

## Comparative analysis of selection, supervision and inspection systems in revenueurs' performance in Iran, Australia and England

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**Abstract:** Tax system in every country is one of the most important sub-branches of economic system. With respect to complexities in tax determination and collection, there were the probability of disputes between tax payers and tax organization on one hand and probability of government's and revenueurs' violating from legal principles and their authorities on the other hand. In this regard and considering the comparative analysis of selection, supervision and inspection systems in revenueurs' performance in Iran, Australia and England is the purpose of present article. This research is comparative-analytic. The theoretical fundamentals of this article depend mostly on law concepts considering the Iranian, Australian and English regulation. Considering the research approach which is analytic-comparative, data collection was done attributively. The results of this article showed that current evaluation solutions in Iran are mostly traditional and they are emphasizing on punishment more than prevention; therefore, there is a strong need to forward-looking supervision and prevention systems for preventing from violations.

**Key words:** Selection; Supervision; Inspection; Revenueurs; Iran; England; Australia

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### 1. Introduction

There are some particular features for employers in important jobs by all of the scholars worldwide so that the employers can perform based on their tasks properly and citizens' rights and interests would not be violated due to irresponsibility of authorities. Hence, today in the most democratic world systems also there are particular conditions for selectors and selected ones (in election processes) and law determines a formal system for supervising and authentication of election volunteers. The perspective document of Iran in 1404 horizon and general policies of article 44 of constitution depicted some goals for the economy of Iran achieving which requires some fundamental reforms in country's economic structure. One of the purposes of the mentioned article is to increase the justice level in tax system. Basically, tax as the primary and the most important public income resources, plays a significant role in public spending securement and it is of significant importance and position for government. Evaluation and explanation of this issue indicates that tax is one of the government's rules and associates with government's power and survival. Therefore, in tax law of every country such as Iran, there are rights and authorities given to tax organization which is called tax power application in order so the mentioned organization can perform based on its duties and responsibilities properly. In addition, today it is focused on necessity of participation and cooperation of tax payers before emphasizing the usage of these authorities and

concessions, which are applied in Iran, too. Also in order for policy making, strengthening and efficiency of tax system, supervision and inspection, making the inspecting and supervising organizations uniform and coordinated, strengthening the efficiency and effectiveness of actions and enhancing the efficiency and organizing the supervising and inspecting systems in Iran, there are investigating rules predicted for violations and punishment related to revenueurs' performance in cases mentioned in Constitution and investigations would be based on the administrative violations. This important task is of Judiciary branch's duties in accordance with constitution of Islamic Republic of Iran. In constitution of Islamic Republic of Iran there is considered supervisory role for head of judiciary and subordinated entities. In this regard, after the tax and its unquestioning is determined, if it is detected that revenueurs and tax organization representatives in tax disputes resolution council recognized the tax payer's income lower or higher than its real level by investigation of payer's documents and evidence and without sufficient researches, deliberately, they are sentenced to 3 month to 5 years dismissal from governmental services in addition to compensating the amount determined by tax council. In cases the payers' tax is irrecoverable or lapsed due to negligence or carelessness by revenueurs except in cases like affidavits investigating which is not necessary based on article 158, the delinquent would be sentenced to punishment consistent with his violation based on administrative law in addition to being dismissed from tax services in accordance with disciplinary board verdict. Also the revenueurs' who act about the

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terminated tax cases would be sentenced to dismissal from their governmental services for about 1-4 years and in cases they reported the false tax deliberately and cause the guiltless payers prosecution, would be sentenced to imprisonment for 6 month to 2 years. Courts would investigate these cases as emergencies. With a little refinement of the mentioned tasks, particular attention to supervisory and inspector actions would be evident and it would be impossible to prevent from faults, crimes discovering, revival of public rights and establishment of justices without considering supervision and inspection. On one hand, it made the judiciary branches duty of preventing or punishing the violations in admirations much more than ever with task of supervising the law good application in Iran. These show the necessity of establishing a strategic organization for supervising and inspecting and an organized supervising and inspecting system in Iran under the control of head of judiciary branch. So this research aimed to comparatively analyzing the supervising and inspecting systems in revenueurs' performance in Iran, Australia and England.

