

## Crime of Tax Evasion: A Survey of Its Perception in Yemen

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**Abstract.** This paper measures the perception of Yemeni citizens of the severity of tax evasion relative to other crimes and violations. The main objectives of this study are: (1) to examine the level of the seriousness of tax evasion compared to other offences; (2) to determine whether there is a significant differences in the seriousness of tax evasion between victim and victimless of offences; and (3) to investigate the influence of the demographic variables, namely; age, gender, marital status, education, source of income, occupation, level of income and tax return preparer on the seriousness of tax evasion. The perception of tax evasion may somewhat explain the degree of non-compliance with the tax laws. Using data from a self-administered survey and a personnel structured interview in 2009, the results of mean and comparative analysis show that tax evasion items were ranked as the three least crimes of 30 listed crimes. Further, tax evasion is categorized the least serious category out of six categories. The results of the multiple regression show that age, gender, marital status, source of income and occupation explain different perceptions towards the seriousness of tax evasion. The results of this study should be useful to policy makers in Yemen and elsewhere, as it was found that there is an alarming signal that tax evasion is relatively ranked as the least serious offence, which could lead to an environment where taxpayers may not be afraid of cheating on their tax returns..

### Introduction

Albeit Yemen has introduced the self-assessment system (SAS) in 2004 to be applicable to all taxpayers (Aljamaree and Algaylee, 2007), established a specific public administration for combating tax evasion, and carried out several international, regional, and governmental efforts to minimize financial crime, tax evasion, the level of tax evasion still remains questionable (Embassy of Yemen, 2007). Specifically, previous studies have evidenced that the voluntary compliance behavior of taxpayers is derived from the fully implementation of self-assessment system. As a result, tax authorities bear low cost of collecting taxes through the voluntary compliance (Brand, 1996). But the tax non-compliance found to be existed everywhere and the tax authorities are working hard to reduce the tax non-compliance and maximize the voluntary

compliance rates (Hasseldine, 1999; Pentland and Carlile, 1996).

This problem of the tax non-compliance has led to an environment that motivates the Yemeni taxpayers not to report and/or pay their taxable income (Embassy of Yemen, 2007). Studies, conducted about the perceptions of tax evasion as a crime, have suggested that the tax non-compliance environment has been created from the perception of the taxpayers towards tax evasion as a non-serious crime (Karlinsky, 2004; Abdul Manaf and Abdul Jabbar, 2006). Consequently, the degree of non-compliance with the tax laws could be explained somewhat by the perception towards the tax evasion. And, it is obvious that the public's perception of the severity of a crime has important implications for society (Karlinsky *et al.*, 2004). However, those studies are inconclusive in explaining the variability of the perceptions towards tax evasion as a crime. Despite the fact that these

researches conducted on this area in the US, Australia, and Malaysia are a few, a study about the perception of tax evasion in Yemen does not exist. Evidence on tax evasion perception found in the Western and other developing countries may not be generalized to the context of Yemen because of the differences in the environmental factors such as economy, business, culture, and regulations. Consequently, differences in the environmental factors are expected to cause differences in the perception.

More important, the Islamic religious perspective that has not been explored yet is believed to influence the perceptions of the Yemeni citizens towards tax evasion has been investigated using the personnel structured interview method. Specifically, Yemen is considered a unique in its culture in terms of the religion, Islam, and how this religion influences the whole life aspects ignoring the power of regulation and laws that go against Islamic teachings. People evade tax like Americans, Australians and Malaysians. But, the reason of evading the tax is different from the reasons stated by the other countries. The most important reason is that Islam forbids collecting tax because Muslims are subject to pay only Zakat. And, paying tax is only subject to special circumstances in which the country is in need for further funds. The previous studies conducted to measure the Islamic religious perspective concluded that Muslims are more flexible in their perceptions towards the topic of tax evasion (McGee, 1998b; Murtuza and Ghazanfar, 1998). Thus, this study measures the perceptions of Yemenis towards the severity of tax evasion as a crime relative to other offences in 2009. This paper is organized as follows. The second section provides the literature review followed by the research design and methodology in the third section. Results of the study are discussed in section four followed by the discussion and conclusion in section five.

## Literature Review

### Crime and tax evasion

For decades, tax researchers have investigated why some people pay taxes while others do not. Through experiments (Boylan and Sprinkle, 2001), random surveys (Fisher *et al.*, 1989), and available tax databases (Erard and Ho, 2001), researchers have identified characteristics of noncompliant taxpayers and what is likely to motivate tax compliance.

Specifically, studies conducted about the tax evasion considered this practice as a 'white-collar crime' or a type of criminal behavior (Wentworth and

Rickel, 1985; Jackson and Milliron, 1986; Ghosh and Crain, 1995). The debate emerged over what constitutes a white-collar crime and how such a crime is defined at the very moment that Edwin Sutherland coined the concept in 1939 (Sutherland, 1949). Tappan (1947) and a tradition of legal scholars challenged the conceptualization of white-collar crime. For Tappan, what Sutherland had ultimately described was merely a series of regulatory violations by well-positioned managers of large US corporations. Although these acts were clearly violations of the law, they were not crimes, because crime is ultimately defined by criminal law. Sociologists have challenged the notion of crimes as simply the result of the text of the law (Braithwaite, 1989; McBernet, 1991, 1992; Croall, 1992). There are several studies conducted to measure the severity of crimes in the US and international criminal justice, sociology and psychology literature, but very few conducted in the accounting and tax literature (Karlinsky *et al.*, 2004). The people in the US view tax evasion as a less serious crime comparing to other crimes and consider this action as a violation and not a crime. A violation is an offence that is usually punishable by a fine only compared to crime, which is often punishable with imprisonment (Warr, 1989).

The Australian Institute of Criminology conducted a study in 1986 to measure the seriousness of 13 specific offences behavior. It has been highlighted that a person who cheats on paying income tax of AUD5000 (i.e. tax evasion) was ranked ninth and it was viewed as almost six times more serious than stealing a bicycle worth AUD1000. Murder was ranked as the most serious offence followed by heroin smuggling and the least serious was shoplifting goods worth AUD5. Murder was viewed more 27 times more serious than bicycle theft, while shoplifting goods was viewed as almost similar to bicycle theft (Wilson *et al.*, 1986). Eicher *et al.* (2002) conducted a study to examine the differences in opinions of men and women relating to six behaviors. Overstating tax deductions was found to be the second least serious offence for both sexes, as 44% and 36% of males and females respectively felt the behavior was somewhat or very acceptable. Speeding was found to be the least serious offence as males were more likely to find this act to be very acceptable (least serious) compared to females. The studies, conducted to measure the perceptions towards tax evasion, investigated 13 crime items and eight items of violations, which include more specific examples of white-collar crimes/violations such as insider trading, tax evasion and accounting fraud. They, also, further divided those crimes and

violations into two categories, i.e. victim and victimless (Abdul Manaf and Abdul Jabbar, 2006).

### Crime and tax evasion in Yemen

The Yemeni Penal and Code Law No. 12 (1994) classifies crime into two types: serious crimes and non-serious crimes. Serious crimes refer to the crimes punished by executing, cutting off one organ or more than one, and/or imprisoning for more than three years. Non-serious crimes refer to the crimes punished by fining and/or imprisoning for less than three years. It is believed that people would classify non-serious crimes as less serious than serious crimes. Examples of each type of crime are given in Table 1 below (Yemeni Interior Ministry, 1994).

**Table 1. Examples of serious and non-serious crimes**

Serious Crimes	Non-serious Crimes
Rape	Pick-pocketing
Bribery	Understatement of taxable income
Drug trafficking/dealing	Sexual Harassment
Financial fraud	Overstatement of tax deductions
Murder	Employing illegal worker
Terrorism	Prostitution
Adultery	Shop-lifting
Homosexuality	Fail to submit a tax return
Insulting Islamic teachings	Illegal gambling
Official document forgery	Alcohol drinking/dealing
Currency forgery	Begging
Robbery with Firearms	Fireworks acquiring/dealing
Official seal forgery	Running a red light
Robbery without firearms	Intentional killing peoples' animals
Arson	Speeding
Pollution	Employee abuse
Official stamp forgery	President abuse
Kidnapping	Hiding a person escaping from doing the military service

It is important to differentiate between crimes involve people and crimes do not. It is evidenced that people view crimes that do not involve people as less serious than those involve people (Karlinsky *et al.*, 2004). As it is stated that a violation is an offence because it is usually punishable by a fine only compared to crime. This is often punishable with imprisonment (Warr, 1989). The majority of the offences in the Yemeni Penal and Code Law No. 12 (1994) are punished with imprisonment. Accordingly, the appropriate categorization to the context of Yemen is classifying crimes based on their seriousness and victim and victimless and they are categorized into serious crimes and non-serious

crimes. Examples of the classifications of serious and non-serious crimes as victim and victimless are provided in Table 2 below.

**Table 2. Examples of the classification of victim/victimless crimes**

Serious Crimes	Non-serious Crimes
<b>(A1) Victim</b>	<b>(A2)Victim</b>
Rape	Pick-pocketing
Financial fraud	Sexual harassment
Murder	Shop-lifting
Terrorism	Intentional killing peoples' animals
Robbery with firearms	Employee abuse
Robbery without Firearms	President abuse
Arson	<b>(B2)Victimless</b>
Pollution	Understatement of taxable income
Kidnapping	Overstatement of tax deductions
<b>(B1) Victimless</b>	Employing illegal worker
Bribery	Prostitution
Drug trafficking/dealing	Fail to submit a tax return
Adultery	Illegal gambling
Homosexuality	Alcohol drinking/dealing
Insulting Islamic teachings	Begging
Official document forgery	Fireworks dealing
Currency forgery	Running a red light
Official seal forgery	Speeding
Official stamp forgery	Hiding a person escaping from doing the Military service

Even more, the crimes can be divided into six groups based on their types. These include drug related crimes, violent crimes, commercial crimes, property crimes, traffic offences and other crimes as it is shown in Table 3. Importantly, in the international rank, Yemen is considered the least country regarding crime rate. It is highlighted as 1.16109 crimes per 1000 people (Yemeni Crime Statistics, 2008). Indeed, in Yemen, tax evasion does not form part of the crimes under the jurisdiction of the security and police administration, Interior Ministry. Tax evasion and any other direct tax-related issues are under the administration of the Yemeni Tax Authority, Yemeni Finance Ministry. The Yemeni Income Tax Act No. 12 for the year 1999 has enacted various penalties, fines and periods of imprisonment for non-compliance, of which one is directly related to 'tax evasion' as provided in Chapter 7, Article 90. Willful evasion under this code refers to any or all of the following offences:

- a. Submitting an incorrect declaration by omitting, reducing or deleting any income or part of it, which was supposed to have been declared in accordance with the provisions of this Law, and as such affects the amount of tax.

**Table 3. Classification of crimes into six groups**

<b>Drug Related Crimes</b>	<b>Violent Crimes</b>	<b>Commercial Crimes</b>
Drug trafficking/dealing Alcohol drinking/dealing	Rape Murder	Understatement of taxable income Financial fraud
<b>Other Offences</b>	Terrorism	Official document forgery
Insulting Islamic teachings Employing illegal worker Prostitution Illegal gambling Begging Fireworks acquiring/dealing Adultery Homosexuality Pollution  Hiding a person escaping from doing the Military service	Robbery with firearms Kidnapping Sexual harassment Employee abuse President abuse	Currency forgery Official seal forgery Official Stamp forgery Overstatement of tax deductions Fail to submit a tax return Bribery
	<b>Property Crimes</b>	<b>Traffic Offences</b>
	Arson Robbery without firearms Intentional killing peoples' animals Shop-lifting Pick-pocketing	Speeding Crossing a red light

- b. Introducing any false statement, submitting a false entry or incorrect statements in any of the documents or statements submitted in accordance with this Law.
- c. Preparing, maintaining, or permitting any forged books, accounts, or false entries to be prepared and maintained, or allowing such books, accounts or entries to be faked, concealed or damaged, wholly or partially, with the intent to hide or exclude any income subject to tax under this Law, or any part thereof, with the intent to avoid payment of tax, wholly or partially, or attempting to obtain an unlawful exemption.
- d. Resorting to any fraudulent method, whatever it may be, or allowing the use of the same to avoid payment of tax or reduce its amount by any means.
- e. Delivering any incorrect information or statements with regard to any matter or incident that may affect his or any other person's responsibility towards payment of tax, or result in the reduction of its amount.
- f. Delivering any false written reply to a question or a request addressed to him for obtaining information or particulars required under this Law, with the intent to avoid payment of tax, wholly or partially.

On being convicted, the offender shall be punished for any of the above offenses by imprisonment for a term of not less than one month and not more than one year, or by payment of a fine not less than 50% and not more that 150% of the benefit derived as a result of committing such an offense or violation. The punishment shall be doubled

in case the same offense or violation is committed twice or repeated (Yemeni Tax Authority, 1999). The six items of offences that are considered an action of tax evasion can be categorized into three main broad activities. These include understatement of taxable income, overstatement of tax deductions and fail to submit a tax return.

As it is known in the literature review, tax evasion is very difficult to be measured. Schneider and Enste (1998, 2002) have utilized a variety of methods in an attempt to estimate the size of the "shadow economy" which may be expected to be highly correlated with overall tax evasion while others have resorted to experimental methods to examine the factors that determine why people pay taxes (Lewis, 1982; Pommerehne *et al.*, 1994; Frey, 1997, 2003; Alm *et al.*, 1992, 1999; Frey and Feld, 2002; Feld and Tyran, 2002; Torgler, 2002). Still others have examined a concept that is, in some sense, a prior notion for tax evasion: "tax morale". In the case of Yemen, detailed data are not available about the number of cases of tax evasion in Yemen. The only information available is that the Yemeni Tax Authority has estimated the tax gap is USD164 million annually (Yemen Times, 2005). Thus, Yemen would experience the situation found by the study of Peacock and Shaw (1982) that revealed an increase in tax evasion will result in an expansion of domestic income and contraction in the government's tax revenue if the marginal propensity to spend out of tax evaded is less than unity. Clotfelter (1983) evidenced that successful tax evasion has serious consequences to governments as it not only causes losses in current revenues, but it fosters a threat to voluntary compliance.

### Islamic perspectives towards tax

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 to the relationship between the individual and the government.

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 the increase in the 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 its affair 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 the 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 tax 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 that the tax evasion may be justified if the tax will increase the prices or when the tax is imposed on the income.

Nevertheless, some Islamic thinkers believe that a Muslim has to pay tax, and justified their opinion by two reasons: firstly, tax is paid for services provided and to facilitate many transactions related to the taxpayer's life and trade. Secondly, 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 been already given a perfect system, Zakat, to do so from Allah, the God, has been ruled in the Holy Quran and 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 non-Muslim, Western tax system and replace it with 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 from which the government has the right to impose tax and, in this case, it is not considered a sin. These conditions are as follows:

- There is a legitimacy public need of the money.
- Inadequate Islamic legitimacy resources: Kalkkah, Sayyid Qutb, abscess, Ushur.
- Eliminate wasteful expenditure before imposing tax.
- Consulting Islamic parliament before implementing tax.
- The tax imposed should be amounted as needed.
- It should be imposed justly and according to legitimacy Islamic resources.
- 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).

### Demographic characteristics and tax evasion

Seven demographics are included in this study to investigate whether there is a significant difference in the seriousness of tax evasion between each of the demographic variables. This includes: age, gender, marital status, education, source of income, occupation, and level of income.

#### 1. Age

Studies generally indicated that older taxpayers are less likely to evade but these results are not uniform (Christian and Gupta, 1993; Alm *et al.*, 2006). Title (1980) suggests that generally, young taxpayers are more willing to take risks and are less sensitive to sanctions, and that generation differences may also be important. Warneryd and Walerud (1982) also concluded that significant difference in

compliance is attributable to the sensitivity of the younger generation. In their study, they found that multivariate analyses of the data indicated that younger people have more tendencies to evade tax. Wahlund (1992) also found the same trend in a Swedish survey, where younger people were more likely to evade tax than older people. Further, Chan, Troutman and O'Bryan (2000) carried out a survey to compare compliance behavior between Hong Kong and US taxpayers. They found that the US respondents' decisions to comply with tax laws were primarily driven by their age and education, which in turn positively influenced moral development and attitude. In contrast, Hong Kong respondents have shown a negative link between education, moral development, attitude and compliance.

Unlike the above findings, Clotfelter (1983) found that the youngest and the oldest segments of the population have the same degree of compliance. He suggested a substantial curvilinear relationship between age and compliance whereby the youngest and oldest segments of the population have the highest degree of compliance. Also, Wallschutzky (1984) found Australian tax evaders tended to be older than compliers. In the same line, several studies support both a negative relation between age and noncompliance (Mason and Calvin, 1978; Witte and Woodbury, 1985; Baldry, 1987; Dubin and Wilde, 1988; Feinstein, 1991; Ritsema *et al.*, 2003).

## 2. Gender

The majority of previous studies examining gender effects showed that females are more compliant with the tax laws than males (Akaah, 1989; Boyd, 1981; Hoffman, 1998; Giese and Hoffman, 1999; Torgler 2002; Flathmann and Sheffrin, 2003; Gerxhani, 2002; Hanousek and Palda, 2002; Gerxhani and Schram, 2006; Katro and Selimi, 2001; Douglass, 1990; Feige, 1997). Further, Title (1980) suggested that females are identified in accordance with conforming roles; traditionally female children have been brought up with more moral restraints than male children, thus leading to their more conservative life patterns. This in turn promotes tax compliance. Fallan (1995) also found that there are gender differences on a test of assessing student tax knowledge. Furthermore, Hite (1997) argued that female subjects with higher education are significantly more tolerant towards evasion behavior than less educated females. Glen (1998) also reported that the interaction between gender and education impacts a taxpayer's attitudes and values. He established that female undergraduate students are more likely to exhibit compliant behavior than their male counterparts.

On the other hand, several studies found that there is not a significant difference between the ethics of men and women (Browning and Zabriskie, 1983; Harris, 1990; Nyaw and Ng, 1994; Alm *et al.*, 2006; McGee and Guo, 2006; McGee and Lingle, 2005; McGee and Smith, 2006). Not to mention that, some studies found that men are more ethical than women (Barnett and Karson, 1987; Weeks *et al.*, 1999).

## 3. Marital status

There are few literatures found regarding marital status and its relationship with tax evasion. It has been evidenced that married people evade more than single individuals (Clotfelter, 1983). On the other hand, it is evidenced that the individual's marital status (married, divorced, separated, widowed) are not significant determinants to the tax evasion (Ritsema *et al.*, 2003; Alm *et al.*, 2006).

## 4. Education

It is believed that education is one of the variables that influences the potential to hold the most long-term promise in improving tax compliance levels (Witte and Woodbury, 1985; Beron *et al.*, 1992; Wallschutzky, 1984; Alm *et al.*, 2006; Weber and Rockoff, 2001; Kasipillai *et al.*, 2003; Milliron, 1985). Some evidence exists which suggested that taxpayers may fail to comply with the tax laws because of insufficient knowledge on how to do so (Hajah Mustafa, 1996). He included knowledge and understanding as variables in the model that is used to explain taxpayer compliance behavior. He argued that a better understanding of the tax system would improve taxpayer attitudes and perceptions, and finally have an impact on tax compliance behavior. However, as people become more knowledgeable about the tax system, they may both understand and appreciate the benefits received from the government or become aware of tax evasion opportunities. According to Fallan (1999), better knowledge means people consider their own tax evasion more serious, that the perceived fairness in taxation increases and that the attitude towards other people's tax evasion becomes stricter. As well, Chan, Troutman and O'Bryan (2000) carried out a survey to compare compliance behavior between Hong Kong and US taxpayers. They found that the US respondents' decisions to comply with tax laws were primarily driven by their age and education, which in turn positively influenced moral development and attitude. In contrast, Hong Kong respondents have shown a negative link between education, moral development, attitude and compliance. In the same line, Vogel (1974), Lewis (1982), and Song and Yarbrough

(1978) have all suggested that more should be done in the field of educating the general public toward understanding the tax laws. Unlike the above findings, a negative relationship has been found between education level and noncompliance (Dubin and Wilde 1988; Ritsema *et al.*, 2003; Tan and Chin-Fatt, 2000). It is evidence that evasion increases with education (Stulhofer, 1997).

### 5. Source of income

Over 40 years ago, Groves (1958) identified income source as a significant influence on tax compliance. Wallschutzky (1984) also found both evaders and non-evaders agreed that the greatest opportunity to evade tax exists with those who derive their income from self-employment, independent trade and farming, and the least opportunity exists for those whose source of income was wages/salary subject to withholding tax.

### 6. Occupation

According to Jackson and Milliron (1986), research on occupation as a compliance variable is relatively sparse and they noted that a clear research direction was lacking. The main cause of this lack of clarity appears to be the inconsistent and rather ad hoc categories into which the occupation variable has been categorized in individual studies. These occupational categories have ranged from blue collar/white collar (Porcano, 1988) to manufacturing/service (Beron *et al.*, 1992), which very few studies taking the same approach to classification. Westat (1980a) suggested that white-collar taxpayers are associated with the overstatement of tax deductions, whereas blue-collar workers evade taxes by omitting income. This may also be due to opportunity; the more opportunities one has to evade, the greater the likelihood of evasion. Westat (1980b), however, reported that employment in manufacturing or trade organization was associated with higher self-reported tax compliance and that the occupational categories of professional/managerial, clerical/sales, and service employees were associated with lower levels of compliance.

### 7. Level of income

Prior research presents conflicting evidence of the association between income and noncompliance. Early analytical models developed by Allingham and Sandmo (1972) and revised by Yizhaki (1974) show that noncompliance varies directly with income when the taxpayer utility function displays decreasing risk aversion. The empirical evidence on this relationship, however, has been ambiguous. Clotfelter (1983),

using IRS data from the 1969 Taxpayer Compliance Measurement Program (TCMP), and Young (1994), using data from the 1987 Michigan Tax Amnesty Program, both found a positive association between income and noncompliance. Indeed, Christian and Gupta (1993) found in their study on taxpayers with taxable incomes of less than USD50000 that income is negatively correlated with tax evasion; hence indirectly implying that income is positively correlated with tax compliance. It is suggested that higher income levels increased the apparent acceptability of tax non-compliance for female subjects, but had no effect on the behavior of male participants (Giese and Hoffman, 1999; Hite, 1997; Crane and Nourzad, 1990).

On the other hand, Alm *et al.* (1992) and Franicevic (1997) found noncompliance to be negatively related to income. A third conclusion, that middle-income taxpayers are most compliant, was reached by Witte and Woodbury (1985) in a study that also used the 1969 TCMP data. Finally, Feinstein (1991), using 1982 and 1985 TCMP data, found no conclusive relation between income and noncompliance. Also, Hill and Kabir (1996) reported that participation in the underground economy and, by extension, tax evasion in Canada is especially high among low-income individuals (including students, unemployed, and receiving social assistance), youths and unmarried persons.

### 8. Tax return preparer

Under the SAS, preparing the tax return by the taxpayer himself, in some cases, could be considered as a motivation to the practice of tax evasion. This process can lead to what it is called as the tax manipulation. This tool uses the cash basis method and timing of the expenditure, domestic and private expenses, expenditure not wholly incurred in the production of gross income and revenue versus capital expenditure as pools to play with the accounts for the purposes of the owners or managers (DeGeorge *et al.*, 1999; Lamont, 1998; Jones, 1991; Guenther, 1997; Kasipillai, 2005; Fatt, 2004; Gigler, 1994; Chanley and Lewis, 1995). Another direction of the literature examined the influence of the tax return preparer on the perception towards tax evasion. It was found that there do not appear to be any significant differences in the perception of the seriousness of tax evasion based on who prepares the tax return (Karlinsky *et al.*, 2004; Abdul Manaf and Abdul Jabbar, 2006). In summary, it can be stated that all seven variables are believed to have relationship with tax evasion. But further evidences are still needed to confirm such relationship.

**Research Design and Methodology**

**Theoretical framework**

Tax researchers have investigated why some people pay taxes while others do not. Through experiments (Boylan and Sprinkle, 2001), random surveys (Fisher *et al.*, 1989), and available tax databases (Erard and Ho 2001), researchers have identified the characteristics of noncompliant taxpayers and what is likely to motivate tax compliance. Specifically, studies conducted about the tax evasion considered this practice as a 'white-collar crime' or a type of criminal behavior (Wentworth and Rickel, 1985; Jackson and Milliron, 1986; Ghosh and Crain, 1995).

In such case, it is evidenced that tax non-compliance has led to an environment where Yemeni taxpayers have been motivated not to report and/or pay their taxable income (Embassy of Yemen, 2007). Several studies, conducted about the perceptions of tax evasion as a crime, have suggested that the tax non-compliance environment has been created from the perception of the taxpayers towards tax evasion as a non-serious crime (Karlinsky, 2004; Abdul Manaf and Abdul Jabbar, 2006). Consequently, the degree of non-compliance with the tax laws could be explained somewhat by the perception towards the tax evasion. And it is obvious that the public's perception of the severity of a crime has important implications for society (Karlinsky, 2004). It will result in an expansion of domestic income and contraction in the government's tax revenue if the marginal propensity to spend out of tax evaded is less than unity.

Clotfelter (1983) evidenced that successful tax evasion has serious consequences to governments as it not only causes losses in current revenues, but it fosters a threat to voluntary compliance.

Firstly, this research tries to investigate the level of seriousness of tax evasion compared to other offences. A comparison will be made among the rank of each crime and violation given by the respondents as a high or low rank crime or violation. Further, the tax evasion crime rank will be identified among the list of the offences to determine the level of the seriousness of this crime compared to other offences. Figure 1 shows the theoretical framework model.

Secondly, the significant difference, if any, in the seriousness of tax evasion between victim and victimless of crimes and violations are examined. Crimes and violations will be, further, classified into crimes and violations with and without victims. A comparison will be made among the rank of each victim and victimless crime and violation given by the respondents as a high or low rank. Afterwards, the tax evasion crime rank will be identified among the list of victim and victimless crimes and violations to determine the significant difference in the seriousness of tax evasion between victim and victimless of crimes and violations. Figure 2 shows the theoretical framework model.

Thirdly, the effects of eight demographic variables on factors that influence the perceptions toward tax evasion as a crime are examined. Those eight independent variables are the age, gender, marital status, education, source of income,



Fig. 1. A comparison of the level of seriousness of tax evasion to the level of seriousness of other offences.

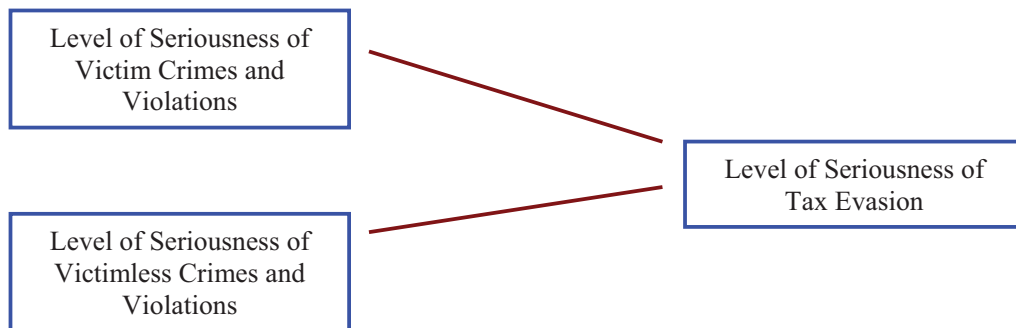


Fig. 2. A comparison in the significant difference, if any, in the seriousness of tax evasion between victim and victimless crimes and violations.

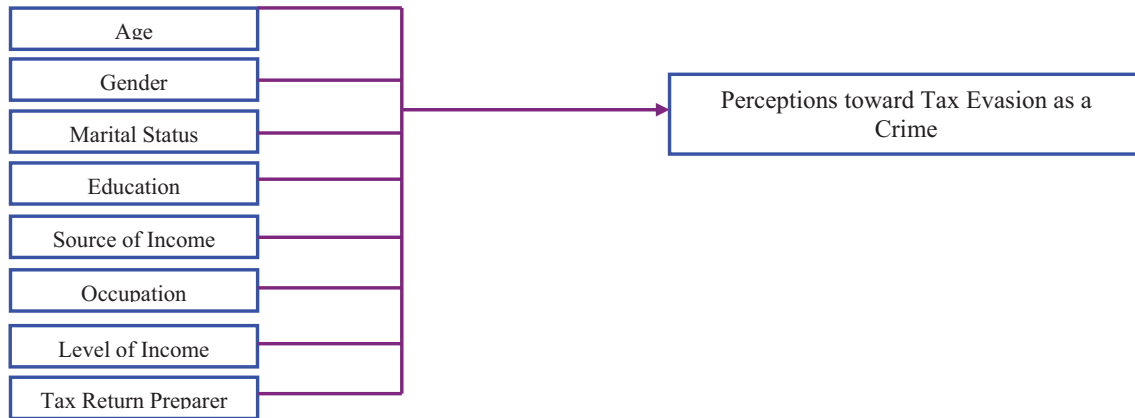


Fig. 3. The influence of the eight demographic variables on the perceptions toward tax evasion as a crime.

occupation, level of income and tax return preparer. And, the dependent variable is the perceptions toward tax evasion as a crime. Figure 3 shows the theoretical framework model.

### Hypotheses Development

#### The level of seriousness of tax evasion compared to other offences

The level of seriousness of tax evasion compared to other crimes and violations has been evidenced, previously, by a few numbers of studies (Karlinsky *et al.*, 2004; Abdul Manaf and Abdul Jabar, 2006; 2001; Warr, 1989). The results indicated by those studies show that there is a significant difference in the perceptions of tax evasion compared with violent crimes, drug related crimes and traffic offences. The results suggest that people do not perceive tax evasion to be as serious as violent crimes and drug related crimes. Thus, the following hypothesis is developed to be tested by the current study:

H<sub>1</sub>: Tax evasion is perceived a less serious crime compared to other offences

#### 1. The significant difference, if any, in the seriousness of tax evasion between victim and victimless of crimes and violations

The level of significant difference in the seriousness of tax evasion between victim and victimless of crimes and violations has been investigated by a few studies. It was found that crimes and violations involving victims are perceived to be more severe than victimless crimes and violations (Karlinsky *et al.*, 2004; Abdul Manaf and

Abdul Jabar, 2006). Thus, the following hypothesis is developed to be tested by the current study:

H<sub>2</sub>: Tax evasion is perceived a less serious crime compared to other victim and victimless of offences

#### 2. The level of the significant difference, if any, in the seriousness of tax evasion among each the demographic variables

As it has been discussed previously in the literature review, this study argues that each of the demographic variables (age, gender, marital status, education, source of income, occupation, level of income, and the tax return preparer) has an influence on the seriousness of tax evasion. Thus, the following testable hypotheses are developed:

H<sub>3</sub>: Old individuals perceive tax evasion as a more serious crime than young individuals do

H<sub>4</sub>: Females perceive tax evasion as a more serious crime than males

H<sub>5</sub>: Married individuals perceive tax evasion as a more serious crime than single individuals do

H<sub>6</sub>: Educated people perceive tax evasion as a more serious crime than uneducated people do

H<sub>7</sub>: Individuals who gain their income from private sector, own business and self-employed business are less likely to perceive tax evasion as a serious crime than people who gain their income from the governmental sector

H<sub>8</sub>: Private sector employees, businessmen and self-employed people are less likely to perceive tax evasion as a serious crime than governmental sector employees

H<sub>9</sub>: People who gain a high level of income are more

likely to perceive tax evasion as a less serious crime than people who gain a low level of income  
 H<sub>10</sub>: Taxpayers who prepare their tax return themselves are more likely to perceive tax evasion as a less serious crime than taxpayers who have their tax return prepared by tax agent, an assistant or any other party

### Variable Measurements

#### Dependent variable

Perceptions toward tax evasion as a crime are the concern of this study. This variable is measured using a five-point Likert scale and is used to measure the extent of individuals' attitudes toward tax evasion as a crime. The five-point Likert scale is ranging from 1 (not serious) indicating the least perception towards tax evasion as a crime, to 5 (extremely serious) indicating the highest perception. However, this variable is subjected to reliability and validity tests before it was used for further analysis.

There are three specific tax evasion items that have been used to measure the respondents' perceptions towards tax evasion as a crime. These include: understatement of taxable income, overstatement of tax deductions, and failure to submit a tax return. The indication of these three specific items and one overall tax evasion category (computed by averaging those three individual items) are used to measure the level of perceptions. If a significant level of the given items and for the overall category 'tax evasion' is at 0.05 or low, it is considered a significant relationship, otherwise there is not.

