

**TAX EVASION DETERMINANTS IN ALGERIA**

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**UNIVERSITI UTARA MALAYSIA**

**2009**

## **DECLARATION**

I declare that this thesis entitled “A survey on the factors that affect on tax evasion in Algeria” is a result of my own research excepted as cited in the references. The thesis has not been accepted for any degree and is not cocurrently sumitted as a candidate of any other degree.

I certify that any help had received in preparing this thesis and all the sources that used have been acknowledged.

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## **ABSTRACT**

The study looks into the way in which tax evasion could be a problem to the government of Algeria. The study is based on looking into four variables that will be used to see or analysis how organizations and people how are in Algeria are evading tax. The four variables that are mentioned in this study are penalties, tax rate, education, and confidence in government of any country that will be responsible for making sure that each and every citizen of a country pays his or her own tax charges. The reason why these four variables where selected is that they were noted as the major variables that are leading to people and companies in Algeria not abiding by the regulatory authorities that are responsible of collecting tax. This were the contributing factors to many individuals not paying tax as they felt that the government is over charging them when it comes to paying tax and there are no penalties that are given to individuals or co-operations that are not paying their tax. The limitations that were noted are that accessing adequate information to actually see what is really happening in Algeria for people to evade tax.

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## **CHAPTER 1**

### **OVERVIEW OF THE RESEARCH**

#### **1.1 Introduction**

Tax evasion is the illegal practice where a person, organization or corporation intentionally avoids paying his or her or its true tax liability and those that are caught evading the taxes will be generally subjected to criminal charges and any substantial penalties will be charged on them (Engel et al 1998). There are also differences between tax minimization, avoidance and tax evasion; all citizens have the right to reduce the amount of tax they pay as long as it is legal means so that they won't face the problems with the tax authorities.

This paper looks into ways or factors that could be adopted in trying to find out what really can be done in solving the major problems that are being faced when it comes to tax evasion in Algeria. There will be considerable amount of time that will be spend in trying to find out how well will the government of Algeria be able to stop or reduce the tax evasion taking place in Algeria. The different solutions that could be used mitigated and solve the problems concerning tax evasion which is one of the major problems in Algeria that the tax authorities have raised and should be looked into.

#### **1.2 Background information**

The tax evasion is a phenomenon that affects all societies without exception it is illegal and anathema to all legislation. According to Nurtegin (2008) "tax evasion has been recognized as a serious social malady to an extend of causing staggering" which is a

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