



# THE ROLE OF STRATEGIC AUDITING IN REDUCING TAX EVASION PROCEDURES: A FIELD STUDY IN THE GENERAL TAX AUTHORITY

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Article history:	Abstract:
<b>Received:</b> 11 <sup>th</sup> October 2024	The aim of this research is to demonstrate the importance of strategic auditing within the General Tax Authority and its role in reducing tax evasion, as it is one of the tools used to increase the assurance provided by the administration on how to direct taxpayers to pay the tax amount and reduce the number of Tax evaders, and the most important conclusions were (the antiquity of tax legislation with the many amendments to it prevents obtaining effective and influential strategic planning to reduce tax evasion), and the most important recommendations are (the necessity of issuing tax legislation that suits the requirements of the economy and all changes that occur, provided that they are issued within the framework of the strategic plan of the General Tax Authority to reduce tax evasion).
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**Keywords:** Strategic Auditing, Tax Evasion Procedures

## 1. INTRODUCTION

Strategic tax audit is considered one of the most important pillars of tax work, especially at the present time, to improve the country's economic situation. In addition, Iraq has great economic potential that is not activated, with very high rates of tax evasion, which requires working on an efficient and effective strategic tax audit that includes the tax process in its entirety, in order to achieve the goals for which taxes were imposed and to work to reduce tax evasion as much as possible.

## 2. RESEARCH METHODOLOGY

### 2-1 Research problem

The strategic audit process will not succeed unless it is integrated with what came before it and also with what came after it, which must be applied with what was drawn up in the strategic audit process, which is the accurate and effective implementation and also the feedback to obtain the plan variables if necessary. The research problem is summarized in the extent to which the tax system follows the strategic audit process with the aim of achieving tax objectives, and the extent of the effectiveness of tax auditing in reducing tax evasion.

### 2-2 Importance of the research

This research gains importance through its focus on an important aspect of tax work, namely strategic auditing and its integrated cycle in a way that ensures the greatest possible reduction in the phenomenon of tax evasion while achieving tax objectives in the best possible way.

### 2-3 Research hypothesis

- The first hypothesis: There is a significant relationship between the strategic audit of the tax administration and the reduction of tax evasion.
- The second hypothesis: There is a significant effect between the strategic audit of the tax administration in reducing tax evasion.

### 2-4 Research objectives

This research aims to show the following:

- The importance of adopting strategic auditing in the field of taxes and in accordance with modern scientific foundations.
- Highlighting the importance of strategic auditing as an integrated and comprehensive administrative system.
- The extent of the impact of strategic auditing in reducing tax evasion.

### 2-5 Study sample

In this research, the researcher relied on the survey method and descriptive analysis of the research variables, for a sample of (60) employees, and the intentional sample was used.

### 2-6 Previous studies

1. Study (Amin, 2022): "**The role of strategic auditing in reducing the financial distress of companies, a study of a selected sample of Iraqi companies**" The study aimed at the role of strategic auditing in reducing the financial distress of the company, stating what auditing and strategic auditing in particular are, and identifying the types of strategic auditing, its steps and its importance, and identifying the types of strategic auditing, its steps and its importance. The most important conclusion reached by



the study is to work on increasing interest in the professional and scientific qualification of the strategic auditor to increase his skills and scientific capabilities while expanding intellectual horizons in the field of strategic auditing, while working on establishing legislation and controls that limit fraud and manipulation of financial statements.

2. Study: (2014) Natalie **"The Importance of A Strategic Audit"** This study, published on the official website of the Oxford College of Marketing, concluded the importance of strategic auditing in evaluating the current business strategy, and showed that conducting a strategic audit based on organized foundations is extremely important to ensure the success of the business, as the strategy always needs to be evaluated while taking into account the conditions of changes in the markets. The study summarized the importance of strategic auditing as (highlighting strategic risks, evaluating the need for changes in resources, providing the right questions).

The most important conclusion reached by the study is that when applying this type of auditing, it is preferable to develop a plan for how to measure and implement, and that the auditing and measurement of strategic implementation be carried out on a regular basis to ensure staying on the right path.

