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Lebanese Fiscal Control:Between Administrative Prerogatives and Taxpayer Guarantees

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Abstract:
The financial burden of tax, the permanent risk of control and the current sanctions are considered to be the reason for tax perception as one of the major concerns of taxpayers.
Indeed, the tax authorities and taxpayers are the true actors of taxation. While the tax authority is considered the dominant player with broad prerogatives, the second player is taxpayers.
The relationship's balance between these two actors is not based on a simple balance of authority or of a mathematical equation but on a relationship of trust that tax legislation, the agents of tax administration and regulatory bodies strive to embody.
Managing the efficiency of tax returns, while ensuring that taxpayer's rights are respected and protected, remains a big challenge.
However, responding to the prerogatives of the administration and obtaining the best possible return from the tax without giving priority to taxpayer's rights harms the interests of the taxpayer.
Two study models have been developed to recognize the guarantees that are considered to protect the taxpayer's rights in the process of tax control and to assess the impact of the audit process on their behavior.
We were positioned in a rationalist framework, adopting a hypothetical-deductive method that guided us to classify the variables that most rely on the two models: tax rights and tax consent.
The results showed that equality of taxation and compliance have the greatest influence on the protection of taxpayers' rights. Consent to tax is most affected by the frequency of controls and taxpayer'sTrust in tax authority.
Key Word:*Taxation; Legislation; Fiscal control; Taxpayer; Consent to tax; Rights.*

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I. Introduction

The fiscal law is a part of the public law and contrary to the private law, equality is not applicable between the parties to taxation [1]. In the taxation process, two main actors exist. One of them is the tax authority responsible for collecting the exact amounts of taxes, due amounts and other contributions payable by taxpayers for the government while the other actor, known as the passive actor, includes taxpayers who are required to pay taxes [2].

The tax authorities must therefore ensure that taxpayers comply with tax legislation [3]. In fact, the Lebanese legislator has given the tax administration authority to detect any irregularities. The latter, qualified as means of constraint or having the public authority which are exclusively held by the administration, are means to ensure both the protection of citizens and equality; to apply the laws and regulations and to ensure the fulfillment of tax duty. They therefore constitute a legal, political and economic need. In this context, fiscal control has its roots as a function of tax authorities and an activity closely linked to the implementation of tax legislation. This control includes all activities aimed to verify the reality and accuracy of statements in accordance with the law and assessing the tax risk resulting from tax evasion and fraud [4].

Taxpayers, until the period of feudal states of the middle Ages, were deprived of many rights, and their ability to pay taxes was not taken into consideration in the taxation process. For them, the tax is so heavy, pushing them to feel that they have become "tax slaves". Thus, ignoring the beneficial role of taxation as a basic element of the social system and a pillar of national solidarity, tax resistance appears from taxpayers' side who try to avoid it by reducing the tax burden while using various means and methods [5].

We are faced with conflicting interests: from the first side taxpayers are obviously have no desire to bear any tax and on the second side the government must collect resources for the expected expenses on time and without any delay. [6]

To reduce as much as possible this conflict of interest, it is essential that citizens accept the idea that the tax is an inevitable necessity for the economy. Similarly and according to Trotabas and Cotteret (1975), it is necessary that the distribution of taxation takes into consideration the taxpayer's ability, in order to create a climate of trust between the taxpayer and tax administration, as it contributes fairly and within the limits of its capacity to public spending. [7]

Paying taxes, which has always been recognized as a duty, has lost in the last two decades the scope of the mandatory side, due to the growing importance of taxpayers' rights. [8]

In view of the above, the problem to which we will respond in this article will be:

How well does Lebanese tax administration equalize taxpayers' rights with those of the treasury during a tax audit?

In other words: How protective are the laws in force for taxpayers?

II. Literature Review

According to Gaston Jèze: "Tax is a financial levy required of individuals by way of authority following legal rules and without a consideration for the coverage of public expenses. " [9]

In contrast to other services, the tax reflects the necessity and the public authority. Tax may not be imposed, modified or canceled except under the pretext of a law approved by the majority of government representatives. [10]

It remains an obligation that weights on citizens of a community through solidarity to fund the government budget and local authorities. Indeed, where there are expenses, funding is requested.

The tax collection must meet certain traditional principles as treated by Adam Smith. They can be summarized in three principles: the principle of legality or legitimacy, the principle of equality and justice, the principle of economic interventionism. [11]

The first two principles state that the tax must be certain and not arbitrary, and that all members of society contribute to the tax in proportion to their ability to respond to the income they earn. A tax has to be customized as much as possible in order for it to be equitable. As for the third theory, taxes are treated as a means of economic intervention and a key instrument of economic policy for the government.

The Lebanese tax law currently consists of a set of legislative rules covering various taxes. Article 81 of the Lebanese Constitution states that there is no taxation without text; therefore the government sets the tax base, the rate and the process by which taxes of all types are collected. We do not have a general code of Lebanese tax, we have a wide range of laws where each source of income is taxed independently. [12]

A first form of justice of any tax system stipulates that persons in the same economic structures bear the same tax burden [13]. Based on this principle, any activity operating in Lebanon and generating income is subject to taxation, the tax system seeks to prevent discrimination and fight against various forms of aversion. This does not exclude other activities or organizations from being completely or partially exempted from taxation. Under the concept of equity, the legislators implemented the principle of progressive income tax in order to ensure greater social cohesion and a fair distribution of tax obligations. It is the same as the principle of family allowance.

