Factors Affecting Tax Attitudes and Tax Compliance: A Survey Study in Yemen

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This study was aimed to bring an insight about influence of attitudes and considerations of individual taxpayers on tax compliance in Yemen taking internal and external factors into consideration. The study was conducted in Sana'a, the capital city of Yemen to evaluate and rank the factors that reduce taxpayer compliance. A questionnaire was designed using a five point Likert scale and distributed to tax payers in order to learn their opinions. The results indicated that, high tax rates and unfair tax system are the two most crucial factors associated with low compliance. Furthermore, insufficient tax auditing, little deterrent effects of tax penalties and tax amnesties enacted frequently have impact on taxpayers' compliance decision. The factors like insufficient tax office staff number and frequent tax code changes affect tax compliance to a lesser extent.It was also revealed that collected taxes did not return as public goods and services in Yemen. When the responses are compared by gender and age, females were found to be more compliant compared to males to taxation whereas age is not a significant factor in general, especially for external factors. Older group was found to be more compliant compared to young in terms of factors having significant difference.
Keywords: tax, tax compliance, tax payer, internal factors, external factors.

1. Introduction

Tax, in the simplest form, can be explained as economic obligations imposed by the governments on natural and legal persons (Tuay & Güvenç 2007). The basic functions of this economic burden imposed on citizens by the states is to provide source of funds used for development projects such as provision of infrastructure like good roads, stable power supply, stable water supply etc. It is well known fact that in an economy like Yemen which is striving to escape poverty, it is even more important. While tax was collected to finance public spending originally, it has been used for economic and social objectives starting in early 21st century (Çiçek 2006). Tax payer's motive for maximum income with minimum expenditure (Olowookere & Fasina 2013) causes concern for the tax paid and friction between state and tax payer as well. Therefore there is a struggle between state objectives to raise up tax revenue and that of the citizen to minimize tax incidence. The presence of a modern tax system that has developed some technical arrangements sometimes may not be enough to dissolve this conflict (Nerre 2008). How well organized both tax legislation and tax administration are not sufficient itself, since human factors become more important than the organisation of them(Mutlu & Taşçı 2013).

If the factors affecting   tax payer behaviours are analysed clearly, legal arrangements can be shaped accordingly in order to increase of taxpayer compliance (İpek & Kaynar 2009). Tax compliance is described as the process of fulfilling the tax payer's civil obligation for tax payment and filing of tax returns including the provision of necessary documents and explanations required by the tax authority in a timely manner (Oyedele 2009). The concept of voluntary tax compliance is defined as an exhibition of positive attitudes towards the taxation & willingness to pay taxes (Aktan et al 2006). Tax compliance is a major problem for many tax authorities and is not an easy task to persuade tax payers to comply with (James & Alley 2002). Alm and Maritnez-Vasques discussed the some reasons why tax-payers may be non-compliant and classified them as internal and external factors. Internal factor is the self- perception and judgement of tax payer compliance behaviour for being right, acceptable or moral. External factor is the tax payer' perception of how he is treated by government in areas, such as payment of taxes, return of public services, responsibility of state decisions (Torgler 2004)

Internal factors can be listed as level of trust in government, a sense of civic virtue, level of accepted ruling party, religion belief, social and demographic factors (Şahpaz & Saruç 2011), the perception of what most people think about me, opinions of tax payers about what others do (Çataloluk 2008), the effects of efficient usage of public spending on taxpayers' attitudes and decisions (Alm et al. 1992). Tax injustice, the lack institutional quality (complex tax laws & changing of them frequently) (Frey & Torgler 2007), permanent tax amnesties (Andreoni 1991), inefficient tax audit (Cummings 2009), inefficient tax penalties & tax exemptions are the external factors found significant (İpek & Kaynar 2009). Yemen is one of the numerous countries where noncompliance with tax is prized. Albeit Yemen, in 2004, passed a self-assessment system (SAS) to be applicable to all taxpayers (Aljamaree & Algaylee 2007), established a specific public administration for combating tax evasion, and carried out several international, regional and governmental efforts to minimize financial crime and, tax evasion. Yet, the level of tax evasion still remains questionable (Embassy of Yemen 2007). In 2010, after a political settlement with leaders of the Yemeni private sector, tax rates were lowered but

exemptions were reduced in another effort to raise tax income of the state, though this remains a major challenge (Schmitz 2012).

