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Tax Requirements for Fulfilling Voluntary Tax Compliance to Strengthen Tax Oversight -The Experience of Algeria and Egypt-

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Abstract:

This study aims to highlight the importance of promoting voluntary tax compliance for the development of tax administration in Algeria, as tax compliance is one of the strategies employed by tax systems to ensure that individuals and institutions voluntarily adhere to the state's tax laws. Accordingly, in this study, we propose several methods that can be adopted to improve tax compliance, employing a descriptive-analytical approach in the analysis of the applied study.

The study concluded that analyzing taxpayers' behavior and strengthening their trust in the tax administration—by clarifying tax laws, offering material and moral incentives, and providing accurate tax information—helps achieve a high degree of voluntary tax compliance, which in turn contributes to the development of tax oversight.

JEL Classification: ... H26, H29

Keywords: tax audit; voluntary tax compliance; taxpayer.

1. Introduction:

Tax audit, in its various forms and procedures, is a key component of the Algerian tax system due to the role it plays. On the one hand, it serves a guiding function by correcting errors made by taxpayers when preparing and submitting their tax returns to the tax administration; and on the other hand, it assumes a somewhat punitive role toward taxpayers who appear to be intentionally violating tax legislation regarding tax payments, as evidenced by their erroneous or false tax returns.

If we look back, Algerian tax legislation has entrusted the tax administration with the tasks of monitoring and reviewing tax returns, while at the same time facilitating its work by granting it the necessary powers to carry out its duties, Naturally, it also grants taxpayers safeguards to protect them from any administrative abuse in order to create a balance between the two parties (the tax administration and the taxpayer), as they are considered two fundamental pillars in the performance and improvement of the oversight process and in minimizing the factors that lead to tax evasion.

The taxpayer's compliance is of the utmost importance and must be addressed, but not merely by imposing various tax penalties on them; rather, another approach must be taken and other strategies implemented by studying and analyzing taxpayer behavior, in order to increase the rate of tax compliance while creating a cohesive tax environment among the parties involved—who are affected by various tax laws and their legal applications— All of this is aimed at achieving the ultimate goal of collecting the various tax debts and revenues owed to the public treasury, preserving the most important revenue source—taxes—and curbing tax evasion. Based on the foregoing, the following issue can be raised, represented by the main question:

What are the tax requirements for fostering voluntary tax compliance to support and develop tax oversight in Algeria?

To answer the main question, a series of sub-questions can be posed as follows:

- What is the current reality of tax compliance in Algeria?
- How can the Algerian tax administration promote tax compliance without undermining taxpayers' trust?
- Would the tax administration's complete abandonment of deterrent measures help promote tax compliance?

Hypotheses:

To address this issue, we propose the following hypotheses:

- The enforcement of tax compliance in Algeria depends on tax digitization and an examination of the relationship between the tax administration and taxpayers.
- A strategy to boost taxpayer morale is one of the methods that helps promote compliance and maintain a good relationship between taxpayers and the tax administration.
- The tax administration can coordinate both voluntary and enforced tax compliance to increase the level of tax compliance.

Objectives of the Study:

- An Analysis of the Level of Tax Compliance in Algeria.
- Identifying the key requirements for promoting voluntary tax compliance as a mechanism to support tax enforcement.
- To highlight the importance of tax administration in fostering voluntary tax compliance in Algeria.

Research Methodology:

This study employed a descriptive-analytical approach, utilizing a set of statistics that were presented in the form of tables and data and analyzed to address the research question.

Previous Studies

Study by Soumia Toumi and Mansour Ben Amara, "Tax Behavior of Taxpayers and Its Impact on the Efficiency and Effectiveness of Tax Administration—A Case Study of the Algerian Tax Administration," Journal, Revue des Réformes Economiques et Intégration En Economie Mondiale, Vol. 13, No. 03, 2019: This study aimed to analyze taxpayer behavior within the Algerian tax administration. The researchers focused on how to ensure taxpayer compliance through deterrents and penalties, and on the need for the tax administration not only to enact repressive tax laws and regulations but also to strictly enforce them to increase tax revenue.

Consequently, the study neglected the psychological aspect of taxpayers—particularly those who are honest—and thus focused on enforced tax compliance rather than voluntary tax compliance.

Mochammad Hadi Pratomo, *Investigating Tax Compliance Risks of Large Businesses in Indonesia*, Ph.D. dissertation, School of Business, RMIT University, 2018.

