

Understanding the Role of Deployment Information and Communication Technology (ICT) in the Taxation System in Jordan

Dr. Ibraheem N. M. Jodeh
Zarqa University – Jordan
IJODEH@zu.edu.jo;
JOUDEH75@hotmail.com

Understanding the Role of Deployment ICT in the Taxation System in Jordan

This research investigates ICT in the taxation systems. Today, the emergence of ICT and e-government has created a big opportunity for governments to improve their taxation systems' efficiency and effectiveness, and advance the norm of transparency.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

No one likes to pay taxes, and government does not like to impose them, either. However, they are necessary for the government in order to finance expenditure (Bird and Zolt, 2003).

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Taxes are very important for governments in general because they are a key source for financing the expenditure and through them the government can manage the services offered to citizens, such as public healthcare, free education, and social security.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Therefore, after a state is established, a tax system should be established, and the progress of this tax system is linked to the state's economic, social and political progress.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Economic and business growth is accompanied by an increase in the number of taxpayers and their industrial, commercial, agricultural and service activities.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

- Therefore, it has become necessary for the taxation systems to make greater efforts to track down taxpayers to prevent any attempt of evasion. This, in turn, achieves the objectives of taxation systems represented in the fairness and equality.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

- However, achieving all this requires more directorates, offices and staff in order to follow up tax procedures, collect information, collect taxes and follow up tax arrears. No doubt that all these issues increase the cost of collecting taxes process.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Most developing countries still face many challenges and problems in developing their tax systems, and these challenges and problems include:

- The weakness of the data collection.
- The high cost of tax collection.
- The weakness of the information system.
- Failure to achieve social justice in taxation.
- The increase of tax evasion and corruption, etc.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

- These conditions push developing countries to move towards the consumption tax to replace income tax. Moreover, the efficiency of the tax system will be reduced in developing countries if they do not move to address these challenges

Understanding the Role of Deployment ICT in the Taxation System in Jordan

- ***The question now is,***

what should countries do to deal with these challenges to increase the efficiency of their tax systems?

Understanding the Role of Deployment ICT in the Taxation System in Jordan

- According to Gill (2003), developing countries should strongly benefit from tax management and **information systems**. Likewise, many developing countries have been reforming their tax systems by the support of the international organisations such as:
 - World Bank (WB).
 - International Monetary Fund (IMF)
 - US Agency for International Development (USAID).

Understanding the Role of Deployment ICT in the Taxation System in Jordan

- Where the reform of tax systems focus on the modernisation of using IT to improve services and increase the efficiency of their tax systems, many developing countries are still far away from the international indicators (Gallagher, 2005).

Understanding the Role of Deployment ICT in the Taxation System in Jordan

- Tax issues are not on top public political agendas in developing countries compared with the developed countries in the OECD; moreover, the tax reform initiatives in developing countries are usually put by the governments or international organisations, not by the political parties, trade unions and pressure groups as is the case in developed countries (Moore, 2004).

Understanding the Role of Deployment ICT in the Taxation System in Jordan

*** Most developing countries depend on indirect taxes more than direct taxes. This is due to several reasons including:**

- 1- Low individual income tax collections lead the Government to depend on indirect taxes (Bird and Zolt, 2003).
- 2- The absence of the direct benefits of tax system which discourages taxpayers' compliance (Alm and Wallace, 2004).

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Most developing countries depend on indirect taxes more than direct taxes. This is due to several reasons including:

- 3- Indirect taxes do not need effective technology as is the case with direct taxes (Alm and Wallace, 2004).
- 4- The lack of tax culture in society, tax administration and among taxpayers in general (Moore, 2004).
- 5- Loss of confidence, absence of political stability, lack of the sense of justice of the tax system, spread of corruption, insufficient use of ICT (Bird, 2008; Gill, 2003; Moore, 2004).

Understanding the Role of Deployment ICT in the Taxation System in Jordan

- This research focuses on the role of tax revenue in developing countries because these countries, with the absence of other sources of income, need tax revenue to be able to meet the needs of their population.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

- Developing countries should focus on increasing the efficiency of their tax systems and should reform their tax systems continuously because their revenue depends on it.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

- Moreover, a lack of efficiency in the tax systems means the loss of opportunities of foreign investments within the state, encouraging the emergence of a shadow economy, reducing incentives for taxpayers voluntary commitment and, thus, encouraging corruption (Gill, 2003).

