

Factors Influencing the Auditor's Detection and Reporting of Tax Efficient Supply Chain Management

Dheyaa Zamil Khudhair¹, Ali Abdul-Hussein Raji², Firas Abbas Al-Zubaidi³

^{1,2,3} *University of Al Qadisiyah, Al Qadisiyah, Iraq*

Abstract—In this paper, while emphasizing on the importance of applying the concept of supply chain management in the service sector, its application in the tax process of the country was discussed and discussed. At first, two tax identification and tax information processing chains were defined. Then, based on the experiences and principles governing the supply chain management in the automotive industry, the tax supply chain development model was proposed. Taxation is an important financial instrument of financial policy instruments because it is one of the important sources of revenue for the general budget of the state, which is the basis for the design and planning of fiscal policy. Accordingly, the main aim of the research is to state and analyze the factors that influence the auditor's discovery of tax evasion practices determining them by a group of factors divided into four groups commensurate with the nature of the external audit. The first group includes the factors related to the auditor. The second group includes the factors related to the management of the company. The third group includes the factors related to the professional publications. The fourth group includes religious and social factors. To the objectives of the study, the researchers designed a questionnaire for the purpose of collecting data and distributing them to the target sample of the research which were auditors of accounts in Iraqi audit firms and companies. To analyze the data of the study and test the hypotheses of the research, a number of tests were used in the Statistical Package for Social Sciences (SPSS). The study reached to several conclusions, the most important of which is that the process of discovering tax evasion practices by the auditor is influenced by several factors which reflect the following arrangement according to the effect: factors related to the management of the company, as well as the auditor, as well as factors related to professional issues, in addition to the absence of influence of religious and social factors. The research ends with a number of recommendations, the most important of which are: the necessity of taking care of the scientific and practical rehabilitation of the auditors so as to improve their performance, the need to seek the issuance and updating of Iraqi professional standards and their revision and

development, the need to seek the issuance and revision of Iraqi professional standards and to revise and develop them in accordance with the changing requirements of auditing, and finally issuing a local audit standard and guide for financial fraud, including tax evasion practices.

Keywords—*Income Tax Law, Financial Supervision Department, Tax Efficient Supply Chain Management, Statistical Package for Social Sciences (SPSS), tax evasion practices.*

1. Introduction

Tax evasion is a global phenomenon from which developing and undeveloped countries suffer great deal. It is considered as an economic crime because of the negative consequences it has on the local economy. It also violates the principle of equality and justice among taxpayers, and also because tax evasion limits the capacity of the countries to provide the necessary and essential income to finance the process of economic development. At the same time, they impose an additional burden on the taxpayers. Therefore, these countries seek to limit this phenomenon and resort to many ways and means to detect and combat it through tightening supervision and auditing, tax laws, increasing tax awareness and combating corruption. During the last decade of the last century, many countries began to demand that the auditing profession play an active role in uncovering and limiting tax evasion practices and building a wall that would prevent the company from engaging in tax evasion practices by supporting the internal control system, As a result, the external auditor is currently faced with new responsibilities for disclosure and reporting on tax evasion practices and their limitation. As a result, the auditor currently faces new responsibilities for disclosure and reporting on tax evasion practices .Because the role of the auditor in detecting tax evasion practices remains controversial, this paper attempts to present a range of factors that influence the detection of evasion practices Taxation and reporting, by categorizing them into four groups related to (auditor, company management, professional, religious, and social factor).So, the

paper is hoped to contribute to the development of some recommendations for guidance by specialists.

In reviewing articles and books related to supply chain management, this topic and its related concepts are mainly used in manufacturing sector 1 and in various industries, including automotive, clothing, computer, food and ... industries. And are not used in the services sector.

While the developed economy in the world has led its focus on the manufacturing sector and industry towards the service sector. The service sector includes a wide range of areas, including insurance companies, tax and tax companies, banks, engineering and consulting services companies, airline lines, educational and educational centers, governments, companies related to legal and legal affairs, Dentists, Health Centers,

Due to the growth of the service sector in the communities, the efficiency of this sector has not grown in importance as it grows and grows. However, quality management issues such as supply chain management in the service sector are currently being discussed and will be intensified in the near future.

2. The research methodology

2.1. Problem of the Study

The research problem is represented in the lack of clarity and responsibility of the auditor regarding the discovery of tax evasion practices, which leads to a weak investigation into the discovery of the material distortions resulting from such practices in the enterprise records, the weakness and malfunction of the audit procedures and results, The tax liability of legal accountability and non-continuity.

2.2. Significance of the Study

The importance of research is to highlight the phenomenon of tax evasion as a phenomenon that violates the laws and professional and ethical standards and direct infringement on the state treasury and the factors affecting the discovery of the auditor of the practices of tax evasion and the auditor or the management of the company or professional publications or religious and social factors. This research constitutes an addition to accounting and tax research that helps researchers, accountants and specialists to benefit from its findings and recommendations.

2.3. Objectives of the Study

To understand the concept of tax evasion, its causes, types, and the means used to combat it.

To identify the factors influencing the discovery of tax evasion practices and to rank these factors according to their importance as a step towards developing a set of recommendations for auditors to assist them and increase their ability to detect such practices.

2.4. Hypotheses of the Study

H1 The lack of detection of tax evasion practices in Iraq is due to factors related to the auditor.

H2 The lack of discovery of tax evasion practices in Iraq is due to factors related to the management of the company.

