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DETERMINANTS OF TAX ADMINISTRATION EFFICIENCY IN LIBYA

BY:

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MASTER OF SCIENCE (INTERNATIONAL ACCOUNTING)
UNIVERSITI UTARA MALAYSIA
2016
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2016
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ABSTRACT

Tax is one major source of government revenue, however, not every national government has been able to effectively exploit this great opportunity of revenue generation. The tax is collected at very lower level because of the inefficiency of tax administration in Libya. The purpose of this study is to investigate the determinants of tax administration efficiency from the Libyan perspective. This study is based on five variables that are used to determine the factors that affect tax administration efficiency in Libya. The five variables that are measured in this current study are autonomy, motivation, information and communication technology ICT, training and leadership style. The data were collected through the distribution of questionnaires to 250 respondents in Libya. 161 out of 250 questionnaires were sufficient and a valid rate for the analysis by using the Partial Least Square-Structural Equation Modeling (PLS-SEM) software. By using correlation and regression analyses, the outcomes of the study show that there is a positively and significant relationship between motivation, ICT training and leadership style with tax administration efficiency. On the other hand, autonomy indicates a negative and insignificant relationship with tax administration efficiency.

Keywords: autonomy, motivation, ICT, tax administration.
ABSTRAK

Cukai adalah salah satu sumber utama pendapatan kerajaan, bagaimanapun, tidak semua kerajaan dapat mengeksploitasi peluang ini untuk menjana pendapatan dengan berkesan. Cukai yang dikutip di tahap yang sangat rendah kerana ketidakcekapan pentadbiran cukai di Libya. Tujuan kajian ini adalah untuk menyiiasat penentu kecekapan pentadbiran cukai dari perspektif Libya. Kajian ini adalah berdasarkan kepada lima pembolehubah yang digunakan untuk menentukan faktor-faktor yang memberi kesan kepada kecekapan pentadbiran cukai di Libya. Lima pemboleh ubah yang diukur dalam kajian ini adalah: autonomi, motivasi, teknologi komunikasi dan maklumat, latihan dan gaya kepimpinan.

Data yang telah dikumpulkan melalui pengedaran soal selidik kepada 250 responden di Libya. 161 daripada 250 soal selidik yang diperolehi mencukupi dan pada kadar yang sah untuk analisis dengan menggunakan perisian separa Lease Square-Structural Equation Modeling (PLS-SEM). Dengan menggunakan analisis korelasi dan regresi, hasil kajian menunjukkan bahawa terdapat hubungan yang positif dan signifikan antara motivasi, latihan dan gaya kepimpinan dengan kecekapan pentadbiran cukai. Sebaliknya, autonomi menunjukkan hubungan yang negatif dan tidak signifikan dengan kecekapan pentadbiran cukai.

Kata kunci: autonomi, motivasi, ICT, pentadbiran cukai.
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CHAPTER ONE
INTRODUCTION

1.1 Introduction

This chapter includes an outline of the study and summary of key points. The chapter begins with the background of the study, followed by problem statement, research objectives, research questions, scope of the study, significant of the study, structure of the thesis and chapter summary.

1.2 Background of the Study

In today's world economic system, one of the key duties of the ruling regime is to ensure the well-being of their citizens. The developments of states are directly associated to the revenue generation, which is one of the biggest challenges for the ruling government systems. According to the figure revealed in the recent years, the world has been a victim of three trillion U.S. dollars annual tax evasion (Thomas, 2012). For instance, Feige (2009) found that more than two trillion U.S. dollars has been missing from unreported revenue in the last decade in the United States. This had resulted in a tax breach ranging from 430 billion U.S dollars to 475 billion U.S. dollars per annum. Tax evasion, as mentioned by Wenzel (2002), is an unlawful avoidance of tax by tax payers including; individuals, businesses and trusts. It involves taxpayers intentionally not telling the truth about their properties to the taxation officials to decrease their tax responsibilities including deceitful tax declaration, for instance; lower income level, earnings or than the amounts made in reality. Tax evasion is practice that is usually connected with the informal economy. The role of tax administration in maximizing revenue generation and minimizing tax evasion and the level of tax evasion is also dependent on the tax administration efficiency (Slemrod, J., & Yitzhaki, S. 2002)
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