

Studying the Role of Professional Conduct of Tax Auditors in Reducing Tax Evasion from the Viewpoint of Isfahan Tax Affairs Experts

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Abstract: This study is conducted aimed to investigate the role of professional conduct of tax auditors in reducing tax evasion from the viewpoint of Isfahan Tax Affairs Experts. The study method is applied regarding the purpose the purpose, regarding the nature, it is descriptive-survey and the study sample consisted of all Tax Affairs Experts of Isfahan in December 2015 as 576 people. The sample size was calculated as 230 people based on Cochran's formula and to select the sample convenience sampling method was used. Theoretical basics of the research were collected through library method and data was collected by field method using a researcher-made questionnaire in form of a five-item Likert scale. After distributing and collecting the questionnaires, 207 analyzable questionnaires were used for the analysis and evaluation of the hypotheses. Face and content validity of the questionnaire was verified by surveying the relevant experts and construct validity through confirmatory factor analysis and the reliability was tested and approved by calculating Cronbach's alpha coefficient (Cronbach's alpha coefficient was 0.967). The results showed that the components of professional conduct of tax auditors that include "secrecy, observing professional standards and principles, professional competence and caring, honesty, good-temperedness and impartiality" have a role significantly more than the average in reducing tax evasion. Friedman ranking test results also showed that the components "impartiality," "secrecy," "honesty," "professional competence and caring," "observing professional standards and principles" and "good-temperedness" in terms of affecting reducing tax evasion rank first to sixth, respectively.

Key words: Professional behavior, tax evasion, secrecy, observing professional standards and principles, Iran

INTRODUCTION

One of the important sources of income for the governments is tax that in addition to supplying a major part of costs, it is used as a financial tool to control the economy. When a society faces growth in liquidity, by increasing tax rates, the government could reduce liquidity and inflation and if there is stagnation, inactivity and lack of economic boom in the economy, by reducing the rates of tax, authorities can return prosperity to the community. Thus, tax as an important financial tool can act as an economic safety valve and have desirable function for society. Tax also plays an important role in the equitable distribution of income and redistribution of wealth. By collecting taxes from the rich and distributing it in the form of grants, donations and subsidies among low-income people, governments can play an important role in establishing social justice. However, there is a hidden variable called tax evasion which refers to any illegal attempt to evade or underpay the payment of taxes. Surveys show that main reason of tax evasion in many

countries is the same and the taxes that are usually levied for the purpose of distribution of income have a lower base and higher rates. These taxes have great evasion potential hidden in themselves. Increasing tax rates while reducing investment incentives bring about the ground for tax avoidance and tax evasion. Tax auditors' professional ethics can play an effective role in preventing and reducing tax evasion. Therefore, this study aims to examine the role of professional conduct of tax auditor or in reducing tax evasion from the viewpoint of Isfahan Tax Affairs Experts.

Taxation is one of the best, most efficient and high-income sources of tax revenue of the governments (Khazai and Pour, 2015). In microeconomics, tax represents the tax on revenue deriving from the value in a business enterprise added to a product or service and receiving taxes just in one firm and final consumption is avoided actually referring to the point that tax is not taken for on a micro and small product. Although, one of the purposes of the application of taxes is increasing tax compliance and reducing tax evasion, studies have shown

that there is tax evasion in the tax system. This question has occupied the minds of researchers that what are the factors affecting tax evasion? One of the functions of the modern taxation system is reducing tax evasion that has greatly helped the transparency and reforming of the tax system of the country. However, it seems there are still many factors in the cultural, social, political, economic, organizational and legal fields creating a gap between the potential and the actual ability in paying taxes. This problem has created many costs for the tax system and consequently to the other manufacturing and service sectors of the country and has led to tax evasion. The nature of the factors on the one hand and value factor of each of these factors vary from one country to another (Faridzadeh *et al.*, 2011). Clements *et al.* (2012) in his studies showed that the taxation system is vulnerable and there is the possibility of fraud and tax evasion but modifying administrative procedures and setting heavy fines and the use of advanced equipment, may reducing the violations of tax to some extent. Reports lower than the sold price, failure to register, importing goods without paying taxes, lying, fictitious transactions, ate difference, use of exemptions and so on are of the methods of lack of cooperation and tax evasion (Jafari and Hamzei, 2005). It seems that tax evasion in the field of rate transfer, moving tax bottleneck, tax auditor or features and using legal ignorance in paying tax can happen, tax vasion in value added makes Iran's tax system suffer. This is because on the one hand, very limited and weak direct tax base and on the other hand, heavy reliance on oil revenues and the gap between the potential and actual tax paying ability and the resulting tax revenue of the state make the attention to the tax that has broad foundation and prepares the receipt of a great part of potential capacity important. The results of the studies in Iran show that the use of this tax system despite the abovementioned effective functions has many negative effects including price increases (Faridzadeh *et al.*, 2011).

Tax administration, established for transparency in tax rate, reducing tax evasion and increasing justice in getting tax from taxpayers, still face the question of why despite the efforts made in the financial system, do we have tax evasion? Therefore, by understanding what factors affect tax evasion, one could reasonably affect its reduction. Finding ways to reduce tax evasion is of the main concerns of the system. Tax evasion, while disrupting the exercise of the cost of public services and welfare, creates problems for socio-economic planning system. Therefore, paying attention to addressing the issue of taxes and tax evasion and identifying effective measures to reduce tax evasion in order to plan for tax compliance and preventing tax evasion as well as planning to improve professional

conduct of tax auditorors in Taxation Affairs Organization of the country seem necessary. Therefore, given that increasing tax compliance is one way to increase tax revenues and actualization of government's goals and paying the actual and voluntary tax depends on taxpayer's familiarity with their duties and obligations, the important thing in this regard is creating a fruitful atmosphere to boost confidence towards the performance and partnership with the tax agencies. It seems that respecting principles of professional conduct by tax auditorors has an important role in gaining the mentioned confidence and reducing tax evasion. Thus, the main research question is what role does the professional conduct of tax auditorors have in reducing tax evasion of tax experts?

Literature review: Khazai and Pour (2015) in a study entitled "Islamic taxes and their place in the financing" theoretically argue that at the present time the need to pay a variety of taxes alongside the obligation to pay the religious-financial rights and their relation to each other are of the issues that tax systems, religious institutions as well as people face. Obviously, this relationship has created ambiguities for each of the three mentioned sides, solving which is scientific and administrative necessity. Thus, searching for suitable solutions to improve this relation increases efficiency of people's payments. Undoubtedly, serious contemplating over this discussion could develop Islamic economic process and make its role in the overall economy stronger. Razmi and Kavousi (2015) in a study entitled "The Relationship Between Social Capital and Tax Compliance: the Mediating Role of Tax Morality" concluded that social capital variable with the standard ratio of (0.49) and significance of (5.03) is connected to tax morality. Moreover, tax morality with standard estimate of (0.86) and significance of (6.16) is positively correlated with tax compliance. Conclusion: the results showed a significant relationship between social capital and tax compliance and the mediating role of tax morality in the relationship between these two in the studied population. Rezaei and JafariNiyaraki (2015) conducted a study entitled "The Relationship Between Tax Evasion and Fraud in Accounting of Corporates." The results indicate a significant correlation between tax evasion and fraud in the accounting of company when the index of measuring the tax evasion is effective rate of cash tax and permanent tax differences. In addition, when tax evasion is measured with long-term effective cash-tax rate, no significant relationship was observed between tax evasion and fraud in corporate accounting. Eslami (2013) in research entitled "Investigating the Impact of Professional Ethics of Tax

Auditors on Corporate Trust of Taxpayers (Case Study: State Tax Administration of Tehran Province)” concluded that from among the 10 components of professional ethics, no significant relationship was confirmed between auditors discipline and organizational trust of taxpayers. The significance of the relationship between these two factors compared to other professional ethics components with organizational trust is negligible. From the perspective of payers, honesty and trustworthiness of tax auditors was in first place of affecting organizational confidence while the code of conduct of tax auditors ethics, professional responsibility is the most important component. Due to this study, a significant correlation was obtained between professional ethics of tax auditors and organizational trust of taxpayers and due to positivity of regression coefficients, more satisfaction with the professional ethics of auditors, results in higher corporate confidence on the part of taxpayers. Hassani *et al.* (2012) in an article entitled “Examining the Factors Affecting Tax Efforts and the Proposal of Developing Dynamical System Developed of Tax Effort” has used two methods to examine the tax effort. In this study, seven provinces of the country based on consumption tax base, wealth and income and corporate are used. The results show that the potential tax effort in all tax bases is larger than the actual tax effort.

In their study, Zaklan *et al.* (2009) showed that various political and institutional factors affect tax evasion and one can minimize tax evasion with punishment and enforcement mechanisms. However, VAT has many advantages such as low tax rates, reducing the incentives for tax evasion, neutral with regard to economic variables, higher flexibility compared to other tax systems. Convery and Outslay (2012) in a study entitled “Assessment of Professional Conduct in Taxes: Uncertainty State of Tax” have shown that students with good education will provide the expected or even better response in the face of situations where there is the issue of ethical and professional standards and professional responsibilities. Marshall *et al.* (2010) in a study entitled “The Ethical Issues Facing th Taxpayers” studied the standard of professional conduct between tax officials and taxpayers. Their research showed that protecting the public interest, technical competence (qualification), confidentiality and reliability are of the most important ethical issues of the studied group. The results also showed that the inability and failure are of the permanent and major ethical problems and inadequate legislation (incomplete and interpretable) will increase tax evasion. Dell’Anno (2009) considered tax morale as one of the factors influencing tax evasion and stated that this factor also depends on intrinsic motivation of taxpayers

to pay taxes. His method is using the model of total tax evasion. He conducted his research in selected countries in Latin America and the results revealed that effect of tax morale on tax paying of payments or tax evasion. Schenk and Oldman (2007) studied the factors affecting tax evasion in Iran, Egypt and Jordan and examined factors such as age, gender and level of education. The findings suggest that women are opposed to tax evasion and with increased age, tax evasion reduces, so that older people are less likely than younger people to commit tax evasion are and with the increase in educational level, less opposition to tax evasion was observed.

Concepts, opinions and theoretical foundations

Tax and its effects on the economy of Iran: Freedom from volatile and unreliable revenues from the sale of crude oil and financing the state budget through tax revenues is one of the key objectives of the tax system of the country. Taxes as a source of government revenue have an important role in the development and economic progress of the region and a province. Taxes is as the most common and the most important financial resource to provide public funds and one of the most efficient and effective tools in the world fiscal policy through which the government gives many social and welfare services to the people and direct many economic and social activities and events. Unfortunately, the conception of some people of collecting taxes in Iran is restricted to earn more money to run governmental organization and what gets less attention is the high share of revenues collected from oil and lower tax revenues in share of government revenue combination. All this in addition to adverse effects such as dependence of the country’s income on the import of aproduct, have brought about the country’s economy deprivation of the use of financial instruments. This is while by using this tool, one can guided many economic problems towards the correct path (Hassani *et al.*, 2012). Studying the issue of taxes and describing its process as well as the factors determining are important, due to their different impacts on Iran’s economy. Some of these consequences can be as follows.

Observing social and economic justice: one of the most fundamental purposes of taxation is increasing social welfare that considering the declining marginal utility of money by getting tax from economic activists, especially those with higher income and injecting it into the community (income redistribution) and ultimately its reaching to more low-income people and the poor social welfare increases which is closer to justice. Reducing the state’s dependence on oil revenues: finite and non-renewable source of oil should be saved for future generations which is to maximize the social welfare

because the purpose of the community is all generations and not the current generation. It is worth noting that volatility of oil prices also becomes important. Although, there are other ways to fix it (including the reserve fund foreign currency obligations) in order to prevent instability caused by the oil embargo by Foreign countries that has strategic aspects it is important. Economic stabilization policy: part of it is due to lack of dependence on oil and the volatility of spending is controlled. This means transfer of resources from the private sector to the public sector, since the public sector is usually more stable than the private sector in economic behavior (especially in expenditure) thus, stability increases. It is worth mentioning that about the issue of poverty alleviation, preserving livelihood and maintaining minimum essential needs of the entire population are of the tasks of government. Considering the above consequence, objectives such as poverty reduction, better distribution of income and appropriate allocation of resources between the various economic sectors can be taken into consideration (Amin Khaki, 2012).

Tax evasion and the context of its development: Tax evasion refers to any illegal attempt to dodge taxes or pay less than required any way possible. The expression tax evasion is used in relation to the arrangements taken to hide or ignore income tax liability and this means that the taxpayer pays less than the amount that he is legally bound to pay. Therefore, due to its illegal nature, it is an economic crime. In other words, tax evasion can be classified among economic crimes since the economy of many countries depends on the tax that people pay to the government and any anomalies in paying it can lead to faltering of economy. However, this category of crimes, unlike other economic crimes is against the state and the benefits of the people are not directly targeted by illegal activities. Although tax evasion is along fraud and deception and maneuver as in terms of criminal behavior it is ultimately the actions and omissions (maneuver fraud and tax evasion), it is different from crimes against property that constitutes an act that violates the will of the legislature and so we can say, it is a purely economic crime (Amin Khaki, 2012).