H3 The lack of discovery of tax evasion practices in Iraq is due to factors related to professional publications.

H4 There is no impact on other factors (religious and social) on the failure to discover tax evasion practices in Iraq.

2.5. The Sample of the Study

The research population consists of 178 firms and 18 companies of licensed accountants practicing the profession and the Council of the profession of auditing in Iraq according to the bulletin of the Council of the profession of auditing in Iraq for 2018. Whereas the sample of the study was randomly chosen as (80) firms and (6) companies. This means the percentage of their selection is ranged from (45%) to (33%) out of the overall audit offices and companies operating in Iraq, respectively. According to the researchers, this percentage is acceptable. Accordingly, 86 questionnaires were distributed to these firms and companies. The number of questionnaires received was 77 that 73 (90%) of which were valid for analysis.

2.6. Research Methods

Inductive approach: Through books, letters, periodicals and the Internet to cover the theoretical framework of research.

Practical approach: Through the researchers' design of a questionnaire based on the theoretical framework of the research, as the researchers arbitrated by a number of auditors and professional accountants by some of the professors of accounting and auditing in the colleges of economics administration in Iraqi universities and taking their comments to enrich the research and distribution to the sample research.

2.7. Data and Information Collection Method

Secondary data and information related to the research theoretical part: The researchers relied on the latest sources of books, periodicals, research, letters, and specialized university papers, including Arabic or foreign, related to the subject of the research, as well as the use of the Internet and related laws and regulations.

Primary data and information related to the research practical part: A questionnaire designed to refer to relevant scientific studies and references was used as a tool for collecting primary data for research. The questionnaire consists of two parts: the first section, a letter from the researchers to the research sample, showing the research objectives and scope, as well as data for the sample members. The second part includes the identification of the factors influencing the auditor's failure to discover tax evasion practices related to the auditor, the management of the company, the professional and legal issues, and other factors, in order to reflect and measure the hypotheses of the research.

2.8. Limits of the Study

Spatial Limits: The research was limited to licensed auditing companies and offices practicing the profession for the year 2017.

Period Limits: The research covered the selected sample for 2017.

3. Literature Review

Al Saidi implemented a research entitled 'The use of the determinants of tax evasion in enhancing trust between taxpayer and tax administration' in which the researcher aims to clarify the rights of the taxpayer, the tax administration, the role of the tax administration in raising tax awareness, the role played by tax legislation, and the judiciary in enhancing trust between the taxpayer and the tax administration. The study reached to a number of conclusions, the most important of which are that there are several factors that positively or negatively affect the trust between the taxpayer, the tax administration. One of the most important factors that positively affect the taxpayer's fairness is through the legal fees. As well as the taxpayer's right to object and appeal. The factors that negatively affect the tax trust are the failure to observe the income tax law for the rules of justice of the taxpayers, and the low level of tax assessment of the taxpayer's reality and circumstances.

Latif also initiated a study entitled 'The impact of tax exemptions on the entry of taxpayers in reducing the phenomenon of tax evasion : An

applied research to the General Authority for Taxation' which aims at highlighting the tax exemptions granted to taxpayers according to the amended Income Tax Law No. 113 of 1982, indicating their suitability to the basic tax rules, identifying the role of tax exemptions to reduce the phenomenon of tax evasion and increasing the tax revenues that contribute to the general financing expenditures of the State. AL Azzawi conducted a study entitled 'The role of justice in the distribution of tax burden on taxpayers in limiting the phenomenon of tax evasion: An applied research in the General Commission for Taxes' which aims to show the fairness of the distribution of tax burdens to taxpayers through the application of ways and procedures to reduce the phenomenon of tax evasion. Moreover, it shows the application of tax principles and rules to taxpayers (individuals and corporations), as well as the ways and procedures that management should take in achieving justice. The research conclusions assume the weak material, technical, human and technological resources that are supposed to be available to the General Commission for Taxes (GCT) in general and the aging of many of them technically and technology and the limited available. The researcher recommended that the tax administration should be provided with the necessary human resources, as allowed by the reality of public capabilities, while trying to keep pace with the technological and administrative development in tax treatment and taking the most important ways and procedures in achieving justice to reduce tax evasion by taxpayers. The researcher recommended that the tax administration should be provided with the necessary human resources as allowed by the reality of public capabilities while trying to keep pace with the technological and administrative development in tax treatment and taking the most important ways and procedures in achieving justice to reduce tax evasion by taxpayers.

3.1 Study Originality

Although the current research shares the same concept 'tax evasion phenomena' tackled by others in the researchers' previous studies and the literature review, it has a special importance and uniqueness in sense that there is no any previous Iraqi study conducted to tackle the factors affecting the discovery of the auditor of the practices of tax evasion in the Iraqi environment .This is actually the gap which encouraged researchers to fill due to its great importance. Hence, the phenomenon of tax evasion spread in all business environments whether they are developed or undeveloped ones. Therefore, knowing the factors of tax evasion will be a new step in this regard and will also

complement the march of scientific research in addition to other fields of knowledge in this perspective

4. Theoretical Perspective

4.1. Tax Evasion Concept

Researchers have dealt with several definitions of tax evasion differed in drafting and content, including:

- "The process of disposing the taxpayer of the legal obligation not to pay the taxes due in whole or in part using fraudulent methods and practices in contrary to the law" [3].
- "The non-payment process of the tax in whole or in part by the taxpayer without transferring its burden to others in such a way that the State will not, as a result, receive tax revenues in whole or in part" [11].