## 2. Background

Tolit (1383) in a research in response to legal dimensions of supervision and inspection in I.R.I system stated that inquiry and accountability should be normative and regulated like any other actions. In Iranian law system there are many bylaws codified and interpreted which explained and enumerated the authorities' and government agents' performance as primary condition for accountability. However these bylaws and regulations are dispersed, it is necessary to approve a holistic accountability and supervisory system.

Alikhani (1383) in an article investigated the supervision in I.R. Iran. In today political complex systems supervision is necessary and undeniable. But how to supervise and its system are different between countries. Based on I.R. Iran law Assembly of Experts which is elected by public supervises the leader's performance. Also leader supervises the triple branches from their coordination point of view and supervision of judiciary branch, Guardian council, Expediency council and other entities is performed under the leader's control. Islamic parliament investigates the complaints of 3 branches performance in 88 and 90 commissions of confidence vote to ministers and investigates the county issues by legislation and applies supervision on other branches while supervising the financial issues in other branches and entities through bureau of audits. Judiciary branch also applies a particular kind of supervision through inspection bureau and court of administrative justice. In addition, each of 3 branches has their own internal supervision.

Rezaie (1385) in a research investigated the tax corruption, causes and areas. In this research it is stated that legislator in tax system there are different strong administrative and braches to eliminate the motivations of every corruption at

least at the execution level. Tax disciplinary attorney and the higher board of tax disciplinary are 2 types of supervising organizations and it can be claimed that there is attorney in none of administrative-executive (judiciary branch) organization in Iran which is able to supervise the tax determination system constantly in accordance with direct tax regulations. Duties and authorities of the higher board of attorney are stated in article 262 of direct tax code and tax disciplinary attorney's authorities and duties is mentioned in article 264 of direct tax code. These 2 sets are working directly under the control of chief of tax organization.

Bloomquist (2003) in a study investigated the effective factors on tax evasion in U.S.A economy during 19784-1999. He made use of income inequality as an alternative for measuring tax evasion and considering the factors such as income inequality, unemployment rate and tax rate concluded that unemployment and tax rate are negatively affecting the tax evasion and income inequality is positively affecting tax evasion.

Richardson (2006) in a research investigated the effective factors on tax evasion ion 45 countries. He stated relating to the importance of issue that recognition of effective factors on tax evasion leads to correctly concluding in this regard and it allows the regulation executors to reduce destructive effects of these phenomena as much as possible by designing and applying suitable policies. Using panel data, he concluded that non-economic factors and complexity of regulations among effective factors on tax evasion had significantly influence tax evasion. Among economic effective factors, he pointed to education, income level, and justice and tax morality. He concluded that the level of tax evasion would be reduced in countries by improving education and income level and reduction of tax regulations complexities.

Bjornskov (2010) considering 29 European countries investigated the effective factors on corruption. By evaluating different factors he concluded that economic development, social capital and regulatory environment affect negatively the corruption. In addition, in his model the inflation and economic openness didn't affect the corruption in spite of expectations.

## 3. Comparative analysis

### 3.1. Tax organization performance and its rule in Iran

#### 3.1.1. Selecting the revenueurs in Iran

Iranian Management and planning organization, board of ministers in meeting, date: 04/06/1380 based on common recommendation No S03.003-105.25410 date: 13/03/1380, economy and finance ministry and Management and planning organization and according with paragraph A of article 59 of the third law of economic, social and cultural development in I.R. of Iran (approved in 1379),

approved Iranian tax organizations rules and executive regulation paragraph A of mentioned article which is stated in accordance with its article 11 that

Organizations employers are from employment rules point of view subjected to Iranian employment rules and coordinated system law of government employers' payment and following reformations which would be approved considering the particular characteristics and importance and responsibilities of tax jobs, organizational operators by recommendation of minister of finance and economy and approval of Iranian management and planning organization in terms of cases by responsible authorities (board of ministers, salary council).