This study aimed to examine tax compliance among large companies in Indonesia, using field research and interviews.

Study Structure

To provide an overview of the study's various aspects, the theoretical component addressed the concepts of tax compliance and tax evasion, while the applied component analyzed available statistics and identified a set of requirements for promoting voluntary tax compliance in Algeria.

Section 1: Theoretical Background of the Study

1. The Concept of Tax Compliance

Tax compliance carries significant weight in the tax system. It is an undisputed fact that there is no real alternative to taxes covering all expenditures. While it is true that there are other ways to finance public expenditure such as through borrowing, for which interest and principal must later be repaid using tax revenue— as well as by imposing certain fees on government activities; however, those responsible for these activities may shift to the private sector. Consequently, taxes remain the primary source of funding for the public treasury, and on this basis, the importance of supporting and developing methods of tax compliance becomes evident.

Several definitions have been given for tax compliance, which is divided into two types; it is worth addressing some of these definitions, as follows:

It is what the state deems legally due from taxpayers. Compliance means adhering to the spirit and letter of the law, which entails reporting all income and paying all taxes by fulfilling the provisions of laws, regulations, and court rulings (adhering to various legal and regulatory texts to pay taxes), It involves the taxpayer filing all tax returns, declaring all taxable income, and paying all taxes within the specified period, without having to wait for follow-up actions from the authorities. (Palil, 2010, p. 14)

This means that the taxpayer must file all required tax returns in a timely manner, in accordance with the Internal Revenue Code and the regulations and rulings in effect at the time of filing. Taxpayers who are considered tax-compliant are those who accurately and truthfully report their various sources of income and pay their taxes by the required deadlines (Jonathan Rillstone, 2015, p. 16)

It is also defined as the fulfillment of all tax obligations in accordance with the law or to the extent that taxpayers comply with the tax regulations of their country. (Leonardo)

Accordingly, it can be said that tax compliance reflects the extent to which taxpayers fulfill their legal obligation to pay taxes to the government by reporting their various incomes and profits to the tax authority by the required deadline.

2. Types of Tax Compliance

From the above definitions, we can conclude that there is a difference in meaning between voluntary tax compliance and enforced tax compliance, but both aim to achieve a high degree of tax compliance.

Voluntary tax compliance is a psychological disposition that leads a taxpayer to fulfill their tax obligations toward the government without the government having to impose tax penalties and without the taxpayer resorting to various tax evasion practices or violations to reduce their tax burden; in other words, the taxpayer fully accepts and is willing to pay taxes. (Orgwamuhana, 2011, p. 10).

Coercive tax compliance, on the other hand, involves forcing the taxpayer to comply with tax obligations by the force of law, through repressive measures and audits; thus, the taxpayer complies not out of a desire to do so, but out of fear that any manipulations they have committed will be discovered and that they will face penalties from the tax administration. (Erich Kirchler, 2010, p. 336)

3. The Concept of Tax Audit

It is defined as the examination and audit of tax returns, all accounting records and data, and all supporting documents pertaining to taxpayers—whether they are individuals or legal entities—with the aim of verifying the accuracy of the information contained therein in order to recover evaded funds. (Faraji)

It is also defined as a procedure carried out by the tax administration to examine and verify the tax status of taxpayers, whereby all tax returns (declarations) by comparing documents and supporting evidence with what was declared. Tax audits are essential for correcting errors or any deficiencies in taxpayers' declarations. Direct audit methods involve using information directly related to taxes, as well as returns and records, and other documents submitted by taxpayers. In contrast, indirect methods involve comparing and analyzing bank statements and accounts belonging to taxpayers, searching for information, analyzing results, conducting inspections, and comparing a taxpayer's activities with average industry standards and levels applicable within the country.(Ibikas Maryame)

In Algeria, Article 18 of the Tax Procedures Code defines it as follows: "The tax administration shall monitor the declarations and documents used to assess a tax, right, fee, or royalty, and it may also exercise the right of audit over institutions and entities that do not have the status of merchants and that pay wages, fees, or salaries of any nature." (Mohammed)

There was no specific definition of tax audit, but rather several definitions, all of which point to the same meaning; Therefore, it can be said that tax oversight is a body empowered by Algeria's tax legislation to investigate and monitor the declarations submitted by taxpayers regarding their activities, in order to detect and correct errors (whether intentional or unintentional) committed through the procedures outlined in tax laws.