Second, the Lebanese tax system may be considered as a simple regime. We only have to look at the taxpayer's status to see which category it belongs to. By contrast, the more complicated tax laws and regulations are, the more the taxpayer escapes tax obligations. In the same context, the 2017/2018 edition of Price Waterhouse Coopers (PWC) and the World Bank (WB) report on tax ease of payment, ranked Lebanon 113th out of 189 countries and 13th out of 20 Arab countries included in the study. [14]

Tax administration has a range of authorities giving it the opportunity to conduct a series of audits and controls to ensure that taxpayers have properly respected their obligations. According to Article 7 of the Lebanese Constitution, all Lebanese shall be equal before the law. They shall equally enjoy civil and political rights and shall equally be bound by public obligations and duties without any distinction. [15]

That control which is also based on laws and regulations (the Income Tax Act, the Tax Procedures Act, the Decree-Law on Public Accounts, the Finance Act, etc.), leads to different types of rights: the right to control, the right to information and the right to take over. [16]

Fiscal control and its effects

The relationship between control and compliance of taxpayers has been recognized as crucial since the pioneering study Allingham and Sandmo (1972); a study taking into consideration not only the audits and sanctions undertaken, but also actions to prevent fraudulent behavior. [17]

Empirical studies show that fiscal controls have effects not only on unpaid taxes (direct effect), but also indirect effects in terms of future performance and fiscal compliance.

The direct effect

Fighting tax evasion is a major issue and government accountability challenge.

The direct effect of tax control is to raise the amount of unpaid taxes by the government, usually including several penalties levied on non-conforming taxpayers. In Lebanon, the preliminary figures of financial losses due to corruption are USD 4 billion each year [18]. In this context, it remains to be seen whether tax controls can collect all of these hidden revenues, taking into consideration the weight of the undisclosed economy. Recent reports by the International Monetary Fund (IMF) illustrate the complexity of Lebanon's black economy.

Indirect effects

Tax authorities are constantly seeking to reduce the threats of tax indiscipline through various means, mainly through tax controls. However, besides the direct effect it has, tax control has been shown to influence the taxpayer's future behavior in terms of tax compliance. In this context the measures carried out illustrate the tax authority will lead many taxpayers to comply with the legislation. [19]

In brief, the indirect impact of tax control is manifested by:

1. The corrective effect of helping taxpayers to improve their future tax discipline;
2. The deterrent effect of convincing taxpayers of the importance of complying with tax legislation;
3. The perceived preventive effect of tax controls on other taxpayers

In other words, controls encourage the emergence of a high level of voluntary discipline.

The obligations of the taxpayer.

According to rules and regulations, the taxpayer and in compliance with Article 37 of the Tax legislation, is required to: get identified by tax authorities, maintain accounting records, declare and pay the taxes due on time, comply with tax procedures and rules, keep records and supporting documents for a period of ten years, cooperate and file with the tax authorities all details related to his activities and third parties with whom he deals. [15]

The rights of taxpayers

Besides the obligations that the taxpayer must fulfill, a set of guarantees are provided to the taxpayer. The sources of these guarantees are legislative and regulatory texts, tax doctrine, tax jurisprudence, human rights and international double taxation conventions [21]. These guarantees are as follow:

1. Equality
2. Respect
3. Professional secrecy
4. Right to information
5. Controlling as per legal procedure
6. Right to complaint
7. Counseling assistance
8. Right to defense
9. Right of a contrary argument
10. Right for fundamental restructuring
11. Compliance with concept of information / reporting
12. International convention on double taxation

A proper balance of the taxpayer's rights and duties must be maintained, in accordance to the above guarantees and in return for the substantial and extensive prerogatives exercised by the government and which are accomplished through the means at its disposal. Tax litigation was developed in an effort by the government to mitigate tax conflicts and ensure equal allocation of opportunities for both the tax administration and the taxpayer.

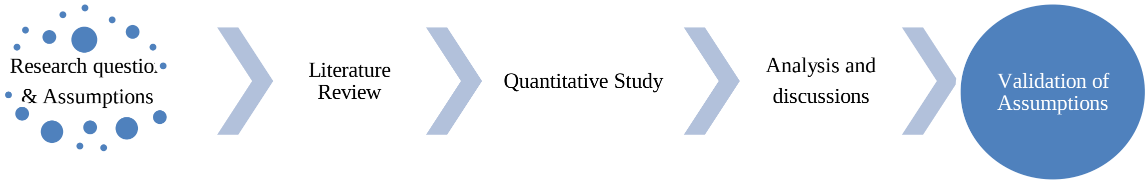
For a long time, the relationship between the tax administration and the taxpayer has been inconsistent and unstable. That is why legislative reforms have sought to improve this relationship. [22]

In fact, protection of taxpayers' rights and duties remains an essential key in fiscal studies.

In addition to the rights offered to the taxpayer, there is also an essential guarantee that is characterized by the right of opposition at its various stages, from opposition to the tax administration, to the petition at the government council and through the opposition governing board. A guarantee that provides additional protection to taxpayers.

III. Research Methodology

Our research adopts the Hypothetical-deductive approach, which consists of starting from the literature review to make research assumptions, to test them later on in the field.



The purpose is to test and evaluate the relevance and adequacy of the formulated assumptions: a conclusion that may be subject to confirmation or denial at the end of the search.

Three assumptions were formulated as follow:
H1: Tax Legislation guarantees the rights of taxpayers during the audit
H2: Tax control increases taxpayer consent to tax
H3:Taxpayers consider the Government council as guarantor of their rights against the excessive authority of the tax administration
The research questions and the assumptions made allowed us to identify two models, illustrated as follow.

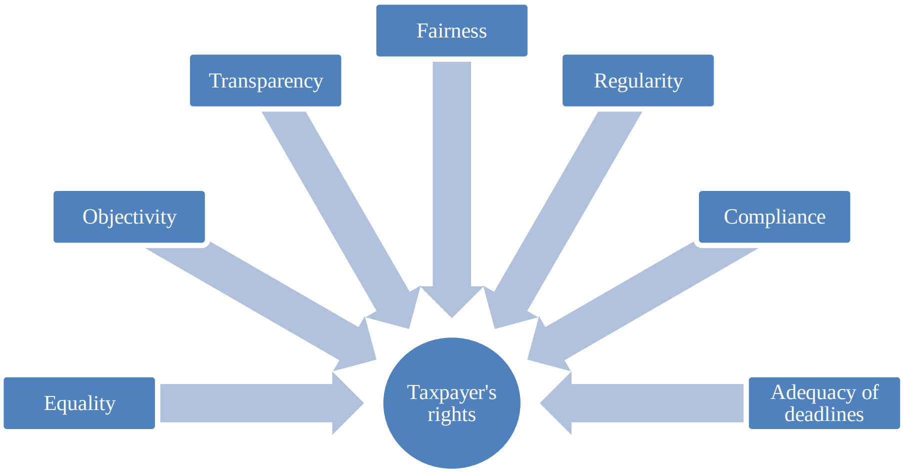


Figure 1: Model 1 – Testing H1 - Tax Legislation guarantees the rights of taxpayers during the audit

As shown in Figure 1, the assumption H1 is designed to test the effect of the legislation (independent variable) on the rights of taxpayers (dependent variable). Noting that the effect of the legislation encompasses equality, objectivity, transparency, fairness, regularity, compliance and adequacy of deadlines. Meanwhile, The rights of taxpayers are expressed in their understanding of tax legislation and of tax duties and responsibilities.

