University of Sadat City

USC RANKING

Faculty of Commerce
Accounting and Auditing Dept.

The implications of tax administration governance on tax evasion practices

"A Field Study"

Submitted By

Eslam Mabrouk Elshafie Abualatta

Demonstrator- Accounting and Auditing Department

Under the Supervision of

Professor Dr. Mohamed Ali Wahdan

Professor of Auditing and dean of faculty of commerce- Menoufia University

Dr. Ragab Mohamed Omran

Lecturer of Accounting & Auditing
Faculty of Commerce – University of Sadat City

2024

Research Framework

1.1 Introduction

The primary functions of the tax system are determining the tax base and collecting taxes owed (Al-Naghy, 2015). The integrity of the tax system is dependent on the effectiveness of the tax administration, which is responsible for implementing tax policy and law to achieve the intended goals of the tax system. The successful implementation of tax policy and the attainment of its desired objectives is contingent upon the presence of an effective tax administration (Rawaba & Al-Bashir, 2017).

Also, tax administration actively pursues methods to enhance the funds required for societal well-being and to finance public expenditures (Gribnau, 2017). Additionally, it is responsible for efficiently and resolutely enforcing tax legislation, as a feeble and inflexible tax administration can lead to a decline in the intended tax income and a rise in tax evasion that is a financial crime that leads to substantial financial losses for the state (Mohamad et al., 2016)

Furthermore, tax evasion is a financial crime that leads to substantial financial losses for the state (Mohamad et al., 2016). Tax evasion hinders the government's ability to collect taxes owed by taxpayers, depriving it of a crucial source of funding and causing the Egyptian economy to suffer annual losses of nearly 100 billion pounds. This problem has been exacerbated by bureaucratic corruption, lack of transparency, and the involvement of sophisticated networks, which are estimated to cost advanced nations up to 20 percent of their income tax revenues (Degl'Innocenti & Rablett, 2020). **According to OECD (2021),** the tax-to-GDP ratio in Egypt was 14.1% in 2021 which can indicate several underlying issues such as tax evasion, a large informal economy, and inefficiencies in tax administration. It can also reflect lower economic activities or a narrow tax base where fewer sectors or individuals are taxed. Tax evasion could have influenced the allocation of the tax burden and the decrease in the government's public revenues, **thereby** affecting the government's capacity to finance public expenditures (Slemrod, 2016).

As a result, the state's lack of public resources may force it to seek loans from both internal and external sources. This will increase the burden of servicing the public debt, create inequality among taxpayers, and have a negative impact on the amount of tax revenues, which make up a significant portion of the state's overall revenue (Fouda et al., 2019; Tandean & Winnie, 2016; Ariyanto et al.; Dabla-Norris et al., 2019). **Over the past**

few years, tax evasion has garnered significant interest among scholars and professionals (Nafti et al., 2020). Multiple studies (Othman, 2016; Mohamad, 2016; Fahima, 2017; Fouda et al., 2019) have shown that tax evasion has various causes and factors, with the most significant ones being flaws in tax legislation, deficiencies in tax administration, and a lack of tax awareness. Therefore, a comprehensive reform of the tax system is necessary.

In light of the preceding, the researcher seeks to conduct a field study on the Egyptian General Tax Authority to measure and assess the impact of implementing tax administration governance on mitigating tax evasion practices in Egypt.

1.2 Research Problem

Taxation is crucial for governments to fund their initiatives and programs (Adeniyi & Adeesunlaro, 2017) and decrease their dependence on government borrowing (Altaf et al., 2019). Many individuals have found that they are not hesitant to pay taxes. This issue poses significant difficulties for governments globally (Brink & Porcano, 2017), leading to a country's budget shortfall and undermining its capacity to meet expenses (Vousinas, 2017). This issue extends beyond taxpayers and encompasses the participation of certain tax administration personnel in corrupt tax practices (Fahima, 2017). One of the adverse consequences of the risks associated with the Egyptian tax system is the inability to collect taxes effectively (Al-Naghy, 2015).

In line with recommendations in prior research (Jazar, 2017), implementing tax administration governance will lead to a comprehensive tax reform that effectively utilises all available tax resources, maximizes tax awareness, minimizes tax disputes, and accurately restricts taxpayers. These measures will ultimately contribute to the reduction of tax evasion.

In accordance with numerous previous studies and prominent international experiences on the influential role resulting from implementing tax administration governance and its impact on mitigating tax risk via the fundamental principles of tax administration governance, as identified by Jazar (2017), are:

- Disclosure and transparency
- proper implementation of legislation
- Controlling
- Objectivity
- Guarantee the rights of taxpayers
- Guarantee the rights of employees in tax administration

- Independence
- Risk management

In light of the above, the research problem is embodied in determining the extent to which the tax administration of the Egyptian Tax Authority is committed to applying the principles of governance and the resulting impact on tax evasion practices in Egypt.

The research problem can be summarized in the following questions:

1. What are the principles of tax administration governance? What specific challenges does the Egyptian Tax Authority face in implementing tax administration governance principles?
2. What are the most common tax evasion practices in Egypt?
3. What is the impact of implementing principles of tax administration governance on tax evasion practices?

1.3 Literature Review

To achieve the research objectives and test its hypotheses, the researcher will present and analyze the literature review in relation to the research variables as outlined below:

First group: Studies on tax administration governance

Alshafei (2015)

Alshafei (2015) aimed to **assess** the reality of tax accountability in Egypt and its mechanisms for enhancing it, as well as to design a proposed framework for tax administration governance to increase the effectiveness of tax accountability.The study revealed that tax legislation No. 91/2005 satisfies numerous tax governance principles, providing a legislative foundation for an effective governance framework. Tax administration governance increases performance effectiveness within tax administration, improves the work environment of the tax accounting system, and increases the efficiency of tax accountability.

Alobini & Abd Alrahman (2015)

In the same context, Alobini and Abdul Alrahman (2015) **highlighted** the importance of tax governance through direct and indirect tax control in reducing government and administrative corruption. A field study was conducted in which 154 questionnaires were distributed to 154 tax and external auditors. Increasing direct tax control by the tax department and indirect tax control by external auditors reduces financial and administrative corruption, according to the findings of the study.

Abd Elkhaleq (2016)

Abd Elkhaleq (2016) **aimed to** differentiate between corporate and tax governance, highlight their distinctions, and propose reforms for the tax system that would affect its related parties—tax legislators, tax administration, accountants, and taxpayers. The findings revealed that concepts related to corporate governance would aid in the work of tax governance and vice versa as part of a relationship of mutual influence that would result in the reform of the accounting and tax systems. **Also,** the requirements of the accounting and tax system reform would be met through the use and activation of both corporate governance and tax.

Abd Elrasoul (2016)

In addition, Abd Elrasoul (2016) **examined** the reality of implementing tax governance rules and mechanisms in the Egyptian tax system, which reduce financial and administrative corruption and enhance tax accountability. The study found that governance mechanisms can be applied to the tax system because they share common factors. To implement governance standards in the Egyptian tax system, a regulatory framework should be developed to ensure that the tax system is equipped with regulatory instruments that allow it to develop a good tax strategy.

ALhowyeg (2018)

The study **(ALhowyeg, 2018)** aimed to clarify the role of governance principles in tax administration in order to enhance tax accountability through a field study of the tax administration in Al-Mergib. The importance of tax administration governance in raising the effectiveness of tax accounting is one of the study's results. The report recommended staff training and development of professional and administrative abilities, engaging taxpayers in the formulation of tax laws and dealing with them in a transparent manner, and interacting with the senior management and board of directors.

Belhadi and Qadi (2018)

Belhadi and Qadi (2018) **assessed** transparency of tax expenditure policies in Algeria in accordance with OECD principles. The results revealed the absence of a uniform legal framework in Algeria governing the granting of tax concessions, the numerous bodies responsible for granting and monitoring tax expenditures, the absence of a precise determination of goals intended to be attained through the adoption of tax expenditures in Algeria; the absence of prior recognition of tax expenditures in annual financial laws; and the lack of information and comprehensive statistics regarding the nature tax expenditures.

(Mousa, 2018)

A study (Mousa, 2018) **examines** the effect of tax governance on enhancing the quality of accounting information in Sudan by conducting a field study of the tax authority in 2018. Disclosure and transparency, the democracy of management, the proper implementation of legislation, and tax risk management represent the principles of tax governance. The results indicated that tax governance improved the quality of accounting information.

Mohamad & Ameen (2018)

A study (Mohamad & Ameen, 2018) **focused** on comprehending the role of tax governance in activating the self-assessment method, the relationship between the application of tax governance and enhancing transparency and disclosure in the procedures followed by the tax administration and taxpayers, and the role of tax governance in increasing the tax administration's confidence in the taxpayers' returns. The self-assessment method, as well as the clarity of tax legislation, reduces tax disputes, according to the study's findings.

Al-Sheibi (2018)

The **objective** of the study (Al-Sheibi, 2018) was to determine the role of tax governance mechanisms in combating tax corruption in Benghazi and its surrounding areas. A questionnaire was distributed to three tax administrations and their subsidiary offices. The study yielded a number of findings, the most significant of which was a strong correlation between the application of mechanisms of tax governance and the fight against tax corruption in Libya's taxation offices.

Abd Allah (2019)

In addition, The objective of the study (Abd Allah, 2019) was to **determine** the impact of the rules of tax governance on enhancing tax accountancy of value-added and reducing earnings management practices within the Sudanese tax authority. After conducting a field study, the study reached a number of conclusions, including the existence of a statistical correlation between protecting the rights of taxpayers and reducing earnings management practices.

Altahir & Mammeri (2019)

The study (Al-Tahir & Mammeri, 2019) aimed to **determine** the principles of corporate governance and the extent to which tax administrations are committed to implementing these principles in order to develop tax inspection mechanisms. A case study was conducted on the Algerian tax authority by distributing questionnaires to a random sample of 46 tax authority employees. Governance principles aided in the development of tax inspection mechanisms, according to the study.

Ali & Mussa (2020)

The study (Ali and Mussa, 2020) aimed to **identify** impact of tax system computerization on evaluating internal control and activating tax governance in sudan. The study revealed that the computerization of the tax system facilitates tax governance by establishing interaction platforms between the system's parties.

Azoz (2020)

The purpose of the study (Azoz, 2020) was to **shed light on** a new and modern approach to the development of the tax performance of countries in a way that permits a degree of flexibility in the forms of tax cooperation between Arab countries by applying tax governance as an important and necessary strategy to enhance the performance of tax systems. The study concluded that the Arab countries' attempts at comprehensive tax reform require radical changes in the legislative environment in which laws are enacted, an improvement in tax administration, a shift toward the governance of the Arab tax system, and the establishment of transparency rules, and the simplification of tax work.

Mohamad & Ameen (2018)

A study (Mohamad & Ameen, 2018) **focused** on comprehending the role of tax governance in activating the self-assessment method, the relationship between the application of tax governance and enhancing transparency and disclosure in the procedures followed by the tax administration and taxpayers, and the role of tax governance in increasing the tax administration's confidence in the taxpayers' returns. The self-assessment method, as well as the clarity of tax legislation, reduces tax disputes, according to the study's findings.