### **3. THEORETICAL FRAMEWORK FOR RESEARCH VARIABLES**

#### **3-1 The concept of strategic auditing**

The increase in global competition that economic institutions face in order to search for a new way and a more advanced strategy to maintain their success and preserve their capabilities to achieve their mission, goals and objectives, has become necessary to work on developing a specific strategic plan that seeks to implement it despite the changes that have occurred in the internal or external economic unit. The strategy was merely a philosophical thought, but it has now become a realistic and possible reality, as a result of which strategic auditing has emerged as an advanced administrative method, as a logical and natural result that resulted from The accumulation of strategic knowledge, which led to the need for it as one of the elements of control that ensures the validity of the strategy by conducting in-depth analysis or as an ideal starting point for strategic planning, which requires economic units that seek excellence to adopt modern administrative philosophy, and the idea of strategic auditing was derived from the science of accounting and accounting auditing, as it is the process of examining strategic management and knowing its problems and

the obstacles it faces when implementing strategic plans, and due to the breadth and comprehensiveness of strategic auditing and it has become one of the modern topics, its definitions have varied according to the points of view of writers and researchers, and we show some of them below:

- Al-Maghribi (2005: 33) defined it as a type of administrative audit that is considered to be highly restricted as a tool for diagnosing and identifying problems within the institution, while highlighting the areas of weakness and strength.

- And Arafat (Al-Hadrab, 2010: 69) defined it as the process of studying and examining the entire strategy of the institution, or the strategies and the different units within it, to show whether the strategy followed by those institutions and the capital investments associated with them achieved the results that were determined for them.

- And Arafat (Siddiqi, 2010: 89) said that (strategic auditing is the final step of strategic management, and it is necessary to focus when conducting the strategic auditing process on measuring actual performance and monitoring internal and external factors, and then taking corrective measures, as strategic auditing is one of the vital matters and future success depends on the accuracy of monitoring and evaluating work.

From the above definitions, we conclude that strategic auditing is one of the most important mechanisms for diagnosing obstacles and problems that face institutions in achieving their strategic plan. It is a detailed analysis of all the different functions, aspects and activities in the institution. In addition, strategic auditing provides the institution with detailed reports that can be used to accurately address deviations.

#### **3-2 The importance of strategic auditing**

Strategic auditing is of great importance in view of the outputs it produces, and many parties benefit from these outputs, especially senior management. Below is a statement of the importance of strategic auditing for a group of points, which are (Jawad, 2010: 77) (Weelen, 2000: 78) (Raafat et al., 2011: 54):

1. The success of the implemented operations is evaluated by verifying that they have reached the target level and duration.
2. Unnecessary practices are eliminated, which, if eliminated, would result in cost savings, increased revenues, and thus improved the performance of the institution.
3. The organization's plans, objectives and policies are ensured to not conflict with its strategic decision through evaluation and examination of



the organization's internal and external environments.

4. We address the weaknesses that institutions suffer from, work to confront the challenges they face, and work to reduce them to the lowest level.
5. Working to provide the necessary directions and instructions on a regular basis in order to address the negatives and shortcomings in a timely manner.

### **3-3 Strategic audit objectives**

One of the most important objectives of strategic auditing is examining strategic management processes in order to ensure the success of the organization's strategy while correcting deviations at the appropriate time. The most important objectives of strategic auditing are shown below (Essa, 2012: 52) (Hill, 2001: 77) (Al-Tayti, 2013: 26):

1. The obstacles and problems facing the organization in implementing the strategic plan are diagnosed.
2. The effectiveness of the relationship between functional areas is determined in terms of assessing the conflict or cooperation between strategic units and the degree of effectiveness of communication between those units.
3. Current performance results such as profitability, return on investment, current mission, strategies and goals are evaluated.
4. Work on generating, eliminating and evaluating the best alternative strategy in light of the analysis results.
5. Work on evaluating the implemented strategy by comparing feedback systems and planning activities to minimize deviations from the plan.

### **3-4 Strategic Audit Stages**

Strategic auditing is one of the most important diagnostic methods for problems and obstacles, as it includes a detailed analysis of the performance of all activities and functions of economic units and the level of performance of their strategic plan. It can be considered an independent tool for evaluating the goals and performance of the existing strategy. The stages of the strategic auditing process can be divided into several steps, which are (Mustafa et al.: 2013: 55) (David2001: 87) (Abdul Latif, Abdul Rahman, 2014: 88):

1. The necessity of determining what should be audited.
2. The need to define performance measurement criteria.

3. Actual performance measurement is determined by a specific time period.
4. The need to compare current performance results with the standards that have been set.
5. The need to take corrective action.

### **3-5 Characteristics of strategic auditing**

The characteristics of strategic auditing can be identified by the following points (Al-Abadi et al., 2015: 99) (Macmillan, 2000: 66) (Al-Mulla et al., 2017: 33):

1. **Comprehensiveness:** Strategic auditing is a set of analyses that provide a comprehensive view, as the strategic auditing process covers all strategic management processes, and includes several tasks and not one process or stage of it, because all strategic management processes are integrated and interconnected with each other to achieve the main objectives that it seeks.
2. **Independence:** The independence and neutrality of the auditor who conducts the strategic audit process. The auditor must maintain apparent and real neutrality and independence, which enables him to express his opinion clearly and not be subject to any pressure from the parties associated with the audit process.
3. **Continuity or periodicity:** The effectiveness of the strategic audit process is demonstrated by its ability to address cases of deviation related to strategic business first and foremost, before they occur, due to the impact extending to distant future periods, while reducing the additional costs resulting from strategic decisions.
4. **Objectivity:** The auditing process is carried out in a systematic and specific manner with respect to the works covered by the auditing process, and is built on objective foundations, i.e. supported by evidence. Therefore, strategic auditing will not deviate from the approach of the administrative auditing process, as it is one of its forms. It also deals with the most sensitive management at the unit level, which is strategic management.

