

# Theoretical and Analytical Study of Tax Law in Jordan According to the: Income Tax and Sales Tax and Its Relationship with Revenues and Tax Evasion

*Amended Law of Income Tax No. (39) of Year 2003 , Regulations and  
Instructions Issued*

*The Provisional Law of Income Tax No. (28) of Year 2009, e Regulations  
and Instructions Issued*

*The Temporary Law of Sales Tax 'n 2009, Regulations and Instructions  
Issued*

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## **Abstract**

This study aimed to identify the impact of Income Tax Law amendments on incomes in Jordan. The study population consisted of a group of specialists in the income tax department and sales in Jordan and a group of certified legal accountants and then taking a random sample represents the study population (100), which included accounts estimators, legal auditors and specialists in the tax domain. All the questionnaires that have been distributed on the respondents have been retrieved and valid for analysis, where the response percentage was 100%.

The study achieved a number of outcomes that there is a statistical significant effect between the amendments on the Income Tax Act No. (28) of 2009, and its impact on the taxpayers, as well as, the presence of commitment from the taxpayers to pay their due income tax.

The presence of perception of the taxpayers about the importance of income tax, also there is a high monitoring and competence from the state in collecting the income tax and the presence of impact of the income tax on the state's income flows.

The researchers introduced several recommendations, the most are:

- Support for those with low and medium income to invest in productive projects to push the development wheel and to limit poverty and unemployment.
- To work on reducing the imposed tax on the taxpayers according to the economic situation to push them to work and development.
- To work on enhancing the coordination between the income tax department and the tax payers in modern methods and developing an electronic tax system.
- To work on increasing and dissemination the taxation awareness to limit the phenomena of taxes evasion by conducting awareness campaigns through the mass media and different publication methods.

Increasing the trust between the state and the taxpayers by illustrating how the taxes deducted from their incomes were used, and activating the penalty law against tax evaders and applying the Islamic economic system is the best solution for the human economic problems because it is the system of the human creature far from shortage and deficit as in the human laws, that is why it should be applied.

**Keywords:** income tax law, taxpayers, income tax, sales tax, revenues, tax evasion

## 1. Introduction

The most important source of state revenues in the world due to its exports of the industry, agriculture. The outputs of the burlled metal in the ground, and investment, whether it local or from outside, therefore the expenses of any state covered by this revenue.

The most important source in Jordan is the tax, which is cover the expenses to care the citizens and archive number of economic, social, health and education aims.

The tax in the budget is the most important items, therefore it should find and regulatory governmental institutions to follow up the financial and economic operations and put tax on it.

The amendments of the income tax law in the year 2009 is one of the states interest, because it covers all its expenses, due to many factors, including the increasing of the population numbers in Jordan, and the accumulated burden of technological development and economic growth, the government should find fair policy to cover the expenses, since the state is seeking to serve their citizen, it must seek to provide the appropriate policies, and fair law to collect the tax.

The amount of tax imposed on taxpayers, whether natural or juridical person put a burden on them.

Taxpayer doesn't care for the government services and he considers that the state should provide free services for him without paying taxes.

## 2. Study Problems

With the increasing of costs of living life to the citizens and increasing of the burden on the state to provide the basic necessities in the life for the citizens, the states should make adjustments in the income tax law without effecting on the citizens income, and on state revenues and in this study we will try to answer on the following question,

What is the amendments effect in the income tax law on the taxpayer?

Importance of studying summaries important studies to show the effect on the changes on what the country has provided to cover all expenses and reduce outside depts.

To show the effect of the income tax law for 2010 on taxpayers and legal person's taxpayers and legal persons must pay if they have allow or high income.

## 3. The Goals of Studies

- 1- To introduce the theoretical framework for the understanding of tax, the kinds of tax, and the advantages of tax.
- 2- To know the tax percentage for the payers and legal persons with different activities.
- 3- Introduction of theoretical framework to show the effects of changes between old income tax law and new income tax law.
- 4- To know the realization of the tax payers for the importance the tax and effect of tax on them.

## 4. Hypotheses of the Study

Depending on the problem of the study questions, this study is based on the following hypotheses?

- 1-There is no effect of the amendments to the income tax law on taxpayers.
- 2-There is no obligation of taxpayers to pay the tax.
- 3-There is no control of the state to collect the tax.
- 4-Tax payers don't realize the importance of income tax.
- 5-There is no effect for tax on the revenues state.

## 5. Case Study

This study depends on descriptive analytical approach whereas this study depends on two sources to collect the data which is:

- 1-Secondary sources: It uses number of books, studies, and previous researches and collection of internet sites.

## 2- Primary resources.

### A. Questionnaire which consists of two parts

-A set of demographic, functional and personal data questions.

-A set of questions that concern with tax and its impact on the sample that will be studied.

### B. The interview

Interviews with a group of specialists and consultants in the income tax area and a group of income tax department employees.

## 6. Society and Study Sample

The society consists on this study of group of natural and legal persons who is under income tax.

The random sample was selected, consists of 100 persons of the specialist persons in income tax in Amman and the persons under income tax who work at companies and carpenters persons.

## 7. Statistical Analysis Means

This study uses statistical analysis package to analyze the result of the study which is include:

1-Mediate and dispersion, frequencies measurements, means and standard deviations.

2-Evidence stability measurement

## 8. Model Study

1-The independent.

-Income tax variable.

2-The dependent variable.

- The impact of amendments of the income tax

- Obligation to pay income tax

- The controlling and efficiency of collect the income tax

- The importance of income tax for citizens

- The effect of income tax on revenues state.

## 9. Literature Review

### **Al-Leddawi, Role, (Factors Affecting the Decision of the Income Tax Estimators in the Case of Holding the Basic Accounts in Jordan).**

It concerns about the information system of the income tax department to activate the cooperation and harmony between the department and the other governmental agencies to encourage the decentralization principle in information collection, and the work to limit the negative effect and management pressure on the estimators decision by determining the objective base for the notes that raised to the department, and the work to pay attention to directing the estimators to follow the law's articles and to limit the estimators insights and make available the qualified persons with experience.

To work on paying more attention to tax estimator through developing his performance by engaging him in specialized training courses in accounts auditing and focusing on the material incentives according to his exerted efforts, as well as, focusing on his independence at work.

The management concern should be directed to build the trust bridges between the taxpayers and the income tax department by notifying the taxpayer about his importance through establishing comfortable climates for him when conducting the estimation and raising their awareness about the tax importance.

