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DOI: 10.6007/IJARBSS/v5-i4/1540 URL: http://dx.doi.org/10.6007/IJARBSS/v5-i4/1540

Abstract
This research addressed the effectiveness of applying e-Government in the Income and Sales Tax Department (ISTD) in Jordan. The ISTD was chosen since it is one of the first to implement the e-Government. A questionnaire was designed and distributed to a random sample of ISTD managers, department heads, and directors. Statistical analysis and testing of hypothesis conducted. Results showed that a statistical relationship does exist between the effectiveness of the application of e-Government on factors such as: speed and accuracy, monitoring and control, and ease and simplicity of governmental performance.

Keywords
E-Government, Tax Collections, ISTD, Jordan

Introduction
Taxes are payments to support the cost of government. They differ from a fine or a penalty imposed by the government because taxes are not intended to punish unacceptable behavior. The main source of tax rules and policies in Jordan is the Constitution. It provides principles and standards that guide the government in passing tax laws and regulations. Other sources include the Customs Law, government decrees, regulations and instructions. (odai, et al., 2004)

In this paper, we cover the topic of tax collection in Jordan. We define the meaning of tax collection, the difference between tax collection and other important tax concepts; identify the reasons behind committing such acts and determining ways to increase tax collection. This research conducted a questionnaire, analyzed and summarized the results to reveal the reasons behind committing tax collection in order to back up our report.

In order to understand the concept of the impact of e-government on the income tax collection in Jordan, the researcher takes a look at the overall tax system in Jordan. This system helps in implementing the government’s fiscal policy in order to become more independent. The system was developed to achieve 3 main objectives: fiscal, social and economic. The tasks of this system are to stimulate the Jordanian economy, encourage investments in projects and
activities in Jordan, solve and cure inequality among citizens of the country and to control the consumption of goods and services offered.

The tax system in Jordan is considered to be a flexible one. As stated earlier, the Constitution is the main source of providing tax rules in Jordan. It enforces certain limitations on the power to tax in order to safeguard taxpayers and the equality and justice of the society. Taxes passed by the Constitution can be imposed and enforced only when they are consistent and compatible with laws. Taxes in Jordan are progressive in nature; which means that people earning high incomes pay a greater percentage of their incomes as taxes to governmental authorities than do people earning low incomes. For example, the first 12,000 JDs of earned income per year is taxed at a rate of 7%, while annual incomes of greater than 12,000 JDs are taxed at a rate of 14%, which is twice the amount. These rates are limited on the power to tax, which means that the government cannot tax an amount exceeding the actual need of the country. This principle facilitates the application of the tax system and its objectives. (ISTD, 2010)

Income tax law and sales tax law make up an integral component of the tax system in Jordan. Income tax law imposes rules and laws on matters in relation to taxpayers, tax obligations and tax administration.

Income tax law is the tax taken out from one’s personal income. It makes up 40% of Jordan’s total revenues. This law has been modified and adjusted several times throughout the years. The New Law requires that income tax is a compulsory payment that should be collected from physical and legal persons, which means individuals and corporations – regardless of whether they are Jordanians or foreigners. In addition to that, the income tax law offers tax exemptions to certain entities. For instance, physical resident persons benefit from exemptions while non-residents don’t. The tax system requires taxpayers to pay their tax amounts due within a specific period of time. This would enable the government to spend resources efficiently and periodically in order to provide social benefits and services to the public.

Sales tax law is the tax paid by the customer and registered entities for certain goods bought and services provided. It is the application of a percentage rate to the taxable price of the good or service. According to the (Sales provisional law number 29 for the year 2009 article 6) the sales tax in Jordan is applied at rate of 16%. (Article 7) states that some goods and services are exempted from the sales tax such as goods and services supplied to free zones, duty free shops or goods exported to regions outside the Kingdom. The penalty of not paying the sales tax within the specified period of time ranges between 100-500 Dinars.

