Full Length Research Paper

An investigation of the factors effective on the compliance behavior of the tax payers in the VAT system: A case study of Qazvin tax affairs general department

Shaer Biabani and Adeleh Ramezani*

Department of Business Management, Azad University of Rasht, Iran.

In all current nations, individuals reject new taxes and any increase in the dimensions of existent taxes and resist against them. Meanwhile, attention could be devoted to the examination of tax payers' behavior as a very important ramification of the research on the issues of tax and tax collection. The present article aims at investigating the compliance behavior of the tax payers in the VAT (value added tax) system. For so doing, three factors of structural and content dimensions, including compliance costs, tax culture, complexity provision, were chosen and their effect on the extent of tax payers' compliance were tested in terms of research hypotheses. To collect data, 250 questionnaires were distributed among tax payers of this system. Then, the gathered data was analyzed using statistical package for social sciences (SPSS) and research hypotheses were tested by regression and correlation tests. Findings indicate that there is a statistically significant relationship between compliance costs and tax culture and tax payers' compliance, but there is not any significant relationship between complexity provision and tax compliance.

Key words: Value added tax (VAT), tax compliance, compliance cost, tax culture, complexity provision.

INTRODUCTION

From among various government revenues, tax is the most acceptable and appropriate type of government revenue in economic terms.

Also, tax is considered as an efficient tool for execution of economic policies (distributional and financial) and even guidance of economy in the course of macroeconomic objectives like economic stabilization, employment generation, economic growth and improvement of social welfare. Moreover, in single-product countries like our country which heavily depends on revenues obtained from exports of natural resources for procurement of government expenses, paying more attention to the role of tax in government budget seems necessary.

Hence, in view of economists, existence of an efficient tax system for continuity of activities of government is of necessaries (Mojtahed et al., 2006). Noticeable gap

between potential tax capacity and tax collections on one hand and necessity of accessing stabilized income resources on the other hand require revising in current system of taxes and adopting tax system with high efficiency as a sublime objective.

In this line, value added tax (VAT) is taken into consideration as one of systems posed in recent two decades (Voghouei, 1999). Literature of tax compliance theories identify some classifications of factors related to description of tax compliance behavior. This study discusses some of effective factors on taxpayers' compliance behavior in this system.

Significance of subject and statement of issue

Significance of tax is not merely its efficiency dimension for the government, rather, effects and pressures resulted from it, being fair and unfair of tax, its effect on economic efficiency, creation of negative and positive motivation for

---

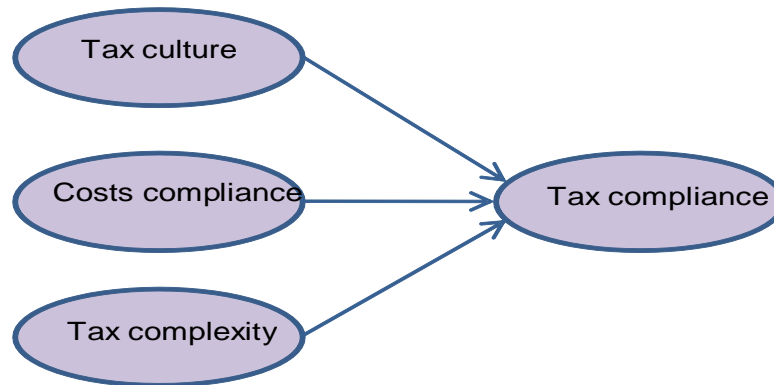*Corresponding author. E-mail: ramezani_14@yahoo.com.

