

*Full Length Research Paper*

# **A study of the knowledge of auditors in the field of tax laws: Evidence of Iran**

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**Maintenance of public confidence in the accounting field is possible until the certified public accountants offer their services on a platform that is worthy of trust. Therefore, services of certified public accountants must be at the highest level possible and must be provided with rules that continue to perform this service with quality that is appropriately guaranteed. The guarantee is addressed to auditors as well as senior auditors. Hence, it is necessary that auditors of this category, as the first cause of maturity and transfer of information in the categories, describe higher points. The activities which would enjoy adequate professional knowledge are also, in addition to knowledge of accounting and auditing standards, knowledge rules and regulations necessary for the auditors. In other words, auditors should be aware of different laws and regulations. Therefore, the main research question is whether or not auditors and senior auditors have sufficient knowledge about current laws? This study is conducted by using a questionnaire survey including auditors and senior auditors practicing auditors as member institutes of certified public accountants in Iran during 2008 to 2009. The results show that auditors and senior auditors have sufficient, as well as adequate, knowledge to direct taxation and business laws.**

**Key words:** Professional auditors' knowledge, experience and expertise of auditors, laws, direct taxation, business laws, Iran.

## **INTRODUCTION**

Auditing of financial reporting status is not a new phenomenon. The function of formal auditing of financial reporting existed even before the publication of Luca Pacioli's chapter on the double entry accounting system in 1494 (Salehi, 2008). Whenever the advance of civilization brought about the requirement of one person being entrusted to some extent with the property of another, some kind of check upon the fidelity of the former was advised. Auditors and auditing both have been referred to in Italy and in England in the thirteenth century (Brown, 1968). At the moments, the purpose of an auditor's role in society is to validate the truthfulness

of financial statements which is summarized in audited financial statements (Salehi and Abedini, 2008). Financial reporting in the economic unit in reflecting the needs and expectations of the users depend on the form of financing, such as investors, creditors, and governmental agencies in the manner for correct decisions. Set of financial statements and reports are the core component of the major means of transferring information to the outsiders. Information reflected on time in the financial statements for users is an effective and useful tool that a user who enjoys the quality requires (Salehi et al., 2010). Information as reflected in the financial time useful for users that have the quality characteristics is necessary. One of these qualitative characteristics of financial information is reliability. Once this information is reliable and it works with reliance on financial transactions and other financial events such impartial and measured

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results measurements, confirmation this is valid. In order for such information to be reliable, it has to fit the different laws and regulation. In a nut shell, the audited financial statements should cover different laws in any countries.

### Research problem

Based on accounting standards, the accounting staff must be competent and must have professional institute training about the principles and technical criteria (set in the standards of professional behavior) that will enable them perform their duties with due professional care. In addition, under Article 272 of the direct tax laws, auditors and audit organizations of certified public accountants are assume responsible, on request of these persons, to report the tax audit and determine the format. When considered to that in Iran, legal auditors are usually persons elected according to the provisions of Article 151 Commercial Law. The inspector has the legal obligation of any violation of the provisions of trade laws to first report to the General Assembly, so the main problem is whether or not auditors and senior auditors have sufficient knowledge to direct tax laws and business laws?

### Importance of the study

In today's world of economic, industrial and commercial development, the creation of laws and regulations in countries in the field of business, finance and accounting, regarding the implementation of tax and investment regulations have caused other companies and owners of industries to be forced to face financial accounting and confirm the professional auditors and audit institutions, in accordance with the rules and criteria selected in each country. Thus, having adequate professional knowledge in tax laws and accounting business are very important. The aim of the current study is to determine the knowledge of Iranian auditors about different laws in Iran.

### Theoretical issues

Paramasiran (2003) has stated that "accounting knowledge" is the first and most important stage of knowledge management, which is to search and analyze the change and reporting activities. The study includes information about an organization and knowledge of the organization's policies. Accounting knowledge is conducive in helping the unit "know what" should be informed, so it would be better for the competition to be actively discovered. If detailed examination or assessment, or evaluation of knowledge in a company or organization is to be considered, this test is an asset for the organization and is considered as a source of knowledge creation and knowledge management.

