

THE QUALITY OF TAX ACCOUNTING IN ACCORDANCE WITH INTERNATIONAL INTERNAL AUDITING STANDARDS: THE CASE OF IRAQ

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Abstract

This study aims to evaluate the impact of implementing the international internal auditing standards on tax accounting quality at the Iraqi General Tax Authority. The degree of adherence to the standards, including their attribute standards and performance standards with multiple dimensions will be measured. Additionally, the quality of tax accounting procedures will be evaluated within their respective dimensions. In order to achieve our research objectives, we distribute a questionnaire to tax specialists, including department and division heads, assessor, and internal auditors in the departments and directorates of the Iraqi Tax General Authority. One hundred and four (104) questionnaires were distributed, and the data obtained from them were analyzed through a regression and correlation analysis. The findings reveal a significant positive association between the quality of tax accounting and international internal auditing standards, namely attributes and performance.

Keywords: attribute standards; performance standards; international internal auditing standards; tax accounting quality.

1. Introduction

A large body of prior studies (for example Amar, 2014; Asiedu and Deffor, 2018; Jeppesen, 2019) indicates that an effective internal audit department could mitigate significant losses associated with financial scandals at greatest banks and institutions. Achieving this depends upon the department's ability to reveal vulnerabilities in the internal control system, conduct efficient risk management assessments, and identify and address flaws that could lead to increased risk. One risk for tax authorities is taxpayer non-compliance, especially with the rise in tax transactions and number of taxpayers, and corresponding attempted tax evasion. Insufficient internal audit activity within the Iraqi General Tax Administration and employees' disregard for internal audit standards can increase instances of fraud and tax evasion. This will result in taxpayers being assessed at a lower level than their actual income, decreasing the amount of tax collected from the taxpayer. Consequently, there will be a lower level of tax revenue available to finance general budget expenditure. On the other hand, taxpayers lack trust in the tax administration due to their failure

to accurately estimate income in tax declarations, resulting in total or partial tax evasion. These issues reflect the quality of tax accounting in both scenarios. Thus, it seems crucial to investigate the impact of implementing international internal audit standards on the quality of tax accounting in the Iraqi General Authority of Taxation. This can be achieved by assessing the degree to which internal auditors adhere to the international standards of the American Institute of Internal Auditors (IIA). Ensuring adherence to these standards is essential to maintain the quality of tax accounting and optimize the performance of auditors. IIA's guidelines serve as a reference for auditors to achieve effective control and mitigate the risk of tax non-compliance in the field of accounting. The rest of the article is structured as follows: Section 2 presents the conceptual framework and develops hypotheses. Section 3 describes the methodology and data. Section 4 reports the empirical results, and finally section 5 concludes.

2. Conceptual Framework and research hypotheses:

2.1. International Internal Audit Standards

Internal audit is defined by the American Professional Association of Internal Auditors as "an independent and objective activity providing assurance and consulting services with the aim of improving operations and adding value to the organization by following a systematic and methodical approach to evaluate and enhance the effectiveness of governance, risk management, and control processes." The implementation of the internal audit function ensures sustainable auditing by protecting corporate assets from misuse (Hook, 2015). In emerging markets, internal audit serves as a critical function to enforce compliance with laws and regulations, identify potential risks, and improve regulatory efficiency (Gilbert et al. 2023). However, internal auditors encounter several obstacles, such as inadequate resources, limited expertise, and restricted independence when delivering consulting services (Ridley et al. 2011; Lois et al. 2020).

Many scholars have proposed various definitions of internal auditing. However, the majority of these definitions agree that internal auditing is a process organized by management as an independent activity within a company, for its own benefit. Additionally, internal auditing is considered a control mechanism used to evaluate management policies, strategies, and procedures. According to various researchers (Pickett 2011; Mihret and Grant 2017), the internal auditor's role is primarily advisory. Their duty is to provide suggestions and recommendations for enhancing job performance. (Al-Akra et al. 2016). Additionally, when offering consulting services, the internal auditor must maintain impartiality and should not undertake any managerial responsibilities (Lowers et al. 2018; Abu Afifa et al. 2020). Internal auditors provide confirmation services through an impartial analysis of available data to reach unbiased judgments or conclusions about assigned tasks (Mihret et al. 2017; Chowdhury and Shil, 2019; Abdallah and Salamah, 2019; Plant et al. 2019). Internal audit standards are fundamental requirements for practicing internal audit professionally (Abdullatif and Kawuq, 2015). There are two types of internal audit standards: attribute standards and performance standards. Internal auditors must adhere to these standards to ensure independence, objectivity, necessary professional care, and efficiency in performing assigned tasks (Shaban & Barakat, 2023). The aim of internal audit standards is to enhance the

level of internal audit. The Institute of Internal Auditors issues international standards on internal audit that have four primary objectives (Phillips, 2009):

