The Impact of National Culture on Tax Evasion through Applying Accounting Conservatism in Iraq

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DEDICATION

This Ph.D. Dissertation is sincerely dedicated to my beloved parents (my father Neema and my mother Maryam) and my wife (Insaf). Also, to my beloved daughter (Rafah) and my sons (Hayder, Bariq and Mohammed). In addition, my sister (Iqbal) and my brothers (Wajeeh, Ashraf, Mohammed, Dawud, Humam and Nidham).
Taxation is one of the most important tools used to guide the economy in general towards social justice, economic life, public services, and life-related interests. Since its establishment, the countries have endeavoured to achieve security and stability for their peoples, implement economic and developmental projects and ensure the welfare of the society. To achieve aims, the state needs many resources to finance its budget for economic and social development. Since the tax is a deduction from the income of individuals, these individuals may resort in various ways to reduce the amount of tax and for many reasons, this is called tax evasion. The literature of financial accounting showed that accounting conservatism is the oldest accounting principles, which is due to apply to the 14th century, it has been applied in ancient times to meet the conditions of uncertainty for the protection of creditors, it has spread particularly during the economic crisis in the thirties of this century, because of numerous cases of bankruptcy, although the existence of the accounting conservatism has been made, the applied research by academics has increased significantly over the past decade, with the increasing demand for accounting conservatism by the authors and users of the financial statements since the beginning of the twentieth century, as an important mechanism to reduce taxable income, the need to apply the accounting conservatism with the emergence of the agency's theory to solve problems between managers and shareholders, the application of cost or net realizable value, when evaluating the inventory, is one of the most examples of the application of accounting conservatism. In addition, depreciation methods are applied through a low estimate of the useful life of the assets, which is a tax incentive for applying the accounting conservatism, all estimates of assets should take the less (sometimes pessimistic) direction rather than the trend of optimism, as this preserves the financial position of the company to ensure that no formal profits are distributed.

It can be said that an accounting conservatism tends to bias accounting measurement, and as expected in accounting that net assets are below long-term market value (Penman and Zhang, 2002). In the other side Hofstede’s leads one of the most comprehensive studies on how cultural values affect the workplace. Culture is defined as: “the collective programming of the mind distinguishing the members of one group or category of people from others”. The six national cultural dimensions are based on Hofstede's research, which is used throughout the world in both academic and professional management. The Hofstede model of national culture is composed of six dimensions, cultural dimensions represent the independent preferences of each state separately (not individuals), and it is measured at the macro level. The indicators of national culture are relative, since we are all human beings, and our views are usually different, in other words, national culture can only be used in a meaningful way through comparison. The Hofstede model consists of the following dimensions: Power Distance Index (PDI), Individualism versus Collectivism (IDV), Masculinity versus Femininity (MAS), Uncertainty Avoidance Index (UAI), Long Term Orientation versus Short-Term Normative Orientation (LTO) and Indulgence versus Restraint (IND). Finally, by review the literature, the study methodology will be as follow:
1.1. **Problem of study**

The problems of study will be as follow:

1. Is there a statistically significant effect of the organizational culture (conservation and creativity) in the accounting conservatism?

2. Is there a statistically significant effect of organizational culture (conservation and creativity) in tax evasion?

3. Is there a statistically significant effect of the accounting conservatism in tax evasion?

4. Is the influence of organizational culture (conservative and creative) on tax evasion increases when the accounting conservatism is intermediary?

5. Is the national culture along with the organizational culture (conservation and creativity) to show the tax evasion in the bank’s sample study as a result of the variance accounting conservatism?

1.2. **Importance of study**

The importance of study will be as follow:

1. The importance of the statistically significant effect of the organizational culture (conservation and creativity) in the accounting conservatism.

2. The importance of the statistically significant effect of organizational culture (conservation and creativity) in tax evasion.

3. The importance of the statistically significant effect of the accounting conservatism in tax evasion.

4. The importance of the influence of organizational culture (conservative and creative) on tax evasion increases when the accounting conservatism is intermediary.

5. The importance of national culture along with the organizational culture (conservation and creativity) to show the tax evasion in the bank's sample study as a result of the variance accounting conservatism.

1.3. **Objectives and Scope of study**

I tried to study companies listed in the Iraqi Stock Exchange, because of the lack of sufficient data for many companies, I have been base on the data of six banks and for the years 2010 – 2013. The objectives of the study will be as follow:

1. To show the statistically significant effect of the organizational culture (conservation and creativity) in the accounting conservatism.
2. To show the statistically significant effect of organizational culture (conservation and creativity) in tax evasion.

3. To show the statistically significant effect of the accounting conservatism in tax evasion.

4. To show the influence of organizational culture (conservative and creative) on tax evasion increases when the accounting conservatism is an intermediary.

5. To show the national culture along with the organizational culture (conservation and creativity) to show the tax evasion in the bank's sample study as a result of the variance accounting conservatism.

1.4. Hypothesis of study

The Hypotheses of Study: The hypotheses of study will be as follow:

The 1st hypothesis: There is a statistically significant effect of the organizational culture (conservation and creativity) in the accounting conservatism.

The 2nd hypothesis: There is a statistically significant effect of organizational culture (conservation and creativity) in tax evasion.

The 3rd hypothesis: There is a statistically significant effect of the accounting conservatism in tax evasion.

The 4th hypothesis: The influence of organizational culture (conservative and creative) on tax evasion increases when the accounting conservatism is intermediary.

The 5th hypothesis: The national culture along with the organizational culture (conservation and creativity) to show the tax evasion in the bank's sample study as a result of the variance accounting conservatism.

Why this topic

There are many tax evasion and accounting conservatism studies, especially about the relationship and influence between them, while there is no study to link these two variables with the organizational culture or national culture, this encouraged me to study this relationship in Iraq first, and studied in developed countries later, especially I had found a lot of results that need to be studied more deeply, and need to diversify the research sample in terms of time and place.

The relationship between the Objectives and Hypotheses is shown by the Figure 1.
Figure 1. The hypotheses and the scope of the research
Source: Own preparing
2. LITERATURE REVIEW AND GENERAL OUTLOOK

2.1. Tax Evasion

Tax evasion is defined by the economic point of view as the taxpayer's attempt to completely or partially dispose of the tax, using illegal means, it is noted that the economic dimension deals with the treatment of tax evasion, focusing on the effects of evading the shortage of public treasury revenues, which negatively affect the projects and development plans of the government and to achieve the principle of tax justice among individuals. The definition of tax evasion from the legal point of view is an act that breaks the rules established to regulate and protect the economic policy of the Government, as provided for in the Criminal Code or in the special penal laws, here, the legal dimension is concerned with pursuing the evader and committing him as a criminal because he violated a text of the law, to protect economic policy and to apply the principle of justice, which is one of the pillars of the tax rules. Tax evasion from the accounting point of view is an offense resulting from the concealment, misrepresentation or falsification of information submitted to the tax administration in order to reduce the amount of tax or conceal a previous violation.