The objective of this paper is to explore the tax payer compliance in Yemen regarding the internal & external factors that determine the level of compliance. To achieve the objective of this research, a questionnaire was prepared in accordance with this dual distinction and presented to taxpayers.

2. Literature Review

Behavioural models that affect tax payer compliance with the obligation to pay tax are divided into two basic norms as internal & external. The thoughts & perceptions of tax payers about taxation that shape their behaviours & attitudes are viewed as internal, Tax system and technique, approach of tax administration to taxpayers, general sense of political confidence in public opinion, tax knowledge, and legal arrangements are considered as external factors (Hazman 2009). The results of the survey carried out in the capital city of Kyrgyzstan among 500 tax payers showed that the most important factors affecting the tax culture are; trust in the government, quality of public services and availability of informal economy (Abdieva et al. 2011). The perception that the government is not accountable to taxpayer has been identified as a major challenge facing the tax authority (Onuba 2011). Especially, the surveys revealed that trust in government affects tax compliance of citizens, and increases the tendency to declare taxable revenue more precisely (Alm et al 1992). The study was conducted using SMEs in Zaria, North-Central Nigeria to evaluate and rank the factors that encourage non-compliance with tax obligation by SMEs (Atawodi & Ojeka 2012). The authors found that high tax rates and complex filing procedures are the most crucial factors causing non-compliance of SMEs. Other factors like multiple taxation and lack of proper enlightenment affect tax compliance among the SMEs surveyed only to a lesser extent. They recommended that SMEs should be levied lower percentage of taxes to allow enough funds for business development and better chances of survival in a competitive market. Moreover, they suggested that government should also consider increasing tax incentives such as exemptions and tax holidays as these will not only encourage voluntary compliance but also attract investors who are potential viable tax payers in the future. A survey carried out in Afyon city, in the inner western region of Turkey among 231 companies revealed that external factors that affect taxpayers negatively on tax adaptation in fiscal transparency are failure in political policy and deficiency to submit public goods and services. Also, high tax burden and insufficiency of tax audit are negative factors on tax awareness (Hazman 2009). Another field study organised in Çanakkale province, Turkey examined tax compliance at the local level (İpek & Kaynar 2009) and found that, as in general, taxpayers in the city centre are affected by some personal and environmental factors. The authors state that taxpayers support tax obligation in general, the current status affects voluntary tax compliance negatively. One of the external factors on tax compliance is the approach patterns of tax administration towards taxpayer. Mutlu & Taşçı (2013) found that customer oriented tax administration fosters voluntary tax compliance of citizens. While agricultural income tax payers have been found to be affected by the customer oriented approach of tax administration at the highest level in terms of voluntary compliance, the commercial income tax payers have been affected to a lesser extent.

As a principal demographic variable, age has been demonstrated to have a positive correlation with tax compliance that can be attributed to higher commitment to society at old age or tendency to take risk and face sanctions at young age. Traditionally, females have been identified with more constraint, moral restraints, more conservative life pattern (Olowookere et al 2013). Nevertheless, the role of gender impact has begun to decline due to social changes, as more women to participate in working life (Saruç 2003) and there is no significant difference between male & female in many surveys conducted in recent years. Education has been found to have inconsistent associations with tax compliance. Aside from positive associations, negative associations were also reported between education and tax compliance that can be ascribed to utilizing opportunities for tax avoidance & evasion with increasing fiscal knowledge. The effect of marital status on tax compliance was also inconsequential in different studies.

An individual psychological variables, such as moral beliefs and attitudes are non-economic influences on tax compliance have to be focused on. Meanwhile, some economists have tried to control the influence of social norms in models of tax compliance behaviour (Bobek et al 2012). Randlane (2012) indicated that one should not ignore the biologically inherited and socially acquired norms that shape moral values, and tax morale affecting tax compliance is a socio-psychological factor which is connected to the internal motivation of a person to pay tax. The tax compliance is also affected by social norms as well as public services, confidence in public institutions, subjective & cultural characteristics of the person, the fairness of the tax, person's own conception about moral principles, perception of others, awareness of how tax revenues have been used, his/her trust in the country and administrative & tax policy (Randlene 2012). The role of social norms was analysed by using factor analysis of the social norm questions. Those questions were identified for four distinct social norm constructs (Bobek et al 2012). It was observed that the expectations of close others (subjective norms) and person's standards for behaviour/ethical beliefs (personal norms) directly influence tax compliance decisions, but general

societal expectations (injunctive norms) and other individuals' actual behaviour (descriptive norms) have an indirect influence.