Figure 1. Research conceptual model.

various activities, etc. have been taken into consideration particularly (Dadgar, 1999).Tax system is comprised of two parties: one is government as receiver of tax and the other is taxpayers as payer of tax. This system will be successful when the second party that is, taxpayers establish necessary cooperation with tax system (Aqaei, 2000). In practice, satisfactory and pleasant tax is the one that is tolerable by various strata of taxpayers and fair tax system is the one that can make three objectives practical: efficiency, justice and simplicity (Arab, 2000). Even if the best tax policies in world are not handled effectively, they will be useless (Silvani et al., 1997). There is no doubt and no one denies it that direct tax system in Iran is inefficient. Such inefficient tax system in Iran has been criticized strongly both in terms of collection of revenue for government and also in terms of moving towards fair distribution of revenue completely (Getting Familiarity with Value Added Tax, 2008). Today, in other world countries, tax plays a fundamental role in provision of government expenses. For this reason, sensitivities to collection of real tax are signified (Navidi et al., 2006).

Therefore, with identifying potential economic capacity of country and studying various types of tax systems executed in other countries, finally progressive value added tax (VAT) law was approved by representatives of people in the Islamic Consultative Assembly (Iranian Parliament also called Majlis) after two decades of research and study and presenting expert-level view-points of officials by various sectors of Legislative and Executive branches, academic centers and private sector as well (State Organization for Tax Affairs, 2008).

Value added tax (VAT) is of various types of indirect taxes which has "tax credit" value. Eventually, VAT is imposed on general consumption costs and is paid by customer (end user). It should be noted that VAT is not paid by entrepreneurs or producers (Sujjapongse, 2005). Most people have some knowledge on various aspects of tax and this public awareness and prolonged background of tax performance makes carrying out research in the field of tax behavior of taxpayers possible. This affair can be related to inclination of individuals to gain more profit materially and safeguarding it.

On the other hand, non-familiarity of individuals with concepts of public sector like status and role of government in society and necessity of its existence and also interests resulted from accurate performance of public sector and/or poverty of economic culture can brought about expansion of resistance of taxpayers as well (Arab, 2000). It seems that there are various reasons that can hurdle government to access its real share from revenues of taxpayers, one of the most important of which is related to incompliance of taxpayers (Navidi et al., 2006).

Making effort to increase tax compliance is one of the methods for increasing tax incomes and materialization of revenue objectives of government. Full tax compliance is of the most important objectives that all world tax systems are wishing to attain it.

As a matter of fact, it can be said that degree of tax compliance in each country is considered as a criterion for measuring efficacy of tax system of that country (Aqaei, 2000).

But a taxpayer who is dissatisfied without any specific problem, when he/she faces an incomprehensible tax system, then a complex of this activity leaves a negative impact on feeling of cooperation and decisions of his compliance in the field of tax (Arab, 2000).

Since every taxpayer does not show inclination to pay tax, a complex of the aforementioned factors cause taxpayer to embark on tax evasion and also tax avoid with the aim of reducing rate of paid tax (Mousavi et al., 2003).

The model of research, which has been formed from combination of concepts, questions and statement of their relation, has been presented in Figure 1.

Research questions

Various questions hit one's mind based on findings and results of study and initial study in this case as follows:

1. Does increase of rate of compliance expenses affect on rate of compliance of taxpayers in value added tax (VAT) system?
2. Does tax culture affect on compliance rate of taxpayers in value added tax (VAT)?
3. Does complexity of rules affect on compliance rate of taxpayers in value added tax (VAT)?

Since, whether in terms of tax policy setting or in terms of cognition and execution, less tool can be found better than awareness to reaction and behavior of taxpayers, application of results, obtained from research, in increase of compliance of taxpayers to value added tax (VAT) is the main objective of this study.

Background of research

A summary of research activities, which have been carried out on studying value added tax and compliance of taxpayers, will be explained.

LITERATURE REVIEW

Value added tax in the world

Naderan (2004) states that, value added tax in an enterprise is equals to the difference between sales of enterprise and costs of purchasing goods and services purchased from other enterprises. In other words, value added tax is a value that producer adds to raw materials and intermediate goods which have been purchased.

Ya'ghoubnejad (2008) defines value added tax in law as follows: the difference between value of goods and presented services with value of purchased or collected goods and services in a specific period.