4. Forms of Tax Audit

Under the Algerian tax system, tax audit is divided into two types: the first is internal audit (formal audit, document review), and the second is in-depth tax audit (accounting investigation, corrective investigation, and comprehensive tax status investigation), as outlined below:

4.1 Formal Audit

Formal audit is primarily intended to conduct an initial review of tax returns submitted by taxpayers on a superficial basis. It consists, in particular, of a formal verification of the information that must be included in the return, such as the taxpayer's tax identification number, the taxpayer's signature and seal...etc., or correcting computational errors resulting from the carryover of totals and balances. Consequently, this type of tax audit is considered essential to ensure the accuracy of the information provided by taxpayers or to identify data that raises doubts about the credibility of the returns. in which case the auditor must request additional information and explanations regarding ambiguous points in those returns by contacting the taxpayer directly, allowing the taxpayer at least 30 days to provide a response to the auditor.

Finally, a preliminary decision is made regarding the credibility of the statements, and the case file is forwarded to the Document Review Department. (Sufyan)

4.2 Document Audit

In this type of tax audit of documents, the tax administration has the right to review the tax returns and supporting documents for the purpose of auditing any tax, duty, or fee; in turn, the relevant entities and organizations are required to provide the tax administration with all necessary accounting documents. and the official in charge of the audit (the inspector) must be familiar with accounting information to examine these returns and compare them with the information available to the Tax Inspectorate. The purpose of tax document audits is to determine the taxpayer's financial status each year and, consequently, their tax status. (Haddado)

Legally speaking, the purpose of document review is to verify that taxpayers have filed their returns in order to correct errors resulting from inaccuracies, omissions, or concealment in the elements used to calculate the tax. Consequently, it serves both to verify that tax returns comply with applicable regulations and to assess tax compliance with(Sebaa Ahmed Salah)

4.3 Accounting Investigation (V.C)

This consists of a series of procedures aimed at conducting an on-site examination of accounting records and comparing them with operational data. This examination verifies the accuracy of tax returns by cross-referencing them with external data and applies specifically to corporate profits, non-commercial profits, commercial and industrial profits, and value-added tax. Article 40 of the Tax Procedures Code stipulates that tax administration officials may conduct an audit of taxpayers' accounts and carry out all necessary investigations to determine the tax base. (Al-Rahman)

This investigation is a form of tax audit and is defined as "an examination of the tax returns, records, documents, and supporting evidence of taxpayers subject to taxation, whether they are natural or legal persons, for the purpose of verifying the accuracy of the information contained in their tax files; any tax administration official holding the rank of inspector or higher is authorized to conduct such investigations regarding tax returns"(Jumaa)

That is, this type of audit thoroughly examines all accounting documents that must be reviewed in order to determine the amount of tax due.

5. 4 Corrective Accounting Audit (V.P.C)

A corrective accounting audit is a targeted oversight procedure covering one or more taxes for part or all of the nonstatute-barred period, or a set of transactions or accounting data relating to a period of less than one year. During this period, taxpayers may be required to provide only simple supporting documents, such as invoices, contracts, and order and delivery receipts related to the duties, fees, and levies covered by the audit. Furthermore, this investigation may not, under any circumstances, lead to an in-depth and rigorous examination of the entire accounting system; the targeted investigation is subject to the same rules applicable to a general investigation.

A targeted audit is, in fact, a form of in-depth tax audit, but it does not reach the same level of scrutiny as a full-scope audit; however, it is considered faster in terms of obtaining audit results. (Fatima)

4. 5. Comprehensive Tax Status Investigation (VASFE)

The Tax Directorate defines this as a set of procedures aimed at identifying any discrepancy between actual income and declared income; in general, this involves verifying declarations of global income (income earned outside Algeria) and capital gains resulting from the disposal of developed and undeveloped real estate.