Dependent variable for the first Assumption:
1. Rights of taxpayers during the audit.

Independent variables for the first Assumption:
1. Equality in taxation;
2. Objectivity in tax audits;
3. Tax management transparency;
4. Fairness of the audits;
5. Regularity of the fiscal cycle;
6. Compliance
7. Adequacy of deadlines for documents submission.

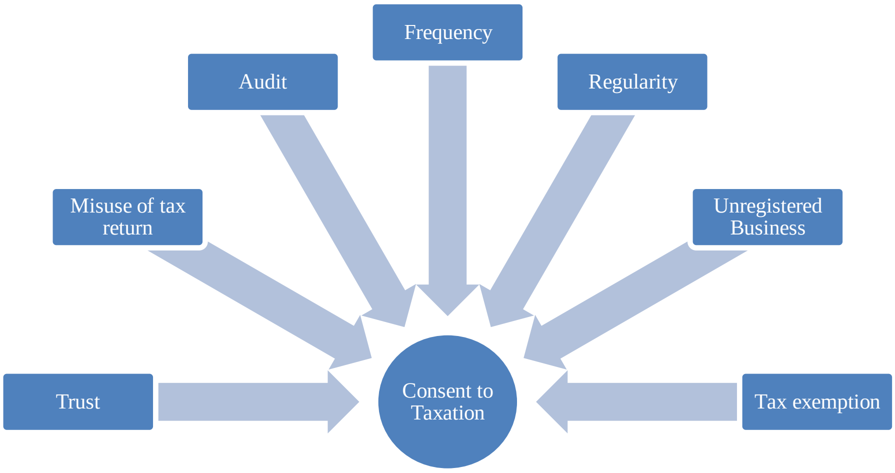


Figure 2: Model 2 – Testing H2 - Tax control increases taxpayer consent to tax.

As shown in Figure 2, the assumption H2 is designed to test the influence of tax control (independent variable) on consent to tax (variable dependent). Noting that tax control includes: Trust, misuse of tax return, audit, frequency, regularity, unregistered businesses and tax exemptions.

Dependent variable for the second Assumption:
1. Taxpayers consent to tax.

Independent variables for the secondAssumption:
1. Taxpayers' Trust in Tax Administration;
2. Misuse of collected tax by the Government;
3. Control and Audit;
4. The Frequency of Tax Control;
5. The regularity of the control procedure;
6. The presence of unregistered businesses;
7. Tax exemptions.

To achieve our goal and to obtain concrete results, a questionnaire was prepared covering all dependents and independents variables, in order to measure, explain and understand these variables and highlight the correlation between them. We were interested by surveying any physical or moral person registered at the Lebanese tax administration.

The target population for this survey concerns the liberal professions (doctors, lawyers, engineers) as well as companies or individuals (employees or self-employed). In addition persons who are subject to Title I and Title II taxes, working with two or more employers, affected by the double taxation and asked to present an additional statement to that presented by their employer known by R8.

Sample size

Necessary Sample Size = (Z-score)2 * StdDev*(1-StdDev) / (margin of error)2

With 95% Trust level and 6% margin of error, the ideal sample size will be 260. Our sample size is 251, representing 96% of the ideal one.

Statistical analysis

Three types of tests were used: Internal Consistency Test, Simple Logistic Regression Test and Correlation Test.

1. **Correlation Test:**

It seeks to determine whether or not there is a relationship between the dependent variable and the independent variable. This test shows a quantification of the linear relationship between continuous variables. Pearson's correlation coefficient calculation is based on the calculation of covariance between two continuous variables.

As long as the value of the coefficient is close to 1, the more strongly associated the two variables are. On the contrary, the more the coefficient is close to -1, the correlation is less significant. [23]

2. **Internal Consistency Test:**

Internal consistency is an assessment of the degree of reliability with which items in a survey or test designed to evaluate the same concept actually perform that role.A high degree of internal consistency means that items evaluatedin the same concept generate similar scores. There is a variety of measures of internal coherence. In general, they are intended to determine the degree of inter-correlation between items and the ability of each to determine the others.Cronbach alpha is a commonly used measure.Its value is less than or equal to 1, generally considered to be acceptable and satisfactory starting 0.7. [23]

3. **Simple Logistic Regression Test:**

Known as the "logit model" or "binomial regression" and considered a particular case of the "generalized linear model", it illustrates the effect of a set of random (independent) variables encoded on a coded random (dependent) binomial variable.In other words, this test determines the relationship between a dichotomic dependent variable (0- 1 / Yes -No) and several independent variables the purpose is to find the most significant variables to validate the model.[23]

Data was analyzed using SPSS.

IV. Result

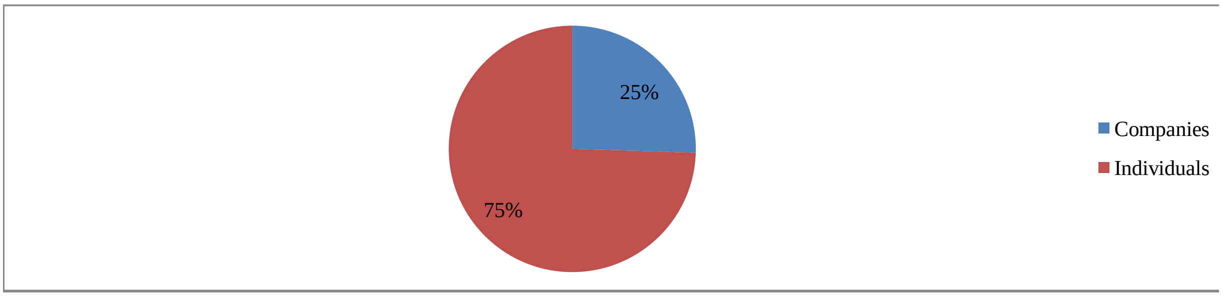


Figure 3: Type of respondents

As shown in figure 3, 75% of respondents were individuals registered at the Tax Administration, while 25% were companies.