While enumerating some specifications of value added tax law including: reduction of tax evasive, increase of motivation of production, stable and flexible income, gradual crystallization of economic transactions, capability of path finding transactions in imports, production, distribution and consumption cycle, supporting production and investment and also exports incentive with imposing zero rate, he states that value added tax (VAT) in many countries has been applied as a new income source with the aim of increasing government revenue.

Due to vastness of goods and services transacted and exchanged in each country and since value added in each stage will be subject to value added tax, it is obvious that tax basics has vast application than any other tax. Boskim et al. (1980) first imposed value added tax in the country of Indonesia on goods and commodities and then they considered services liable to it. With imposing single rate (10%) for all goods and (20%) for sales of luxury goods, they stated that imposing value added tax has not left any palpable effect on level of prices.

Tax compliance of taxpayers

Roth et al. (1989) define tax compliance as a compliance with report requirement tool terms and condition in a way that all payments of taxpayers require submitting tax declaration in appropriate time. Also, tax declaration should report tax liability precisely according to total internal income, court rules and decisions that are executable at the time of registering declaration.

Second part includes process of reforming tax system, tax culture, tax compliance costs and background of research on the aforementioned cases.

Simplification of rules

In research made by Biniyaz (2008), this question is posed that: "Can complexity and ambiguity of tax rules and regulations affect in nonpayment of tax timely?"

Principle of simplicity of taxes law: Through the application of first and second group tests, it was specified that this study has a positive approach to this question. Therefore, results of this study approve important principle of simplicity and comprehensible law of taxes.

Tax culture

Tax system management of a country cannot attain its objectives without recognition of dominant tax system. Since the study of tax culture in some countries has rather long experience, it is a new subject in our country. Although decision makers and officials of tax organization state the said subject in their interviews, tax system management has not been studied scientifically. The best tax rules, facilities, methods, resources and other means will turn ineffective and inefficient without considering credence, values, norms of society and generally tax culture of country.

Elements and players form specific tax culture and constitute cultural norms and the institutions that have been developed in the course of history. However, they specify tax manuals.

Consequently, tax culture includes a concept more than culture of tax collection and culture of tax payment as well (Nerré et al., 2003).

Aqaei (2008) attributes the term "tax culture" to voluntary tax compliance growth of taxpayers. In Iran, some specifications of government has been formulated in such a way that tax evasive is encouraged and the said issue has caused culture of payment of tax by taxpayers and tax policy-setting by governmental body as well as indifference of reference groups.

In a study made by Pendy in the U.S. entitled "Development of Tax Culture for Better Cooperation", most people feel that tax is a disturbance phenomenon that should

Table 1. Number of sample for each stratification.

Sampling method	No. of stratifications (Cities)	Percentage of units to whole statistical subject	Sample volume based on Krejcie. and Morgan table	No. of sample for each one of units	No. of questionnaire collected for each unit
Stratified	Qazvin (438)	0.59		250×0.59=148	148
	Boueinzahra (139)	0.19	250 persons	250×0.19=48	47
	Takestan (89)	0.12		250×0.12=30	30
	Abyek (76)	0.10		250×0.10=25	25
Total	742	100%	250 persons	379	250

be avoided. Taxpayers feel that they are behaved unmannerly and violently. They are of the opinion that tax is money taken by force which is an unpleasant issue. The number of tax sheets, sent by the government for people are returned and/or the number of individuals, who refrains paying tax, is increasing. Taxpayers also feel that whatever is paid by them to the government is wasted and government neglects its social responsibilities as well (Pandey, 2003).

Taherpour et al. (2001) in his research made in this regard knows the most important tax specifications which have been inherited from tax system of ex-Soviet Union as follows: 1- Lack of transparency of tax system, 2- Weakness of tax execution system. He also added: "Russian tax culture has inclined to indirect tax system in the course of tax history of Russia and personal income tax has not been considered as an important means for increasing income rate."

In Russia, people are of the opinion that government steals their belongings (distrusting to government). Morally, taxpayers also do not feel that they should fulfill their duties. Consequently, since taxpayers receive public contribution only in a less important level, they think that delay in payment of tax or tax evasive is legal.