An investigation into the comprehensive tax situation may be scheduled following an accounting audit, whether conducted on behalf of the business owner, the company's partners, or any person legally required to declare their total income—even if they do not have a tax file or commercial registration—based on the taxpayer's wealth, such as ownership of real estate and movable property. The type of tax audited in this investigation is the tax on gross income. (Moumni)

. Second Focus: The Practical Background of Proposals to Implement Voluntary Tax Compliance to Support Tax Oversight:

1. Tax Supervision:

Through this section, we aim to propose a new mechanism within the Algerian tax administration by introducing another type of tax audit, which we have termed "supervision." This is because it will foster a policy of give-and-take, whereby the tax administration tracks the taxpayer's file and obtains information in a more streamlined manner, thereby earning the taxpayer's trust, as outlined in the following points: **.**

1.1 Establish a dedicated department within the tax administration to clarify and explain how to comply with tax laws

The tax administration must establish this department, prioritize it, and ensure its services are available at all times to clarify and explain new tax laws to registered taxpayers, as well as to new taxpayers, since some of them fail to complete their tax returns and thus unintentionally engage in tax evasion due to a lack of understanding of the tax system—especially since the Algerian tax system is known for its complexity and constant changes.

1.2 Investing in Human Capital

Both tax administration staff and taxpayers within the tax community are considered capital in which it is essential to invest by placing great importance on them and providing them with all the moral and material support they need, in particular.

1.2.1. Taxpayers as a Source of Funding

Human resource management is among the key factors in economic development, as investment in human capital is essential in all fields. At the level of the tax administration, taxpayers are considered vital human capital in the tax community because they pay taxes, which are essential for financing the public treasury. This principle is applied by treating the tax administration as an economic institution where taxpayers are regarded as important clients who must be retained by providing them with a wide range of services.

1.2.2. Treating the Tax Administration as a productive unit rather than merely an enforcement agency

We must move away from the notion that the tax administration, with its various departments, is merely an enforcement unit relying on the tax audit apparatus; that is, one of its functions must be to produce accurate tax information through the exchange of information among economic operators and the development of tax audit methods based on operators within the formal tax system to bring operators in the informal market into compliance.

Table 1: Evolution of the Human Capital Index in Algeria (2010–2022)

Years	**2010**	**2012**	**2014**	**2016**	**2018**	**2020**
Index	0.2435	0.6463	0.6543	0.6412	0.6640	0.6966

Source: Prepared by the student based on the United Nations report, New York, E-Government Survey, available https://desapublications.un.org/sites/default/files/publications/2023- 02/UN%20E-Government, accessed on January 22, 2023

We can see from the table that the human capital index has been steadily improving over the years covered by the study, as evidenced by the continuous growth in human capital during the study period (2010–2022). However, despite this improvement, Algeria still needs to enhance its investment in and development of human resources, as this is a crucial element in the success of any fiscal policy, including its tax policy. Therefore, the tax Administration must develop its human resources across its various departments by improving their practical and technological expertise.

1.2 Planning to Reduce Tax Compliance Costs and Broaden the Tax Base

Reducing tax compliance costs also includes what is known as reducing the tax burden. Rather than seeking ways to raise tax rates, it is preferable to focus on developing investment in various sectors, including tourism and agriculture. In other words, we must consider the causes of tax evasion and not merely its consequences. Accordingly, for any tax system to succeed, we must not focus on how to collect the maximum amount of tax revenue (according to the narrow conception of the tax system), but rather we must build a tax system that contributes to economic development and investment, as well as broadening the tax base. However, this development should not be achieved at the expense of taxpayers by increasing the tax burden—which in turn raises the costs of tax compliance and leads to increased tax evasion, thereby weakening and complicating tax enforcement. as illustrated in the table below, which shows the evolution of the tax burden

Table 02: Evolution of the Tax Burden in Regular Tax Collection During the Period (2010–2021)

Statement	**Regular Tax Collection (billion DZD)**	**Gross Domestic Product Excluding Hydrocarbons (billion DZD)**	**Relative Tax Burden**
2010	1,297.94	7,811.2	16.62
2011	1,527.09	9,346.0	16.34
2012	1,908.57	10,672.3	17.88
2013	2,031.01	11,682.2	17.39
2014	2,091.45	12,584.7	16.62
2015	2,354.64	13,457.6	17.50
2016	2,482.20	14,439.6	17.20
2017	2,630	15,312.5	17.18
2018	2,711.76	14,213.2	19.07
2019	2,836.41	14,807.1	19.15
2020	4,089.38	14,421.2	28.35
2021	3,408.96	15,563.0	21.90

Source: Prepared by the student based on the Finance Laws and the Bank of Algeria Statistical Bulletin No. 52, September, p. 26, 2021, and the Statistical Bulletin for the First and Second Quarters No. 08, p. 24, 2022.