Al-Sheibi (2018)

The **objective** of the study (Al-Sheibi, 2018) was to determine the role of tax governance mechanisms in combating tax corruption in Benghazi and its surrounding areas. A questionnaire was distributed to three tax administrations and their subsidiary offices. The study yielded a number of findings, the most significant of which was a strong correlation between the application of mechanisms of tax governance and the fight against tax corruption in Libya's taxation offices.

Gomaa (2023)

The **objective** of this study is to measure the impact of the flat tax techniques on tax administration governance. The impact was assessed by doing statistical analysis on the data collected from the community involved in the field study. The study determined that there is a significant correlation between the suggested flat tax mechanisms and the governance of the tax administration. The study also shown a significant correlation between the suggested flat tax systems and the establishment of confidence between taxpayers and tax authorities. Furthermore, the study demonstrated a significant correlation between the suggested flat tax procedures and the incorporation of the informal economy into the formal economy.

Madunezim et al., (2024)

Finally, This study investigates the implementation of e-governance in the Federal Inland Revenue in Nigeria. The study revealed several obstacles, such as the digital divide, insufficient technology infrastructure, limited digital literacy, cyber security risks, organizational culture, and absence of supportive legislation. **Overall,** the implementation of e-governance in the Federal Inland Revenue Service of Nigeria has significantly transformed the country's tax administration. It has improved operational effectiveness, clarity, and the generation of income while enhancing taxpayer contentment.

Second group: Studies on tax governance and tax evasion:

Bajsir & Abd Alkafi (2015)

Bajsir and Abd El-Kafi (2015) **examined** the impact of implementing governance in the tax authority on the effectiveness of the tax system in Libya and the activation of tax revenue collection techniques. A case study was conducted in which the study population was represented by the number (61) of employees of the tax administration in Misrata, Libya, and 42 questionnaires were distributed to the target users. The findings of the study indicated that implementation governance in tax administration affects the efficiency of the tax system by ensuring compliance with the laws and instructions. It can limit opportunities for tax evasion, achieve the voluntary compliance of taxpayers.

Ameen (2017)

The purpose of the study (Ameen, 2017) was to **clarify** the relationship between tax auditing and tax governance, as well as their effect on tax revenue. The tax auditing is a preventative and efficient control mechanism for ensuring compliance with tax laws, particularly the declarative tax system. In conclusion, the study demonstrated that tax auditing is an important tool for enhancing tax governance, combating tax evasion, and increasing tax revenue.

Epaphra and Massawe (2017)

Epaphra and Massawe (2017) **analyzed** the effects of institutional variables (corruption and governance), structural variables (per capita income, trade openness, inflation, and share of agriculture in GDP), and policy variables (tax rate and tariff rate) on total tax revenues, direct taxes, indirect taxes, and trade taxes for 30 African countries over the 1996-2016 period using a panel data set. The results of the RE regression indicate that corruption and governance are two of the most important determinants of tax revenues in Africa. While corruption has a negative impact on tax revenues, good governance tends to generate tax revenue.

Fahima (2017)

In the same context, Fahima (2017) **analyzed** the effect of tax governance on Algeria's tax revenue (2008-2016). The researcher relied on Algeria's public authorities' tax laws and legislation, official reports, and related statistics. The study determined that a good tax system should be dependent on tax governance so that tax administration can generate sufficient tax revenue to fund public spending.

Abd Elkafi (2018)

The objective of the study (Abd Elkafi, 2018) was to **determine** the effect of implementing a governance system on tax revenue collection procedures at the Libyan Tax Authority. A field study concludes that implementing the Tax Authority's governance system improves revenue collection procedures.

Almomani and Alobini (2018)

In another context, Almomani and Alobini (2018) **investigated** the effect of tax governance, "Tax control and tax risks," on tax revenue. A field investigation was conducted. 400 questionnaire forms were distributed to 400 auditors. Tax control was found to have a direct correlation with tax revenues. Consequently, tax evasion is reduced by the activation of corporate internal control and external control of tax administration on taxpayers. **In addition,** the research demonstrates a negative correlation between tax risks – such as one of the mechanisms of tax governance – and tax revenues.

Arif & Rawat (2018)

A study (Arif & Rawat, 2018) **examined** the impact of corruption and governance on tax revenue in emerging and growth-leading economies (EAGLE). The findings indicated that corruption and governance have a significant effect on the tax revenue collection of emerging economies.

Nazzal (2018)

Nazzal (2018) aimed to **evaluate** the extent to which the different tax administrations within the Palestinian Ministry of Finance adhere to governance standards. The study also examined the impact of these standards on local tax revenues generated by different departments. The study revealed a strong dedication among various tax departments to implement governance standards. **Furthermore,** there is a statistically significant and positive relationship between the implementation of governance standards and the tax revenues of various departments, except for property tax revenue.

Al-Obaidi & Al-Zubaie (2019)

Al-Obaidi and Al-Zobaie (2019) **discussed** the role of governance in increasing tax revenues through the implementation of the General Tax Authority's annual laws, regulations, and procedures. The study determined that governance is the process of drafting, implementing, and enforcing laws, regulations, and directives that contribute to day-to-day transactions and increase tax revenue by implementing the General Tax Authority's annual regulations.

Abd Allah & Abu Bakr (2019)

Abdullah and Abu Bakr (2019) **investigated** the role of tax governance on improving the effectiveness of tax revenue. A field study of the state tax office in Khartoum has been conducted. The researchers reached the conclusion that enhancing tax awareness resulted in a reduction in tax conflicts. **Also,** effective tax governance has facilitated the detection and identification of inaccurate tax returns, hence boosting the percentage of accurate ones.

Hassan et al. (2021)

Hassan et al. (2021) **investigate** the impact of governance on Pakistan's tax revenue. The autoregressive Distributive Lag (ARDL) cointegration method is used to determine the long- and short-term effects of the variables on the tax revenue (1976–2019). The results indicated that government stability, law and order, and internal and external conflicts have a positive and substantial impact on long-term and short-term tax revenue. The researchers concluded that governance is crucial for increasing Pakistan's tax revenue. **Additionally,** industrial-added value and inflation have a positive effect on tax revenue.

(Rashid et al., 2021)

A study (Rashid et al., 2021) **examined** the impact of governance quality and religiosity on tax evasion in OECD nations. The study also investigates which government characteristics and religiosities have a significant impact on tax evasion. Using the most recent tax evasion data, the data collected from 36 OECD countries for the period 2002–2015 were analyzed using ordinary least squares. The results demonstrate a negative relationship between governance quality and religiosity and tax evasion.

- **Comments on Literature Review:**
  - ✓ By inducting and analyzing the literature review, some studies such as **(Al-shafei (2015; ALhowyeg, 2018; Abd Allah, 2019)** have focused on the role of governance in increasing the efficiency of tax accountability. While other studies such as (Mousa, 2018 addressed effect of tax governance on accounting information quality.
  - ✓ **Lastly,** several studies such as **(Alobini& Abd Al-rahman (2015); Al-sheibi, 2018; Bajsir& Abd Al-kafi, 2015; Ameen, 2017; Epaphra & Massawe, 2017; Fahima, 2017)** examined the relationship between tax administration governance and tax evasion, as well as the effect of governance on mitigate financial and administrative corruption.
  - ✓ As an extension of previous studies, the researcher will measure the impact of tax administration governance on tax evasion practices in Egypt.

1.4 Research objectives

The primary objective of this research is to measure the impact of the implementation of tax administration governance through its main principles to improve risk management and its implications for tax evasion practices in Egypt through conducting empirical research on the Egyptian Public Tax authority. This research aims to accomplish the following sub-objectives:

1. Identifying the principles of tax administration governance and the key challenges of putting it into practice.
2. Exploring the most common practices of tax evasion in Egypt.
3. Measuring the impact of implementing principles of tax administration governance on tax evasion practices.

1.5 Research Importance: The importance of research could be represented as follows:

1.5.1. Scientific Importance:

- The significance of adopting the principles of tax administration governance in order for the Egyptian Public Tax Authority to meet the challenges it faces.
- Contributing to the development of tax administration performance to reduce the gap in implementing tax legislation.
- Educating the tax community on the significance of taxes in achieving the state's objectives.

1.5.2. Practical Importance:

- The tax authority is a crucial government agency as it generates over two-thirds of the state's revenues. If it fails to do so, several ministries will be unable to obtain the necessary resources.
- Resolving issues related to tax administration is the appropriate approach for overall tax system reform.
- Enhancing the effectiveness of tax collection and reducing the chances of tax evasion by adopting principles and processes of tax administration governance and mitigating tax risks.

1.6 Research Methodology

1.6.1. Research Approach

The research depends on the inductive and deductive approaches as follows:

1.6.1.1 Deductive Approach

According to this methodology, the empirical study results will be analyzed and interpreted to determine the nature of the impact of tax administration governance on improving risk management and its implications for tax evasion practices in Egypt and to identify the tax administration governance principles that can be implemented by the Egyptian tax authority to reduce tax risks and tax evasion.

1.6.1.2 Inductive Approach

According to this methodology, the relevant literature review will be reviewed and analyzed based on periodicals, references, scientific theses, and related Arabic and foreign studies for the purpose of determining the extent of benefit from the implementation of tax administration governance, its impact on enhancing risk management, and its implications for tax evasion practices in Egypt.

1.7 Research hypotheses

In light of the research questions and objectives and based on extrapolation and analysis of the literature review pertaining to the variables, the research hypotheses can be formulated as follows:

- **The first hypothesis:** There are statistically significant differences between the respondents towards the principles of tax administration governance.
- **The second hypothesis:** There are statistically significant differences between the respondents towards tax evasion practices.

- **The third hypothesis**: There is a significant impact of implementing principles of tax administration governance on tax evasion practices.

1.8 Research Plan

- Research Framework.
- Conceptual framework and fundamental principles of tax administration governance.
- The role of principles tax administration governance in mitigating tax evasion practices.
- Field study.
- Results and recommendations.

2.1 Conceptual framework and fundamental principles of tax administration governance

2.1.1 Definition of tax administration governance:

Tax administration governance refers to a set of principles, rules, and procedures that oversee the functioning of the tax system by outlining the responsibilities of involved parties, with penalties for non-compliance (Ahmed, 2016).

Ali and Mussa (2020) indicated that tax administration governance safeguards the rights of involved parties and accomplishes set goals efficiently. **In addition, Ali and Mussa (2020**) determined it as a framework of principles, rules, foundations, and executive procedures that govern the performance, behavior, and practices of tax administration employees and taxpayers. It also outlines the responsibilities and duties of each party to promote sustainable development.

Finally, Gomaa (2023) defined it as a set of rules and procedures that maintain the tax system's efficiency, outlining the obligations and roles of each entity involved to uphold justice, transparency, and the goals of the tax system.

2.1.2 Challenges confronting tax administration in Egypt:

Mohamad (2016) highlighted that tax administration in all countries encounters major challenges, with the most notable one being:

- The Tax Authority has expanded in recent years with an increase in its personnel and the number of taxpayers it serves. This impacts the efficiency and operations of the tax administration, especially considering its dependence on centralization to manage its activities.