- Define the fundamental principles of internal audit practices.
- Establish a reference framework for carrying out and enhancing internal audit activity
- Provide a basis for evaluating the performance of the internal audit function.
- Promote the improvement of enterprise processes

2.2. Quality of tax accounting

Countries aim to enhance their Tax Administration as it plays a crucial role in safeguarding their entitlement to tax revenues through boosting the efficiency of the tax system (Dimitra, et al. 2015). Tax accounting, a component of the tax system, performs a thorough assessment of the taxpayer's documents and records to precisely ascertain and gauge taxable income in compliance with laws and regulations for computing the taxpayer's payable tax. Additionally, it fulfills tax objectives with optimal efficiency and effectiveness (Al-Tarifi. 2018). Any defects in tax accounting procedures may decrease trust between the tax administration and taxpayers (Masari, et al. 2019). There are varying opinions among researchers regarding tax accounting procedures, with some proposing four dimensions, others suggesting five, and some proposing more or fewer dimensions. Tax Accounting procedures can be identified as follows according to Massoud (2014):

- limiting taxpayers and their income.
- Submitting tax returns.
- Reviewing the taxpayer's tax returns.
- Calculating taxable income and determining the corresponding tax amount (tax estimation).
- Collecting taxes.

The quality of tax accounting depends on meeting several necessary requirements. The most important of these are:

- Proper implementation of tax law and its corresponding instructions.
- Adherence by the tax examiner to inspection procedures and timeframes.
- Consistent practice of ethical values, including integrity, fairness, honesty, and trustworthiness.
- The tax examiner must exercise professional care in the examination to identify errors and irregularities.
- The evaluation of the documents in the taxpayers' file is necessary to verify the results of the tax examination and determine the validity or invalidity of the technical decision made by the examiner.

The implementation of global internal audit standards is crucial in tax accounting as a safeguard. These standards aid in identifying inaccuracies made by the tax authority in its tax accounting processes with taxpayers (Al-Shafei, 2020). Improving tax accounting leads to effective tax management. This involves disclosing accurate income amounts to taxpayers, deducting permissible expenses, and paying the correct tax amount by the tax compliance deadline. Payment compliance encompasses the timely and precise payment of taxes (Devos, 2014; Night & Bananuka, 2020; Do et al. 2022).

Implementing electronic tax collection system can alleviate the problem of economically and socially harmful tax evasion in the tax system, leading to increase the percentage of taxpayer compliance (Kushwah, 2020; Otekunrin et al. 2021; Otekunrin et al. 2021; Eilu et al. 2021).

This study aims to investigate the effects of implementing internal audit standards on the quality of tax accounting based on the following assumptions:

H1: There is no statistically significant relationship between the extent of application of the criteria of internal audit quality in its three dimensions (independence and objectivity, exercising the necessary professional care, internal audit quality control) and the quality of tax accounting in its five dimensions (tax inventory, filing tax returns, verification of tax returns, estimation of taxpayer's income and calculation of tax amount, tax payment).

H2: There is no statistically significant relationship between the extent of application of the performance standards of internal audit in its four dimensions (management of internal audit activities, assessment and development of risk management, planning and implementing internal audit, communicating the results) in the quality of tax accounting in its five dimensions(tax inventory , filing tax returns, checking tax returns, estimation of taxpayer's income and calculation of tax amount, payment (collection) of taxes).

3-Research methodology and data

This study examines the responses of tax specialists at the General Authority for Taxes and its various branches in Iraq. The focus is on those who conduct tax accounting with taxpayers and audit that accounting, including a range of academic backgrounds, career lengths, and age levels. This specific sample is chosen due to the significant role of this authority in generating valuable tax revenues for the state's general budget. The study's findings provide insight into the reality of the internal audit work within the authority and its adherence to international standards of internal audit.

The survey served as the primary method of gathering information on the practical aspect of the research. 104 questionnaires were distributed to managers, appraisers, and internal auditors at various departments and branches of the General Authority of Taxes to gather study data. The questionnaire was created utilizing international internal audit standards issued by the American Institute of Internal Auditors (IIA) and tax accounting quality. The survey was divided into three main parts. The first part depicted the characteristics of the sample under investigation and the relationship between the information of the sample members and the respondents. The respondents' characteristics comprised five sections: academic specialization, scientific qualification, job title, years of experience in internal audit, and training courses in accounting and auditing. The second part consisted of inquiries regarding the significance of implementing internal audit standards (attribute and performance) within the General Authority of Taxes. The third part comprised questions concerning the assessment of tax accounting quality.

