

# Criminological Analysis of Tax Evasion in the Criminal Law in Iran

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## Abstract

Tax evasion as one of the examples and symbols of corruption disturbs economic security needed to expand economic activities and investment. Therefore, amending and revising the tax system of country especially tax penal system in order to improve the national economy is considered essential and necessary issue. The purpose of choosing this study is criminological study of tax evasion in the criminal law and causes of tax evasion violation. The methodology of this study is descriptive analysis and library. In the method of analyzing first general framework is list drawn necessary divisions is taken with regard to the limitation issue Then the necessary resources provided and also consideration of the reliability and validity of them and the study, taking notes and summarizing also begun, in the end, the entire contents collected, analyzed and composited, and meanwhile revising, the final editing has been done. According to the results of research on the criminal law in Iran on charges of tax evasion and tax issues in the Islamic system, special attentions have been paid. Also the results show that the changing profile of the taxpayer is considered one of the ways of tax evasion and with situational, social and legal preventions this crime could be reduced.

## 1. Introduction

The purpose of this study is analyzing tax evasion criminology in the criminal law in Iran. . To explain the research we can say that one of the most important sources of income in the future is tax. In addition to providing the required financial of the government tax controls the cash flow and addition to a better distribution of income and wealth it spends it in the right place. In developing countries such as Iran Tax income after oil revenues have special importance.

On the other hand the composition of tax revenues due to economic, cultural and historical factors vary from one country to another However, according to the research that has been conducted, developing countries compared to industrialized countries have more insecurity in tax issue (Ghorbani, 2007).

Conceptual distinction between tax evasion and tax avoidance is related to legal or illegal behavior of taxpayers.

Tax evasion is a type of law violation. When a tax payer refuses correct reporting of revenues of his work or investments which is taxable, he does an informal act that keeps him away from the eyes of government and tax officials. But in tax avoidance, the person is not worried that his action be disclosed. Tax avoidance, originates from the legal gaps in the tax law. Here the person to reduce the tax looks for loopholes. For example, it shows workforce incomes into investment incomes form that have lower rate for tax. In tax avoidance, tax payers have no reason to be concerned about the possibility of disclosure, because he necessarily notes and registers all transactions with details of course in the false form. Taxes are the main source suppliers of government spending. In addition to that government with taxing and collecting and directing it to fulfill underlying investment infrastructure the role infrastructure plays in economic development In fact, it plays the underlying role in economic development. In this case, the government is looking to an important source of tax revenue to implement major economic projects effectively and comprehensively. Unfortunately, given the importance of cooperating of real and legal persons with the government in some cases it can be seen that people are trying not to do their legal liability in return for public service and do not pay legal and legitimate taxes of government. Tax evasion is common in developing countries which are mainly due to the difficulty of gathering information on income, production, transactions, documents related to property and inheritance in these countries. In these countries, taxing for many people is considered a strange unpleasant and sometimes incomprehensible concept.

This issue means stubbornness in tax payments and only a small number of people are interested in paying taxes. Desire to escape tax is related to Cultural motivations and low tax culture in the society and at the same time economic motives (Ghorbani, 2007). This study is going to analyze criminological of tax evasion in Iran criminal law and criminal law causes for non-payment of tax and tax evasion reasons and also avoiding to pay tax.

## 2. Tax

Tax is part of the income or wealth of a person that In order to pay for public expenditure and the implementation of fiscal policies in line with safeguarding the interests of economic, social and political of the country in accordance of the rules and by administrative levers of government is received. According to the IMF in Global Financial System budget classification guide (GFS), taxes are as follows: mandatory, non-compensatory and irreversible Cash which government claims for public purposes.