### **3-6 The concept of tax evasion**

It is usually said that tax evasion exists wherever there is taxation, as many people see taxation as an additional burden in addition to the other burdens they bear, so they try by any means to get rid of it. Tax evasion is considered one of the biggest problems in tax collection for those responsible for collecting it, which negatively affects the treasury's



revenues, which creates weakness in achieving the desired goals of tax revenues (Juma, 2011: 63). Tax evasion is considered an economic crime and can be considered one of the most prominent crimes of the contemporary economy. The seriousness of the crime is evident in view of the multiple objectives that taxes achieve on the social and economic side of the countries that are affected by evasion. Therefore, most tax laws in the world have determined a set of penalties for perpetrators of this crime (Wahba, 2010: 33).

### **3-7 Definition of tax evasion**

Opinions differed and varied regarding determining a specific definition of tax evasion. The reason for this difference is due to the difference in viewpoints and the difference in economic, social and political customs of countries.

-Al-Anbari (2010: 22) defined tax evasion as "the taxpayers' complete evasion of taxation and consequently the loss of tax revenue."

-The source defined tax evasion as (the attempt of taxpayer's subject to tax not to pay the tax partially or completely, by following methods and ways that violate the law and carry the character of fraud).

-(Ibrahim, 2010: 46) defined tax evasion as (some taxpayers committing some actions or deeds that violate the law and which would reduce the amount and value of the tax due on them).

-(Khasawneh, 2010: 21) defined tax evasion as (illegal disposal of the tax burden in violation of the text of the tax law).

-(Al-Samarrai and others, 2012: 35) defined tax evasion as (not paying the tax amount due by taxpayers, either part of the amount or all of the amount due).

**We conclude from the above that tax evasion is the actions or deeds committed by the taxpayer in order to get rid of the tax burden completely or even partially.**

### **3-8 Types of evasion**

1. Legal tax evasion: It is also called tax avoidance, and it is a legal way of getting rid of the tax burden, as it does not violate the provisions of the law. Some taxpayers are able to exploit some loopholes, which are found in all tax legislation, to evade paying the tax due, partially or completely (Kashkoul, 2013: 42).

2. Illegal evasion: It is tax fraud. When the taxpayer does not pay the tax, it is considered a violation of the legal provisions and texts. This is a means of circumventing and cheating the law, for the purpose of the taxpayer not paying

the tax, so it is considered a violation punishable by law. It is difficult to determine the methods followed by taxpayers because of this (Kashkoul, 2013: 43).

3. Local evasion: This type of evasion is within the limits of the borders of the country in which the taxpayer resides, such that the acts of forgery do not exceed the borders of that country, and it is to exploit loopholes in the tax system or even the taxpayer's use of other methods and ways to evade taxes (Aliman, 2013: 21).
4. International evasion: This type of evasion involves working to avoid paying the tax amount in the country from which the income and profits originated, by illegally evading profits and income that are supposed to be subject to the tax of the country in question, to which the profits are actually directed, to another country characterized by low tax rates (Issa, 2017: 34).

### **3-9 Forms of tax evasion**

Tax evasion methods have diversified and multiplied before taxpayers to get rid of the tax, as they seek to do so in all available ways. Below we show the most important methods that have been followed for evasion (Zahra, 2018: 75) (Daraji, 2019: 32) (Cooper, 2003: 88):

1. The taxpayer completely conceals his activity, so that no information about him reaches the tax department, which helps him not to pay any tax amount at all, and this is considered one of the safest methods.
2. 1. The taxpayer completely conceals his activity, so that no information about him reaches the tax department, which helps him not to pay any tax amount at all, and this is considered one of the safest methods.
3. Expenses are increased against revenues in an imaginary manner, so the costs of goods and labor are increased, as well as workers' wages, so profits are low, which affects the reduction of the tax amount.
4. Working to reduce the selling prices of goods and also falsifying import invoices so that the number of imported materials appears to be small in order to evade paying customs duties.
5. Changing the names of importers of goods and merchandise that have no relation to import or trade, in order to evade paying taxes when issuing the statement to importers.