### **Al-Hleh, Samar, (The Tax Systems between the Contemporary Financial Thought and the Islamic Financial Thought" Analytical Comparative Study)**

The tax system is affected by a set of economic, social, political and historical factors and the available abilities in the extent of its ability and success in achieving the set of goals that the country is pursuing through this system.

So, each country selects a set of taxes that forms its tax system to correspond with its political, economic and social conditions and even may be with its civilization.

Success of the tax system in a given country doesn't necessary means its success in another country.

From this point came the importance of this study in knowing the most important types of taxes in the taxation system in the contemporary financial thought and the taxes in the Islamic financial thought and making a comparison between them.

In the contemporary financial thought the taxes types are multiple, where the countries impose along with the taxes some kind of fees, although the tax differs from the fee, since it is without a direct return, but sometimes the tax is seen as a fee, or indicating to the fee as a tax, this is often occurs in indicating to the customs.

The legal tax is based on a set of principles, such as, justice, certainty, fitness and economy, and seeks to achieve a set of economic, social and financial goal. The taxes types are vary according to its container, it could be a direct or indirect tax, multiple or single, general tax on the income, or quantitative taxes, taxes on the funds or the people. Each type of these tax types has its advantages and disadvantages, generally the countries resort to more than one kind of taxes to make the balance or to avoid the disadvantages of other taxes types.

Also, the country enacts the needed legislations to impose these taxes to guarantee the collection of the taxes and the good performance and to punish those who violate the tax payment.

Taxes are vary in the Islamic taxation system, such as Al-Zakah that is due within specific provisions, such as the ability of the fund for growth, free from debt, due to date and the minimum amount liable to Zakah. It is imposed on multiple types of funds.

With the development of life and establishing of new funds, the opinion leaders have the responsibilities to see how to make this money subject to *Zakah*, also the *Zakah* on persons, *Al-kharaj* and tribute (*Al-Jeziah*) that each of them has its features, characters, methods and collection guarantees and its application standards.

Also Islam permits the country to impose new taxes within specific provisions to gain legal feature, where these taxes should not be alternative of the *Zakah*, since no one has the right to cancel *Al-Zakah*, because it is a pillar imposed and decided by God on the Moslems not on others.

### **Monther, Rena Adeeb, (The Tax and its Forms)**

The role of the tax in any country should not be limited to finance, but it should achieve many of the economic, social, political and financial goals, where the country should provide the services to its individuals and provides them with protection to their properties. The country has the right to impose the tax, thus, the tax is the right of the individuals on the state. The income tax is one of the most important imposed taxes, since it achieves the taxation justice principle and to achieve that there should be an efficient administrative system, the presence of taxation awareness to taxpayers, and the presence of developed legislative taxation system. The taxation awareness is an important factor to limit the phenomena of tax evasion, which is linked with economic and political factors. The severity of tax evasion decreases when the individual has strong bonds with his society and country.

The financial ethics of the individual are different from his public ethics; he might be straight, honest and truthful but provides fraud information about his earnings to taxation agencies.

### **10. The Concept of Tax**

The concept of tax was not the same always. Whereas the human societies were not established, taxes had not emerged yet. Such kind of age is distinguished by self-sufficiency and simple living condition. There was no common relation between people. Consequently, the opportunity was not prepared for presence of taxes.

However, with the development of human life and stability of human groups, the need for securing protection, internal and external security of these groups has appeared.

This went along with the authority which promised to security and protection.

Consequently, taxes had appeared for purposes of spending on the needs of societies.

The authority was the only party authorized to collect taxes. From that, we can notice that appearance of taxes has associated with appearance of states, stability of societies and their development.

### **11. Definition of Tax**

It is an amount of money imposed by public authorities on natural or artificial individuals according to their taxation potentialities finally, at no cost order to cover the general charges and to achieve different economic and social targets.

## 12. Goals of Taxes

There are several goals which the state attempts to achieve by imposing the tax, on the top of these goals is the financial goal in addition to other social and economic goals which the state attempts to achieve through imposing the tax.

## 13. The Social Goals of Tax

Some people think that only goal of imposing tax is financial goal through attempt of state to collect money from citizens in order to cover its monetary expenditure.

Whereas there are several social goals which can be achieved through imposing tax which can be summed up as follows:

1-re-distribution of wealth between people: the general principle of the biggest part of it falls upon people of high income; on the contrary, what is collected of tax is spent to cover the state expenses on health and education services, etc.

2-To limit some bad or unwanted habits in community: there are some bad habits or behaviors which may be unlovable or unwanted and which the government seeks to get rid of and to limit, e.g., smoking, crackers and some amusing commodities.

3-Birth control in society: in some societies which suffer from population explosion, tax may be imposed for every child after a specific number of children, when on the other hand, tax exemption is granted for every child of family in the states which encourage birth-giving.

## 14. Economic Goal of Tax

### 14.1 It Works to Encourage Local Industries and to Protect It from External Competition

Government may resort to protect some local industries which are unable to compete the imported goods via imposing taxes on the imported goods, therefore, this increases the prices of imported commodities which leads to creation of competitive circumstances of commodities manufactured locally.

Form abroad this system is most common and applicable at the present times due to its flexibility in application of state policies, economic and social the tax goals.

### 14.2 Indirect and Direct Taxation

Direct taxation: the one which is deducted directly from individual income and funds, the object of tax.

## 15. Advantages of Direct Taxation

- A. Justice in taxation because taxes deal with the potentiality of taxpayers, not their business.
- B. Fixedness in outcome.
- C. Economy in tax collection by whereas sit does not need except for small number of employees whose task is to determine financial ability.
- D. Increase of taxation awareness whereas the individual awareness, observance and prudence form governmental expenditure.

## 16. Disadvantages of Indirect Taxation

- A. Individuals feeling of taxes burden.
- B. Non-availability of outcome due to the first reason which lead to tax- evasion.
- C. Non-availability of flexibility factor because of lack of ability to change as soon as possible.

The most examples are income taxes on individuals, companies and taxes on capitals and properties.

## 17. Indirect Taxation

Consisting in taxes imposed on certain classes or commodities. Consequently, consumer pays the tax in case of purchase of such commodities.

Types of indirect taxation:

- Sales taxes.
- Value-added tax.
- Customs tax.

- Taxes on transport.
- Tax on departure to the border of state.
- Taxes on transfer of properties, shares, stamps, formalities fees and etc.
- Tax on production as extraction of groundwater or minerals.

### **18. Personal Taxes and Taxes on Money**

- Personal tax: It is a kind of taxes which takes into considerations the financial and social status of taxpayer, for example; if he is single or married.

- Taxes on money:

- It is taken from income or martial which is subject to tax basically without taking into consideration the financial and social condition of taxpayer who will bear.