Often people confuse the term tax collection with two other terms which are tax planning and tax avoidance, although, all three definitions do not relate to each other in terms of legality. Tax planning is when individuals and entities can legally choose the process of paying taxes that will incur the least income tax supposed to be paid. While, tax avoidance is the legal utilization of possible opportunities and acts present to the advantage of decreasing taxes paid. This means, that tax avoidance and tax planning are legal acts that are implemented by means of the law, while tax collection is an illegal act that breaches the law.

In Jordan the issue of tax collection is very complex and complicated, because the laws relating to tax collection developed by the income tax law are weak, unethical, lacks appropriate and fair punishment and are not powerful enough. The income tax department divides evasion acts into attempted, completed and unintentional acts. Attempted evasion is
when the individual or corporation have the intention and will to evade taxes. Completed evasion is when entities evaded taxes successfully. Unintentional evasion is when entities evade taxes without their awareness. Surprisingly, the punishment and penalties enforced on all these tax evaders, regardless of their intention or success, are the same.

According to article 55 of the New Law (2009), any individual and entity that commits or is involved in tax collection – directly or indirectly – will have the same punishment. The punishment is a penalty of 100-500 JDs or imprisonment between one week to one year or both.

Tax collection differs according to the type of the economy. For instance, the cash economy is the illegal part of the economy in which goods and services are exchanged for cash and those cash transactions are not recorded, therefore, they are not subject to tax. Tax collection is more visible in this type of economy, which usually consists of small businesses and household workers.

Tax collection in the formal economy; which is the official part of the economy that is required to pay taxes, is present but not as much as in cash economies, Banks and corporations are examples on formal economies. Informal economies are the unofficial part of the economy which is not taxed, which means that tax collection is not present at all. Black markets and underground economies are examples on informal economies.

Over the past 30 years, the tax gap between the income tax estimated by individuals and entities and the income tax estimated by the income tax department and actually collected has increased up to 69% from 1970s up to 2005. The following graph shows the increasing trend of tax gap throughout those 30 years.

Graph 1: Percentage of increased tax gap in Jordan over the past 30 years.

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1 Black market: a market of goods and services operating outside the formal governmental markets to avoid price controls and taxes. Usually illegal products are traded such as drugs and stolen goods.

2 Underground economy: is a part of the country's economy where business activities and transactions are unrecorded and therefore untaxed by the government.
The banking sector contributes to more than 30.54% of the total tax revenue collected by income tax department. For example, in 1996, the tax gap for the banking sector reached 124.87% and this reflects the extent to which tax collection in Jordan exists.

There are two factors for income tax collection in Jordan:

1. Internal factors within the current income tax law: over the past years, the income tax law has been modified several times with new rules and regulations being implemented. That’s why taxpayers may get confused and won’t get the tax return or declaration right. Therefore, taxpayers employ tax professionals, who have better knowledge and experience in such matters. But still, they are subject to ethical issues and tax collection, because currently there is no code of ethics for tax professionals in Jordan.

2. External factors: there are various and several factors that might lead citizens and small businesses to evade paying taxes to governmental authorities. Some of which were studied and analyzed as part of the objective of our report. These will be discussed in more detail in the hypothesis and results section of the report.

In order to avoid or at least reduce the process of committing tax collection, the ISTD can adopt more strict procedures when adjusting and modifying the income tax law. A new tax system can be established including a broad tax base and lower tax rates. Income tax shouldn’t be the only source of revenue to be generated by the government. The Jordanian government can take into consideration sales tax and value added tax, for instance. This might help in lowering tax collection, since these taxes can be jointly implemented within the amount taxed. As discussed earlier, income tax department should set and most importantly enforce penalties on entities committing such illegal acts. The country can educate the culture and society by teaching taxation courses in educational institutions such as schools and university, or by raising awareness through media means such as newspapers, magazines, flyers, or even launch public meetings with taxpayers. An important way of reducing tax collection is to rely and depend on new technological developments. Computers can be used as a replacement to traditional and manual tax declaration filling and filing cabinets. This can make the process more efficient, quick and accurate.