Tax revenues, allocated interest on unpaid taxes and penalties related to non-payment or delay in payment also covers taxes. Any fee that in addition to the costs or distribution of government services is imposed to the payer doesn't fall into this category. Taxes as well as transferred money to the government covers for financial monopolies, monopolies in export and import monopoly on the Foreign Exchange. This type of taxing reflects government exercise of power in taxation from monopoly sale of some goods or currency. The amount that government receives of non-governmental organizations such as charities and mosques, unions and trade associations, is not considered a part of the tax, even if these funds have been forced received from their members. (Razzaghi, 23, 2009)

According to the IMF, to offset the tax revenue, tax revenue is estimated from the following items:

Revenues derived from monopoly and state taxes

Insurance funds

Government tolls

Municipalities Incomes

The difference between consumer protection agencies and manufacturers

Tax of non-governmental organizations and public institutions

What the government receives from financial resources belonging to individual identities such as wages, interest and rent in the term is called "tax", so Taxes can only be part of the payments which individual identity to the collective identity of deals. Therefore Taxes can only be part of the payments that individual identities deals to the collective identity

## 3. The Concept of Tax Evasion

Tax evasion is defined any illegal act of not or low paying of taxes by the person or the economic unit .Therefore, due to its being illegal it is an economic crime.

In other words, tax evasion can be put in the field of economic crime since the economy of many countries is on the basis of tax that people pay to government and anomalies in its payments can lead to price waver of economy. But this category of crimes, unlike other economic crimes is against the state and benefits and advantages of people are not directly the purpose of illegal behaviors. However tax evasion has associated with deception and fraudulent maneuver, considering criminal behavior ultimately is the act and omission (maneuver fraud And tax evasion) is different from crimes against property that constitutes an act contrary to the will of the legislator. And therefore we can say that it is a pure economic crime. Resources of tax evasion that have been discussed such as the underground economy are experiencing confusion and economists views are not necessary identical. According to Thomas (1991), tax evasion is part of the erratic underground economy. From the perspective of Fej tax evasion is within the framework of not reported activities so it can be said that the person who has done tax evasion has violated the institutional tax laws. Tansy considers tax evasion a global phenomenon which is a thousand of years old. This phenomenon is done in the form of non-declaration of correct figures of income expressing than the cost of production more than actual amount, smuggling and unlimited other ways. Tax evasion can have different manifestations in different situations; it can be said such as personality, economic structure and the structure of the tax. (Kouzehgar, 2004)

Kobra defines tax evasion while its main source is law, a simple black money and if its source is illegal, black composite. The difference is that in the first case tax evasion is the motivation but in the second case primary motivation may not be for tax evasion but a cause of the malfunction in the economic controls and regulations.

(Kobra, 1998)

#### 4. The Causes and Factors Tax Evasion Violations

Tax evasion like crime is multi-dimensional phenomenon and has various reasons and normally they serve legal, economic, social, political and cultural causes and factors, for it.

##### 4.1 The Legal Causes and Factors

The most important legal causes and factors of tax avoidance can be outlined as follows:

1) The frequency and complexity of tax laws and regulations and their lack of transparency

As tax laws to be complicated and non-transparent, vague and difficult to understand for taxpayers compliance from them will be less and increases motivation for tax evasion.

2) The lack of observance of justice in tax laws and law enforcement

Undoubtedly, if tax laws are enacted in such a way that tax payers feel that justice has not been observed motivation and efforts for tax evasion in them is strengthens. Also, if they feel unjust law is implemented, such a motivation will follow.

3) Multiple and high tax rates

The high tax rate and a progressive rate existence, increases the desire and motivation for tax evasion. Therefore in tax system it is tried to reduce the tax exemption by expanding the tax base and reduce tax rates and their frequency to reduce motivation for tax evasion.

4) Disregard for the rights of taxpayers

Respect for taxpayers And proper explanation of their rights in tax laws And complying with them in practice and law enforcement causes satisfaction and cooperation in carrying out duties under the law and payments of taxes and any lack of attention to this issue have negative effects in the spirit and performance of the taxpayers

5) The lack of taxpayers' voluntary compliance mechanisms in tax laws

Not predicting participation And cooperation mechanisms And voluntary compliance of tax payers in tax laws such as tax incentives and the self-reporting, etc. causes reluctance in tax payers to pay tax and tax evasion motivation in them.

6) Inefficiency and weak tax executive assurance

Executive assurance such as the criminalization of tax evasion and compliance tools are considered forcing taxpayers in tax payments. Inadequate and inefficiency of this executive assurance plays an important role in motivating tax evasion.

##### 4.2 Causes and Factors of Agencies and Organizations

This causes and factors is concerned to tax system and tax administration, the most important reasons include the following:

1) Inefficiency and weakness of administrative and financial administrative system

Given that the main task of the executive and Tax Administrations is actually identifying taxpayers and economic activities and in time identification and collection of tax, No doubt the inefficiency and weakness of tax organization, provides possibility and motivation for tax evasion.

2) The corruption of tax officials

Tax corruption is one of the most common forms of corruption in the public sector. Tax system as an instrument of financial judgment, because of the characteristics and special nature of its activities has the formation of the phenomenon of corruption. Studies shows that one of the main causes of corruption in tax, is unwillingness in tax payers to pay tax i.e. tax evasion that Usually seek by paying bribes to tax officials. (Sadeghi, 39, 2001)

##### 4.3 Causes and Cultural Factors (Weakness of Tax Culture)

In most conducted studies weakness of tax culture have been mentioned as one of the most important causes and factors of tax evasion. Tax culture is the integration of all relevant formal and informal institutions that is associated with the tax system and its practical implementation. Tax culture could be influenced by the public culture of society. Also an important factor in the formation of weak tax culture is the rentier being of countries economy (Ghorbani, 11, 2004).

One of the most important factors affecting the tax capacity is intellectual trends and public opinion in

connection with various tax issues of community that is well known as tax culture. The most important thing that in experts view influences tax culture is advertising in connection with tax issues. And certainly however it is not the sufficient condition but it is necessary condition. In textbooks, in different social centers and in cinemas and television films or radio programs of country almost no sign of tax issue which is the most vital matters of a healthy economy can be seen (If there is, too weak). While with the advertising and awareness through radio and television in this context, major changes can be made to rectify the situation. Cultural factors in our community are more rooted in histories which, along with many other social problems have caused that a real tax declaration and receiving doesn't occur. Therefore will and demand of the people plays the main role in the implementation of Taxes law and the most effective success factor in the implementation of these laws, namely will be the tax culture of society. On the other hand, as we know, the first and necessary condition to promote the concept of anything is justice. This means that when people know that the tax laws are intended for all and is executed and there is no distinction between people. Then they consider themselves law-abiding and obey it as must do (conductor, 58,2013)

#### *4.4 Social, Political and Economic Causes*

Economically one of the contributing factors in is tax evasion is the amount of income. According to the study, an increase in income, increases desire in committing tax evasion. Because normally rich with hiring experts and paying bribes to tax officials, are looking for ways to tax evasion. Another economic factors, is existence of economic crisis's such as inflation and recession and facing firms and entrepreneurs with economic and financial problems. That creates field of tax evasion. Politically, view of people on the ruling political regime and to the political action is very effective in compliance and tax evasion. In this regard, the participation of people in governance and the democratic credibility and public trust in government has an important role and with fading of it, will lead to the people not paying tax. From the social point of view it should be said that Objectification of how the tax money is being spent on basic needs and public services, Social and economic infrastructure, alleviation of poverty and inequality and to reducing social gap, distributive of justice and social justice and development of the country affects social attitudes toward tax phenomenon compliance or evasion from it. And any negative perception of the people in this area amotivations in taxation and tax evasion will spread in society. (Emad Zadeh, 45, 2012)

#### **5. AS Pattern in Search of Tax Evasion**

The most common way applied in recent years to determine the factors influencing tax evasion without regard to the underground economy is a model provided by Alyingham and Sandmo (1972) the pattern of investigating tax evasion Phenomenon and its influencing factors initially was presented by Alyingham and Sandmo (1972) which is known as pattern A-S. This model is derived from Baker's paper 1968 on the economic study in criminal activity. In the AS pattern; decision to person's tax evasion is optional under uncertainty conditions. In this model, determinants factors of tax evasion have been separated in two groups of economic and legal. And includes factors such as the actual taxable income, tax rates, tax crimes, the possibility of an audit and investigation by tax administration, bribery and the declared income of a person's tax to affairs office. Basis of the above model is based on game theory that punishment and penalties with a view to tax evasion looks upon, the issue. Since this model does not succeed in explaining behavior of tax compliance and tax evasion. Therefore, additional studies have been done in order to be able to explain the above better. In these studies, in addition to the above factors, non-economic factors, social and geographic and population are taken into account. AS-known pattern is based on the assumption that the person who must pay the tax is a rational person so he is trying by doing this to earn desirability and maximize it. On the other hand in this model it is assumed that the greater the individual's income be and in the process of paying taxes be able to pay less tax, and hide the non-payment of the tax from authorities he will earn more desirability. Also assume that if a person is subject to the supervision of the tax authorities His tax evasion revealed and must pay a tax penalty. (Qarvy, 2010)