Noah Muhammad Ibrahim- taxation accountant: practical and theoretical study in comparison with Libyan taxes legalization - Libyan University- Faculty of Commerce.

### **19. Characteristics of Good Taxation System**

A) Justice or equality: it means that making taxation system should be fair between taxpayers in the process of determination of tax which should be paid by them and to side with specific class with the exception of presence of some objective reasons, e.g., exemption of some persons who are injured with some handicaps or diseases from taxes.

B) Certainty and clearness; it means that taxes system should be clear and definite for taxpayers in way which does make the taxpayer under sudden in interpretations or changes which may affect negatively upon way of his money and income management.

C) Suitability: taxation system must take into consideration the interest and conditions of taxpayer and not be obstacle to interest and ambitions of taxpayers. This includes the necessity of collecting tax value during the periods which fit the condition of taxpayer.

D) Economy: taxes incomings should be more than expenditures borne by state in the process of taxation and levy , that is to say savings should be achieved for state coffers .if tax incomings do not cover expenses and levy of taxation ,the principal goal of tax which the financial one is absent .And tax is a burden upon employees.

E) The interest of State: the interest of state is achieved of what the tax saves of funds contributing into covering its different expenses in as much as it helps it to achieve its political and social policy.

F) The interest of taxpayer: the interest of taxpayer is achieved by taxes in as much as the taxation is not obstacle to his ambitions and benefits from his investments. And his interest is achieved through what is saved by taxation.

### **20. Ways of Tax Estimation**

There are many ways which the government resorts to in order estimate taxpayer's income and subsequently estimation of due tax .The most important ways are the following:

1-Personal estimation

2-Administrative estimation which includes:

A) Estimation according to taxpayer's sayings and records.

B) Random estimation.

C) Estimation according to external appearances.

Personal estimation (method of declaration): the taxpayer estimates his income which is subject to taxation and the amount of due tax. He completes tax declaration voluntarily according to instructions and procedures issued from taxation authorities in state, and pays due tax.

The method of personal estimation is distinguished by saving time and expenditure for government treasury. It creates an atmosphere of trust between taxpayers and state however, the defect which directed to this method is the possibility of play and fraud by some taxpayers in estimation of their income and due taxes.

Administrative estimation: taxpayer's income which is liable to taxation and due tax by taxation authorities according to available information about taxpayer. It is resorted to this method if the taxpayer fails to estimate the due tax by the method of personal estimation way. Administrative estimation may take several forms:

a- estimation based on taxpayer's sayings and records: by this way, tax estimator estimate taxpayer income and due tax according to records and documents that he has, however, if these documents are not available, estimator estimates tax based on taxpayer's sayings and available information about taxpayer himself in taxation department or comparison with sectors which are similar to taxpayer activity through which the required estimation is done.

b- Random estimation: estimation of income of some taxpayers is done randomly in case of non-cooperation of taxpayer by giving inaccurate information about his true income or not submitting his records and calculations of income taxes for audit.

c- Fixed tax: a kind of taxation which imposed by state with a fixed value on specific sector of similar nature and income due to no availability of enough tax information or in order to save time and effort in taxation and levy regardless of real income which in turn causes harm to taxpayer or treasury whether estimation is more or less than real income.

d- Estimation according to external appearances: estimation of taxpayer income is done and due tax according to external appearances of taxpayer e.g. his house and what he has of servants, cars and the like.

e- Lump sum tax: it is imposed on specific sector with a definite taxation according to the volume of withdrawals and purchases of specific sectors e.g., withdrawals of pharmacies from drugstores and withdrawal of flour for bakery or the value of tenders achieved by companies of contracting works.

## 21. Tax Ratio and Averages

Tax average presents percentage that determines tax value which is must be paid by taxpayer and it is divided into three kinds:

- Descending tax average: this kind shows that taxes average decrease whenever the income increase, that is to say, the total sum of tax often increases whenever the income increases.

- Fix or relative average: this kind shows that tax average is fixed regardless value of taxable income. This kind is distinguished of achieving fairness among taxpayers whereas it equates the calculated average of individuals' income.

- Progressive tax average: this kind shows that tax average increases with increase in income, this income is Usually distributed into different slides A specific tax percentage is imposed on ever}' slide with increase of number of slides taking into observing that there is progressive in tax percentage.

(Banks, Insurance and Financial cooperation, and industrials companies and Hotels) use rate of fixed tax between different sectors, whereas the progressive tax rate is used for natural person).

## 22. Methods of Levy

1-levy from the source: tax has been collected from taxpayer f at the point of achieving the income directly .tax is deducted before delivering income to taxpayer, e.g., salaries and wages.

2-levy from taxpayer after achievement or delivery of income: Tax is collected from taxpayer after getting income or delivering it.

3- Levy in advance: taxpayer estimates the due tax monthly or quarterly.

## 23. Tax Justice

It is considered one of the most important taxation system characteristics which legislator should observes during making taxation laws. The concept of justice in general is relative which may differ in interpretation from one person to another. On the other hand, achievement of justice in some matters that man sets is not achievable in full, so decision on any system or law is done according to the limit of achievement of justice, not being fair completely.

## 24. Shapes of Taxes Justice

1- Horizontal fair: it means treating all taxpayers equally according to their income and social and economic state with respect to taxes collected from them.

2- Vertical fair: it means that taxpayers are different in income and social and financial states. They are treated differently in terms of taxes collected from them.

3- We notice that the concept of application of horizontal justice is an easy and clear matter but difficulty is in application of vertical justice which is the most common between taxpayers. Majority of taxpayers are different in their incomes and their social and economic status. It is taken into consideration two principles for guidance in distributing tax burden upon taxpayers and consequently achieving tax justice, these principles are the following:

a- Principle of utility: every individual in society pay an as sum of tax which is fit with the quantity of benefiting from government services, it is named by pension theory.

b- Principle of ability to pay: every citizen should participate in different expenses of state according to his ability to pay.

## 25. Characteristics of Tax Income Law in Jordan

1- Uniform tax system: all sources of taxpayer income which is liable to tax, are limited in one base .it is imposed upon them one amount according to tax slides.

2- Tax Person: tax is imposed on taxpayer himself whether he is natural or artificial .It is according to tax slides stated in law.

3- Tax Annuity: it is the period for which the taxpayer should pay for all sources of his income which is liable to tax. For this purposes the calendar year is adopted for start and end of tax annuity which is 12 months according to activity which is liable to tax.

4-Spatiality and territoriality of tax: it means economic subordination in taxation upon income which is Hobble to tax, it means that criterion of taxation is geography and spatiality of income in any region inside Jordan which is liable to tax regardless of political dependence (nationality) for Person of income In return there is another principle which is called the principle of political dependence adopted by some countries, which requires from taxpayer to pay the due income tax to the country where he belongs to (holding its nationality).

5- Tax Progression: the progressive rate in tax calculation is on individual incomes because these rates achieve justice between taxpayers whereas tax increases whenever income increases.

6- Investment of capital and result of effort (work ) it may imposed on both:

7- It means that tax is imposed on profits that investor gains from his money only, as the case of money corporations. It is also imposed of result of effort (work) and on employees and workers and it may be imposed on both (capital and effort).

## 26. Slides of Taxes and Classes

Per each Dinar out of (2000) first 5%

Per each Dinar out of (4000) the following 10%

Per each Dinar out of (8000) the following 20%

Per each Dinar coming next 25%

c- Tax is collected from income which is subject to tax for any artificial person or company according to the following:

1-With a rate of (15%) from the income that comes out from project in all of the following sectors:

a- Mines

b- Industry

c- Hotels

d- Hospitals

e- Transport

f- Constructional contracting works

2-With rate of (35%) from income which is liable to tax that comes from Banks and money corporations.

3-With a Rate of (25%) from income which is liable to tax that comes from the following:

a- Insurances companies

b- Exchange and agency

c- Communications

d- Services and commercial and other different companies

e- To any other artificial person.



Table 1. Forum law: Income Tax, law no. (39) Year 2003 and its amendments. It is issued recently law of temporary income tax for year 2009, put into effect as from 1/1/2010 whereas taxes slides are amended as following

1	tax slides of individuals	First 12000 tax rate :7% Over that with a rate 14%	Article 11/A
2	Ta slides of companies	24% on insurance and Communication companies, Financial agencies, exchange And financial companies and Companies of financial hiring 30% on Banks 14% on all artificial persons who are not mentioned before.	Article 11

## 27. The Concept of Taxes Incomings

General budget is considered the basic tool which influences social and financial status. It expresses the government method. Tools of budget change according to change of political and economic system. Budget is consisting of two parts:

Incomings that include the following:

A-Direct and indirect tax incomings, customs tariffs, tax on local formalities and on sales.

B-non-tax incomings: it comes from overflow from different governmental sectors and profits of petroleum companies, fees of and registration, stamps, licenses and interest of giving back loans.

## 28. Expenses Include the Following

A-current expenses: they are wages and administrative expenditures

B-investment Expenditures: consisting of expenses on developmental projects.

Budgets plays and important rule in redistribution of national income among classes of society by deducting a rate of incomes of classes which have more incomes, profits. It is distributed into projects from which all social classes take benefit e.g., project of basic structure project, education, health and social expenditure on majority of people. It is a tool of government to influence economic activity and achieve more stability.

## 29. Tax Evasion

Taxpayer does some works and acts which are in contrary to law of what decrease the due tax. It is divided into two parts: illegal tax evasion and tax planning.

Some people called this kind as lawful tax evasion but this expression is not desirable because of the contrast between the meanings of "evasion" and lawful of evasion, so it is nonsense to have lawful evasion so the most suitable word is "tax planning or tax avoidance".

Unlawful tax evasion: the taxpayer does some works and acts which are in contrary to law of what decrease the due tax. It is divided into two parts: illegal tax evasion and tax planning.

a- taxpayer forges his documents and records to play with the sources of his income and expenditures : It is common among some classes of taxpayers who have two kinds of documents, one of them are correct to extract his income , and the other is not forged used for the purpose of submitting to taxation authorities.

b- To hide some sources of income completely: taxpayer may have more than one source of income, but he declares at competent taxation authorities about some of such sources and he hides the presence the others. Consequently, levy is done for the part declared about. It is also another case may come under this item taxpayer does not go to taxation department although he is subject to tax , so he does not pay any taxes.

c- Evasion during stage of levy: estimation of taxes on taxpayer may be done correctly but he evades settling the due sums, whether by procrastination or smuggle his money abroad.

d- Play with ownership of income source: taxpayer may transfer his property formally tu charity which is tax-exempted nevertheless, he holds the actual control over the source of income in order not to pay tax or to reduce its amount.

Most countries apply different penalties to put an end for illegal tax evasion Punishments vary between penalties and punishment of jailing. A s to Jordan .many-deterring punishments have been set according to the text of new law of income tax put into effect on 1/1/2010 in article 55/A:

Article 55- It is sentenced to jail for period does not less than a month and does not exceed more than one year and with a penalty which is not less than 500 dinar and does not exceed 1000 dinar on every man who evade for paying tax or attempts to evade for paying tax or help or motivate others to avoid tax payment .who dos any of the following acts:

1-submititng tax statement according to incorrect records and documents to the best of his bowlegged or giving data which are contradictory to what is stated in records or documents that he hides.

2-submitting tax statement on the basis of non -availability of records and documents, with insertion of data which are contradictory to what is stated in records or documents that he hides.

3-Intended damage of records and documents related to taxation before expiry of limited time according to the rules of this law.

4-Change or alteration of sale and purchase invoices and other documents to deceive tax department with decrease in profit and increases in loss.

5- to Hide any activity or part of activity which is taxable.

b- In addition to fine punishment, punishment of jailing becomes from 3 months to 2 years in case of repetition for the first time and punishment of jailing becomes from 4 months to 2 years for any other time.

Tax Planning: organization of sources of taxpayer's income in a way which decreases the value of tax required. One of tax planning is that taxpayer does not do any taxable acts or activities, or he may do some activities that are subject to less taxation rate, for example; taxpayer does not deal with taxable products like imported commodities, or deals with untaxable commodities as commodities which are.

Manufactured locally, or directs towards investment in tax-exempted sectors as agriculture sector in Jordan. Unlike illegal evasion, tax planning is not liable to punishment by law but it is considered among the legal whose doers is not liable to any punishment by law. Tax planning evasion may be inspired and encouraged by government to achieve some economic and social goals to encourage certain sectors.

Article 16 of Jordanian law of income tax no(39) year 2003 and its amendments according to law no(14) for year 1995.

### **30. Comparison between Taxes Incomings from 2004 till 2007**

Government estimates the value of levy for year 2004 about milliard and (186) million dinars, it forms rate (51.6%) from state budget funds and (65%) from local funds. These taxes are distributed into income tax which the government expects that the ratio of its collection will be (212) million dinars, taxes on sales which the government expects that the ratio of its collection will be (700) million dinars and customs (190) million dinars and taxes on local formalities (84) million dinar.