### **3-10 The role of strategic auditing in uncovering cases of tax evasion and working to reduce them.**



The role of strategic auditing is highlighted as an effective means that helps management to constantly adjust its strategic options due to various environmental changes, as it periodically evaluates and monitors, due to the large number of cases of tax evasion, which leads to a reduction in tax revenues. Therefore, strategic procedures are adopted based on comprehensiveness and integration with other characteristics of strategic auditing. Therefore, the tax administration must follow up on the implementation of the strategic plan, monitor the results, work on evaluating them, and identify weaknesses and all legal loopholes that help taxpayers exploit them for their own benefit, and work on addressing those loopholes before they reach critical situations and work on reducing risks.

#### **4. THE PRACTICAL ASPECT**

In this section, two main hypotheses were put forward related to the dependent variable and the independent variable. After the results were collected statistically and the questionnaire was distributed to the research sample, the extracted data was then analyzed. The practical aspect includes testing the research hypotheses, as it included testing the correlation hypothesis and the influence hypothesis. Results were reached that prepare the ground for deducing conclusions with the aim of reaching recommendations that serve the ultimate goal of the research (the fourth requirement: conclusions and recommendations).

##### **4-1 General information**

Table (1) General information

Relatives	Repetitions	Job Title
13.6	8	General Manager
27.1	16	Department Manager
37.3	22	Unit Officer
22.0	13	Other mentions
100.0	59	the total
Relatives	Repetitions	Academic qualification
13.6	8	Preparatory
32.2	19	Bachelor's
28.8	17	diploma
16.9	10	Master's
8.5	5	PhD
100.0	59	the total
Relatives	Repetitions	Experience
23.7	14	Less than 5 years
22.0	13	From 5_10
16.9	10	From 10_15
37.3	22	15 years and older
100.0	59	the total
Relatives	Repetitions	the age



15.3	9	Less than 30 years
25.4	15	40_30
28.8	17	50_41
30.5	18	50 or more
100	59	the total

**1. Job title:** Table (1) indicates a clear disparity in the distribution of job titles, where the position of (unit manager) recorded the highest percentage (37.3%), while the position of (general manager) constituted a small percentage of (13.6%).

**2. According to academic qualification:** According to the data in Table (1), it was found that (Bachelor's) was the most common academic qualification among the sample members, at a rate of (32.2%), while (PhD) was the least common qualification, at a rate of (8.5%).

**3. Experience:** Table (1) shows the relative distribution of years of experience among participants. According to the table, the highest percentage of participants had work experience of more than 15 years at (37.3%), while the lowest percentage was for those with experience of less than 5 years or between 10

and 15 years at (16.9%) for both categories. This distribution reflects the presence of a large percentage of employees with long experience in the General Tax Authority.

**4. By age group:** Table (1) shows the relative distribution of the age groups of the participants. According to the table, the highest percentage of participants falls within the age group (50 years and above) at (30.5%), while the lowest percentage was for the age group (less than 30 years) at (15.3%). This distribution reflects the presence of a large percentage of older employees in the Authority.

#### 4-2 Response rate

The study achieved a response rate of (89.4%), as (59) questionnaires were analyzed out of a total of (66) questionnaires distributed to the leadership of the General Tax Authority, which indicates great interest in the topic at hand.

**Table (2) Response rate**

Number of questionnaires valid for analysis	Number of unreturned questionnaires	Number of questionnaires distributed	the condition
59	7	66	number
89.4	10.6	100.0	percentage

Source: Prepared by the researcher

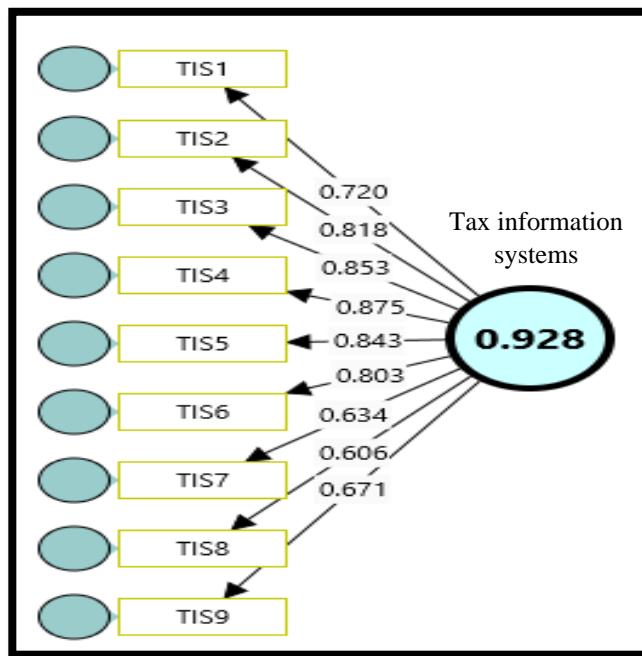
#### 4-3 Confirmatory construct validity

##### 1-Strategic audit of tax administration

The strategic audit scale for tax administration consists of ten questions covering the basic aspects of the strategic audit variable for tax administration. Figure (1) shows the confirmatory structure of the scale, where the values of Cronbach's alpha coefficient and

composite reliability, which exceeded (0.70), indicate the internal stability of the scale items. The value of the average variance extracted (AVE), which exceeded (0.50), also confirmed the quality of the conformity to the convergent validity of the scale items, as shown in Table (3). Accordingly, the scale can be adopted in its current form to conduct subsequent statistical analyses.

