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The Ethics of Tax Evasion: A Survey of Administrative Sciences' Students in Yemen

Robert McGee[1], Khaled Salmen Aljaaidi[2] & Anwar Salem Musaibah[2]

[1] School of Business and Economics, Fayetteville State University, Fayetteville, USA

[2] College of Business, University Utara Malaysia, Kedah, Malaysia

Correspondence: Khaled Salmen Aljaaidi, Univerisit Utara Malaysia, Sisran Sintok 1, House 51, Sintok, Kedah 06010, Malaysia. Tel: 60-1-7509-8841. E-mail: aljaydi_khaled@yahoo.com

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Abstract

Most of the studies conducted on the issue of tax evasion focused on the economic and public finance perspectives rather than the philosophical and theoretical perspectives (McGee, 2005). This study examines the perceptions of undergraduate students in the College of Business at Hadhramout University for the academic year 2009/2010 on the ethics of tax evasion. A questionnaire was designed using a seven point Likert scale and distributed to students in order to learn their opinions. The arguments are then ranked from strongest to weakest. One hundred twenty-four (124) usable surveys were received. The results of the study show that tax evasion is ethical under some circumstances. The majority of the respondents were opposed to the view that tax evasion is always or almost always ethical. However, respondents held the point of view that, as Muslims, it is unethical to evade tax.

Keywords: ethics, tax evasion, students, Yemen

1. Introduction

Tax evasion is an intentional payment of less tax than what the law requires (Elffers and Hessing, 1997). Kasipillai, Baldry, and Rao (2000) evidenced empirically that attitudes towards tax morality are influenced by factors in the tax evasion issue. Similarly, Reckers, Sander, and Roark (1994) reported that persons who perceive tax evasion as an ethical issue are less likely to evade regardless of the situation than persons who do not. Along the same line, Chan and Mo (2000) evidenced that people comply with the tax law because of perceived moral obligations to obey tax laws. Karlinsky, Burton, and Blanthorne (2004) indicated that perception of tax evasion as a non-serious crime has led to an environment where taxpayers may not be afraid of evading tax.

Importantly, Most of the studies conducted about tax evasion focused on the economic and public finance perspectives rather than from the philosophical and theoretical perspectives (McGee, 2005). This is probably because most economists are utilitarian and most lawyers are legalists (McGee and Lingle, 2005). To the best researcher's knowledge, no prior empirical study has been found that investigates the issue of the ethics of tax evasion in the Middle East setting. Thus, this study examines the perception of the Master students from the Middle East in the College of Business at UUM regarding the ethics of tax evasion. The survey instrument used had previously been developed and used in a survey conducted of accounting, business, and economics students in Hong Kong by McGee and Ho (2006). The survey included eighteen (18) statements that were distributed to a total of 62 students that represent all enrolled Master students from the College of Business at UUM for the academic year of 2008/2009. It is worth noting that COB students have been chosen as a sample for this study because, after graduation, some of them might work in leading fields of taxation such as tax administration, tax lecturers and so forth.

This paper proceeds as follows. After introducing the topic, the next section (section 2) highlights the prior literature. The methodology; survey design and data collection process are outlined in section 3. The following section (section 4) covers the results and section 5 concludes the paper and offers direction for further analysis.

2. Literature Review

2.1 Prior Related Research

At least two major studies have been done on the ethics of tax evasion. The earliest and most comprehensive twentieth century work was a doctoral thesis written by Martin Crowe (1944), titled The Moral Obligation of Paying Just Taxes. This thesis reviewed the theological and philosophical debate that had been going on, mostly within the Catholic Church, over the previous 500 years. Some of the debate took place in the Latin language. A more recent doctoral dissertation on the topic was written by Torgler (2003), who discussed tax evasion from the perspective of public finance but also touched on some psychological and philosophical aspects of the issue. Inglehart et al. (2004) did a huge study that collected the views of more than 200,000 people from more than 80 countries on several hundred questions, one of which was tax evasion. McGee (1998) edited a book that contained more than 20 papers looking at tax evasion from various country and religious perspectives. An updated and expanded edition of this book was recently published (McGee, 2012).

More recently, a number of authors have done empirical studies that examine tax evasion from the perspective of ethics. Those studies used a survey instrument that was based on the arguments Crowe (1944) discussed to justify tax evasion over the last 500 years. McGee and Cohn (2006) surveyed the views of Orthodox Jews. The views of international business academics (McGee, 2005a) and various groups in Romania (McGee, 2005b), Argentina (McGee & Rossi, 2006), Dominican Republic (McGee, Lopez & Polanco, 2007), Guatemala (McGee & Lingle, 2005), Puerto Rico (McGee & Lopez, 2007), Ecuador (McGee, Lopez & Jaramillo, 2007), Colombia (McGee, Lopez & Yepes, 2007), Bosnia (McGee, Basic & Tyler, 2006), Ukraine (Nasadyuk & McGee, 2006), Estonia (McGee, Alver & Alver, 2007), Australia (McGee & Bose, 2007), Armenia (McGee & Maranjyan, 2006), Germany (McGee, Nickerson & Fees, 2006), France (McGee & M'Zali, 2007), Thailand (McGee, 2006), Poland (McGee & Bernal, 2006), Hong Kong (McGee & Ho, 2006), Macau (McGee, Noronha & Tyler, 2006), Taiwan (McGee & Andres, 2007) and China (McGee & Noronha, 2007; McGee & An, 2006; McGee & Guo, 2006) have used survey instruments similar to the one used in this study. The present study replicates these studies using Yemen as a case study.

2.2 Islamic Perspective towards Tax Evasion

There is a lack of research about the influence of Islamic religious perspectives on tax evasion. Generally, few studies conducted about the tax system to be implemented as a national revenue collection system in Islamic countries focused on imposing Zakat instead of the tax. Peerzade (2005) proposed two conditions in the tax system to be considered as an Islamic tax system. The first condition is necessary in which the perceived approach of Zakat should form the core of the resource mobilization effort. The second condition is that, in addition to the current secular rules and regulations regarding rates, exemption levels, administration, etc., the approach should also incorporate the Islamic prescriptions. Murtuza and Ghazanfer (1998) examined the religious literature and reported that Muslims have a duty to God to contribute to the poor. They have not indicated what the relationship between the individual and the government should be.

Raquibuz Zaman (1986) indicated that it is an ethical behavior for a Muslim to evade indirect taxes which include excise taxes, customs duties and perhaps corporate income taxes. Additionally, he clarified that Muslims do not have to pay tax, particularly the taxes which lead to an increase in consumer prices. Furthermore, it is unjust when the Islamic perspective forbade the evasion of taxes, while Non-Muslim residents would evade the taxes, and enjoy all the tax benefits. Al-Awwal (2005) has reported that every taxpayer has a right to arrange his affairs in a manner to minimize the tax incident within the ambit of the provisions of tax laws. If the arrangement is such that it is contrary to the provisions of law, it amounts to evasion of tax, which is an offence. Under tax planning, what is required to be done is that the taxpayer should avail the benefit of all the deductions, exemptions properly to minimize the incidents of tax as provided in the statute.

Consultancy on tax planning is an important business in many advanced countries. Further, in 1997 and 1998 there were other surveys conducted that found tax evasion may be justified if the tax will increase prices or when the tax is imposed on income.

Nevertheless, some Islamic thinkers believe that Muslims have to pay taxes, and justified their opinion for two reasons: firstly, that the tax is paid for services provided and to facilitate many transactions related to the taxpayer's life and trade. Secondly, that Muslims should pay what is required because evasion of taxes may lead to the evasion of Zakat (Islamic Economic Program, 2009).

There are three main perspectives towards paying taxes by Muslims. 1). the first group (The first Islamic perspective): Collecting the tax by Governments is completely prohibited in all cases. We, as Muslims, have

already have been given a perfect system, Zakat, to do so from Allah, God, who has so ruled in the Holy Quran. The Prophet Mohammad (Peace and blessing of Allah be upon him) has taught us how to implement this system. So it is forbidden to import a non-Muslim, Western, tax system and replace the Islamic Zakat system. 2). The second group (the second Islamic perspective): This group agrees with the first group about the prohibition of collecting tax in Islamic countries generally, except that there are some conditions when the Government has the right to impose taxes and, in this case, it is not considered a sin. These conditions are as follows:

i. There is a legitimacy public need of the money.

ii. Inadequate Islamic legitimacy resources: Kalzkah, SayyidQutb, abscess, Ushur.

iii. Eliminate wasteful expenditure before imposing tax.

iv. Consulting Islamic parliament before implementing tax.

v. The tax imposed should be amounts as needed.

vi. It should be imposed justly and according to legitimate Islamic resources.

vii. The tax collected has to be spent in the interests of the nation for which it was collected.