Outcome of tax incomes has increased to (108) million dinars approximately during the first two months of this year in comparison with same period of last year according to monthly financial circular issued from ministry of finance.

This circular shows inflation in budget added up to 302 million dinar after aids during the two months of January and February of this year. Increase in taxes incomings results from increase in income tax about 603% which represents 58% of increase while sales tax increases to be 42 million dinar and representing the total of increase.

Economic experts say that increase in tax incomings shows the economic activity which adds to improvements in levy and then the tax incomings ahs formed a rate of 72.1% of local incomings added up to 951.1 million dinar till the end of last April.

Non-taxation incoming in state budget: government collects from it (600) million dinar in 2004 with a rate added up to (26.1%) of state beget incomings (32.8) million dinar from local funds , collected from licenses (34.5) million dinar and tariffs (241.5) million dinar and incomings of general establishments (69.2) million dinar and exchange of governmental services (22.1) million dinar and other revenues (237.75) million dinar.

Ministry of finance- general department of state budget.

### **31. Taxable Income**

It adopts the Principle of territoriality and spatiality of income tax as one of important bases that law of taxes is based on. This principle includes that criterion of taxation is the place and geography of income regardless political dependence (nationality) of income owner. It means that all incomes gained inside Jordan are taxable. It is clear on the article text of 3-A- of new law of income tax for year 2009 put into effect as from 1/1/2010, as following:

Article: 3-A, any income comes to any person in kingdom or gained regardless of place of settlement is liable to tax .including the following incomes

- 1- Incomes of activities and services of works.
  - 2- Interests, commissions, discounts, money exchange, profits of deposits and others profits that come from banks and other artificial persons.
  - 3- Tributes
  - 4- Income that comes from selling goods which are produced in Kingdom whether they are sold in kingdom or exported from.
  - 5- Incomes that come from hire or sale of movables in Kingdom
  - 6- Incomes that come from hire of real estates in Kingdom and income of in need of places or need of some others.
  - 7- Incomes that come from hire of immaterial assets which are available in Kingdom in addition to reputation.
  - 8- Incomes come from due insurances installments according to insurance agreements, and reinsurance against risk in kingdom
  - 9- Income that comes from communication services with all their forms in addition to International communications.
  - 10- Income that comes from transport between Kingdom and any other country.
  - 11- Income that come from re-exporting
  - 12- Exchange of services that person, non-resident in Kingdom, a gain resulting from a service he has submits to any person if practice of work or activity related to such exchange in Kingdom has been done or if outcomes of this services have been used in Kingdom.
  - 13- Income of lottery and prizes profits if their value exceeds 1000 dinars whether in kind or in cash.
  - 14- Income that comes from any contract in Kingdom as profits of commercial agencies and companies and the similar whether its source may inside or outside the Kingdom
  - 15- Any other income of employment or any acts or investment not exempted according to the rules of this law.
- b- For the purposes of this law the value of income in kind is calculated according to price of markets on maturity date of such income.
- c- Taking into consideration what is stated in paragraph (d) of this article, any income gained to the person, resident in kingdom from sources outside kingdom is taxable, on the condition that the income is resulting from funds or deposits.
- d- rate of (20%) net income is taxable after decrease foreign income tax which is achieved by branches of Jordanian companies that work outside kingdom and announced in their final accounts accredited by external auditors.
- In all cases, the net amount resulting from that rate is considered taxable income for corporation and rate is imposed with the ratio stipulated for companies in item (3) of paragraph (b) of article (11) oh this law. It is not allowed to decrease any sum or any part of such sum for any reasons.
- H- despite of what is stated in any law, council of ministers can impose a tax any profit of any investment activity or annual revenue inflation for any official or public establishments.
- All achieved incomes inside kingdom are taxable except if explicit text exempts them from taxes regardless nationality of taxpayer or this place of residence.
- All achieved incomes in kingdom are taxable regardless of their sources whether lawful or unlawful, on other word, if income of taxpayer comes from smuggling or work with marred trade, are considered taxable.
- New law of income tax- law no. (28) For year 2009.

## **32. Tax Incomings**

### *32.1 Introduction*

Tax incomings are one of the most important resources of local income, whereas the incomings from local income represents the biggest percent of general budget elements for any country specially for the governments which does not depend on natural resources as (petroleum). In this course if we examine local revenues in Jordan, we find that the basic element of funds resources in general budget of this country of local funds, (taxable and untaxable). So we are going to talk about taxable local funds.

### *32.2 In Jordan, Incomings Are Divided into Two Parts*

- 1- taxes on funds: sales taxes.

## 2-taxes upon individuals: income taxes.

Taxes revenues have increased on January 2009 to be more than half milliard dinars, with a rate (22%) in comparison to what was expected to general budget at that period for year 2009, to be more precise, taxes revenues have added up in that month of this year (508.345) million dinar including funds from taxes on entry added up to (383.61) million dinar and tax funds, taken from sales taxes.

In comparison with same month of last year, whereas tax funds of taxes have added up to (417.32) million dinar that have included revenues of taxes on entry and sales. We have found the real increase in the beginning of this year in first month (January) as result to the increases in profits and incomes and taxes on income and profit with a rate (58.7%) it leads to increase in local revenues. Rate (92.4%) of such increase occurred on the total of local funds to be (570.3) million dinar. And rate of increases about (33%). It refers that outcome of taxes on income and profits increases to be (91.03) million dinars but the rest is the outcome of taxes collected by other governmental units. They are tariffs and licenses which have increased to be about (10) million dinar over than its value in same month of last year.

Upon talking about tax funds regarding the first quarter of current year, we find out revenues of taxes have formed total of general growth whether in revenues or expenditures whereas the amount of total growth of tax revenues has added up to (127) million dinar in the first quarter of current year about over than amount of same period of last year with growth which is estimated in the law of general budget for year 2009 with an amount of (13) million dinar whereas tax funds estimated in budget law in year 2009 with amount (845) million dinar.

Upon study of tax funds of previous years, we find that they have formed growth and different from one year to another, this may be related to the following:

- \*increase in slides of society who are taxable.
- \*increase of governmental direction towards increase in outcomes of total of tax funds.
- \*in addition to facts of economic crises which have influenced such years.

We accept that taxes revenues are the most important main sources of treasury as it is stated (we must draw attention to) that most of them are taken from citizens pockets who paid taxes. Total amount of taxes funds during 2008 has added up to (2300) million dinar with a rate of (70%) of total of local funds, collected from taxes of (sales and income) with increase (328) million dinar, with a increase rate about (16.7%) for sum collected in 2007 which has added up to one milliard and 971 million dinar:

Where general tax funds on sales have added up to one milliard and 685 million and 88 thousand dinar with increase added up to 211 million 94 thousand dinar, rate of increase about (14.4%) where funds of income tax are (614 million and 91 thousands dinar) with increase added up to 116 million and 5 thousand over same collecting in 2007 that became 498 million and 86 thousands dinar with increase rate about (23.4%) than last year 2006.