The following table displays information regarding the number and percentage of questionnaires analyzed based on academic specialization, scientific qualifications, job title, years of internal audit experience, and participation in training courses for the sample of the study's internal audit workforce.

Table 1. Respondents' characteristics

Profile	Number	percentage
Academic specialization		
- Finance and banking	33	22.2
-Accounting	35	43.2
-Economy	11	10.6
- Management	5	4.8
- Law	8	7.7
- Statistics	3	2.8
- Other	9	8.7
Academic qualification		
-PhD	4	3.8
-Master	14	13.5
-higher diploma	4	3.8
-bachelor	72	69.2
-technical diploma	9	8.7
-preparatory	1	1
Job title		
-Senior Manager (a manager with over 15 years of professional service)	9	8.7
-Manager	5	4.8
-Auditor	27	26
-Associate Auditor	15	14.4
-Chief Appraiser	18	17.3
-Tax Assessor.	18	17.3
- Observer	5	4.8
-Associate Observer	1	1
-Other Observers.	6	5.7
Years of Service		
- Less than 5 years	13	12.6
- Between 5 and 10 years	43	41.4
- Between 11 and 15 years	28	26.9
- Between 16 and 20 years	6	5.7
- Between 21 and 25 years	10	9.6
- More than 25 years	4	3.8

Courses

-Internal control	1	1
- Fundamentals of internal audit	3	2.9
- International standards of internal audit	3	2.9
-Computer use in Tax Accounting and Auditing	7	6.7
- The course of preparation of Appraisers and auditors	78	75
- Other	12	11.5

According to Table 1, the accounting specializations had the highest percentage at 43.7%, followed by the financial and banking sciences major at 21.7%. The statistics field had the lowest percentage, amounting to 2.8%. It should be noted that the largest percentage of the sample had a bachelor's degree, standing at 69.2%, while the smallest percentage was held by those with an intermediate degree. It is worth mentioning that the position of an auditor had the highest percentage, which was 26%, and the position of an assistant auditor had the lowest percentage at 1%. Regarding years of service, the highest percentage of respondents (41.4%) had worked between 5 and 10 years. This suggests that this group represents the highest proportion. Only 3.8% of respondents had worked for more than 25 years. The course with the highest participation rate among respondents was assessor and auditor preparation, with a rate of 75%. In contrast, the course with the lowest participation rate was internal control, with only 1% of the total sample participating. It is clear from the data that the General Authority of Taxation does not prioritize internal control courses, with the participation rate being only 1%. Similarly, the participation rate for International Standards of Internal Audit was only 2.9%. The training program for assessors and auditors places great emphasis on participant engagement, with a participation rate of 75% of the total number of individuals.

4. Results

4.1. Questionnaire and Measurement:

The methods and tools utilized for measurement and analysis include:

- Standard deviation, which is the square root of variance, and is calculated from the following equation.

$$S = \sqrt{\frac{\sum x_i^2 - \frac{(\sum x_i)^2}{n}}{n-1}} \tag{1}$$

The Likert scale:

The Likert scale, proposed by psychologist Rensis Likert, serves as a tool for measuring behaviors and preferences in psychological assessments. Primarily utilized in the field of statistics, the Likert scale contains a series of statements to which test takers respond with varying degrees of agreement or disagreement. The resulting numerical scores provide insight into an individual's views or beliefs regarding the subject matter at hand. Included below is a table outlining the interpretation of arithmetic mean values on the five-point Likert scale.

Table 2. How to interpret the values of arithmetic averages

Opinion	Weight	Arithmetic mean	interpretation	theoretical mean
strongly agree	5	5 – 4.20	very high	3
Agree	4	4.19 -3.40	High	
Neutral	3	3.39 -2.60	around the middle	
disagree	2	2.59 -1.80	Low	
Strongly disagree	1	1-1.79	very low	

4.2. Cronbach alpha test :

Credibility and stability are vital to researchers due to their significant impact on the importance and generalizability of research results. These factors are linked to the tools utilized in research, their ability to measure accurately, and the precision of gathered data from related literature. The Cronbach alpha test confirmed the questionnaire's truthfulness and stability with a value exceeding 0.7. The questionnaire elements are excellent for achieving stability and coherence. In addition, the Tukey test for unidirectional analysis indicates the existence of difference between the axes.

Table 3: Assessing the reliability and consistency of the questionnaire and analyzing unilateral variability in three areas.