3). The third group (the third Islamic perspective): This group argues that Muslims under an Islamic government have to obey the rules and laws of the government (Verdict Encyclopedia, 2010).

3. Methodology

In this section, a survey instrument was used and data collection procedures are discussed. This survey is developed based on the 15 arguments favoring tax evasion that Martin Crowe (1944) discussed plus three more arguments dealing with human rights issues The questionnaire is divided into two sections (referred to as sections A and B). Section A consisted of eighteen (18) statements. Using a seven- point Likert scale, respondents were asked to indicate their agreement or disagreement with each statement (1 as strongly agree to 7 as strongly disagree). The survey was distributed in both the English and Arabic languages.

Section B of the questionnaire is designed to obtain demographic characteristics of the respondents. Questions asked in this part relate to age, gender, marital status, level of study, major of study and whether the tax subject has been undertaken.

Initially, the questionnaire was pre-tested on a total of 15 students, studying at Universti Utara Malaysia (UUM,) with a view to refine the questionnaire. Every step was taken to ensure that the final questionnaire was clearly and easily understood by the respondents.

All questionnaires were personally distributed to a group of 124 undergraduate students of accounting, business and finance at Hadhramout University enrolled for the academic year 2009/20010. 124 usable responses were received. A descriptive analysis is used to analyze the questionnaire.

4. Empirical Results

4.1 Respondents Profile

A total of 124 questionnaires were gathered from the survey. As shown in Table 1, the majority of the respondents (98.4%) were male, and (1.60%) were female. The largest group (69.0%), in terms of age, was those aged between 22 and 24. Specifically, (15.0%) were aged between 19 and 21, while (17.0%) were aged between 25 and above. In terms of marital status, the majority of the respondents (88.7%) were single, (8.10 %) were married, and 3.20% was others. Regarding the level of study, the largest group (46.0%) was a junior, (30.6 %) was a senior, (19.6%) was a sophomore, and (6.50%) was freshmen. In terms of major of study, the majority of the respondents (69.4%) were accounting, (20.2%) were Business Administration, and (10.5%) were Finance and Banking. With regard to whether the respondents have undertaken the tax subject, the majority of the respondents (50.0%) studied tax, and (50.0%) did not.

Table 1. Summary of the demographic makeup of the sample

Demographic	Frequency(n=124)	Percent (%)
Gender		
Male	122	98.4
Female	2	1.60

Age (years)		
19.00-21.00	18	15.0
22.00-24.00	85	69.0
25.00-above	21	17.0
Marital Status		
Single	110	88.7
Married	10	8.10
Other	4	3.20
Level of study		
Freshmen	8	6.50
Sophomore	21	19.6
Junior	57	46.0
Senior	38	30.6
Major of study		
Accounting	86	69.4
Business Administration	25	20.2
Finance and Banking	13	10.5
Studied Tax		
Yes	62	50.0
No	62	50.0

Table 2. Summary of responses

S#	Statement	Score
1	Tax evasion is ethical if tax rates are too high	3.7258
2	Tax evasion is ethical even if tax rates are not too high	5.4113
3	Tax evasion is ethical if the tax system is unfair	2.8387
4	Tax evasion is ethical if a large portion of the money collected is wasted	3.4839
5	Tax evasion is ethical even if most of the money collected is spent wisely	5.0000
6	Tax evasion is ethical if a large portion of the money collected is spent on projects that I morally disapprove of	2.8790
7	Tax evasion is ethical even if a large portion of the money collected is spent on worthy projects	4.9032
8	Tax evasion is ethical if a large portion of the money collected is spent on projects that do not benefit me.	4.2742
9	Tax evasion is ethical even if a large portion of the money collected is spent on projects that do benefit me	4.3710
10	Tax evasion is ethical if everyone is doing it	4.7661
11	Tax evasion is ethical if a significant portion of the money collected winds up in the pockets of corrupt politicians or their families and friends	3.0161
12	Tax evasion is ethical if the probability of getting caught is low	3.9758
13	Tax evasion is ethical if some of the proceeds go to support a war that I consider to be unjust	3.4435
14	Tax evasion is ethical if I can't afford to pay	3.4516
15	Tax evasion is ethical even if it means that if I pay less, others will have to pay more	4.6290
16	Tax evasion is ethical for me as a Muslim	5.4274
17	Tax evasion is ethical if the government discriminates against me because of my religion, race or ethnic background	2.9677
18	Tax evasion is ethical if the government imprisons people for their political opinions	3.7097

Table 2 lists the 18 statements and shows the mean scores for each statement. The mean score for all 18 statements was 4.015, which, on a scale of 1 to 7 indicates a rather weak feeling that tax evasion is generally unethical. However, as table 2 shows, some scores are higher than others, which indicate that some arguments to support tax evasion are stronger than others.

Table 3 ranks the arguments from strongest to weakest. The range is 2.8387 to 5.4274, which indicates that there is widespread support for the position that tax evasion is ethical in some circumstances. Table 3 ranks the scores for the 18 statements from the point of view that tax evasion is ethical to the other end of the spectrum that tax evasion is not ethical.

The strongest agreement that tax evasion is always or almost always ethical is the case where the tax system is perceived as being unfair. Moreover, the agreement to point of view that tax evasion is sometimes ethical appears in the second rank as money is wasted in disapproved project. In the fourth rank comes a view related to the discrimination practices among people in terms of their religion, race and ethnic background. The fifth rank indicates the support of an unjust war. The sixth rank is giving to the unaffordable paying tax. In the seventh rank, the respondents indicate to fact of wasting a large proportion of the tax collected. The eighth rank is giving to the view that the government imprisons people for their political opinions. The ninth rank is pointed to the view of high tax rates. In the tenth rank comes a view of low probability of getting caught by the government. The eleventh rank refers to the spending of the tax collected on projects that do not benefit people. In the twelfth rank comes the view of spending money on projects that are morally disapproved of. The thirteenth rank is giving to the view of the unfairness of paying taxes. The fourteenth rank indicates to whether the practice of tax evasion is common among people. The fifteenth rank is the view of spending a large portion of the money on worthy projects. The sixteenth rank is the view of spending the money wisely. The seventeenth rank indicates low tax rates. The last rank is the view of the Islamic perspective.

Table 3. Summary of responses

S#	Statement	Score
3	Tax evasion is ethical if the tax system is unfair	2.8387
6	Tax evasion is ethical if a large portion of the money collected is spent on projects that I morally disapprove of	2.8790
17	Tax evasion is ethical if the government discriminates against me because of my religion, race or ethnic background	2.9677
11	Tax evasion is ethical if a significant portion of the money collected winds up in the pockets of corrupt politicians or their families and friends	3.0161
13	Tax evasion is ethical if some of the proceeds go to support a war that I consider to be unjust	3.4435
14	Tax evasion is ethical if I can't afford to pay	3.4516
4	Tax evasion is ethical if a large portion of the money collected is wasted	3.4839
18	Tax evasion is ethical if the government imprisons people for their political opinions	3.7097
1	Tax evasion is ethical if tax rates are too high	3.7258
12	Tax evasion is ethical if the probability of getting caught is low	3.9758
8	Tax evasion is ethical if a large portion of the money collected is spent on projects that do not benefit me.	4.2742
9	Tax evasion is ethical even if a large portion of the money collected is spent on projects that do benefit me	4.3710
15	Tax evasion is ethical even if it means that if I pay less, others will have to pay more	4.6290
10	Tax evasion is ethical if everyone is doing it	4.7661
7	Tax evasion is ethical even if a large portion of the money collected is spent on worthy projects	4.9032
5	Tax evasion is ethical even if most of the money collected is spent wisely	5.0000
2	Tax evasion is ethical even if tax rates are not too high	5.4113
16	Tax evasion is ethical for me as a Muslim	5.4274

Note: Overall Scores (1 = strongly agree; 7= strongly disagree)

Table 4 shows the scores broken down by Marital Status. The average score for Single was 4.018178. The average for married was 4.177778, and the score for others was 3.527778. A Wilcoxon test was performed comparing single to married and others to determine whether the differences in scores were significant. The results of that test are reported in Table 4. The differences were significant for the all 18 statements.