These funds collected were from taxes of income and sales, so far taxes of sales have formed rate about (73%) of collected funds in 2008 and revenues of taxes of entry about (27%) of total funds collected in the same year 2008.

In 2008, participation of law and middle slides has increased in revenues of taxes because their most funds of these slides go to be spent on initial needs, not for saving and (16%) is transferred in the interest of sales tax.

International dependence in collecting tax funds is related to different forms of sectors, and their rate of participation out of total amount of collection of sales tax for 2008 is as follows:

Industrial sector has participated with rate (24%).

-commercial sector has participated with rate (18%).

-service sector has participated with rate (12%).

-rate of participation from import about (45%) to form in final the total of collecting of general taxes on sales added up to one milliard and 685 million and 88 thousand dinar rate of different sectors participation is from the total amount of collecting of taxes on income for year 2008 has been as following:

-financial corporation sector and banks have participated with rate (36%).

-public companies sector (other than financial joint stock

Companies or banks) has participate with rate (35%)

-private joint stock company sector has participated with rate (0.03%)

-individual sector has participated with rate (12%)

- employees sector has participated with rate (8%)
- the arte of participation from tax on social services has added

Up to (12%) to form finally (total amount that come from taxes on income for year 2008) 614 million and 91 thousand dinar.

In 2008, tax departments have depended on collecting their revenues from different sectors basically from industrial sector in collecting funds from sales taxes, in addition.

To import sector. Tax department income depends on collecting funds from different sectors definitely, from financial corporation, bank and general joint stock companies.

However, through analyses of monthly revenues for year 2008 of department, it is observed that there is noticeable increase in collective activity of department during the last two months of year 2008 because of activation collection strategy whereas increase rate in November 2008 in comparison to same period of collection of year 2007 has added up to (19%) but increase rate in October 2008 in comparison to same period of collection of year 2007 has added up to (10%)

It is noticeable that there is increase in collections of two month (April and June) of year 2008 in comparison with rest months of same year in addition to collection of first month of year 2008.

In this report, we find that Jordan government directs towards increase its interests in taxes revenues in general because it form high rate based upon to prepare its general budget of state.

For that, we find that total amount of collected revenues of every year is in continuous increase because there are no natural resources which Jordanian government can depend on to meet its needs that have reached in first month of previous year 2009 about (418.2) million dinar with increase rate about (13.2%) than previous year , in comparison with same collected funds of same month, we notice that government has achieved real saving in general budget without any external assistances which is equal to(152.1)million dinar, for (247.1)million dinar for same month of year 2008 from total local revenues (taxable and untaxable).

### *32.3 Total of Stated Funds and Total of Amended Funds in Statement of Personal Estimation*

Till 22/4/2009 the number of reports delivered by income department has been reached to about (68670) reports from taxpayers who are charged to submit statements of personal estimation according to instructions no. (3) for year (2002) in February, a great number of statement has been delivered big rate, added up to (35%).

The tax reached stated in taxpayers' statement and delivered by tax income department has added up to (12230905) dinar. But it is amended according to stipulations and instructions of tax income law no(39) for year (2003) to be (12229619.66) with deviation (amendment) added up to (1285.34) in the interest of taxpayers the reason is due to exemptions which have been given by income tax law two taxpayers.

Despite of decrease in number of statements of personal estimation delivered in April on(22/4) the stated tax in statement of personal estimation till this date has scored the greatest value in comparison with other months of the same year, in other words ,it is added up to 0974455)dinar.

Tax amended by income tax department has added up to (71003061) dinar, in other words, with deviation of (variation) (28606) dinar in the interest of tax income department.

In comparison between the first quarter of year (2009) and same period of previous year (2008) the first quarter of year (2009) has witnessed noticeable increase.

In number statement delivered in the first month (January) of year (2009) which have added up to (15035).

In comparison with same month of previous year, we find that number of statements delivered by tax income department has increased to (5930).

Upon comparing the amount of tax stated and amended in first quarter of this year with first quarter of previous year we find the increase in number of statements delivered has been followed by noticeable increase in total amount of tax stated for such period, added up to (102951526) dinar.

In comparison with same period of last year (2008 ) we find out that total amount of tax stated in such period has added up to (81999650), in other words, increase about (25.5%) than last year(2008). Tax amended by tax income department has added up to (102958355.66) in comparison with the same period (first quarter) of previous year, we find that total amount of tax amended ahs added up to (84611951.75). This increase of this amount is due to increase occurred to the total of revenues stated and submitted to department (department of income tax) by taxpayers.

Upon talking about total of tax revenues stated in statement of personal estimation and delivered by department of income tax and amended according to laws and instructions of law of income tax no (39) for year (2003) which amends the law no (57) for year (1985) during the period (1/1\_3/12/2008); we find that the total of statement delivered by departments of income tax has added up to (102984).

The rate of statement delivered in April of such period has added up to (29.23%) in such statements. It is the topmost month in the number of statements delivered whereas the number of statements delivered in that month has added up to(23992) the tax stated in such reports is about(278131817) dinar.

And tax amended by department has added up to (312208692.555) dinars, with rate of amendment (deviation) added up to (34076875.555) dinar in interest of department of income tax.

Number of reports delivered on januaer/2008 is added up to 2289 with rate of (2.22%) out of total number of statements delivered, whereas this month is considered the lower month as for the number of statement delivered from taxpayers to department.

Upon talking about amount of tax stated and amended for the period of(1/31/12/2008) the tax stated in august in statements of personal estimation whose number is(4699) what it value is(1266870dinars. Upon amending it based on instructions and laws of income tax and amount of amended tax for that month has added up to (1269551.75), difference between tax stated in statements of personal estimation and delivered by department of income tax and tax amended by department of income tax is (2681.75) dinar in interest of income tax.

But that month shows lower tax stated in statement of personal estimation and delivered by department of income tax and lower tax amended according to laws and instructions of department in effect to reach the net income of taxpayers.

In conclusion we find that April month is the greatest month with respect to number of statement delivered and tax stated in statements and tax amended by department of income tax this due to non-availability of what is called additional taxes and penalties for such period on those who submit statements of personal estimation.