Reasons of Tax Evasion

Legislative reasons

- The authorities tax reasons
- The economic reasons
- The social reasons
- The financial reasons
- The ethical reasons

Forms of Tax Evasion

- Tax evasion according to the criterion of legality
- Tax evasion according to the criterion size of evasion
- Tax evasion according to the criterion of regional

Methods of Combating Tax Evasion

- Reform of the administrative structure of the tax authorities
- Tax awareness
- Control through punitive method
- International method

The Effects of Tax Evasion

- The financial effects of tax evasion
- The economic effects of tax evasion
- The social effects of tax evasion
The Environment of the Tax System in Iraq

- Environment tasks: include
  - The general environment

The Tax Policy in Iraq

- The tax system structure in Iraq
- The objectives of tax policy in Iraq

Measure Tax Evasion

1. Tax Evasion = Leakages Tax – Exemptions
   This makes us conclude that:
   2. Leakages Tax = Tax Evasion + Tax Exemptions
   3. Leakages Tax = Actual Tax Outcome - Planned Tax Outcome

2.2. Accounting Conservatism

The literature of financial accounting showed that accounting conservatism is the oldest accounting principles, which is due to apply to the 14th century, it has been applied in ancient times to meet the conditions of uncertainty for the protection of creditors, it has spread particularly during the economic crisis in the thirties of this century, because of numerous cases of bankruptcy, although the existence of the accounting conservatism has been made, the applied research by academics has increased significantly over the past decade, with the increasing demand for accounting conservatism by the authors and users of the financial statements since the beginning of the twentieth century, as an important mechanism to reduce taxable income, the need to apply the accounting conservatism with the emergence of the agency's theory to solve problems between managers and shareholders, the application of cost or net realizable value, when evaluating the inventory, is one of the most examples of the application of accounting conservatism, in addition, depreciation methods are applied through a low estimate of the useful life of the assets, which is a tax incentive for applying the accounting conservatism, all estimates of assets should take the less (sometimes pessimistic) direction rather than the trend of optimism, as this preserves the financial position of the company to ensure that no formal profits are distributed. It can be said that an accounting conservatism tends to bias accounting measurement, and as expected in accounting that net assets are below long-term market value (Stephen, 2002).

Classifications Accounting Conservatism

There are different accounting conservatism classifications; it will be clarified in terms of:
1. Voluntary & Mandatory Conservatism
2. Permanent & Temporarily Conservatism
3. Absolute & Partial Conservatism
4. Maximum & Minimum Conservatism
5. Conditional & Unconditional Conservatism

Accounting Conservatism, Advantages and Disadvantages

Although the accounting conservatism still affects the accounting practice, it has recently been subjected to many criticisms. Profit-management operations have led to undue profits from many enterprises and the collapse of companies such as WorldCom and Enron for a lot of criticism from the users of the financial statements, therefore, there is a divergence of views on the extent to which the accounting conservatism should be adhered to or abandoned through exposure to the positive effects and negative effects of the application of the accounting conservatism, there are views that the application of the conservatism achieves several benefits which are reasons for sticking to it the financial statements, on the other hand, there are views opposing the application of the accounting conservatism, has been strongly criticized.

Measurement of Accounting Conservatism

Measurement of the accounting conservatism has been the goal of many researchers in the fields of financial accounting, there are several approaches to measure the accounting conservatism, the most important of these approaches is the direct accounting measurement of the financial statements, which depends on the market values and their relation to the accounting values, accounting income and its relationship to gross receivables, as part of the development of accounting thought in the field of financial markets, various accounting standards and concepts have been presented based on the nature of the information content of the accounting numbers applied and the nature of the information content of stock prices and their changes that reflect investors' decisions and the information they use when making investment decisions.

The Motives of the Accounting Conservatism

The motives behind the request for an accounting conservatism is necessary in an attempt to provide the theoretical justifications that explain conservative behavior in the financial reports, in order to gain a better understanding of the rationale for an accounting conservatism, the conduct of the management, the accountant (the preparer of the financial statements), the auditor, the accounting standards professional bodies (IASB, FASB) The SEC and the SEC), self-motivated management tends to be reluctant to make financial statements in some cases due to a number of reasons: the association of directors with the company for a limited period, and the correlation of their cash and non-monetary returns with net profit more than net assets,

2.3. Organizational and National Culture

Organizational culture plays an important role in influencing the behavior of individual employees by focusing on the values and beliefs that the administration wants to instill in the minds of workers, such as customer care, teamwork, respect for
time, and dedication to work. Organizations with a strong culture provide more material and moral work than new organizations whose culture has not yet spread and has not become entrenched in new workers.

**Types of organizational culture**

1. In terms of the universality of culture: It’s divided to: The dominant culture. and Partial culture.
2. In terms of the strength of culture: Its divided to: Strong culture, and Weak culture.
3. In terms of patterns of culture: It is divided to: Culture of influence, Culture of the role, Culture of the task, and the Individual Culture.

**The importance of organizational culture**

By reviewing the organizational culture it can play a major and important role that it can play at all levels and within the organization, it may lead to the success of the organization if it contributes to the creation of a climate that promotes improvement and performance and may result in the failure of the organization obstacles to the efficiency and effectiveness of the system.

**Dimensions of organizational culture**

Opinions differ in the main dimensions of organizational culture, which can be summarized in the following elements

1. The flexibility of regulation: its ability to respond to and adapt to the variables of internal and external conditions.
2. The nature of the work: The requirements of the work in terms of its routine nature, which devote boredom and challenge creativity or it raises the challenge of the worker, and push it to experience, innovation and creativity.
3. Focus on achievement: Most projects emphasize achievement, as a basis for reward, promotion and progress.
4. The importance of administrative development and training: This is the degree to which the administration pays attention to the training and development of employees, investing in the human element is one of the most important types of investments because it causes self-confidence in the trainee to achieve goals and raise their morale.

**Functions of the Organization's Culture**

The functions of the Organization's culture are summarized in 4 main functions:

1. Organization members give organizational identity.
2. Facilitates collective commitment.
3. Strengthen the stability of the system.
4. Behavior by helping individuals understand what is going on around them.
The impact of the culture of the organization

Many studies indicate the impact of the culture of the organization on many aspects and dimensions of the organization, including:

1. The impact of the organization's culture on effectiveness.
2. Organization culture and organizational structure.

Culture and belonging (organizational loyalty).

Studies that illustrate the Contractual Motive to apply of the Accounting Conservatism

Studies illustrating the Cost of Litigation to apply the Accounting Conservatism

Studies showing the Motivation of the Organization to apply the Accounting Conservatism

Studies illustrating the Motive of Governance to apply the Accounting Conservatism
3. MATERIAL AND METHODS

3.1. Tax Evasion

During the global financial crisis, governments faced a significant decrease of state budget revenues and a sudden need to finance major enterprises, e.g. banks, as well as to increase support of certain groups of inhabitants. These factors urged the states to review carefully the main sources of state revenues, i.e. taxes. Countries wishing to increase income not only amended the tax systems, but also began to intensify the fight against tax-evading individuals and businesses (Anciute and Kropiene, 2010). The tax evasion is one of the problems that threaten the economy of countries, especially those that highly dependent on taxes to finance its expenditures, simultaneously, the tax evasion control is costly, so sought specialists to find ways to measure tax evasion as soon as the lowest cost. Tax authorities and researchers have used many of the methods in that field, and have varied depending on the viewpoint of researchers, some of whom tried to link the measurement of tax evasion with the factors of production, others used survey, and recently begun using mathematical and statistical methods. Because of the importance tax evasion we must try to measure it, and this is what will the researchers try to addressed in this paper, which will highlight the most important methods of measuring tax evasion, starting with Allingham - Sandmo (1972) as well as Yitzhaki (1974), and then recent studies such as Anciute - Kropiene (2010), Alm (2012) and Korndorfer et. al. (2014), and indicate the viewpoint of each study and its importance.

3.2. Collected Data

The study focused on data collection in two ways:

First: Companies listed in the Iraqi Stock Exchange: The studies focused on 14 companies listed in the Iraqi Stock Exchange were distributed as follows:

<table>
<thead>
<tr>
<th>Details</th>
<th>Number of Companies</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Sector</td>
<td>6</td>
<td>0.00</td>
</tr>
<tr>
<td>Insurance Sector</td>
<td>3</td>
<td>0.00</td>
</tr>
<tr>
<td>Industry Sector</td>
<td>2</td>
<td>0.23</td>
</tr>
<tr>
<td>Investment Sector</td>
<td>3</td>
<td>0.91</td>
</tr>
</tbody>
</table>

Table 1. Significant of Sample of Study

Due to the weakness of morale in both sectors of industry and investment has been to exclude them from the study, it may be the cause of non-compliance with international accounting standards when disclosure.

Second: Questionnaire: Due to the inability to measure some of the variables of the study through mathematical equations, the questionnaire was adopted, and the questionnaire is distributed as follows:

1. Questionnaire on the reasons of tax evasion in Iraq and Hungary
2. Questionnaire on the External Audit Procedures in Reducing Tax Evasion
3. Questionnaire on Measure the level of organizational culture
The limits of the research were as follows:

Place limits: Research is an applied study on Iraq.
Period limits: covered the period 2010 to 2013.

3.3. Limitations

I had faced three main obstacles when preparing the study:
1. Due to the existence of three main variables of the study was unable to find a standard measure of all variables, tax evasion and accounting conservatism can be measured through mathematical equations, the organizational culture can only be measured through the questionnaire, and finally the national culture has already been measured by Hofstede, this problem was addressed through the use of statistical methods to detect correlation and the significance of the study.
2. Data collection: Due to the weak disclosure in the Iraqi market, I had unable to approve all companies. Table 2 shows the insignificance of both industry and investment sectors in their study, in addition to the lack of data for many years, so I had forced to study the years 2010 – 2013.
3. The questionnaire: I did not find a large response from many companies to answer the questionnaire, so I was forced to reduce the size of the sample.

I relied on two sources of information which represent two approaches for the study, the first related to the survey by using the questionnaire distributed to six banks (sample of study) in the Iraqi environment, by 180 questionnaire, of which 146 were collected for analysis (81.1%) as shown in Table 1, the second related to empirical study based on the reports and financial statements listed in the Iraqi Stock Exchange for banking sector for the years 2010 to 2013.

3.4. The used Statistical Programs: SPSS and AMOS

SPSS: The Statistical Package for the Social Sciences is a software package used in statistical analysis of data. It was developed by SPSS Inc. and acquired by IBM in 2009. In 2014, the software was officially renamed IBM SPSS Statistics. The software was originally meant for the social sciences, but has become popular in other fields such as health sciences and especially in marketing, market research and data mining.

AMOS is statistical software and it stands for analysis of a moment structures. AMOS is an added SPSS module, and is specially used for Structural Equation Modeling, path analysis, and confirmatory factor analysis. It is also known as analysis of covariance or causal modeling software. AMOS is a visual program for structural equation modeling (SEM). In AMOS, we can draw models graphically using simple drawing tools. AMOS quickly performs the computations for SEM and displays the results.

In calculation of SEM coefficients, AMOS uses the following methods:
1. Maximum likelihood
2. Weighted least squares
3. Generalized least squares
4. Browne’s asymptotically distribution-free criterion
5. Scale-free least squares
4. DISCUSSION AND RESULT

4.1. Measuring Tax Evasion on Microeconomic Level

The following tables show that there is a difference in terms of revenue and tax evasion relation on the one hand and the tax evasion relationship with the cost on the other hand for the listed companies in the Iraqi Stock Exchange (By used data in the Iraq Stock Exchange Data (http://www.isx-iq.net)). However, this generally indicates a positive correlation. Therefore, Tax evasion due to the variation of the linear relationship with the actual reality.

Table 2 shows that the variation in the industrial and investment sectors is insignificant and cannot be adopted as a result for now. The rest of the results indicate a low rate of evasion in the insurance sector at 12.7% and a high rate of evasion in the banking sector at 38.6%.

**Table 2. Tax evasion rate for the four sectors**

<table>
<thead>
<tr>
<th>Details</th>
<th>The relationship between tax and revenue</th>
<th>The relationship between tax and cost</th>
<th>Average</th>
<th>Rate of evasion</th>
<th>Significant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks (X1-X6)</td>
<td>0.559867</td>
<td>0.668185</td>
<td>0.614026</td>
<td>0.385974</td>
<td>0</td>
</tr>
<tr>
<td>Insurance (X7-X9)</td>
<td>0.884416</td>
<td>0.861588</td>
<td>0.873002</td>
<td>0.126998</td>
<td>0</td>
</tr>
<tr>
<td>Industry (X10-X11)</td>
<td>0.383669</td>
<td>0.268921</td>
<td>0.326295</td>
<td>0.673705</td>
<td>0.226</td>
</tr>
<tr>
<td>Investments (X12-X14)</td>
<td>0.968275</td>
<td>0.021186</td>
<td>0.4947305</td>
<td>0.5052695</td>
<td>0.907</td>
</tr>
</tbody>
</table>

*Source: prepared by researchers, the adoption of the Iraq Stock Exchange Data (http://www.isx-iq.net) published by Hussein-Tangl, 2018*

As for the sectors discussed separately, in Table 3 for the banking sector, we find that all relations significant in selected six banks, have found that the bank (X3) was less extreme worth in terms of tax evasion for the rest of the banks at a rate of 6.47%, While the bank (X2) was the highest value also in terms of evasion rate of 36.8%, while the rest of the banks represented by (X1), (X4), (X5) and (X6) was the rate of tax evasion in which varied between 10% To 18%.

**Table 3. Tax evasion rate for the banking sector**

<table>
<thead>
<tr>
<th>Details</th>
<th>The relationship between tax and revenue</th>
<th>The relationship between tax and cost</th>
<th>Average</th>
<th>Rate of evasion</th>
<th>Significant</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1-X6</td>
<td>0.559867</td>
<td>0.668185</td>
<td>0.614026</td>
<td>0.385974</td>
<td>0</td>
</tr>
<tr>
<td>X1</td>
<td>0.905377</td>
<td>0.894054</td>
<td>0.8997155</td>
<td>0.1002845</td>
<td>0</td>
</tr>
<tr>
<td>X2</td>
<td>0.741396</td>
<td>0.522122</td>
<td>0.631759</td>
<td>0.368241</td>
<td>0.099</td>
</tr>
<tr>
<td>X3</td>
<td>0.982965</td>
<td>0.887666</td>
<td>0.9353155</td>
<td>0.0646845</td>
<td>0</td>
</tr>
<tr>
<td>X4</td>
<td>0.877059</td>
<td>0.762206</td>
<td>0.8196325</td>
<td>0.1803675</td>
<td>0.01</td>
</tr>
<tr>
<td>X5</td>
<td>0.99177</td>
<td>0.759743</td>
<td>0.8757565</td>
<td>0.1242435</td>
<td>0.011</td>
</tr>
<tr>
<td>X6</td>
<td>0.957785</td>
<td>0.784731</td>
<td>0.871258</td>
<td>0.128742</td>
<td>0.007</td>
</tr>
</tbody>
</table>

*Source: prepared by researchers, the adoption of the Iraq Stock Exchange Data (http://www.isx-iq.net) published by Hussein-Tangl, 2018*

Table 4 related to the insurance sector shows that the relationship is insignificant for the insurance company (X7). It was significant in the insurance company (X8) with a high evasion rate of 25.8% and the insurance company (X9) with a rate of 3.81%.
Table 4. Tax evasion rate for the insurance sector

<table>
<thead>
<tr>
<th>Details</th>
<th>The relationship between tax and revenue</th>
<th>The relationship between tax and cost</th>
<th>Average</th>
<th>Rate of evasion</th>
<th>Significant</th>
</tr>
</thead>
<tbody>
<tr>
<td>X7-X9</td>
<td>0.884416</td>
<td>0.861588</td>
<td>0.873002</td>
<td>0.126998</td>
<td>0</td>
</tr>
<tr>
<td>X7</td>
<td>0.430738</td>
<td>0.025096</td>
<td>0.227917</td>
<td>0.772083</td>
<td>0.945</td>
</tr>
<tr>
<td>X8</td>
<td>0.759309</td>
<td>0.725749</td>
<td>0.742529</td>
<td>0.257471</td>
<td>0.011</td>
</tr>
<tr>
<td>X9</td>
<td>0.875195</td>
<td>0.84734</td>
<td>0.8612675</td>
<td>0.1387325</td>
<td>0.001</td>
</tr>
</tbody>
</table>

Source: prepared by researchers, the adoption of the Iraq Stock Exchange Data (http://www.isx-iq.net) published by Hussein-Tangl, 2018

As for the industrial sector, Table 5 shows that the relationship is insignificant for both X10 and X11, although evasion is high at 42.3% and 57.5%, respectively.

Table 5. Tax evasion rate for the industrial sector

<table>
<thead>
<tr>
<th>Details</th>
<th>The relationship between tax and revenue</th>
<th>The relationship between tax and cost</th>
<th>Average</th>
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<th>Significant</th>
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</thead>
<tbody>
<tr>
<td>X10-X11</td>
<td>0.383669</td>
<td>0.268921</td>
<td>0.326295</td>
<td>0.673705</td>
<td>0.226</td>
</tr>
<tr>
<td>X10</td>
<td>0.664474</td>
<td>0.48947</td>
<td>0.576972</td>
<td>0.423028</td>
<td>0.126</td>
</tr>
<tr>
<td>X11</td>
<td>0.436693</td>
<td>0.411763</td>
<td>0.424228</td>
<td>0.575772</td>
<td>0.208</td>
</tr>
</tbody>
</table>

Source: prepared by researchers, the adoption of the Iraq Stock Exchange Data (http://www.isx-iq.net) published by Hussein-Tangl, 2018

Table 6 related to the investment sector shows that the relationship is insignificant for all companies in the research sample (X12, X13 and X14), although evasion is high by 25.3%, 44.1% and 42.6%, respectively.

Table 6. Tax evasion rate for the investment sector

<table>
<thead>
<tr>
<th>Details</th>
<th>The relationship between tax and revenue</th>
<th>The relationship between tax and cost</th>
<th>Average</th>
<th>Rate of evasion</th>
<th>Significant</th>
</tr>
</thead>
<tbody>
<tr>
<td>X12-X14</td>
<td>0.968275</td>
<td>0.021186</td>
<td>0.4947305</td>
<td>0.5052695</td>
<td>0.907</td>
</tr>
<tr>
<td>X12</td>
<td>0.96584</td>
<td>0.528526</td>
<td>0.747183</td>
<td>0.252817</td>
<td>0.095</td>
</tr>
<tr>
<td>X13</td>
<td>0.990655</td>
<td>0.127444</td>
<td>0.5590495</td>
<td>0.4409505</td>
<td>0.709</td>
</tr>
<tr>
<td>X14</td>
<td>0.96856</td>
<td>0.179046</td>
<td>0.573803</td>
<td>0.426197</td>
<td>0.598</td>
</tr>
</tbody>
</table>

Source: prepared by researchers, the adoption of the Iraq Stock Exchange Data (http://www.isx-iq.net) published by Hussein-Tangl, 2018

Examining differences in tax evasion according to different sectors

Hypothesis: The average tax evasion varies by sector (banks, insurance, industry, investment)

Table 7 to test the hypothesis can be used (Kruskal-Wallis), where the results confirm the absence of a difference in the average tax evasion in different industrial sectors (banking, insurance, industrial, investment)

Where the value of the significant (0.069), which is greater than (5%), while the value of Chi-Square is (7.095238) at the degree of freedom amounted to (3), which confirms the rejection of the main assumption and accept the alternative hypothesis,
stipulates that the average tax evasion varies by industry (banks, insurance, industry, investment).

