Chapter 8
The Factors Influencing Taxpayers’ Acceptance of E-Taxation System

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ABSTRACT

E-taxation is one of the most popular e-government services. Most countries are focused on implementing an e-taxation system. The success of an e-taxation system depends on the taxpayers’ acceptance of it. The taxpayers’ intention to use an e-taxation system is determined by various factors. This chapter, based on empirical data collected from a survey of 505 respondents in Turkey, seeks to identify the factors that influence the taxpayers’ acceptance of e-taxation system. It test various constructs of the UTAUT model – performance expectancy, trust perception, perceived risk, effort expectancy and facilitating conditions – on Turkish taxpayers’ intention to use the e-taxation system. Structural equation modeling is used to analyze the effects of these variables on intention to use. The results indicate that performance expectancy and perceived risk have a significant impact on behavioral intention and that effort expectancy and facilitating conditions have a significant impact on intention to use.

INTRODUCTION

The use of information technologies (IT) by government and citizens provides very important benefits, such as reduced business costs, increased productivity and efficiency, quick access to effective supervision to ensure transparency and accountability, prevention of corruption and increased confidence of the state. These benefits and developments in e-government have opened up new areas of research. Revenue administration is one of the most widely institutions used
e-government applications. In recent years, applied researchers have become increasingly interested in the factors that determine taxpayers’ acceptance of e-taxation systems.

Many studies have examined the factors that affect taxpayers’ adoption of e-taxation systems (Davis, 1989; Venkatesh et al., 2003; Wang, 2002; Chang et al., 2005; Schaup et al., 2010; Wang & Shih, 2009; Fu, Chaoe & Farn, 2004; Hung, Chang & Yu, 2006). However, these studies are based on data from countries where the usage of e-taxation is voluntary or semi-voluntary. Neither of these types of studies examines factors affecting acceptance of e-taxation systems in countries where the use of e-taxation is compulsory. Venkatesh et al. (2003) encourage future researchers to continue to seek to validate their model also in various country and compulsory systems.

To fill this gap, in this study, we examine the factors that determine taxpayers’ acceptance of compulsory e-taxation systems. We use Turkey as our sample country. In Turkey, as in many other countries, in order to utilize computer technology in taxation processes, the Tax Office Automation Project (VEDOP) has been implemented. Turkey’s current e-taxation system is based on the compulsory compliance of taxpayers. The compulsory nature of the e-taxation system in Turkey is considered to be its main feature.

The primary objective of this research is to predict and explain taxpayers’ acceptance of VEDOP technology and intention to use. Taxpayers or their accountants are required to use the VEDOP system to discharge tax obligations; therefore, a volitional choice with respect to usage is not an option for them.

Within this context, the Unified Theory of Acceptance and Use of Technology (UTAUT) is utilized to gain an understanding of taxpayers’ intentions regarding use of the e-taxation system in Turkey. This paper contributes to the literature by empirically validating the UTAUT model in a compulsory usage e-government service context. This study proposes that by integrating literature on IT adoption (UTAUT), trust perception and perceived risk, researchers can gain a more comprehensive understanding of e-taxation acceptance in Turkey.

The remainder of this paper is organized as follows. In the next section, we describe the development to date of the e-taxation system in Turkey. Then, we present the theoretical framework of the UTAUT and derive the research model used in this paper along with the hypotheses that inform the study. We then present the results of our data analysis and hypothesis testing and subsequently discuss the implications of our findings for future research and the limitations of our study. A final section concludes.

E-TAXATION SYSTEM IN TURKEY

E-government consists of various fast-moving fields, with e-taxation being a very specific one. E-taxation refers to trans-organizational processes with data transfer between the IT systems of professionals and those of tax authorities. E-taxation must support tax authority processes: workflow systems and electronic record management, on the one hand, and knowledge management and automated risk analysis to assess the credibility of tax returns, on the other hand. Tax inspectors require support not only to check the accounting data of taxpayers but also to fight against illegal employment, tax evasion and social security fraud at construction sites (Makolm & Orthofer, 2007).

The Turkish tax system involves a variety of different types of taxes that have different collection time periods. A typical business is required to prepare more than 35 tax returns and declaration forms annually and to visit tax offices and submit tax returns nearly three times per month. In addition to wasting taxpayers’ time, this paper-based system could also be viewed as an inefficient use of tax officials’ time. For these reasons, the e-taxation system in Turkey is designed to achieve three goals: (a) to ensure a more equitable distribution of the
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