

# Study of the effect of online registration of housing transactions by real estate brokers in transparency of tax revenue, case study cities of Urmia, Salmas and Khoy

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**Abstract :** The aim of this research is study of the effect of online registration of housing transactions by real estate brokers in transparency of tax revenue. The population of this study is consisted of 442 employees of the Tax Administration of Urmia, Salmas and Khoy that sample size was determined 132 people by using Cochran formula. The Self-made questionnaire was used which its validity and reliability was confirmed. Correlation analysis was used as analysis method. The results showed that online registration of housing transactions by real estate brokers have impact in transparency of tax revenue and a reduction in tax evasion.

**Keywords:** online registration of housing transactions; tax; real estate brokers; tax evasion; tax transparency; tax revenue

## INTRODUCTION

Iran is a developing country that unfortunately, systematic and comprehensive mechanisms are not established in it and it does not have the appropriate infrastructure to create the appropriate context too and on the other hand it have largely overlapping troublesome rules which provides a lot of holes and gaps for profiteers. Despite legal equality for all individuals and businesses, some jobs also have the opportunity to earn huge profits with secrecy, intermediation and other tricks without having to pay a tax; this leads to a sense of injustice in other individuals and bad consequences will follow.

The problem was so hard about that real estate brokers that there was no oversight on the number of transactions and the amount received and payments; therefore, practitioners were forced to improve somewhat disorders included in this section by applying the system to record transactions and get the code of the system, due to progress in the field of technology and the internet. This was a turning point in this regard and it is necessary to examine the positive and negative consequences caused by it. Although the implementation of this method also has shortcomings and dark spots but in all these cases, its implementation can be considered a step forward which is helpful in clarifying taxable income, as well as legal transactions conducted in real estate.

It is not unknown to anyone the taxes roles in the development and progress process of the country which can be achieved through needless of budget of the country to a single export product – Oil - and it also plays a key role as one of the indirect means of government in economic development, because the government can influence through the adoption of appropriate tax system on business activity and consequently it effects on how to achieve economic development. Therefore, identification of the tax revenue of the country and its transparency allows accurate and systematic planning done by economic policymakers. But to achieve this, the fundamental problems in obtaining full taxation include lack of sufficient information, payers secrecy, lack of appropriate mechanism for financial transactions, the low level of tax culture among the public, absence of tax laws and relevant regulations sanctions, the presence of anonymous intermediaries for tax purposes, lack of adequate infrastructure and deficit Rules.

With the formation of economic developments in the country, changes in the tax system is also required.

These transformation goals include achieving budgetary equilibrium structure, increasing the share of tax revenues and making them transparent, equitable distribution of income and social justice (Kiarazm, 1999). Reform alone will not solve the problems and they must provide appropriate mechanisms along with the correct tax law, thereby increase the transparency of financial transactions of economic activity and block the way for intermediaries; among these mechanisms can be pointed to fund sales desk, online registration and get the tracking code for some guilds, the obligation to record quarterly sales with full specifications on its web site, the use of chartered accountants for bookkeeping the journal records of payers by National Tax Administration and etc. However there are still many problems among them include financial exchange methods which have no

limits and there is no control over the amount and method of exchange. On the other hand, one of the main problems is the cultural poverty of tax payers that provide a variety of methods and tricks to contrast with the created mechanisms.

Real estate is considered as one of the country's trade unions that intermediation and brokerage is strongly common in it and most workers in this sector receive huge sums with different mechanisms without being registered somewhere, or no tax to be paid for it. Because of the lack of transparency in transactions, many of offenses, fraud, speculation, tax evasion and etc., the government was forced to make appropriate mechanisms to curb real estate agents and make appropriate framework for them. As the most important of these measures can be taken to get the tracking code for deals, in this way the number of transactions was determined and the road will be closed for some offenses, including land grabs, land use change and etc., by online connection of system to the Department of Real Estate Registration and municipalities.

However, compared with large companies, business income is not comparable and very low tax capacity is in the guilds and tax evasion is high in it; in order to promote tax culture and the prevention of tax evasion and consequently tax justice and according to the requirements of taxation on trade, it is necessary to take great care in collecting taxes from traders as well.

In this study, we sought to examine three hypotheses are as follows:

Online registration of housing transactions by real estate agents has an impact on the transparency of tax revenue.

Online registration of housing transactions by real estate agencies has an impact on reducing tax evasion.