We also find that month of (October) of year 2008 shows difference between taxes stated in statements of personal estimation according to instructions and law of income department with deviation added up to (615) dinars in interest of taxpayers whereas amount of taxes stated in repots of personal estimation and submitted by taxpayers according to instructions no 3 for year 2002 is equal to(1612882) dinars. For that the difference has appeared as shape of refund in interest of taxpayers and it is the only month that shows that there is refund in interest of taxpayers.

### 33. Characteristics of the Study Sample

Table 2. Gender

Gender	Repetition	Percentage
Male	86	86.0%
Female	14	14.0%
Total	100	100%

We note that the highest percentages of respondents are males, for their ability to navigate and detect the taxpayers in their workplace.

Table 3. Science qualification

Qualification	Repetition	Percentage
Diploma	-	-
Bachelor	77	77.0%
Master	21	21.0%
Doctorate	2	2.0%
Other	-	-
Total	100	100%

We note that 77% of the sample respondents are holding bachelor's degrees and the rest of them are holding Master and a few of them are holding PhDs.

Table 4. Age

<b>Age</b>	<b>Repetition</b>	<b>Percentage</b>
Less than 25 years old	26	26.0%
From 25-34	53	53.0%
From 35-45	19	19.0%
From 45-55	2	2.0%
More than 55 years old	-	-
Total	100	100%

We note that 53% of respondents between the ages of 25-34 years, followed by 26% of respondents under the age of 25 years and 19% of the respondents aged between 35-45 and 2% of the respondents aged between 45-55 years.

Table 5. Job title

<b>Job Title</b>	<b>Repetition</b>	<b>Percentage</b>
Financial Manager	4	4.0%
Accountant	12	12.0%
Tax auditor	68	68.0%
Merchant	7	7.0%
Other	9	9.0%
Total	100	100%

We note that 68% of the job titles are tax auditors, followed by 12% accountants, 7% are merchants, and 4% are financial managers, and the rest of the respondents are holding another jobs.

Table 6. Years of experience

<b>Job Title</b>	<b>Repetition</b>	<b>Percentage</b>
Less than 5 years	17	17.0%
From 5-10	58	58.0%
From 11-15	23	23.0%
From 16-20	2	2.02%
More than 21 year	-	-
Total	100	100%

We note that 58% of the sample ranging experience is 5-10 years and 23% between 11-15 years, 17% is less than 5 years of experience and 2% ranging from 16-20 years of experience.

Table 7. Specialization

<b>Specialization</b>	<b>Repetition</b>	<b>Percentage</b>
Accounting	78	78.0%
Banking and Finance	5	5.0%
Law	2	2.0%
Economy	7	7.0%
Other	8	8.0%
Total	100	100%

We note that the highest percentage is 78% accountants, followed by 8% who are having other specializations, followed by 7% from the field of economy and 5% from financial and banking, and 2% from the specialty of law.

Table 8. Professional certification

<b>Certificates</b>	<b>Repetition</b>	<b>Percentage</b>
JCPA	-	-
CPA	-	-
CFA	5	5.0%
CIA	2	2.0%
Other	93	93.0%
Total	100	100%

We note that 5% of the respondents are holding certificates of CFA, and 2% have degrees of CIA and the rest with other certificates.

Table 9. Have you participated in courses related to taxes?

<b>Participation</b>	<b>Repetition</b>	<b>Percentage</b>
Yes	89	89.0%
No	11	11.0%
Total	100	100%

We note that the highest percentage is 89% of the sample was involved in courses related to taxes.

Table 10. Have you participated in courses related to the amendments to the Tax Law or read about it?

<b>Participation</b>	<b>Repetition</b>	<b>Percentage</b>
Yes	100	100.0%
No	-	-
Total	100	100%

Note that 100% of the sample read about Tax amendments, and note that the Taxes awareness exists in the Jordanian society.

Table 11. Have you participated in courses related to the fight against tax evasion?

<b>Participation</b>	<b>Repetition</b>	<b>Percentage</b>
Yes	63	63.0%
No	37	37.0%
Total	100	100%

We note that the highest percentage is 63% of the sample participated in the sessions of the fight against tax evasion.

Table 12. Have you participated in courses related to the importance of tax importance for the state's imports?

<b>Participation</b>	<b>Repetition</b>	<b>Percentage</b>
Yes	32	32.0%
No	68	68.0%
Total	100	100%

We note that the highest percentage is 68% of the sample did not participate in the sessions related to the importance of the income tax for the state.

Table 13. Have you participated in courses related to deduction of the imposed taxes?

<b>Participation</b>	<b>Repetition</b>	<b>Percentage</b>
Yes	94	94.0%
No	6	6.0%
Total	100	100%

We note that the highest percentage is 94% of the respondents participated in courses related to deduction of the imposed taxes.



Table 14. The extent of your knowledge to the amendments of the Income Tax Law of 2009

<b>Following up degree</b>	<b>Repetition</b>	<b>Percentage</b>
Excellent	16	16.0%
Very good	58	58.0%
Good	14	14.0%
Average	7	7.0%
Weak	5	5.0%
Total	100	100%

We note that 58% of respondents have a very good knowledge of the amendments of the Income Tax Law of 2009.

Table 15. The extent of your knowledge and acquaintance of the Income Tax Law of 1985

<b>Following up degree</b>	<b>Repetition</b>	<b>Percentage</b>
Excellent	9	9.0%
Very good	5	5.0%
Good	48	48.0%
Average	28	28.0%
Weak	10	10.0%
Total	100	100%

We note that 48% of respondents have a good knowledge of the Income Tax Law of 1985.

Table 16. The extent of your knowledge and acquaintance of the tax deduction from the individuals and companies

<b>Following up degree</b>	<b>Repetition</b>	<b>Percentage</b>
Excellent	88	88.0%
Very good	11	11.0%
Good	1	1.0%
Average	-	-
Weak	-	-
Total	100	100%

We note that 88% of respondents enjoy an excellent degree of knowledge on the deduction ratios of the income tax from individuals and companies.

Table 17. The extent of your knowledge and acquaintance on the laws that support local production

<b>Following up degree</b>	<b>Repetition</b>	<b>Percentage</b>
Excellent	7	7.0%
Very good	73	73.0%
Good	8	8.0%
Average	9	9.0%
Weak	3	3.0%
Total	100	100%

We note that 73% of respondents enjoy a very good degree of knowledge of the laws that support local production.

The arithmetic mean and standard deviation has been extracted to describe answers of the sample towards the paragraphs below.