3. Methodology

Data for this research was collected using questionnaires applied to primary sources. The questionnaire was divided into two sections (referred to as section 1 and section 2). Section 1 of the questionnaire was designed to obtain demographic characteristics of the respondents (age, gender, marital status, education level, job, monthly income). Section 2 consists of twenty-two (22) statements was designed to evaluate attitudes of tax payers against taxes. A five-point Likert scale (from1 strong agreement to 5 strong disagreements) was used to indicate agreement or disagreement of the subject with each statement.

The survey of this study was held in Sana'a, the capital city of Yemen. The tax authority office stated out that there are around 350 tax payers in full active that have commercial earnings, agricultural earnings and self-employed earnings registered with the tax authorities in the centre of Sana'a. Since there are limited number of registered taxpayers that have earnings stated in Sana'a, as many of these taxpayers as possible have been deliberately selected to be part of sample. The more educated participants were selected than average education level of national population to meet the study's criteria. 170 Yemeni individual taxpayers registered in Tax Office of Sana'a accepted to fill out questionnaires with face to face interviews. The questionnaire was adapted from the previous studies conducted to measure the effects of internal & external factors on tax awareness & compliance (İpek & Kaynar 2009, Aljaadi et al 2009). Internal consistency of answers given to the questionnaire was also examined by reliability analysis. Cranach's alpha coefficient that is widely used to measure internal consistency of Likert scale & two resulted dichotomous variables in social sciences, and a calculated value of alpha between 0.7 and 0.95 that tells that the instrument used to measure variables of the study has fulfilled the validity & reliability(Tavakol & Dennick 2011). Aforementioned method was applied on the 22 variables indicating opinions and attitudes of respondents, and this coefficient was obtained as 0,92.

3.1 Limitations

This study is subject to some limitations, such that questionnaires were applied to 170 respondents' opinion, attitude & compliance with the legal obligation to pay taxes in terms of internal & external factors. So, the results have not shown a whole picture of all population in Yemen. Several studies are required to generalize the results of this study & fill in this gap. The second limitation of this research is that thoughts of respondents are limited to the time in 2013. Thus, future researches are required to generalize the results of this study. Finally, this research was realized to explore the opinion of Yemeni tax payers towards taxation process using questionnaire. So, the results obtained in this research are limited in terms of methodological approaches using present questionnaire. In order to confirm and enlarge the scope of these results, more surveys (such as new interviews incorporating political systems, religion and legal process etc.) need to be held on.

Table 1. Demographic Characteristics of Respondents

Demographic Characteristics		Number of Respondents	Percent
Age	20-30	63	37,1
	31-40	67	39,4
	41-50	33	19,4
	51 up	7	4,1
	Sub Total	**170**	**100**
Gender	Male	111	65,3
	Female	59	34,7
	Sub Total	**170**	**100**
Education	Primary	10	5,9
	Secondary	12	7,1
	High	44	25,9
	University	84	49,4
	Ms. and Phd.	20	11,8
	Sub Total	**170**	**100**
Salary Monthly (US Dollar)	< 560 US Dollar	84	49,4
	560-2800	38	22,4
	2800-3700	39	22,9
	>3700	9	5,3
	Sub Total	**170**	**100**