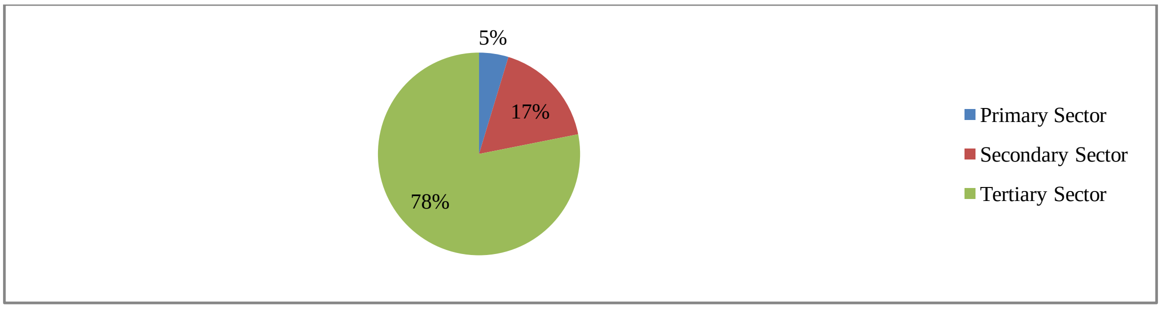


Figure 4: Economic Sector

As shown in Figure 4, most of respondents, 78% work in the tertiary sector, while 17% belongs to the secondary sector and 5% belongs to the primary sector. It’s important to mention that these percentages match the actual share of economic sectors in the gross domestic product in Lebanon.In 2018, the share of services in Lebanon's gross domestic product was 75 percent, industry contributed approximately 14% percent and the agriculture contributed about 11 percent.

Model 1: Testing the first assumption

1. **Correlation Test**

In order to determine the significance of the independent variables on the dependent variable, all the variables that were used in logistic regression model 1 are presented below while determining the correlation of each of the continuous variables with the dichotomous variable. In order to achieve it, a cross test is performed between each independent variable and the dependent variable.

So the tax payer's rights, as a dependent variable, will be related to each of the independent variables.

Table 1: Crossed Table for H1 variables

Crossed Table for H1 variables		Very Weak	Weak	Moderate	Strong	Very Strong
Equality v/s Equality	No	44%	38%	19%	15%	0%
	Yes	56%	62%	81%	85%	100%
Objectivity v/s Objectivity	No	56%	41%	26%	5%	0%
	Yes	44%	59%	75%	95%	100%
Transparency v/s Transparency	No	47%	34%	31%	0%	5%
	Yes	53%	66%	69%	0%	96%
Fairness v/s Fairness	No	42%	37%	28%	0%	0%
	Yes	58%	63%	73%	100%	0%
Regularity v/s Regularity	No	52%	44%	26%	8%	0%
	Yes	48%	56%	74%	98%	100%
Compliance v/s Compliance	No	63%	36%	25%	0%	0%
	Yes	37%	64%	75%	100%	100%
Adequacy of deadlines v/s Adequacy of deadlines	No	48%	40%	27%	33%	13%
	Yes	52%	60%	74%	68%	88%

According to Table 1, a first finding shows that once equality increases from very week to very strong, the rights of taxpayers are respected. In fact, according to this table, we notice that when equality is very week the % of taxpayers who consider that their tax rights are protected is 55.7%, this percentage rises to 61.8% when equality is considered week, then to 80.6% when it is moderate, 84.6% when it is strong and finally to 100% when it is considered very strong. Therefore, the rights of taxpayers are protected whenever the equality is applied.

Similarly, once the objectivity of the control increases from very week to very strong, the rights of taxpayers are respected. In fact, when the objectivity of the control is very week, the percentage of taxpayers who consider that their tax rights are protected is 44.2%, this percentage increases to 59.2% when the objectivity is considered week, then to 74.5% when it is moderate, 95.2% when it is strong and finally to 100% when it is considered very strong. So, taxpayers' rights are protected whenever the objectivity of control is applied.

Also, transparency increases from very week to very strong; the rights of taxpayers are respected. In fact, according to this table, we can see that when transparency is very week the % of taxpayers who consider that their tax rights are protected is 53.4%, this percentage rises to 65.6% when transparency is considered week, then to 69.2% when it is moderate and finally to 95.5% when it is considered strong. So the rights of taxpayers are protected whenever the transparency is applied.

The same interpretation can be accorded to the other variables including the fairness, the regularity and the compliance and the adequacy of deadlines the rights of taxpayers are protected whenever these principles are applied and respected.

Another test is also applied to determine the significance of the variables according to the Pearson chi-square index.

Table 2: Pearson Chi-Square Tests - H1

Pearson Chi-Square Tests - H1	Value	df	Asymptotic Significance (2-sided)
Equality	14.188	4	0.001
Objectivity	22.920	4	0.000
Transparency	13.016	3	0.005
Fairness	9.987	3	0.019
Regularity	23.762	4	0.000
Compliance	29.333	4	0.000
Adequacy of deadlines	8.280	4	0.082

Table 2 shows us the value of the chi square statistic for each variable. Also, the value p appears in the same row in the column "bilateral asymptotic significance". According the to the table, this test shows that the value of the significance(p) is respectively 0.001, 0.000, 0.005, 0.019, 0.000, 0.000,0.082 for Equality,Objectivity,Transparency,Fairness,Regularity, Compliance and Adequacy of deadlines. Our result is significant for the 6 first variables because the p-value obtained is less than the standard alpha value (0.05).