The resources they have been discussed about tax evasion, as underground economy suffers an important loss ambiguities and is not necessarily identical to the views of economists. According to Thomas (1992) tax evasion is a part of the irregular underground economy. From the perspective of Faj, tax evasion is placed in unreported activities, so it can be said that the person who has done tax evasion has violated the tax laws. Tanzi sees tax evasion as a global phenomenon that has several

thousand years old. This phenomenon happens in form of non-declared correct income figures, expressing costs of production more than real, trafficking and unlimited other ways. Tax evasion can have different forms in different situations, of which the personality of the person, economic structure and the structure of the tax system can be noted. Kabra introduces tax evasion as Simple Black Income in case that the main source is legal and if the resource is illegal, it is called compound black income. The difference between these two is in the first case is the motivation for tax evasion but in the second tax case, initial motivation may not be tax evasion but the defective controls and economic regulations. Surveys show that main reason of tax evasion in many countries is the same and the taxes that are usually levied for the purpose of distribution of income have a lower base and higher rates. These taxes have great evasion potential hidden in themselves. Increasing tax rates while reducing investment incentives bring about the ground for tax avoidance and tax evasion. Hidden economy is one of the causes of tax evasion. In our country, many factors are involved in the formation and development of the hidden economy. As major underground economic activities are hidden from view of the tax administration, the field of tax evasion will be available. Moreover, the administrative structure of the economy and lack of transparency in laws and regulations are considered as tax evasion factors in the rise, instability of laws and regulations and an ongoing shift in rules also stipulate tax evasion (Dell'Anno, 2009). Various surveys show that the most common areas of origin of tax evasion are:

- Non-Proliferation of tax culture in the community
- Lack of full exchange of information and lack of monitoring and follow-up in the tax system
- Detection on the spot and weakness in its implementation
- Lack of welcoming of the submission of tax returns and weak sanctions
- Delay in tax collection
- Lack of understanding of taxpayers and their non-documented income
- The existence of vast and varied breaks

The most common way introduced in recent years to determine the factors affecting tax evasion regardless of the underground economy is a model used by Allingham and Agnar (2013). Pattern related to the review of tax evasion and the factors influencing it were first propose by Allingham and Sandmo had known as A-S model. This model is derived from Beker's research in 1968 about the studies of economics of criminal activity. In A-S model,

the decision of tax evasion of the individual is a choice under uncertainty. In this model, the determinants of tax evasion are divided into two groups: economic and legal factors and include factors such as the actual taxable income, rate of tax, tax fine, the probability of auditor and investigation by tax affairs office, bribe as well as expressed income by the individual to the tax office. This model is based on games theory that views the issue from punishment and fine point of view while tax evasion. Since this model was not successful in explaining the behavior of tax compliance and tax evasion, other studies are carried out to better explain the above behavior. In these studies, in addition to the above factors, non-economic factors, social, geographical and demographic determinants are also considered. The famous A-S model is based on the assumption that the person who should pay the tax is a rational person, so he tries to gain utility from it and maximize it. On the other hand, in this model, it is assumed that as the person's income is high and in tax payment process pays less tax and hides this non-payment from tax officers, he will gain more utility. In addition, it is assumed that if the person is subject to the supervision of tax officials, his tax evasion will be revealed and he must pay a tax penalty. Skubari, in his study has offered expected utility function of individual's tax evasion, by considering the assumptions used in Von-Neuman-Morgen Stern Utility function, according to optimal behavior to bribe as a fixed amount of bribes (B) and the bribery ratio (b) separately and through maximizing it, he has achieved tax compliance function.

In the studies conducted including Jackson and Milliron, Cowell and Gordon, Alm and McKee, Riahibelkaoui and Richardson (2006), many uneconomical factors, including those regarding the ability of people to pay for public spending, public education, tax morale, ethics, taxation, age, gender, religion, race, language, geographic region have been considered.

Due to the above stated factors, the influential factors in the following four categories are discussed. Economic factors: such as income level and sources of income cultural factors: such as cultural structure, level of education, tax morale and tax fairness. Social factors: including age, gender, marital status, corruption and bribery. Legal and administrative factors: such as tax rates, uncertainty in laws and regulations, tax fine, the possibility of an auditor, lack of expert staff and advanced equipment.

Professional ethics of taxpayers, brokers, auditorors and tax consultants: Due to the fact that increasing tax compliance is one way to increase tax revenues and the actualization of government's goals and actual and

voluntary tax paid depends on taxpayers familiarity with their duties and obligations, the important thing in this regard is creating the suitable context to increase confidence in the performance and partnerships with tax organizations. It seems that with the increasing development and expansion of Internet and communication data services, it is time to take advantage of the space available, to increase awareness and full participation of taxpayers. Given the current situation, compiling and reviewing ethics is necessary because these are key for any professional. In tax profession, it should be considered that auditors and taxpayers are charged together with the task of promoting the status of the tax system. Culture of voluntary tax compliance through specified websites, institutionalization of tax obligations through the media and explaining the duties of taxpayers and governments in relation to the culture of voluntary tax compliance through specified websites can have great influence on the reason to accept tax and bring about the growth of tax system (Hasani *et al.*, 2012).