4.2. Tax-efficient Supply Chain Management

Supply chain design is unique to each industry, and the measurement of supply chain effectiveness can be based on several different metrics, such as the percent of perfect orders, cost/margin or other asset-based measurements. Regardless of the metrics used, the end result must be to satisfy customers while managing costs.

In most circumstances, managing costs (i.e. reducing retail costs) equates with customer satisfaction, but in almost every circumstance cost is at least a component of customer satisfaction. As a result there has been an intense focus on cost reduction.

Supply chain managers are trying to respond to the increased velocity through supply chains in response to accelerated changes in fashion, technology and volume. In some cases this has lead to a split in supply chain methodologies within organizations for volatile and nonvolatile goods.

4.3. Factors Affecting Tax Evasion:

4.3.1. Ethical Factors

The weakness of awareness is due to several factors, including the taxpayer's feeling that the tax he pays is greater than what he takes, or his belief that the State misuses public funds, or the weight of the tax burden and high tax rates [13-15].

4.3.2. Political Factors

The state's public spending policy plays an important role in tax evasion. If the expenditure is spent in useful ways, individuals feel that what they pay is beneficial to them. This reduces tax evasion, and vice versa in the event that the state wasted tax revenues in addition to the lack of sufficient opportunity for citizens to participate in the political life and the making of laws governing their life, including tax laws to evade tax evasion [1,2].

4.3.3. Legal Factors

The factors here include the lack of tax legislation to respond to the needs of society and its development, the law may include many complications, or large gaps that allow penetration, making the application of sanctions on tax evasion weak. In terms of sanctions, the weakness of their application in case of tax evasion leads to the absence of justice in the application of the law to all members of society [4-6].

4.3.4. Economic Factors

The high volatility of economic prices, and the change or complexity of policies or procedures related to investment are factors conducive to tax evasion. It is worth mentioning that economic conditions affect tax evasion. In the case of economic prosperity, evasion is reduced due to the large number of money and high incomes, but in times of recession and crises, tax evasion is increasing [11].

4.3.5. Administrative and Technical Factors

There are a range of administrative and technical factors that influence tax evasion. These factors include the tax burden, the complexity of the tax system, the type of tax, the method of tax collection, the lack of supervision that is characterized by its accuracy and the speed of discovery of the violation, as well as the lack of wages that ensure that the employees of the tax department receive the appropriate salaries enabling them to raise the level of services, and using modern scientific means to determine what they deserve taxes [7].

4.4. The Role and Responsibility of the Auditor in the Detection and Reporting of Tax Evasion Practices

The external audit profession is one of the most important professions in all societies because the opinion of the auditor is important to rely on in

the decision-making by the different parties benefiting from the financial statements. The primary responsibility of the auditor is to indicate to the beneficiaries of the financial statements whether those statements have been truly and fairly presented. In spite of the goal of this profession is limited in the opinion, and that the responsibility is determined against the detected shortcomings in the performance of the auditor for his duties and not to take the necessary professional care. However, the users of the financial statements require the auditor to provide absolute confirmation of the absence of audited financial statements of all cases of errors and fraud or to detect and report them in case they exist. While the auditing profession rejects absolute responsibility for detecting errors and frauds, professional organizations, including the International Federation of Accountants (IFA) have issued a set of professional standards regarding the external auditor's responsibility for the detection of error and fraud such as the ISA (240) when auditing financial statements. The prevention and detection of fraud and error are the responsibility of the persons responsible for the control of the company and its management and its responsibility to prevent mistakes and fraud, and the procedures to be followed by the auditor when there is evidence of errors and fraud and the mechanism to be followed for reporting [8,9]. The auditor is also responsible for observing the laws and regulations when auditing the financial statements and determining the importance of observing the company's compliance with the laws and not violating them in planning and executing the audit process, in addition to identifying the responsibility of the auditor regarding the discovery or suspicion of the company's behavior [10-12].

5. Practical Perspective

5.1. Data Collection Instrument

The researchers relied on the survey method as a means of collecting the data needed to achieve the research objectives. The list included two parts. The first part contains general data on the study sample. Whereas, the second part includes four axes:

Axis 1: Factors related to the auditor and impact on the auditor's discovery of tax evasion practices (10 questions).

Axis 2: Factors related to the management of the company and impact on the discovery of the auditors of the practices of tax evasion (10 questions).

Axis 3: Factors related to professional issues affecting the auditor's discovery of tax evasion practices (10 questions).

Axis 4: The religious and social factors and the impact on the discovery of the auditors of the practices of tax evasion 2 (questions).

5.2. Reliability and stability of the search Instrument

The questionnaire items have been tested and verified by submitting them to a group of jury members from various Iraqi universities. These members were instructors and auditors from Iraqi Financial Supervision Department. Some of the questionnaire items are modified based on the jury members' suggestions and recommendations. In order to measure the stability of the tool, the Cronbach's Alpha scale was used to measure the internal consistency of all the questionnaire questions. The Cronbach's Alpha coefficient was for the whole sampling paragraphs (99%). The accepted value of Cronbach's Alpha is 60% (Cronbach's Alpha) is acceptable and sufficient for research purposes.