**Figure (1) Confirmatory factor analysis of the strategic audit variable of tax administration**



Source: SMARTPLS 4 **software**

Table (3) indicates the values of the standard estimates that ranged between (0.728 - 0.958) at a significance level of (0.000), which is smaller than the significance level of (0.05) for all paragraphs of the strategic audit variable of the tax administration. The values of the (t) test for the paragraphs ranged between (6.971-

11.418), which indicates that all paragraphs of the strategic audit variable of the tax administration are influential, which constitutes a good and sufficient indicator for adopting the model in its final form in subsequent analyses.

**Table (3) Results of confirmatory factor analysis of the strategic audit variable of tax administration.**

Questions	Parameter estimates	T values	P values
Strategic Audit for Tax Administration - > SAOTA 1	0.888	n/a	n/a
Strategic Audit for Tax Administration - > SAOTA 2	0.819	8.673	0.000
Strategic Audit for Tax Administration - > SAOTA 3	0.776	7.809	0.000
Strategic Audit for Tax Administration - > SAOTA 4	0.728	6.971	0.000
Strategic Audit for Tax Administration - > SAOTA 5	0.861	9.597	0.000
Strategic Audit for Tax Administration - > SAOTA 6	0.929	11.418	0.000
Strategic Audit for Tax Administration - > SAOTA 7	0.818	8.529	0.000
Strategic Audit for Tax Administration - > SAOTA 8	0.819	8.525	0.000
Strategic Audit for Tax Administration - > SAOTA 9	0.808	8.313	0.000



Strategic Audit for Tax Administration - > SAOTA 10	0.828	8.689	0.000
Cronbach's alpha	0.956		
Composite reliability	0.958		
Average variance extracted (AVE)	0.687		

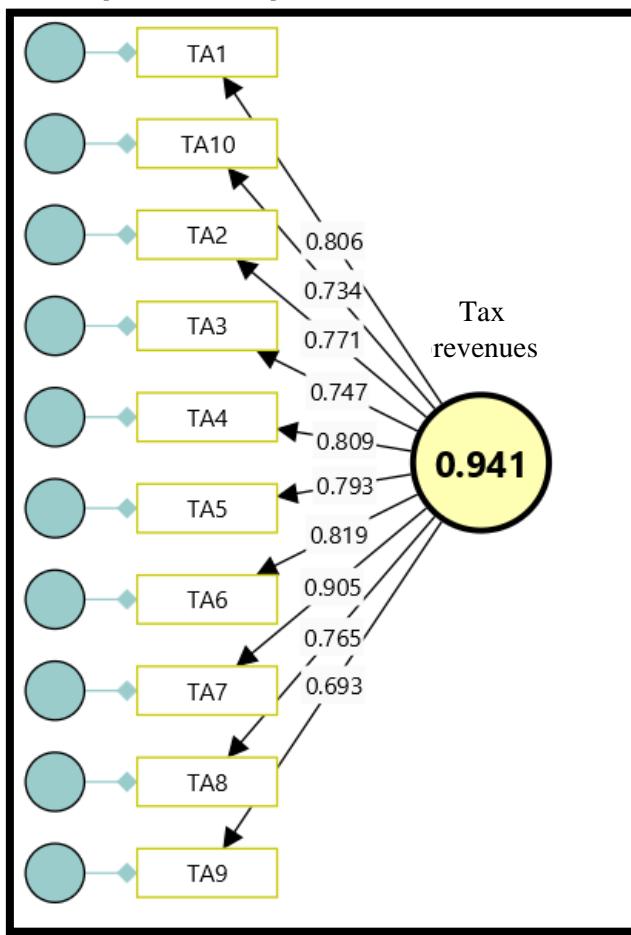
Source: SMARTPLS 4 **software**

## 2-Reducing tax evasion

The tax evasion reduction scale was measured through ten questions covering the basic aspects of the tax evasion reduction variable. Figure (2) shows the confirmatory structure of the scale, where the values of Cronbach's alpha coefficient and the composite reliability, which exceeded (0.70), indicate the internal

stability of the scale for the paragraphs. The value of the average variance extracted (AVE), which exceeded (0.50), also confirmed the quality of the conformity to the convergent validity of the scale paragraphs, as shown in Table (4). Accordingly, the scale can be adopted in its current form to conduct subsequent statistical analyses.