Table 4. Comparison of martial statues scores

S#	Statement	Single	Married	Others	P value
1	Tax evasion is ethical if tax rates are too high	3.7545	3.7000	3.0000	-9.406**
2	Tax evasion is ethical even if tax rates are not too high	5.4182	5.3000	5.5000	-10.771**
3	Tax evasion is ethical if the tax system is unfair	2.8091	3.4000	2.2500	-8.445**
4	Tax evasion is ethical if a large portion of the money collected is wasted	3.5636	2.7000	3.2500	-8.868**
5	Tax evasion is ethical even if most of the money collected is spent wisely	4.9455	6.0000	4.0000	-9.961**
6	Tax evasion is ethical if a large portion of the money collected is spent on projects that I morally disapprove of	2.9727	2.4000	1.5000	-6.656**
7	Tax evasion is ethical even if a large portion of the money collected is spent on worthy projects	5.0636	4.4000	1.7500	-9.355**
8	Tax evasion is ethical if a large portion of the money collected is spent on projects that do not benefit me.	4.2818	4.3000	4.0000	-10.120**
9	Tax evasion is ethical even if a large portion of the money collected is spent on projects that do benefit me	4.4818	3.7000	3.0000	-9.492**
10	Tax evasion is ethical if everyone is doing it	4.8182	4.7000	3.5000	-10.170**
11	Tax evasion is ethical if a significant portion of the money collected winds up in the pockets of corrupt politicians or their families and friends	2.9727	3.6000	2.7500	-7.133**
12	Tax evasion is ethical if the probability of getting caught is low	3.9273	4.6000	3.7500	-10.061**
13	Tax evasion is ethical if some of the proceeds go to support a war that I consider to be unjust	3.4364	3.0000	4.7500	-8.935**
14	Tax evasion is ethical if I can't afford to pay	3.4818	2.9000	4.0000	-9.552**
15	Tax evasion is ethical even if it means that if I pay less, others will have to pay more	4.5818	5.2000	4.5000	-10.539**
16	Tax evasion is ethical for me as a Muslim	5.2909	6.5000	6.5000	-10.489**
17	Tax evasion is ethical if the government discriminates against me because of my religion, race or ethnic background	2.9364	3.8000	1.7500	-7.778**
18	Tax evasion is ethical if the government imprisons people for their political opinions	3.5909	5.0000	3.7500	-9.500**
	Average	4.018178	4.177778	3.527778	

Note: Overall Scores (1 = strongly agree; 7= strongly disagree)

Table 5 shows the scores broken down by level of study. The average score for freshmen was 4.104167. The average for sophomore was 4.145506, the average score of Junior was 3.892772, and the average score for Senior was 4.108194. A Wilcoxon test was performed comparing freshmen, sophomore, Junior, and senior to determine whether the differences in scores were significant. The results of that test are reported in Table 5. There are significant differences in the view of ethics of tax evasion in statements 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 15 and 16.

Table 5. Comparison of level of study scores

S#	Statement	Freshmen	Sophomore	Junior	Senior	P value
1	Tax evasion is ethical if tax rates are too high	3.3750	3.8095	3.6140	3.9211	-1.139
2	Tax evasion is ethical even if tax rates are not too high	5.6250	5.0000	5.1930	5.9211	-8.148**
3	Tax evasion is ethical if the tax system is unfair	2.6250	2.4762	2.7719	3.1842	-2.168**
4	Tax evasion is ethical if a large portion of the money collected is wasted	3.2500	3.9048	3.4912	3.2895	-.707
5	Tax evasion is ethical even if most of the money collected is spent wisely	5.8750	4.9524	5.0000	4.8421	-6.035**
6	Tax evasion is ethical if a large portion of the money collected is spent on projects that I morally disapprove of	3.5000	3.3333	3.0877	2.1842	-3.146**
7	Tax evasion is ethical even if a large portion of the money collected is spent on worthy projects	6.0000	4.8571	4.6842	5.0263	-5.080**
8	Tax evasion is ethical if a large portion of the money collected is spent on projects that do not benefit me.	3.6250	4.4762	4.2982	4.2632	-5.124**
9	Tax evasion is ethical even if a large portion of the money collected is spent on projects that do benefit me	5.5000	4.1905	4.2982	4.3421	-3.337**
10	Tax evasion is ethical if everyone is doing it	5.1250	4.7143	4.4561	5.1842	-6.238**
11	Tax evasion is ethical if a significant portion of the money collected winds up in the pockets of corrupt politicians or their families and friends	2.6250	3.5238	2.9123	2.9737	-2.299**
12	Tax evasion is ethical if the probability of getting caught is low	4.3750	4.1429	3.4912	4.5263	-2.814**
13	Tax evasion is ethical if some of the proceeds go to support a war that I consider to be unjust	3.0000	3.6667	3.3684	3.5263	-.591
14	Tax evasion is ethical if I can't afford to pay	3.3750	3.6667	3.3684	3.4737	-1.079
15	Tax evasion is ethical even if it means that if I pay less, others will have to pay more	5.5000	4.8571	4.3860	4.6842	-5.731**
16	Tax evasion is ethical for me as a Muslim	5.8750	6.0476	5.0877	5.5000	-7.214**
17	Tax evasion is ethical if the government discriminates against me because of my religion, race or ethnic background	2.0000	3.2857	2.8772	3.1316	-1.651
18	Tax evasion is ethical if the government imprisons people for their political opinions	2.6250	3.7143	3.6842	3.9737	-1.939
	Average	4.104167	4.145506	3.892772	4.108194	