#### Hypotheses variables

##### 1. Age

For this variable, there are three different groups that have been identified. Thus, a nominal value of 1 is assigned to respondents aged from 18-29, 2 is assigned for respondents aged from 30-49, and 3 is assigned to respondents aged from 50 and above. The results from these three groups were used in the analysis for comparison. Although this categorical variable is treated as dummy variable in the analysis, the assignment of value 0 and 1 is not assigned. This is because the current study is using the Multiple Regression (MR) that does not need the assignment of such value to the dummy variable.

##### 2. Gender

Variable 'gender', in this study, is measured dichotomously. If the respondent is male, a code value of 1 is assigned. However, if female, a value of 2 is assigned. The results from these two groups were used in the analysis for comparison.

##### 3. Marital status

For this variable, there are three different groups that have been identified. Thus, a nominal value of 1 is assigned to single respondents, 2 is assigned to married respondents, and 3 is assigned for other than that. The results from these three groups were used in the analysis for comparison.

##### 4. Education

For this variable, there are five different groups that have been identified. Thus, a nominal value of 1 is assigned to respondents holding a degree before High School, 2 is assigned to respondents holding a degree of High School, 3 is assigned to respondents holding a degree after High School and before undergraduate, 4 is assigned to respondents holding Bachelor degree, and 5 is assigned to respondents holding a postgraduate degree. The results from these three groups were used in the analysis for comparison.

##### 5. Source of income

For this variable, there are four different groups that have been identified. Thus, a nominal value of 1 is assigned to respondents gaining their income from a private source of income, 2 is assigned to respondents gaining their income from a governmental source of income, 3 is assigned to respondents gaining their income from own business or self-employed, and 4 is assigned to other than that. The results from these three groups were used in the analysis for comparison.

##### 6. Occupation

For this variable, there are four different groups that have been identified. Thus, a nominal value of 1 is assigned to respondents working for a private sector, 2 is assigned to respondents working for a governmental sector, 3 is assigned to respondents owning their business or as a self-employed, and 4 is assigned to other than that. The results from these three groups were used in the analysis for comparison.

##### 7. Level of income

For this variable, there are six different groups that have been identified. Thus, a nominal value of 1 is assigned to respondents gaining annually an income of 240,000 and below, 2 is assigned to respondents gaining annually an income between 240,001 to 500,000, 3 is assigned to respondents gaining annually an income between 500,001 to 1,000,000, 4 is assigned to respondents gaining annually an income between 1,000,001 to 2,000,000, 5 is assigned to respondents gaining annually an

income between 2,000,001 to 5,000,000, and 6 is assigned to respondents gaining annually an income of 5,000,000 and above. The results from these three groups were used in the analysis for comparison.

#### 8. Tax return preparer

For this variable, there are four different groups that have been identified. Thus, a nominal value of 1 is assigned to respondents preparing tax return themselves, 2 is assigned to respondents who get their tax return prepared by their friends or relatives, 3 is assigned to respondents who get their tax return prepared by a tax agent, and 4 is assigned to other than that. The results from these three groups were used in the analysis for comparison.

#### Model Specification and Analysis

This study applied Multiple Regression (MR). Nominal values were assigned to measure the value of the independent variables. Although the variables are treated as dummy variables in the analysis, the assignment of value 0 and 1 is not assigned as normal practice. This is because the study is using the Multiple Regression that does not need the assignment of such value to the dummy variable. The predictors can be quantitative, qualitative or both. All variables were tested in the Multiple Regression Analysis in order to see their relationship with the perceptions towards tax evasion as a crime.

In this study, the model can be expressed as follows:

$$MR(Y) = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + \beta_8X_8 + E$$

#### Data Collection

##### Sample selection

As for the sample to be chosen for distributing out the questionnaire, the disproportionate stratified sampling is applied to select sample subjects that represent the most suitable ones in providing data about the dimensions of the study. This method has been chosen in order to choose the right sample to represent the whole population.

A sample of 400 Yemeni individuals was selected for the current study to obtain data from using the disproportionate stratified random sampling. These individuals are the most suitable people to provide data about the dimensions of the study. Under simple random sampling, all elements in the population are considered and each element has an equal chance of being chosen as the subject. The sample subjects

include individuals working for private and governmental sectors, businessmen, students, jobless and self-employed individuals. The questionnaires returned were 310 questionnaires that represent 77.5% response rate. Twenty percent of the sample was female.

#### Procedures

In the current study, data are obtained from primary and secondary sources. Regarding obtaining data from the primary sources, in this research, two appropriate data collection methods are used. These include: (1) a survey; and (2) a personal structured interview.

##### 1. A survey method

Using this method of data collection, Yemeni individuals were asked to fill in the self-administered questionnaire. This questionnaire is adopted and adapted from the previous studies conducted to measure the perceptions toward tax evasion as a crime (Karlinsky *et al.*, 2004; Abdul Manaf and Abdul Jabbar, 2006). A survey is chosen because it involves surveying people and recording their responses for analysis. The strength of the survey as a primary data collecting approach is that it does not require a visual or other objective perception of the information sought (Cohen, 1988).

The questionnaire is divided into two sections. Section A consisted of three parts relating to rating the severity of crimes. The first part (questions 1 to 30) measured opinions on 30 offences. The respondents are asked to indicate their agreement on all items using a five-point Likert scale. (1 as not serious to 5 as extremely serious). Questions 31 and 32, in Section A, deal with the ranking of the top five most serious offences as well as the top five least serious offences. The respondents need to provide ranking based on the offences identified from questions 1 to 30. 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, education, source of income, and level of income.

One major contribution in the methodology of this study is by breaking the general 'tax evasion' item into three specific types of tax evasion behavior (Baldry and Kasipillai, 1996). These specific tax evasion behavior items refer to understatement of income, overstatement of tax deductions, and failure to submit a tax return. Prior similar studies have focused on 'tax evasion' or 'tax fraud' or both as a general item only (Karlinsky *et al.*, 2004). Originally, the listing of 30 offences in the questionnaire was

organized randomly without stating the category of offences. The reason is to ensure that respondents fully and carefully read the questions before answering. Finally, to ensure gaining high respond rate, the questionnaires were personally distributed out to the individuals.

## 2. A personal structured interview

Using this method of data collection, two predetermined questions were asked personally to the respondents. The questions were as the following: (a) How do you perceive tax evasion as a crime? (b) Are Muslims obliged to obey the Islamic leader to pay tax? Thirty individuals were interviewed personally. As the respondents expressed their views, the researcher noted them down. The same questions were asked to everybody in the same manner. The main purpose of the interview was to support the results that would be measured by the survey instrument and to investigate the Islamic religious perceptive towards tax evasion in a way that this factor might influence the level of individuals' perceptions in the seriousness of tax evasion as a crime.

Regarding obtaining data from the secondary sources, in this study, data would be retrieved from the existing sources such as the governmental websites, articles, magazines, internet, newspaper, governmental publications, journals, doctoral dissertations as well as master theses. While seeking for secondary data, time and costs of acquiring information would be saved (Sekaran, 2003; Zikmund, 2003).

## Results

### Profile of respondents

As indicated earlier, a total of 335 questionnaires were gathered from the survey. As shown in Table 4, the majority of the respondents (78.2%) were male, and 21.8% were female. The largest group (62.4%), in terms of age, was those aged between 30 and 49. Specifically, 27.2% were aged between 18 and 29, while 10.4% were aged between 50 and above. In terms of marital status, the majority of the respondents (73.4%) were married, 23% were single, and 3.6% were either divorced or widowed. Regarding the level of education, the largest group (41.8%) was bachelor degree holders, 21.2% were high school certificate holders, 19.4% were diploma degree, after high school and before a bachelor degree, holders, 14% were pre-high school certificate holders, and 3.6% were Master and PhD degree holders.

**Table 4. Profile of respondents**

Demographic Variables	Frequency (n=335)	Percent %
<b>Gender</b>		
Male	262	78.2
Female	73	21.8
<b>Age (years)</b>		
18-29	91	27.2
30-49	209	62.4
50 and above	35	10.4
<b>Marital Status</b>		
Single	77	23
Married	246	73.4
Other	12	3.6
<b>Education</b>		
Before high school	47	14
High school	71	21.2
Higher diploma	65	19.4
Bachelor degree	140	41.8
Postgraduate (Master & PhD)	12	3.6
<b>Source of income</b>		
Private income source	86	25.7
Governmental income source	188	56.1
Owning business or self-employed source of income	24	7.2
Other source of income	37	11
<b>Occupation</b>		
Private sector employee	86	25.7
Governmental sector employee	188	56.1
Businessmen or self-employed individuals	24	7.2
Others	37	11
<b>Level of income</b>		
240,000 and below	112	33.4
240,001-500,000	135	40.3
500,001-1,000,000	58	17.3
1,000,001-2,000,000	12	3.6
2,000,001-5,000,000	0	0
5,000,000 and above	18	5.4
<b>Tax return preparer</b>		
Yourself	18	5.4
Assistant by a friend, a spouse or a relative	31	9.3
Tax agent	68	20.3
Others	218	65.1

In terms of the occupation and source of income, the majority of the respondents (56.1%) were governmental sector employees receiving their income from the government, 25.7% were private sector employees receiving their income from the private source of income, 7.2% were businessmen and self-employed individuals receiving their income from their own business, and the remaining of the respondents 11% were working for other types of employers and receiving their income from them. As for their level of income, equally 40.3% of the respondents were receiving an annual salary ranging from YER 240,001 to 500,000, 33.4% were receiving YER 240,000 and below annually, 17.3% were receiving from 500,001 to 1,000,000 annually, 5.4% were receiving 5,000,001 and above annually, and

3.6% were receiving from 1,000,001 to 2,000,000 annually. It is found that a large majority of the respondents (65.1%) were preparing their tax return by others such as their employer, 20.3% were prepared by tax agent, 9.3% were assisted by a friend or relative, and the remaining (5.4%) of the respondents were preparing their own tax return.

### Perceptions towards tax evasion compared to other offences

The objective the current study tries to investigate is measuring the level of seriousness of tax evasion compared to other offences. This section highlights perceived differences in perception of tax evasion offences compared to other offences. Table 5 highlights the Mean Scores and Rank of the 30 offences examined under this study.