**Figure (2) Confirmatory factor analysis of the variable of reducing tax evasion**



Source: SMARTPLS 4 **software**

Table (4) shows the values of the standard estimates that ranged between (0.597-0.964) at the significance level of (0.000), which is smaller than the significance level of (0.05) for all paragraphs of the tax evasion reduction variable. The values of the (t) test for the paragraphs ranged between (5.1-10.148), which indicates that all paragraphs of the tax evasion reduction variable are influential, which constitutes a good and sufficient indicator for adopting the model in its final form in subsequent analyses.

**Table (4) Results of confirmatory factor analysis of the variable of reducing tax evasion**



Questions	Parameter estimates	T values	P values
<b>reducing tax evasion - &gt; RTE1</b>	0.852	n/a	n/a
<b>reducing tax evasion - &gt; RTE2</b>	0.830	8.295	0.000
<b>reducing tax evasion - &gt; RTE3</b>	0.873	9.123	0.000
<b>reducing tax evasion - &gt; RTE4</b>	0.597	5.100	0.000
<b>reducing tax evasion - &gt; RTE5</b>	0.924	10.148	0.000
<b>reducing tax evasion - &gt; RTE6</b>	0.898	9.510	0.000
<b>reducing tax evasion - &gt; RTE7</b>	0.832	8.300	0.000
<b>reducing tax evasion - &gt; RTE8</b>	0.916	9.951	0.000
<b>reducing tax evasion - &gt; RTE9</b>	0.898	9.514	0.000
<b>reducing tax evasion - &gt; RTE10</b>	0.834	8.344	0.000
Cronbach's alpha	0.961		
Composite reliability	0.964		
Average variance extracted (AVE)	0.723		

Source: SMARTPLS 4 **software**

#### **4-4 Descriptive analysis of research variables**

##### **1- Strategic audit of tax administration**

It is noted from Table (5) that the highest arithmetic mean was at the paragraph "The strategic performance audit provides timely corrective measures and addresses deviations as soon as possible", where it reached (3.898), indicating a good level, with a standard deviation of (0.865) and a coefficient of variation of (22.19%). In contrast, the lowest arithmetic mean was at the paragraph "The mission of the Authority and the strategic audit aim to spread tax awareness among members of society", where it reached (3.153), indicating an average level, with a standard deviation of (1.284) and a coefficient of variation of (40.73%).

From the above and in general, the strategic audit variable for tax administration achieved a general arithmetic mean of (3.481), which indicates a good level, with a standard deviation of (0.980) and a coefficient of variation of (28.15%). The Authority provides its best auditing operations to accomplish comprehensive oversight tasks. Strategic performance auditing also provides timely corrective measures and addresses deviations as soon as possible, as strategic auditing is affected by internal and external data within the General Tax Authority.

**Table (5) Descriptive statistics for the strategic audit variable of the tax administration.**

t	Dimensions of research variables	M	S	CV	Direction of the answer
1	The Authority provides its best auditing operations to accomplish comprehensive oversight tasks.	3.492	1.292	36.99	I agree
2	The Authority's departments seek to provide relevant and approved information for the strategic audit process.	3.186	1.137	35.68	neutral
3	The internal strategic audit aims to use high technologies in the process of collecting and limiting taxpayer data.	3.373	1.188	35.21	neutral
4	Strategic performance audit provides timely corrective actions and addresses deviations as they arise.	3.898	0.865	22.19	I agree
5	Strategic auditing contributes to the success of strategic management in all its stages.	3.339	1.226	36.73	neutral
6	The Authority's mission and strategic audit aim to spread tax awareness among members of society.	3.153	1.284	40.73	neutral



7	The strategic audit approach is used to influence performance efficiency.	3.492	1.135	32.51	I agree
8	Strategic auditing is affected by internal and external data within the General Tax Authority.	3.729	1.142	30.63	I agree
9	Strategic auditing provides the best service to taxpayers.	3.407	1.233	36.20	neutral
10	Tax audit aims to find advanced tax methods and control over the tax community.	3.746	1.027	27.42	I agree
	Strategic Audit of Tax Administration	3.481	0.980	28.15	

Source: SPSS V.28

## 2. Reducing tax evasion

Table (6) shows that the highest general arithmetic mean was at the paragraph "The government is working to issue legislation and laws that are sufficient to combat corruption and tax evaders", where it reached (3.949), indicating a good level, with a standard deviation of (1.007) and a coefficient of variation of (25.51%). On the other hand, the lowest arithmetic mean was at the paragraph "There are sufficient tax inventory operations to reduce tax evasion", where it reached (2.915), indicating an average level, with a standard deviation of (1.250) and a coefficient of variation of (42.87%).