### **3.1.2. Supervising the revenueurs in Iran**

As mentioned before, tax disciplinary board is responsible for the followings:

- A. Investigation of administrative violations in tax issues by all revenueurs and tax organization representatives in disputes resolution board and 3-member board, subject of paragraph 3 of article 97 and other agents who are responsible for collecting tax based on this rule as well as persons who do these agents' duty in keeping with their position by request of tax disciplinary attorney, investigation or prosecution of mentioned cases in attorney and tax disciplinary board on these jurisdictions based on the subject of this chapter.
- B. Rejection of authority of occupying in mentioned positions following the tax services due to morality issues or behaviors inconsistent with revenueurs' prestige or interests and bad reputation or negligence and carelessness in their duties by request of tax disciplinary attorney general.
- C. Investigation of revenueurs' objection whose qualification was not approved by tax disciplinary attorney general. The board's verdict would be credible for authorities in these cases.

### **3.1.3. Inspecting the of revenueurs in Iran**

- A. Investigation and detection of revenueurs' and tax organization representatives' violations and delinquencies in tax disputes resolution boards as well as 3-member boards as subject of paragraph 3 of article 97 and other agents who are involved in tax collection based on this rule and persons who do these agents' duties in keeping with their positions and their prosecution.
- B. Investigation of the mentioned persons' morality and actions and behavior
- C. Ruling about revenueurs' job promotion and tax organization representatives in tax disputes resolution boards
- D. Foreclose against tax payers and revenueurs predicted in this rule.

## **3.2. Tax organization performance and its rules in England**

### **3.2.1. Selection of revenueurs in England**

Nowadays, tax plays an important role in all countries in securement of government's spending. In this regard it would be important to collect tax in line with selecting the revenueurs. Unfortunately there many factors can block the way of government to reach its real share of tax payers' income among which the revenueurs' corruption is the most important one. Considering the fact that in England tax is considered as the most important governments' income, it is very crucial in England how to select the revenueurs for collecting tax.

### **3.2.2. Supervising the revenueurs in England**

In England urgency of tax collection is serious. In this regard payer must pay his/her tax as soon as his/her tax is determined in a certain period of time. Since English revenueurs is responsible for insurance of collection of the determined amount of money for spending in public sectors in England. Due to the urgency of taxes in England, tax organization in England always attempted to create new ways of pay-off to accelerate the tax collection in addition to supervise its revenueurs' performance.

### **3.2.3. Inspecting the revenueurs in England**

The role of HMRC for controlling the tax and government's economy is crucial. Technology-based organizations caused the fact in making use of online technology that tax collection and controlling and supervising the revenueurs become more facilitated and tax incomes would be spent for implementing economic plans.

## **3.3. Tax organization performance and its rules in Australia**

### **3.3.1. Selection of revenueurs in Australia**

Revenueurs are skillful and educated inspectors and investigate financial issues and transactions of individual, firms stakeholders and others payments by tax payers in their activities areas. Hence they are responsible for determination and reporting the suspects of criminal actions such as bribery payment to revenueurs, ideally. In most of the countries such as Australia there are many important action regarding the tax so that they can strengthen the legal frameworks and active administrative attempts for investigating the corruption. Wherever it is possible, a multi-variant approach would be effective tool for preventing from tax corruption, bribery and other crimes. To be careful about the selection of revenueurs would be one of the suitable tools. Tax institution, which was Australian tax institution in past, is a group of tax experts in Australia. Its members consist of accountants, lawyers and researchers. Until 2014 it had 13000 members. This institution provides its members with resources and

training programs. Executive administrations in this institution guide the bases of Australian tax researches. In fact, this is a non-governmental organization which researches about the tax reformations in federal, governmental and local governments.