- The tax system deals with different types of taxes that are interconnected. Ambiguities in tax laws, lack of clarity, and the potential for multiple interpretations can create issues for taxpayers. **Additionally,** the abundance of ministerial decisions, executive instructions, committee decisions, and court rulings can present challenges for those implementing the tax laws.
- The tax authority's many goals could lead to its fragmentation, such as (combating tax evasion, achieving the revenue target, correct application of the law, taxpayer awareness, encouraging investment, and achieving social justice).
- A psychological barrier still impacts the rapport and mutual trust between the taxpayer and the tax administration. Some taxpayers break the law and avoid taxes because they view the tax administration solely as a collector who takes their money forcibly without offering any tangible or immediate benefits in exchange.
- A lack of public responsibility, a lack of tax awareness among taxpayers, and a person's ignorance of the detrimental impacts of tax evasion on the public finances, the economy, and society.
- The tax administration bears the political system's problems when dealing with certain taxpayers, one of whom refuses to cooperate because he feels he receives no direct, tangible services.
- Several professionals (such as accountants and attorneys) help taxpayers in the wrong way by helping them avoid paying taxes or not complying with the law, disregarding the interests of the public.
- Society's members do not care to get an invoice from the merchant or taxpayer, indicating a lack of awareness and a tax culture. The taxpayers' unwillingness to provide invoices or official receipts further complicates the administration tax situation.
- Many taxpayers lack cooperation and haughtiness while interacting with tax administration agents, especially those who work in non-commercial professions.
- Adopting contemporary technology techniques, such as Internet-based government service delivery systems and electronic fund transfer systems, presents difficulties for the tax administration.

Therefore, the state needs to create innovative solutions to assist the informal sector in fulfilling all legal requirements and integrating into the tax system. This will help boost formal commercial and industrial activities in Egypt, enhance exports, stimulate growth rates, and decrease tax evasion. Establishing multiple industrial projects in every Egyptian governorate may be the appropriate approach for integrating and formalizing the informal sector inside the country's economy (Gomaa, 2023).

- **Tax evasion:** It refers to a taxpayer's illegal activities, such as not maintaining proper accounting records, hiding the true size of their business, or failing to disclose some of their income sources, that result in their failure to pay all or part of the taxes they owe (Zaki, 2021).

In any nation, developed or developing, it is impossible to eradicate all forms of tax evasion. It is, therefore, imperative that all nations make a concerted effort to utilize the newest techniques and most efficient systems to tightly control any means that could be used for tax evasion, **thereby** minimizing the likelihood of it happening (Taufik, 2018).

2.1.3 Requirements for applying tax administration governance:

The application of tax administration governance requires the following (Abd El-khaleq, 2007):

- **The presence of objectivity in tax legislation texts**

Tax legislation provisions must be specific, clear, and not open to interpretation or personal judgment. It should align with generally accepted accounting principles to ensure consistency when implemented and approved by tax authorities.

Working on this axis is crucial as it helps minimize tax disputes arising from varying interpretations of tax laws among taxpayers, tax authorities, and accountants. Also, to maintain the tax benefits provided by the tax legislator for economic or social purposes due to the disruption caused by the ambiguity of provisions requirements or lack of practical application.

- **Compatibility of tax legislation with the Constitution and other laws**

Tax laws must align with and not contradict the Constitution, Labor Law, Small Enterprise Development Law, and international agreements on double taxation, civil, and criminal law.

- **An efficient approach to promptly resolve tax disputes and prevent their recurrence is needed.**

This mechanism encompasses all constructive actions that lead to settling tax disputes and lowering their causes, such as:

- Purifying tax legislation and the tax work system from any texts or behaviors that lead to tax disputes, such as:
  - ✓ Ensuring that the tax provisions are consistent with the Constitution, other laws, and international agreements.
  - ✓ Tax legislation should also contain provisions that prevent tax arbitrariness and arbitrary assessments by the tax administration.
- Insert a clause in the tax laws granting the Minister of Finance the power to renew tax reconciliation provisions and resolve tax disputes to prevent frequent court involvement.

▪ **Establishing a voluntary commitment among taxpayers to comply with tax laws.**

In a mature tax society that values and prioritizes tax payment, taxpayers should willingly adhere to the tax laws. This voluntary commitment necessitates meeting certain standards that encompass all parts of tax administration governance, such as:

- Reducing corruption in the state overall.
- Emphasizing the importance of promoting tax knowledge among young individuals during their early school years, necessitating collaboration across the pertinent ministries involved in this field.
- Ensuring that citizens feel their basic human requirements for commodities and services are supplied respectably cannot be achieved through propaganda efforts, especially considering the everyday struggles of taxpayers.
- Reducing the overall tax burden for taxpayers to promote investment activity and boost revenue.
- Striving to transform the current tax culture among taxpayers by emphasizing the need to view tax compliance as a spiritual obligation closely linked to honor and integrity.
- Focus on enhancing religious conscience to ensure compliance with tax duties.

▪ **Tax legislation's contribution to enhancing the professional and technical performance of accountants, taxpayers, and tax administration personnel.**

The development of the tax system is directly related to the professional development of individuals working in tax administration, firms, and auditors.

2.1.4 General principles of tax administration governance

The principles of tax administration governance guide the tax administration and stakeholders in defining objectives and proposing various methods for achieving them(Al-shafie,2015). **These principles are:**

- **Existence of an effective regulatory structure:** Tax legislation consists of a collection of laws and regulations that regulate the imposition and collection of taxes and define the relationship between the tax administration and taxpayers to finance the public treasury and achieve tax justice. Tax legislation should be characterized by simplicity, which means the ease of formulating its provisions and not complicating them so that taxpayers with a limited tax culture can understand these laws and know their rights and obligations. This leads to an increase in the proportion of voluntary commitment, a decrease in the proportion of tax evasion and avoidance, and an increase in tax revenue. In return, the intricacy of tax legislation increases compliance costs, prompting taxpayers to commit tax avoidance and evasion to avoid these high costs (Al-Sunbati, 2014).
- **Ensuring the rights of taxpayers:** Taxpayers have access to public information, confidentiality, and privacy protections. In addition, they have procedural rights, such as the right to be informed of any changes to their tax status or obligations, notification of any decisions made by tax authorities, and the right to object to those decisions if they believe them to be unjustified (Abd Allah, 2019).
- **Taxpayers are treated fairly:** tax systems are concerned with two fundamental categories of equity. Horizontal equity indicates that two taxpayers in comparable circumstances pay the same amount of tax. The second form of equity to consider when evaluating a tax system is vertical equity. Vertical equity is attained when taxpayers with greater tax-paying capacity pay more tax than taxpayers with lesser tax-paying capacity (Spilker, 2019).
- **Balancing between stakeholders:** Several subprinciples support and guide the application of this principle as follows (Al-Shafei,2015):
  - ✓ Stakeholders' rights must be respected within the confines of the law.
  - ✓ The rights of stakeholders should be safeguarded with the assurance that, in the event of a violation, they will be compensated for any resulting harm.
  - ✓ There should be mechanisms in place to support and enhance the participation of stakeholders in decision-making, their representation on the board of directors, and the discussion of decisions with stakeholders prior to their adoption and implementation.

- ✓ Provide an effective and efficient framework for implementing the rights of stakeholders and resolving disputes between them.

- **Report of tax transparency and disclosure:** The report should include information about the tax administration's short- and long-term plans and objectives and the extent to which they are achieved; information about tax revenues, tax risks, workforce, and training programs compared to responsibilities and objectives; the policy of rewarding the board of directors, its responsibilities and powers; structures, policies, and mechanisms of tax administration governance; systems, processes, and executive procedures; and the policy of rewarding the board of directors, its responsibilities and powers (Al-Shafie, 2015).
- **Activating the responsibilities of the Supreme Tax Council:** Several subprinciples support and guide the application of this principle as follows (Al-Shafei,2015):
  - ✓ The Supreme Tax Council should perform its duties based on complete, accurate, and timely information and with due diligence in order to attain the goals of the stakeholders and the tax administration.
  - ✓ The board should be committed to implementing high ethical standards and treat all stakeholders fairly and equitably.
  - ✓ The council's primary responsibilities should include establishing the strategy and work plans, monitoring the performance of the tax administration, supervising the effectiveness of governance practices, internal control, and audit systems, ensuring the integrity of reports, and applying clear accountability standards. The board should be able to exercise independent, objective judgment on matters of tax administration, and the majority of its members and chair should be independent.

2.1.5 Digital tax governance:

Digital tax governance refers to the utilisation of information and communications technology to facilitate tax examination and the delivery of tax services in a convenient, efficient, and transparent manner. It involves the exchange of information between the tax administration, taxpayers, and the international tax system, as well as the integration of different systems and services between the tax administration and its taxpayers. This approach aids in the reduction of tax risks and financial corruption (Qasim, 2021).

In this regard, the Egyptian Ministry of Finance has recognized that the effectiveness of tax collection depends largely on the efficiency of the tax system. As the tax system is responsible for collecting over 75% of the state's public revenues, the ministry has prioritized the development of the tax system. This has involved implementing significant changes and structural reforms in three revenue authorities: Egyptian Tax Authority, Real Estate Tax Authority, and Customs Authority. This comprehensive shift was manifested through the restructuring of tax and customs procedures, the improvement of the legislative framework, and the modernization of tax system management through the utilization of information technology and comprehensive mechanization. These measures aim to ensure effective control, minimize tax evasion, streamline tax processes, and optimize tax revenues (Ministry of Finance, 2021).

3.1 The role of principles tax administration governance in mitigating tax evasion practices

3.1.1 The concept of Tax evasion

When referring to tax noncompliance, there are two categories: tax avoidance and tax evasion. Tax avoidance is a lawful practice that involves utilizing tax rules to lower the amount of tax owed. It reflects a taxpayer's ability to organize their financial matters effectively. Tax evasion is the intentional violation of tax laws by a taxpayer to avoid paying taxes, which might include not filing income tax returns or providing false information about tax liability.

Over the past few decades, tax evasion has been regarded as the most contentious subject due to its frequent occurrence. It is regarded as a significant loss of tax money for the government, which puts pressure on it to provide public services smoothly (Islam et al., 2020). As a result, it also makes taxes more burdensome for both the government and complying taxpayers, which discourages them from paying their fair share of taxes. Therefore, raising tax money from taxpayers has proven to be a difficult task for governments and tax agencies. Tax evasion is the result of taxpayers purposefully failing to file returns, understating their income, overstating their spending, or failing to file returns even when they can pay the taxes (Rashid, 2020).

In this regard, tax evasion refers to a taxpayer's illegal activities, such as not maintaining proper accounting records, hiding the true size of their business, or failing to disclose some of their income sources, that result in their failure to pay all or part of the taxes they owe (Zaki, 2021).

Finally, the most prevalent issues facing any tax administration are tax evasion and avoidance. It is thought that by establishing an effective tax system and a contemporary, positive tax culture, the government may resolve this problem. In this instance, there needs to be harmony between the tax system and tax culture. The latter places more focus on the actions of the taxpayers and the national tax law. Accordingly, the behavior of tax officials as well as taxpayers together constitutes the concept of tax culture (Gaber & Gruevski, 2018).

3.1.2 Tax evasion practices

To engage in tax evasion, a taxpayer may enlist the assistance of knowledgeable individuals who may identify fraudulent ways. These methods exploit weaknesses or loopholes in the legal framework or utilize legal or unlawful tactics to decrease the taxable amount. Tax evasion encompasses many strategies employed by taxpayers or their representatives to evade payment of their tax obligations.

As stated by Mokrani (2016), Various techniques can be employed to engage in tax evasion, such as manipulating accounting transactions, engaging in physical fraud, or exploiting legal loopholes.