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Aim and Objectives of the Research

- The overall aim of this research is to understand the role of the deployment of ICT in taxation system within the context of Jordan as an example of a developing country.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

In order to achieve this overall aim, the researcher tried to achieve the following specific objectives:

- To explore the role of the deployment of ICT in taxation system.
- To construct a theory that clarifies the role of the deployment of ICT in taxation system and to apply it to Jordan.
- To put forward some recommendations and suggestions that help develop the role of the deployment of ICT in the taxation system of developing countries.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Research Methodology:

- Usually there are two types that the researchers can select: a **Quantitative Method** and a **Qualitative Method** (Easterby-Smith et al., 2002; Myers, 1997).

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Research Methodology:

- The quantitative research is suitable for the natural sciences that study natural phenomena; and it emphasises presenting treatment for the phenomenon.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Research Methodology:

The aim of this research is to understand the individuals' culture and behaviour towards the deployment of ICT in taxation system as a new phenomenon rather than to present treatment. The introduction and deployment of ICT in taxation systems in developing countries in general and in Jordan.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Research Methodology:

- For all these reasons, a qualitative method is considered a very suitable choice to achieve the aim of this research.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Research Methodology:

The choice of the qualitative method does not prevent the use of quantitative data when they are available because the researcher can take advantage of them in the explanation and interpretation of the phenomenon under study.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Research Methodology:

- After the selection of the Qualitative Method to achieve the aim of this research, the researcher should choose one of the methods currently applied in qualitative research: Case Study, Ethnography, Action Research and Grounded Theory Method (GTM).

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Research Methodology:

- This research aims to understand the role of deployment of ICT in taxation systems in developing countries by constructing a general framework or theory from the raw data in the empirical world rather than making questions and testing hypotheses that have already been formed from the existing literature.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Research Methodology:

- Also, the research is interested in taking multiple viewpoints from participants such as managers, staff, and chartered accountants and tax commissioners to understand the phenomenon under study rather than pay attention to a single unit or a single viewpoint.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Research Methodology:

- Also, the researcher was not a member of the Income and Sales Tax Department or e-Government project whilst conducting the research. So, he is not able to spend a significant amount of time in the fieldwork to produce a common cultural understanding related to the phenomenon under study. So the GTM has been chosen to achieve this study.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Research Methodology:

- The GTM has a set of associated procedures and techniques to guide data collection and analysis, and emerge concepts, categories and a theory unlike other methods of qualitative research methods (Charmaz, 2000).

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Research Methodology:

- Furthermore, GTM has been used by researchers in the field of Information Systems (IS) and other disciplines. According to Smit and Bryant (2000), GTM is becoming one of the most widely accepted research approaches in IS field.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Research Methodology:

- There are three GTM approaches: Glaserian, Straussian, and Bryant and Charmaz.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Research Methodology:

- The most important differences among the different GTM approaches can be classified in three issues:
 - The role of the previous literature
 - The role of the researcher in the research
 - Collection and analysis of data

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Research Methodology:

- The Bryant and Charmaz approach was chosen to be the methodology to achieve the aim of this research.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Research Methodology:

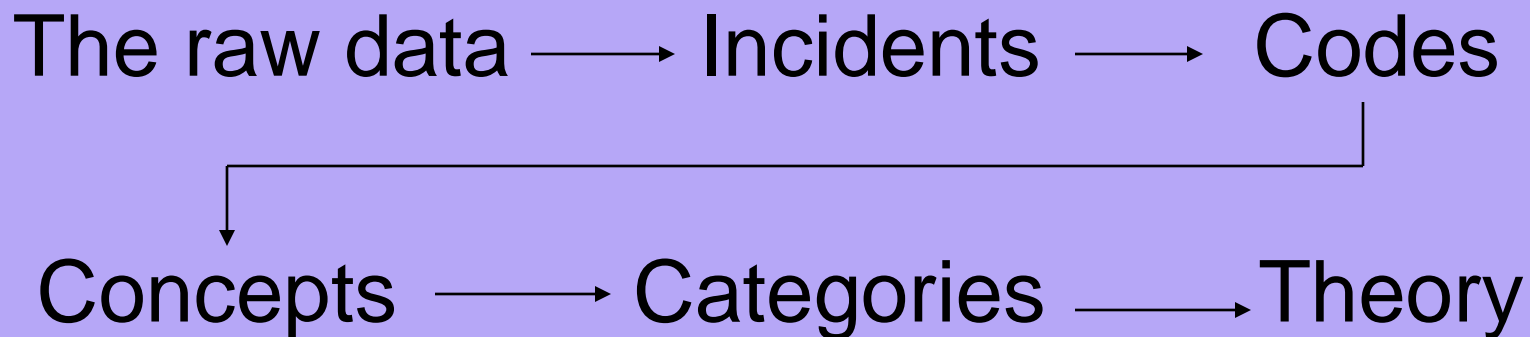
- Table 1 below summarises the answers to the questions regarding data collection and analysis shows the differences among the GTM approaches, the brief answers are as follows:

The questions	The Glaserian approach	The Straussian approach	The Bryant and Charmaz approach
What types of interviews can the researcher use in his/her initial study?	unstructured	unstructured/ semi-structured	Unstructured
What types of interviews can the researcher use in his/her main study?	semi-structured	Semi-structured / structured	semi-structured
Is it recommended for the researcher to record the interviews or not?	NO	Yes	Yes
What is the best way for research and analysis: moving quickly between the interviews or understanding the first interview before moving on to the second?	moving quickly	understanding before moving	understanding before moving
What is the best way to analyse the data: individual words (word- by- word) or texts (line- by- line)?	texts (line- by- line)	individual words (word- by- word)	texts (line- by- line)
What is the method suggested: induction, deduction or abduction?	induction only	deduction and induction	induction and abduction

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Research Methodology:

- Access to the theory (the research model) starting from the raw data that are collected from the field work can be shown in the following sequence:



Understanding the Role of Deployment ICT in the Taxation System in Jordan

Research Methodology:

- Charmaz (2006, 2008) describes and explains the constructivist GTM approach (the Bryant and Charmaz approach) for novice researchers. She illustrates generating data, coding the data, conceptual categories, memo-writing, theoretical sampling and writing the first draft.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

The Research Process:

According to the GTM, the Bryant and Charmaz approach, the researcher started doing his research without any preconceptions or hypotheses.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

Specifically, the initial study was conducted in the form of seven unstructured recorded interviews with three groups of participants:

The first group: representing tax administration.

The second group: representing the assessing and auditing staff.

The third group: is the local communities represented by chartered accountants, taxation experts and tax commissioners as mature, aware and critical users.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

The Research Process:

The data analysis steps included follow-up notes, listening to the tape, identifying the key points, labelling the key points, coding, following-up the hidden ideas, memo-writing, emergence of the initial categories and focused coding.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

The Research Process:

After that, the researcher returned to the Literature Review to make a quick matching between initial GT results and the prior theories. This first matching aimed to help the researcher create a picture of some important points on the topic of study before moving on to the next step of the GTM: the main study.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