The table above illustrates the trend in the tax burden relative to general revenue and non-oil GDP.

We observe that general revenue is increasing, which corresponds to a rise in the tax burden, reaching its highest level in 2020 at 28.35 and its lowest in 2011 at 16.34. A higher tax burden leads to increased tax compliance costs, which in turn drives taxpayers toward tax evasion.

We will find that every increase, however slight, in the tax burden is accompanied by a rise in the rate of tax evasion. This indicates that compliant taxpayers are the ones bearing the tax burden as a result of the expansion of the tax base, which leads to their dissatisfaction with the tax system and, consequently, with the tax administration and tax audits, prompting them to resort to tax evasion. Therefore, the tax administration must focus on expanding the tax base—not by adjusting tax rates—but by identifying other areas that are currently untaxed and bringing them under the tax system. It should also reconsider the criteria for selecting taxpayers' files for tax audits.

Many tax systems around the world seek to achieve the highest degree of tax compliance—particularly what is known as voluntary compliance—by fostering the personal, professional, and knowledge-based development of tax administration staff in how to engage taxpayers in a friendly manner without resorting to penalties or deterrent measures. Achieving voluntary tax compliance requires the development of mechanisms across all areas of taxation that help generate new tax revenue and ensure quality collection, while simultaneously maintaining taxpayer loyalty, which is a key factor in promoting tax compliance and ensuring the success of the tax system. Accordingly, this study proposes several mechanisms to achieve voluntary tax compliance within Algeria's tax policy.

2. Working to develop tax digitization to facilitate administrative transactions for taxpayers

The modernization of tax administration through the creation of new structures—namely, the Directorate of Major Enterprises, tax centers, and neighborhood centers—has made it easier for taxpayers to fulfill their tax obligations, as each center now has its own specific functions, meaning that every taxpayer knows exactly where to go. All these steps have contributed significantly to increasing tax revenue, but there remains a need for the tax administration to embrace tax digitization and develop e-government.
The e-Government Maturity Index indicates that Algeria is still somewhat behind in terms of digitization, particularly in the area of tax collection, as illustrated in the following table:

Table 3: Algeria's Ranking According to the E-Government Maturity Index (2014–2022)

Data/Years	2014	2016	2018	2020	2022
Index Value	0.3106	0.2999	0.4227	0.5173	0.5611
Rank	136	150	130	120	112

Source: Compiled by researchers based on United Nations reports, New York; e-Government Survey available at:
https://desapublications.un.org/sites/default/files/publications/2023-02/UN%20E-Government

The table shows Algeria's global ranking on the e-Government Development Index. It is notable that during the period (2014–2016), the country ranked poorly, ranging between 130th and 150th place, before improving again during the period (2018–2022) , ranking between 112th and 130th globally. This is a positive development reflecting the government's efforts to advance digitalization in Algeria, particularly following the 2017 launch of the "Jbaiteq" technology, which simplified the process of filing tax returns for taxpayers. However, it remains weak compared to the rapid technological advancements worldwide, as also illustrated by the e-participation index in the table below:

Table 4: Evolution of the E-Participation Index (2014–2022)

Data/Years	2014	2016	2018	2020	2022
Index Value	0.07843	0.11864	0.20220	0.15480	0.2273
Rank	172	167	165	183	148

Source: Compiled by researchers based on United Nations reports, New York, e-Government Survey available at**:** https://desapublications.un.org/sites/default/files/publications/2023-02/UN%20E-Government

The table above shows Algeria's score and global ranking in e-participation. It is noteworthy that Algeria ranked very low, particularly in 2020, when it ranked 183rd out of 193 participating countries. This is attributed to low oil prices and, consequently, weak oil revenue collection, and consequently, a decline in regular tax revenue, resulting from a lack of voluntary tax compliance and weak technological strategies for tax collection and the reduction of tax evasion, It is expected to improve its global ranking in 2022, rising 35 places from its 2020 position as a result of a general focus on digitization.
It is worth noting that the focus on digitization in Algeria has become increasingly important in all matters related to tax collection, with the aim of curbing tax evasion and increasing voluntary tax compliance by streamlining tax transactions between the tax administration and taxpayers, and by eliminating time-wasting, lengthy procedures for filing returns, audits, and verifying the accuracy of submitted returns.