Note: Overall Scores (1 = strongly agree; 7= strongly disagree)

Table 6 shows the scores broken down by major of study. The average score for accounting was 4.045861111. The average for business administration was 3.968888889, and the average score for finance and banking was 3.968888889. A Wilcoxon test was performed comparing accounting, business administration and finance and banking to determine whether the differences in scores were significant. The results of that test are reported in Table 6. The differences were not significant for any of the 18 statements.

Table 6. Comparison of major of study scores

S#	Statement	accounting	Business administration	Finance and banking	P value
1	Tax evasion is ethical if tax rates are too high	3.8023	3.3600	3.9231	-.185
2	Tax evasion is ethical even if tax rates are not too high	5.5930	5.0400	4.9231	-1.241
3	Tax evasion is ethical if the tax system is unfair	2.8023	2.9200	2.9231	-.223
4	Tax evasion is ethical if a large portion of the money collected is wasted	3.5581	3.4000	3.1538	-.425
5	Tax evasion is ethical even if most of the money collected is spent wisely	5.1163	4.8800	3.1538	-1.178
6	Tax evasion is ethical if a large portion of the money collected is spent on projects that I morally disapprove of	2.6628	3.4000	3.3077	-1.374
7	Tax evasion is ethical even if a large portion of the money collected is spent on worthy projects	4.9302	5.0000	4.5385	-.579
8	Tax evasion is ethical if a large portion of the money collected is spent on projects that do not benefit me.	4.2209	4.2400	4.6923	-.760
9	Tax evasion is ethical even if a large portion of the money collected is spent on projects that do benefit me	4.1628	4.7200	5.0769	-1.349
10	Tax evasion is ethical if everyone is doing it	4.8256	4.7600	4.3846	-.892
11	Tax evasion is ethical if a significant portion of the money collected winds up in the pockets of corrupt politicians or their families and friends	2.9651	2.9200	3.5385	-1.223
12	Tax evasion is ethical if the probability of getting caught is low	4.0814	4.1200	3.0000	-1.741
13	Tax evasion is ethical if some of the proceeds go to support a war that I consider to be unjust	3.5233	3.3600	3.0769	-.546
14	Tax evasion is ethical if I can't afford to pay	3.4535	3.4400	3.4615	-.005
15	Tax evasion is ethical even if it means that if I pay less, others will have to pay more	4.7326	4.0400	5.0769	-.706
16	Tax evasion is ethical for me as a Muslim	5.5000	5.8400	4.1538	-2.731
17	Tax evasion is ethical if the government discriminates against me because of my religion, race or ethnic background	3.0000	2.9600	2.7692	-.202
18	Tax evasion is ethical if the government imprisons people for their political opinions	3.8953	3.0400	3.7692	-.202
	Average	4.045861111	3.968888889	3.82905	

Note: Overall Scores (1 = strongly agree; 7= strongly disagree)

Table 7 shows the scores broken down by whether the tax subject is undertaken by the respondent. The average score for students who have undertaken the tax subject was 3.984767. The average score for students who have not undertaken the tax subject was 4.0457. A Wilcoxon test was performed comparing both groups to determine whether the differences in scores were significant. The results of that test are reported in Table 6. The differences were significant for the 18 statements of ethics of tax evasion.