**Table 7. Results of the Kruskal-Wallis test between sectors**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Mea</th>
<th>Chi-Square</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>bank</td>
<td>4.17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>9</td>
<td>7.095</td>
<td>0.069</td>
</tr>
<tr>
<td>industrial</td>
<td>11.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td>10</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: prepared by researchers, the adoption of the Iraq Stock Exchange Data ([http://www.isx-iq.net](http://www.isx-iq.net)) published by Hussein-Tangl, 2018*

### 4.2. Relationships of Tax Evasion, Accounting Conservatism and National (Organizational) Culture

The study included the national culture and organizational culture as independent key variables, the accounting conservatism as an intermediary variable, and the dependent variable is tax evasion. The organizational culture variable was measured using the National Culture Indicators for the Iraqi environment, they are (Figure 7): Power Distance Index (PDI), Individualism versus Collectivism (IDV), Masculinity versus Femininity (MAS), Uncertainty Avoidance Index (UAI), Long Term Orientation versus Short Term Normative Orientation (LTO) and Indulgence versus Restraint (IND), these indicators put by Hofstede, and he updated his studies later.

![Figure 2. Values of the National Culture Index for Iraq](https://www.hofstede-insights.com/)

The organizational culture variables will measured through two proxies: conservative culture and creative culture, eight statements were allocated to each proxy within the questionnaire used to collect information from the six banks. The following Table 8 shows the arithmetic mean and the standard deviation of
the organizational culture variable, and internal consistency values according to the Alpha Kronbach index of the questionnaire for a sample size of 146.

Table 8. The arithmetic mean and the standard deviation of the organizational culture variable

<table>
<thead>
<tr>
<th>Variables</th>
<th>Number</th>
<th>Sequence</th>
<th>Cronbach’s Alpha</th>
<th>Arithmetic Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservative Culture</td>
<td>8</td>
<td>X1-X8</td>
<td></td>
<td>4.226</td>
<td>0.46292</td>
</tr>
<tr>
<td>Creative Culture</td>
<td>8</td>
<td>X9-X16</td>
<td></td>
<td>4.1824</td>
<td>0.44531</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td></td>
<td></td>
<td>0.683</td>
<td></td>
</tr>
</tbody>
</table>

Source: Table prepared by the researcher

The accounting conservatism was measured by the following equation (Givoly - Hayn 2000; Ahmed Duellman 2007, Wang 2009, Hollemans 2011, Alkordi - Al-Nimer 2017):

\[
\text{Net Accruals Ratio} = \frac{\text{Net Accruals}}{\text{Net Income}}
\]

The level of an accounting conservatism can be determined as follows:

1. High conservatism level: If the percentage of total accruals is negative, (cash flows are more than recognized profits) this will be level 1.
2. The level of the conservatism is acceptable: If the percentage of total accruals is positive (less than one) this will be level 2.
3. There is no conservatism (low accounting conservatism); if the percentage of total accruals is positive (greater than one) this will be level 3.

The equation above has been adopted for ease of application; the following table shows the levels of the accounting conservatism for the six banks (Table 9):

Table 9. The level of the accounting conservatism of the sample study banks

<table>
<thead>
<tr>
<th>#</th>
<th>Bank</th>
<th>Conservatism</th>
<th>level</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Baghdad</td>
<td>-20.83</td>
<td>1</td>
<td>high</td>
</tr>
<tr>
<td>2</td>
<td>Iraqi Middle East Investment Bank</td>
<td>-4.848</td>
<td>1</td>
<td>high</td>
</tr>
<tr>
<td>3</td>
<td>Investment of Iraq</td>
<td>-1.2</td>
<td>1</td>
<td>high</td>
</tr>
<tr>
<td>4</td>
<td>Gulf Commercial Bank</td>
<td>3.5723</td>
<td>3</td>
<td>Low</td>
</tr>
<tr>
<td>5</td>
<td>Mosul Bank for Finance and Investment</td>
<td>3.0887</td>
<td>3</td>
<td>Low</td>
</tr>
<tr>
<td>6</td>
<td>Ashur International Bank</td>
<td>-1.59</td>
<td>1</td>
<td>high</td>
</tr>
</tbody>
</table>

Finally, tax evasion was measured by the following equation:

\[
\text{Tax Commitment Ratio} = 1 - \frac{\text{CT} + \text{RT}}{2}
\]
Data on accounting restitution and tax evasion were collected by extrapolating and analyzing reports and financial statements of the six banks listed in the Iraqi Stock Exchange. The following Table 10 shows the levels of accounting evasion according to the equation that I proposed it:

**Table 10. Levels of tax evasion of the sample study banks**

<table>
<thead>
<tr>
<th>N</th>
<th>Bank</th>
<th>Tax evasion</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Baghdad</td>
<td>0.1002845</td>
<td>Low</td>
</tr>
<tr>
<td>2</td>
<td>Iraqi Middle East Investment Bank</td>
<td>0.368241</td>
<td>high</td>
</tr>
<tr>
<td>3</td>
<td>Investment of Iraq</td>
<td>0.0646845</td>
<td>Low</td>
</tr>
<tr>
<td>4</td>
<td>Gulf Commercial Bank</td>
<td>0.1803675</td>
<td>high</td>
</tr>
<tr>
<td>5</td>
<td>Mosul Bank for Finance and Investment</td>
<td>0.1242435</td>
<td>Low</td>
</tr>
<tr>
<td>6</td>
<td>Ashur International Bank</td>
<td>0.128742</td>
<td>high</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>0.385974</strong></td>
<td>high</td>
</tr>
</tbody>
</table>

Source: Table prepared by the researcher

The first hypothesis: There is a statistically significant effect of the organizational culture (conservation and creativity) in the accounting conservatism.

In order to test this hypothesis, the relationship between these two variables must be significantly tested; the correlation between these variables can be shown in the following Table 11:

**Table 11. The relationship between organizational culture (conservation and creativity) and Accounting conservatism**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Conservative culture</th>
<th>Creative Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting Conservatism</td>
<td>0.300**</td>
<td>-0.486**</td>
</tr>
</tbody>
</table>

** Correlation is significant at (0.01)

Source: Table prepared by the researcher

Table 11 shows there is a positive statistically significant correlation between the conservative culture and decreasing of the accounting conservatism, while there is a negative statistically significant correlation between the creative culture and the decline in the accounting conservatism.