According to the above, the question in this research is: has the online registration of housing transactions and get the tracking code an impact on transparency and increase government tax revenue of corporate real estate. And whether doing this actions is sufficient or not, or should also be made more complementary measures.

## RESEARCH METHODOLOGY

Based on aims of research, this is an applied research and is a descriptive survey, in terms of the nature and procedures. The data were obtained using a self-made questionnaire. According to the hypothesis the 26-item questionnaire based on the Likert scale was designed.

Questions have been separated from each other in relation of the factors that increase transparency and tax revenue in order to prevent the diffusion of intellectual dispersed of respondents. In this study, questionnaires were distributed and collected in person due to the proximity of the respondents and to run faster and to provide the necessary explanations to them by the researcher.

Validity of questionnaire was confirmed using elite and scholars of management and accounting. Cronbach's alpha was used to determine the reliability of the questionnaire. Cronbach's alpha for preliminary sample data mentioned in Table 1. As a result, reliability of the questionnaire was approved.

Table 1 - Cronbach's alpha

number of samples	Cronbach's alpha	Questions
30	0.871	1-9
30	0.893	10-17
30	0.911	18-26

### Population and sample of study

This section evaluates the attitude of revenueurs to tax evasion of real estate agents and real estate profits out of the usual fees and their possible violations of tax evasion, so that instead of considering the amount declared by the system function tracking code that represents the amount of transactions recorded by the real estate consultant, Excise handle by ex officio methods and announce more value as real estate functions. The population of this research consisted of all excise of Urmia, Salmas and Khoy to investigate aspects of the subject, the number of population is 442 people.

In this study, 132 samples were obtained using the Cochran formula and simple random sampling method is used to be given an equal chance of being selected independently for each member of the community.

### Analysis of data to test hypotheses

In order to analyze the data, the Kolmogorov - Smirnov test was used to check normality or non-normality of the population. The results were shown in Table 2. According to this table, the statistical distribution of these variables was normal with 95% confidence. As a result of the normal data, one-sample t-test was used. To accomplish the above analysis Spss software was used in this study.

Table 2. Results of Kolmogorov – Smirnov test to fit a normal distribution

Test result	The significance level	Kolmogorov - Smirnov 's Statistics (Z)	No	Variable
Normal	0.053	4.863	132	transparency of tax revenue
Normal	0.054	2.519	132	reducing tax evasion

### Findings

In this part of the statistical analysis, research hypotheses were tested using one-sample t-tests:

Online registration of housing transactions by real estate agents has an impact on the transparency of tax revenue.

H0: Online registration of housing transactions by real estate agents has no impact on the transparency of tax revenue.

H1: Online registration of housing transactions by real estate agents has an impact on the transparency of tax revenue.

Given that tax revenue transparency scores have been distributed as normal, to test the first hypothesis, the one sample t-test used with the test value which is equal to 3. According to Table 3, it can be seen that t-value is greater than T-table. As a result, the null hypothesis (H0) is rejected by 95% that's mean online registration of housing transactions by real estate agents has an impact on the transparency of tax revenue. Thus the first hypothesis is confirmed.

Table 3: one-sample t-test for the first hypothesis

test value =3						Variable
95% confidence interval for difference from mean		difference from mean	Significance level	Degrees of freedom	of t-value	transparency of tax revenue
Lower bound	Upper bound					
0.9779	1.1226	1.05026	0.000	131	28.630	

Online registration of housing transactions by real estate agencies has an impact on reducing tax evasion.

H0: Online registration of housing transactions by real estate agencies has no impact on reducing tax evasion.

H1: Online registration of housing transactions by real estate agencies has an impact on reducing tax evasion.

Given that tax evasion scores have been distributed as normal, to test the second hypothesis, the one sample t-test used with the test value which is equal to 3. According to Table 4, it can be seen that t-value is greater than T-table. As a result, the null hypothesis (H0) is rejected by 95% that's mean online registration of housing transactions by real estate agents has an impact on reducing tax evasion. Thus the second hypothesis is confirmed.

Table 4: one-sample t-test for the second hypothesis

test value =3						Variable	
95% confidence interval for difference from mean		difference from mean	Significance level	Degrees of freedom	of t-value	reducing tax evasion	
Lower bound	Upper bound						
0.7060	0.8734	0.78974	0.007	131	610.18		

## DISCUSSION AND RESULTS

According to the results analysis for the first hypothesis, online registration of housing transactions by real estate agents has an impact on the transparency of tax revenue. Thus the first hypothesis is confirmed.