#### **6. Types of Crime Prevention**

##### *6.1 Criminal Prevention*

This type of prevention is the best form of prevention types that has a very long history. This prevention is based on the idea that, through the imposition of criminal and disciplinary measures and through fear and intimidation caused by the sanctions and their implementation in the hearts of criminals and other persons may occur we can dry up the context of crime in the future or prevent its recurrence. (Kay Nia, 129, 1997)

Criminal prevention is dividable to general and specific prevention. . General prevention rests on intimidation induction, learning lessons, punishment and severity of punishment and consists of induction of intimidation with threats of punishment in case of potential criminals and those who have criminal thoughts and decision in

their minds. In this type of prevention, the police and the external aspects of judicial and criminal law, as criminal elements of the preventive system, are considered. In this type of prevention, intensity, being certain, seriousness and speed of execution of punishment, intimidation, learning lessons, has a considerable impact and an attempt is made to impose penalties, prevent crimes by others (Kaynia: 134, 1997)

Specific prevention is applied necessary strategies criminals (particularly prisoners) to prevent recidivism and reform, education and their rehabilitation. The prevention that is also referred as the individual prevention is for reform and rehabilitation of old criminals help and assistance of persons and interested organizations and the Protection of Prisoners community in the success a policy of rehabilitation of criminals and crime suppression, has a considerable impact this type of prevention is placed in the context of clinical criminology. (Kay Nia: 140, 1997)

### *6.2 Social Prevention*

Social prevention or correction consists of sets of policy and actions that seek to eliminate or neutralize the causes and factors of development and the underlying crime the purpose of this type of prevention is curing the society. In a way that it would be possible to, prevent early crime and its recidivism. The basis and foundation approach for social prevention is recognizing causes and factors of crime and alleviation of them by the individual and social reformations. Such as the fight against poverty, illiteracy and unemployment, mental disorders and physical therapy for perpetrators, raising the level of education, public education and social values, strengthening social institutions such as family, school, mosque, leisure planning, development and public health. And etc. which the causes and context of crime could be destroyed due to their involvement And avoid from criminal tendencies and dragging of people criminal ways of life Contrary to criminal prevention which fights and deals with criminals this type of prevention is based on exploring the causes of crime and the fight against them. Under this approach, all of the crimes cause and factors are assumed identified and known and all crimes are preventable in a single method (Najafi Erand Abadi, 1991)

### *6.3 Situational Prevention*

Along with social prevention that concludes in long-term another type of prevention exists that is rooted in victimological and it is said to sets of plans and actions that is toward domination on surrounding environment of the crime (status surrounding the crime) and it tends to its inhibition. This on one hand carries out by reducing the pre-delinquency situations, meaning pre-criminal situation that facilitate crime and on the other hand, with an increasing risk in identify and the likelihood of criminals' arrest is associated. (Najafi, 1991)

## **7. Punishment**

Any person who by law is required to submit tax declarations and In three consecutive years refuses of tax declarations containing information about his revenue and expenditure or by virtue of the provisions of this law or VAT law are required to collect deduction and delivery of other taxpayers and doesn't deliver the mentioned tax at the legal deadlines to the state tax organization will be guilty