**Table 5. Mean scores and rank of offences**

Offences	Mean	SD	Rank
Insulting Islamic teachings	4.86	.517	1
Murder	4.77	.70774	2
Drug trafficking/dealing	4.45	.73214	3
Adultery	4.41	.75219	4
Prostitution	4.37	.74592	5
Kidnapping	4.32	2.189	6
Rape	4.29	.961	7
Robbery with firearms	4.26	.766	8
Terrorism	4.14	1.02613	9
Alcohol drinking/dealing	4.12	.96101	10
Arson	4.05	.789	11
Bribery	3.92	1.081	12
Homosexuality	3.90	1.019	13
Official seal forgery	3.88	.943	14
Currency forgery	3.80	.974	15
Financial fraud	3.77	.83837	16
Official document forgery	3.76	.757	17
Illegal gambling	3.61	1.05250	18
Pollution	3.59	1.057	19
Shop-lifting	3.57	1.00015	20
Sexual harassment	3.51	1.11292	21
Pick-pocketing	3.15	1.07675	22
Robbery without firearms	3.10	.995	23
Employing illegal worker	3.07	1.01653	24
Official stamps forgery	2.81	1.063	25
Fireworks acquiring/dealing	2.77	.952	26
Begging	2.40	1.012	27
Understatement of taxable income	2.39	1.35951	28
Overstatement of tax deductions	2.078	1.14251	29
Fail to submit a tax return	2.04	1.01988	30

As it is shown in Table 5 that the most five serious crimes are Islamic abuse, murder, drug trafficking/dealing, adultery and prostitution. On the other side, the least serious offences are ranked as fail to submit a tax return, overstatement of tax deductions, understatement of taxable income, begging and fireworks acquiring/dealing. It is obvious that the three items related to tax evasion are ranked 28th, 29th and 30th offences. The reasons that make Yemenis perceive Islamic abuse as the most serious crime are religious and cultural factors. Yemen is a Muslim country regulating Islam as the source of its laws and codes. In Islam, the biggest sin is abusing any Islamic sign. Further, murder in Islam is considered one of the more severe sins. Also, even if drug related crimes are victimless, as mentioned earlier, they are considered as severe because of their implications and consequences, including the potential of leading to other violent crimes. Furthermore, the culture in Yemen goes close with the Islamic teachings in a way that Yemenis are more conservative people and they consider prostitution and adultery are among the biggest sins. Importantly, the results of the previous studies ranked the first five offences to be murder, rape and child molestation, drug trafficking and robbery with firearms and the least serious crimes are failure to submit a tax return, driving while using mobile phone, speeding, overstatement of tax deductions and understatement of taxable income (Abdul Manaf and Abdul Jabbar, 2006).

In the study of Karlinsky *et al.* (2004), it was found that the first three offences were ranked as murder, rape and child molestation. In the Australian study, heroin trafficking is ranked as the second most serious offence (Wilson *et al.*, 1986). While in Canada, three drug related offences (high level of drug trafficking, drug importing and selling drugs on the street) are ranked amongst the top six most serious offences in 2000 and 2001. However, drug related offences are ranked lower (12th and 14th most serious offences) in 2003 and 2004 (Criminal Intelligence Service Alberta, 2005). It is important to note that drug offences have been reworded as 'drug importing, exporting and trafficking' and 'street-level drug trafficking' in 2003 and 2004 (Abdul Manaf and Abdul Jabbar, 2006). Further, the ranking is made in terms of category of crimes. There are six categories identified in this study. The results are depicted in Table 6.

It is important to note from Table 6 that tax evasion is sixth out of six categories of offences. The first rank is drug related crimes followed by violent crimes, other crimes, commercial crimes and property crimes. The rank of the first two categories, drug

**Table 6. Category of offences and ranking**

Category of Offences	Items	Mean	SD	Rank
Drug related crimes	2	4.29	.68457	1
Violent crimes	6	4.21	.60121	2
Other offences	9	3.66	.46081	3
Commercial crimes	6	3.65	.64551	4
Crimes Affecting Property	4	3.47	.75208	5
<b>Tax evasion</b>	<b>3</b>	<b>2.17</b>	<b>1.00923</b>	<b>6</b>

related crimes and violent crimes, goes in the same line with the previous study of Abdul Manaf and Abdul Jabbar (2006). Importantly, tax evasion category is ranked as the last rank of seriousness. Prior studies in the US (Cabrera, 1999), the UK (Bennett, 2000), and Australia (Makkai *et al.*, 2000) found that there is a relationship between drug abuse and involvement in criminal activities. Consistent with those, a study on drug addicts with and without criminal history, in Penang, Malaysia, confirms that there is a positive relationship between drug abuse and involvement in criminal offences (Karofi, 2005). The categories of tax evasion is also compared with other category of crimes and offences (5 items) and the summary of paired t-test results are shown in Table 7.

**Table 7. Comparison of tax evasion to other crime categories**

Pair of Offences	T-value	Sig
Tax Evasion – Drug Related Crimes	34.355	0.000*
Tax Evasion – Violent Crimes	39.841	0.000*
Tax Evasion – Crimes Affecting Property	22.289	0.000*
Tax Evasion – Other Crimes	29.667	0.000*
Tax Evasion- Commercial Crimes	- 30.052	0.000*

The results indicate significant differences in perceptions of the seriousness of tax evasion compared with drug related crimes, violent crimes, property crimes, commercial crimes and other crimes. People do not perceive tax evasion to be as serious as violent, drug related, property, commercial crimes and other crimes. In other words, tax evasion as a crime is the least perceived offence related to the other groups of crimes. This result is in the line with the previous study of Abdul Manaf and Abdul Jabbar (2006) and Karlinsky *et al.* (2004) who suggest that tax evasion is less likely to be perceived as violent, drug related and commercial crimes. The results indicate that tax evasion related items are ranked 28th, 29th and 30th out of 30 offences. The general trend of perceptions seems to be similar and consistent with the previous studies (Karlinsky *et al.*, 2004; Abdul Manaf and Abdul Jabbar, 2006).

However, this study shows tax evasion relatively ranked the least serious offence. This means that people in Yemen perceive tax evasion as a non-serious crime compared to the other crimes and offences. This

fact leads to an environment where Yemenis practice tax evasion as an ordinary behavior. From Tables 5, 6 and 7, it appears that people in Yemen are less likely to perceive tax evasion as a serious crime related to other crimes and offences. Thus, hypothesis H<sub>1</sub>, Tax evasion is perceived a less serious crime compared to other offences, is accepted.

#### **Perceptions towards the seriousness of tax evasion between victim and victimless of offences**

The second objective the current study tries to investigate is measuring the seriousness of tax evasion between victim and victimless crimes and violations. This section highlights perceived differences in perceptions of tax evasion offences between victim and victimless offences. As it is stated, a violation is an offence that is usually punishable by a fine only compared to crime, which is often punishable with imprisonment (Rsenmerkel, 2001; Warr, 1989).

The majority of the offences in the Yemeni Penal and Code Law No. 12 (1994) are punished with imprisonment and they are categorized into serious crimes and non-serious crimes. Specifically, the Yemeni Penal and Code Law No. 12 (1994) classifies crime into two types: serious crimes and non-serious crimes. Serious crimes refer to the crimes punished by executing, cutting off one organ or more than one, and/or imprisoning for more than three years. Non-serious crimes refer to the crimes punished by fining and/or imprisoning for less than three years. Accordingly, the appropriate categorization to the context of Yemen is classifying crimes based on their seriousness and victim and victimless. All 30 crimes and violations in this study are further classified into crimes and violations with and without victims as shown in Table 8.

Analysis of this table, generally, indicates that serious crimes are perceived more severe than non-serious crimes. In detail, a serious crime involves a victim is perceived more severe than a serious crime without a victim and a non-serious crime. Also, a non-serious crime involves a victim is perceived more severe than a non-serious crime without a victim. It is worth to note that the severity of the first five crimes is ranked due to Islamic and cultural

**Table 8. Serious and non-serious crimes by victim/victimless**

Rank	Offences	Serious/ Victim	Serious/ Victimless	Non-serious/ Victim	Non-serious/ Victimless
1	Insulting Islamic teachings		4.86		
2	Murder	4.77			
3	Drug trafficking/dealing		4.45		
4	Adultery		4.41		
5	Prostitution				4.37
6	Kidnapping	4.32			
7	Rape	4.29			
8	Robbery with firearms	4.26			
9	Terrorism	4.14			
10	Alcohol drinking/dealing				4.12
11	Arson	4.05			
12	Bribery		3.92		
13	Homosexuality		3.90		
14	Official seal forgery		3.88		
15	Currency forgery		3.80		
16	Financial fraud		3.77		
17	Official document forgery		3.76		
18	Illegal gambling				3.61
19	Pollution	3.59			
20	Shop-lifting			3.57	
21	Sexual harassment			3.51	
22	Pick-pocketing			3.15	
23	Robbery without firearms	3.10			
24	Employing illegal worker				3.07
25	Official stamps forgery		2.81		
26	Fireworks acquiring/dealing				2.77
27	Begging				2.40
28	Understatement of taxable income				2.39
29	Overstatement of tax deductions				2.078
30	Fail to submit a tax return				2.04

factors. In Islam, the first two offences, Islamic abuse and murder, are considered the most serious sins punished by the God. Drug related crimes are, also, relatively as serious as the first two crimes because drugs lead to the society destruction and they may lead to all types of crimes. The fourth and fifth crimes, adultery and prostitution, are considered very serious sins to be committed by women due to cultural, first, and Islamic, second, teachings.

In Yemen, it is considered a destroying of the tribe's reputation and name in the society if a female goes to either a prostitution or adultery. In some tribes, they might be killed by the family if they have committed so. Importantly, tax evasion offences are considered the least serious crimes to be committed. Regarding the prior studies, researchers divided crimes into four categories. These include: crimes with victims, crimes without victims, violations with victims, and violations without victims (Karlinsky *et al.*, 2004; Abdul Manaf and Abdul Jabbar, 2006). It was found that crimes with victims are more serious than victimless crimes and violations. And violations involving victims are more severe than victimless violations.

From Table 8, it appears that people in Yemen perceive serious crimes involving victims as more

severe than victimless serious crimes and non-serious crimes. Also, non-serious crimes involving victims are considered more severe than victimless non-serious crimes. As for the tax evasion crimes, the three items included under this category are perceived as the least serious crimes comparing to other offences. Thus, hypothesis H<sub>2</sub>, Tax evasion is perceived a less serious crime compared to other victim and victimless of offences is accepted.

#### **The level of the significant difference, if any, in the seriousness of tax evasion between each of the following demographic variables**

The third objective the current study tries to examine is determining the significant difference, if found, in the seriousness of tax evasion between each of the demographic factors that include age, gender, marital status, education, source of income, occupation, level of income and tax return preparer. Specifically, this section highlights perceived differences in the perceptions of tax evasion offences by demographic variables.

It is worth to mention that there are three specific tax evasion items and one overall tax evasion category (computed by averaging those three individual items).

The three specific tax evasion items and the overall tax evasion category are tested for their reliability. Reliability means the accuracy which concerns stability, dependability and consistency of an instrument. In this study, the Cronbach's Alpha coefficient is used, which is based on the average correlation of items within a test if the items are standardized. The reliability test shows that the Cronbach's Alpha for item 5, understatement of taxable income, is 0.7064; item 9, overstatement of tax deductions, is 0.7971; item 13, fail to submit a tax return, is 0.7212; overall tax evasion category is 0.8138. Thus, the instruments are reasonably accepted for the purpose of reliability as shown in Table 9.

**Table 9. Reliability test of the three specific tax evasion items/overall tax evasion category**

The Three Specific Tax Evasion Items	Alpha
Item 5: understatement of taxable income	0.7064
Item 9: overstatement of tax deductions	0.7971
Item 13: fail to submit a tax return	0.7212
Overall Tax Evasion Category	
Reliability Coefficients	0.8138

Overall, the research model is represented by the following Multiple Regression equation:

$$MR(Y) = p_0 + p_1X_1 + p_2X_2 + p_3X_3 + p_4X_4 + p_5X_5 + p_6X_6 + p_7X_7 + p_8X_8$$

where:

MR (Y) = Perceptions toward tax evasion as a crime (significant at level 0.05)

- X1 = Age
- X2 = Gender
- X3 = Marital Status
- X4 = Education
- X5 = Source of Income
- X6 = Occupation
- X7 = Level of Income
- X8 = Tax Return Preparer

Multiple regressions are one of the most widely used techniques in the analysis of data in the social science (Bryman and Cramer, 2001). The technique can be used to analyze the relationship between a single dependent variable and several independent variables (Tabachnick and Fidell, 2001). The objective of the analysis is to predict the changes in the dependent variable in response to changes in the independent variables, whereby each independent variable is weighted by the regression analysis procedure to ensure maximal prediction from the set of independent variables (Hair, Anderson, Tatham and

Black, 1998). According to Arsham (1994), the regression analysis has three goals: predicting, modeling, and characterization. Based on this, the multiple regression analysis was conducted to identify the influence of eight demographic variables on the perception towards tax evasion as a serious crime as follows:

$$(Y) = [30 + 01X_1 + 02X_2 + 03X_3 + (34X_4 + 05X_5 + 06X_6 + (37X_7 + 08X_8$$

where,

Y = the predicted value on the DV.

B<sub>0</sub> = the Y intercept, the value of Y (constant) when all variables are zero.

X<sub>i</sub> = the values of variables {i = 1 (age), 2 (gender), 3 (marital status), 4 (education), 5 (source of income), 6 (occupation), 7 (level of income) and 8 (tax return preparer)}.

B<sub>t</sub> = the values of coefficients assigned to the variables {i = 1 (age), 2 (gender), 3 (marital status), 4 (education), 5 (source of income), 6 (occupation), 7 (level of income) and 8 (tax return preparer)}: during the regression.

The following contains the main essential steps during the analysis of multiple regression model building. The application of such steps can be found below:

- The first step was to compute means and standard deviations for the dependent and independent variables (see Table 10).
- The second step was to compute the relationships between variables (see Table 11).
- The formula of Multiple Regression was used to compute the regression weights with eight independent variables. The multiple regression analysis was conducted (see Table 12).
- Then, the correlation coefficient was computed (see Table 13).
- Finally, and to identify the level of significance, the ANOVA table of multiple regression was computed (see Table 14).

Next, the multiple regression analysis was conducted to identify the influence of the eight demographic variables on the perception towards tax evasion as a serious crime according to the following.

The first step in the analysis of multivariate data is a table of means and standard deviations. In a multiple regression analysis, these scores may have a large "influence" on the results of the analysis and are a



**Table 12. The coefficients or weights of regression**

Model		Unstandardized Coefficients		t	Sig.
		B	Std. Error		
1	(Constant)	1.701	.398	4.271	.00
	Age	-.555	.100	-5.534	.00
	Gender	-.242	.127	-1.903	.05
	Marital Status	.621	.127	4.902	.00
	Education	.051	.049	1.053	.29
	Source of Income	.166	.061	2.709	.00
	Occupation	.166	.061	2.709	.00
	Level of Income	-.049	.044	-1.117	.26
	Tax Return Preparer	.079	.060	1.314	.19

a Dependent variable: perception towards tax evasion as a serious crime

**Table 13. The multiple correlation coefficient and coefficient of determination**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.366(a)	.134	.116	.94907

**Table 14. Summary of t-test/one-way ANOVA**

	Age	Gender	Marital status	Education	Source of income	Occupation	Level of income	Tax return preparer
Understatement of Taxable Income	0.099 (2.328)	0.00* (14.921)	0.030 (3.541)	0.009 (3.426)	0.00* (10.702)	0.00* (10.702)	0.00* (5.686)	0.036 (2.886)
Overstatement of Tax Deductions	0.00* (11.105)	0.00* (12.704)	0.369 (0.999)	0.00* (14.353)	0.003 (4.713)	0.003 (4.713)	0.00* (5.285)	0.218 (1.488)
Fail to Submit a Tax Return	0.00* (9.654)	0.00* (13.281)	0.015 (4.268)	0.043 (2.493)	0.884 (0.218)	0.884 (0.218)	0.00* (6.517)	0.028 (3.057)
Tax Evasion	0.001 (6.665)	0.00* (-15.587)	0.045 (3.131)	0.00* (6.048)	0.008 (3.981)	0.008 (3.981)	0.016 (3.090)	0.290 (1.254)

cause for concern. In the case of the study data, the following means and standard deviations were computed.

Based on Table 10, the mean value of the dependent variable, perception towards tax evasion as a serious crime, is (2.17). This reveals that most of the responses are positioned at the low-level perception of tax evasion as a serious crime. Consequently, the majority of the respondents perceive tax evasion as a less serious crime. The mean value of the first independent variable, age, is (1.83). This indicates that most of the respondents are positioned between young and middle aged individuals. As for the mean value of the second independent variable, marital status, it is (1.81). This highlights that most of the respondents are single and married individuals. In terms of the third independent variable, education, the mean value is (3.00). This reveals that most of the respondents hold

medium level of education, higher diploma and bachelor degree. In terms of the fifth independent variable, source of income, the mean value is (2.04). This indicates that most of the respondents get their income from private and governmental sources of income. Regarding the sixth independent variable, occupation, the mean value is (2.04). This means that the majority of the respondents work for private and governmental sectors. In terms of the seventh independent variable, level of income, the mean value is (2.13). This means that the majority of the respondents are low and medium income level receivers. Finally, as for the eighth independent variable, a tax return preparer, the mean value is (3.45). This indicates that the majority of the respondents get their tax return prepared by a tax agent or other parties assist them to get so such as their employers.

The second step is an analysis of bivariate

relationships between variables. This can be done using a correlation matrix. Variable association refers to a wide variety of coefficients which measure the strength of a relationship. Correlation is a bivariate measure of association (strength) of the relationship between two variables. It varies from 0 (random relationship) to 1 (perfect linear relationship) or -1 (perfect negative linear relationship). It is usually reported in terms of its square ( $r^2$ ), interpreted as a percent of variance explained. The use of partial correlation is usually restricted to simple models of 3 or 4 variables, 5 at most (Cohen, 1983).

Correlation is symmetrical, not providing evidence of which way causation flows. If other variables also cause the dependent variable, then any covariance they share with the given independent variable in a correlation may be falsely attributed to that independent. Also, to the extent that there is a nonlinear relationship between the two variables being correlated, correlation will understate the relationship.

Correlation will also be attenuated to the extent that there is measurement error, including the use of sub-interval data or artificial truncation of the range of the data.

Table 11 shows the correlations between the perception towards tax evasion as a crime and the demographic factors.

In the case of the data of the present study, it is noted that the age and gender correlate non-significantly in a very weak negative relationship (-.195\*\* and -.067) with the perception towards tax evasion as a serious crime. While, marital status, source of income and occupation correlate non-significantly in a very weak positive relationship (.136\*, .126\* and .126\* respectively) with the perception towards tax evasion as a serious crime, as for education and tax return preparer, they correlate significantly in a very weak positive relationship (.32 and .28 respectively) with the perception towards tax evasion as a serious crime. While, the level of income correlates significantly in a very weak negative relationship (-.036) with the perception towards tax evasion as a serious crime.

The formulas to compute the regression weights with eight weights (variables) with one dependent variable are available from various sources (Stockburger, 2005).

The output consists of a number of tables. The "Coefficients" table presents the optimal weights in the regression model, as seen in the following:

$$\text{Recalling the prediction Equation } (Y) = PO + (31X1 + (32X2 + p3X3 + |34X4 + [35X5 + P6X6 + P7X7 + p8X8$$

where,

$y = A$  measure of perception towards tax evasion as a serious crime.  $X_j = A$  measure of age.  $X_2 = A$  measure of gender.  $X_j = A$  measure of marital status.  $X_4 = A$  measure of education.  $X_5 = A$  measure of source of income.  $X_g = A$  measure of occupation  $X_7 = A$  measure of level of income  $X_s = A$  measure of tax return preparer.

$b =$  Regression weights and are computed in a way that minimizes the sum of squared deviations.

The values for the weights can now be found by observing the "B" column under "Unstandardized Coefficients." They are  $b_0 = 1.701$ ,  $b_1 = -.555$ ,  $b_2 = -.0242$ ,  $b_3 = .621$ ,  $b_4 = .051$  and  $b_5 = .166$ ,  $b_6 = .166$ ,  $b_7 = -.049$ ,  $b_8 = .079$  and the regression equation appears as:

$$Y^i = 1.701 - .555 X_{j1} - .242 X_{2i} + .621 X_{3i} + .051 X_{4i} + .166 X_{5i} + .166 X_{6i} - .049 X_{7i} + .079 X_{8i}$$

t:	(4.271)	(-5.534)	(-1.903)	(4.902)
	(1.053)	(2.709)	(2.709)	(-1.117)

(1.314) \*:  
Significant at  $\alpha=0.05$

If  $x_1$  (age) increases one unit, then the perception towards tax evasion as a serious crime will decrease with about 0.555 and vice versa. If  $X_2$  (gender) increases one unit, then the perception towards tax evasion as a serious crime will decrease with about 0.242 and vice versa. If  $x_3$  (marital status) increases one unit, then the perception towards tax evasion as a serious crime will increase with about 0.621 and vice versa. If  $x_4$  (education) increases one unit, then the perception towards tax evasion as a serious crime will increase with about 0.051 and vice versa. If  $x_5$  (source of income) increases one unit, then the perception towards tax evasion as a serious crime will increase with about 0.166 and vice versa. If  $x_6$  (occupation) increases one unit, then the perception towards tax evasion as a serious crime will increase with about 0.166 and vice versa. If  $x_7$  (level of income) increases one unit, then the perception towards tax evasion as a serious crime will decrease with about 0.049 and vice versa. If  $x_8$  (tax return preparer) increases one unit, then the perception towards tax evasion as a serious crime will increase with about 0.079 and vice versa.

From the above, it can be concluded that the perception towards tax evasion as a serious crime is influenced positively only by age, gender, marital status, source of income and occupation.

The value of  $R$  can be found in Table 13. In the case of this study data, the value for the multiple  $R$  when predicting  $Y$  from  $X_1, X_2, X_3, X_4, X_5, X_6, X_7, X_8$ , was 0.366.

In this study, the results could be reported thus "13.4% of the variance in the measure of perception

towards tax evasion as a serious crime can be predicted by measures of age, gender, marital status, education, occupation, level of income and tax return preparer". The results of a Pearson Correlation analysis indicate that, based on Table 11, the correlation between age and the perception towards tax evasion as a serious crime was negatively very weak (-0.195) which might indicate that the perception towards tax evasion as a serious crime will decrease as people get older and vice versa. Further, the correlation between gender and the perception towards tax evasion as a serious crime was negatively very weak (-0.067) which might indicate that the perception towards tax evasion as a serious crime will decrease as taxpayers are females and vice versa.