Samples of accounting knowledge are as follows:

1. What are the information needs of the organization?
2. What shortcoming of information exists in the organization?
3. How is the structure of the knowledge in the organization?
4. What is the major problem in developing the knowledge in the organization?

The process of auditing the knowledge can be briefly expressed as follows:

1. To specify what information are present in the data collected.
2. To specify the information deficit in the data collected.
3. Provide suggestions for improving knowledge management activities and eliminate weaknesses in organizing information.
4. The assessment of accounting knowledge needs by the organization to focus management efforts in that area which creates a report document.
5. Knowledge management needs of organizations that can reveal weaknesses, lack of opportunities, risks and threats.

The algorithmic process, such as accounting knowledge to solve problems in the organizations can give clarity and help convert data to information flows and information to knowledge in any organization, and in a way, it will help people conduct their economic activities. An auditor may audit the organization's information resources to study and analyze the knowledge flows into pockets and can help organizations to better manage the knowledge and have better efficiency and effectiveness (Paramasiran, 2003).

Schimmel (2006) has focused on the subject of accounting and auditing knowledge which is usually used in an organization to depict and make transparent tacit knowledge. In most cases, accounting is done in all organizations, but in some cases, only a part of the audit organization is placed. In this study, a group of teachers who are new projects on improving information and communication technology (ICT) in education and the teaching profession at the University of Netherlands has been done. The main objective of the study was to determine the role of network face to face and live with the creation and spread of knowledge for development using ICT in education. The purpose of the audit knowledge about science teachers' use of ICT in education and discovery trends and their behavior in their daily practice will not require the use of ICT in education.

Serrat (2008) defined accounting knowledge as the traditional meaning of the concept of a person, business, system or process by which a third person is independent. The concept of financial accounting for most people is clear. Financial auditors and financial statements of a

company give consistency with relevant standards. However, knowledge is different from accounting practice, while accounting knowledge is different from other auditing knowledge that are broader and which encompass different issues as a qualitative study on the health knowledge in organizations in the micro and macro level. The precise definition of knowledge is called auditing, although a person or persons were investigated with the purpose of determining what people know and what they do not know. The perspective of knowledge audit is to evaluate the information needs of an organization and the relationship between leadership and organization, and technology and education. To achieve them, knowledge audit evaluates the strengths and weaknesses of an organization and the knowledge of opportunities and threats in front of the organization. Accounting knowledge can have different purposes, but the most visible evidence of their needs, which create information resources in organizations, is the possibility of how to use these sources of information, problems, issues and solutions available to them. In the study conducted by Jurinjak and Klicek (2008), problems that may develop new methods for accounting knowledge, in small and medium organizations with information technology, to express the criteria causing some existing methods have been explained. For example, some shortcomings in this study, existing methods and limitations in their application which leads to the creation of new methods, have been described. A new method in some stages is shorter and it better identifies the source of knowledge which allows the flows of knowledge between sectors and companies (medium companies) that are better known abroad. In this example, the results of this research for the company have achieved a better quality. To the weaknesses identified and the better knowledge of the organization results, an intellectual property company has been created. The results of this study require further research in creating new methods of accounting knowledge. As such, analysis of life sciences needs to be emphasized. So, the audit will look at the macro level in all institutions and organizations as a single organization to be considered. The component units of this organization and auditors are considered to have knowledge of accounting and auditing and knowledge of tax law and related commercial laws to economic activities. The information on the critical points of this organization, as well as the knowledge of professional auditors, is considered in each of these critical points as knowledge of accounting and can achieve the overall goal of improving the audit quality level and macro level effectively.

