

The impact of knowledge management on tax compliance of West Azarbaijan taxpayers

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Abstract

The aim of this study is the impact of knowledge management on tax compliance of West Azarbaijan taxpayers. The research method is descriptive-correlation. In this study based on the Dalker's theory, four factors was used: knowledge creation, knowledge preservation, knowledge sharing and application of knowledge. The statistical population of study was the taxpayers of West Azarbaijan that they were 772 people. The sample size was obtained 257 people, using Cochran formula. Self-made questionnaire of knowledge management and self-made questionnaire of tax compliance of taxpayers was used to collect data. Face validity was confirmed by the supervisor using symbols or formal parameters and the reliability of the questionnaire was assessed with Cronbach's alpha. In order to analyze the data, the Kolmogorov-Smirnov test, Pearson correlation and regression were used. The results showed that knowledge management has an impact on tax compliance by the taxpayers of West Azerbaijan province.

Keywords: knowledge management, knowledge creation, knowledge sharing, knowledge application, tax compliance.

Introduction

Today, management scholars and researchers with particular emphasis say that, knowledge-based activities allow organizations to have a stable and continuous presence in the business world and a competitive environment. According to Drucker, the secret of success of the organization in the 21st century is knowledge management (Moradzadeh, 2007, p.33). Accordingly, in spite of the fact that knowledge is considered as a major source for organizational survival, as a result, condition for organizational success is the achievement of knowledge and deep understanding, but many organizations still do not pay attention to knowledge management seriously. In the knowledge-based economy, Organisations need to help of their available minds, In order to provide new ideas. In this economy, Ideal employees are those who pay to innovation, ideation, knowledge sharing, think and experience. Accordingly, It does not work anymore restrict innovation activities to the R & D department. It may save considerable amount of time and money, if achieved to a good idea from a marketing department or administrative support. So creation and development, application, transfer and commercialization of knowledge is critical component in the description of the profile of staff now (Ghelich li, 2009, pp. 4-5).

As a part of the government's revenues, tax plays an important role in the economy of every country. Knowledge of tax revenue receipts has an important role in predicting the state budget and future planning for its distribution and consumption. But we must bear in mind that the best tax knowledge management is not simply that the maximum tax revenue to be received. It is equally important that how is received such income that means its impact on tax justice, political consequences for the government and its impact on economic welfare is important. A weak tax knowledge management may arguably collect the taxes on the parts that as simple as possible to collect taxes from them, such as payroll while that is unable to collect taxes on corporations.

A more accurate measurement criteria for financial management efficiency, is the degree of tax compliance among different segments of taxpayers' society. Iran's 20-year vision plan that it was notified by the Supreme Leader, By the end of the five-year economic development plan, the government should be able to provide its current expenses from non-oil revenues is mainly tax revenues. However, the statistics show that tax revenues constitute a very small share of the country's income sources. Therefore the government should increase the share of tax revenues and take effective steps in this regard and it was not possible except by creating proper knowledge management and tax payers' compliance to taxes assessed by tax officers. This study seeks to answer the question that did the knowledge management has an impact on improving of tax payers' compliance? Then the following questions come:

1. Does knowledge creation effect on tax payers' compliance?
2. Does preserve knowledge effect on tax payers' compliance?
3. Does knowledge sharing effect on tax payers' compliance?
4. Does knowledge application effect on tax payers' compliance?

Research Methodology

Field research was conduct for this survey-applicable study. The population of this research includes population of West Azerbaijan province taxpayers which was 772 people. The sample size was 257 people, using Cochran formula. To collect data, a self-made questionnaire of knowledge management and self-made questionnaire of taxpayers' compliance was used. Face validity was confirmed by the supervisor and the reliability of the questionnaire was assessed with Cronbach's alpha. In order to analyze the data, the Kolmogorov-Smirnov test, Pearson correlation and regression were used.

Table 1. Questionnaire reliability

Cronbach's alpha	Scale
0.844	Knowledge Management
0.874	payers' compliance

Findings

Descriptive findings

Demographic variables results showed that 73.4 percent of the respondents were male and 26.6 percent were female. 27.7 percent of the sample holds a diploma, 13 percent have an associate's degree, 26.6 percent have a bachelor's degree, 22.3 percent of the sample has a master's degree and 10.3 percent of respondents have Ph.D. The respondents under 5 years of service, between 10-5 years, 15-10 years, 20-15 years and above 20 years was equal to 36.4, 31.4, 31.4, 21.6 and 2.8 respectively.

Inferential statistic

In this section, research hypotheses have been examined using the Kolmogorov-Smirnov test, Pearson correlation and regression test. Before Pearson correlation and regression test, Kolmogorov-Smirnov

nonparametric test was conducted to determine normal or non-normal data. The results of this test revealed normality of the data in the studied variables (Table 2).