These results are consistent with the results of Talebian and Elias vand (2015) study that by studying the Mechanized Fund, they concluded that this will lead to more financial and tax transparent. It is also in line with the results of Almasi, Marjani and Qureshi (2013) as well, as they study the social dimension of taxpayers' views, and concluded that the taxpayer's secrecy and lack of transparency has an impact on tax evasion. By examining VAT, Ansari (2013) also concluded that the implementation of this method of taxation, leads to the transparency of the revenues and thus reduce tax evasion. Also in this regard, Khaki (2013) believes that weak

monetary circulation system leads to a lack of financial transparency and consequently tax evasion. Also among foreign research, this study is consistent with results Vandenberg and Myrold (2015) who stated that data recording of financial transactions is leading to increasing transparency and reducing tax evasion. Also consistent with the results of the work Tichaona and Nyaruwata (2014) who Stated that the supervision and obtaining business licenses resulted in greater transparency and reduce tax evasion.

According to the results analysis for the second hypothesis, online registration of housing transactions by real estate agents has an impact on reducing tax evasion. Thus the second hypothesis is confirmed.

This finding is consistent with study of Ghamari, Edalati Arani and Ashjaei (2015) which was confirmed the impact of culture on tax evasion. It also is consistent with the results of Almasi, Marjani and Qureshi (2013) of the economic aspects which examined the underground economy. This finding is also consistent with the results of Al Bousuylam (2011) that it stated that the existence of the underground economy as a factor for tax evasion. It also coincides with the results of Rawlings Peter (2013), which stated increase knowledge and awareness of tax payers increase compliance and reduce tax evasion.

## CONCLUSION

Any action to improve the situation in the country is facing shortages and deficiencies, since there are countless legal gaps and bottlenecks in all parts of the country, particularly tax law that requires long-term monitoring on this issue. Registration of transactions in the system and get the tracking code also faced a lot of resistance initially. But gradually it would be accepted as an inseparable part of real estate transactions publicly. Since there is no control on the taxable income traders, especially real estate class which has highest taxable income between guilds, requiring get the tracking code was the first regulatory action to prevent financial indiscipline and other chaos. Real estate agents have several opportunities to receive the conventional and unconventional benefits. Commission of the contract between the parties that the percentage has been specified by law, is the first source of income for real estate agents in Iran. But real estate agents earn more profits, by a greater percentage, by giving priority to customers who pay more money, and by entering in the purchase and sale of real estates as an intermediary and finally, transactions outside of registered real estate contracts. Tax officials with knowledge of the matter, often do not accept the expression of the class declaration, and tax rates are determined by ex officio methods.

What were received from responses given to questionnaire by the tax authorities is that establishing a registration system for online transactions leads to the transparency of real estate income (commissions received), but It does not have the necessary performance in other sectors of real estate income such as extra charge and the intermediary.

The ability to capture large financial transfers, can be one of the things that is useful to transparency in property market in general, and real estate agents in particular, is useful. Though online registration has been helpful in real estate, but it is required to accompany other designs until the best response is received for tax aspects.

In this study, both hypotheses were confirmed and showed that online registration of housing transactions by real estate brokers have impact in transparency of tax revenue and a reduction in tax evasion. These results are consistent with the results of other internal and external investigations. As a result, a series of necessary measures is inevitable to promote financial transparency of real estate industry and consequently those involved in this sector so as to achieve a desirable level of tax expressed. Providing infrastructure to monitor financial transfers leads to more favourable results in addition to the requirement to online transactions registration. Surely achieve the most favourable level needs to work on other factors such as increased tax culture, enhance the transparency of spending tax revenues, and create incentives and more. The overall conclusion showed that online registration of housing transactions was caused the transparency of part of real estate income (Commissions) but in other sectors, such as additional commissions and brokering revenues, it does not have the efficiency you need.

The most important proposal to increase the effectiveness of property transactions registration includes the creation of supervisory practices on the business transactions thereby reduce transactions underground, illegal brokering and so on.

Promotion of tax culture between tax payers, especially real estate agents is another factor to reduce tax evasion and increase tax revenue.

Due to the relative success recorded online Property transactions, the implementation of this law for other similar guilds like car showroom agents are recommended.

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