3.2 Demographic Characteristics of Respondents
A total of 170 questionnaires were gathered from the survey. As shown in Table 1, the largest group (39, 4%), in terms of age, was those aged between 31 and 40. Specifically, 37, 1% of them were aged between 20 and 30, while 19, 4% were aged between 41 and 50. This distribution shows that present study reached enough number of respondents (sampling the people in contact with tax administration). The majority of the respondents (65, 3%) were male, and 34, 7% were female. While women have the legal rights to ownership and use of property, many women in Yemen give administrative rights to male members of their family because they are not aware of their rights. This has been attributed to "widespread illiteracy, patriarchal attitudes, and women's ignorance of their economic rights" (Amal Basha "Yemen"). However, high proportion of female respondents was persuaded to participate in this study. The higher educational level of respondents is important in terms of intelligibility of questionnaire form & tax-related conception. Selected respondents are consistent with the nature of our study since the largest group (49,3%) was a bachelor degree holders and 25,9% was high school certificate holders. As for their level of income, almost 50% of the respondents had below 120.000 Yemeni Riyals monthly, 22,4% ranged between 120.000 and 600.000, 22,9% ranged between 600.000 & 800.000 Yemeni Riyals. It can be noted that a large majority of respondents is lower & middle income classes.

4. Results
4.1 Tax Approaches of Taxpayers
This part of the survey has been formed to measure attitudes of tax payers in consideration of internal & external factors.
4.1.1   Internal Factors
Table 2 lists the eight statements including internal factors and overall mean scores for each statement. Respondents were asked to choose a number between 1(one) and 5 (five) to indicate the extent of their agreement or disagreement with each statement.
As it is shown in Table 2, approaches of tax payers about taxation in the light of internal factors are almost comparable ones. Three points (3) located in the middle scoring has been considered to be "neither satisfied nor dissatisfied". One-sample t-test was applied whether there is statistically significant difference by taking the average of the scores given to the statements according to 3 points that is "neither satisfied nor dissatisfied". As can be seen in Table 2, since the p values of all the statements are less than 0,05 at 95% confidence interval of the difference, these   differences have been assessed statistically significant & overall mean scores below 3

points can be accepted as more agree than to be "neither satisfied nor dissatisfied" (Abdieva, et al. 2011).

Table 2: Summary of Responses Related with Internal Factors

	N	Mean	Std. Deviation	P value
S4- Collected tax is not well-spent as public service in Yemen	170	2,42	1,175	,000
S16- The requirements of tax payers are not taken into account in determining tax policies	165	2,73	1,077	,000
S17- Tax payers do not pay taxes on ability to pay in Yemen	165	2,68	1,209	,002
S18- Tax payers are not paying taxes accurately in Yemen	165	2,48	1,208	,001
S19- The mentality "why I am not evading tax, everyone on tax evasion" is prevalent among tax payers in Yemen	165	2,45	1,090	,000
S20- The unwilling to fulfill someone else's tax obligations affects me	165	2,55	1,191	,000
S21- It is a sacred duty to pay taxes as Muslim for me	165	2,72	1,239	,000
S22- Tax payment is an indicator of loyalty to the government	165	2,52	1,161	,004

(1= strongly agree; 5= strongly disagree)

Table 3: Summary of Responses Related with External Factors

	N	Mean	Std. Deviation	P value
S1- Tax rates are too high in Yemen	170	1,99	0,810	,000
S2- Tax system is unfair in Yemen	170	2,18	1,095	,000
S3- Tax law is not simple and clear in Yemen	170	2,78	1,220	,018
S5- Continuous reforming of the tax law leads to inadequate application of it	170	2,79	1,126	,015
S6- Tax system is not appropriate & suitable with the economic condition	170	2,55	1,003	,000
S7- Tax audit is not sufficient in Yemen	170	2,33	1,076	,000
S8- Tax penalties are not deterrent enough in Yemen	170	2,31	1,126	,000
S9-Tax revenue generating activities to keep off the record is not correct behavior in terms of taxation.	170	2,46	1,050	,000
S10-Tax amnesties enacted frequently result in tax inequality	170	2,39	1,004	,000
S11- Extensive tax exemptions result in inequality	170	2,62	1,099	,000
S12- The number of staff working in the tax office is not sufficient for effective service	165	2,89	1,153	,226
S13- The education level & professional knowledge of staff working in the tax office is not adequate for effective service	165	2,76	1,349	,022
S14-The relations between staff working in the tax office and tax payers are not positive	165	2,78	1,095	,009
S15-The tax office is unable to adapt to technological developments	165	2,74	1,259	,009

(1= strongly agree; 5= strongly disagree)