## Review of related literature

Knowledge of auditors in the field estimate error probability of financial statements and its relationship with

experience has been done by Libby (1985) and Libby and Frederick (1990). Libby (1985) studied the relationship between the possibilities of errors in financial statements which was estimated by the auditor and the actual error rate in the financial statements that was investigated. In the study, 453 auditors from 26 international institutions were considered. The results showed that a positive relationship (82%) existed between the error rate estimated by the auditors and the actual error rate in the financial statements. The results revealed that the knowledge expressed is the estimated error probability in the financial statements of auditors. In a study, which was conducted among 19 auditors, by Libby and Frederick (1990), the relationship between estimation accuracy of the possibility of errors in financial statements is the amount of experience (work experience) that the auditors have.

Merchant (1990), in a discussion, show the research expertise of auditors, while Bonner and Lewis (1990) determined the skills that were analyzed by auditors. Their expertise and skills by auditors to examine the role of knowledge and abilities of auditors were determined. They were the first components that the researchers used to analyze the performance of auditors. This study focuses on the two main points:

1. What are the skills and expertise in accounting?
2. How can the skills and expertise of auditors be identified?

Researchers who have the ability to test knowledge and expertise of auditors were used in this study, and in so doing, the two groups of auditors' (beginner and skilled) categories were then compared on the basis of experience with audit findings. The use of experienced auditors as operational indicators to measure skill and expertise of auditors' introductions were inappropriate. The results showed that the professional knowledge and ability of the professionals and experienced auditors to investigate the deviation from the correct function was better explained.

Waatstra (1995) conducted a study on the effect of experience on knowledge of financial accounting practices, while the relationship between experience levels and how students apply knowledge in financial accounting and audit professionals have been tested. This study has two main focal points:

1. Whether or not there is a significant positive relationship between audit experience and the financial ability to apply knowledge?
2. How much is the qualitative difference between groups?

The results showed that each level had a professional experience. Therefore, auditors had higher ability to apply

professional knowledge than financial knowledge.

Tan and Libby (1997) depicted the importance of tacit knowledge management in the work of the auditors evaluated. Tacit knowledge management accounting through university education can not be achieved and the concept of how their auditors, account for functions was managed. This research has concluded that the tacit knowledge of management accounting is considered as a major cause of differences in high level managers and middle level managers. The study of the literature of auditor expertise, and a general shift from the exclusive and absolute focus on professional knowledge and practice based on the duties of auditor knowledge and technical auditor, established ancillary duties. Auditors have a wide range of tasks that are shaping the professional duty and are not limited to aspects such as management and human relations. For this reason, they focus on whether the auditors and management categories give up the following evaluation altogether, and whether the assessments on these two professional categories are different. Moreover, they concluded that audit and senior managers can improve the professional knowledge to evaluate both categories, but under the professional knowledge, give up the evaluation altogether.

Kennedy and Peecher (1997), in a study entitled "The judgments of auditors' professional knowledge", showed that the auditors have investigated the extent of their professional knowledge, and the study, under the right hands, has assessed the auditor testing as 42. If so, the two equal groups of auditors, consisting of a superior and a supervisor, have been assigned this category which includes a couple of managers. The auditors were asked some questions and were also asked to provide to each auditor their estimates. Very few and subordinate percent gave the correct answer. The results of this study are that the auditors and their professional knowledge subordinates have more evaluation altogether, but supervisors have more accurate assessment in the evaluation of managers and there is a significant direct relationship between their professional knowledge and their subordinates.

Another study conducted by Brazel and Hall (2004) entitled "The creation, evaluation and use of an index to determine the proficiency level of auditors in accounting information systems" to create an index for evaluation of skills and knowledge of professional auditors in the field of accounting information systems. In this study, nine items that assessed the auditing skills in the field of accounting information systems (AIS) have been proposed and evaluated for stability and reliability. Of these nine items, 73 auditors asked for people's comment on item 8. The results of this test indicate that this item is high in stability and reliability.