Axes	Reliability statistics				
	Cronbach's Alpha	Cronbach's based on Standardized Items	Alpha	Number of Items	Tukey
Measuring the importance of applying internal audit attributes standards	0.799	0.806		8	25.039
Measuring the importance of applying performance standards for internal audit	0.801	0.894		18	14.919
Measuring the quality of tax accounting procedures	0.730	0.784		24	13.01

4.3. The t-Test

The t-test assesses the hypothesis that there is no significant relationship at the 0.05 level. The formula for the test is:

$$t = \frac{\bar{x} - \mu}{s_{\bar{x}}} \quad (2)$$

$$s_{\bar{x}} = \frac{s}{\sqrt{n}}$$

Where (\bar{x}) represents the arithmetic mean, (μ) represents the hypothetical mean, and ($s_{\bar{x}}$) represents the standard deviation of the arithmetic mean.

4.4. Descriptive statistics

Table (4) displays the statistical parameters derived from the questionnaire responses of the participants regarding the attribute criteria section, which comprises three dimensions.

The parameters determined using the SPSS software include the weighted arithmetic mean, standard deviation, normal distribution test, and the extent of approval of the questionnaire for the first section (attribute criteria) according to the three dimensions.

Table 4. Axis 1. The importance of applying internal audit attributes standards

	The arithmetic mean	Standard Deviation S.D	Kurtosis	Skewness	Statistic t	Degree of approval
The first dimension: independence and objectivity						
Q₁	3.18	1.479	.063	-1.568	21.93	neutral
Q₂	3.38	1.496	-.225	-1.537	23.06	agree
Q₃	3.40	1.311	-.261	-1.272	26.47	agree
The second dimension: Exercising the necessary professional care						
Q₄	3.07	1.384	.106	-1.334	26.47	neutral
Q₅	3.97	1.028	-1.471	1.934	22.66	agree
The third dimension: internal audit quality control						
Q₆	3.91	1.062	-1.113	.735	37.57	agree
Q₇	3.87	1.049	-1.031	.446	37.66	agree
Q₈	3.25	1.400	-.022	-1.481	23.73	agree
Overall average	3.51	1.28			29.06	agree

The data from Table 4 indicates that all respondents scored positively (>3) on the survey, using a weighted arithmetic mean scale. The question Q₅ of the second dimension had the highest score, followed by question Q₆ of the third dimension. The first dimension showed a preference for the third question. However, the fourth question in the second dimension had the lowest positive score. Overall, results suggest a consistent response pattern across the three dimensions, with a convergence between the questions and the scale of attributes. All of the standard deviations were within an acceptable range, indicating a reduction in data dispersion. The results of the normal distribution test for this axis were within the distribution limits, and the values of the questionnaire's (t) test were notably high and significantly less than (0.001), indicating a statistically significant relationship at the 1% level of significance between attribute criteria and

tax accounting procedures. The data suggests that the respondents agreed with their opinions on the dimensions featured in the first axis, namely (independence and objectivity, necessary professional care, and internal audit quality control).

Table 5 displays the statistical criteria derived from respondents' answers to the eighteen questions in the second axis of the questionnaire concerning performance criteria, which encompasses four dimensions.

The table reports results for the weighted arithmetic mean, standard deviation, normal distribution test, and the level of approval of the questionnaire for the second axis (performance criteria) according to the four dimensions.

The results suggest that all respondents provided positive answers (above 3), which is the fundamental indicator of the weighted arithmetic mean. The twenty-first question of the third dimension showed the highest agreement, with a strongly agree response, followed by the ninth question of the first dimension, also strongly agreed. The remaining dimensions displayed general concurrence, with the lowest level of agreement observed in the thirteenth question of the first dimension. This indicates that the responses were highly consistent with the questions on the four-dimensional performance criteria scale. All standard deviations were acceptable, demonstrating a low dispersion in data.

Table 5 also shows that all t-statistics are high suggesting a statistically significant relationship between the impact of performance criteria on tax accounting procedures at the 1% level of significance. The findings suggest that respondents are in agreement regarding the performance standards outlined in the second axis. These standards include managing internal audit activities, assessing and developing risk management, planning and implementing internal audits, and delivering results.