The strongest agreement in terms of the mean scores was that collected taxes are not well-spent as public service in Yemen. In other words, respondents thought that they are not moderately benefiting from public funds the Yemeni Government uses. Citizens usually expect that collected taxes & other public funds must be used by government rational, equitable & economical (Tuay & Güvenç 2007). If they believe that public funds are used wasteful by government, their subjective feelings about tax burden increase more and more (Şenyüz 2009). In this context, the majority of respondents think that collected taxes never returning as public services in Yemen. The second strongest agreement that common belief in Yemen is that "the people evade tax, so I also have a right to evade tax" may affect them as well. It can be said that the thoughts of tax payers about others' attitudes is another individual factor affecting approaches to tax. This situation results in negative feelings of tax payers toward taxation by means of others' negative attitudes. It is understood from the analysis of third strongest agreement that the other important issue in terms of individual factors at what level of awareness & morality about taxation is. Tax evasion has been found in every society. There are major differences in the tax behaviours of citizens around the world (Randlane 2012). But, prevalent opinion is that if tax consciousness & morality is weak, the tendencies of tax avoidance and tax evasion have been upward trend (İpek & Kaynar 2009). This means that decline of tax morale rises inaccurate tax payment. The political endorsement of tax payers to the state as well as allegiance are other individual factors that impact on tax compliance. Although the perception of government's accountability and transparency is low in the public use of tax and other revenue among the

respondents, tax payment has been perceived as a sign of allegiance. The positive link established between the majority of tax payers & the state can be a positive influence in their approach towards taxes, so the feeling of displeasure due to tax payment will be less felt. Moreover, these citizens can attribute greater legitimacy to administration and be more compatible to the laws than citizens with negative perceptions (Tunçer 2002). One of the most important attitudes against tax is the opinion of a tax payer about the other tax payers' obligations (Çataloluk 2008). The general opinion of tax payers about reluctance of others to fulfil their tax obligations may affect them as well in Yemen. The tax payers paid taxes on time and accurately may feel deceived themselves against non-payment of others, then remitting tax debt of them (Demircan 2003). The most important point in many countries of the world is that whether citizens are taxed according to the ability to pay principle or not. Despite the prevalent thought that tax payers are not taxed according to their ability to pay taxes in Yemen among the respondents, 26,7% of the surveyed respondents did not agree & 32,1% of them were neither agree nor disagree. Similarly, the respondents' support about the statement that assessed whether the needs of tax payers are taken into account in determining tax policies also remained at moderate level. Since the requirements & preferences of tax payers have not been paid attention, the attitudes of them have not been clear against tax policies in totalitarian regimes (Çataloluk 2008). The determination of tax policies taking into account the requirements of tax payers may increase the compliance of tax payers. Almost equally, 38,5% of the respondents were in agreement with the tax payment which is also sacred obligation, 38,2% of them were not in agreement with this statement in terms of religious beliefs. If a tax payer thinks that this is conflicting with his religious beliefs, he will not be willing to pay taxes, at least not be willing to accept and will be act of resistance.

4.1.2   External Factors

Table 3 measures the behaviours of respondents related to taxation and lists the fourteen statements including external factors and overall mean scores for each statement. As can be seen in Table 3; since the p values of all the statements are less than 0,05 at 95% confidence interval of the difference except for 12th statement, these differences were assessed as statistically significant. Additionally, overall mean scores below 3 points can be accepted as more agree than to be "neither satisfied nor dissatisfied" (Abdieva, et al. 2011). 12th statement that is "the number of staff working in the tax office is not sufficient for effective service" can be accepted as "neither satisfied nor dissatisfied" due to the p value. The assessments of data in Table 3 in the light of the respondents' considerations about the arguments are given.