Table (2) Kolmogorov – Smirnov test for research variables

	tax payers' compliance	knowledge creation	preserve knowledge	knowledge sharing	knowledge application
No (N)	257	257	257	257	257
Mean	6.75	9.7	10.07	11.24	13.5
Kolmogorov – Smirnov	1.202	1.220	1.152	1.261	1.099
Sig	0.057	0.102	0.141	0.083	0.178

According to Table 2, since a significant level of studied variables is smaller than 0.05, so all variables are abnormal hence the spearman test was used to analyze the data.

Analysis of Hypotheses

The main hypothesis: Knowledge Management is effective in promoting tax compliance of taxpayers.

In the main hypothesis of this study, according to the distance and the normality of variables Pearson correlation test was used to analyze the impact of knowledge management and tax compliance among taxpayers. The results of Pearson correlation are presented in Table 3 to measure influence between the two variables. As seen obtained significant amount was (000 / = P = sig) and because it is smaller than 0.05 ($P = 0.000 < 0.05$), as a result, one can say with 95% confidence that the Knowledge Management is effective in promoting tax compliance of taxpayers. That is the lack of relationship between two variables and zero correlation coefficient was rejected so the main hypothesis is confirmed. For more explanation it must be said that enhances the effectiveness of knowledge management makes it possible to increase taxpayers' compliance.

Table (3). Results of Pearson test

Valid sample	Sig	compliance of taxpayers	Knowledge Management	Source
	0.000	0.71	1	Knowledge Management
257	0.000	1	0.71	compliance of taxpayers

The first sub-hypothesis test: knowledge creation is effective in promoting tax payers' compliance

In the first sub-hypothesis of this study, according to the distance and the normality of variables Pearson correlation test was used. The results of Pearson correlation are presented in Table 4 to measure influence between the two variables. As seen obtained significant amount was ($P = \text{sig} = 0.02$) and because it is smaller than 0.05 ($P = 0.000 < 0.05$), as a result, one can say with 95% confidence that the knowledge creation is effective in promoting tax payers' compliance. That is the lack of relationship between two variables and zero correlation coefficient was rejected so the first sub-hypothesis is confirmed.

Table (4). Results of Pearson test

Valid sample	Sig	compliance of taxpayers	knowledge creation	Source	
	0.02	0.43	1	knowledge creation	Pearson test
257	0.02	1	0.43	compliance of taxpayers	

The second sub-hypothesis test: preserve knowledge is effective in promoting tax payers' compliance
In the second sub-hypothesis of this study, according to the distance and the normality of variables Pearson correlation test was used. The results of Pearson correlation are presented in Table 5 to measure influence between the two variables. As seen, obtained significant amount was ($P=\text{sig}=0.01$) and because it is smaller than 0.05 ($P = 0.000 < 0.05$), as a result, one can say with 95% confidence that the preserve knowledge is effective in promoting tax payers' compliance. That is the lack of relationship between two variables and zero correlation coefficient was rejected so the second sub-hypothesis is confirmed.

Table (5). Results of Pearson test

Valid sample	Sig	compliance of taxpayers	preserve knowledge	Source	
	0.01	0.68	1	preserve knowledge	Pearson test
257	0.01	1	0.68	compliance of taxpayers	

The third sub-hypothesis test: knowledge sharing is effective in promoting tax payers' compliance
In the third sub-hypothesis of this study, according to the distance and the normality of variables Pearson correlation test was used. The results of Pearson correlation are presented in Table 6 to measure influence between the two variables. As seen, obtained significant amount was ($P=\text{sig}=0.000$) and because it is smaller than 0.05 ($P = 0.000 < 0.05$), as a result, one can say with 95% confidence that the knowledge sharing is effective in promoting tax payers' compliance. That is the lack of relationship between two variables and zero correlation coefficient was rejected so the third sub-hypothesis is confirmed.

Table (6). Results of Pearson test

Valid sample	Sig	compliance of taxpayers	knowledge sharing	Source	
	0.000	0.70	1	knowledge sharing	Pearson test
257	0.000	1	0.70	compliance of taxpayers	

The forth sub-hypothesis test: knowledge application is effective in promoting tax payers' compliance.
In the fourth sub-hypothesis of this study, according to the distance and the normality of variables Pearson correlation test was used. The results of Pearson correlation are presented in Table 7 to measure influence between the two variables. As seen, obtained significant amount was ($P=\text{sig}=0.03$) and because it is smaller than 0.05 ($P = 0.000 < 0.05$), as a result, one can say with 95% confidence that the knowledge

application is effective in promoting tax payers' compliance. That is the lack of relationship between two variables and zero correlation coefficient was rejected so the fourth sub-hypothesis is confirmed.