ISTD launched the program for e-government at the beginning of 2005. This is the first e-government program to be implemented in government departments in the kingdom, with a view to provide high-quality services lead to saving time and effort on the citizen and the employee so that citizens without access to the service department, and whatever the location, whether inside or outside Jordan, since this service is available round the clock and throughout the day of the year because the citizen can access the service on holidays.

The use of these programs during the past year to alleviate the burden of the use of paper and stationery, the ISTD aims at reducing the expense of sending sheets of tax returns to taxpayers each year. In addition to the ease of electronic tax filing and protection of paper files, which may suffer damage as a result of exposure to the elements that may be damaged or torn? Moreover, manual storage has become expensive due to the increase in the number of
files over the years. Electronic filling has led to the easy retrieval of information, which made it possible to browse the pages of information and file electronically without the need to refer to file paperwork by linking e-government system to an electronic archiving system.

The program has provided service for electronic payment of outstanding balances provided the appropriate speed in the delivery of information to show immediate results of the service required and in record time.

It is noteworthy that this program needs to be participation from the citizen because all transactions of e-government deal in complete secrecy and made available to any person or entity access to its contents, with the signing of Service Agreements for the protection of sites and the confidentiality of information with the competent international bodies.

The e-government program, carried out by the ISTD in cooperation with the Ministry of Communications and Information Technology provides many services highlighted by the disclosure of self-esteem, which includes employees, individuals, corporations and companies. Taxpayers can also obtain a statement of estimated fiscal years and the amount of balances due and payable. Taxpayers also have the ability to update and amend the personal information, address, business address and mailing address. They also can claim tax exemptions such as spouse or parents, study and other exemptions.

The department website provides in addition to immediate online-help in addition to all new laws and regulations, procedures and other feed in both Arabic and English.

The ISTD has included a comprehensive promotional campaign to hold free training sessions for a number of companies and officers, field visits and participation in exhibitions held in the Kingdom.

The ISTD asks taxpayers to take advantage of these free training sessions in the area of e-government awareness of the tax.

**Study objectives:**

1. To identify the concept of tax collection and taxes laws in Jordanian companies.
2. To examine the relationship between the taxes laws and the tax collection in Jordanian companies.
3. To examine the ability to improve the taxes laws of Jordanian companies.
4. To examine the ability to improve the taxes laws of Jordanian companies.

**Methodology:**

The population of the study includes all companies listed in Amman Stock Exchange. The study included the financial managers working in the companies in order to achieve the objectives of the study. The methodology is as follows:

2. Developing thesis proposal as the primary model of the thesis.
3. Developing the questionnaire.
4. Collecting data through the questionnaire and other data collection method.
5. Carrying out a statistical analysis.
6. Developing the final form of the study.
7. Writing up the conclusion and recommendations.

Hypotheses:

H1: There is a statistical significant relationship between the e-government and the process of committing tax collection and the dissatisfaction with the services provided by the government for Jordanian companies.

H2: There is a statistical significant relationship between the process of committing tax collection and the financial situation and regulation for Jordanian companies according to e-government.

H3: There is a statistical significant relationship between the process of committing tax collection and the degree of unfair tax law for Jordanian companies.

H4: There is a statistical significant relationship between the process of committing tax collection and the profit motive and taxes rates for Jordanian companies.

Literature review:

Due to the novelty of this subject the researchers found few studies regarding the impact of e-Government on the income tax collections, also it should be noted that almost all the studies found addressed the subject of the impact of e-Government on the income tax collections in a general way.