Also, the correlation between marital status and the perception towards tax evasion as a serious crime was positively very weak (0.136) which might indicate that the perception towards tax evasion as a serious crime will increase as taxpayers get married and go in other marital status conditions and vice versa. Furthermore, the correlation between education and the perception towards tax evasion as a serious crime was positively somewhat strong (0.032) which might indicate that the perception towards tax evasion as a serious crime will increase as taxpayers hold higher education and vice versa. Indeed, the correlation between source of income and the perception towards tax evasion as a serious crime was positively very weak (0.126) which might indicate that the perception towards tax evasion as a serious crime will increase as taxpayers get their income from governmental sectors and vice versa. As well, the correlation between occupation and the perception towards tax evasion as a serious crime was positively very weak (0.126) which might indicate that the perception towards tax evasion as a serious crime will increase as taxpayers work for governmental sectors and vice versa.

Either, the correlation between level of income and the perception towards tax evasion as a serious crime was negatively somewhat strong (-0.036) which might indicate that the perception towards tax evasion as a serious crime will decrease as the level of income increases and vice versa. And, the correlation between tax return preparer and the perception towards tax evasion as a serious crime was positively quite strong (0.28) which might indicate that the perception towards tax evasion as a serious crime will increase as the taxpayers get their tax return prepared by other preparers and not themselves and vice versa.

The results of Multiple Regression analysis supported by cross-tabulation analysis reveal that the perception towards tax evasion as a serious crime is influenced only by age, gender, marital status, source of

income and occupation. As for measuring the perceived differences in perceptions of tax evasion offences by demographic variables, Table 14 summarizes the results of t-test or one-way ANOVA for significant variables.

The results in Table 14 indicate that differences exist in terms of age, gender, marital status, education, source of income, occupation, level of income and tax return preparer for the entire individual items (3 evasion items) of tax evasion.

## Discussions and Conclusions

### Discussion

This study measures the perceptions of Yemeni citizens as to the severity of tax evasion relative to other offences. As it is stated earlier that one major contribution of this study is the introduction of three specific types of tax evasion behavior in Yemen. Largely, this survey utilizes insights of a questionnaire used in previous studies with some modifications to suit the context of Yemen.

Based on the research findings presented in the Results section, the perception of Yemeni citizens towards tax evasion as a crime is reported based on the following: a comparison has been made to measure the Yemeni citizens' perceptions towards tax evasion and other 30 offences. The analysis of Mean Scores was performed to the 30 crimes and to the category of crimes to rank the score of tax evasion compared to the other offences and the paired t-test was applied to compare the category of tax evasion with another category of offences as stated earlier in the Results section. The results of the performed analysis indicate that Yemeni citizens perceive tax evasion as the least serious crime compared to the other given offences and there is a difference between the category of tax evasion as a crime and the other categories of crimes in terms of their severity. The tax evasion three items were ranked as 28th, 29th and 30th out of 30 crimes and the tax evasion category was ranked as the least score of Mean equaled 2.17 out of 5 Likert point scale. Accordingly, hypothesis  $H_1$ , which is developed as tax evasion is perceived a less serious crime compared to other offences, is accepted. Furthermore, a comparison has been made to measure the Yemeni citizens' perceptions towards the seriousness of tax evasion with victim and victimless offences. The 30 given crimes have been divided into four groups that include: serious victim crimes, serious victimless crimes, non-serious victim crimes and non-serious victimless crimes. The analysis of the Mean Scores performed was used to make the comparison. It was found that the three

items of tax evasion were ranked as the least non-serious victimless crimes compared to the other serious victim, serious victimless, non-serious victim and non-serious victimless crimes. However, hypothesis H<sub>2</sub>, which is developed that tax evasion is perceived a less serious crime compared to other victim and victimless of offences, is accepted.

To report the third classification of findings, the effects of eight demographic variables on factors that influence the perceptions towards tax evasion as a serious crime have been investigated. The eight variables are age, gender, marital status, education, source of income, occupation, level of income and tax return preparer. The results of t-test and one-way ANOVA indicate that differences in perceiving tax evasion as a serious crime exist in terms of age, gender, marital status, education, source of income, occupation, level of income except for the tax return preparer for the entire individual items (3 evasion items) of tax evasion. Specifically, for the age variable, it was found that old people perceive tax evasion as a more serious crime than young people. It is important to note that this result goes in consistent with the previous study of Karlinsky *et al.* (2004), Abdul Manaf and Abdul Jabbar (2006), Christian and Gupta, (1993), Alm *et al.* (2006), Title (1980), Warneryd and Walerud (1982), Wahlund (1992), and Troutman and O'Bryan (2000). Thus, hypothesis H<sub>3</sub> is accepted. Regarding the gender variable, it was found that females are more likely to perceive tax evasion as a less serious crime than males. This result has shown a consistent line with the studies carried out by Barnett and Karson (1987) and Weeks *et al.* (1999) that concluded the females are less likely to perceive tax evasion as an ethical practice than male. Thus, hypothesis H<sub>4</sub> is rejected. As for the marital status variable, it was found that single people perceive tax evasion as a less serious crime than married or other condition individuals. This result goes in the same line with the previous studies of Clotfelter (1983), Karlinsky *et al.* (2004), and Abdul Manaf and Abdul Jabbar (2006). Thus, hypothesis H<sub>5</sub> is accepted. In terms of the education variable, it was found that tax evasion decreases as people get higher education. This is consistent with the previous studies (Witte and Woodbury, 1985; Beron *et al.*, 1992; Wallschutzky, 1984; Alm *et al.*, 2006; Weber and Rockoff, 2001; Kasipillai *et al.*, 2003; Milliron, 1985; Chan, Troutman and O'Bryan, 2000; Fallan, 1999). Thus, hypothesis H<sub>6</sub> is accepted.

With regards to the source of income variable, it was found that employees who gain their income from the governmental sector perceive tax evasion as a less serious crime than those who gain their income

from the private sector, own business, or other sources of income. This finding is consistent with the previous studies of Groves (1958) and Wallschutzky (1984). Accordingly, hypothesis H<sub>7</sub> is rejected. In terms of the occupation variable, it was found that employees who gain their income from the governmental sector perceive tax evasion as a less serious crime than those who gain their income from the private sector, own business, or other sources of income. This finding is consistent with the previous studies of Westat (1980a) and Westat (1980b). Accordingly, hypothesis H<sub>8</sub> is rejected. As for the level of income, it was found that as the level of income increases the perception towards tax evasion decrease. This is consistent with the several studies of Young (1994), Christian and Gupta (1993), Giese and Hoffman (1999), Hite (1997), and Crane and Nourzad (1990). Thus, hypothesis H<sub>9</sub> is accepted. Regarding the tax return preparer variable, it was found that there is not any significant difference in perception of the seriousness of tax evasion based on who prepares the tax return. This is consistent with the previous studies of Karlinsky *et al.*, (2004); Abdul Manaf and Abdul Jabbar (2006). Thus, hypothesis H<sub>10</sub> is rejected.

More important, from the interviews conducted, it seems that the respondents perceive tax evasion as the least serious crime. This perception is influenced by the Islamic perceptions towards collecting taxes. It appears that the majority of respondents agree with the first two Islamic perspectives towards collecting taxes. In particular, since Yemen is an Islamic country, the perception towards tax evasion in most cases is looked into from the Islamic view of point. The majority of the individuals interviewed (90%) indicated that the current tax system is a Western system adopted from what it is called developed countries. As Muslims, the system have to be implemented is the Zakat system. Otherwise, there is a possibility for citizens to evade the tax when the government is not implementing the Islamic methods. Furthermore, tax evaders have a verdict that permits tax evasion stated by several famous Islamic scholars. In such cases, the influencing Islamic scholars have an argument that result in three verdicts towards tax.

### Conclusion

Theoretically, this study reasonably has achieved its objectives to measure the perceptions of Yemeni citizens as to the severity of tax evasion relative to other offences. The objectives of the study have been achieved through the result after conducting the analysis of Mean Scores and paired t-test. The first objective deals with whether there is a significant difference in the perception of the seriousness of tax

evasion compared to the given 27 offences. The results highlight that tax evasion related items are ranked 28th, 29th and 30th out of 30 offences. The general trend of perceptions seems to be similar and consistent with the previous studies of Karlinsky *et al.* (2004) and Abdul Manaf and Abdul Jabbar (2006). However, this study shows that tax evasion is ranked the least serious crime compared to the other 27 given offences (28th, 29th and 30th out of 30 offences).

As for the other categories, tax evasion category (3 tax evasion items) is ranked sixth (out of six categories). It was indicated that tax evasion as a category of offence is found to be the least serious than the other five categories of offences. Comparison of tax evasion (as a category) with other categories of crimes (6 categories) revealed that significant differences exist in the perceptions of the seriousness of tax evasion with all offences categories. The second objective of the study has been achieved through the result after conducting the analysis of the Mean Scores. This objective deals with whether there is a significant difference in the perception of the seriousness of tax evasion compared to other victim and victimless crimes. In general, serious crimes are perceived more severe than non-serious crimes and victim crimes are perceived more severe than victimless crimes. Tax evasion is perceived the least non-serious victimless crime among the other serious and non-serious victim and victimless crimes.

The third objective of the study has been achieved through the result after conducting the analysis of t-test, one-way ANOVA and cross-tabulation. Objective three deals with whether demographic variables influence the perception of the seriousness of tax evasion. The results indicate significant differences in perception exist among male and female, individuals' ages, people with different marital status, academic qualification, source of income, occupation and level of income. Regarding the condition of preparing tax return, there does not appear to be any significant differences in the perception of the seriousness of tax evasion based on who prepares the tax return.

As for the interviews conducted, it appears that there is an obvious influence of the Islamic perspectives on the perceptions of Yemeni people towards tax evasion. The majority of respondents believe that either collecting taxes by governments is completely prohibited in all cases or collecting taxes is permitted only in some cases as stated earlier. Specifically, Yemen is considered unique in its culture in terms of the religion, Islam, and how this religion influences the whole life aspects ignoring the

power of regulation and laws that go against Islamic teachings. People evade tax like Americans, Australians and Malaysians. But, the reason of evading the tax is different from the reasons stated by the other countries. The most important reason is that Islam forbids collecting tax because Muslims are subject to pay only Zakat. And, paying tax is only subject to special circumstances in which the country is in need for further funds.

This study is still subject to some limitations. One of the limitations of this study is that this paper has reported 310 respondents' opinion towards tax evasion. Thus, the results have not shown a whole picture of all people in Yemen. Future research is required to extend the results of this research and fill in this gap. The second limitation of this study is that the time considered under investigation is limited to the perception of people in 2008. Hence, future research is required to extend the results of this study by covering a range of previous years to this study and/or post-periods to this study. Finally, this study has explored the perception of Yemeni people towards tax evasion using questionnaires and interviews. therefore, the results found in this study are limited to the methodological approach used. Future research is required to extend and confirm these results by using different methodological approaches and introducing several variables such as the country-specific factors: religion, culture, political system, economic development and comparing perceptions of South and North Yemen because there were two countries in the past, before 1990.

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## Appendix (1)

### Survey Questionnaires

Dear Respondent / عزيزي المجيب

#### A SURVEY ON PERCEPTION TOWARDS TAX EVASION AS A CRIME

##### استبيان حول وجهات النظر تجاه التهرب الضريبي كجريمة

This study is designed to measure the perceptions of individuals as to the severity of tax evasion relative to other offences. The main purpose of this study is to grasp the opinion on the seriousness of selected offences. Kindly, share your opinion with us and spend five (5) to (10) minutes to complete this questionnaire. The findings of this study would provide valuable inputs useful to taxpayers, tax professionals and the revenue authorities.