In order to verify this hypothesis of influence, the effect of the organizational culture (conservative and creative) on the accounting conservatism was measured by estimating the simple linear regression equation of the effect of conservative culture in the accounting conservatism shown in Table 5, estimating the simple linear regression equation of the effect of creative culture in the accounting conservatism shown in Table 12.
Table 12. Effect of conservative culture in the accounting conservatism

<table>
<thead>
<tr>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>F value</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.3</td>
<td>0.09</td>
<td>0.084</td>
<td>14.265</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>variable</th>
<th>Regression coefficient (β)</th>
<th>Fixed limit value T</th>
<th>Significance</th>
<th>Level of significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservative culture</td>
<td>0.3</td>
<td>3.777</td>
<td>0</td>
<td>0.01</td>
</tr>
</tbody>
</table>

Source: Table prepared by the researcher

From the table above, we observe the morale of the regression model, where the value of F (14.265), the effect of conservative culture on the decrease of the accounting conservatism, where the value of regression coefficient (β) (0.300), the value of R² (0.09), indicating that conservative culture accounts for 9% of the changes in the accounting conservatism decline.

Table 13. The effect of creative culture in the accounting conservatism

<table>
<thead>
<tr>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>F value</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.486</td>
<td>0.236</td>
<td>0.231</td>
<td>44.588</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>variable</th>
<th>Regression coefficient (β)</th>
<th>Fixed limit value T</th>
<th>Significance</th>
<th>Level of significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservative culture</td>
<td>-0.486</td>
<td>-6.677</td>
<td>0</td>
<td>0.01</td>
</tr>
</tbody>
</table>

Source: Table prepared by the researcher

From the table above (13), I observe the morale of the regression model, where the value of F (14.265). The negative effect of the creative culture on the decline in the accounting conservatism was significant, with the value of regression coefficient β (-0.486), the value of R² (0.236), which indicates that conservative culture accounts for 23.6% of the changes in the rise of the accounting conservatism, confirms the validity of the first hypothesis of the study.

The second hypothesis: There is a statistically significant effect of organizational culture (conservation and creativity) in tax evasion.

In order to verify this hypothesis, the effect of organizational culture (conservative and creative) on tax evasion was measured by estimating the simple linear regression equation for the effect of conservative culture on the tax evasion shown in Table 8 and estimating the simple linear regression equation for the effect of creative culture on tax evasion in Table 14.
From the table above, we observe the morale of the regression model, where the value of F (9.002), the regression effect of the regression coefficient β (0.243-) was significant, the value of the parameter R2 (0.059), which indicates that conservative culture accounts for 5.9% of the changes in the low tax evasion.

From the above Table 15 I observe the morale of the regression model, where the value of F (5.966), the value of the regression coefficient β (0.199), the value of the parameter R2 (0.040), which indicates that conservative culture accounts for 4% of the changes in the rise in tax evasion, confirms the validity of the second hypothesis of the study.

The third hypothesis: There is a statistically significant effect of the accounting conservatism in tax evasion.

The higher the level of decreasing in the accounting conservatism, the lower the level of tax evasion, while the positive correlation between the creative culture and tax evasion. In order to verify this hypothesis, the effect of the accounting conservatism on tax evasion was measured by estimating the simple linear regression equation for the effect of the accounting conservatism in the tax evasion.
### Table 16. Effect of accounting conservatism in tax evasion

<table>
<thead>
<tr>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>F value</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.555</td>
<td>0.308</td>
<td>0.303</td>
<td>64.056</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>variable</th>
<th>Regression coefficient (β)</th>
<th>Fixed limit value T</th>
<th>Significance</th>
<th>Level of significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservative culture</td>
<td>-0.555</td>
<td>-8.004</td>
<td>0</td>
<td>0.01</td>
</tr>
</tbody>
</table>

Source: Table prepared by the researcher

From the Table 16 I observe the morale of the regression model, where the value of F (64.056), the inverse effect of the reduction of the accounting conservatism in tax evasion was significant, with the value of regression coefficient β (-0.555), the value of the parameter R² (0.303), which indicates that the decrease in the accounting conservatism accounts for 30.8% of the changes in the decrease in tax evasion, confirms the validity of the third hypothesis of the study.

The fourth hypothesis: The influence of organizational culture (conservative and creative) on tax evasion increases when the accounting conservatism is intermediary.

The statistical program (AMOS: Ver.22) was used to measure these direct and indirect effects between organizational culture (conservation and creativity) and tax evasion when the accounting conservatism is intermediary variable. Table 35 presents the results of the statistical analysis to test this hypothesis.

### Table 17. The results of the analysis of the direct, indirect and total effects of the conservative culture influence in tax evasion, and the accounting conservatism as an intermediary

<table>
<thead>
<tr>
<th>Variables</th>
<th>Independent</th>
<th>Intermediate</th>
<th>Dependent</th>
<th>Direct path coefficient value</th>
<th>Indirect path coefficient value</th>
<th>Total path coefficient value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservative culture</td>
<td>Accounting Conservatism</td>
<td>Tax Evasion</td>
<td></td>
<td>0.084-**</td>
<td>**-0.159</td>
<td>**-0.243</td>
</tr>
</tbody>
</table>

** Correlation is significant at (0.01)

Source: Table prepared by the researcher

The Table 17 shows the increase in the moral effect of conservative culture in the reduction of tax evasion, when the accounting conservatism is intermediary variable, where the value of increase (-0.159), the value of the indirect effect.

Table 17 refer to the results of the statistical analysis to test this hypothesis, using the AMOS: Ver.22 program to measure direct and indirect effects.
Table 18. The results of the analysis of the direct, indirect and total effects of the creative culture influence in tax evasion, and the accounting conservatism as an intermediary

<table>
<thead>
<tr>
<th>Variables</th>
<th>Independent</th>
<th>Intermediate</th>
<th>Dependent</th>
<th>Direct path coefficient value</th>
<th>Indirect path coefficient value</th>
<th>Total path coefficient value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservative culture:</td>
<td></td>
<td>Accounting</td>
<td>Tax Evasion</td>
<td>0.084-**</td>
<td>-0.159</td>
<td>-0.243</td>
</tr>
</tbody>
</table>

** Correlation is significant at (0.01)

Source: Table prepared by the researcher

It is clear from the Table 18 the lack of clarity of the impact of the creative culture of tax evasion, when the accounting conservatism is intermediary variable, where the overall effect when the accounting conservatism is intermediary variable as an independent variable is equal to influence without intermediary (see in Table 32), which results prove the hypothesis fourth partially

4.3. New Results

1. I found that there is a positive statistically significant correlation between the conservative culture and decreasing of the accounting conservatism, while there is a negative statistically significant correlation between the creative culture and the decline in the accounting conservatism.