5.3. Statistical Processing Used in Data Analysis

5.3.1. Descriptive Statistical Methods

Statistical analysis of the questionnaire was carried out through the Statistical Package for Social Science (SPSS). The statistical methods and tests described below were used after consultation and discussion with the statisticians on their appropriateness, where they were accepted and appreciated in order to obtain valuable indications and indicators supporting research subject as follows:

1. Cronbach's Alpha Test: To determine the consistency of the tool and measure the strength of cohesion between the questionnaire items.
2. Descriptive Statistical Methods: To describe the characteristics of the items of the research sample through:
 - The arithmetic mean: To determine the level of support of the sample members for the research variables.
 - Standard deviation: To measure the degree of dispersion of responses around its arithmetic mean.
3. Chi-squared Test: This test was used to measure the statistical significance of the research hypotheses at a significant level of 5%. If the value of Chi-squared is calculated at a significant level less than 5%, this means that there are significant differences and the item of the questionnaire is positive and thus the acceptance of the hypothesis is predicated. Whereas, if the value of Chi-

squared is at a level of significance greater than 5%, this means that there are no differences of statistical significance and the questionnaire item is negative and thus reject the hypothesis.

4. Effect Ratio: It expresses the effect of the independent variable on the dependent variable. It is related to the arithmetic mean, and is expressed mathematically as: $\text{Effect Ratio} = \text{arithmetic mean} / \text{highest weight of the question}$.
5. The regression analysis was used to test the statistical significance of the research hypotheses as follows:
 - Correlation coefficient (R): Correlation coefficient (R): A statistical indicator used to determine the type and degree of relationship between variables. The closer it is to the value of the right one, the greater the relation between the variables. The correlation coefficient signal indicates the type of relationship. If the positive sign indicates a direct correlation, the negative signal indicates an inverse relationship.
 - Correlation coefficient (R2): to identify the ability of the model to interpret the relationship between variables. The closer the value of the correct one indicated the quality of reconciling the relationship

between independent variables and the dependent variable and thus increase the explanatory power of the independent variables and vice versa. On the lack of quality reconciling the relationship between independent and dependent variables.

- (T-test) to determine whether the average response score has reached the intermediate approval level (3) if it has been increased or decreased and has been used to ascertain the mean significance of each item of the questionnaire.
- The value of (B): Regression coefficient is used to determine the expected change in the dependent variable due to the change in the independent variable.
- Test (F): to identify the significance of all the parameters in the function.

5.3.2. Search Tool Scale

The responses were measured using the Likert scale, ranging from (strongly disagree) to (strongly agree) as shown in Table (1) below:

Table 1. Responses scales following likert scale

Statistical Significance	Relative Weight	Percentage
Strongly agree	5	More than 80%
Agree	4	70%-80%
Neutral (average)	3	50% -69%
Disagree	2	20% -49%
Strongly Disagree	1	Less than 20%

The assumed mean were calculated using the following equation:

Hence, when the mean gets higher than (3), it means the respondents' agreement to the questionnaire item is strong. Whereas, when the assumed mean get lower than (3), it means the respondents' agreement to the questionnaire item is weak.

The demographic characteristics of the research sample are shown in Table (2) below:

5.4. Characteristics of the Research Sample

Table 2. Demographic information about the sample of the research

Years of Experience	Frequency	Percentage	Scientific Qualification	Frequency	Percentage
Less than 5 Years	8	11	Ph.D.	31	42
From 5-10 Years	22	30			
From 11-15 Years	14	19	M.A.	28	38
More than 15 Years	29	40	Higher Diploma	14	20
Total	73	100	Total	73	100

It is noted from Table 2 that the scientific qualification of the sample indicates that 42% of them have a PhD degree which demonstrates their high level of scientific qualification. They are able to understand and percept the items of the questionnaire which in return increases the reliability of the responses. As for the years of experience, the percentage of (89%) of the sample exceeded their experience more than five years and this indicates the background knowledge and increases the ability to rely on the responses of the informants because they reflect their experience in practice. It can be said that the sample is able to give the correct answers to the questions of the questionnaire in a way that reflects and represents the reality of the society from which the sample was selected.

6. Results Analysis and Hypothesis Testing

It is worth mentioning that the term (axis) in this section represents the hypothesis of the study.

The First Axis: The lack of detection of tax evasion practices in Iraq is due to factors related to the auditor.

Table (3) also shows the standard deviation, the arithmetic mean, and Chi-squared test to indicate the differences of the terms that measure the axis of the first hypothesis and the order of importance of each question which depends primarily on the percentage of the effect according to the answers investigated.

Table 3. Results of descriptive statistics and chi-squared test of the first axis

Item	Influence Level	Sig.	Degree of freedom	Chi-squared test	Deviation Standard	Arithmetic Mean	Item Order
Provide the necessary professional attention in the audit process	High	.000	0.71	39.89	2	4.56	2
Efficiency of the auditor and his professional experience	High	.000	0.96	64.15	3	4.41	3
Use of IT in auditing	High	.000	0.93	53.30	3	4.14	5
Partial allocation of in service training programs to an auditor	High	.000	0.85	51.00	3	4.10	7
Accountability on tax evasion practices	High	.000	1.30	48.15	3	4.12	6
The size and nature of audit tests for internal control assessment areas related to combating tax evasion.	High	.000	0.64	109.84	3	4.70	1
The independence, objectivity and impartiality of the	High	.000	0.99	12.84	2	4.18	4

auditor							
The auditor understands the risks of tax evasion practices on the company's sustainability.	High	.000	1.30	19.43	3	3.75	10
The auditor understands the effect of tax evasion practices on the company's financial statements.	High	.000	1.03	28.53	3	3.99	8
Understand the auditor for good planning areas that contribute to the detection of tax evasion practices	High	.000	1.34	19.98	3	3.82	9
The auditor's knowledge of his duties and responsibilities towards tax evasion practices	High	.000	1.00	44.71	3	4.18	11