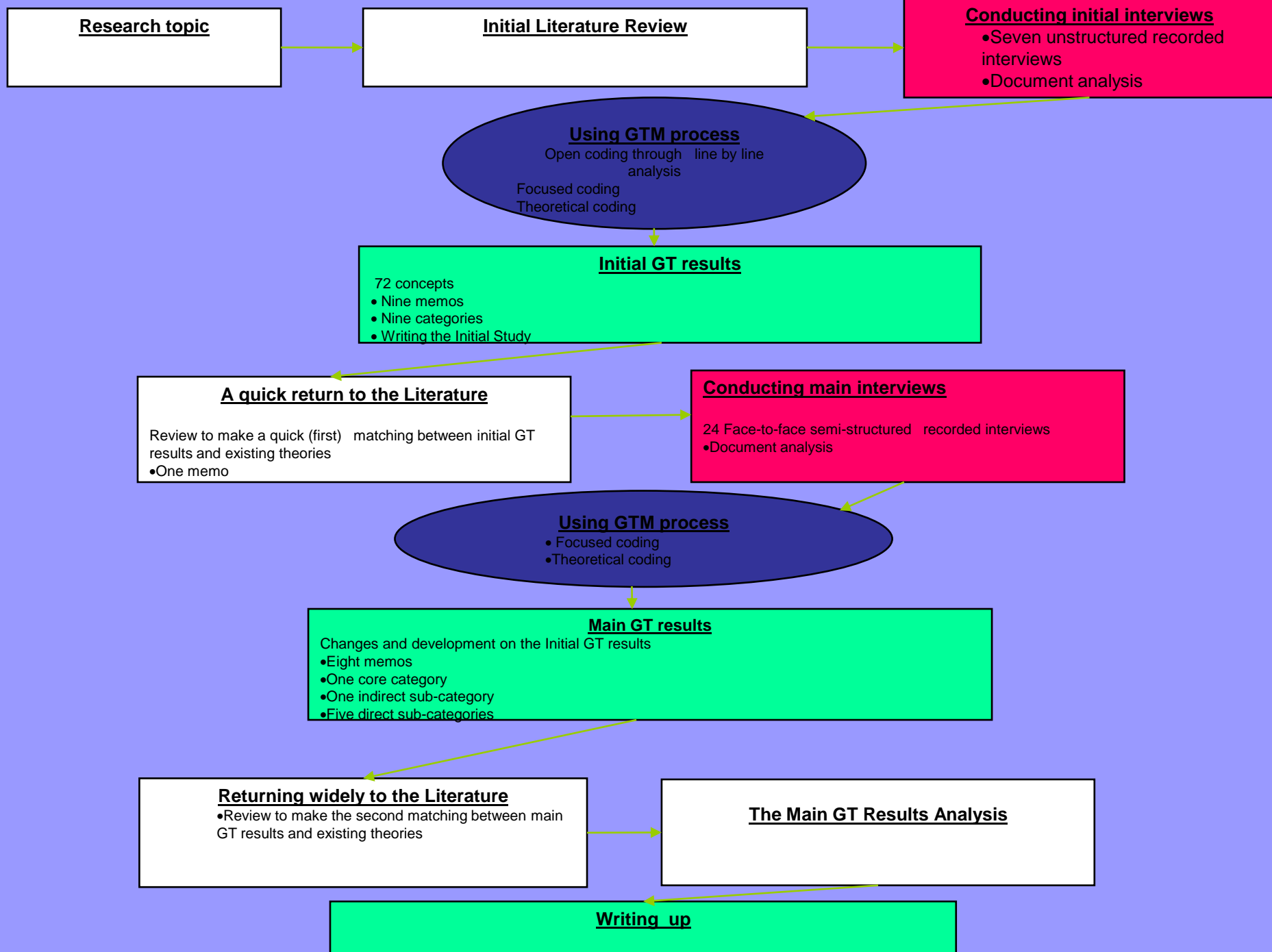
The Research Process:

The main study was conducted by carrying out twenty-four face-to-face semi-structured recorded interviews with the three groups of participants. The main study increased the focus on the initial categories and their properties, and it generated and clarified the relationships between them. The main study included conducting the main study, focused coding, memo-writing, main GT results and theoretical coding.

Understanding the Role of Deployment ICT in the Taxation System in Jordan

The Research Process:

Following GTM, the researcher returned to the Literature Review again to make the second matching between the main GT results and the existing theories. This matching aimed to give the researcher a clear picture by showing how and where his main results fit with the previous findings. Also, this matching aimed to help him in the analysis and interpretation of the main GT results.



The Research Process: Data Collection:

The questions of the initial interviews were formed to be WH-Questions, such as, Why, How, What, When, Where and Who; and expressions like: Tell me about..., Explain to me..., Could you describe...? This type of questions was based on the researcher's experience as well as on some reports of the Income and Sales Tax Department (ISTD).

The Research Process: Data Collection:

The following are some examples of these questions:

- **What** is happening in the tax system after the government decided to move towards e-government, and after it decided to choose the Tax Department as a sample for the application of e-government?

The Research Process: Data Collection:

- **How** has the Tax Department become able to collect data and information after the introduction of the application of ICT in the tax system?
- **What** has changed in the procedures of the auditors and assessing officers after the introduction of the application of ICT in the tax system?

The Research Process: Data Collection:

- **Explain to me** the challenges that have faced the Department when ICT was deployed in the tax system.
- **Tell me about** the opportunities available in the Department that help in accepting ICT in the tax system.

The Research Process: Data Analysis:

