

The relationship between the auditor quality and the tax evasion

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Abstract— Taxation is one of the most basic financial resources of countries that directly or indirectly relies on incomes, and government executive power is provided in the same way. The issue of determining the amount of tax on real persons is the existence of accounting standards and tax laws that differentiate between the taxable profits and the definitive tax liability. The auditor's quality may possibly reduce some of the differences between the taxable profits and the definitive taxable profits, and ultimately affect tax evasion. Accordingly, the purpose of this study is to examine the relationship between auditor quality and tax evasion in companies admitted to Tehran Stock Exchange. The research sample includes 110 companies during the period from 2013 to 2018. The results of simple cross-sectional and cumulative regression indicate that the quality of the auditor has a significant and negative relationship with tax evasion.

Keywords: auditor quality, tax evasion

I. INTRODUCTION

Tax is one of the most important economic issues of any society. Tax laws include maternal laws in the economic field and one of the main pillars of the government's economic policies [34]. In the past, the goal was to state tax collection, but gradually, with the disclosure of the effects of government fiscal measures, taxes were considered as tools for growth, stability and reduction of inequality. Taxes are one of the major variables that the government is putting into effect in macroeconomic variables such as economic growth, inflation, unemployment, and resource allocation and income distribution [22]. Increasing the share of taxes in providing government spending reduces the adverse economic effects of society [3]. For this reason, the subject of taxation has long been the subject of the attention of the experts in economics and public finance, and tax laws have gone through their evolutionary process [10]. Accounting, as an information

system, provides users with the information they need to make decisions. One of the groups that use financial reporting is the government, which in practice uses this information for tax purposes and for tax purposes.

Subsequently, the research issue that led the researchers to this study is expressed, then theoretical foundations and research background are reviewed; the research objectives and the method of research are presented. Finally, based on the findings of the study, the conclusion is drawn and Proposals based on the results of the research are presented.

II. PROBLEM STATEMENT

Under Article 59 of the Direct Taxes Act, business owners are required to maintain sufficient evidence for the recognition of taxable profits, as well as those owners who, according to the law, are required to register their work in the newspaper offices and the entire subject of the law of commerce They must prepare and maintain the necessary documents and documents. Accordingly, it is expected that the calculated accounting profit will be consistent with the taxable income [29]. But for many reasons, the accounting profit is controversial by the taxpayer with taxable income detected by the tax office [2]. This discrepancy may be bi-directional, that is, with adjustments made, the profits will be more than the accounting profit, and sometimes the taxable profit will be less than the profit of the accounting [5]. For this reason, enthusiasts agree with accountants and tax experts that the auditor's quality will probably reduce some of the differences between taxable profits and definitive tax profits, and ultimately affect tax evasion. According to the above mentioned, the present study studies the relationship between the quality of the auditor and the tax evasion. Therefore, in this research, we examine the issue of whether