In Iran, Emami (2004) made a research on study of effective factors of tax evasive in companies.

He concluded that the following cases have been identified as effective factors of tax evasion: Executive guarantees, control and supervision, financial and economic corruption, lack of freedom of speech and prevalence of distrust in society.

Tax compliance costs

Tax compliance is a complex behavior and it seems that there is not a general consensus in this respect. Various theoretical models have been developed in literature that according to this theoretical models, there are a wide range of effective factors on compliance behavior of taxpayers. Volume and type of tax operating costs, especially compliance costs, can be put forward as compliance decisions of a taxpayer.

Strümpel (1966) in West Germany, studied compliance costs entitled "Deformed Tax Burden" imposed by

businessmen and craftsmen of this country. Study made by Strumple was a fair effort in identifying additional burden of tax on trade companies (especially small-scale trade companies). Findings of Strumple can not be generalized to all German trade companies and craftsmen.

Strengths of Vaillancourt (1989) in Canada includes: reduction of research reverse effects through adoption of face-to-face interview, equaling costs of most state-run institutes in evaluation of administrative costs.

MATERIALS AND METHODS

The subject of present study constitutes from 742 persons as enrolled taxpayers liable to first stage of value added tax system. These persons meet one or all of the following criteria:

1. Economic activist with goods and services sales rate, equivalent to three billion rials and above in 2007
2. Economic activist with goods and services sales rate, equivalent to one billion and 250 million rials and above in first five months of 1387 (2008)
3. All importers and exporters.

All data of the present study are related to the years 2008 – 2009.

The location of the present study is Qazvin Province Tax Affairs Department General. Sampling method of the present study is of stratified sampling method in a way that sample volume has been distributed proportionally between stratifications (cities) based on number of draftees of first stage.

The number of samples collected for each city has been mentioned in Table 1 (Sekaran, 2007).

The present study has been carried out in Qazvin Province Tax Affairs Department General. The study is of applied type in terms of objective while it is of regression type in terms of method of collecting information.

The main hypotheses of the study include four variables of: tax compliance, compliance costs, tax culture and complexity of rules.

It should be noted that variables of compliance costs, tax culture and complexity of rules are considered as independent variables and tax compliance variable is posed as dependent variable. At the present study, variables of compliance costs, complexity of rules and tax culture have been measured with Likert five-point range and ordinal scale.

Methods of collecting data

The most important methods of collecting data at this study are as follows: (Taherpour et al., 2001)

Table 2. Descriptive statistics.

Variable	N	Skewness	Kurtosis	Std. deviation	Median	Mean	K-S	Sig.
Tax Compliance	212	-0.002	-0.877	1.112	3	3.14	-	-
Compliance Costs	214	0.46	-0.577	0.492	3.429	3.41	1.298	0.069
Tax culture	213	-0.411	-0.323	0.661	3.333	3.25	1.347	0.053
Complexity provision	214	0.15	-0.442	0.638	3.4	3.47	1.672	0.007

Library studies

At this part, library resources, required papers, articles and books, etc. have been used for collecting data in the field of theoretical basics and subject research literature.

Field studies

At this part of study, questionnaire has been used for collecting data and information for analysis. The mentioned questionnaire includes 24 questions. In designing questionnaire, it has been tried to pose short question with the aim of being comprehensible easily. Offering negative questions is avoided at the questionnaire. Likert five-choice scale has been used for designing this part which is considered as one of the most measurement scales. The general shape: and rating of this spectrum is as follows: General shape rating- very low is rated 1, low, 2; mean, 3; high, 4; and very high is rated 5

After arrangement of question, the questionnaire was submitted to tax expert officials. After getting feedback, a series of revisions was carried out in posed questions.

After revision of questionnaire, a preparatory study was made on 30 taxpayers for studying validity and then reliability of each one of the desired parameters was calculated through the application of Cronbach's alpha.

In this study, the rate of credit of this test was estimated 0.806 through the application of Cronbach's alpha which indicates existence of high correlation between questions of test and appropriate credit for this test.