According to this the people who knowingly and intentionally with intent to evade tax adjust their transactions and contracts against the reality and in the name of others or contracts or transactions and other taxpayers in their names are also guilty In addition, the people who deny access of tax officials to their tax information or third parties or refrain to their legal obligations regarding submission of financial Information referred to in Article 169 of repeated tax of the Tax Administration and this lead to losses to the government will be guilty. Accordingly, in the case of legal persons, CEO and member of the board of directors of a legal person, jointly or individually will be subjected to the provisions of this Article. Any person who by law are required to submit tax declarations and submit tax declarations and in three consecutive years refuses submitting tax declarations containing information of earnings and the expenses expenditure or by virtue of the provisions of this law or VAT law are required to collect deduction and delivery of other taxpayers and doesn't deliver the mentioned tax at the legal deadlines to the state tax organization will be guilty. According to the report, the Punishment for the tax crime is from three months to one year's imprisonment. Therefore any person who intends to have a tax crime and is beginning to implement it if before the discovery of the crime the person willingly leaves it and reform the documents diagnostic criteria for tax will not be prosecuted, but after the discovery of the crime will be sentenced to Punishment of the beginning mentioned tax crime, Unless in the course of criminal prosecution and before the final judgment by confession, and their advice causes government to gain its rights will be entitled to commutation of the sentence. (Jafari, 2005)

According to the tax authorities discovery of the crime under this provision agencies will be possible through State Tax Organization and oversight of executive (Rashid, 1391)

### 7.1 Tax Crimes Punishments of a Legal Person

According to the enactment of lawmakers If committer of any of the tax crimes, be a legal person, for a period of six months to two years will be sentenced to one of the sanctions including a ban of one or more business activities and possible ban on the issuance of commercial paper . In this regard it has been ratified that Criminal liability of a legal person, does not prevent the criminal liability of real person committing a crime According to other representatives act, if any of accountants, auditors and audit firms, tax officers and employees of banks and financial and credit institutions assist in committing tax crimes Or do not report violations will be Sentenced to a minimum Punishment as a perpetrator. And punishment of assistance of other persons shall be determined according to the Islamic Penal Code. Also perpetrator or perpetrators of tax crimes In addition to the penalties prescribed in this Law, are Responsible for paying the legal tax and penalties of outstanding and losses sustained by the government with the discretion of the judge And tax and the legal penalties will be determined pursuant to recognition of State Tax Organization. (Direct Taxes Act, 1987)

### 7.2 Formation Courts and Tribunals for Tax Crimes

According to another enactment of lawmakers, at the request of the head of the State Taxation Affairs, judiciary in each of the provinces and territories it considers suitable forms tax special courts and tribunals In this regard, Also representatives obliged the State Tax Organization to provide Equipment and location of the special tax courts and tribunals according to other Act of Parliament, any unauthorized access and misuse of identity information records in the database, performance and assets of tax payers, concerning issues other than the recognition and tax revenue collection or disclosure of such information is a crime. And committer in addition to dismissal from public service of two to five years will be sentenced to Punishment more than six months to two years in prison And other legal penalties with the action by beneficiaries And will be determined at the discretion of the appropriate authorities. Also on this basis, not issuing a statement or not to insert their economic numbers and the other part of deal or with the use of their economic numbers for others or use of other economic numbers for their transactions in each case will be subjected to a fine equivalent to two percent of transaction amount. . Also not providing list of transactions to the State Tax Organization will be subjected to a fine equivalent to one percent of the transactions that are not listed. (Act of Parliament, 2013)

### 7.3 The Criminal Provisions of Tax Evasion Crimes

Punishments that in order to avoid failure to provide declaration, concealment of income, tax avoidance, delay or tax evasion is forecasted

1. Tax after the deadline is subject to a penalty equal to 5/2% per month.

A - Source of calculating the fines on taxpayers who are required to provide declarations will be compared to the amount stated in the declaration of the expiry of the deadline for its implementation and compared to the difference of demands

B- In the case of taxpayers who refuse to provide the declaration or are not required to provide declarations, the calculation of the fine is from the date of expiry of the deadline for submission of the declaration or payment of the tax due in each case (Direct Tax Code, 2013).

**Clause:** If such taxpayers within one month of the definite tax notification act towards paying or arranging for payment will be exempt from (40%) of fines stipulated in this law.

