tax payment culture among the public. Taxation culture is a set of attitudes, insights and reflections of the public against the

taxation system. In the other words, attitudes, insights, impressions, ideals, social values, current rules, education and knowledge level are among the factors form the taxation culture. Of tasks of taxation manager are informing taxpayers to achieve more easiness at work and informing the public of rules, regulations, instructions, circulars and organizational decisions. This systematically reduces tax evasion and causes to increase the incentive to tax deference. Creating website, issuing a specialized newspaper or journal in the field of taxation, powerful consultancy centers around the country, weekly TV and radio programs, different databases and etc. can result in taxpayer trust in taxation organizations and as a result increase satisfaction.

4. Need for punishments/encouragements to unused/use internet services. In order to pay tax by taxpayers and to decrease tax evasion in the state taxation system, it should be created an easy to use taxation system from rules, design, structure and etc. viewpoints because various studies have shown that bureaucracies and complicated structure cause to extend tax evasion.
5. Training tax affairs organization staff. Tax regulations have often some ambiguities that are interpreted by tax officers and there is no comprehensive managerial understanding. Some managers keep usually the information in order to increase or maintain their power. This can prevent to achieve the messages from all staff.
6. Holding different conferences and learning workshops and issuing various papers. It is one of axioms of guidelines to inform taxpayers of online taxation services and improve taxation procedures. There are often ambiguities in taxation regulations that are interpreted by tax officers and there is no managerial and global comprehensive understanding.
7. Establishing an encouragement system for the pioneers of new system. It is also one of other important levers to improve taxation procedures.
8. Taxation simplicity and removal of redundant methods. It is among other factors that state taxation system should endeavor in this regard.
9. Reduction of the time from diagnosis to levy. It is one of other improvement factors in taxation procedures.

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