Figure 1. below also shows the values of the arithmetic mean, the standard deviation of the first axis (hypothesis) expressions:

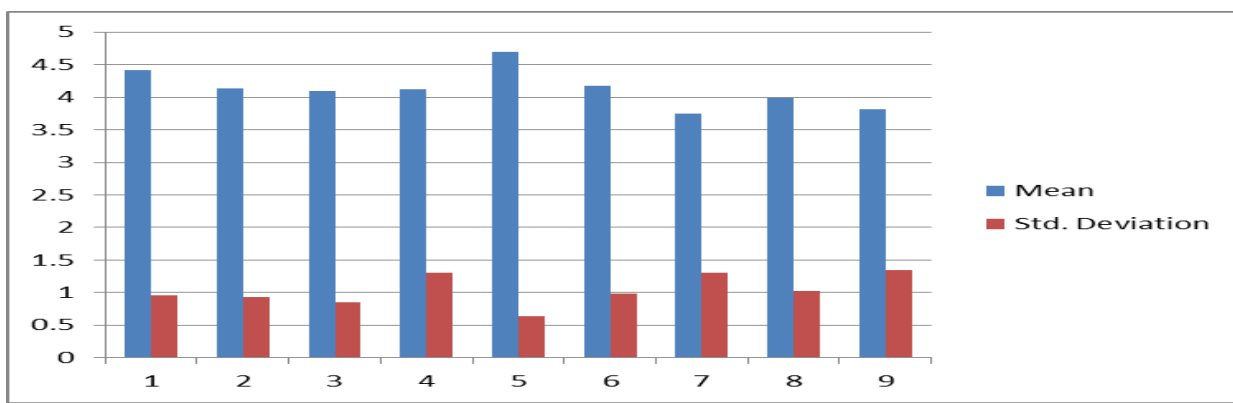


Figure 1. values of the arithmetic mean, the standard deviation of the first hypothesis

Table 4 below also shows the most important results of simple linear regression to determine the effect of factors associated with the auditor on the discovery of tax evasion practices:

Table 4. SIMPLE LINEAR REGRESSION OF THE FIRST HYPOTHESIS

Hypothesis Status	Coefficients	Coefficients Value	Calculated T-Value	Calculated F-Value	Correlation Coefficient R	Coefficient of Determination R2	Sig.
Approved	Constant Regression A	4.82	7.92	172.16	0.84	0.82	0.00
	Regression Coefficient B	0.81	13.12				

It is noted from tables (3, 4) above that:

1. The mean of the responses of the sample to the questions are ranged between (3.75 -4.70). The total arithmetic mean of these items was (4.18), which is greater than the

assumed mean (3) and it falls within the category (70% -80%) of the assumed predefined mean in search. This indicates that the respondents strongly support the presence of many factors associated with the auditor in the discovery of tax evasion

- practices. The standard deviation is (1.00) which means that there is consensus in the responses of the members of the research sample and their consistency and non-dispersion since the standard deviation was less than half of the arithmetic mean.
2. The mean value (Chi-squared) of all expressions of the first axis was (44.71). This indicates that there were statistically significant differences between the mean expressions (4.18) and the assumed mean of the search (3).
 3. All levels of significance indicate that there is a strong impact on factors related to computer monitors to the extent that the computer monitor did not detect tax evasion practices at the level of (0.05 > A), where the values of the coefficients showed that the value of the correlation coefficient (R) was (0.84), indicating a strong correlation between the two variables, while the value of the R² (0.82), i.e., the factors related to the computer monitor, was interpreted as (82%) changes in the degree to which the computer monitor did not detect the practices of tax evasion. In other words, (82%) of the auditors' degree of non-discovery of tax evasion practices is due to factors related to computer monitors alone, with the rest of the other factors, whereas (18%) of the variables in the degree of failure of the computer monitor for the practices of tax evasion due to other factors). The regression coefficient (B) 0.81 refers to the amount of change in the relationship between the two variables. This means that the greater the factors related to the computer controller by one unit of increase, the greater the change in the degree to which the computer monitor

did not detect tax evasion practices by 0.81. The value of the F test indicates that the severity of the influence of the factors related to the computer monitor to the extent that the computer monitor did not detect the tax evasion practices is significant with a value of 172.16. . The value of the F test indicates that the severity of the influence of the factors related to the computer monitor to the extent that the computer monitor did not detect the tax evasion practices is significant with a value of 172.16. It indicates that the regression model is significant, (F), where the value of (0.000) is smaller than the level of significance adopted in this study is (0.05 > A) .Based on what have been stated, we find that the failure of the discovery of tax evasion practices from the point of view of computer monitors - to factors related to the computer monitor.

Based on the results of the statistical analysis described in the preceding paragraphs, the first hypothesis is approved which states that the failure to discover tax evasion practices in Iraq is due to factors related to the auditor.

The Second Axis: The lack of discovery of tax evasion practices in Iraq is due to factors related to the management of the company.

Table (5) also shows the standard deviation, the arithmetic mean, and Chi-squared test to indicate the differences of the terms that measure the axis of the second hypothesis and the order of importance of each question which depends primarily on the percentage of the effect according to the answers investigated.