Please take note that there is no right or wrong answer. We would be grateful if you could tell us your honest feeling about each offence. Please be assured that all data gathered would be treated with strict confidence.

Your response towards this survey will provide invaluable input to the success of this study.

Thank you so much for your cooperation and participation.

Regards

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صممت هذه الدراسة لقياس وجهات نظر الأشخاص لدرجة خطورة جريمة التهرب الضريبي مقارنة بالجرائم الأخرى. الهدف الرئيسي لهذه الدراسة هو الحصول على آراء المجيبين حول خطورة الجرائم المختارة. بكل لطف، نرجوا المشاركة برأيك في إكمال هذا الاستبيان من خلال إنفاق خمس إلى عشر دقائق من وقتك في تعبئته. نتائج هذه الدراسة ستمد بمدخلات قيمة مفيدة لكل من دافعي الضريبة، المتخصصين في الضرائب، وأدارة مصلحة الضرائب.

نرجوا ملاحظه انه لا يوجد جواب صحيح أو خاطئ في الاستبيان. سنكون ممنين إذا قمت بإبداء شعورك الصادق تجاهه درجة خطورة كل جريمة في الاستبيان. يرجى التأكد بان كافة البيانات التي ستجمع ستعامل بسريه مطلقه.

تعبئتك لهذا الاستبيان سيمد بمدخلات قيمه ستساعد في إنجاح هذه الدراسة.

شكراً جزيلاً على تعاونك ومشاركتك.

مع فائق الاحترام والتقدير

**SECTION A** الجزء الأول /

Kindly, respond to each of the following statements to indicate your opinion (circle your choice) on the level of seriousness of the following scale:

لطفًا، اجب على كل جملة في الأسفل لتعبر عن رأيك (ضع دائرة على الخيار المناسب) فيما يتعلق بدرجة خطورة الجرائم في الأسفل، بالاعتماد على المدى التالي:

1	Not serious	ليس خطير
2	Somewhat serious	خطير بعض الشيء
3	Serious	خطير
4	Very serious	خطير جدا
5	Extremely serious	خطير بدرجة قصوى

Not serious → Extremely serious  
ليس خطير → خطير بدرجة قصوى

Question	Description of offence وصف للجريمة	1	2	3	4	5
1	Rape..... الاغتصاب	1	2	3	4	5
2	Bribery..... الرشوة	1	2	3	4	5
3	Drug trafficking/ dealing ... تناول المخدرات وتبادلها	1	2	3	4	5
4	Snatch theft..... سرقة الانتشال	1	2	3	4	5
5	Understatement of taxable income..... تخفيض الدخل القابل للضريبة	1	2	3	4	5
6	Financial fraud..... الاختلاس المالي	1	2	3	4	5
7	Sexual harassment..... التحرش الجنسي	1	2	3	4	5
8	Murder..... القتل	1	2	3	4	5
9	Overstatement of tax deductions... زيادة الإعفاءات الضريبية	1	2	3	4	5
10	Employing illegal worker..... توظيف موظف بطريقه غير شرعيه	1	2	3	4	5
11	Prostitution..... الدعارة	1	2	3	4	5
12	Shop-lifting..... السرقة من المحلات	1	2	3	4	5
13	Fail to submit a tax return..... الإخفاق في تقديم الدخل الضريبي	1	2	3	4	5
14	Illegal gambling..... لعب القمار	1	2	3	4	5
15	Terrorism..... الإرهاب	1	2	3	4	5
16	Alcohol drinking/ dealing..... شرب الخمر وتبادلها	1	2	3	4	5
17	Adultery..... الزنا	1	2	3	4	5
18	Homosexuality..... الشذوذ الجنسي	1	2	3	4	5
19	Islam abuse..... الأهانة للدين الإسلامي	1	2	3	4	5
20	Official document forgery... تزيف المستندات الرسمية	1	2	3	4	5
21	Begging..... التسول	1	2	3	4	5
22	Currency forgery..... تزيف العملة	1	2	3	4	5
23	Robbery with firearms..... السطو المسلح	1	2	3	4	5
24	Official seal forgery..... تزيف الأختام الرسمية	1	2	3	4	5
25	Robbery without firearms... السطو غير المسلح	1	2	3	4	5
26	Arson..... الإحراق العمد للمباني أو الممتلكات	1	2	3	4	5
27	Contamination..... التلويث	1	2	3	4	5
28	Fireworks acquiring/dealing..... حيازة المفرقات والاتجار فيها	1	2	3	4	5
29	Official stamps forgery..... تزيف الطابع الرسمية	1	2	3	4	5
30	Kidnapping..... الاختطاف	1	2	3	4	5

31. Based on questions 1 to 30, kindly rank the five (5) **most serious** offences in the following order:

بالاعتماد على الأسئلة من 1 إلى 30 ، رتب الجرائم الأكثر خطورة حسب الترتيب الأدنى :

Seriousness الخطورة	State question number (Question 1-30) ضع رقم السؤال ( السؤال من ١ - ٣٠ )
Most serious offence الجريمة الأكثر خطورة	
Second most serious offence الجريمة الثانية الأكثر خطورة	
Third most serious offence الجريمة الثالثة الأكثر خطورة	
Fourth most serious offence الجريمة الرابعة الأكثر خطورة	
Fifth most serious offence الجريمة الخامسة الأكثر خطورة	

32. Based on questions 1 to 30, kindly rank the five (5) **least serious** offences in the following order:

بالاعتماد على الأسئلة من 1 إلى 30 ، رتب الجرائم الأقل خطورة حسب الترتيب الأدنى :

Seriousness الخطورة	State question number (Question 1-30) ضع رقم السؤال ( السؤال من ١ - ٣٠ )
Least serious offence الجريمة الأقل خطورة	
Second least serious offence الجريمة الثانية الأقل خطورة	
Third least serious offence الجريمة الثالثة الأقل خطورة	
Fourth least serious offence الجريمة الرابعة الأقل خطورة	
Fifth least serious offence الجريمة الخامسة الأقل خطورة	

### SECTION B الجزء الثاني /

Please tick (√) where appropriate حيث الإجابة المناسبة. (√) ضع إشارة

33. Age / العمر \_\_\_\_\_ years old / سنة (يرجى التحديد) / please specify

34. Gender / الجنس Female [ ] انثى [ ] Male [ ] ذكر / [ ]

35. Martial status / الحالة الاجتماعية

[ ] Single / أعزب

[ ] Married / متزوج

[ ] Others / أخرى

Please specify / يرجى التحديد \_\_\_\_\_

36. Highest academic qualification obtained ( أعلى مؤهل أكاديمي تم الحصول عليه )

- [ ] / up to SPM شهادة الثانوية /  
[ ] / STPM/Certificate/Diploma دبلوم أو أي شهادة أعلى من الثانوية وقبل البكالوريوس /  
[ ] / Bachelor Degree/ Professional درجة البكالوريوس /  
[ ] / Post Graduate /Doctorate درجة الماجستير/ دكتوراه /

**37. Nature of primary income source / طبيعة مصدر الدخل الرئيسي**

- [ ] / Employment – Private Sector موظف قطاع خاص /  
[ ] / Employment – Governmental Sector موظف قطاع حكومي /  
[ ] / Business – Self- employed / partnership رجل أعمال حرة / صاحب شركات خاصة /  
[ ] / Others – please specify أخرى – يرجى التحديد / \_\_\_\_\_

**38. Nature of other income source / طبيعة مصادر الدخل الأخرى**

- [ ] / Rental/Dividend/Royalty income إيجار/توزيعات أرباح/ دخل من الامتيازات /  
[ ] / Part-time Business عمل بدوم جزئي /  
[ ] / Others – please specify أخرى – يجب التحديد / \_\_\_\_\_  
[ ] / Not Applicable غير ملائم /

**39. Annual gross income / الدخل الإجمالي السنوي**

- [ ] / 1000 000 R.Y 1000 000 and below أو أقل /  
[ ] / R.Y 1000 001 - 2000 000  
[ ] / R.Y 2000 001- 4000 000  
[ ] / R.Y 4000 001- 7000 000  
[ ] / R.Y 7000 001- 15000 000  
[ ] / 15000 000 R.Y 15000 000 and above أو أكثر /

**40. Prepare of your Tax Return / احتساب وإعداد الدخل الضريبي**

- [ ] / Yourself بنفسك /  
[ ] / Assisted by friend/spouse/relative المساعدة من قبل صديق/زوج او زوجة/ قريب /  
[ ] / Tax agent مكتب ضرائب /

**41. Have you or someone close to you had personal experience with any of the offences listed in questions 1 to 30.**

هل حدث أن قمت بنفسك أو احد قريب منك بارتكاب احد الجرائم المدرجة في الأسئلة من ١ إلى ٣٠

- / Yes [ ] / No [ ]

## جريمة التهرب الضريبي: دراسة استطلاعية لوجهات النظر في اليمن

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ملخص البحث. تهدف هذه الدراسة إلى استطلاع وجهات نظر المواطنين اليمنيين حول خطورة جريمة التهرب الضريبي مقارنة بالجرائم والانتهاكات الأخرى من خلال قياس الآتي: (١) اختبار درجة خطورة التهرب الضريبي مقارنة بالجرائم والانتهاكات الأخرى، (٢) تحديد الاختلافات - إن وجدت - بين جريمة التهرب الضريبي والجرائم الأخرى مقسمة إلى جرائم ذات ضحية مباشرة وجرائم ليس لها ضحية مباشرة، و(٣) اختبار تأثير العوامل الديموغرافية (العمر، الجنس، والحالة الاجتماعية، والتعليم، ومصدر الدخل، والوظيفة، ومستوى الدخل، ومعد الدخل الضريبي) على التهرب الضريبي. حيث إن وجهات نظر الأفراد تجاه التهرب الضريبي ربما تعكس مدى الالتزام بالقوانين الضريبية. تم جمع بيانات هذا البحث من خلال استخدام أداة الاستبيان والمقابلة الشخصية المبنية للعام ٢٠٠٩. نتائج هذه الدراسة تشير إلى أن جريمة التهرب الضريبي تم ترتيبها الأقل خطورة مقارنة بـ ٣٠ جريمة أخرى. إضافة إلى أن جريمة التهرب الضريبي تم ترتيبها الأقل تصنيفاً من بين ستة تصانيف للجرائم. أما بالنسبة لنتائج الانحدار المتعدد، فإنها تشير إلى أن العوامل الديموغرافية (العمر، الجنس، الحالة الاجتماعية، مصدر الدخل، الوظيفة) لها علاقة بتكوين وجهات نظر الأشخاص تجاه خطورة جريمة التهرب الضريبي. نتائج هذه الدراسة ستكون مفيدة لصناع السياسات في اليمن وبقية الدول الأخرى ما دام أن جريمة التهرب الضريبي تم ترتيبها الأقل خطورة وهذا بدوره يعكس انعدام الخوف من المكلفين بالتهرب من دفع الضريبة.