Table 7. Comparison of studied taxation scores

S#	Statement	Undertaken	Not undertaken	P value
1	Tax evasion is ethical if tax rates are too high	3.5968	3.8548	-8.139**
2	Tax evasion is ethical even if tax rates are not too high	5.5484	5.2742	-10.170**
3	Tax evasion is ethical if the tax system is unfair	2.9677	2.7097	-5.789**
4	Tax evasion is ethical if a large portion of the money collected is wasted	3.4516	3.5161	-7.883**
5	Tax evasion is ethical even if most of the money collected is spent wisely	5.1129	4.8871	-8.977**
6	Tax evasion is ethical if a large portion of the money collected is spent on projects that I morally disapprove of	2.5968	3.1613	-4.556**
7	Tax evasion is ethical even if a large portion of the money collected is spent on worthy projects	4.8710	4.9355	-8.783**
8	Tax evasion is ethical if a large portion of the money collected is spent on projects that do not benefit me.	3.9839	4.5645	-9.911**
9	Tax evasion is ethical even if a large portion of the money collected is spent on projects that do benefit me	4.2258	4.5161	-8.923**
10	Tax evasion is ethical if everyone is doing it	5.1129	4.4194	-9.821**
11	Tax evasion is ethical if a significant portion of the money collected winds up in the pockets of corrupt politicians or their families and friends	2.6935	3.3387	-4.416**
12	Tax evasion is ethical if the probability of getting caught is low	4.2258	3.7258	-8.788**
13	Tax evasion is ethical if some of the proceeds go to support a war that I consider to be unjust	3.5000	3.3871	-6.970**
14	Tax evasion is ethical if I can't afford to pay	3.2742	3.6290	-8.139**
15	Tax evasion is ethical even if it means that if I pay less, others will have to pay more	4.5968	4.6613	-9.733**
16	Tax evasion is ethical for me as a Muslim	5.4355	5.4194	-9.563**
17	Tax evasion is ethical if the government discriminates against me because of my religion, race or ethnic background	2.8387	3.0968	-5.241**
18	Tax evasion is ethical if the government imprisons people for their political opinions	3.6935	3.7258	-7.686**
	Average	3.984767	4.0457	

Note: Overall Scores (1 = strongly agree; 7= strongly disagree)

5. Conclusion

This study has been conducted to survey 124 degree students from Yemen enrolled for the academic year 2009/2010 in the College of Business at Hadhramout University in an effort to examine their perceptions as to the agreement on the ethics of tax evasion. In a like manner, 124 usable surveys were received. The results of the study show that tax evasion is ethical under some circumstances.

The majority of the respondents were opposed to the view that tax evasion is always or almost always ethical. As a general rule, students might justify tax evasion by giving stronger support in some circumstance than others. In this study, students consider tax evasion as an ethical practice if the tax system is unfair, the government is corrupt, wasteful, or if the government engages in human rights abuses. The weakest arguments were in cases when tax evasion is viewed from the Islamic perspective. As a Muslim, tax evasion is not justifiable. This indicates that almost all of the students are in agreement with the third view of the Islamic perspective towards tax evasion, which is obeying the Muslim ruler and paying the tax, since it is regulated by him. Furthermore,

students are opposed to tax evasion when tax rates are not high, or when the money collected are spent wisely and on worthy project. The findings of this study are in the same vein with some other studies that have been conducted using a similar survey instrument. This include the findings of studies of Argentina (McGee & Rossi, 2006), the Dominican Republic (McGee, Lopez & Polanco, 2007), Ecuador (McGee, Lopez & Jaramillo, 2007), China (McGee & Noronha, 2007; McGee & An, 2006), Hong Kong (McGee & Ho, 2006), Macau (McGee, Noronha & Tyler, 2006), Poland (McGee & Bernal, 2006), Ukraine (Nasadyuk & McGee, 2006) and Australia (McGee & Bose, 2007), Guatemala (McGee & Lingle, 2005), Puerto Rico (McGee & Lopez, 2007), Colombia (McGee, Lopez & Yepes, 2007), Thailand (McGee, 2006), China (McGee & Guo, 2006), Taiwan (McGee & Andres, 2007), Romania (McGee, 2005b), Estonia (McGee, Alver & Alver, 2007), Orthodox Jews (McGee & Cohn, 2006) and international business professors (McGee, 2005a). Some of these studies are summarized in McGee (2012).

More research is needed to determine the issues of tax evasion among other countries in the Middle East. These findings have policy implications if governments want to collect a higher percentage of taxes. This way, government must change the perceptions of their taxpaying citizenry. They must spend funds wisely. They must not be corrupt and the tax system must be perceived as fair.

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