Table 5. RESULTS OF DESCRIPTIVE STATISTICS AND CHI-SQUARED TEST OF THE SECOND AXIS

Item	Influence Level	Sig.	Degree of freedom	Chi-squared test	Deviation Standard	Arithmetic Mean	Item Order
Providing the required data to the auditor	High	.000	2	23.86	0.95	4.36	2
The financial position of the company.	High	.000	3	58.56	0.84	4.30	4
Integrity and accountability of the company's management, efficiency and commitment to provide controls for internal control.	High	.000	3	72.47	0.82	4.51	1
Management cooperation with the auditor in the implementation of the evaluation of programs to combat tax evasion practices.	High	.000	3	49.13	1.16	4.22	6
Business outcome and the company's cash position.	High	.000	3	49.13	1.16	4.22	6

The size of the company and the diversity of its branches and activities.	High	.000	2	18.43	1.09	4.23	5
Staff stability of the Accounts and Finance Section	High	.000	4	66.93	0.98	4.19	8
Availability of a control system to combat tax evasion practices.	High	.000	3	56.69	1.07	4.33	3
The tasks of the Internal Audit Department in implementing the legal requirements to combat tax evasion practices.	High	.000	2	25.50	0.75	4.36	2
The existence of objective rules and bases for standards and performance measures.	High	.000	4	69.12	1.01	4.21	7
General average	High	.000	3	48.98	0.98	4.29	7

Figure 2 below also shows the values of the arithmetic mean, the standard deviation of the second axis (hypothesis) expressions:

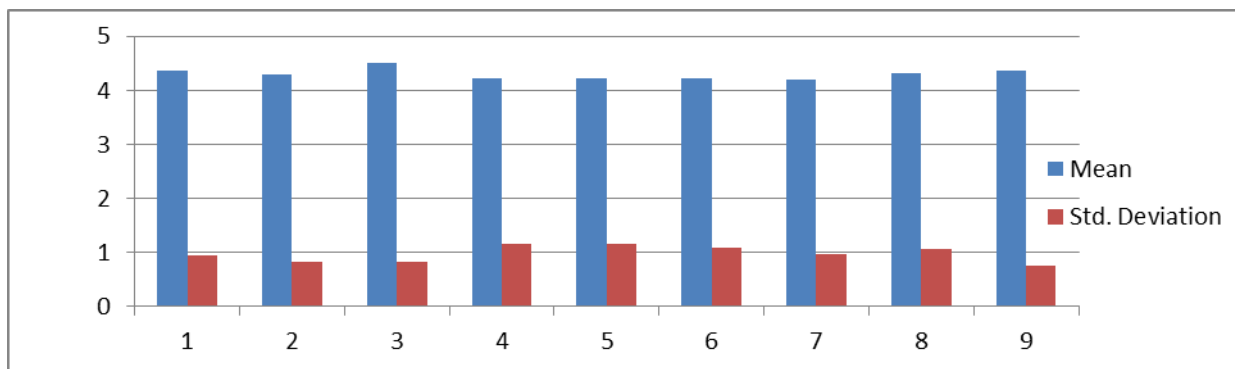


Figure 2: VALUES OF THE ARITHMETIC MEAN, THE STANDARD DEVIATION OF THE SECOND HYPOTHESIS

Table (6) also shows the most important results of simple linear regression to determine the effect of factors related to the management of the company on the discovery of tax evasion practices:

Table 6. SIMPLE LINEAR REGRESSION OF THE SECOND HYPOTHESIS

Hypothesis Status	Coefficients	Coefficients Value	Calculated T-Value	Calculated F-Value	Correlation Coefficient R	Coefficient of Determination R2	Sig.
Approved	Constant Regression A	4.77	4.35	487.11	0.93	0.87	0.00
	Regression Coefficient B	1.2	22.07				

It can be noted from Tables (5) and (6) the following:

1. The mean of the responses of the sample to the questions are ranged between (4.51 -4.19). The total arithmetic mean of these items was (4.29), which is greater than the assumed mean

(3) and it falls within the category (70% -80%) of the assumed predefined mean in search. This indicates that the respondents strongly support the presence of many factors associated with the auditor in the discovery of tax evasion practices. The standard deviation is (0.98) which means that there is consensus in

the responses of the members of the research sample and their consistency and non-dispersion since the standard deviation was less than half of the arithmetic mean.

2. The mean value (Chi-squared) of all expressions of the first axis was (48.98). This indicates that there were statistically significant differences between the mean expressions (4.29) and the assumed mean of the search (3).
3. All levels of significance indicate that there is a strong impact on factors related to computer monitors to the extent that the computer monitor did not detect tax evasion practices at the level of (0.05 > A), where the values of the coefficients showed that the value of the correlation coefficient (R) was (0.93), indicating a strong correlation between the two variables, while the value of the R² (0.87), i.e., the factors related to the computer monitor, was interpreted as (87%) changes in the degree to which the computer monitor did not detect the practices of tax evasion. In other words, (87%) of the auditors' degree of non-discovery of tax evasion practices is due to factors related to computer monitors alone, with the rest of the other factors, whereas (13%) of the variables in the degree of failure of the computer monitor for the practices of tax evasion due to other factors). The regression coefficient (B) (1.2) refers to the amount of change in the relationship between the two variables. This means that the greater the factors related to the computer controller by one unit of increase, the greater the change in

the degree to which the computer monitor did not detect tax evasion practices by (1.2). The value of the F test indicates that the severity of the influence of the factors related to the computer monitor to the extent that the computer monitor did not detect the tax evasion practices is significant with a value of (487.11). The value of the F test that the regression model is significant, (F), where the value of (0.000) is smaller than the level of significance adopted in this study is (0.05 > A). From here, we find that the failure of the discovery of tax evasion practices from the point of view of computer monitors - to factors related to the computer monitor.