Data analysis method

For analysis of data of 215 returned questionnaires, descriptive – median, mean, abundance variance, skewness, and kurtosis statistics methods have been calculated for all variables.

These indexes show variables statistics distribution in a way that compliance costs have been considered as a result of five-measurement mean as follows: 1- using new accounting system, 2- employing new employee, 3- employing tax advisor, 4- degree of reference of tax officials to the company and vice versa, 5- rate of electronic costs and tax culture resulted from four-measurement mean includes 1- tax organization justice, 2- feeling of commitment to society, 3- way of spent tax and 4- tax evasion and complexity of rules resulted from two-measurement mean of 1- degree of transparency of circular letters and instructions, 2- presenting simple forms.

In inferential statistics, models have been estimated through the application of correlation and regression analysis and hypotheses have been tested.

Also, regression assumptions include normalization (through the application of Kolmogorev-Smirnov Test) and similarity of variances (through the application of diagram of remaining amounts against anticipated amounts), have been controlled and tested.

Inference on testing hypotheses is based on meaningful level obtained from the test. That is to say that if amount of meaningful level is turned less than 0.05, zero assumption is rejected in 95% level and if meaningful level is turned less than 0.1, zero assumption will be rejected in 90% confidence level, otherwise, zero assumption is not rejected.

All calculations have been carried out through the application of SPSS 15 software package system (Mo'meni, 2007).

RESULTS

This study has two main objectives, which are attaining a balanced point of tax incomes and avoiding violation by studying the various models of collecting tax, and determining the effective variables of taxpayers on tax compliance, respectively.

The zero hypothesis and contrast hypothesis for each of the three questions of the study is as follows:

H_0: There is not a meaningful mode. ($\beta=0$)
H_1: There is a meaningful model ($\beta \neq 0$)

Hence, the results of this study are as follows:

Descriptive statistics

Largeness of mean from median shows existence of large points in data, because, mean is affected by these amounts. At these cases, distribution of skew data is in right direction and in contrast, in some cases, skewness of distribution is in left direction. Finally, in some variables, both mean and median amounts near each other and in these cases, distribution of variables are symmetrical. Distribution of the mentioned variables has nearly zero skewness and is symmetrical with each other and has similar kurtosis with normal distribution kurtosis (Table 2). Also, with regard to normalization of variables, the amount of probability is equal to 0.007 only for simple model of complexity independent variable which shows lack of normalization of remaining parts of this model.

Finally, the amount of Spearman correlation coefficient has been calculated for studying this variable and dependent variable and has shown meaningless of relation of these two variables (Spearman correlation coefficient is a nonparametric method which does not need normalization of distribution of variables). For responding all questions of the present research, regression test have been used.

Table 3. Multi-subject mean comparative test: compliance costs and compliance behavior of taxpayers VAT.

Model	Sum of squares	df	Mean square	F	Sig.
Regression	8.566	1	8.566	7.191	0.008
Residual	248.979	209	1.191	-	-
Total	257.545	210	-	-	-

Table 4. Regression determination coefficient of compliance costs and compliance behavior of taxpayers VAT.

Model	R	R Square	Adjusted R square	Std. Error of the Estimate
1	0.182	0.033	0.029	1.091

Table 5. Regression analysis of compliance costs - Compliance behavior of taxpayers, VAT

Model	Un-Standardized coefficients		Standardized coefficients	t	Sig.
	Beta	Std. error	Beta		
Constant	1.697	0.539	-	3.147	0.002
Compliance costs	0.420	0.157	0.182	2.682	0.008

H_1: Study of effect of compliance costs on tax compliance of taxpayers

The results obtained from data analysis of first question and objective show that there is a meaningful relation between compliance costs and compliance behavior of taxpayers. The probable amount (or meaningful level) of F is less than 0.05 (Table 3).

Therefore, zero hypothesis in confidence level of 95% is rejected. The only determination coefficient rate is equal to 0.033, that is approx. 3% of dependent variable changes are clarified by independent variable of compliance costs (Table 4).