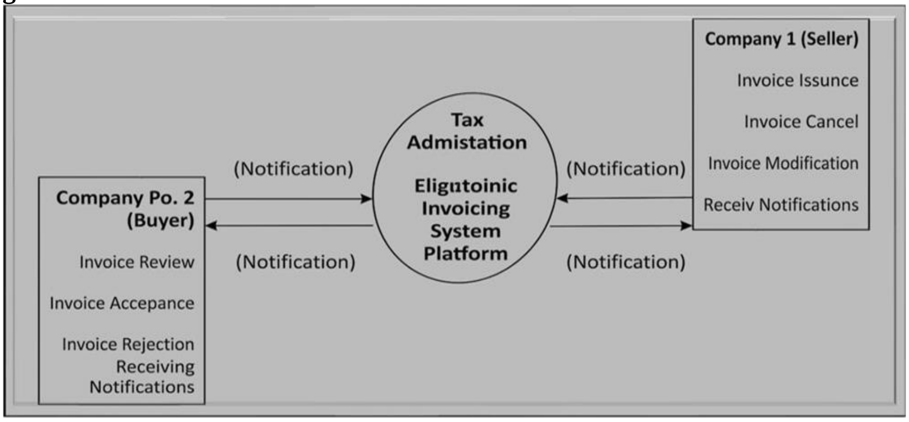
3. Expanding Tax Digitization (Drawing on Egypt's Experience)

The Tax Authority can expand tax digitization by adopting certain international models, such as Egypt's experience with electronic tax invoices. Accordingly, in this section we will address the following:

3.1 Details of Egypt's Experience

Egypt has adopted the electronic invoice model in its tax system. The Egyptian Tax Authority has developed an electronic tax system such that, as soon as taxpayers complete a sale and issue an invoice, the information is transmitted in real time—simultaneously with the sale and invoice issuance—which significantly streamlines many tasks within the tax administration. The figure below illustrates how to use the electronic tax system**:**

Figure01: Illustrates how electronic tax invoices are issued between business entities



Source: Prepared by the two researchers based on the preceding information

The figure above illustrates how all commercial transactions are consolidated through the implementation of the electronic tax invoice service in Egypt. We can see that when a seller sells a good or provides a service, they issue an invoice containing data that allows for electronic processing, as follows:

- A unique identification number (which varies from invoice to invoice);
- Information regarding the transaction and the parties to the commercial transaction;
- It must be electronically signed;
- It must be electronically verifiable, editable, and amendable, and tamper-proof.

It grants the recipient (Company 2) the right to reject the invoice in the event of non-compliance with the terms agreed upon between the two parties, in which case the tax authority and the issuer (Company 1) are notified simultaneously; At this point, the issuer has the right to accept the rejection, in which case the invoice is considered rejected and a replacement invoice is issued; if the issuer rejects the recipient's notification within the specified time frame, the invoice becomes valid and accepted, but both parties are permitted to issue a notification to add to or amend the invoice.

From the above, we conclude that, according to Egypt's electronic tax system, an invoice can fall into one of five categories, namely:

- The invoice is valid and accepted after passing all validations
- The invoice is invalid because it has failed at least one of the validation steps.
- The invoice was registered and is valid, but it was canceled by the seller.
- The invoice has been registered and is valid but has been rejected by the recipient.

3.2 Content of the Algeria Case Study

Like other countries, Algeria is working to develop e-services across various government agencies, including the General Tax Directorate, where Algeria has implemented numerous enhancements.

3.2.1 Creation of a website for the tax administration: (http://www.mfdgi.gov.dz)

This website provides taxpayers with all tax-related information, including tax laws, finance laws, practical guides for taxpayers, tax regulations and circulars, and various instructions. The Tax Administration aims to disseminate tax information and address the concerns and expectations of taxpayers.

3.2.2 Launch of the "Jabaitak" Online Filing Portal

As part of the digitization of public services, the General Tax Directorate has developed a remote filing system. After initially using information and communication technology (ICT) as a means to disseminate tax information, the Tax Administration has shifted its focus from merely transmitting tax information to actively utilizing ICT in its interactions with taxpayers, This was achieved through the introduction of the "Jabaiteq" remote filing system. The adoption of online filing and electronic payment for taxpayers under the jurisdiction of the Directorate of Large Enterprises (DGE) was made mandatory as an initial step, Taxpayers can now pay all taxes and fees via electronic payment; however, for taxpayers under the jurisdiction of tax centers, the remote filing system remains optional.