In a study conducted by Abdolmohammadi and Rhodes (2005), regarding "special characteristics and their auditors, especially in the ones issued", to investigate the

issue from the viewpoint of special auditors, 25% of their several properties need to be related to special auditors. Consequently, the level of analysis was analyzed and estimated, while the relationship between auditors and the creation of categories of professional auditors formed special features. These features are divided into two categories:

1. Social characteristics (such as knowledge and power management).
2. Personal characteristics (such as professional knowledge or professional judgments): The auditors have been asked to estimate their own features, while the other auditors mentioned that some 25% of the aforementioned features have been met. The results show that there are 16 features (including professional knowledge) in the special auditors by increasing the professional category. Also, it increases nine other characteristics that are constant. The results show that the aforementioned trends are professional characteristics.

It should be mentioned that several articles, including Abdolmohammadi and Wright (1987), Tan and Libby (1994) and Abdolmohammadi et al. (2004), set 25 features of professionals necessary for auditors, and it has been found that the main characteristics of professionals include professional knowledge, experience, ability to solve problems and manage them implicitly. Some of these articles have asked auditors the importance of this feature to professional ranking. For example, the research done by Abdolmohammadi et al. (2004) showed that these features have been ranked as the highest level of professional knowledge, while importance has been given to the lowest level professional knowledge.

Nelson and Tan (2005) in a study entitled "Research on Judgment and decision making in accounting" have paid attention to the study and analysis of the research in the field of accounting in the past few decades. The overall objective of the study was to understand, evaluate and improve the decision-making process and judgments in accounting. In this study, a history of research expertise and knowledge on topics of auditors are given as follows: in the early 1980, more researchers and graduate students have focused on the auditors' difference. Ashton (1991) investigated the behavioral similarities of accounting students in some scientific fields and the experiments are discussed, but Krogstad et al. (1984) showed task complexity and differences in the knowledge of auditors. Further research was done on the study as Bonner and Lewis (1990) and Abdolmohammadi and Wright (1987) aimed at determining how the audit was carried out with skill. This paved a way for Biggs et al. (1987), in that a comparison of the evidence argument was carried out by professional auditors, and the relationship with auditors have offered expertise which Marchant (1989) studied in expands. Libby and Frederick (1986) were the first

researchers to identify the most important principles of audit skills. This method of "skill model" was named and this research focuses on the relationship and differences between knowledge and job skill, thereby disclosing the auditor.

Bonner and Lewis (1990) were the first researchers to study a process of psychological expertise on the knowledge that was used by auditors, in which evidence was found that the expression of expertise is not equivalent with the experience of different types of knowledge on the performance of professional auditors who identified the impact formed. This research focuses on knowledge audit, knowledge audit skill, accounting knowledge and expertise in a specific industry's auditor, with significant influence on the accounting research literature. Bonner and Lewis (1990) show that auditors who are specialized in accounting and in manufacturing plants to maturity of inventory goods, when compared to other auditors can better outline errors in a product.

In the research done by Tan and Jamal (2007), the evaluated factors which showed that an excessive level of professional knowledge affected auditors, were investigated. In this study, the researchers have a test plan that the team supervisor and audit manager has been established. In this study also, 14 and 28 accounting managers and accounting supervisors, respectively have been tested. The auditors have been asked to audit four accounts that were addressed and investigated. Both ambiguity and difficulty in handling accounts and other obvious and less complex reasons were investigated, respectively. Auditors were then asked to rate the accuracy of tasks performed by their auditors and the others were asked to assess the numbers zero to ten. The results show that both the professional knowledge of their opponent and the complexity of issues and tasks on this issue directly have an effect on the audit managers.

In the past years, two similar research topics of this research were conducted in Iran. In a study conducted by Hassas and Rohi (2003), to evaluate the level of knowledge in the field of professional auditors, auditing standards discussed in this research and the Delphi method were carried out. In this way, the first question in auditing standards is presented to a group of university professors, auditors or categories of associate management degree students and doctoral degree students of accounting, to test its validity. Ultimately, 24 questions were selected by Delphi to design a questionnaire for the group study. It was determined that 75 to 90% of the auditors have sufficient knowledge of accounting standards.