From the above and in general, the variable of reducing tax evasion achieved an arithmetic mean of (3.424), which indicates a good level, with a standard deviation of (1.043) and a coefficient of variation of (30.46%). The results indicate that the Authority's branches facilitate access and registration for taxpayers with ease and convenience. The government is also working to issue legislation and laws that are sufficient to combat corruption and tax evaders, as it seeks to amend tax instructions, discounts and allowances annually to reduce tax evasion. Tax rates are also scientifically compatible to be appropriate and the prevailing inflation rates, as there is a need to follow the method of enticement rather than intimidation by the tax department and the existence of justice and transparency in the taxes imposed, which enhances the reduction of tax evasion.

**Table (6) Descriptive statistics for the variable of reducing tax evasion**

t	Dimensions of research variables	M	S	CV	Direction of the answer
1	Lower tax rates help reduce tax evasion.	3.559	1.178	33.11	I agree
2	The Authority's branches facilitate access and registration for taxpayers with ease and convenience.	3.475	1.135	32.66	I agree
3	There is social justice among members of society that contributes to their tax commitment.	3.373	1.143	33.89	neutral
4	The government is working to issue legislation and laws that are sufficient to combat corruption and tax evaders.	3.949	1.007	25.51	I agree
5	There is fairness and transparency in the taxes imposed, which helps reduce tax evasion.	3.373	1.230	36.48	neutral
6	The Authority's employees have high standards of integrity and professional ethics in dealing with taxpayers.	3.305	1.193	36.09	neutral
7	The government seeks to amend tax instructions, discounts and allowances annually to reduce tax evasion.	3.356	1.374	40.95	neutral



8	The necessity of following the method of enticement, not intimidation, by the tax department	3.186	1.279	40.15	neutral
9	There are sufficient tax assessments to reduce tax evasion.	2.915	1.250	42.87	neutral
10	Tax rates are scientifically adjusted to be appropriate to prevailing inflation rates.	3.746	1.268	33.84	I agree
	reduce tax evasion	3.424	1.043	30.46	

Source: SPSS V.28

#### 4-5 Testing research hypotheses

##### 1- Testing the first hypothesis

(There is a significant relationship between strategic auditing of tax administration and reducing tax evasion) Table (7) and Figure (3) show the results of the first hypothesis test, as it is clear from the value of the correlation coefficient between the strategic audit of the tax administration and the reduction of tax evasion that it reached (0.932) at a significance level of (0.000), which is less than the significance level of (0.05), indicating the existence of a strong significant correlation between the strategic audit of the tax administration and the reduction of tax evasion. The extracted (Z) value reached (12.523), which is greater

than the tabular (Z) value of (1.96), which confirms the significance of this relationship. This result supports the rejection of the null hypothesis and the acceptance of the alternative hypothesis, which indicates that **There is a significant correlation between strategic auditing of tax administration and reducing tax evasion.**

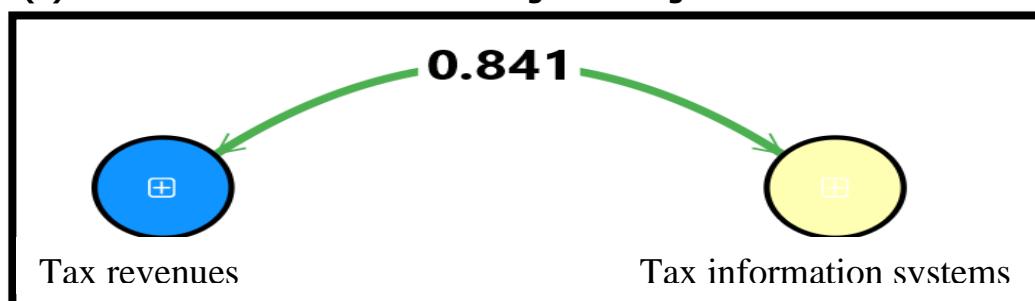
The above means that the relationship between strategic auditing of tax administration and reducing tax evasion is not a coincidence, but rather a real and measurable relationship, and that strategic auditing is a powerful tool for tax administration that can contribute to achieving tax justice and reducing the loss of revenue resulting from tax evasion.