This is why we will reject the null hypothesis (H0) which considers that the 6 variables presented above are independent of the taxpayer's rights. So the six independents variables and the dependent variable are associated with each other.

Concerning the Adequacy of deadlines, the p value (0.082) is greater than the standard alpha value (0.05). This is why we will accept the null hypothesis (H0) which considers that the adequacy of deadlines and the taxpayer's rights are independent of each other. So the independent variable (adequacy deadlines) and the dependent variable (taxpayer's Rights) are not associated with each other according to Pearson chi-square.
According to the chi-square test we can conclude that each of the independent variables chosen affects the dependent variable in a significant way except the adequacy of deadlines.

2. **Internal Consistency Test - Alpha de Cronbach**

Table 3: Cronbach's alpha - Model 1

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	Number of Items
.859	.857	8

As shown in Table 3: The Cronbach alpha test on the tax scale (model 1) shows an $\alpha = 0.859 > 0.7$. This 8-element scale has good internal consistency, so there is perfect homogeneity between the first model variables.

3. **Simple Logistic Regression Test:**

Table 4: Significance of variables related to Legislation

			Score	Significance
Step 0	variables	Equality	13012	.000
		Objectivity	22707	.000
		Transparency	10868	.001
		Fairness	8179	.004
		Regularity	23071	.000
		Compliance	27543	.000
		Adequacy of deadlines	5703	.017
	Overall Statistics		42968	.000

Table 4 shows the values of scoring statistics and significance for each indicator component which isn't in the equation and was used in the first model. In order to interpret the significance of these variables, two assumptions must be taken into account:

H_0 : The variable is not significant

H_1 : The variable is significant

If the significance is greater than 0.05, the variable will not be not significant, we accept H_0

If the significance is smaller than 0.05, the variable will be significant, we accept H_1

Since the values of these 7 variables are less than 0.05, all the corresponding variables are therefore significant and affect the dependent variable. As a result, multi-regression approach Forward Stepwise (Likelihood Ratio) will be used several times while removing the least associated variable. In other words, this approach consists of choosing from the "X" variables, the smallest number of which best explains the variability of "Y".

Table 5: Final Model 1 simple logistic regression

Variables in the equation							
		B	SE	Wald	Df	Sig.	Exp (B)
Step 1a	Compliance	.907	.181	25224	1	.000	2478
	Constant	-.483	.259	3463	1	.063	.617
Step 2b	Equality	.400	.168	5.633	1	.018	1491
	Compliance	.816	.186	19258	1	.000	2.262
	Constant	-.780	.293	7087	1	.008	.458
a. Variable (s) Entered On step 1: Compliance							
b. Variable (s) Entered On step 2: Equality							

Table 5 shows the first model's final simple logistic regression table.It highlights the coefficients, their standard deviations, the Wald statistical test followed by the degrees of freedom associated with it, the p (Sig.) values, and finally the Exp (B) exponential coefficient (odds ratio). Exp(B) is a dimension ratio of each independent variable and the dependent variable (DF) "B" and Exp(B) indicates the meaning of the relationship between the independent variables and the dependent variable.

This regression approach first included the variable which has the best determination coefficient in the model and which is "compliance," then included the one that mostly improves the determination coefficient which is "equality".

Therefore, all variables entered the model and those with small contribution to the model were eventually eliminated.

For "variables that are not included in the equation", these are variables that do not contribute to significantly improving the model. This does not mean that all variables which are not included in the equation are not relevant, because one of the issues with this type of regression is that when two independent variables are highly correlated, only one of them may appear in the model even though both seem to be significant.

In our case, we found that the 7 selected variables have significance less than 0.05 in the first phase which means that all the selected variables (equality, objectivity, transparency, fairness, regularity, compliance and adequacy of deadlines) affect the control of taxpayers' rights. However, the method used, aims to remove variables that it finds highly correlated with each other in order to determine which ones have the greatest influence on the control of rights. Once completed we found that the two independent variables influencing most the dependent variable are "equality" and "compliance" others have a less influence on taxpayers' rights during the audit.

Table 6: Hosmer &Lemeshow Test for Model 1

Hosmer and Lemeshow Test			
Step	Chi-square	Df	Sig.
1	3.084	2	.214
2	11.477	7	.119

Table 6 shows the Hosmer &Lemeshow Test for Model 1. Adjustment statistics help us to determine whether the model correctly describes the data. The statistics "Hosmer- Lemeshow" indicate abad adjustment if the significance value is less than 0.05. In our case, the significance was 0.214for the first step and became 0.119for the second step.It can be concluded that the model adequately matches the data.

Table 7: Model 1 Summary

Step	-2 Log likelihood	Cox &Snell R Square	Nagelkerke R Square
1	290.708	.110	.153
2	284.780	.131	.182

According to Table 7, the -2 Log likelihood is decreasing from step 1 to step 2. This indicator aims to measure the progress of model results throughout the analysis from one stage to another. The decrease in this indicator is a good sign that it means that the model is improving.

The R^2 indicator can be illustrated by two coefficients either "Cox and Snell" or "Nagelkerke". Although the method of calculating each of these coefficients differs, the increase in their values can be interpreted in the same way. The increase in the values of each of those coefficients shows that the model corresponds to the data used.As for our model, R^2 Cox and Snell moves from 0.110 in step 1 to 0.131 in step 2. On the other hand, R^2Nagelkerke moves from 0.153 in step 1 to 0.182 in step 2. So the model becomes more effective from one stage to another, which ensures the credibility and performance of the model chosen.

Model I1: Testing the second assumption

1. **Correlation Test**

In order to determine the significance of the independent variables on the dependent variable, all the variables that were used in logistic regression model 2 are presented below while determining the correlation of each of the continuous variables with the dichotomous variable. In order to achieve it, a cross test is performed between each independent variable and the dependent variable. So the consent to taxation, as a dependent variable, will be related to each of the independent variables.

