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## An Examination of the Relationship between Inflation Tax and Economic Growth in Iran

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### Abstract

In this paper, we examine the relationship between inflation, tax and economic growth by using autoregressive distributed lags (ARDL) model. Seigniorage or income that the government obtains by printing money consists of two parts. The first part of the income is obtained without causing inflation and the second part is the inflation tax or income that government obtains by inflation. We find that inflation tax also has a negative effect on economic growth. The ratio of investment to GDP and growth of oil revenues are directly related to economic growth. Results from the Error Correction Model (ECM) shows that if a deviation from the long-term equilibrium occurs, moving toward a long-term equilibrium is oscillatory.

**Keywords:** Inflation Tax, Economic Growth, Autoregressive Distributed Lags (ARDL) Model

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**The Organizational Factors Affecting VAT Evasion  
(Case Study of Tehran City VAT Directorate)**

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**Abstract**

This study which is a descriptive survey focuses on organizational factors influencing VAT evasion in Tehran city VAT directorate. The research population comprises of all VAT experts and taxpayers in Tehran city VAT Directorate. By using random sampling proportional to size and through Cochran formula sample size, 382 taxpayers and 132 specialists were selected. Cronbach's Alpha coefficient of reliability equal to 0.94 was calculated. For data analysis, Factor Analysis and One-way T were used.

**Keywords:** VAT, Managerial and Organizational Factors, Tax Evasion

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## Case Study of Estimating VAT Base by Using Input-output Table

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### Abstract

The Value Added Tax (VAT) is a kind of sales tax which is incurred by final consumers. In VAT System, the entire economic activities are considered the same and in order to prevent double and triple taxation, buying intermediate goods and services are exempted from VAT. This study attempts to explain a method for calculating VAT base by using a scientific method and reviewing a variety of external and internal studies which focus on modifying methods. Therefore, reviewing Mackenzie method which was used in 1991 for the first time, this paper estimated the VAT base in 1386 equal to 44% of the GDP.

**Keywords:** VAT Base, Input-output Table

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## VAT from the Islamic Law Perspective

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### Abstract

The conventional taxes are definitely based on the Conventional economic fundamentals and this fact is not necessarily consistent with the Islamic economic system fundamentals. This paper has been written with the aim at examining the challenges which have been or may have been put forward about the conventional tax system resources and especially focuses on VAT, reviewing the doubt that in Islamic finance no tax can be found on consumption and a kind of tax relief is considered for the consumption commensurate with the person's dignity even in cases like businessman's khoms, while VAT by aggregating taxes in different chains are incurred by the final consumers, and paid taxes on the previous chains can be refunded by referring to the Iranian National Tax Administration. Therefore it should be reviewed firstly, whether the claim is right? And secondly, in case of the rightness, whether it is consistent with the religious fundamentals and especially fundamentals and features of the Islamic financial duties? In fact in this paper from one side different kinds of VAT (on production, income and consumption) and their features, tax purposes and its taxation have been clarified and extracted. From the other side, the Islamic financial duties' characteristics are explored accurately. According to this paper, we can not confirm the inconsistency of VAT with the Islamic teachings, but bearing in mind that VAT is not adapted fully with the said teachings, suggestions have been provided in respect of VAT structure and rate and finally this research has concluded that VAT with a low rate is more consistent with the Islamic finance system.

**Keywords:** Value Added Tax, Inflation, Income Distribution

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**Reviewing the Relationship between Accounting variables  
and Efficiency of the Legal Persons' Tax Investigation Process**

**Mohammadali Aghaei<sup>1</sup>**

**Ali Askari<sup>2</sup>**

**Saeed Karimi<sup>3</sup>**

**Abstract**

It is necessary to evaluate public sector performance due to the financial crisis and world economy. Governments should exploit public resources in an efficient and effective way to control world economic crises impact. This research is to study the relationship between accounting variables and efficiency of the legal persons' tax investigation process in LTU Directorate of Tehran city for the time period of 1381- 1386. By identifying variables which affect on both declared and final tax profits, this paper introduces new technology in tax investigation process. The results indicate that except inventory turnover variable, debt to equity ratio, net profit ratio and investment return variables have significant relationship with the reduction of the difference between declared and final tax profits. So, the said variables can be used for tax investigation process instead of reviewing a variety of financial statements which leads to improving effective use of Tax Administration public resources and upgrading efficiency of tax investigation process.

**Keywords:** Efficiency, Investment Return, Net Profit Ratio, Inventory Turnover, Debt to Equity Ratio

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## Modelling khoms as a part of Income Tax

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### Abstract

Today many taxpayers especially religious ones are engaged in double taxation (common taxes, khoms and zakat), this trend make them feel tax system injustice. The voluntary payments are principally private matters based on religious obligations. The tax incentives affect taxpayers so that the amounts of both payments increase. Accordingly, government should adjust tax system through appropriate planning which not only lead to a situation that these financial obligations (religious or common ones) wouldn't be a heavy burden on religious people but also encourage them to pay them and prevent double taxation. Islamic countries' experiences such as Pakistan, Jordan, Bangladesh and Egypt have indicated that people voluntary payments like zakat are deducted from their taxable income. Therefore, this paper has tried to present a model for accepting khoms as a tax. A strategy named " accepting khoms for tax" by seminaries (Qom seminaries management council), issuing khoms clearance certificate and monitoring seminaries' performance for these payments have been introduced as a substitute policy for the present system of " accepting financial Islamic payments as acceptable costs" in Iran.

**Keywords:** Income Tax, Khoms, Voluntary Payments, Double Taxation, Khoms Clearance Certificate

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**The Relationship between the Islamic and conventional tax systems in  
Islamic - Iranian Development Model; Implications for Solving Double  
Payments Problem**

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Mohammad Javad Rezaei<sup>2</sup>**

**Abstract**

After the Islamic Revolution of Iran, the conditions appeared in which some scholars tried to integrate the conventional tax system and Islamic tax system together. Setting up a tax system compatible with Islamic model was one purpose, but for some reasons it wasn't considered by jurisprudents, scholars, and Islamic economists. This lack of attention has led to a condition that Muslim taxpayers pay double tax (on one hand, paying tax and paying Islamic tax, on the other hand). It seems that this problem is due to a parallel and separate approach to these two tax systems. This article has a critical view to the current relationship between these two tax systems (governmental tax system and tax system based on classical Islamic scheme). In addition, this article explains the appropriate relationship between governmental tax system and tax system based on classical Islamic scheme. Then it introduces latter one as a tax that can be accepted by tax administration. Solving the double payment problem is one of the implications of this new approach to the tax system.

**Keywords:** Khoms, Zakat, Governmental tax system, Islamic - Iranian Development Model, Double Payments Problem

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