Table (7). Results of Pearson test

Valid sample	Sig	compliance of taxpayers	knowledge application	Source	
	0.03	0.80	1	knowledge application	Pearson test
257	0.03	1	0.80	compliance of taxpayers	

Assumptions and results are summarized in Table 8.

Table (8) .Review Results

Conclusion	Hypothesis title
the hypothesis Confirmed	Knowledge Management is effective in promoting tax compliance of taxpayers.
the hypothesis Confirmed	knowledge creation is effective in promoting tax payers' compliance
the hypothesis Confirmed	preserve knowledge is effective in promoting tax payers' compliance
the hypothesis Confirmed	knowledge sharing is effective in promoting tax payers' compliance
the hypothesis Confirmed	knowledge application is effective in promoting tax payers' compliance

Discussion and Conclusion

According to the study which is the impact of knowledge management on tax compliance of West Azarbaijan taxpayers, and this is one of the main objectives of Tax organization, Considering the previous discussions, it is conclude that Factors affecting taxpayers 'compliance including the expertise and efficiency of tax officers in the accurate diagnosis of taxable income source.

In fact, if officers have more financial knowledge and personal ability and if there is sufficient office space and decent working conditions there for tax assessment and If tax officers can calmly and accurately to calculate the tax, such a tax is more equitable and Will be more acceptable by the tax payers. Engaging taxpayers, study their statements and defenses, and explain how to calculate the taxable income base can be an effective step in accepting taxes from the taxpayers.

Effect of tax culture is obvious for everyone and countries with higher tax culture are considered taxes as a national duty.

Other factors affecting taxpayers' compliance included encourage, facilitate and tax penalties (in case of non-compliance of taxpayers).

Based on the results of the first hypothesis, tax encouragement and facilitate were effective on taxpayers compliance, therefore, tax officers must provide tax compliance by notifying predicted encouragement and facilitate for taxpayers and also The INTA of the country should take measures to think that it is attempting to establish other measures as legislation or by issuing a circular in this regard, in addition to strict enforcement of tax laws to encourage and facilitate the tax by tax officers.

Based on the results of the second hypothesis, fear of the fine will be a deterrent to tax evasion if the offender penalties for taxpayers are increased. Therefore, applying tax crimes should be seriously considered by the tax officer.

And tax organization in cooperation with other authorities should provide greater enforcement of tax law by countering tax fugitives.

Based on the results of the third hypothesis, expertise and performance of tax officials is the main factor contributing to tax compliance. If the knowledge and experience of officers to be more as a result the tax was accurate, and it makes no objection to the taxpayers to the tax dispute settlement authorities and it does not prolong the tax certainty. The tax organization must use to recruit manpower from those associated with their field of study and increase the technical capacity of the tax officers by holding the training classes over the years. Another very important aspect that should be mentioned organizations is also taking up space suitable and necessary means and standard tax file number refers to investigation.

Based on the results of the fourth hypothesis, taxpayers will be more likely to pay taxes if the tax culture is prevalent in the country. Therefore, the tax authorities at the head of INTA and at the level of provincial tax departments must have further efforts to promote tax culture and they do so by informing taxpayers of their social and economic contributions tax as well as knowledge of tax laws by continues notice of it.

The results of the fifth hypothesis suggests that the acceptability of tax increases if the taxpayers are aware of the detection of tax records and closer links with financial officers, as well as how to calculate their tax information. This point must be taken into account by the tax officers and not only suffice to write taxation without regard to the statements of taxpayers. In this regard, trade unions should held briefing meetings with the assistance of tax organization for tax payers to increase their participation.

What is certain is that the researcher will identify new insights at the end of your research which can help to researchers who want to study on the similar topic. This research can therefore be considered as a new chapter for some of the research.

- It is recommended that further research be done from the perspective of tax officers, Corporation Tax and officers and individuals tax officers separately.
- It is recommended that in future studies factors affecting tax compliance to be evaluated from the perspective of tax officials in other provinces.
- Given that in some cases, reasons for taxpayers compliance arising from differences between the accounting and auditing standards and tax laws and regulations, it is suggested that in future studies to examine this aspect of the dispute.
- The results of this study is applicable in particular to the tax organization of West Azarbaijan, hence, it is suggested that similar research done in other organizations, so the results have applicability within all government organizations, this requires extensive data collection.
- Study this model in other classes of the tax organization
- Qualitative research in this area
- Review the role of other factors affecting the development of knowledge management

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