The lack of observance of some moral standards has created concerns in the public and private sectors. Ethical standards of the organization refer to the quality of the core values such as integrity, refraining from discrimination, integrity, honesty, trust, respect, justice, etc., within policies, programs and actions and decisions. As organizations show affinity to these core values, they are considered that much ethical organization. These values must be observed in personnel practices to make an ethical organization. Since, tax system is based on the comprehensive participation of individuals in a society, considering the situation is also very important without which the bases for people's cooperation with tax system will be undermined. Also, in connection with legislation and regulations related to taxation, tax rates and taxable revenues should be in accordance with the ability to pay taxes, since inappropriate legislation in this area fuels tax evasion. In contrast, appropriate tax legislation and computerization of tax systems, appropriate informing in the tax laws and tax ethics culture in this regard can result in building appropriate infrastructure to improve compliance in relation to the financial statements (Khazai and Pour, 2015). By summarizing the previous studies and research goals, conceptual model is presented in Fig. 1.

Research hypotheses: The main hypothesis 1: Professional conduct of tax auditors plays a role in reducing tax evasion.

Sub-hypotheses:

- Secrecy of tax auditors plays a role in reducing tax evasion

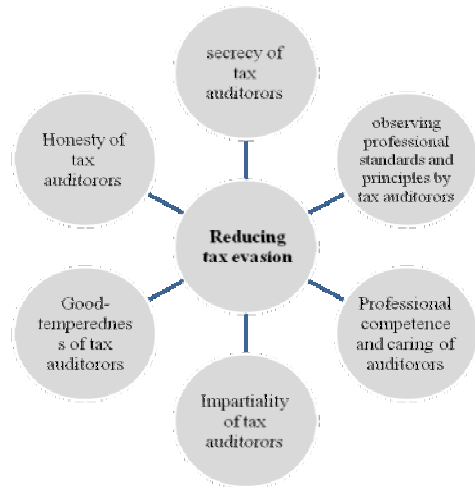


Fig. 1: Concept model of research

- The observance of principles and professional standards of tax auditors plays a role in reducing tax evasion
- Competence and professional care of tax auditors plays a role in reducing tax evasion
- Honesty of tax auditors plays a role in reducing tax evasion
- Good-temperedness of tax auditors plays a role in reducing tax evasion
- Impartiality of tax auditors plays a role in reducing tax evasion

The second main hypothesis: The roles of components of professional conduct of tax auditors on reducing tax evasion have a significant difference.

MATERIALS AND METHODS

The study method is applied regarding the purpose the purpose, regarding the nature, it is descriptive-survey and the study sample consisted of all Tax Affairs Experts of Isfahan in December 2015 as 576 people. The sample size was 207 people based on convenience sampling. Cochran's formula and to select the sample convenience sampling method was used. To collect statistical data in this study, a researcher-made questionnaire about six components "secrecy, observance of principles and professional standards, competence and professional care, honesty, good-temperedness and impartiality" based on corresponding indicators and Likert scale was used.

Face and content validity was approved by surveying experts and specialists and the construct validity was reviewed and approved using confirmatory factor analysis. Reliability based on Cronbach's alpha coefficient was approved by the amount 0.967. To analyze

the results obtained in this study, SPSS and LISREL in two levels of descriptive and inferential statistics were used. In descriptive statistics measures of central tendency and dispersion and in inferential statistics, confirmatory factor analysis, univariate t-test and Friedman rank test were used.

RESULTS AND DISCUSSION

Analysis of research findings

Descriptive findings: Descriptive demographic findings show that 62.8% of the respondents are male and 37.2 are women. The largest number of respondents, i.e., 40.6% are <35 years of age and the minimum number of respondents, i.e., 23.2% are in the age group of >45 years. In addition, 36.2 were in the age group 35-45 years. Total 69.6% have a bachelor degree and 30.4 are graduates. The largest number of respondents, i.e., 39.6 has working experience of 10-15 years and the lowest number of respondents, i.e., 26.6 have >20 years of service. In addition, 33.8 have <10 years of service. The largest number of respondents, i.e., 44.4% has accounting studies and the lowest number of respondents, i.e., 6.8 are from other disciplines.