The external factors (results from economic & political situations and arises from the structures of the tax system & tax administration having an impact on tax compliance) may also be effective on citizens' willingness to pay taxes. Tax rates in Yemen are generally perceived to be high. The problems related with economic conditions give rise to comment that tax rates are very high. Equity of tax system is one of the important factors that affect tax payers' approaches to taxes. When the relationship between tax equity & voluntary tax compliance is examined, the most important reason for the negative reaction against taxes is availability of unfair tax (Tuay & Güvenç 2007). Tax equity is that citizens with a similar ability to pay taxes have to pay the same or similar amounts; citizens with a greater ability have to pay more, and with lower ability have to pay less (Çataloluk 2008). The respondents indicated that tax equity is not fair in Yemen. Tax penalties and auditing were not considered as adequate deterrent forces by respondents. The main purpose of the auditing is leading citizens to act in accordance with the laws. Tax payers know that auditing increases the tendency to behave legitimately (Çelikkaya 2002). Some studies reported that the effect of the penalty rate of increase on voluntary tax compliance was minimal & insignificant. On this basis, it can be said that if tax penalties are not supported by auditing, they don't create a significant effect (Alm et all. 1990). Therefore, it is necessary to reorganize tax laws in order to apply tax penalties under the strict auditing conditions (Tuay & Güvenç 2007). The majority of the respondents approached to tax amnesties enacted frequently as tax inequity & made this condition a matter of conscience. Tax amnesties may cause citizens in good faith to consider that tax system is unfair & tax evasion is not wrong, in order to have the courage of their tax noncompliance (Mutlu & Taşcı, 2013). Another external factor affecting tax compliance of the respondents is the presence of shadow economy. The majority of the respondents reported that tax revenue generating activities to keep off the record are not accurate. Furthermore, the problems arising from economic and political systems seem to be effective on willingness to pay tax in Yemen. In this context, the economic problems such as high inflation rate and high level of tax rate in comparison to average per capita income are factors related with economic system affecting tax compliance adversely, especially in developing and underdeveloped countries, like Yemen. One of the issues that induce undermining equity in tax system is also extensive tax exemptions (Çataloluk 2008). Tax exemptions granting to some people & groups creates social discontent and causes other people to think of doing themselves injustice (Tuay & Güvenç 2007). This research has shown that tax exemptions applied extensively & frequently are not accepted favourably by respondents in Yemen. This situation has indicated that tax exemption applied extensively and frequently is another factor to trigger tax noncompliance. The frequently overhauled tax legislation which is also far from being simple and clear is stated as one of major problems in addition to aforementioned problems. These conditions most probably adversely affect tax related activities. The complexity

of tax laws contributes to the tendency of underreported (noncompliance) tax. It can be concluded that, tax laws & legislation should be clear & simple, shouldn't be overhauled frequently. Moreover, the complexity of legislation and tax laws raises difficulties for auditors. In such a case, incompetent and unexperienced auditors will get trouble to reveal and to punish underreported taxes and this leads to tax inequity, and the tax inequity produces a negative response to taxation. Tax administration is a significant structure to ensure the success required for taxation. Number of staff working in tax office, their professional knowledge, training level and their attitudes to tax payers are classified as additional factors affecting tax compliance, as expected. The other problem is also incompatibility to technological developments.

Table 4: Mann Whitney U Test Related with Internal Factors-Gender

Statements	Gender	Mann Rank	Mean Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-tailed)
S4	Male	79,16	2570,5	8786,5	-2,408	0,016
	Female	97,43				
S16	Male	70,40	1679	7674	-4,959	0,000
	Female	107,52				
S17	Male	65,22	1113,5	7108,5	-6,927	0,000
	Female	117,62				
S18	Male	64,44	1029,5	7024,5	-7,231	0,000
	Female	119,12				
S19	Male	68,06	1423,5	7418,5	-5,847	0,000
	Female	112,08				
S20	Male	70,92	1735,5	7730,5	-4,707	0,000
	Female	106,51				
S21	Male	68,56	1477,5	7472,5	-5,683	0,000
	Female	11,12				
S22	Male	70,11	1647,5	7642,5	-5,038	0,000
	Female	108,08				

4.2 Mann-Whitney U Test And Kruskal-Wallis H Test

The perception and attitudes of the respondents to taxation were analysed whether there is significantly difference according to the demographic factors or not in this stage. It was found that distribution of data was not normal according to Kolmogrov-Smirnov normality test ($p<0,05$), and data did not have homogenous distribution in terms of total values ($p<0,05$). Therefore, comparative studies like gender and education were analysed with nonparametric analysis in all 22 statements, and those statements were taken into consideration as an internal & external factors.