**Table (7) Correlation values between strategic auditing of tax administration and reducing tax evasion**

Dependent variable	Independent variable	R	Z	Strength and direction of the relationship according to the results	Connotation	Sig	decision
reduce tax evasion	Strategic Audit of Tax Administration	0.932	12.523	Strong positive proportion	moral	0.000	Accept the alternative hypothesis

Source: SPSS V.28

**Figure (3) Correlation values between strategic auditing of tax administration and reducing tax evasion.**



Source: SMARTPLS 4 software

**2- Testing the second hypothesis** (There is a significant effect between the strategic audit of the tax administration in reducing tax evasion)

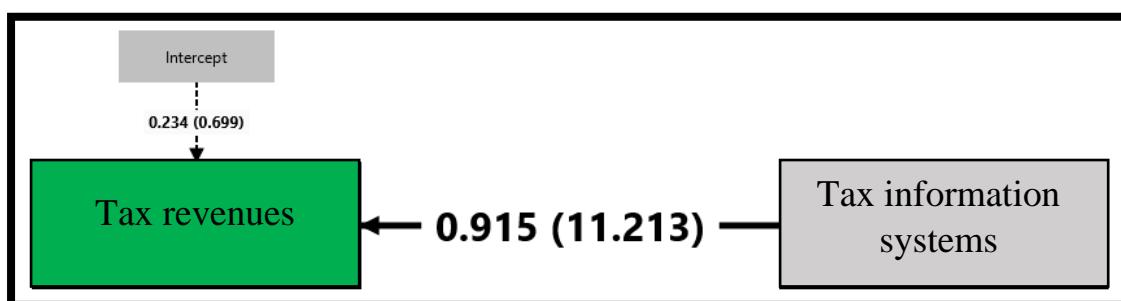
Table (8) and Figure (4) show the results of the second hypothesis test, as the calculated (F) value between the strategic audit of the tax administration in reducing tax evasion reached (376.227), which is greater than the



tabular (F) value of (4.01) at a significance level of (0.05). This result supports the acceptance of the alternative hypothesis that states **There is a significant impact between strategic auditing of tax administration in reducing tax evasion.**

**From the above, it is clear that the strategic audit of the tax administration has a significant impact on reducing tax evasion, as it was able to explain about (86%) of the changes in the level of reducing tax evasion. The calculated (t) value for**

**Figure (4) Analysis of the impact of strategic auditing of tax administration in reducing tax evasion**



**Source: SMARTPLS 4 software**

**Table (8) Analysis of the impact between strategic auditing of tax administration and reducing tax evasion**

Independent variable			(t)	(R <sup>2</sup> )	(R <sup>2</sup> ) Adj	(F)	Sig	Dependent variable
Strategic Audit of Tax Administration	(a) <b>0.029-</b> ( $\beta$ ) <b>.9920</b>	<b>0.158-</b> <b>19.397</b>		.8680	.8660	<b>376.227</b>	<b>0.000</b>	reduce tax evasion

## 4-6 CONCLUSIONS AND RECOMMENDATIONS

### 4-6 -1 Conclusions

1. Strategic auditing is a tool through which the auditor attempts to find answers to questions related to strategy formulation and control.
2. Strategic auditing plays an effective role in managing risks in the organization as it is one of the basic pillars of risk management by investigating and searching for risks at the present time.
3. The General Tax Authority suffers from a lack of motivation in all aspects, especially financial motivation, compared to the amounts that employees deal with, which is reflected in tax evasion.
4. The age of tax legislation and the frequent amendments to it prevent the achievement of effective and influential strategic planning to reduce tax evasion.
5. There is a significant correlation between the strategic audit of tax administration and the reduction of tax evasion, as the relationship is

**the strategic audit variable of the tax administration reached (19.397), which is higher than the tabular (t) value of (2) at a significance level of (0.05), which confirms the significance of the coefficient ( $\beta$ ) for strategic planning. The results indicate that increasing the strategic audit of the tax administration by one unit can increase the level of reducing tax evasion by (99%).**

not a coincidence, but rather a real and measurable relationship.

6. There is a significant impact between strategic auditing of tax administration and significantly affects the reduction of tax evasion.

### 4-6 - 2 Recommendations

1. Work hard to exploit the high importance of strategic planning to reduce tax evasion.
2. The necessity of providing the necessary and basic resources and capabilities to implement the strategic audit and work to make it a success.
3. The necessity of considering reducing tax evasion in all its types and forms as a priority for the planner of the strategy for the tax system.
4. The necessity of issuing tax legislation that is compatible with the requirements of the economy and all the changes that occur, provided that it is issued within the framework of the strategic plan of the General Tax Authority to reduce tax evasion.



5. Working to activate the role of the Planning Department within the General Authority to develop a strategic plan and monitor its implementation, through standards set for this purpose to be presented to senior management to take the necessary action in light of environmental variables.
6. It is necessary to exploit the existence of a moral impact and an influential long-term link between strategic tax planning and reducing tax evasion, when preparing the strategic tax plan, while directing it to the maximum extent possible to reduce tax evasion.

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