- 1) If taxpayer's objection receipt date exceeds one year from the date of definite tax assessment sheet Fine of (5/2%) per month under this article compared to period more than a year compared to period over than mentioned one year until the date of notification can't be claimed from taxpayer .
- 2) - Under article 191 Direct Taxation Act( DTA) All or part of the crimes stipulated in this law According to taxpayer's request due to expressed reasons regarding being beyond the control , Failure to perform duties prescribed with regard to tax records and taxpayer worthiness and with agreement and recognition of State Tax Organization it is forgivable. (Kouzehgar, 2004)
- 3) Under article 192 ( DTA) In all cases where taxpayer or his representative that Under the provisions of this law due to the payment of tax is required to provide declarations If he refrain From providing it on deadlines stipulated in this Law will be subjected to a fine equivalent to 10% of the tax.

This fine regarding legal persons and those subject to paragraphs (a) and (b) of article 95 of this law is the amount (40%) the related tax and unforgivable.

But if taxpayer submits their declaration sentences of this Clause will be applied regarding to understatement income taxes or unrealistic and unacceptable expenses (Article 95 Direct Taxation, 2011).

- 4) Under article 193 (DTA) Taxpayers who under the provisions of this law are required to hold legal books in case of Failure to provide the balance sheet of profit and loss accounts or failure to provide books will be Subject to a fine equivalent to 20% of tax for each of cases mentioned and In the case of rejection of books will be subjected to a fine equivalent to 10% tax.

Clause: failure to provide declaration and the balance sheet and profit and loss account in the exemption period will cause not using of exemption provided in the related year.

- 5) Under article 194 (DTA) Taxpayers that their declaration will be dealt on the implementation of the provisions of Article (158) in this law If the taxable characteristics definite income differ more than (15%) the figure expressed by taxpayer in addition to regulations penalties which will not be forgivable Up to three years after the of definite tax attributes notification will be suspended of any facilities and tax relief provided by law. (Article 194,2011)
- 6) Under article 195 (DTA) The fine applicable to the latest directors of legal persons for the failure to submit the tax return mentioned in Article 114 of this Act within the prescribed time limit, or for submission of a false tax return, shall respectively be 2% and 1% of the paid up capital of the legal person at the date of liquidation.
- 7) Under article 197 ( DTA) The offence of the liquidator(s) in connection with the distribution of the legal person's assets prior to the settlement of its tax dues, or before giving the security of Article 118 of this Act, shall be subject to a fine equal to 20% of the applicable tax, which shall be collected from the liquidator(s)
- 8) Under article 198 (DTA) As for the persons who are required under the provisions of this Act to submit statements, lists, contracts or specifications related to taxpayers, but fail to do so within the prescribed time limit, or submit false documents, the applicable fines shall be 2% of the paid salary in respect of salaries, and 1% of a contract's total price, in case of contracts. In all cases, they shall become, together with taxpayers, jointly and severally liable for indemnification of the revenue losses of the government.
- 9) Under article 198 (DTA) In dissolved companies, the directors shall have joint and several liability, together with the legal person itself, for the payment of the entity's income tax, and for the taxes that the legal person is required under the provisions of this Act to withhold and remit, where the latter taxes are related to the term of their office.
- 10) Under article 199 DTA Every real or legal person who is required, according to the provisions of this Act, to withhold and remit the other taxpayers' taxes, but fails to comply with the prescribed duties, shall be subject to a fine equal to 20% of the unpaid tax, in addition to having joint and several liability with the taxpayer for the payment of the tax.
- 11) Under article 202 DTA the Ministry of Economic Affairs and Finance or the Iranian National Tax Administration may prevent the exit from the country of the tax debtors, whose final liability exceeds IRR 10,000,000. The rule of this Article shall also apply to the responsible director(s) of private legal persons in connection with the entity's final tax liability, whether it relates to the income tax of the entity or to taxes that the entity is required to withhold and remit, provided that the latter taxes pertain to the term of office of the said directors. The respective authorities are obligated to implement this Article when declared by the said Ministry or Administration.