3.1.2.1 Tax evasion through manipulating accounting transactions:

Accounting is the sole method utilized by the tax administration to conduct investigations, verifying that the taxpayer's declarations align with the entries outlined in their accounting records. Nevertheless, taxpayers adeptly devise and employ techniques of accounting manipulation to evade, which encompass:

- **inflating of accounting expenses:** The regulatory body has outlined the expenses that need to be subtracted, prompting taxpayers to artificially inflate their expenditures to minimize the tax burden on them. Some of the most often employed techniques include:
  - ✓ **Unjustified expenditures:** refer to instances where taxpayers report additional expenses unrelated to the organization's activities and include them as part of the institution's financial obligations. This includes situations like covering the personal phone bill of one of the institution's directors and recording it as an expense for the institution.
  - ✓ **Fictitious employees:** In this scenario, the taxpayer manipulates the accounting records by including pay and salaries for employees who do not actually exist to exaggerate expenses and minimize tax obligations.
- **Decreased revenues:** This decrease occurs when sales are made without issuing invoices, which eliminates any record of the transaction. Additionally, the taxpayer and customer collude to understate the worth of these transactions. Some of the key strategies for decreasing revenue include:

- ✓ Recording sales reductions falsely, such as fictitious returned products or commercial discounts, without any actual return of goods or granting of discounts.
- ✓ Omitting deliberately the issuance of invoices for certain sales.

3.1.2.2 Tax evasion through physical deception:

The taxpayer conceals both his wealth and his taxable assets, whether partially or entirely. One of the consequences of this form of evasion is the proliferation of underground economies and illicit markets.

- **Partial concealment: The** taxpayer mitigates the tax liability without eliminating it. This is accomplished through:
  - ✓ The taxpayer intentionally reports a value that is lower than the actual amount of the tax.
  - ✓ Engaging in clandestine activities that are unauthorized and conducted alongside the primary operations of the institution.
  - ✓ Engaging in the concealment of a portion of the merchandise and merchandise that is liable for taxation, with the intention of reselling it in the underground market.

- **Entire concealment:** The taxpayer fails to pay the entire amount of taxes owed, using the lack of tax control. This is accomplished through the following methods:
  - ✓ The taxpayer refrains from disclosing his activities.
  - ✓ The taxpayer locates factories or production units in remote or concealed areas, making them challenging to access.
  - ✓ A set of taxpayers relocate their operational base to evade tax payments, including proprietors of import and export enterprises.

3.1.2.3 Tax evasion through legal deception:

The taxpayer is deemed to engage in tax evasion by employing any of the subsequent methods:

- Submitting the annual tax return using falsified books, records, accounts, or documents, with full awareness of their falsity or including data that contradicts what is verified in the concealed books, records, accounts, or documents.
- Submitting the annual tax return by claiming the lack of books, records, or documents but including data that contradicts the concealed books, records, accounts, or documents.
- Deliberate obliteration of records or documents about the tax prior to the prescribed period for the prescription of the tax debt.

- Engaging in the act of fabricating or altering purchase or sale invoices or other official documents with the goal of misleading the Authority by showing less earnings and greater losses.
- Concealing a taxable activity or portion thereof.

3.1.3 The principles tax administration governance and tax evasion practices

The implementation of governance in tax administration affects the efficiency of the tax system by ensuring compliance with the laws and instructions that define the responsibilities of tax administration officials and address the economic, administrative, social, and political issues facing the tax administration. It can reduce opportunities for legal and legislative manipulation, limit opportunities for tax evasion, achieve the voluntary compliance of taxpayers, enhance the taxpayers' confidence in the tax authorities by increasing disclosure and transparency in the accounting data provided in the tax return, and enhance revenue collection procedures by counting, recording, and controlling taxpayers (Bajsir and Abd Elkafi, 2015)

In the same context, a good tax system should be dependent on tax governance so that tax administration can achieve the goals of tax policy, such as generating sufficient tax revenue to fund public spending. Tax governance is also necessary for improving the effectiveness of tax administration and its relationship with the taxpaying community. Tax justice, transparency, and tax control are the fundamental pillars of tax governance; necessary means should be provided to raise tax awareness, and tax control should be strengthened to control any attempt to evade tax payments (Fahima, 2017).

In another context, Al-Momani and Al-Abini (2018) asserted that the activation of corporate internal control and external control of tax administration on taxpayers reduces tax evasion. In addition, the research demonstrates a negative correlation between tax risks such as one of the mechanisms of tax governance and tax revenues.

In the same context, corruption and governance have a positive and substantial effect on the tax revenue collection of emerging economies (Arif & Rawat, 2018).

Al-Obaidi and Alzubaie (2019) **determined** that governance is the process of drafting, implementing, and enforcing laws, regulations, and directives that contribute to day-to-day transactions and increase tax revenue by implementing the General Tax Authority's annual regulations.

In addition, increasing tax awareness led to a decrease in tax disputes and that implementing legal accountability for taxpayers led to a decrease in tax evasion. Counting tax professionals has led to the prevention of tax evasion. Achieving tax justice and equality for tax authority employees helped decrease tax evasion. Tax administration has had an impact on tax revenues by imposing and collecting taxes and preventing tax evasion. Good tax governance has aided in detecting and identifying incorrect tax returns and increasing the proportion of correct ones (Abd Allah and Abu Bakr ،2019).

In this regard, Hassan et al. (2021) indicated that government stability, law and order, and internal and external conflicts have a positive and substantial effect on long-term and short-term tax revenue. The researchers concluded that governance is crucial for increasing Pakistan's tax revenue. Additionally, industrial-added value and inflation have a positive effect on tax revenue. Based on these findings, it is proposed that the government improve governance and industrial activities significantly to increase tax revenue collection.

Finally, (Khyareh, 2019) determined that countries with higher levels of corruption have higher levels of underground economics, and, therefore, higher tax evasion is generally accepted.

4.1 Field study

The field study aimed to assess and measure the perspectives of two primary groups closely associated with the subject of the study (employees in the Egyptian Tax Authority-Legal Accountants) in terms of principles of tax administration governance, risk management methodology, tax evasion practices. Also, measuring the impact of tax administration governance on enhancing risk management and its implications for tax evasion practices. To achieve the objectives of the study and test its hypotheses, this topic was divided as follows:

4.1.1 Field study methodology

The study population comprises two groups that are most closely associated with the subject of the study. The first group consists of employees in the Egyptian Tax Authority, including tax examiners, heads of tax offices, and tax auditors. The second group is comprised of certified public accountants.

Table No. (1)
Study population and sample

Groups	Size of each group	No. of questionnaires distributed	No. of questionnaires excluded	Total count of valid questionnaires eligible for analysis
First group: Employees at the Egyptian Tax Authority	192	255	12	243
Second group: Legal Accountants	192	146	6	140
Total	384	401	18	383

Source: Prepared by the researcher

4.1.2 Statistical analysis techniques used

To achieve the objectives of the research and test its hypotheses, a set of statistical techniques was used to analyze the study data. The most important of these techniques are the following (using SPSS & AMOS version 23):

- **Reliability and validity:** test will be conducted using "Cronbach's Alpha" to assess the reliability and validity of the study results.
- **Descriptive statistical techniques**: such as the **arithmetic mean**, and **coefficient of variation** are used to quantify the differences in the average opinions of respondents regarding the research axes.
- **Kolmogorov-Smirnov** and **Shapiro-Wilk:** to assess the conformity of research variables to a normal distribution using.
- **Man-Whitney U Test**: was employed to explore whether there is a significant difference in the means of responses between the two sample groups.
- **Regression analysis:** will be used to understand the relationship between one dependent variable and independent variables. Simple regression used in case of the presence of only one independent variable, while multiple regression used in case of the presence of more than one independent variable

4.1.3 Results of descriptive analysis of study variables

This section explainss the results of Descriptive Analysis of Study Variables as shown below:

4.1.3.1 Testing reliability and validity of the study variables

The reliability measures are an indication of the extent to which the results of the questionnaire list can be relied upon, and then the researcher used Cronbach's Alpha test as the most reliable measure of the internal consistency between the variables of the study, as when this measure exceeds (0.6) as a minimum, the greater the possibility of reliability on the results of questionnaire list. The following table shows a presentation of the results of the reliability and validity test as follows

Table No. (2)
The reliability and validity coefficient

Variables	phrases	Cronbach's alpha	Validity coefficient
(X) Principles of Tax administration governance	22	0.907	0.952
(Y) Tax evasion practices	11	0.914	0.956
Total	**33**	**0.789**	**0.888**

Source: Statistical results

The above table No. (2) clearly shows that Cronbach's alpha coefficient falls within the range of 0.757 to 0.95, with all values exceeding 0.6. Hence, these values are deemed acceptable as they indicate the presence of reliability for the study variables. **Additionally,** the validity coefficient falls within the range of 0.870 to 0.975, which affirms the reliability of the statistical analysis results and the potential for generalizing the findings to the study population.

4.1.3.2 Distribution of Study Items According to Demographic Variables:

The researcher described the data obtained from questionnaire list, by calculating the frequencies and percentages of the demographic variables represented in (educational qualification, job, and years of experience). The following figure shows the distributionof the study items according to the demographic variables.

Table No. (3)
Descriptive analysis of respondents

Demographic variables		Frequency	Percentage (%)
Education	**BSc**	**233**	**61%**
	MSc	**107**	**28%**
	PhD	**43**	**11%**
	Total	**383**	**100%**
Experience	**Less than 5 years**	**129**	**34%**
	From 5 to 10 years	**108**	**28%**
	From 10 to 15 years	**84**	**22%**
	More than 15 years	**62**	**16%**
	Total	**383**	**100%**
Classes of respondents	**Employees at Egyptian Tax Authority**	**243**	**63%**
	Legal Accountants	**140**	**37%**
	Total	**383**	**100%**

Source: Statistical results

From Table No (3), it becomes clear to the researcher the high level of educational qualification and practical experience of the respondents, which reflects their ability to understand the subject of the study, and then answer credibly the questions of the survey list.

4.1.3.3 Assessing the conformity of research variables to a normal distribution

Assessing the conformity of research variables to a normal distribution is essential for the validity of parametric statistical tests, which assume normally distributed data. Normality can be evaluated through both graphical methods, like histograms and Q-Q plots, and statistical tests, such as the Shapiro-Wilk and Kolmogorov-Smirnov tests. Ensuring normality before analysis helps prevent misleading results and enhances the credibility of research findings. When data deviates from normality, alternative strategies, including data transformation or non-parametric tests, may be necessary to maintain the integrity of the analysis. To conduct this analysis, we will use two statistical tests: **Kolmogorov-Smirnov** and **Shapiro-Wilk** with a confidence level of 95%.