Consequently, the aforementioned independent variable affects on tax compliance behavior of taxpayers, although amount of its effect is partial.

The amount of t statistics for compliance costs has been obtained 2.68. Therefore, the amount of t statistics for compliance costs in 95% level is placed at rejection area of zero hypotheses. Namely, this variable is in meaningful model.

Also, t statistics amount for intercept in 95% confidence level is placed at rejection area of zero hypothesis, indicating meaningfulness of constant amount.

Therefore, the estimated model will be as follows:

$$Yi = 1/697 + 0/42Xi$$

The relation between compliance costs and tax compliance of taxpayers is direct. Namely, if a partial amount of compliance costs is increased, the amount of tax compliance is increased equal to 0.4 % unit (Table 5).

H_2 test: Study of effect of tax culture on tax compliance of taxpayers

The results obtained on second question show that there is a meaningful relation between tax culture and compliance behavior of taxpayers. The probable F amount in this case is less than 0.05 (Table 6).

Therefore, zero hypothesis at 95% confidence level is rejected. The only determining coefficient rate is equal to 0.033, that is to say that approx. 3% of dependent variable changes is clarified by independent variable of compliance costs (Table 7).

Consequently, the aforementioned independent variable affects on tax compliance behavior of taxpayers, although amount of its effect is partial. The amount of statistics "t" has been obtained as 2.66 for tax culture.

Therefore, the amount of statistics "t" for tax culture is placed 95% at the area of rejection of zero hypothesis that is, this variable is meaningful in model.

Also, the amount of statistics "t" for intercept in confidence level of 95% is placed at the area of rejection of zero hypothesis, indicating meaningfulness of constant amount.

Therefore, estimated model will be as follows:

$$Yi – 2/158 + 0/30Xi$$

The relation between tax culture and tax compliance of taxpayers is direct. Namely, a partial amount of tax culture increased, as the rate of tax compliance of taxpayers increases to 0.30 unit (Table 8)

H_3: Study of effect of complexity of rules on tax compliance of taxpayers

The results obtained from analysis of data with regard to

Table 6. Multi-subject mean comparative test: Tax culture and compliance behavior of taxpayers, VAT.

Model	Sum of squares	df	Mean square	F	Sig.
Regression	8.328	1	8.328	7.080	0.008
Residual	244.667	208	1.176	-	-
Total	252.995	209	-	-	-

Table 7. Regression determination coefficient of tax culture – Compliance behavior of taxpayers, VAT.

Model	R	R Square	Adjusted R square	Std. error of the estimate
1	0.181	0.033	0.028	1.085

Table 8. Regression analysis of tax culture – Compliance behavior of taxpayers, VAT.

Model	Un-Standardized coefficients		Standardized coefficients	t	Sig.
	Beta	Std. error	Beta		
Constant	2.1580	.376	-	5.738	0.000
Tax culture	0.301	0.113	0.181	2.661	0.008

Table 9. Multi-subject mean comparative test: Rules Complexity – compliance behavior of taxpayers, VAT.

Model	Sum of squares	df	Mean square	F	Sig.
Regression	2.095	1	2.095	1.696	0.194
Residual	258.190	209	1.235	-	-
Total	260.284	210	-	-	-

Table 10. Regression determining coefficient of complexity of rules – Compliance behavior of taxpayers, VAT.

Model	R	R Square	Adjusted R square	Std. error of the estimate
1	0.090	0.008	0.003	1.111

3rd question and objective indicates that there is not a meaningful relation between complexity of rules and compliance behavior of taxpayers. The probable amount of "F" is equal to 0.194 and more than 0.05 (Table 9)

Therefore, hypothesis of zero in confidence level of 95% is not rejected that is, in 95% confidence level, there is no meaningful model.

The only determining coefficient degree is equal to 0.008 that is approx. 0.08% (nearly zero) of dependent variable changes is clarified by independent variable of complexity (Table 10). The amount of statistics "t" for complexity is obtained equal to 1.3.