Table 5. Axis 2. Measuring the importance of applying performance standards for internal audit

	Arithmetic Mean	Standard Deviation	Kurtosis	Skewness	Statistic t	Degree of approval
The first dimension: management of internal audit activities						
<i>Q₉</i>	4.27	.689	1.51	1.376	63.31	strongly agree
<i>Q₁₀</i>	3.75	1.212	-.936	-.045	31.53	agree
<i>Q₁₁</i>	3.92	1.129	-1.04	.229	35.42	agree
<i>Q₁₂</i>	3.88	1.168	-1.11	.356	33.90	agree
<i>Q₁₃</i>	3.36	1.448	-2.15	-1.43	3.365	agree
The second dimension: assessment and development of risk management						
<i>Q₁₄</i>	3.625	1.301	-.509	-.972	3.625	agree
<i>Q₁₅</i>	3.836	1.359	-.597	-1.305	3.836	agree
<i>Q₁₆</i>	3.971	1.018	-.840	.121	3.971	

The third dimension: planning and implementing internal audit						
<i>Q</i> ₁₇	4.153	878	-1.44	2.703	4.153	agree
<i>Q</i> ₁₈	3.971	1.110	-984	.264	3.971	agree
<i>Q</i> ₁₉	3.750	1.155	-842	-.059	3.750	agree
<i>Q</i> ₂₀	3.778	1.238	-778	-380	3.778	agree
<i>Q</i> ₂₁	4.336	494	455	-1.197	4.336	strongly agree
<i>Q</i> ₂₂	3.990	1.056	-1.13	.690	3.990	agree
The fourth dimension: Communicating the results						
<i>Q</i> ₂₃	3.923	962	-1.11	1.253	3.923	agree
<i>Q</i> ₂₄	4.096	1.127	-1.02	-.104	4.096	agree
<i>Q</i> ₂₅	4.105	1.032	-1.29	1.440	4.105	agree
<i>Q</i> ₂₆	3.932	1.168	-1.06	.334	3.932	agree
The general rate of the axis	3.93	1.09			39.3	agree

Table 6 shows the weighted arithmetic mean, standard deviation, normal distribution test results, and the level of approval of the questionnaire for the third axis (the quality of tax accounting procedures) according to the five dimensions. The results demonstrate that all respondents gave positive answers (>3), which is the basis for the weighted arithmetic mean. The fiftieth question of the fifth dimension had the highest weighted arithmetic mean, followed by the thirty-first question of the first dimension, both obtaining a strong agreement. Seven out of twenty-four questions elicited a strong agreement from respondents. All dimensions exhibited agreement, however, the first dimension's twenty-eighth question had the least agreement. This suggests strong consistency among answers, aligning with the performance criteria scale's five dimensions. All standard deviations were acceptable and within the range, indicating reduced data dispersion and normal distribution. Table (6) also indicates a statistically significant relationship between the quality of tax accounting procedures and the questionnaire results since all t-statistics are high. These results demonstrate agreement among the respondents regarding the dimensions included in the third axis that measure the quality of tax accounting procedures, specifically tax accounting, tax return filing, tax return review, income estimation, tax calculation, and tax payment.

Table 6. Measuring the quality of tax accounting procedures

The symbol	Arithmetic mean	Standard deviation	Kurtosis	Skewness	Statistic t	Degree of approval
The first dimension: tax inventory						
<i>Q</i> ₂₇	4.00	1.033	-1.39	1.101	39.47	agree
<i>Q</i> ₂₈	3.77	1.14	-690	-422	33.54	agree
<i>Q</i> ₂₉	4.14	79	-1.57	1.303	53.26	agree
<i>Q</i> ₃₀	3.79	1.12	-629	-526	34.37	agree

Q_{31}	4.27	595	-1.29	1.369	72.89	strongly agree
The second dimension: filing tax returns						
Q_{32}	3.95	1.05	-913	463	38.18	agree
Q_{33}	4.18	87	-1.18	1.870	48.54	agree
The third dimension: checking tax returns						
Q_{34}	4.25	63	-514	477	68.03	strongly agree
Q_{35}	4.02	1.10	-858	-446	37.30	agree
Q_{36}	4.14	85	-1.12	1.051	49.58	agree
Q_{37}	4.07	1.02	-1.21	1.346	40.71	agree
Q_{38}	3.91	1.08	-956	185	36.94	agree
The fourth dimension: estimating the taxpayer's income and calculating the tax						
Q_{39}	3.96	0.79	-1.16	877	36.26	agree
Q_{40}	4.14	.94	-1.18	1.286	44.51	agree
Q_{41}	4.18	.70	-1.11	1.395	60.30	agree
Q_{42}	4.00	1.02	-.838	.040	39.75	agree
Q_{43}	4.08	.87	-.978	1.017	47.82	agree
Q_{44}	4.23	.67	-1.48	1.752	64.24	strongly agree
Q_{45}	4.08	1.13	-1.23	.794	36.78	agree
Q_{46}	4.24	.74	-1.15	1.508	58.13	strongly agree
The fifth dimension: payment (collection) of taxes						
Q_{47}	4.23	.71	-1.35	1.159	60.45	Strongly agree
Q_{48}	4.1	.84	-1.37	2.954	50.25	agree
Q_{49}	4.25	.61	-1.21	1.150	69.98	strongly agree
Q_{50}	4.30	.55	-.040	-.589	78.62	strongly agree
The overall rate of the axis	4.10	0.88			50.00	agree