In a study conducted by Asghari (2005), the aim was to investigate the knowledge of professional auditors in the field of accounting standards. This research was also conducted using questionnaires and the results of this study show that the auditors have sufficient knowledge of accounting standards. Nelson and Tan (2005) in a study

entitled "Research on Judgment and decision making in accounting" was aimed to study and analyze the research in the field of accounting in the past few decades. The overall goal of this research is to understand, evaluate and improve the decision-making process and judgments in accounting. In this study, a history of research expertise and knowledge on topics about auditors is given as follows: In the early 1980s, researchers paid more attention to the difference between auditors and graduate students, focusing on beginners. Ashton (1991) investigated the behavioral similarities of accounting students in some scientific fields and the experiment was discussed, but Krogstad et al. (1984) showed the task complexity and differences in auditors' knowledge. Abdolmohammad and Wright (1997) with the aim of determining how the audit was carried out with skill, paved a way for Biggs et al. (1987) to compare the evidence argument carried out by professional auditors and their relationships with auditors. This offered expertise to the study of Martin (1989) which was expanded. The next two major research methods for skill and knowledge of auditors were used in this study. Libby and Frederick (1986) were the first researchers to identify the most important principles of audit skills and they introduced the method of "skill model". This research focuses on the relationship and differences between knowledge and job skill of auditors.

In the past years, two similar research topics of this research were conducted in Iran. In a study conducted by Hassay and Rohi (2003), to investigate the knowledge of professional auditing and standards for auditors in the field discussed, the questionnaire of the study was conducted by Delphi method. The first question of the accounting standards is given to a group of university professors, auditors or management categories, associate degree level students and doctoral degree level students in accounting. Its validity was used to test the final number of the 24 questions selected to design a questionnaire for the Delphi Group research, and the results of this study determined that 75 to 90% of the auditors have sufficient knowledge of accounting standards.

## METHODOLOGY

The method of investigation based on the survey questionnaire method and simple random sampling has been conducted. The study's questionnaire included 25 questions from the text number trade law (subject corporate) and direct taxes (subject to income tax, tax breaks and acceptable cost of depreciation), with numbers 12 and 13, respectively.

To provide validity of the questionnaire, 38 questionnaires were distributed among the university's professors and partners, senior managers and head of institutions and organizations providing audit. Considering this questionnaire as a set of research questions in the scientific fields, it is suitable at all times that the issue of direct taxation and business laws is not changed and should lead to the

**Table 1.** Classification based on experience of Auditors

| Professional category | Auditing experience               |
|-----------------------|-----------------------------------|
| Auditor               | Work experience from 1 to 2 years |
| Senior auditor        | Work experience from 2 to 3 years |

same answer. So, the nature of stability and reliability of this questionnaire is confirmed. The accounting profession which shows how each professional category set their tasks is presented in Table 1, but the professional category of each auditor depends on the comment, procedures and regulations of the internal audit institutions and organizations. The validity of the information collected throughout the questionnaire has been confirmed by the subjects presented. The respondents ensure that the text of the questionnaire is thoroughly considered on the basis of its action. This research has been used to control two questions, such that by comparing respondents' answers, the question could be answered correctly, but if no study could measure the questions in the questionnaires, may be one or two questions could be answered wrongly. Thus, questionnaires have been faced with this subject matter. The adequacy of professional auditing is a concept judgment. Therefore, this study tried to determine the sufficient level of knowledge on auditors in Iran. As a result, to determine the touchstone of knowledge measurement, professional auditors in the early stage of the questionnaire distributed to the group of factors have been suggested by the following questions: "What are the views of people about auditors and senior auditor categories, if at least some percentage of the correct answers to the following questions, from the professional point of view with sufficient professional competence and knowledge, are considered?". Therefore, the mean response obtained from field experts and which followed the accounting profession, as the criteria for adequacy of professional knowledge, has been used. In sum, out of the total population of the study, only 53% were auditors and 70% were assumed as senior auditors. The statistical research community comprised auditors and senior auditors employed in auditing institutions, members of certified public accountants and the "audit organization" which practiced auditing from 2008 to 2009 in Iran. One of the most important issues in implementation research is to determine the number of samples. The sample size (needed under a simple random sampling, estimated to average) and collections of a community can be determined by the following method:

$$N \geq (Z^2 * V_2x) / \epsilon^2$$

In this formula:

z: 95% confidence level is equal to 1.96;  $\epsilon$ : error estimates expressed are equal to 5%.

Based on this method, the minimum number of samples required in the category of auditors (50) and senior auditors (19), respectively was determined during the final stage of the questionnaire collected by a researcher. The auditors (55) and senior auditors (22) that were selected in the category have been tested respectively. Test samples were done randomly from the list of member institutes of certified public accountants and audit organizations.

### Research hypothesis

To achieve the research objective, according to the review of literature, the main hypothesis postulated in the study is as follows:

**H<sub>1</sub>:** Auditor and senior auditors have enough knowledge about

direct taxes and business laws.

### Testing of hypothesis

In order to test the research hypothesis, the first type of frequency distribution data from the perspective of normal data is specified. Kolmogorov-Smirnov Test was employed to determine the "test normality" of the two categories of auditors (auditor and senior auditor) separately. Therefore, the statistical hypothesis in the categories of the auditor and senior auditor is described:

**H<sub>0</sub>:** A response received from the auditors has a normal distribution.

**H<sub>1</sub>:** A response received from the auditors does not have normal distribution.

Student t-test was utilized to analyze the data used to test the normal distribution, while the non-parametric sign test was used to test the data for the normal distribution.

Considering the results of comments based on a group of professional experts and scholars under the audit review group visitors, the auditors and senior auditors' percent (53 and 70%, respectively) of correct answers to the questionnaire from the professional viewpoint with professional competence and knowledge are considered adequate. So, the hypothesis of the statistical measure of knowledge audit is shown as follow:

Auditor category: H<sub>0</sub> - The average of correct answers equal to or greater than the value of the auditor category is 53%. As such, H<sub>0</sub>:  $\mu \geq 0.53$ . H<sub>1</sub> - The average of correct answers in the auditor category is less than 53%. As a result, H<sub>1</sub>:  $\mu < 0.53$ .

Senior auditor category: H<sub>0</sub> - The average of correct answers equal to or greater than the value of the senior auditor category is 70%. Consequently, H<sub>0</sub>:  $\mu \geq 0.70$ . H<sub>1</sub>: The mean of the correct response in the senior auditor category is less than 70%.

## RESULTS

The results of Kolmogorov-Smirnov Test are shown in Table 2, while the results of the original research hypothesis testing, concerning the knowledge of auditors and senior auditors in the category are shown in Tables 3 and 4.

Considering that the trade variable has a normal distribution, the test range of the variables (tax and tax expenditures) did not accept a normal distribution, equivalent to the nonparametric sign test used to test the aforementioned hypothesis.

In the entire test statistics, the value is less than 0.05, so the hypothesis H<sub>0</sub> is accepted. This means that auditors in areas of tested knowledge are adequate.

In this study, the relationship between knowledge and the experience of auditors has also been tested.