Therefore, the amount of statistics "t" for complexity in 95% level is placed at the area of non-rejection of hypothesis of zero that is, this variable is not meaningful at model. The only amount of statistics "t" for intercept at the confidence level of 95% is placed at the area of rejection of zero hypothesis, indicating meaningfulness of constant amount. Therefore, there is no meaningful model for estimation (Table 11).

Multiple regression

Multiple regression is used for comparing effects of three variables extant at study on dependent variable. Table 12 includes analysis of variance with significant value less than 0.05 which shows regression model has managed to explain changes at dependent variable. Determining coefficient has been calculated 0.26 based on Table 13.

In Table 14, coefficients and meaningfulness of each of independent variables have been presented. With due observance to amounts of Beta column, it can be said that variable of compliance costs has the highest effect on tax compliance.

The regression equation of this study is as follows:

Yi= 0/424

Table 11. Regression analysis of complexity of rules – Compliance behavior of taxpayers, VAT .

Model	Un-Standardized coefficient		Standardized coefficient	t	Sig.
	Beta	Std. error	Beta		
Constant	2.592	0.422	-	6.142	0.000
Complexity provision	0.156	0.120	0.090	1.302	0.194

Table 12. Multi-subject mean comparative test – Multiple Regression.

Model	Sum of squares	df	Mean square	F	Sig.
Regression	17.122	3	5.707	4.976	0.002
Residual	235.126	205	1.147	-	-
Total	252.249	208	-	-	-

Table 13. Determining coefficient – Multiple regression.

Model	R	R Square	Adjusted R square	Std. error of the estimate
1	0.261	.068	0.054	1.071

Table 14. Multiple regression analysis.

Model	Un-Standardized coefficient		Standardized coefficient	t	Sig.	Collinearity statistics	
	Beta	Std. error	Beta			Tolerance	VIF
Constant	0.801	0.658	-	1.218	0.225	-	-
Compliance costs	0.424	0.157	0.185	2.698	0.008	0.970	1.031
Tax culture	0.302	0.123	0.182	2.449	0.015	0.825	1.212
Complexity provision	-0.027	0.129	-0.016	.211	0.833	0.803	1.245

Study of correlation degree between independent variables and tax compliance

Variables correlation degree has been studied through the application of Pearson correlation coefficient and Spearman correlation coefficient (for tax compliance and complexity due to non-normalization of residuals) and its results have been reflected in Table 15. Therefore, the results indicate lack of meaningful relation between tax complexity and compliance.

DISCUSSION

In the study of variables, relation of each one of independent variables has been measured with compliance behavior of taxpayers. Therefore, the results obtained from presented analysis showed that there is a positive relation between compliance costs and compliance behavior of taxpayers. This finding accords with results of study made by Strumple.

With regard to the second objective of this study, the obtained results show that there is a positive and meaningful relation between two variables of tax culture and tax compliance. This finding also accords with results of research made by Pendy, Kalantari, Aqaei and Emami.

With regard to thirds objective of the present study, analysis of obtained data showed that there is not a meaningful relation between complexity of rules and tax compliance, details of which do not accord with study made by Biniyaz.

Suggestions

In the present study, as mentioned in the foregoing, two factors of compliance (costs and tax culture) have been recognized effectively on tax compliance of taxpayers. In other words, change of each one of the abovementioned cases, in line with gaining satisfaction of taxpayers, will result in increase of tax compliance of taxpayers and rules complexity variable is not appropriate anticipator.

With due observance to this subject, Tax Affairs Organization can take giant strides towards reduction of

Table 15. Correlation coefficient amount of independent variables and tax compliance.

Variable	Spearman correlation coefficient	Pearson correlation coefficient
Compliance costs	0.19	0.18
Tax culture	0.156	0.18
Complexity of rules	0.086	-

compliance costs with acceleration of rendering appropriate services to taxpayers (especially in the field of electronic tax enrolment and declaration).