Hung, 2005, this paper identifies the factors that determine the publics' acceptance of e-Government services. The online tax filing and payment system (OTFPS) is a well-known e-Government service in Taiwan. Using a theoretical model based on the theory of planned behavior, this study aims to (1) identify the determinants for acceptance of the OTFPS; (2) examine the causal relationships among the variables of acceptance behavior for the OTFPS; and (3) explore the relative importance of each determinant for both those who use the OTFPS and those who do not. The article reports on a survey that collected 1,099 usable responses. The results indicate that the proposed model explained up to 72 percent of the variance in behavioral intention. In addition, the important determinants of user acceptance of the OTFPS are perceived usefulness, ease of use, perceived risk, trust, compatibility, external influences, interpersonal influence, self-efficacy, and facilitating condition. Finally, the academic and practical implications of these findings are discussed.

Ludwig, 2010, The United States Congress has set ambitious goals for the diffusion of e-government initiatives. One of congress’ goals for the 2007 tax year was for 80% of tax and informational returns to be filed electronically (IRS, 2004). In 2008, 90 million Americans choose to e-file (IRS, 2009); however, Congress’ goal of 80% adoption has still fallen short. This paper integrates the Unified Theory of Acceptance and Use of Technology (UTAUT) model, online trust, perceived risk, and optimism bias into a comprehensive model of e-file adoption. To empirically test the model a survey is administered to 260 United States taxpayers. Structural equation modeling is used to evaluate relationships between these concepts and intention to
use. Results indicate performance expectancy, social influence, facilitating conditions, and optimism bias all have a significant impact on e-file intention. Trust in the internet and trust in the e-file provider were shown to significantly influence perceived risk. Implications for practice and research are discussed.
Results Analysis:

Testing the hypotheses:

Research Design

Table 1: Reasons of committing tax collection for Jordanian companies

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes imposed on small businesses are too high</td>
<td>10%</td>
</tr>
<tr>
<td>The existence of unfair tax treatment among the small business sector</td>
<td>20%</td>
</tr>
<tr>
<td>Small businesses are less regulated for e government</td>
<td>60%</td>
</tr>
<tr>
<td>Small businesses do not earn enough profit (they might not even breakeven)</td>
<td>10%</td>
</tr>
</tbody>
</table>

As the above graph shows, the most important reason of why Jordanian companies would commit tax collection is because of the less regulation of tax law with a percentage as high as 60. The second highest reason was because of the unfair taxes laws for Jordanian companies with a percentage of 20. This means that the government enforces certain rules and regulations on some Jordanian companies while not doing the same for others. This might be an intentional or unintentional action. The other two reasons are of the same percentage of 10. Not to mention, that they are somehow interrelated. Jordanian companies do not earn enough profits, sometimes they do not even breakeven. This means that the profits generated do not cover the expenses incurred. That’s why, they view the rates of taxes imposed on them as high rates and this is why they try to avoid paying taxes, especially since the Jordanian companies is somehow less regulated and more opportunities are present to evade paying taxes successfully and without getting caught or punished.

There is a statistical significant relationship between e-government and tax collection in Jordanian companies, for testing this hypothesis F- test was done using SPSS and the following results were calculated:

The correlation value = 0.23 between the e-government and tax collection, and the correlation is statistically significant; therefore we accept the $H_1$ hypothesis which states that there is a relationship between e-government and tax collection in companies.
Conclusions and Recommendations
In this paper, we have examined the impact of e-government on the income tax collection in Jordan. There is a severe tax collection problem, which will in return affect the efficiency and effectiveness of taxes laws.
There are numerous reasons to why Jordanian Companies would consider not paying taxes. However, we cannot conclude a certain number of reasons since we have limitless explanations and causes of why entities would evade taxes based on personal, business, economic, ethical, religious and country aspects.
There is positive impact of e-government on the income tax collections

E-government adoption at the grassroots is progressing rapidly (if measured solely by deployment of Web sites). However, the movement toward integrated and transactional e-government is progressing much more slowly. Continuing research, particularly longitudinal study, is needed to monitor the evolution of e-government among Jordan local governments, especially to keep pace with the practice and to ascertain the actual impacts of e-government.
References