Table 8: Crossed Table for H2 variables

Crossed Table for H2 variables		Very Weak	Weak	Moderate	Strong	Very Strong
Trust v/s Trust	No	49%	33%	14%	3%	0%
	Yes	51%	68%	86%	97%	100%
Misuse of tax return v/s Misuse of tax return	No	32%	37%	28%	24%	26%
	Yes	69%	63%	72%	77%	74%
Audit v/s Audit	No	44%	63%	32%	21%	10%
	Yes	56%	37%	68%	79%	90%
Frequency v/s Frequency	No	63%	60%	32%	25%	8%
	Yes	38%	40%	68%	75%	92%

Regularity v/s Regularity	No	50%	58%	36%	23%	11%
	Yes	50%	42%	64%	77%	89%
Unregistered Business v/s Unregistered Business	No	38%	65%	21%	17%	24%
	Yes	63%	35%	79%	83%	76%
Tax Exemptions v/s Tax Exemptions	No	30%	50%	13%	22%	28%
	Yes	70%	50%	88%	78%	72%

Table 8 shows that once Taxpayer's Trust in Tax Administration and its agent's increases, from strongly disagree to strongly agree, taxpayer's consent to taxation increases. In fact, according to this table, we notice that when there is no trust between the taxpayer and his tax administration, the % of taxpayers who tend to pay their taxes is 51.1%, this percentage rises to 67.5% when the trust is not too relevant, then to 86% when they neither agree nor disagree, to 96.9% when they have trust and 100% when they strongly trust the tax administration. So each time the trust of taxpayers in the tax administration and its agents increases their future consent to taxation will increase.

Similarly, once the frequency of audits increases, taxpayer's consent to taxation increases. In fact, from this table we can see that the percentage of taxpayers who strongly disagree with the fact that the frequency of controls affects their consent to taxation is 37.5%. This percentage rises to 40% for those who somewhat disagree with this fact, then to 67.9% when they neither agree nor disagree, then increases to 75.3% to those who somewhat agree and finally attend 91.9% to those who strongly agree and consider that the frequency of controls has an influence on their consent. So, each time the frequency of controls increases, the future consent of taxpayers to taxation will increase.

The percentage of taxpayers who strongly disagree with the fact that the misuse of tax return affect their consent to tax is 68.5%, this percentage drops to 62.7% for those who somewhat disagree, then increases to 72.00% for the ones who neither agree nor disagree and finally raises to76.5% for those who somewhat agree with this statement and then degrades again to 74.4% for those who strongly agree, so it can be seen that there is no relevant relationship between the misuse of tax return and the taxpayer's consent.

The percentage of taxpayers who consider that control and audit does not affect their consent to tax is 55.6%. This percentage decreases to 37.1% and continues to extend to 79.1% for those who tend to agree with this statement and reaches 89.6% for those who strongly agree that control affects their consent to tax. Each time that there is control and audit the taxpayer's consent will increase.

The percentage of taxpayers who consider that the regularity of the tax procedure does not affect their consent to tax is 50% this percentage reduces and then strengthens again to 88.9%. The regularity of the tax procedure increases the taxpayer's consent.

According to the collected results, the table shows that the tax exemption do not affect the taxpayer's consent in a significate way. The percentage of taxpayers who consider that the tax exemption does not affect their consent taxation is 70%.

Finally, the presence of non-registered persons reduces their compliance to tax. As we move from rather disagree to rather agree that the percentage increases (35.1% to 83.3%).

Another test is also applied to determine the significance of the variables according to the Pearson chi-square index.

Table 9: Pearson Chi-Square Tests – H2

Pearson Chi-Square Tests – H2	Value	df	Asymptotic Significance (2-sided)
Trust	36.208	4	0.000
Misuse of Tax Return	3.041	4	0.551
Audit	34.074	4	0.000
Frequency	47.495	4	0.000
Regularity	33.359	4	0.000
Unregistered Business	30.681	4	0.000
Tax Exemptions	18.537	4	0.001

Table 9 shows us the value of the chi square statistic for each variable. Also, the value p appears in the same row in the column "bilateral asymptotic significance". According the to the table, this test shows that the value of the significance (p) is respectively 0.000, 0.551, 0.000,0.000,0.000,0.000,0.001 for Trust, Misuse of Tax Return, Audit, Frequency, Regularity, Unregistered Business and Tax Exemptions. Our result is significant for the following variables: "trust", "audit", "frequency", "regularity", "Unregistered Business" and" Tax Exemptions" because the p-value obtained is less than the standard alpha value (0.05).

This is why we will reject the null hypothesis (H0) which considers that these variables presented above are independent of the taxpayer' consent. So these independents variables and the dependent variable are associated with each other.

Concerning the misuse of tax return, the p value (0.551) is greater than the standard alpha value (0.05). This is why we will accept the null hypothesis (H0) which considers that the misuse of tax return and the taxpayer's consent are independent of each other. So the independent variable (misuse of tax return) and the dependent variable (taxpayer's consent) are not associated with each other according to Pearson chi-square.

2. **Internal Consistency Test - Alpha de Cronbach**

Table 10: Cronbach's alpha - Model 2

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	Number of Items
.763	.775	8

As shown in Table 10: The Cronbach alpha test on the tax scale (model 2) shows an α = 0.763> 0.7. This 8-element scale has good internal consistency, so there is an acceptable homogeneity between the second model variables.

3. **Simple Logistic Regression Test:**

Table 11: Significance of variables related to Consent to tax

			Score	Significance
Step 0	variables	Trust	35107	.000
		Misuse	1608	.205
		Audit	26151	.000
		Frequency	45.586	.000
		Regularity	30277	.000
		Unregistered	11823	.001
		Exemptions	2845	.092
	Overall Statistics		62264	.000

According to Table 11, the significance of Trust, audit, frequency, regularity and unregistered businesses, these variables are significant and could contribute to the improvement of the model (sig < 0.05). However, the misuse of tax return and the tax exemptions each has a 0.205 and 0.092 significance greater than 0.05. Hence these two variables are not significant.