4.1. Results of correlation and regression analysis

Through the use of a three-axis questionnaire, this study aims to examine the relationship between the attribute and performance criteria of internal audit and their impact on tax accounting

procedures. The study will employ regression analysis with the attribute and performance criteria as independent variables and tax accounting procedures as the dependent variable.

Y represents the quality of tax accounting procedures

X₁ represents the extent to which the attribute standards are applied for internal audit.

X₂ represents the extent to which performance standards are applied for auditing.

Table 7 displays the correlation matrix between the three axes. It shows that the highest correlation (0.884) was found between the extent of applying internal audit performance standards and tax accounting procedures. This was followed by a high correlation (0.875) between the extent of applying internal audit attribute standards and performance standards. Additionally, the correlation between tax accounting procedures and the extent of applying internal audit attribute standards was also high (0.829).

Table 7. Correlation matrix

	X ₁	X ₂	Y
X ₁ Pearson Correlation	1		
Sig. (2-tailed)			
X ₂ Pearson Correlation	.875***	1	
Sig. (2-tailed)	.001		
Y Pearson Correlation	.884***	.829***	1
Sig. (2-tailed)	.000	.004	

** . Correlation is significant at the 0.01 level (2-tailed).

Table (8) shows that the R-square is 0.892 which means that approximately 90% of the changes in the dependent variable are explained by the explanatory variables, and the remaining 10% is attributable to external factors. The model turns out to be significant at the 1% level. (F = 104.600 and p-value = 0.000). This result allows us to reject the null hypothesis and accept the alternative hypothesis, indicating a statistically significant association between the two independent variables and the dependent variable.

The estimates results reported in table 8 reveal that the coefficients of X₁ and X₂ are 0.137 and 0.814, respectively. They indicate that a one-unit increase in the two independent variables results in increases of the dependent variable by 0.137 and 0.814, respectively. This supports the correlation analysis, which suggests a statistically significant relationship between the two independent variables and the dependent variable. Furthermore, the results indicate that the extent of application of internal audit performance standards has a greater effect on tax accounting procedures than the extent to which attribute criteria for internal audits are applied.

Table 8. Effects of attribute and performance standards on the quality of tax accounting Coefficients^a

	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
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	B	Std. Error	Beta		
(Constant)	2.211***	0.197		11.223	.002
X ₁	.137***	.012	.032	11.416	.002
X ₂	.814***	.056	.779	14.536	.000
R square	0.892				
Adjusted R square	0.885				
Fisher Statistic	104.60				0.000

Note: *** indicates significance at 1% level.

5. Conclusions and recommendations

Through this study, we examined the relationship between the international internal audit standards, comprising attribute standards and performance standards (independent variables) and the quality of tax accounting (dependent variable). This is the first study to the researcher's knowledge to examine this relationship in Iraq. The potential impact of two independent variables (attribute standards, performance standards) on the dependent variable of tax accounting quality was assessed. This was accomplished through an analysis of questionnaire results from tax accounting specialists and taxpayers at the General Authority of Iraqi taxes. After conducting regression and correlation analyses on questionnaire data, it was discovered that there is a statistically significant relationship between the variables, as the first independent variable, which measures the extent of application of the criteria of internal audit quality (attributes standards) in its three dimensions (independence and objectivity, Exercising the necessary professional care, internal audit quality control) has a statistical significance through its impact on the dependent variable, which is the quality procedures of tax accounting in its five dimensions (tax inventory, filing tax returns, checking tax returns, estimating the taxpayers income and calculating the tax payment (collection) of taxes). The second independent variable measures the extent to which internal audit performance standards are implemented in four dimensions: management of internal audit activities, assessment and development of risk management, planning and implementing internal audit, communicating the results. These dimensions have a statistical significance in their impact on the dependent variable, which measures the quality of tax accounting procedures. This study emphasizes the importance of internal audit standards for auditors at the General Authority of Taxation. Following these standards can substantially reduce cases of tax evasion in calculations. Taxpayers provide the agency with the required information to calculate their tax liability and collect owed taxes per tax laws and executive guidelines. The study revealed multiple findings.