It is obvious that tax culture of a country is affected by national culture of that country. It is necessary that tax culture change is carried out gradually thanks to the value system of country. Since taxpayers have a partial belief and credence towards crystallization of Tax Affairs Organization, it should bring about an acceptable confidence level through introducing development and welfare projects resulted from on-time payment of tax coupled with increasing transparencies.

Other suggestions for future studies include:

1. In this study, compliance behavior of taxpayers has been studied in value added unit of Qazvin Province Tax Affairs Department General. It is suggested that similar studies should be carried out in other department generals of Tax Affairs Organization especially in macro cities and consequently, results obtained from the department general should be compared with one another.

2. This study has been carried out within years 2008 and 2009. Hence, studies should be carried out in this field with the aim of expanding this study based on various seasons of next years with the aim of producing the most appropriate results.

3. Three effective factors on compliance of taxpayers have been studied at this research and it is highly suggested that other effective factors should also be studied in this regard.

REFERENCES

Aqaei M (2000). Quantitative Improvement of Tax Depending on Rendering Services. Econ. Bull., Tehran, Iran, 1: 105-127.
Aqaei M (2008). Complex Articles of Iran 2nd Financial and Tax Policies Seminar. Ronas Publication. Tehran, Iran, 1: 124.
Arab MA (2000). Study of Behavior of Taxpayers and Relevancy with Inheritance Last Will and Donation. Tax Spec. Q., Tehran. Iran, 20: 10-11.
Biniyaz A (2008). Studying Reasons of Nonpayment of Physicians' Tax Timely in Sari Sub-Province. Thesis in MA Degree.

Boskim M, Charlz E, Mclure G (1980). World Tax Reform: case studies of developed and developing countries.
Dadgar KY (1999). Public Finance and Government Economy. Bashir Artistic-Cultural Institute Publications. Tehran, Iran, p. 128.
Emami A (2004). Study of Effective Factors on Tax Evasive in Companies. Thesis in MA Degree.
Getting Familiarity with Value Added Tax (2008). State Organization for Tax Affairs. Plan for Setting up Value Added Tax System.
Mo'meni M (2007). Analysis of Statistics Data through Using SPSS. Ketab-e No. Tehran, Iran, p. 68.
Naderan E (2004). Estimation of Tax Capacity Resulted from Execution of Tax Bill on Value Added. Bureau of Value Added Tax Plan.
Navidi H, Abdoli G (2006). Government Management on Behavior of Tax Officials and Taxpayers in deviation condition in tax declarations. Daneshvar Raftar Scientific-Research Monthly. 13th Edition, 20: 88.
Nerré B, Karsten B (2003). Tax Culture and Austrian Economics A Case Study of the Big 1896 Tax Reform. National Tax Association's 96th Annual Conference on Taxation in Chicago. USA, p. 5.
Pandey TN (2003). Develop a Tax Culture for Better Compliance.
Roth J, Scholz J, Witte A (1989). Taxpayer compliance an agenda for research. University of Pennsylvania Press. Philadelphia, USA, p. 1.
Sekaran O (2007). Research Methods in Management. Management and Planning Research and Higher Education Institute Publications. 3rd Edition. Tehran, Iran.
Silvani C, Baer K (1997). Designing a Tax Administration Reform Strategy: Experiences and Guidelines. International Monetary Fund.
State Organization for Tax Affairs (2008). Value Added Tax Law.
Strümpel B (1966). The disguised tax burden compliance costs of German businessmen and professionals. Natl. Tax J., 19(1): 70-77.
Sujjapongse S (2005). Tax policy and reform in Asian countries: Thailand's perspective. J. Asian Econ., pp. 1012-1028.
Vaillancourt F (1989). The administrative and compliance costs of the personal income tax and payroll tax system in Canada. Toronto. Canadian Tax Foundation.
Voghouei H (1999). Changes of Income distribution as a Result of Value Added Tax, thesis in MA Degree. Tehran, Iran.
Ya'ghoubnejad Y, Ramezani S, Ghabool M, La'l Ghaderi S (2008). Applied Instruction of Value Added Tax (VAT). Mohaghegh Publication. Tehran, Iran.