Table 18. Displaying the results of the study

<b>Question Number</b>	<b>The Arithmetic Mean</b>	<b>Standard Deviation</b>
1.	3.8889	1.1433
2.	4.4000	1.0984
3.	4.3000	0.9797
4.	3.8000	0.7457
5.	3.9500	0.84941
6.	4.4500	1.0055
7.	3.9000	1.0226

8.	3.5100	1.1321
9.	3.6700	1.0432
10.	3.6900	0.7428
11.	0.9321	3.7500
12.	1.0319	3.8800
13.	3.1100	0.7564
14.	4.2200	0.9322
15.	4.8400	0.9211
16.	3.9300	1.1111
17.	3.7000	0.8121
18.	3.7083	0.8324
19.	3.6200	1.0542
20.	3.6900	0.7535
21.	4.3500	1.7535
22.	3.600	1.0259
23.	3.7200	0.8407
24.	3.8800	1.07564

We note that the attitudes of the sample are positive towards all the paragraphs above and because their arithmetic averages are greater than the average of the measurement tool (3).

#### 34. Stability Test

The test of (Cranach's alpha) has been used to measure the stability of the measurement tool as the value ( $\alpha = 94.33\%$ ) which is an excellent ratio and higher than accepted percentage of 60%.

#### 35. Hypotheses Test

##### Hypothesis (1)

Ho: There is No effect of amendments to the Income Tax Law on the taxpayers.

Ha: There is an effect of amendments to the Income Tax Act on taxpayers.

##### Hypothesis test results

Table 19

T – Calculated	T Tabulated	SIG T	The result of nihilistic hypothesis
12.01	19798	0.000	Rejection

The one Sample t-test has been used, and in reviewing the results of the computer in the previous table we found that the value of (t-calculated = 12.01) is more than its tabulated value, and as the decision rule is: accepting the nihilistic hypothesis (Ho) if the calculated value is less than the tabulated value, and the nihilistic hypothesis(Ho) will be refused If the calculated value is greater than tabulated value, and therefore we reject nihilism value (Ho) and accept the alternative hypothesis (Ha) and that means there is an impact for the amendments to the Income Tax Law on the taxpayers.

##### Hypothesis (2)

Ho: There is no obligation of taxpayers to pay their due taxes.

Ha: there is obligation of taxpayers to pay their due taxes.

##### Hypothesis test results

Table 20

T – Calculated	T Tabulated	SIG T	The result of nihilistic hypothesis
10.95	1.9798	0.000	Rejection

The one Sample t-test has been used, and in reviewing the results of the computer in the previous table, we found that the value of (t-calculated = 10.95) is more than its tabulated value and as the decision rule is: accepting the nihilistic hypothesis (Ho) if the calculated value is less than the tabulated value and the nihilistic hypothesis(Ho) will be refused If the calculated value is greater than tabulated value, and therefore we reject nihilism value (Ho) and accept the alternative hypothesis (Ha) and that means: there is no obligation from the taxpayers to pay their due taxes.

**Hypothesis (3)**

Ho: There is no high monitoring and mechanism from the state to collect taxes.

Ha: There is a high monitoring and mechanism from of the state to collect taxes.

**Hypothesis test results**

Table 21

T – Calculated	T Tabulated	SIG T	The result of nihilistic hypothesis
8.22	1.9798	0.000	Rejection

The one Sample t-test has been used, and in reviewing the results of the computer in the previous table, we found that the value of (t-calculated = 8.22) is more than its tabulated value and as the decision rule is: accepting the nihilistic hypothesis (Ho) if the calculated value is less than the tabulated value and the nihilistic hypothesis (Ho) will be refused. If the calculated value is greater than tabulated value, and therefore we reject nihilism value (Ho) and accept the alternative hypothesis (Ha) and that means: there is a high monitoring and mechanism followed by the state to collect taxes.

**Hypothesis (4)**

Ho: Taxpayers do not realize the importance of income tax

Ha: Taxpayers realize the importance of income tax.

**Hypothesis test results**

Table 22

T – Calculated	T Tabulated	SIG T	The result of nihilistic hypothesis
7.8	1.9798	0.000	Rejection

The one Sample t-test has been used, and in reviewing the results of the computer in the previous table we found that the value of (t-calculated = 7.8) is more than its tabulated value and as the decision rule is: accepting the nihilistic hypothesis (Ho) if the calculated value is less than the tabulated value and the nihilistic hypothesis (Ho) will be refused. If the calculated value is greater than tabulated value, and therefore we reject nihilism value (Ho) and accept the alternative hypothesis (Ha) and that means: Taxpayers realize the importance of income tax.

**Hypothesis (5)**

Ho: There is no effect of taxes on the imports of the state.

Ha: There is an effect of taxes on the imports of the state.

**Hypothesis test results**

Table 23

T – Calculated	T Tabulated	SIG T	The result of nihilistic hypothesis
13.22	1.9798	0.000	Rejection

The one Sample t-test has been used and in reviewing the results of the computer in the previous table, we found that the value of (t-calculated = 13.22) is more than its tabulated value and as the decision rule is: accepting the nihilistic hypothesis (Ho) if the calculated value is less than the tabulated value and the nihilistic hypothesis (Ho) will be refused. If the calculated value is greater than tabulated value, and therefore we reject nihilism value (Ho) and accept the alternative hypothesis (Ha) and that means: There is an effect of taxes on the imports of the state.

**36. The Results**

The statistical analysis of the questionnaire has achieved the following results:

- 1-There is an impact for the amendments of the Income Tax Act on the taxpayers.
- 2-There is a commitment from the taxpayers to pay their due taxes.
- 3-There is a close monitoring and high mechanism from the government to collect the taxes.
- 4-There is an obvious awareness from the taxpayers to the importance of income tax.
- 5-There is an impact for the taxes on the state's imports.

### 37. With Respect to Results of Theoretical Study We Have Got, Recommend the Following

1-researcher recommends with the necessity of holding training courses in order to connect financial and accounting cadre with taxation system directly .so that these courses widens efficiency and knowledge of cadre related to tax affairs .

2-escorting amendments required for development of financial and accounting legalizations through being acquainted continually with all new changes in the laws of taxes and their applications in companies, is foreordained card with every update legalizations and comprehension of mechanism of dealing with such legalizations.

3-follow- up of taxation system connection of amendments and tax legalizations directly with accounting system applied in facilities and training of cadre in how to deal with.

4-researcher also recommends to set training programs and scientific symposia which contribute to develop the financial and accounting cadre facilities which submit the tax statement.

5-connection of taxation legalizations and their amendments with computerized taxation accounting system permits increase in number of those covered with submitting taxation declaration and spread of services submitted by tax

6-the use computerized taxation accounting system allows to get information of taxes relates to accounting system more precisely information have positive effect for facilities connected tax departments.

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