2. There is a statistically significant negative correlation between the conservative culture and tax evasion, while there is a statistically significant positive correlation between creative culture and tax evasion.

3. There is a negative statistically significant correlation between the reduction of the accounting conservatism and tax evasion.

4. The increase in the moral effect of conservative culture in the reduction of tax evasion, when the accounting conservatism is intermediary variable, in the other hand there is a lack of clarity of the impact of the creative culture of tax evasion, when the accounting conservatism is intermediary variable.

5. The high level of Power Distance Index (PDI) shows the unacceptability of the expectations of the less powerful members of the Iraqi organizations. The Individualism versus Collectivism (IDV) indicator shows the low integration of individuals with the community. Masculinity versus Femininity (MAS) shows a high level, which emphasizes the competition in decision-making. The Long-Term Orientation versus Short-Term Normative Orientation (LTO) shows a lack of focus on the future. The Iraqi national culture shows a significant restriction in the community discourages needs satisfaction as the level of Indulgence versus Restraint (IND) has shown a lower level.
<table>
<thead>
<tr>
<th>THE OBJECTIVES AND HYPOTHESIS OF STUDY</th>
<th>NEW RESULTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 Statistically significant effect of the national and organizational culture in the accounting conservatism.</td>
<td>There is a positive statistically significant correlation between the conservative culture and decreasing of the accounting conservatism, while there is a negative statistically significant correlation between the creative culture and the decline in the accounting conservatism.</td>
</tr>
<tr>
<td>H2 Statistically significant effect of the national and organizational culture in tax evasion.</td>
<td>There is a statistically significant negative correlation between the conservative culture and tax evasion, while there is a statistically significant positive correlation between creative culture and tax evasion.</td>
</tr>
<tr>
<td>H3 Statistically significant effect of the accounting conservatism in tax evasion.</td>
<td>There is a negative statistically significant correlation between the reduction of the accounting conservatism and tax evasion.</td>
</tr>
<tr>
<td>H4 National and organizational culture on tax evasion increases when the accounting conservatism is intermediary.</td>
<td>The increase in the moral effect of conservative culture in the reduction of tax evasion, when the accounting conservatism is intermediary variable. In the other hand there is a lack of clarity of the impact of the creative culture of tax evasion, when the accounting conservatism is intermediary variable.</td>
</tr>
<tr>
<td>H5 National culture and organizational culture show the tax evasion in the banks sample study as a result of the variance accounting conservatism.</td>
<td>The high level of Power Distance Index (PDI) shows the unacceptability of the expectations of the less powerful members of the Iraqi organizations. The Individualism versus Collectivism (IDV) indicator shows the low integration of individuals with the community. Masculinity versus Femininity (MAS) shows a high level, which emphasizes the competition in decision-making. The Long-Term Orientation versus Short-Term Normative Orientation (LTO) shows a lack of focus on the future. The Iraqi national culture shows a significant restriction in the community discourages needs satisfaction as the level of Indulgence versus Restraint (IND) has shown a lower level.</td>
</tr>
</tbody>
</table>

Figure 3 Summarized connection between the objectives and hypotheses with the new results
Source: Figure prepared by the researcher

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5. CONCLUSIONS

5.1. The Reasons behind Tax Evasion

In this topic found that the tax evasion rate is one of the main reasons for evade tax in Hungary with 80.65% “Strongly Agree” of the sample, and there is no agreement that the Tax Awareness, Economic Reasons and Administrative Reasons represent as a main reasons for evade tax. In the Tax Evasion Techniques found that 81.13% and 41.94% respectively in Iraq and Hungary full agreed in “Absence of Documents”, while “Hiding Activity” is “Strongly Agree” with 84.91% and 51.61% respectively in Iraq and Hungary.

5.2. The External Audit Procedures in Reducing Tax Evasion

In topic of effect the external audit procedures on reducing the tax evasion found that 70% agreed on “Notification”, and 98.7% for “Authorization”, while “Entrance Conference” was supported by 57%, as well as 81.9% support to “Data Request” and 92.5% for “Audit Fieldwork”, in addition, 42% for “Exit Conference”, while “Draft Report” supported by 65.5%, and 81.9% for “Response”, finally 64.8% support “Final Report” and 92.5% for “Follow-Up & Monitoring”. From all these indicators found that the high importance was 98.7% support for “Authorization”, which indicates high support for the research sample of the importance of authorization in the procedures of the external auditor to reduce tax evasion, this explains the importance of authorization and as you choose the right people to give them authorization. In addition, only 33% agree for “Entrance Conference”, the research sample considers the importance of the audit conference as one of the external auditor's procedures for reducing tax evasion; this may contradict the strong support for paragraph “Authorization”. When analysis of the relationship between the procedures of external audit and personal information found:

1. In terms of gender, where there was a strong contrast to the lack of support indicates 87% of the females for “Notification”, 91% of the males support “Entrance Conference”, 83% of the males support “Data Request”, and 55% of the females do not support the same question. 74% of the females did not support “Exit Conference”, and 100% agreed with “Response” and male support “Final Report” with 77%.

2. In terms of academic achievement. 74% of the PhD did not agree with “Notification”, while PhD and MSc was 100% agree with “Data Request”, PhD and MSc were not agree by 82% and 89% respectively for “Exit Conference”, and finally PhD and MSc were agree by 74% and 82% respectively for “Final Report”.

In terms of experience, those with experience (10-20) and (more than 20) supported “Authorization” by 95% and 93% respectively, while 92% of (less than 10) experience did not support “Data Request”, and “Exit Conference” with (91%), while (more than 20) support the “Draft Report” with 90%. Finally, (10-20) experience support “Final Report” with 89%.

5.3. The Proposed Model for Measure Tax Evasion in Microeconomic Level

In this topic I tried to propose a new model to measure tax evasion in microeconomic level, this model will be use in all other results. Therefore, by used the new model found that there is a low rate of evasion in the insurance sector at 12.7% and a high rate of evasion in the banking sector at 38.6%. By refer to banking sector found that the bank (X3) was the less tax evasion ratio for the rest of the banks at a rate of 6.47%, while the bank (X2) was the highest value also in terms of evasion rate of 36.8%.
5.4. The effect of Behavior of tax evasion on national culture

In this topic found that by comparing the national culture / PD on the one hand and tax evasion on the other hand, it is clear that the distance from power has an impact on tax evasion as in Iraq. While the comparing of the national culture / IND with the tax evasion on the other hand, although Iraq is a collective society, this is increase the tax evasion ratio. In addition, by contrasting the national culture / MAS on the one hand and tax evasion on the other hand, the male society is more evade, as in Iraq. Finally, I could not found clearly significant differences between the national culture / UA on the one hand and tax evasion on the other in Iraq and Hungary.