## 8. Conclusion

Governments to meet the needs of society, including maintaining the independence and integrity of the country through supply of defense equipment, development of roads and transportation and the provision of services and financial support in order to benefit from social security and pension needs financial resources. And for its Supply it receives its share of individual's income or wealth under the title tax. In our country for many years revenues from oil sales, has played a major role in providing government revenues. One of the reasons for this should be Inefficiency and failure in taxation particularly regarding relevant criminal laws at each stage of data collection Identification and collection of taxes. Currently, the rate of tax evasion in the country, according to the INTA is declared 25 percent, which certainly part of this issue should be the result of lack of an efficient tax system especially in the area of tax criminal law. Adverse effects of the tax crime and tax evasion emerges in failure to provide needed Government revenues and as a result of absence of good and appropriate social services also tax evasion causes income in the community not to be distributed proportionally and the accumulation of wealth in the hands of certain groups not only provides improving political power of Some groups but also the social gap due to this issue increases political and social tension As a result, will follow tax

crimes. In short, tax evasion as one of the meanings and manifestations of corruption disrupts Economic security needed to expand economic activity and investment. Thus, modification and revision of the tax system In particular, the tax penal system in order to improve the national economy is considered essential and necessary. Having a coherent and comprehensive penal policy In support of the tax laws in line with the culture and the use of non-criminal mechanisms can play a significant role in increasing tax revenues also a clear penal policy makes people enter with more confidence in their economic activities. And yet the payments of a portion of the revenue of their economic activities as tax give a larger participation Therefore, one of the main strategies to increase the efficiency of the tax system is review and reform of criminal protection system in this area But it is essential to review and reform criminal law system Of our country regarding taxation in the process of Strengthening the criminal persecution guarantees.

Now the binding and valid law regarding taxes is Direct Taxation Act enacted in 1966 which after the revolution, according to the country's political and social structures, had many changes that the most reforms of it is related to 1987. The mentioned law was amended once again in 2001. In amendments to the mentioned Law in the years pointed One of the issues of interest to the issue of tax crime has been criminal laws governing it but changes and reforms Although in its time might have been effective But the failure and inefficiency of them in recent years has been quite clear. In a way that legislator has tried to alleviate the flaws and gaps of dealing with tax evasion in other laws to some extent Therefore it can be said that strengthening the penal guarantees to deal with tax evasion in recent years has been considered by legislator And in some new laws examples of these can be achieved Including in new Penal Code enacted in in 2013 And also the law of office health promotion ,regarding tax evasion As one of the most striking Examples and manifestations of crimes and economic corruption Has set specific rules. However, it is necessary that direct tax reform bill which is currently under consideration in Parliament to put necessary effort in this issue. Significant innovation in this bill regarding the strengthening of penal sanction is for crucial dealing with the Tax evasion. Thus, in Article (44) of the Bill Firstly examples were recognized for tax crime and secondly for perpetrators of this crimes Punishment of imprisonment from three months to two years is envisaged.

Inefficiency of the education system in our country, The complexity of the rules and regulations, manual and traditional Conduction of tax audit affairs and weak expression are the most important factors in the failure of the tax system Another important factor in the weakening and the lack of effectiveness of policies And eventually tax evasion and crime is ambiguity in laws and regulations, This could disturb the whole system performance alone. Taxation process can be chronologically classified to the establishment of the constitution, identification of taxpayers, tax assessment, handling objections and ultimately collection of taxes which certainly existence of a favorable penal system and decisive deal with tax criminals, and preparation of a suitable supporting substrate for jobs will create a reducing criminal offenses background.

## 9. Suggestions

- According To all the aforesaid for increasing efficiency should not only provide the necessary conditions and remove barriers to tax compliance but also pay attention to develop a consumption tax.
- Provision of the necessary conditions for the implementation of VAT law and immediate liability of all activists is one of the ways of improving the system. For operational and satisfactory conclusion of the system of VAT Should take the organization, equipment and trained human resources and experts to work and bureaucracy should be avoided. -Also sheer determination not to pardon offenses and seriousness in dealing with outlaws can prevent tax evasion. Stability in the rules and regulations can significantly help reduction of the tax evasion and vice versa continuous changes in laws and regulations and the lack of stability in this field could intensify tax evasion.
- Tax justice is one of the other indicators that establishing and its implementation could encourage taxpayers to pay taxes.

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