Inferential findings

Factor analysis model: Using factor analysis, the capability to measure variables was assessed by questionnaire items. The results of fitness factor analysis of the model by LISREL and RMSEA Software showed that 0.076 value is obtained and because the amount is small (<0.08) the model has little error. Stock Root Mean square Residual (RMR) index is equal to 0.038 and a small amount that represents an acceptable fit. A Chi-square degree to degree of freedom that is equal to 2.67 and a value between 2 and 3 shows the appropriateness of model fit. The Fit Index (GFI) is calculated as 0.89 and close to one. The PGFI and AGFI values are 0.86 and 0.85, respectively and close to one. The IFI, CFI and RFI indices also have a value >0.9 and close to one. The NFI, PNFI and NNFI indices have acceptable values and overall show the favorability of the measuring model. It can be said that the items of the questionnaire well measure the research variables. All t-values corresponding to the factor loadings for each of the items of the questionnaire have large amounts of data and an their absolute magnitude is higher than the critical value 1.96, so all factor loadings (coefficients) at 0.05 error level are meaningful. Large amounts of factor loadings for each of the items of the questionnaire (standardized coefficients) in confirmatory factor analysis confirmed measurements of research aspects (Table 1).

Studying the normality of the variables: In studying the normality of the variables, according to the variables of interest, significance levels of normality test for variables is >5% error and this means that the data are normal.

Testing the hypotheses

The main hypothesis 1: Professional conduct of tax auditors plays a role in reducing tax evasion. The results of testing the first main hypothesis of the research in Table 2 show that the larger the mean of responses from the average 3, at 0.05 error level is significant, i.e., professional conduct of tax auditors plays a role in reducing tax evasion. The result of testing this hypothesis is consistent with the results of the investigation by Eslami (2013), Amin Khaki (2012), Khazai and Pour (2015), Razmi and Kavousi (2015) and Rezaei and JafariNiyaraki (2014), Marshall *et al.* (2010). By comparing the results of this hypothesis with the results of other studies, it can be inferred that to reduce tax evasion of taxpayers, managers and planners of tax administration, should pay more attention than ever to impartiality, secrecy, honesty, professional competence and caring, observing professional standards and principles and good-temperedness and strengthen the attitudes of tax auditor in the role of professional behavior in reducing tax evasion.

First sub-hypothesis; secrecy of tax auditors plays a role in reducing tax evasion: The results of studying the first sub-hypothesis set forth in Table 3 showed that mean response being larger than the average 3 is significant at 0.05 error in other words secrecy of tax auditors plays a role in reducing tax evasion.

Table 1: Results of normality test (n = 207)

Variables	KS-statistic	Sig. (p)
Secrecy	0.845	0.474
observing professional standards and principles	1.067	0.205
Professional competence and caring	0.750	0.627
Honesty	0.730	0.661
Good-temperedness	0.713	0.690
Impartiality	0.858	0.453

Table 2: The results of testing the main hypothesis 1 based on t-test

Variables	Mean	SD	t-statistics	df	p-value	Confidence level 0.95%	
						High limit	Low limit
Professional conduct of tax auditors	3.57	0.37	22.16	206	0.000	3.62	3.52

Table 3: The results of testing the first sub-hypothesis based on t-test

Variables	Mean	SD	t-statistics	df	p-value	Confidence level 0.95%	
						High limit	Low limit
Secrecy of tax auditors plays a role in reducing tax evasion	3.71	0.72	13.98	206	0.000	3.680	3.61

The results of testing this hypothesis are consistent with the results of the investigation by Eslami (2013) and Marshall *et al.* (2010). By comparing the results of this hypothesis with other studies, it can be concluded that managers and planners of tax administration to reduce tax evasion by taxpayers should pay more attention to secrecy of tax auditors as a part of professional behavior. They should also strengthen the attitudes of tax auditor as a part of professional behavior of tax auditors towards the role of secrecy in reducing tax evasion.

The second sub-hypothesis; the observance of principles and professional standards of tax auditors plays a role in reducing tax evasion: The results of studying the second sub-hypothesis set forth in Table 4 showed that mean response being larger than the average 3 is significant at 0.05 error, in other words, the observance of principles and professional standards of tax auditors plays a role in reducing tax evasion.

The results of this testing this hypothesis are consistent with the results of Khazai and Pour (2015). By comparing the results of this hypothesis with other studies, it can be concluded that managers and planners of tax administration to reduce tax evasion by taxpayers should pay more attention to observance of principles and professional standards of tax auditors as a part of professional behavior. They should also strengthen the attitudes of tax auditor towards the role of observance of principles and professional standards of tax auditors as a part of professional behavior of tax auditors in reducing tax evasion.

The third sub-hypothesis; competence and professional care of tax auditors plays a role in reducing tax evasion: The results of studying the third sub-hypothesis set forth in Table 4 showed that mean response being larger than the average 3 is significant at 0.05 error in other words, competence and professional care of tax auditors plays a role in reducing tax evasion.

Table 4: The results of testing the second sub-hypothesis based on t-test

Variables	Mean	SD	t-statistics	df	p-value	Confidence level 0.95%	
						High limit	Low limit
The observance of principles and professional standards of tax auditors role in reducing tax evasion	3.38	0.44	12.33	206	0.000	3.44	3.32

Table 5: The results of testing the third sub-hypothesis based on t-test

Variables	Mean	SD	t-statistics	df	p-value	Confidence level 0.95%	
						High limit	Low limit
The role of professional competence and care of tax auditor in reducing tax evasion	3.62	0.69	12.82	206	0.000	3.72	3.53

Table 6: The results of testing the fourth sub-hypothesis based on t-test

Variables	Mean	SD	t-statistics	df	p-value	Confidence level 0.95%	
						High limit	Low limit
The role of honesty of tax auditor in reducing tax evasion	3.64	0.67	13.68	206	0.000	3.73	3.55

Table 7: The results of testing the fifth sub-hypothesis based on t-test

Variables	Mean	SD	t-statistics	df	p-value	Confidence level 0.95%	
						High limit	Low limit
The role of good-temperedness of tax auditor in reducing tax evasion	3.11	0.67	2.36	206	0.00	3.20	3.02

Table 8: The results of testing the sixth sub-hypothesis based on t-test

Variables	Mean	SD	t-statistics	df	p-value	Confidence level 0.95%	
						High limit	Low limit
The role of impartiality of tax auditor in reducing tax evasion	3.91	0.81	16.22	206	0.000	4.02	3.80

The results of testing this hypothesis is consistent with the results of Amin Khaki (2012), Marshall *et al.* (2010), Lazarev and Pleshchinskii (2007). By comparing the results of this hypothesis with other studies, it can be concluded that managers and planers of tax administration to reduce tax evasion by taxpayers should pay more attention to competence and professional care of tax auditors as a part of professional behavior. They should also strengthen the attitudes of tax auditor towards the role of competence and professional care of tax auditors as a part of professional behavior of tax auditors in reducing tax evasion.

The fourth sub-hypothesis; the honesty of tax auditors plays an important role in reducing tax evasion: The results of studying the fourth sub-hypothesis set forth in Table 6 showed that mean response being larger than the average 3 is significant at 0.05 error. In other words, honesty of tax auditors plays a role in reducing tax evasion. The results of testing this hypothesis is consistent with the results of Eslami (2013), Amin Khaki (2012), Khazai and Pour (2015), Razmi and Kavousi (2015), and Marshall *et al.* (2010). By comparing the results of this hypothesis with other studies, it can be concluded that managers and planers of Tax Administration, to reduce tax evasion by taxpayers, should pay more attention to honesty of tax auditors as a part of

professional behavior. They should also strengthen the attitudes of tax auditor towards the role of honesty as a part of professional behavior of tax auditors in reducing tax evasion.

Fifth sub-hypothesis: Good-temperedness of tax auditors plays a role in reducing tax evasion: The results of studying the fifth sub-hypothesis set forth in Table 7 showed that mean response being larger than the average 3 is significant at 0.05 error. In other words, good-temperedness of tax auditors plays a role in reducing tax evasion. The results of testing this hypothesis are consistent with the results of Marshall *et al.* (2010), Eslami (2013), Razmi and Kavousi (2015). By comparing the results of this hypothesis with other studies, it can be concluded that managers and planers of tax administration to reduce tax evasion by taxpayers, should pay more attention to good-temperedness of tax auditors as a part of professional behavior. They should also strengthen the attitudes of tax auditor towards the role of good-temperedness as a part of professional behavior of tax auditors in reducing tax evasion.

The sixth sub-hypothesis; impartiality of tax auditors plays a role in reducing tax evasion: The results of studying the fifth sub-hypothesis set forth in Table 8

Table 9: The results of studying the second main hypothesis based on Friedman test (n = 207)

Factors	Friedman mean rate	Friedman test	Sig.
Secrecy	3.657	106.88	0.000
Observing professional standards and principles	3.135		
Professional competence and caring	3.577		
Honesty	3.638		
Good-temperedness	2.604		
Impartiality	4.389		

showed that mean response being larger than the average 3 is significant at 0.05 error. In other words, impartiality of tax auditors plays a role in reducing tax evasion. The results of testing this hypothesis are consistent with the results of Eslami (2013) and Amin Khaki (2012). By comparing the results of this hypothesis with other studies, it can be concluded that managers and planers of tax administration, to reduce tax evasion by taxpayers should pay more attention to impartiality of tax auditors as a part of professional behavior. They should also strengthen the attitudes of tax auditor towards the role of impartiality as a part of professional behavior of tax auditors in reducing tax evasion.

The second main hypothesis; the roles of components of professional conduct of tax auditors on reducing tax evasion have a significant difference: The results of studying the second main hypothesis of the research as set forth in Table 9 showed that the rank of components of professional conduct tax auditor on reducing tax evasion is not the same. Friedman average rating shows that the rating of the variables is not the same. The rank of “impartiality” with the highest rank has the most important role, the role of “secrecy” is in the second place and “honesty” is the third in importance. The role of “good-temperedness” with the lowest rank is the last in importance.

CONCLUSION

In conclusion, it can be said that expressing the fundamental principles of professional ethics and professional conduct in relation to tax issues in publications, formulation and adoption of rules and regulations are necessary and useful actions. Developing and implementing long-term programs can have favorable results in increasing awareness of taxpayers, auditors and tax advisers in the field of culture, observing ethics and professional conduct. According to Thomas, “if the existing rules are developed under ethical issues, there will be no need to interpret peripheral laws”. In other words, with the existence of moral values, enforcement of the laws becomes obligatory and tasks are done at better

and more acceptable levels. To promote observing ethics and moral principles related to taxation in the country, court of auditors monitoring more than ever on the performance of the government accountability to the people, making government costs transparent, especially in using resources from taxes and objectification of their spending, developing appropriate tax legislation and computerization of tax systems, appropriate informing on the issue of applying taxation laws and culture in this regard, the removal of unnecessary tax breaks and so on are of the effective ways in the development of tax culture and institutionalizing tax ethics. On the other hand, all inclusive efforts and measures in the field of tax ethics culture of members of tax job, taxpayers and tax advisers in three levels of rules of education, implementation and enforcement seem necessary. Tax administration of the country should establish a coherent and transparent framework for promoting ethics related to tax by proper and systematic planning.

RECOMMENDATIONS

According to the findings of the study, the following points are recommended, in order to prevent tax evasion and proper tax culture, production and broadcast of programs in national media such as films documentaries and movies about the philosophy of paying taxes and grounds for the enjoyment of civil society and continuous culture should be taken into consideration. In order to prevent tax evasion and proper tax culture, promoting the idea of a prosperous land by paying taxes in the press and mass media and increasing emphasis on general interests from taxation and increasing share of citizens and lower classes of the society from public goods should be taken into consideration. In order to prevent tax evasion and proper tax culture, the inclusion of several courses of tax as familiarity with tax in curricula of different levels like high school or higher education should be taken into consideration. In order to prevent tax evasion and proper tax culture, transparency of government spending and tax revenues reflecting news in the press and audio-visual media should be taken into consideration. In order to prevent tax evasion and proper tax culture, deleting unnecessary exemptions such as exemption of cultural, art and sport sectors as well as making the exemption of production and residential units purposeful should be taken into consideration. In determining criteria and the criteria used to identify relationships that might or seem to compromise the impartiality of tax auditor, if reasonable, should be regarded as a decisive factor. To respect impartiality, tax auditor should refrain from creating relationships that may provide the influence of others, prejudice or bias behavior.

Tax auditor may be in trouble in identifying or deal with violations of professional affairs. If such a case is important, tax auditor should follow the internal policies and related guidelines of the organization. Acquiring professional qualifications is completed by having higher education based on professional criteria related to organizations through special training, training, passing exams and earning professional experience. Tax auditors should conceive of the information they gain from taxpayers as confidential. Tax auditors should ensure that the employees under them and those whose advice or service they receive respect the principle of confidentiality. The tax auditors should properly protect the information collected and not use such information for their own or third parties interests. They should not act as if they use this kind of information. By providing tax services in the framework of integrity, impartiality and compliance with laws and regulations, the tax auditors can place the taxpayers in the best position. In cases, where other tax returns or tax services are provided by tax auditor or his help, the client or employer should be reminded that the responsibility for information provided is for the taxpayer. The tax auditors should also ensure that the tax return or tax services are provided in an appropriate manner based on information prepared and presented. The tax auditors should not use procedures and tools that undermine the professional dignity.

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