Table 12: Final Model 2 simple logistic regression

Variables in the equation							
		B	SE	Wald	Df	Sig.	Exp (B)
Step 1a	Frequency	.739	.118	39093	1	.000	2094
	Constant	-.898	.303	8781	1	.003	.407
Step 2b	Trust	.792	.184	18.463	1	.000	2.207
	Frequency	.609	.123	24,410	1	.000	1838
	Constant	1343	.339	15702	1	.000	.261
a. Variable (s) Entered On step 1: Frequency							
b. Variable (s) Entered On step 2: Trust							

As shown in table12, among the seven selected variables, we have 5significance less than 0.05 (Trust, misuse of tax return, audit, frequency, regularity, unregistered businesses and tax exemptions) which means that these selected variables affect the taxpayer's consent to taxation. The misuse of tax money and the tax exemption do not affect consent to taxation of taxpayers.

This approach is designed to remove variables which it considers highly correlated in order to determine which ones have the greatest influence on the consent to taxation of taxpayers.

The simple logistic regression analysis shows, after a detailed review of the factors affecting tax consent, that consent relies on 5 variables: Trust, audit, frequency, regularity and the unregistered businesses. The two factors that mostly affect this consent:

The Trust in the tax administration and its agents;

The frequency of control procedures and tax revision.

On the contrary, and according to the case treated, Taxpayers have acknowledged that their tax consent is not affected by the possible existence of certain tax exemptions. This can be explained by the fact that the exemptions apply only to tax penalties and not to the amount owed by the taxpayer. The respondents have thought that their tax payment is not dependent on how the government imposes the tax. It is well known that tax revenues are a source of funding for many public services, social programs, etc ... therefore it is necessary to know where the tax money goes. But we must remember that "paying taxes" is a duty and responsibility that come within the remit of public authority and jurisdiction. In other words, people are forced to pay tax under risk of tax penalties.

Table 13: Hosmer &Lemeshow Test for Model 2

Hosmer and Lemeshow Test			
Step	Chi-square	Df	Sig.
1	3.038	3	.386
2	6.695	7	.461

Table 13 shows the Hosmer &Lemeshow Test for Model 2. Adjustment statistics help us to determine whether the model correctly describes the data. The statistics "Hosmer- Lemeshow" indicate abad adjustment if the significance value is less than 0.05. In our case, the significance was 0.386 for the first step and became 0.461 for the second step.It can be concluded that the model adequately matches the data.

Table 14: Model 2 Summary

Step	-2 Log likelihood	Cox &Snell R Square	Nagelkerke R Square
1	260.505	.166	.236
2	237.382	.240	.340

According to Table 14, the -2 Log likelihood is decreasing from step 1 to step 2. This indicator aims to measure the progress of model results throughout the analysis from one stage to another. The decrease in this indicator is a good sign that it means that the model is improving.

The R^2 indicator can be illustrated by two coefficients either "Cox and Snell" or "Nagelkerke". Although the method of calculating each of these coefficients differs, the increase in their values can be interpreted in the same way. The increase in the values of each of those coefficients shows that the model corresponds to the data used.As for our model, R^2 Cox and Snell moves from 0.166in step 1 to 0.240 in step 2. On the other hand, R^2Nagelkerke moves from 0.236in step 1 to 0.340in step 2. So the model becomes more effective from one stage to another, which ensures the credibility and performance of the model chosen.

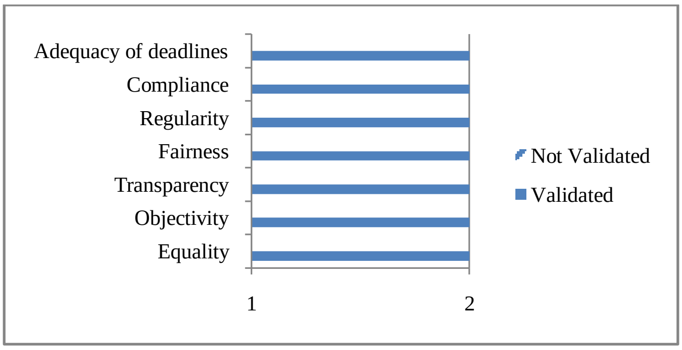


Figure 5: Validation of First Assumption

As shown in Figure 5, all variables were validated which validate the first assumption: Tax Legislation guarantees the rights of taxpayers during the audit.

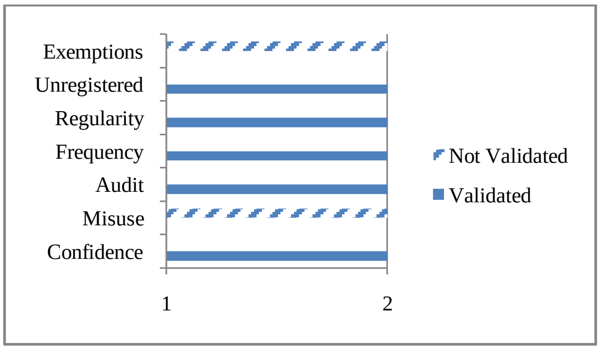


Figure 6: Validation of Second Assumption

As shown in Figure 6, 5variables over 7 were validated which validate the second assumption: Tax control increases taxpayer consent to tax.

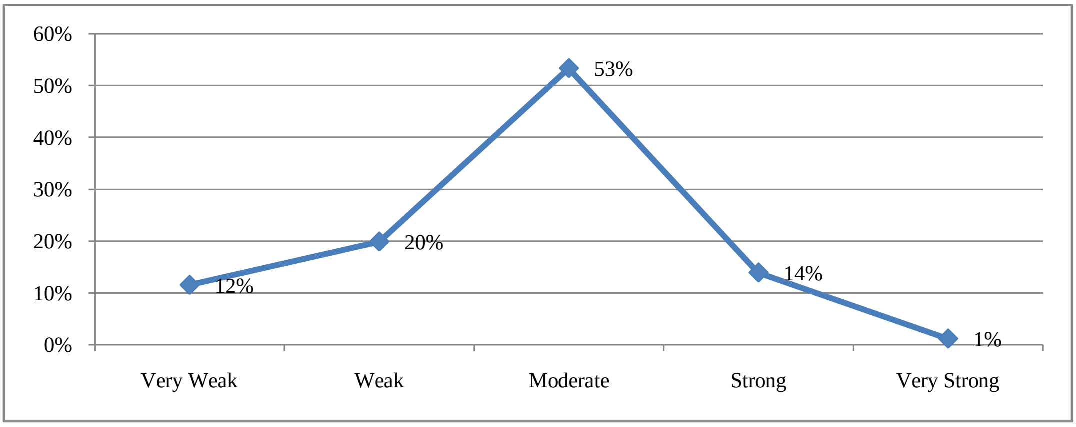


Figure 7: Role of the Government Council

In response to the third assumption made, a separate study was carried out including the perceptions of the respondents on the role of the Government council.
Figure 7, shows that 53% of respondents (taxpayers), have neutral opinion regarding the role of the Government while 32% have a bad impression. Hence H3 cannot be validated.
As conclusion, Taxpayers do not consider the Government council as guarantor of their rights against the excessive authority of the tax administration. This can be affected by the actual instability in the country, especially after the Lebanese Revolution since Oct 17^{th} 2019, where people lost trust towards the Government [24].