A- Assessing the conformity of this first variable: principles of tax administration governance to a normal distribution

Table No. (4)
Assessing the conformity of this first variable
principles of tax administration governance to a normal distribution

Variables	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	df	P.value	Statistic	df	P.value
1- There are well-defined guidelines that clarify authorities and responsibilities of stakeholders (tax administration- employees- taxpayers).	.228	383	.000	.870	383	.000
2- There are clear controls that ensure fairness and simplicity in tax systems.	.316	383	.000	.647	383	.000
3- There is an independent and efficient judicial system for the impartial and effective implementation of laws.	.193	383	.000	.839	383	.000
4- The criterion of proficiency and professional capabilities is employed to promote employees.	.387	383	.000	.602	383	.000
5- Staff capacities are enhanced and their level of competence is raised.	.248	383	.000	.815	383	.000
6- The Egyptian Tax Authority provides taxpayers with a charter that outlines their rights and responsibilities.	.223	383	.000	.828	383	.000
7- There are specific procedures that ensure the protection of taxpayers' rights and allow their access to these rights without any violation by the tax administration.	.223	383	.000	.828	383	.000
8- taxpayers have the opportunity to participate in decisions that have an impact on their tax liabilities.	.360	383	.000	.662	383	.000

Variables	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	df	P.value	Statistic	df	P.value
9- All taxpayers who belong to the same category and have similar circumstances are treated equally, have the same rights, and bear the same obligations.	.209	383	.000	.832	383	.000
10- The tax treatment of different categories is differentiated in proportion to the conditions and size of each category.	.234	383	.000	.834	383	.000
11- Procedures and mechanisms are implemented to combat tax evasion in order to prevent the evader from gaining advantages at the expense of honest taxpayers.	.342	383	.000	.734	383	.000
12- All tax evaders are punished without exception, considering the proportionality of the punishment to the severity of the offense.	.247	383	.000	.812	383	.000
13- The rights of stakeholders are respected and conflicts among them are managed according to a legally recognized framework.	.234	383	.000	.812	383	.000
14- Stakeholders are offered guarantees to ensure they receive suitable compensation if their rights are violated upon.	.256	383	.000	.820	383	.000
15- The Board of Directors includes representatives from the stakeholders, who are involved in the discussion and approval of decisions before they are implemented.	.381	383	.000	.591	383	.000
16- Tax administration's short- and long-term plans and goals, as well as the degree to which they have been accomplished, are disclosed.	.213	383	.000	.818	383	.000
17- Tax revenues, tax risks, training programs and executive procedures are disclosed.	.246	383	.000	.816	383	.000
18- Timely information is disseminated to all stakeholders through various channels.	.240	383	.000	.824	383	.000
19- Executive instructions have been published to provide the tax officer with all the necessary information.	.311	383	.000	.743	383	.000
20- The Supreme Tax Council carries out its fundamental responsibilities, which include: establishing the strategy and work plans, monitoring the performance of the tax administration, supervising the effectiveness of governance practices, internal control, and internal control audit systems, , applying clear accountability standards, and ensuring the integrity of reports	.318	383	.000	.775	383	.000
21- The Supreme Tax Council performs its duties based on complete, accurate, and timely information and with due diligence in order to attain the goals of the stakeholders and the tax administration.	.322	383	.000	.777	383	.000
22- The council implements high ethical standards and treat all stakeholders fairly and equitably.	.275	383	.000	.799	383	.000

Source: Statistical results

The statistical analysis results clearly indicate that the study variables do not conform to a normal distribution, as evidenced by a p-value below the significance level of 0.05. Consequently, non-parametric methods such as Man- whitney U test will be utilized in the subsequent phase of the analysis.

B- Assessing the conformity of this second variable (practices of tax evasion) to a normal distribution

Table No. (5)
Assessing the conformity of this third variable practices of tax evasion to a normal distribution

Variables	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	df	P.value	Statistic	df	P.value
36- Some taxpayers artificially inflate their expenditures to minimize the tax burden on them.	.221	383	.000	.843	383	.000
37- Some taxpayers report additional expenses unrelated to the organization's activities and include them as part of the institution's financial obligations. This includes situations like covering the personal phone bill of one of the institution's directors and recording it as an expense for the institution.	.225	383	.000	.855	383	.000
38- Some taxpayers manipulate the accounting records by including salaries for employees who do not actually exist with the intention of exaggerating expenses and minimizing tax obligations.	.217	383	.000	.852	383	.000
39- Some taxpayers intentionally refrain from issuing invoices for certain sales.	.259	383	.000	.810	383	.000
40- Some taxpayers engage in clandestine activities that are unauthorized and conducted alongside the primary operations of the institution.	.295	383	.000	.847	383	.000
41- Some taxpayers engage in the concealment of a portion of the taxable merchandise with the intention of reselling it in the underground market.	.197	383	.000	.874	383	.000
42- Some taxpayers build factories or production units in remote or concealed areas, making them challenging to access.	.231	383	.000	.845	383	.000
43- Some taxpayers Submit the annual tax return using falsified books, records, accounts, or documents, with full awareness of their falsity or including data that contradicts what is verified in the concealed books, records, accounts, or documents.	.223	383	.000	.848	383	.000
44- Some taxpayers knowingly submit their annual tax return using erroneous books, records, accounts, or documents. This includes incorporating data that contradicts what is indicated in the hidden books, records, accounts, or documents.	.208	383	.000	.864	383	.000

Variables	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	df	P.value	Statistic	df	P.value
45- Some taxpayers deliberate obliterate of records or documents pertaining to the tax prior to the prescribed period for the prescription of the tax debt.	.222	383	.000	.847	383	.000
46- Some taxpayers engage in the act of fabricating or altering purchase or sale invoices or other official documents with the goal of misleading the Authority by showing less earnings and greater losses.	.229	383	.000	.849	383	.000

Source: Statistical results

The statistical analysis results clearly indicate that the study variables do not conform to a normal distribution, as evidenced by a p-value below the significance level of 0.05. Consequently, non-parametric methods such as Man- whitney U test will be utilized in the subsequent phase of the analysis.

4.1.3.4 Descriptive analysis of study results:

The arithmetic mean was used to determine the relative relevance of the respondents' responses with reference to the study's primary axes, and the standard deviation was used to measure the degree of dispersion in the respondents' opinions for each of the statements listed in the questionnaire.

A. Descriptive statistical measures of phrases of the first axis: Principles of tax administration governance between the two study samples:

The following Table No. (6) shows the results of descriptive statistical measures of phrases of the first axis Principles of tax administration governance

Table No.(6)
Descriptive statistical measures of phrases of the first axis
Principles of tax administration governance between the two study samples

Phrases	Employees of Tax Authority		Legal Accountants		total	
	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation
1- There are well-defined guidelines that clarify authorities and responsibilities of stakeholders (tax administration- employees- taxpayers).	2.597	1.309	2.293	1.267	2.49	1.300
2- There are clear controls that ensure fairness and simplicity in tax systems.	4.498	0.800	4.236	1.036	4.40	.901
3- There is an independent and efficient judicial system for the impartial and effective implementation of laws.	3.844	0.923	3.686	1.032	3.79	.966

Phrases	Employees of Tax Authority		Legal Accountants		total	
	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation
4- The criterion of proficiency and professional capabilities is employed to promote employees.	4.160	0.746	4.021	0.933	4.11	.821
5- Staff capacities are enhanced and their level of competence is raised.	4.062	0.918	3.836	1.008	3.98	.957
6- The Egyptian Tax Authority provides taxpayers with a charter that outlines their rights and responsibilities.	3.942	0.943	3.779	1.073	3.88	.994
7- There are specific procedures that ensure the protection of taxpayers' rights and allow their access to these rights without any violation by the tax administration.	3.926	0.933	3.793	1.089	3.88	.994
8- taxpayers have the opportunity to participate in decisions that have an impact on their tax liabilities.	4.132	0.792	4.071	0.957	4.11	.855
9- All taxpayers who belong to the same category and have similar circumstances are treated equally, have the same rights, and bear the same obligations.	3.893	0.925	3.800	1.094	3.86	.990
10- The tax treatment of different categories is differentiated in proportion to the conditions and size of each category.	3.823	0.866	3.629	1.041	3.75	.937
11- Procedures and mechanisms are implemented to combat tax evasion in order to prevent the evader from gaining advantages at the expense of honest taxpayers.	4.045	0.789	3.929	0.957	4.00	.855
12- All tax evaders are punished without exception, considering the proportionality of the punishment to the severity of the offense.	4.099	0.871	3.843	1.048	4.01	.946
13- The rights of stakeholders are respected and conflicts among them are managed according to a legally recognized framework.	4.070	0.900	3.821	1.108	3.98	.987
14- Stakeholders are offered guarantees to ensure they receive suitable compensation if their rights are violated upon.	3.984	0.886	3.814	1.057	3.92	.954
15- The Board of Directors includes representatives from the stakeholders, who are involved in the discussion and approval of decisions before they are implemented.	4.206	0.715	4.036	0.909	4.14	.794
16- Tax administration's short- and long-term plans and goals, as well as the degree to	4.008	0.949	3.879	1.109	3.96	1.011

Phrases	Employees of Tax Authority		Legal Accountants		total	
	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation
which they have been accomplished, are disclosed.						
17- Tax revenues, tax risks, training programs and executive procedures are disclosed.	3.967	0.927	3.871	1.072	3.93	.982
18- Timely information is disseminated to all stakeholders through various channels.	3.909	0.936	3.850	1.052	3.89	.979
19- Executive instructions have been published to provide the tax officer with all the necessary information.	4.169	0.838	3.943	1.023	4.09	.915
20- The Supreme Tax Council carries out its fundamental responsibilities, which include: establishing the strategy and work plans, monitoring the performance of the tax administration, supervising the effectiveness of governance practices, internal control, and internal control audit systems, , applying clear accountability standards, and ensuring the integrity of reports	3.708	1.005	3.471	1.083	3.62	1.039
21- The Supreme Tax Council performs its duties based on complete, accurate, and timely information and with due diligence in order to attain the goals of the stakeholders and the tax administration.	3.675	0.965	3.443	1.061	3.59	1.006
22- The council implements high ethical standards and treat all stakeholders fairly and equitably.	3.807	1.004	3.571	1.094	3.72	1.042

Source: Statistical results

- The relative importance of the phrases in the first axis, "Principles of Tax Administration Governance," was determined based on the responses from two study samples consisting of employees from the Egyptian Tax Authority and legal accountants. This determination was made using descriptive statistical measures such as arithmetic mean, standard deviation.
- The results of the first axis displayed the arithmetic means of the phrases that are considered relatively important, as perceived by employees of the Egyptian Tax Authority. These phrases were **(X2, 4.49)** and **(X15, 4.20)**. **On the other hand,** legal accountants identified phrases **(X2, 4.23)** and **(X8, 4.07)** as the relatively important. This emphasizes that **employees of the Egyptian Tax Authority** place a high value on the clarity and fairness of tax controls (**X2**) and the inclusion of stakeholder representatives in the decision-making process (**X15**). **Also, Legal accountants** value

the clarity and fairness of tax controls (**X2**), but they also place significant importance on taxpayers' opportunities to participate in decision-making (**X8**).

- The phrases that are considered least relative importance, based on the perspectives of employees of the Egyptian Tax Authority, are the phrases **(X1, 2.59**) and (**X21, 3.67**). According to legal accountants, the phrases are **(X1, 2.29) and (X21, 3.44)**. One of the responses specifically highlights that the powers of the Supreme Tax Council have not been activated yet, which may explain the lower importance attributed to **X21** by both groups.