### 3.3.2. Supervising the revenueurs in Australia

Considering the fact that there are different amendments and regulation added in tax law, Australian government should reform and make the tax system more facilitated and reasonable based on the new conditions. Lack of correct management of tax system and organizing the society economy information and inability to making a more real concept of tax as well as encouraging people to pay their tax timely and providing economic information were the 3 factors of different problems with policy makers and tax payers. These problems caused the failure of tax-economic plans implementation due to lack of necessary support and cooperation by people. This is a kind of dissatisfaction that led policy makers to codify banners whose center is tax system and improvement of people's financial situation to win the election and gain more votes.

### 3.3.3. Inspecting the revenueurs in Australia

Australian tax organization always attempted to create new ways of pay-off to accelerate the tax collection in addition to supervise its revenueurs' performance.

## 4. Conclusion

Tax system in every country is following the ruling system and is one of the most important sub-branches of economic system and is one of the most effective elements in management of all countries and its development which is mentioned in all countries constitution with different concepts. So, the importance and role of tax in securement of governments' income is an undeniable issue. Overall, it can be said that in Iran the fiscal policies is as important that there are 5 articles assigned to this in constitution. Totally it can be stated that tax is one of the manifestations of every government's authorization and is one of the most important public income resources and plays an effective role in public spending securement in such a way that it can be noted that every country's activities continuity and its stability and survival depends highly on tax collection. Due to this fact, tax is of significant importance for governments. Therefore, there are many authorities and extensive and unique action permissions given to tax organizations in the level of determination and collection in order for securement and guaranteeing the tax, in tax law of majority of countries so that these organizations can determine the tax timely and correctly and collect them using these aiding tools. These rights and

authorities of tax organization which are originating from governments authorization, are namely public power concession in public law and tax power application in fiscal and tax laws. Considering the subject importance, there are always attempts consistent with regulation of tax collection and preventing from tax payers' and revenueurs' violations. Considering the complexities of determination and collection of tax, there were the probability of disputes between tax payers and tax organization on one hand and probability of government's and revenueurs' violating from legal principles and their authorities on the other hand. Also it is a probable issue to observe some disputes in tax determination and collection between tax payers and organization and for this reason there is an investigating agency in tax organization for investigating the aforementioned disputes. The current evaluation solutions in Iran are mostly traditional and they are emphasizing on punishment more than prevention; therefore, there is a strong need to forward-looking supervision and prevention systems for preventing from violations. Feedbacks from financial supervision system of revenueurs' performance in Iran are facing some limitations as follow:

1. Lack of clear and specified criteria for measuring and supervising the organizations
2. Lack of specified relationship between inspection results
3. Lack of enforcements in law of establishing the supervision organization
4. Lack of giving necessary authorities to inspectors.

One of the major problems which seem to be in supervision and inspection is irrelevance of supervisory rules. The inspection organization's regulation approved in 19<sup>th</sup> of Mehr of 1360 was revised in 1375. But one of the problems with this regulation is that there is no predetermined definition for supervision and the position of inspection organization so that this organization can defend its indictment and reports like attorney general. Also the other problem with this law is the time of investigating the cases of inspection and supervision organization. In accordance with law, investigation of inspection organization cases must be done without regard to the orders which due to lack of predetermined definition in this regard the cases are investigated 2 or 3 years in judicial courts. UK is one of the countries with the lowest rate of income tax. England had the worst performance in clarity and auditory of tax. Tax troubles are considered as government's important crisis in new federal government. However by revealing the financial scandal, the previous government in England which was influenced highly by labor party faced with some criticisms due to the way it supervised the English tax payers' budget. It was observed by the investigation performed that Australia performs more successfully in preventing tax evasion and corruption.

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