5.5. Relationships of Tax Evasion, Accounting Conservatism and National (Organizational) Culture

I found that there is a positive statistically significant correlation between the conservative culture and decreasing of the accounting conservatism, while there is a negative statistically significant correlation between the creative culture and the decline in the accounting conservatism.

While, there is a statistically significant negative correlation between the conservative culture and tax evasion, while there is a statistically significant positive correlation between creative culture and tax evasion.

In addition, there is a negative statistically significant correlation between the reduction of the accounting conservatism and tax evasion. In other words, the higher the level of decreasing in the accounting conservatism, the lower the level of tax evasion, while the positive correlation between the creative culture and tax evasion.

As well as, increase in the moral effect of conservative culture in the reduction of tax evasion, when the accounting conservatism is intermediary variable, in the other hand there is a lack of clarity of the impact of the creative culture of tax evasion, when the accounting conservatism is intermediary variable.

Finally, when comparing these results with the level of national culture of Iraq according to the six indicators of the national culture index, The high level of Power Distance Index (PDI) shows the unacceptability of the expectations of the less powerful members of the Iraqi organizations. The Individualism versus Collectivism (IDV) indicator shows the low integration of individuals with the community. Masculinity versus Femininity (MAS) shows a high level, which emphasizes the competition in decision-making. The Long-Term Orientation versus Short-Term Normative Orientation (LTO) shows a lack of focus on the future. The Iraqi national culture shows a significant restriction in the community discourages needs satisfaction as the level of Indulgence versus Restraint (IND) has shown a lower level.

5.6. Recommendations

The relationship and influence between the organizational (and national) culture with tax evasion and accounting conservatism represent a new trend can be study in many countries, we should focus our future studies in developed countries, especially I had found a lot of results that need to be studied more deeply, and need to diversify the research sample in terms of time and place.
6. SUMMARY

The tax system is the financial source in any country, and the tax system represents all the laws and regulations applied by the government. These laws are often influenced by the economic thought of the government, or by the social habit and order in which it prevails. They lead to the difference of the tax system from one country to another and from one system to another. The tax system is affected by these factors combined.

In Iraq, the first appearance of tax laws was early in comparison to the countries of the region. The first law on income tax was issued in 1927, which is one of the first issued laws in the region.

Despite the long period in which the new Iraqi government (after 2003) received power, the gaps that were found not in the existing financial laws and not even in the Iraqi constitution which makes the legislative authority a major responsibility is to amend the financial and fiscal laws in general to suit the situation of Iraq. The new directions that represent with the transformation of the socialist system into a free economic system are a part of these transformations. The main aims of the tax system to finance the government economy and the government have to handle the phenomenon of tax evasion.

In order to deal with tax evasion it is necessary to study the variables and factors affecting it, whether accounting or other factors, it is from this principle. I started to study this phenomenon by linking it to two variables: the first is accounting and the accounting conservatism, and the second non-accounting, the national culture.

Where accounting conservatism is one of the generally accepted accounting principles, which is an outlet for tax evasion through the manipulation of the level of accounting conservatism. This phenomenon is recognized by accounting scientists and is one of the most important defects on the principle of accounting conservatism.

National culture is also the main component of the mood of any people from which they derive their perceptions of the world and their motivations for behavior, which are manifested in both individuals and peoples, in individual consciousness and social and historical awareness. Some have tried to link national cultures to the patterns of the human spirit.

The Hofstede's theory of cultural dimensions is a model used to learn how to communicate between cultures around the world. It is known that human societies differ in many ways and show the importance of such differences in the business world, which led to the direction of research and social studies to examine these differences. How to identify the differences and find the best ways to deal with these differences to achieve the best results it can be a key for eliminating the tax evasion.

Cultural dimensions are one of the pillars of international business. The cultural differences between the countries of the world have made understanding and the impact of these differences on the behavior of individuals a necessity for international management. If the international director is not familiar with the cultures of the countries he deals with, this will inevitably affect the performance of the institution.

Therefore, I try to find the extent of the impact of national culture on tax evasion. My examination is considering tax evasion a social situation. I studied the correlation between the national culture the tax evasion and accounting conservatism through the study of the middle variable.
I found that the tax evasion rate is one of the main reasons for evade tax in Hungary with 80.65% “Strongly Agree” of the sample, and there is no agreement that the Tax Awareness, Economic Reasons and Administrative Reasons represent as a main reasons for evade tax. In the Tax Evasion Techniques found that 81.13% and 41.94% respectively in Iraq and Hungary full agreed in “Absence of Documents”, while “Hiding Activity” is “Strongly Agree” with 84.91% and 51.61% respectively in Iraq and Hungary.

The increase in the moral effect of conservative culture in the reduction of tax evasion, when the accounting conservatism is intermediary variable, in the other hand there is a lack of clarity of the impact of the creative culture of tax evasion, when the accounting conservatism is intermediary variable.

In terms of academic achievement 74% of the PhD did not agree with “Notification”, while PhD and MSc was 100% agree with “Data Request”, PhD and MSc were not agree by 82% and 89% respectively for “Exit Conference”, and finally PhD and MSc were agree by 74% and 82% respectively for “Final Report”.

Finally, when comparing these results with the level of national culture of Iraq according to the six indicators of the national culture index The high level of Power Distance Index (PDI) shows the unacceptability of the expectations of the less powerful members of the Iraqi organizations. The Individualism versus Collectivism (IDV) indicator shows the low integration of individuals with the community. Masculinity versus Femininity (MAS) shows a high level, which emphasizes the competition in decision-making. The Long-Term Orientation versus Short-Term Normative Orientation (LTO) shows a lack of focus on the future. The Iraqi national culture shows a significant restriction in the community discourages needs satisfaction as the level of Indulgence versus Restraint (IND) has shown a lower level.

I recommended that the relationship and influence between the organizational (and national) culture with tax evasion and accounting conservatism represent a new trend can be study in many countries. We should focus our future studies on developed countries, especially I had found a lot of results that need to be studied more deeply, and need to diversify the research sample in terms of time and place.

The financial education can play a main role minimizing or eliminating the tax evasion. The education at any level can be also a key factor to eliminate the awareness of financial and taxation systems. This is a long investment for any country.
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7. LIST OF PUBLICATIONS

Conferences


Chapters of books