B. Descriptive statistical measures of phrases of the second axis: tax evasion practices between the two study samples

Table No. (7)
Descriptive statistical measures of phrases of the third axis tax evasion practices between the two study samples

Phrases	Employees of Tax Authority		Legal Accountants		total	
	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation
36- Some taxpayers artificially inflate their expenditures to minimize the tax burden on them.	2.329	1.348	2.521	1.386	2.40	1.363
37- Some taxpayers report additional expenses unrelated to the organization's activities and include them as part of the institution's financial obligations. This includes situations like covering the personal phone bill of one of the institution's directors and recording it as an expense for the institution.	2.383	1.347	2.579	1.320	2.45	1.339
38- Some taxpayers manipulate the accounting records by including salaries for employees who do not actually exist with the intention of exaggerating expenses and minimizing tax obligations.	2.395	1.370	2.693	1.393	2.50	1.384
39- Some taxpayers intentionally refrain from issuing invoices for certain sales.	2.206	1.304	2.321	1.332	2.25	1.314
40- Some taxpayers engage in clandestine activities that are unauthorized and conducted alongside the primary operations of the institution.	2.342	1.183	2.586	1.235	2.43	1.206
41- Some taxpayers engage in the concealment of a portion of the taxable merchandise with the intention of reselling it in the underground market.	2.572	1.354	2.993	1.437	2.73	1.398

Phrases	Employees of Tax Authority		Legal Accountants		total	
	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation
42- Some taxpayers build factories or production units in remote or concealed areas, making them challenging to access.	2.712	1.437	3.193	1.473	2.89	1.467
43- Some taxpayers Submit the annual tax return using falsified books, records, accounts, or documents, with full awareness of their falsity or including data that contradicts what is verified in the concealed books, records, accounts, or documents.	2.774	1.397	3.086	1.432	2.89	1.416
44- Some taxpayers knowingly submit their annual tax return using erroneous books, records, accounts, or documents. This includes incorporating data that contradicts what is indicated in the hidden books, records, accounts, or documents.	2.667	1.292	2.907	1.302	2.75	1.299
45- Some taxpayers deliberate obliterate of records or documents pertaining to the tax prior to the prescribed period for the prescription of the tax debt.	2.741	1.352	3.029	1.388	2.85	1.371
46- Some taxpayers engage in the act of fabricating or altering purchase or sale invoices or other official documents with the goal of misleading the Authority by showing less earnings and greater losses.	2.712	1.311	2.979	1.327	2.81	1.321

Source: Statistical results

- The relative importance of the phrases in the third axis, "tax evasion practices in the Egyptian environment" was determined based on the responses from two study samples consisting of employees from the Egyptian Tax Authority and legal accountants. This determination was made using descriptive statistical measures such as arithmetic mean, and standard deviation.
- The phrases **(X43, 2.77)** and **(X45, 2.74)** are considered relatively important in relation to tax evasion practices in the Egyptian context, as per the viewpoints of the employees of the Egyptian Tax Authority. Legal accountants believe that the phrases are **(X42, 3.19)** and **(X43, 3.08).** This consensus underscores the widespread recognition of this tactic (**X43**) as a major tax evasion method that needs to be addressed. Employees prioritize the obliteration of records (**X45**), reflecting concerns about the destruction of evidence. Legal accountants, on the other hand, emphasize the physical concealment of production units (**X42**), indicating a focus on challenges in monitoring and enforcing tax compliance in hard-to-reach areas.

- **So,** the differences in priorities highlight the need for a comprehensive approach to tackle tax evasion, addressing both document falsification and physical concealment of activities. Strengthening measures to prevent and detect falsified documents and improving access to concealed areas can help mitigate these practices.
- The second axis results displayed the arithmetic averages of the phrases that are considered least relative importance in relation to tax evasion practices in the Egyptian context. These expressions, as per the opinions of the employees of the Egyptian Tax Authority, were **(X39, 2.20)** and **(X36, 2.32)** respectively. According to the legal accountants' opinions, the expressions were **(X39, 2.32)** and **(X36, 2.52)** respectively.
- These **results** highlight specific areas where the Egyptian Tax Authority might focus its efforts to curb tax evasion, based on the perceptions of employees and accountants. These practices are building remote production units, submitting false or erroneous tax returns, obliterating records, and fabricating documents. These are seen as critical areas of tax evasion that require attention. The low importance assigned to these practices indicates that efforts to curb tax evasion might be better focused on other, more critical practices identified in the analysis. Resources and attention could be directed towards addressing practices like submitting false documents or concealing taxable activities, which are seen as more pressing issues.

4.1.3.5 Results of the study’s hypotheses tests:

A. The results of testing the first hypothesis:

which states that "**There are no statistically significant differences between the respondents towards the principles of tax administration governance according to each group (Employees of tax authority - Legal Accountants)**." In order to test this hypothesis, **Man-Whitney** Test was employed to explore whether there is a significant difference in the means of responses between the two sample groups (Employees at Egyptian Tax Authority - Legal Accountants) as follows:

Table No. (8)
Mann-Whitney U test for testing the first hypothesis (Phrases)

Phrases	Job	Mann-Whitney U	Z	sig
1- There are well-defined guidelines that clarify authorities and responsibilities of stakeholders (tax administration-employees- taxpayers).	Employees at Egyptian Tax Authority	14728.5	2.255	0.024
	Legal Accountants			
2- There are clear controls that ensure fairness and simplicity in tax systems.	Employees at Egyptian Tax Authority	14640	2.581	0.01

Phrases	Job	Mann-Whitney U	Z	sig
	Legal Accountants			
3- There is an independent and efficient judicial system for the impartial and effective implementation of laws.	Employees at Egyptian Tax Authority	15704.5	1.321	0.187
	Legal Accountants			
4- The criterion of proficiency and professional capabilities is employed to promote employees.	Employees at Egyptian Tax Authority	16039	1.138	0.255
	Legal Accountants			
5- Staff capacities are enhanced and their level of competence is raised.	Employees at Egyptian Tax Authority	14891.5	2.159	0.031
	Legal Accountants			
X1	**Employees at Egyptian Tax Authority**	**14372.50**	**-2.549**	**.011**
	Legal Accountants			
6- The Egyptian Tax Authority provides taxpayers with a charter that outlines their rights and responsibilities.	Employees at Egyptian Tax Authority	15816	1.207	0.227
	Legal Accountants			
7- There are specific procedures that ensure the protection of taxpayers' rights and allow their access to these rights without any violation by the tax administration.	Employees at Egyptian Tax Authority	16169	0.85	0.395
	Legal Accountants			
8- taxpayers have the opportunity to participate in decisions that have an impact on their tax liabilities.	Employees at Egyptian Tax Authority	16935.5	0.083	0.934
	Legal Accountants			
X2	**Employees at Egyptian Tax Authority**	**16177.500**	**-.826**	**.409**
	Legal Accountants			
9- All taxpayers who belong to the same category and have similar circumstances are treated equally, have the same rights, and bear the same obligations.	Employees at Egyptian Tax Authority	16670	0.343	0.731
	Legal Accountants			
10- The tax treatment of different categories is differentiated in proportion to the conditions and size of each category.	Employees at Egyptian Tax Authority	15372	1.671	0.095
	Legal Accountants			
11- Procedures and mechanisms are implemented to combat tax evasion in order to prevent the evader from gaining advantages at the expense of honest taxpayers.	Employees at Egyptian Tax Authority	16402	0.665	0.506
	Legal Accountants			
12- All tax evaders are punished without exception, considering the proportionality of the punishment to the severity of the offense.	Employees at Egyptian Tax Authority	14811	2.244	0.025
	Legal Accountants			
X3	**Employees at Egyptian Tax Authority**	**15363.000**	**-1.599**	**.110**
	Legal Accountants			

Phrases	Job	Mann-Whitney U	Z	sig
13- The rights of stakeholders are respected and conflicts among them are managed according to a legally recognized framework.	Employees at Egyptian Tax Authority	15045	1.995	0.046
	Legal Accountants			
14- Stakeholders are offered guarantees to ensure they receive suitable compensation if their rights are violated upon.	Employees at Egyptian Tax Authority	15832	1.203	0.229
	Legal Accountants			
15- The Board of Directors includes representatives from the stakeholders, who are involved in the discussion and approval of decisions before they are implemented.	Employees at Egyptian Tax Authority	15547.5	1.717	0.086
	Legal Accountants			
X4	**Employees at Egyptian Tax Authority**	**14650.000**	-2.326	**.020**
	Legal Accountants			
16- Tax administration's short- and long-term plans and goals, as well as the degree to which they have been accomplished, are disclosed.	Employees at Egyptian Tax Authority	16213	0.806	0.42
	Legal Accountants			
17- Tax revenues, tax risks, training programs and executive procedures are disclosed.	Employees at Egyptian Tax Authority	16605	0.412	0.681
	Legal Accountants			
18- Timely information is disseminated to all stakeholders through various channels.	Employees at Egyptian Tax Authority	16996.5	0.014	0.989
	Legal Accountants			
19- Executive instructions have been published to provide the tax officer with all the necessary information.	Employees at Egyptian Tax Authority	15041.5	2.08	0.038
	Legal Accountants			
X5	**Employees at Egyptian Tax Authority**	**16201.500**	-.784	**.433**
	Legal Accountants			
20- The Supreme Tax Council carries out its fundamental responsibilities, which include: establishing the strategy and work plans, monitoring the performance of the tax administration, supervising the effectiveness of governance practices, internal control, and internal control audit systems, , applying clear accountability standards, and ensuring the integrity of reports	Employees at Egyptian Tax Authority	15125.5	2.01	0.044
	Legal Accountants			
21- The Supreme Tax Council performs its duties based on complete, accurate, and timely information and with due diligence in order to attain the goals of the stakeholders and the tax administration.	Employees at Egyptian Tax Authority	15128.5	2.011	0.044
	Legal Accountants			
	Employees at Egyptian Tax Authority	15136	1.944	0.052

Phrases	Job	Mann-Whitney U	Z	sig
22- The council implements high ethical standards and treat all stakeholders fairly and equitably.	Legal Accountants			
X6	**Employees at Egyptian Tax Authority**	**14809.000**	**-2.123**	**.034**
	Legal Accountants			
Total (X)	**Employees at Egyptian Tax Authority**	**14699.500**	**-2.215**	**.027**
	Legal Accountants			

Source: Statistical results

Since **Z= -2.215** with **p-value (.027) < 0.05,** we **reject** the null hypothesis, and accept the alternative hypothesis that stated that " **There are statistically significant differences between the respondents towards the principles of tax administration governance according to each group".**

B. The results of testing the second hypothesis:

which states that "**There are no statistically significant differences between the respondents towards tax evasion practices according to each group (Employees of tax authority - Legal Accountants)**" In order to test this hypothesis, Man-Whitney technique was utilized as illustrated in the following table:

Table No. (9)
Mann-Whitney U Test for testing the third hypothesis (Phrases)

Phrases	Job	Mann-Whitney U	Z	sig
36- Some taxpayers artificially inflate their expenditures to minimize the tax burden on them.	Employees at Egyptian Tax Authority	15721	1.283	0.2
	Legal Accountants			
37- Some taxpayers report additional expenses unrelated to the organization's activities and include them as part of the institution's financial obligations. This includes situations like covering the personal phone bill of one of the institution's directors and recording it as an expense for the institution.	Employees at Egyptian Tax Authority	15504	1.492	0.136
	Legal Accountants			
38- Some taxpayers manipulate the accounting records by including salaries for employees who do not actually exist with the intention of exaggerating expenses and minimizing tax obligations.	Employees at Egyptian Tax Authority	14994.5	1.996	0.046
	Legal Accountants			
39- Some taxpayers intentionally refrain from issuing invoices for certain sales.	Employees at Egyptian Tax Authority	16285	0.73	0.465
	Legal Accountants			
	Employees at Egyptian Tax Authority	15109.5	1.919	0.055

Phrases	Job	Mann-Whitney U	Z	sig
40- Some taxpayers engage in clandestine activities that are unauthorized and conducted alongside the primary operations of the institution.	Legal Accountants			
41- Some taxpayers engage in the concealment of a portion of the taxable merchandise with the intention of reselling it in the underground market.	Employees at Egyptian Tax Authority	14198	2.764	0.006
	Legal Accountants			
42- Some taxpayers build factories or production units in remote or concealed areas, making them challenging to access.	Employees at Egyptian Tax Authority	13898	3.08	0.002
	Legal Accountants			
43- Some taxpayers Submit the annual tax return using falsified books, records, accounts, or documents, with full awareness of their falsity or including data that contradicts what is verified in the concealed books, records, accounts, or documents.	Employees at Egyptian Tax Authority	14867.5	2.125	0.034
	Legal Accountants			
44- Some taxpayers knowingly submit their annual tax return using erroneous books, records, accounts, or documents. This includes incorporating data that contradicts what is indicated in the hidden books, records, accounts, or documents.	Employees at Egyptian Tax Authority	15177.5	1.821	0.069
	Legal Accountants			
45- Some taxpayers deliberate obliterate of records or documents pertaining to the tax prior to the prescribed period for the prescription of the tax debt.	Employees at Egyptian Tax Authority	15000.5	1.999	0.046
	Legal Accountants			
46- Some taxpayers engage in the act of fabricating or altering purchase or sale invoices or other official documents with the goal of misleading the Authority by showing less earnings and greater losses.	Employees at Egyptian Tax Authority	15025	1.98	0.048
	Legal Accountants			
Total (Y)	**Employees at Egyptian Tax Authority**	**14575.000**	**-2.335**	**.020**
	Legal Accountants			

Source: Statistical results

Since **Z= -2.335** with **p-value (.020) < 0.05,** we **reject** the null hypothesis, and accept the alternative hypothesis that stated that " **There are statistically significant differences between the respondents towards tax evasion practices according to each group.**

C. The results of testing the fourth hypothesis:

which states that " The fourth hypothesis: **There is a significant impact of implementing principles of tax administration governance on tax evasion practices.** To test this hypotheses, multiple regression analysis will be used to understand the relationship between one dependent variable and two or more independent variables.

Table No. (10)
Results of multiple regression anaylsis of impact of implementing principles of tax administration governance on tax evasion practices

Independent Variables	B	R	R^2	T-Test	P-Value	Significance
Constant	6.541			30.365	.000	Significant
(X1) Existence of an effective regulatory structure.	-.238	-.638	0.407	-3.346	.001	Significant
(X2) Ensuring the rights of taxpayers.	-.203	-.537	0.288	-2.859	.004	Significant
(X3) Fair tax treatment of taxpayers.	-.031	-.663	0.439	-.316	.752	Non-significant
(x4) Balancing between stakeholders.	-.463	-.698	0.487	-4.386	.000	Significant
(X5) Report of tax transparency and disclosure.	-.049	-.601	0.361	-.583	.560	Non-significant
(X6) Activating the responsibilities of the Supreme Tax Council	-.459	-.719	0.516	-6.738	.000	Significant
Correlation coefficient (R)	.772					
Determination coefficent (R^2)	.596					
F	92.391					
DF	(6-376)					
Sig. level	.000					

Source: Statistical results

From the above table, we can conclude that:

- **Significant Predictors:** X1, X2, X4, and X6 are statistically significant predictors of the dependent variable Y (tax evasion practices). This suggests that these variables have a significant negative impact on tax evasion practices.
- **Non-Significant Predictors:** X3 and X5 are not statistically significant predictors, indicating that these variables do not have a meaningful impact on tax evasion practices in the context of this model.
- **Relative Importance:** The standardized coefficients (Beta) indicate the relative importance of each predictor. x6 has the highest impact, followed by x4, x2, and x1.
- **Total correlation (R) equals (.772)**, this correlation is strong, and the coefficient of determination **(R^2)** equals (.596) and this indicates that the independent variable dimensions explain (59.6 %) of any change in Tax evasion practices (Y).

Based on information provided above, The researcher reject the null hypothesis and accept alternative hypothesis "**There is an impact of implementing principles of tax administration governance on tax evasion practices**" because that calculated F = 92.391 with high significant effect (P-value= 0.000) that less than value of (α= 0.05). **Therefore, the regression equation will be as follow:**

Tax evasion practices (Y) = 6.541 - 0.238X1 - 0.203X2 - 0.031X3 - 0.463X4 - 0.049X5 - 0.459X6

5.1 Results and recommendations

5.1.1 Results of theoretical study:

- Theoretical research demonstrated the importance of applying governance principles to government institutions because of the bad performance of government agencies, overlapping powers and responsibilities, low productivity, lack of accountability, weak oversight systems, and instances of financial and administrative corruption, particularly in the tax administration because of issues with tax evasion, raising taxpayer tax burdens, and occasionally arbitrary tax law interpretation.
- The theoretical study showed requirements for applying tax administration governance such as the presence of objectivity in tax legislation texts, compatibility of tax legislation with the constitution and other laws, an efficient approach to promptly resolve tax disputes and prevent their recurrence is needed, establishing a voluntary commitment among taxpayers to comply with tax laws, tax legislation's contribution to enhancing the professional and technical performance of accountants, taxpayers, and tax administration personnel, the fairness of tax legislation in the tax treatment between taxpayers and the tax administration, developing a self-monitoring system to ensure high-quality accounting measurement and disclosure, as well as inspection and auditing processes, while preventing instances of collusion and corruption, embracing scientific methods and cutting-edge technological advancements, the executive regulations must adhere strictly to the texts and provisions of the tax legislation, ensuring they stay within their designated role as defined by the regulating laws.
- The theoretical study demonstrated that principles must be followed in order to implement tax administration governance such as: Existence of an effective regulatory structure, ensuring the rights of taxpayers, fair tax treatment of taxpayers, balancing between stakeholders, report of tax transparency and disclosure, and activating the responsibilities of the supreme tax council.
- The theoretical study uncovered tax evasion practices in Egypt such as Tax evasion through manipulating accounting transactions, Tax evasion through physical deception, and Tax evasion through legal deception.

5.1.2 Results of field study:

- **There are statistically significant differences** between the respondents **towards the principles of tax administration governance** according to each group (Employees of tax authority - Legal Accountants).
- **There are statistically significant differences** between the respondents **towards tax evasion practices** according to each group (Employees of tax authority - Legal Accountants)".
- **There** is **an impact of implementing principles of tax administration governance on tax evasion practices"** because that calculated F = 92.391 with high significant effect (P-value= 0.000) that less than value of (α= 0.05).

5.1.3 Conclusions and Recommendations:

In light of the researcher's results in the theoretical and empirical study, the researcher recommends the following:

- The parliament should initiate comprehensive tax legislation reforms to address current defects, streamline tax laws, and ensure they are aligned with modern economic activities, including digital and informal sectors.
- The necessity of collaboration with stakeholders to draft and implement legislation that enhances the efficiency of tax collection and closes loopholes that may enable tax evasion.
- Egyptian Tax Authority should invest in training and capacity-building programs for tax officials to enhance their ability to manage and enforce tax laws effectively.
- Egyptian Tax Authority should increase the transparency of tax collection processes and policies to build trust with taxpayers. This includes publishing regular reports on tax revenues and compliance rates.
- Egyptian Tax Authority should adopt modern technological solutions such as data analytics, AI, and blockchain to streamline tax collection processes, enhance data accuracy, and improve the overall efficiency of the tax administration system.
- Egyptian Tax Authority should develop continuous professional development programs to keep tax officials updated on the latest tax laws, regulations, and administrative practices.

- Legal accountants should provide clients with accurate and up-to-date advice on tax laws and compliance requirements, helping them navigate the complexities of the tax system.
- Legal accountants should work closely with the ETA to ensure that tax filings and reports are accurate and compliant with the latest regulations, thereby reducing discrepancies and fostering a collaborative relationship between taxpayers and the tax authority.
- Legal accountants should avoid any practices that could be construed as enabling or encouraging tax evasion, and report any suspicious activities in accordance with legal obligations.

5.1.4 Suggestions for Future Research

Researchers can conduct further research and studies related to the study variables, with particular emphasis on the following:

- The impact of tax governance on the accuracy and transparency of financial reporting within companies.
- The impact of the implementation of electronic tax systems and e-governance on accounting accuracy and tax compliance.
- Conduct an empirical study on the relationship between tax administration governance and corporate governance, and assess its effect on mitigating tax evasion among publicly traded companies.

6.1 References

Abd Allah (2019). Tax governance rules as an intermediary variable between the quality of value-added tax accounting and reducing earnings management practices: a field study, doctoral dissertation, ***College of Graduate Studies***, Al-Nilein University. (In Arabic)

Abd Allah, Ahmed Ali Al-Sheikh Al-Faki; Abu Bakr, Mustafa Haroun Ezz El-Din (2019). The role of tax governance in increasing the effectiveness of tax revenue collection: a field study applied to the Sudanese Tax Office, Master’s thesis, ***College of Graduate Studies***, Al-Nilein University. (In Arabic)

Abd Elkafi, Ashraf Salem. (2018). The impact of implementing the governance system on improving tax revenue collection procedures: a field study on the tax authority departments in Libya. ***Journal of Economic Studies***, No. 4, 176-191. ***(In Arabic)***

Abd Elkhaleq, Osama Ali, (2016). Integration between the two approaches to tax governance and corporate governance as an introduction to accounting and tax reform, ***Journal of Accounting Thought***, Accounting and Auditing Department, Faculty of Commerce, Ain Shams University, No. 1, M. 20, pp. 649-786. (In Arabic)

Abd Elrasoul, Yasser Awad, (2016). Applying governance to tax administration in Egypt compared to some foreign countries, ***Contemporary Egypt Journal***, Egyptian Society for Political Economy, Statistics, and Legislation, vol. 107, no. 522, pp. 47-126. (In Arabic)

Adeniyi, S. I., & Adesunloro, B. R. (2017). Electronic taxation and tax evasion in Nigeria A study of LAGOS state. ***Journal Of Academic Research In Economics***, 9, 122–130.