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Table 5: Mann Whitney U Test Related with External Factors-Gender

Statements	Gender	Mean Rank	Mann Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-tailed)
S1	Male	75,39	2152	8368	-4,104	0,000
	Female	104,53				
S2	Male	70,99	1663,5	7879,5	-5,548	0,000
	Female	112,81				
S3	Male	83,24	3023,5	9239,5	-0,866*	0,386
	Female	89,75				
S5	Male	77,87	2428	8644	-2,912	0,004
	Female	99,85				
S6	Male	76,87	2316	8532,5	-3,297	0,001
	Female	101,74				
S7	Male	76,27	2249,5	8465,5	-3,482	0,000
	Female	102,87				
S8	Male	73,28	1918,5	8134,5	-4,627	0,000
	Female	108,48				
S9	Male	77,63	2401	8617	-2,976	0,003
	Female	100,31				
S10	Male	76,40	2264	8480	-3,454	0,001
	Female	102,63				
S11	Male	74,63	2068	8284	-4,085	0,000
	Female	105,95				
S12	Male	80,39	2767	8762	-1,020*	0,308
	Female	88,09				
S13	Male	68,89	1514	7509	-5,429	0,000
	Female	110,46				
S14	Male	73,18	1982	7977	-3,824	0,000
	Female	102,11				
S15	Male	68,15	1433	7428	-5,781	0,000
	Female	111,91				

Mann-Whitney U test compares the median of the group, converts the values of continuous variables into ranked series for two groups and evaluates the ranking between two groups whether the differences are statistically significant or not. The actual distribution of values is not important since the values converted into ranked series (Kalaycı, Ş., 2006). Mann-Whitney U test was performed comparing male to female to determine whether the differences in respondents' approaches to taxation were significant or not. Table 4 shows that the difference is statistically significant in the statements with internal factors in terms of gender ($p<0,05$). Results of analysed mean ranks belonging to the groups show that females have more tax compliance than males from the perspective of internal factors. Table 5 shows that there is significant difference between male & female views in terms of external factors except for 2 statements, one of them is about insufficiency of number of staff working in the tax office, and the other is about unclear complex tax laws. In these statements, the difference is not statistically significant. It can generally be said that females behave more compliant than males to taxation in terms of external factors. That means the traditional role of gender impact has been going on in Yemen.

Kruskall-Wallis test is a non-parametric test method for testing whether samples originate from the same distribution or not, is a nonparametric alternative of one-way ANOVA (the one-way analysis of variance between groups), and provides to compare three or more groups with continuous variables. Each person must be in different group, since it is an inter-group analysis (Kalaycı, Ş., 2006). The values are converted to sequential row and their averages are compared with each group. Aforementioned test was used to investigate the respondents' approaches to taxation whether there is statistically significant difference according to the age categories or not.

Applied test results for internal factors are represented in Table 6 and for external factors in Table 7. There are significant differences in the view of internal factors in statements except for four statements according to the age categories. These four statements are about waste of collected tax, formation of reluctance effect to fulfil someone else's tax obligations on respondents, a sacred duty to pay taxes as Muslim and tax payment as loyalty indicator to the government. In the same manner, Kruskall Wallis was used for external factors, and Table 7 indicates that there are significant differences in insufficiency of tax auditing, in adaptation of tax office to technological developments, inadequate education level & professional knowledge of tax staff and mutual

relations between tax payers & tax staff according to the age categories. Mann-Whitney U test was performed for both internal and external factors in order to determine which of these differences are significant in those age groups, and are shown in Table 6 and in Table 7.

Table 6: Kruskall Wallis Test Related with Internal Factors- Age

Statements	Mean Rank / Age Groups				χ^2	Sd	P	Significant Difference
	20-30	31-40	41-50	51+				
S4	84,46	80,01	102,2	68,86	5,939	3	0,115	No Difference
S16	68,91	84,55	104,4	91,43	13,123	3	0,004	20-30 & 41-50 age 31-40 & 41-50 age
S17	68,33	83,69	105,4	99,71	14,652	3	0,002	20-30 & 41-50 age
S18	69,98	84,82	100,6	97,07	10,257	3	0,017	20-30 & 41-50 age
S19	76,28	79,69	98,34	101,6	6,389	3	0,094	No Difference
S20	72,75	84,11	98,69	88,64	6,850	3	0,077	No Difference
S21	72,23	84,33	101	80,79	8,399	3	0,038	20-30 & 41-50 age
S22	73,79	86,64	95,16	90,93	4,966	3	0,174	No Difference