-There are no internal audit standards in the General Authority of Taxation on which internal audit activities rely when carrying out their work. Additionally, there is no guidance manual regulating the work of auditors within the Internal Audit Control Department and other departments and branches, prepared in line with international internal audit standards. However, a guidance manual for the work of internal audit units has been issued by the Internal Control Bureau. It is necessary to obtain a current auditing guidance manual for the purpose of reviewing tax accounting activities

in tax departments and branches. The manual should align with international internal audit standards and be approved by higher authorities. It should also consider changes that occur in the work of the General Authority of Taxation and be considered the standard for internal auditors in tax departments and branches. Preferably, this manual should be issued annually.

- There is a positive association between the implementation of international internal audit standards and the quality of tax accounting procedures. These standards assist in meeting the necessary requirements for high-quality tax accounting. Therefore, it is necessary for the General Authority for Iraqi Taxes to adopt modern international internal audit standards in tax accounting and adhere to them as they are appropriate to keep pace with changes and developments in internal audit activities and achieve optimal readiness to face the risks of tax compliance and reduce cases of fraud and tax evasion. It is necessary to determine the tasks of internal auditing in accordance with the international standards of the Institute of Internal Auditors (IIA) and adhere to the standards of quality and performance. These requirements must be met to ensure that internal auditors perform their duties, exercise their powers, and fulfill their responsibilities effectively. Tax administrations have become increasingly aware of the crucial role internal auditors play in all departments and branches of the authority.

- The research findings indicate a stronger relationship between the independent variable, specifically the degree to which internal audit performance standards are implemented, and the dependent variable, which is the quality of tax accounting procedures, compared to the impact of the independent variable, internal auditor attributes standards, on the same dependent variable. As such, it is crucial to select auditors possessing the necessary qualities and qualifications to execute internal audit duties in the tax accounting field.

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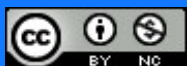
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Appendix. Survey questions

Axis 1. The importance of applying internal audit attributes standards

Q ₁	There is a defined set of duties, powers, and responsibilities for the Internal Audit Department to efficiently and effectively carry out its responsibilities.
Q ₂	The internal audit activities are conducted with independence, objectivity, and impartiality, ensuring no conflicts of interest arise for the auditor and their work. Additionally, personal relationships among employees are not allowed to impact internal audit tasks.
Q ₃	The department's internal auditors refrain from auditing operations in which they were previously involved as authority employees.
Q ₄	Internal auditors possess the scientific and practical competence to proficiently carry out their duties while utilizing the required professional care and maintaining familiarity with international internal audit standards.
Q ₅	Internal auditors enhance their knowledge, skills, and competencies in tax accounting by engaging in continuous professional development, including professional training courses and programs, and by aligning with international internal audit standards.
Q ₆	The internal audit function enhances the value of the General Authority of Taxation by providing reports to senior management that verify compliance with laws, instructions, and controls issued by the authority.
Q ₇	The internal auditing function assists in sustaining internal control procedures and evaluating their adequacy and effectiveness in reducing the risks of governance, operational processes and information systems
Q ₈	The director of the Control and Internal Audit Department reports cases of non-compliance with the International Standards on Auditing issued by the Institute of International Internal Auditor

Axis 2. Measuring the importance of applying performance standards for internal audit

The first dimension: management of internal audit activities	
Q ₉	The director of the control and internal audit department is administratively connected to senior management and directly communicates and interacts with them.
Q ₁₀	The director of the internal audit and control department is responsible for setting internal audit policies and procedures
Q ₁₁	The director of the Control and Internal Audit Department actively supervises the audit team, properly directs it, and regularly evaluates its performance
Q ₁₂	The director of the Control and Internal Audit Department shares information and collaborates with internal authorities to guarantee adequate work coverage and prevent redundancy.
Q ₁₃	Internal audit provides assurance and consulting services to senior management upon request
The second dimension: assessment and development of risk management	

Q ₁₄	Internal auditors possess extensive experience and, therefore, have a comprehensive understanding of the potential hazards they may encounter
Q ₁₅	Internal auditors assess and enhance risk management procedures related to tax accounting, operational processes, information systems, and governance within the organization. They propose recommendations for improving these procedures.
Q ₁₆	Internal auditors possess adequate knowledge to evaluate the potential risks of tax fraud and how the Authority handles them
The third dimension: planning and implementing internal audit	
Q ₁₇	The Director of the Internal Control and Auditing Department provides senior management with a report on the department's annual plans and activity performance
Q ₁₈	The Director of Internal Control and Audit shall ensure that the internal audit staff is adequate and sufficient to carry out the approved audit plan
Q ₁₉	Internal auditors prepare a comprehensive work plan for every internal audit engagement, encompassing its goals, scope, timeline, and resources
Q ₂₀	Internal auditors develop a work program to complete the audit mission.
Q ₂₁	The internal audit's scope includes the examination of relevant systems, contracts, financial and non-financial records, as well as people and physical assets.
Q ₂₂	Internal auditors identify, evaluate, and document sufficient information to meet the objectives of the audit engagement and record the results of their work in working papers and keep them in special files.
The fourth dimension: Communicating the results	
Q ₂₃	The internal auditor draws conclusions through comprehensive and appropriate analysis and evaluation. They prepare a final report on the audit results, including their opinion, recommendations, and conclusions. Finally, the internal audit manager reviews the final audit report before issuing it.
Q ₂₄	Audit reports submitted to senior management are typically comprehensive, objective, clear, concise, constructive, complete, and issued promptly. The internal audit manager establishes a monitoring system to track progress towards the results reported to senior management and notifies them if they accept an unacceptable level of risk
Q ₂₅	If any substantive errors or omissions are present in the final report, the internal audit manager will notify all interested parties of the corrected information
Q ₂₆	The director of the control and internal audit department creates a system to track performance towards the results reported to top management, and discusses with them in case of accepting an unacceptable level of risk

Axis 3. Measuring the quality of tax accounting procedures

The first dimension: tax inventory	
Q ₂₇	The tax inventory of registered and unregistered taxpayers in various sectors of the Iraqi economy is being conducted constantly using various methods, such as the field survey method

Q ₂₈	The General Authority of Taxes is in the process of developing a tax compliance strategy aimed at encouraging taxpayers to register by imposing penalties on violators.
Q ₂₉	Planned revenues are determined taking into account the accounting for taxable taxpayers
Q ₃₀	Branches of the General Authority for Taxes enable taxpayers to register easily and without complexity
Q ₃₁	After considering the taxpayer, tax income is accounted for according to the nature of the taxpayer's activity
The second dimension: filing tax returns	
Q ₃₂	The taxpayer submits the tax return within the legal deadline and in accordance with the instructions of the Income Tax Act
Q ₃₃	It is ensured that taxpayers have provided the necessary and accurate information about the nature of their activities to complete the tax assessment process.
The third dimension: checking tax returns	
Q ₃₄	The accuracy of the tax return data is checked in accordance with the Tax Code, and the correctness of the net profit based on that declaration
Q ₃₅	Taxpayers are consulted, and tax bases are determined in a fair manner without compromising the integrity and quality of the tax audit
Q ₃₆	It is ensured that the financial records comprehensively document all the transactions conducted by the payers
Q ₃₇	Encourage voluntary commitment of taxpayers by submitting correct tax returns to the General Tax Authority.
Q ₃₈	The process of inspecting tax returns is easy, simplified, and uncomplicated
The fourth dimension: estimating the taxpayer's income and calculating the tax	
Q ₃₉	A scientific and practical approach is taken to assess taxes, and uncomplicated accounting procedures are implemented with taxpayers in compliance with the law. All available evidence demonstrating the income of the taxpayer is thoroughly examined
Q ₄₀	The submission of tax returns and the review of financial statements and accounting records by the company are crucial factors in determining the tax assessment.
Q ₄₁	Flat tax assessments are utilized without overstating tax estimates, and tax authorities employ administrative flat-rate assessments (assessments under controls) to determine tax base valuations
Q ₄₂	The General Authority of Taxes advocates for the utilization of proficient, capable, and ethical appraisers in the tax assessment process
Q ₄₃	Information regarding possible tax evasion by taxpayers is considered when estimating their taxes.
Q ₄₄	Estimation is a fundamental task in tax accounting within the Authority. Tax income estimators execute their responsibilities in a prompt and transparent manner, while the appropriate regulatory body responds promptly to their requirements
Q ₄₅	Trust exists between taxpayers and the tax authority when estimating the tax base

Q ₄₆	Tax deductions are subtracted from the taxpayer's income as outlined by the tax law, and the taxpayer's income tax is computed considering the applicable effective tax rates.
The fifth dimension: payment (collection) of taxes	
Q ₄₇	The proper method is utilized during the tax collection process
Q ₄₈	The tax code considers the taxpayer's entitlement to make installment payments
Q ₄₉	Most taxpayers have a legal responsibility to pay the tax owed following completion of the tax calculation process, with collection taking place if a taxpayer is late in accordance with the tax law and its implementation.
Q ₅₀	The realized tax revenues are lower than planned due to tax evasion and inefficient collection procedures