Alhowyeg, Mukhtar Faraj Mukhtar, and Al-Subaih, Muhammad Badr Hamed. (2018). Tax governance and its role in raising the efficiency of tax accounting: a field study on the Al-Marqab Tax Department (Libya) (unpublished master's thesis). ***Al-Nilein University***, Khartoum. ***(In Arabic)***

Ali, Hanaa Muhammad Al-Hassan, and Mussa, Asaad Mubarak Hussein. (2020). Computerization of the tax system and its impact on evaluating internal control and activating tax governance: a field study on the Federal Tax Office (unpublished doctoral dissertation). ***Al-Nilein University***, Khartoum. ***(In Arabic)***

Almomani, Salam Nawaf; Al-Abini, Muhannad Muhammad (2018). Tax Governance and Tax Revenues, ***Journal of Development and Applied Economics***, University of M'sila, Volume 2, No. 1, pp. 190-205. ***(In Arabic)***

Alnaghy, Mahmoud Al-Sayed, (2015). Assessing the risks of the Egyptian tax system as an approach to restructuring, ***Journal of Financial and Tax Research***, Egyptian Society for Public Finance and Taxation, No. 98, pp. 17-32. ***(In Arabic)***

Alobaidi, Nahed Najm Hamad; Al-Zubaie, Salem Awad Hadi (2019). Governance and its role in increasing tax revenues in Iraq, ***Journal of Accounting and Financial Studies***, University of Messila, No. 49, No. 14, pp. 46-56. ***(In Arabic)***

Alobini, Muhannad Muhammad Musa; And Abd Al-rahman, Muhammad Abdul Rahman, (2015). The role of tax governance in reducing government corruption: a field study, ***Journal of Baghdad University*** College of Economic Sciences, no. 44, pp. 125-148. ***(In Arabic)***

Alshafie, Yasser Zakaria Sayyed Ahmed. (2015). Governance of tax administration to increase the efficiency of tax accounting. The Twenty-Second Tax Conference: Developing the Egyptian Tax System in Light of Investment and Development Requirements, Volume 2, Cairo. Al-Abbasiya: ***Egyptian Society for Public Finance and Taxation***, 1-78. ***(In Arabic)***

Alsunbati, M., (2014). Tax Reform with application to Tax Administration: A Comparative Analytical Study, ***Al-Wafa Legal Library***, Alexandria. ***(In Arabic)***

Altaf, F., Herani, G., & Awan, naveed W. (2019). An empirical analysis of determinants of tax evasion evidence from south Asia. ***New Horizons***, 13(2), 93–112.

Altaher, Tawaytiyeh, and Maamari, Rumaisa. (2019). The role of tax governance principles in activating tax examination mechanisms: a case study of the Tax Directorate in the state of Oum El Bouaghi. ***Journal of Finance and Corporate Governance***, Volume 3, Issue 2, 42-75. ***(In Arabic)***

Ameen, Rashidi. (2017). The role of in-depth fiscal investigation in activating tax governance to combat tax evasion: a field study in the Sub-Directorate of Fiscal Control in Setif. ***Economic Visions Journal***, No. 12, 485-503. ***(In Arabic)***

Arif, I. & Rawat, A. S., (2018). Corruption, governance, and tax revenue: evidence from EAGLE countries. ***Journal of Transnational managemen***t.

Ariyanto, D., Andayani, G. A. P. W., & Putri, I. G. A. M. A. D. (2020). Influence of justice, culture and love of money towards ethical perception on tax evasion with gender as moderating variable. ***Journal of Money Laundering***, 23(1), 245–266.

Azoz, Ali and Ayadi, Abdel Qader. (2020). Tax governance as an input to activating Arab tax coordination. ***Journal of the Institute of Economic Sciences***, vol. 23, p. 1, p. p. 639-655. ***(In Arabic)***

Bajsir, Ali Taha Ali; Abd El-kafi, Ashraf Salem (2015). The impact of implementing the governance system in raising the efficiency of the tax administration system and revenue collection: a case study on a sample of tax authority departments in Libya, Sirte University Scientific Journal - Human Sciences, ***Research and Consultation Center, University of Sirte***, Part 5. , No. 1, pp. 101-129. ***(In Arabic)***

Belhadi, Muhammad; Qadi, Abdel Majeed (2018). An attempt to evaluate tax spending policies in Algeria in light of the principles of tax governance, ***Journal of Al-Bashaer Economic***, Faculty of Economic Sciences, Commercial Sciences and Management Sciences, Taheri Muhammad Bashar University, No. 2, Part 4, pp. 314-332. ***(In Arabic)***

Brink, W. D., & Porcano, T. M. (2017). The Impact Of Culture And Economic Structure On Tax Morale And Tax Evasion: A Country-Level Analysis Using Sem. ***Advances in Taxation***, 23, 87–123.

Dabla-Norris, E., Gradstein, M., Miryugin, F., & Misch, F. (2019). Productivity and Tax Evasion.

Degl'Innocenti, D. G., & Rablen, M. D. (2020). Tax evasion on a social network. ***Journal of Economic Behavior and Organization***, 79–91.

Epaphra, M., & Massawe, J. (2017). Corruption, governance and tax revenues in Africa. ***Business and Economic Horizons*** (BEH), 13(1232-2019-715), 439-467.

Fahima, Haddadou, (2017). Tax governance and its impact on tax revenues in Algeria during the period 2008-2016, a thesis submitted to obtain a third-year doctoral degree (LMD) in management sciences, Department of Management Sciences, ***Faculty of Economic and Commercial Sciences and Management Sciences***, University of Akli Mohand Oulhaj "Bouira." ***(In Arabic)***

Fouda, Shawqi Al-Sayyid; Al-Ajami, Hala Abdel Fattah; Abu Zeid, Hala Nasr El-Din Badir, (2019). A proposed introduction to using judicial review in discovering cases of tax evasion: with a field study in the Egyptian business environment, ***Journal of Contemporary Business Studies***, Faculty of Commerce, Kafr El-Sheikh University, No. 6, p. 406- 455. ***(In Arabic)***

Gaber, S. and Gruevski, I. (2018). The influence of tax culture in improving the tax compliance, ***Journal of Economics***, Vol. 3 No. 2, pp. 80-88.

Gomaa, Hassan Saber Ali. (2023). The Role of Fixed Tax Mechanisms in Tax Administration Governance: A Field Study ***(Unpublished Master's Thesis***). Department of Accounting, Faculty of Commerce, Tanta University. ***(In Arabic)***

Hassan, M. S. et al., (2021). Governance: A Source to Increase Tax Revenue in Pakistan. ***Hindawi***, Volume 2021, pp. 1-11.

Islam, A., Rashid, M. H. U., Hossain, S. Z., & Hashmi, R. (2020). Public policies and tax evasion: evidence from SAARC countries. *Heliyon*, *6*(11).

Jazar, Hani Al-Tabi Mohamad, (2017). Tax administration governance is a tool for minimizing tax risks, ***Journal of Financial and Commercial Research***, Faculty of Commerce, Port Said University, No. 2, pp. 124-152. ***(In Arabic)***

Khyareh , M. (2019). A cointegration analysis of tax evasion, corruption and entrepreneurship in OECD countries. ***Economic research-Ekonomska istraživanja***, 32(1), 3627-3646.

Madunezim, C. J., Eze, C. C., & Oredu, J. N. (2024). Application of e-governance in service delivery: A study of Federal Inland Revenue Service. ***Journal of Policy and Development Studies***, 14(2), 104–111. https://doi.org/10.4314/jpds.v14i2.8

Ministry of Finance (2021). The most important achievements and projects of the Ministry of Finance during the period (2018 - 2021) and future projects. Retrieved from https://assets.mof.gov.eg/files/8febbd80-cdb8-11eb-84b8-f59998890a42.pdf.

Mohamad, A., Zakaria, M. H., & Hamid, Z. (2016). Cash economy: tax evasion amongst SMEs in Malaysia. ***Journal of Financial Crime***, 23(4), 974–986.

Mohamad, Irfan Fawzi (2016). Developing tax administration in accordance with governance principles is a first step towards reforming the tax system. The 24th Scientific Tax Conference entitled: The Role of Taxes in Achieving the 2030 Strategy, Volume 3, Cairo: ***Egyptian Society for Public Finance and Taxation***, 1-27. ***(In Arabic)***

Mokrani, Iman & Ameen, Manlaikhaf Mohamed (2016). Legal mechanisms to reduce tax evasion. ***Faculty of Law and Political Science***, Ahmed Draia University - Adrar

Mousa, Saleh Adam Abdullah, and Mousa, Asaad Mubarak Hussein (2018). Tax governance and its impact on increasing the quality of accounting information: a field study on the Tax Office (***unpublished master's thesis***). Al-Nilein University, Khartoum. ***(In Arabic)***

Nafti, O., Kateb, I., & Masghouni, O. (2020). Tax evasion, firm's value and governance: evidence from Tunisian Stock Exchange. ***In Journal of Financial Crime***. https://doi.org/10.1108/JFC-02-2020-0023.

Nazzal, Basem Samih Khalil (2018). The Impact of Applying Governance Standards on the Local Tax Revenues of the Palestinian National Authority, ***Master's Thesis***, Deanship of Graduate Studies, Al-Quds University. ***(In Arabic)***

OECD (2021). *Tax-to-GDP ratio for Egypt*. OECD Global Revenue Statistics Database. Retrieved from https://data-explorer.oecd.org/vis?tenant=archive&df[ds]=DisseminateArchiveDMZ&df[id]=DF_RS_GBL&df[ag]=OECD&dq=EGY…TAXGDP&pd=2013%2C2021&to[TIME_PERIOD]=false&ly[cl]=TIME_PERIOD&ly[rs]=TAX&ly[rw]=GOV&vw=tb

Othman, Ahmed Al-Dhai Abdullah (2016). Tax examination and its role in identifying and managing tax revenue risks: an applied study on the performance of the tax office at the tax center for large companies, a dissertation submitted to obtain a doctoral degree in the philosophy of accounting and finance, ***College of Graduate Studies, Sudan University of Science and Technology. (In Arabic)***

Qasim, Anwar Nasr Badawi (2021). A proposed accounting framework to measure the impact of tax risks and financial corruption on tax revenues in the electronic operating environment: An applied study of income tax in Egypt (PhD dissertation), ***Mansoura University, Faculty of Commerce, Department of Accounting.***

Rashid, H. U., Buhayan, S. A., Masud, A. K. & Sawyer, A., (2021). impact of governance quality and religiosity on tax evasion: evidence from oecd countries. **Advances in taxation**, Volume 29, pp. 89-110.

Rashid, M. H. U. (2020). Taxpayer's attitude towards tax evasion in a developing country: Do the demographic characteristics matter? ***International Journal of Applied Behavioral Economics*** (IJABE), 9(2), 1–19.

Rawaba, Muhammad; Al-Bashir, Abdel Karim (2017). Modern trends in risk management in tax administration, ***Journal of Law and Human Sciences***, Zian Ashour University in Djelfa, vol. 10, pp. 190-203. ***(In Arabic)***

Slemrod, J. (2016). Tax Compliance and Enforcement: ***New Research and Its Policy Implications***.

Spilker, B. C. (2019). Taxation of individuals and business entities. McGraw-Hill.

Tandean, V. A., & Winnie, W. (2016). The Effect of Good Corporate Governance on Tax Avoidance: An Empirical Study on Manufacturing Companies

Listed in IDX period 2010-2013. ***Asian Journal of Accounting Research*** (Vol. 1, Issue 1, pp. 28–38).

Taufik, K. (2018). Modernization of the tax administration system: a theoretical review of improving tax capacity. ***In E3s web of conferences*** (Vol. 73, p. 10022). EDP Sciences.

Vousinas, G. L. (2017). Shadow economy and tax evasion. The Achilles heel of Greek economy. Determinants, effects and policy proposals. ***Journal of Money Laundering Control***, 20(4), 386-404.

Zaki, Muhammad. (2021). Tax evasion: measuring it and ways to combat it. Contemporary Economic Horizons Magazine, ***Information and Decision Support Center***, Council of Ministers, No. 6, pp. 11-16. ***(In Arabic)***