Table 7 : Kruskall Wallis Test Related with External Factors-Age

Statements	Mean Rank / Age Groups				χ^2	Sd	P	Significant Difference
	20-30	31-40	41-50	51+				
S1	84,04	84,56	88,68	92,64	0,456	3	0,929	No Difference
S2	77,73	85,35	95,59	109,29	5,084	3	0,166	No Difference
S3	86,92	80,17	95,83	75,00	2,900	3	0,407	No Difference
S5	90,75	78,17	92,35	76,14	3,416	3	0,332	No Difference
S6	85,31	89,32	81,89	67,64	1,661	3	0,646	No Difference
S7	69,48	97,05	94,21	78,00	12,448	3	0,006	20-30 & 31-40 age
S8	77,22	85,40	102,98	78,57	6,613	3	0,085	No Difference
S9	86,02	79,90	100,22	65,07	5,441	3	0,142	No Difference
S10	79,25	88,42	93,80	74,64	2,759	3	0,430	No Difference
S11	76,70	87,40	100,39	76,29	5,758	3	0,124	No Difference
S12	76,21	83,91	91,20	95,14	2,845	3	0,416	No Difference
S13	67,54	89,81	97,36	85,64	11,085	3	0,011	20-30 & 41-50 age
S14	65,82	88,83	96,84	112,07	15,118	3	0,002	20-30 & 51+ age
S15	70,65	87,46	91,02	110,14	8,339	3	0,040	20-30 & 51+ age

5. Conclusion

This study was conducted to survey tax payers from Sanaa which is the capital city of Yemen to examine their attitudes & compliance towards taxation in terms of internal & external factors, but 170 of them were usable. Results show that tax compliance is affected by broad range of factors such as individual characteristics of tax payers, tax system, tax administration, and economical and political situation.

Based on the findings above, it can be concluded that following problems should be solved immediately are of the great importance in order to provide voluntary tax compliance in Yemen;

- ❖ High tax rates are the primary problem of tax payers
- ❖ Poor tax morale and tax mentality of citizens
- ❖ Inaccurately paid taxes
- ❖ Inappropriate public expenditure to the preferences of tax payers
- ❖ Disbelief in the existence of effective public spending
- ❖ Inability to pay principle
- ❖ Noncompliance of tax payers due to unfriendly state-citizen relations
- ❖ Poor structure of the tax system & tax administration that doesn't meet the expectations & needs of tax payers

❖ Noncompliance of tax payers due to economic & political structures
❖ Low level of governmental accountability and transparency

The government doesn't use means to collect tax efficiently. Long term development depends on a strong Yemeni state that taxes citizens to fund state expenditures and manage resources effectively. As mentioned in this paper, there are a limited number of registered individual tax payers in Tax Office. This fact shows that Yemeni state has lack of institutional capacity. Therefore, the state should develop bureaucratic instruments and also have the necessary legitimacy for effective taxation. The tax bill was passed in parliament in 2005, and tax rates were lowered but exemptions were reduced in order to raise tax revenues in 2010. Meanwhile, the collection of taxes has remained weak. This means that voluntary compliance to taxation is a phenomenon that cannot be resolved without effective tax policy and tax instruments or efforts of tax auditors. The state's economic & political structures and degree of development are important factors that impact on tax compliance as well. Apart from these, some subjective factors influence this process. Therefore, long-term arrangements and wide range of regulations that are dependent upon legitimacy and social interaction between state & citizen's represents society's aspirations are required in the countries that aim to increase tax compliance.

Especially, the one of the functions of state in providing tax compliance is to maintain a moderate relationship between tax payer & auditor in the auditing process. In this way, the perspective of tax payer to the process of taxation & to the state has been influenced positively more than predicted (Feld & Frey 2007). Tax administration should conduct citizens better as being aware of this condition. In this case, tax payers will attempt less resistance against taxes.

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