**Table 2.** Test results of Kolmogorov–Smirnov test.

| Category senior auditor | Category auditor | Results of the hypothesis | Field-test questions             |
|-------------------------|------------------|---------------------------|----------------------------------|
| Normal                  | Normal           | Accepted                  | Commercial Law                   |
| Abnormal                | Abnormal         | Rejected                  | Income Tax                       |
| Abnormal                | Abnormal         | Rejected                  | Deductibility                    |
| Abnormal                | Abnormal         | Rejected                  | Acceptable costs of depreciation |

**Table 3.** Results of tests measuring the knowledge and professional category of the auditor

| Results  | Pearson test | Type test | Field-test questions             |
|----------|--------------|-----------|----------------------------------|
| Accepted | 0.841        | T-test    | Commercial law                   |
| Accepted | 0.7052       | T-test    | Income tax                       |
| Accepted | 0.9845       | T-test    | Deductibility                    |
| Accepted | 0.2092       | T-test    | Acceptable costs of depreciation |

**Table 4.** Results of tests measuring the knowledge and professional category of the senior auditor

| Results of the hypothesis | Pearson test | Type test | Field test                           |
|---------------------------|--------------|-----------|--------------------------------------|
| Accepted                  | 0.836        | T-test    | Commercial law                       |
| Accepted                  | 0.415        | T-test    | Income tax                           |
| Accepted                  | 0.069        | T-test    | Deductibility                        |
| Accepted                  | 0.996        | T-test    | Acceptable costs and depreciation of |

Therefore, to perform the test, Spearman correlation coefficient was used. The hypothesis test and a zero test are defined as follow:

**H<sub>0</sub>:** There is no significant relation between knowledge and professional auditors in the field of direct tax laws and business laws.

**H<sub>1</sub>:** There is a significant relation between knowledge and professional auditors in the field of direct tax laws and business laws.

The Spearman correlation coefficient test results show that the significant level of testing is almost zero and is smaller than 0.05. So, H<sub>0</sub> is rejected and H<sub>1</sub> is accepted. Thus, between knowledge and professional auditors in the field of direct taxation, and between business laws and auditor experience in the fields of test, there is a significant direct relationship.

## Conclusion

Results confirmed the main findings of the research hypothesis. In other words, it can be claimed with 95%

confidence that the auditor and senior auditors have good knowledge about direct taxation and business laws.

Other findings of this study have shown that there is a relation between knowledge and experience of professionals. So, these results indicate that the knowledge and ability to solve problems in the accounting profession is not merely theoretical and has also acquired professional experience.

## Suggestions

The study of the average response of auditors separately, shows that in income tax than any other subject test, the percent of correct answers is less. Therefore, this material demonstrates the need for decisions and solutions to increase awareness of these laws, among which the following can be cited:

1. Training courses for different occupational categories of auditors familiar with income tax laws.
2. Holding seminars and meetings, and reviewing laws from certified public accountants and accounting organization.
3. Devoted time to study the text of the laws on a daily or

weekly basis during the audit process.

### Limitations of the study

Usually, every scientific restrictions and barriers that may exist or cause some problems during the investigation have been done, or even to create a research, one must deviate from its true course. This task is achieved with the arrangements and brightest framework for implementation of the selected research to these considerations that the present study are always considered, but some restrictions escape some of which are as follows:

1. One of the research limitations and restrictions, refusal of some test subjects and institutions to accept the audit questionnaire and complete it, due to job involvement and conservatism, has been a professional trial to explain the purpose of the research and also respect the principle of confidentiality. It is also a reminder of the business confidence in the test subjects to the extent that it eliminates the aforementioned problem which is without prejudice to the administrative process of investigation.
2. In this study, only a part of the trade provisions was directly tested, because testing of the entire provisions was time consuming and patience was not a virtue of the questionnaire respondents.
3. Another study limitation is that the questionnaire has inherent limitations, which at least reduced by a trial of the visiting scholars.

### Further considerations to the study

- (a) Similar studies were conducted with the professional knowledge of auditors in the field of accounting system software.
- (b) Similar studies were conducted with the professional knowledge of auditors in other areas of direct tax laws and trade.
- (c) Research should be done on evaluating the superior understanding of auditors to audit their groups, with professional knowledge, working in a team auditing.
- (d) Research should be done on the minimum level of knowledge sufficient for professional auditors from the viewpoint of the society, in comparison to the minimum level of professional knowledge sufficient for the audit tests of certified public accountants.

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