Based on the results of the statistical analysis described in the previous paragraphs, the second hypothesis is verified and approved which states: "The lack of discovery of tax evasion practices in Iraq is due to factors related to the management of the company".

The Third Axis: The lack of discovery of tax evasion practices in Iraq is due to factors related to professional publications.

Table (7) also shows the standard deviation, the arithmetic mean, and Chi-squared test to indicate the differences of the terms that measure the axis of the third hypothesis and the order of importance of each question which depends primarily on the percentage of the effect according to the answers investigated.

Table 7. RESULTS OF DESCRIPTIVE STATISTICS AND CHI-SQUARED TEST OF THE THIRD AXIS

Item	Influence Level	Sig.	Degree of freedom	Chi-squared test	Deviation Standard	Arithmetic Mean	Item Order
There are clear guidelines that determine the responsibility of the auditor to detect tax evasion practices.	High	.000	3	20.20	1.33	3.81	6
Professional organizations are constantly developing the profession, issuing standards or reviewing them.	High	.000	3	58.67	1.13	4.27	2
Guidance to assist the auditor in assessing the possibility of tax	High	.000	3	48.15	1.02	4.27	2

evasion.							
The effectiveness of professional organizations in subjecting auditors to training courses and teaching to discover tax evasion practices.	High	.000	3	48.91	0.98	4.27	2
Guidance to assist the auditor in assessing the risks of tax evasion practices.	High	.000	4	43.64	1.34	3.86	5
Guidance including an explanation of how the auditor discovered and reported on tax evasion practices.	High	.000	3	86.17	0.61	4.63	1
Penalties under the laws on the responsibility of the auditor towards tax evasion practices.	High	.000	4	45.50	1.22	3.88	4
Effectiveness of Standards and Code of Conduct.	High	.000	4	66.93	1.37	4.03	3
Lack of clarity with generalization and repetition of laws governing the profession.	High	.000	4	29.12	1.45	3.59	8
Clear accounting principles.	High	.000	4	29.39	1.27	3.73	7
General average	High	.000	4	47.66	1.17	4.03	6

Figure 3 below also shows the values of the arithmetic mean, the standard deviation of the second axis (hypothesis) expressions:

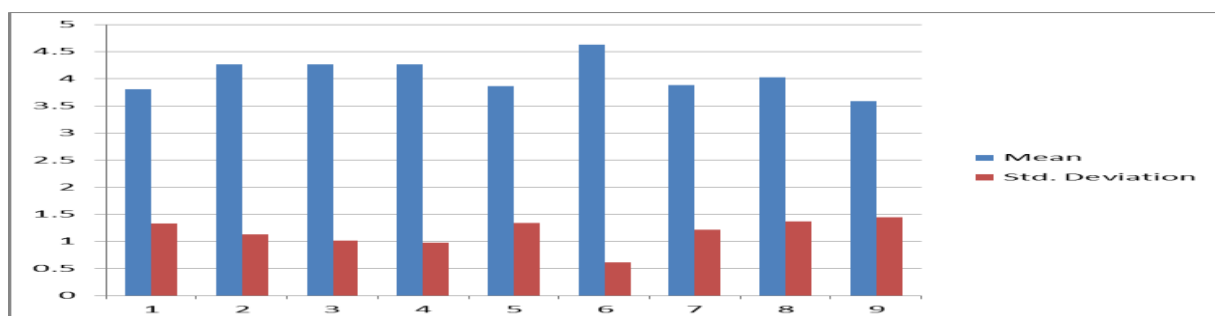


Figure 3. VALUES OF THE ARITHMETIC MEAN, THE STANDARD DEVIATION OF THE THIRD HYPOTHESIS

Table (8) also shows the most important results of simple linear regression to determine the effect of the factors associated with professional

publications on the discovery of tax evasion practices:

Table 8. SIMPLE LINEAR REGRESSION OF THE THIRD AXIS

Hypothesis Status	Coefficients	Coefficients Value	Calculated T-Value	Calculated F-Value	Correlation Coefficient R	Coefficient of Determination R ²	Sig.
Approved	Constant Regression A	4.19	5.85	155.62	0.68	0.70	0.00
	Regression Coefficient B	0.82	12.47				

It can be noted from Tables (7) and (8) that:

1. The mean of the responses of the sample to the questions are ranged between (4.63 -3.59). The total arithmetic mean of these items was (4.03), which is greater than the assumed mean (3) and it falls within the category (70% -80%) of the assumed predefined mean in search. This indicates that the respondents strongly support the presence of many factors associated with the auditor in the discovery of tax evasion practices. The standard deviation is (1.17) which means that there is consensus in the responses of the members of the research sample and their consistency and non-dispersion since the standard deviation was less than half of the arithmetic mean.
2. The mean value (Chi-squared) of all expressions of the first axis was (47.66). This indicates that there were statistically significant differences between the mean expressions (4.03) and the assumed mean of the search (3).
3. All levels of significance indicate that there is a strong impact on factors related to computer monitors to the extent that the computer monitor did not detect tax evasion practices at the level of (0.05> A), where the values of the coefficients showed that the value of the correlation coefficient (R) was (0.68), indicating a strong correlation between the two variables, while the value of the R² (0.70), i.e., the factors related to the computer

monitor, was interpreted as (70%) changes in the degree to which the computer monitor did not detect the practices of tax evasion. In other words, (70 %) of the auditors' degree of non-discovery of tax evasion practices is due to factors related to computer monitors alone, with the rest of the other factors, whereas (30 %) of the variables in the degree of failure of the computer monitor for the practices of tax evasion due to other factors). The regression coefficient (B) (0.82) refers to the amount of change in the relationship between the two variables. This means that the greater the factors related to the computer controller by one unit of increase, the greater the change in the degree to which the computer monitor did not detect tax evasion practices by (0.82). The value of the F test indicates that the severity of the influence of the factors related to the computer monitor to the extent that the computer monitor did not detect the tax evasion practices is significant with a value of (155.62). The value of the F test that the regression model is significant, (F), where the value of (0.000) is smaller than the level of significance adopted in this study is (0.05> A). From here, we find that the failure of the discovery of tax evasion practices from the point of view of computer monitors - to factors related to the computer monitor.

Approved	Constant Regression A	1.71	1.76	41.01	0.60	0.36	0.00
	Regression Coefficient B	0.61	6.40				

It can be noted through Tables (9) and (10) that:

1. There is no significant effect on the religious and social factors. The total arithmetic mean of these items (Calculated T-Value) has reached to (1.71), which is less than the assumed mean of (3) and falls within the category (20% -49%). This indicates that the sample of the study does not support the influence of religious and social factors in the discovery of tax evasion practices.
2. The mean value (Chi-squared) of all expressions of the first axis was (64.63). This indicates that there were statistically significant differences between the mean expressions (1.71) and the assumed mean of the search (3), enhances those who

agree with a high level of agreement on the total terms of the fourth hypothesis.

3. All levels of significance indicate that there is a strong impact on factors related to computer monitors to the extent that the computer monitor did not detect tax evasion practices at the level of (0.05 > A), where the values of the coefficients showed that the value of the correlation coefficient (R) was (0.60), indicating a strong correlation between the two variables, while the value of the R² (0.36), i.e., the factors related to the computer monitor, was interpreted as (36%) changes in the degree to which the computer monitor did not detect the practices of tax evasion. In other words, (36 %) of the auditors' degree of non-discovery of tax evasion practices is due to factors related to computer monitors alone, with the rest of the other factors, whereas, (64 %) of the variables in the degree of failure of the computer monitor for the practices of tax evasion due to other factors). The regression coefficient (B) (0.82) refers to the amount of change in the relationship between the two variables. This means that the greater the factors related to the computer controller by one unit of increase, the greater the change in the degree to which the computer monitor did not detect tax evasion practices by (0.61). The value of the F test indicates that the severity of the influence of the factors related to the computer monitor to the extent that the

computer monitor did not detect the tax evasion practices is significant with a value of (41.01). The value of the F test that the regression model is significant, (F), where the value of (0.000) is smaller than the level of significance adopted in this study is (0.05 > A). From here, we find that the failure of the discovery of tax evasion practices from the point of view of computer monitors - to factors related to the computer monitor.

Based on the results of the statistical analysis described in the preceding paragraphs, the fourth hypothesis which reads: 'There is no impact of other factors (religious and social) on the failure to discover tax evasion practices in Iraq' is validated and accepted.

7. Conclusions

From auditing perspective, the inability to discover tax evasion practices is relevant to some factors, the most important of which are concerning with the external auditor's independence, objectivity and integrity, impartiality, and profession care.

The inability to discover tax evasion practices can be attributed to the management of the company, the most important of which are the most important: the credibility and integrity of the management and efficiency of the company, to provide the required data to the auditor.

The absence of tax evasion practices from the point of view of the Iraqi auditor is due to factors related to professional issues, the most important of which are: the lack of guidance to explain how the auditor discovered tax evasion practices, the effectiveness of professional standards and codes of conduct, the effectiveness of professional organizations in the continuous development of the profession, the issuance or revision of standards, and the subjection of auditors to training courses.

The results indicate a clear difference in the average degree of influence of the factors on the discovery of tax evasion practices, with the highest average effect (4.70) on the independence, objectivity and integrity of the auditor, while the lowest effect was (3.59), and the lack of clarity with generalization and repetition of the laws governing the profession.

The analytical side of the study shows that the factors influencing the auditor's failure to discover the tax evasion practices and the management of the company are the most influential. The total arithmetic mean was (4.29), while the factors related to the auditor ranked second in the total mean (4.18) Related to professional publications was ranked third with a total gross mean (4.03). The results of the study showed that there was no effect of the religious and social factors on the discovery of the tax evasion by the auditor, where the total arithmetic mean of these items reached to (1.71), which is less than the satisfactory mean of (3).

Despite the importance of establishing the Board of Accounting and Auditing Standards and Rules in Iraq to improve the professional performance of practitioners, it soon became a trifling step to stop issuing or updating the accounting rules and audit evidence for more than 15 years. On the other hand, the Council's failure to issue a manual to control fraudulent practices, including tax evasion, which is an important step to improve the performance audit.

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