V. Recommendation and Future Perspectives

Any initiative that enhances taxpayers consent to tax should be focused on the four pillars examined: registration, declaration, appropriate declaration and, finally collection. [25]
For each of the four pillars, two major strategies should be mentioned:
a) Education;
b) The implementation (taxation).

Education

The ministry of Finance in Lebanon works to create a modern administration and encourage tax culture among taxpayers. That is why, as part of the expansion of the taxpayer base and as a step towards improving fiscal civics, a learning task must be assigned to a specific department of the ministry whose objectives should be:
1) Widening citizens' knowledge of tax matters;
2) Raising citizens' awareness of their rights and obligations;
3) Explanation to taxpayers of tax payment;
4) Stressing the negative effects of tax evasion;
5) Strengthening a transparent and trusting relationship.

It is noted that a set of educational activities have been carried out by the Ministry of Finance in Lebanon, examples are as follow:
1) The publication of several manuals and booklets giving taxpayers not only tax information but also information on public finance operations;
2) The release of comprehensive media campaigns on Lebanese TV channels, billboards, social channels, informing people of their rights to ask for an invoice after each purchase and to prevent any initiatives of evading taxes;
3) Organizing a series of conferences and lectures open to the public, including businesspeople and professionals;
4) Establishment of a university-oriented program, providing description of the Ministry of Finance's functions and responsibilities and instruction covering the Lebanese tax system;
5) The development of an information center and a call center that responds to taxpayers' questions;

6) Development of a free application offering users quick access to tax news (e.g. information on reporting deadlines);
7) The renovation of the Ministry of Finance's website offering easy access to all information, news and e-services;
8) Collaborating with the United Nations Development Program (UNDP) to improve the quality of the services offered, increasing taxpayer awareness initiatives, including the dissemination of an annual calendar called "Tax Time" reaching about 30,000 taxpayers each year.

Implementation / Reinforcement

It is called reinforcing, the enhancement of taxation measures to reduce tax evasion [26]. At this stage, the tax system must assess risks and distinguish between good and bad taxpayers, since tax control usually leads to consequences that are classified as severe.

Therefore, a set of approaches and measures should emerge:

1) implementation of a graded response based on predefined risk:
   High risk – Audit control
   Medium Risk – Asking for amendments
   Low risk - Warning Letters
2) Flexible implementation of the measures to good taxpayers.
3) Supporting small and medium businesses in order to encourage volunteer enforcement.
4) Identifying people outside the system (not registered) through unannounced visits to business locations.
5) Using data from third parties, such as central bank, commercial banks, ...
6) Introduce mandatory reporting requirements for business-to-business (e-invoices) transactions for which a relevant tax identification number must be registered.
7) Concentration on industries and high-risk activities.
8) Regular identification of firms reporting unrealistic profits or low incomes.
9) Usage of electronic cash registers directly linked to tax administration.

Initiatives used to improve one pillar will also strengthen other pillars.

VI. Conclusion

In a country with a reporting system, determining the tax base falls on the taxpayer. The latter is required to file his statements and evaluate his tax base.

In addition, and in order to ensure compliance with the regulations, the tax administration has the prerogatives in employing its authority in order to ensure the reliability and accuracy of the amounts declared and to prevent any act of tax evasion or fraud. [27]

Paradoxically, the good faith of the taxpayer passes under the shadow of a suspicion of fraud much more pronounced. Therefore, guaranteeing the rights of taxpayers especially those in good faith and attempt to reduce the exorbitant powers of the tax authorities reinforces the notion of "legal security". [28]

It is first admitted that administration is efficient when its fairness measures are considerable.

Respecting taxpayers' rights will focus on improving taxpayers' relationships with tax administration; this is a step towards a relationship of trust which, in effect, remains the final step in the implementation of legal protection. It is necessary to mention that studies have shown that, where there is a fair and transparent relationship between these two parties, taxpayer consent would be gained. And that was clearly shown in the results of our research.

The work helps to spread a tax culture within Lebanese society. This can serve to minimize fiscal incivility and improve citizens ' understanding of tax legislation. "Convincing citizens by paying taxes, is contributing to a whole society" it can only be achieved by meeting their expectations, providing quality services and guarantees which protect their rights. It is now recognized that a tax system properly structured and transparent is an incitement of development, not an obstacle.

Also, the tax authorities have a vital role to play in facilitating economic life and contribute to the competitiveness of our economy [29]. In a complex and changing legal environment, it could bring predictability to companies on how current legislation applies to their situation.

There are three major principles to guide the work of tax authorities:

1- An administration that simplifies the life of the taxpayer;
2- An administration that respects taxpayers' rights;
3- Fair administration.

On the other side, the focus should be put on the role of the judge in protecting taxpayers' rights. The tax process known as the "fiscal dispute" helps rebalance the relationship between the tax authorities and taxpayers.

In short, in the 21st century, the main problem is not the fact that taxpayers do not have rights, but the fact that these rights are not fully known or are not practiced as it should.
As answer to the research question, the tax legislation does recognize a number of rights for taxpayers which are grouped together and formulate the tax justice. [30]

However, a set of measures must be implemented, including the dissemination of tax culture, the enhancement of the quality of public governance, and the existence of a clear framework of taxpayers' rights and responsibilities, in order to better protect these rights or make them more effective. [31]
It's a matter of mindset, mentality and behavior.

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