3.2.3 Launch of the "Moussahamatic" portal: (moussahamatic)

This portal has been rolled out to tax collection offices that do not have access to the "Jabaatik" portal, enabling remote filing and payment. On July 22, 2021, the first tax collection offices to be equipped with the "Moussahamatic" portal were the Oran East and Oran West Directorates; they were selected because they do not have a tax center or a local tax office. "Moussahamatic" is intended for taxpayers subject to the single flat-rate tax system.

On August 31, 2022, the "Masahamatak" portal was rolled out to 186 tax offices, according to statements by the director of the General Directorate of Taxes.

Despite the rollout of the "Your Contribution" portal, some taxpayers are hesitant to rely on it for filing their returns, as enrolling in this service provides taxpayers with:

- Access to their personal identification data;
- remote payment of declared taxes and fees via bank card or gold card;
- Continuous tracking of submitted returns and payments made;
- Full documentation of the services offered by the "Masahamatak" portal.

Remote payments are made via bank or credit card, a secure mechanism managed by an external Algerian bank and the General Tax Directorate. The declaration is first submitted by the accountant, and payment is then made by the taxpayer's bank card. The Directorate has made this process fully accessible to taxpayers.

4. Comparing Algeria's and Egypt's Experiences in Implementing Tax Digitization According to OECD Standards

This section will attempt to address the OECD standards for measuring the
extent of e-service implementation, including the adoption of information systems and the application of technology in the tax sector

4.1 OECD Standards for Measuring the Level of E-Tax Service Implementation

In 2010, the OECD established a set of standards to measure the extent of the implementation of information and communication technology in the form of e-tax services

Presence: This refers to the existence of a website for the General Directorate of Taxes that operates in one direction—from the tax administration to the taxpayer.

Interaction: There is an exchange of information between the two parties (the tax administration and the taxpayer).

Transactions: This means there are actual electronic transactions, such as the electronic filing of tax returns and direct electronic tax payments.

Integration: This refers to the exchange of information between the tax administration and other public institutions, such as banks, the commercial and real estate sectors, and the justice system. ((OECD) Organization for Economic Co-operation and Development, Sur)

If, in the opinion of the Organization for Economic Cooperation and Development (OECD), these criteria are met in a country's tax system, then that country has achieved a high level of tax digitization, which will yield numerous benefits, particularly improved tax compliance, a significant reduction in tax evasion, and increased tax collection. Accordingly, the following table illustrates the level of digitalization implementation in Algeria compared to the OECD criteria and the experience of Egypt.

4.2 Analysis of the Level of Digitalization in Algeria and Egypt

The table illustrates the extent to which both Egypt and Algeria have implemented digitization in their tax systems, compared with the standards mentioned earlier.

Table 5: Level of Tax Digitization Implementation in Algeria and Egypt

OECD	Availability 1	Interaction 2	Currencies 3	Integration and Consolidation 4

Algeria	has a website where you can find all tax laws, regulations, and instructions http://www.mfdgi.gov.dz	Electronic filing via the “Jabaatik wa Masahamatak” portal	There is no online filing or direct online payment	There is no electronic interaction between taxpayers, public institutions, and thetax authority; in other words, there is no digitization at the horizontal level
Egypt	Has a website http://www.eta.gov.eg	Tax returns are filed through the Egyptian e-Tax Services Portal	The term “Electronic tax invoice” has been adopted by all taxpayers in Egypt, not just those engaged in e-commerce	The Tax Authority does not have the ability to exchange information electronically and directly with other public institutions

Source: Prepared by the researchers based on the above information.

As can be seen from the table above, Algeria has achieved the “online presence” stage in its tax system by creating a website for the General Directorate of Taxes and launching the “Jabaatik” and “Masahamatak” portals, which help taxpayers file their tax returns electronically. Consequently, Algeria has met the “interaction” criterion in the tax system; However, regarding the “electronic transactions” criterion—which includes electronic verification and direct electronic payment—it has not yet reached this stage. Furthermore, regarding the “integration and consolidation” criterion, the General Directorate of Taxes has not yet reached the stage of obtaining tax information directly from economic operators (banks, real estate agencies, the trade sector,etc.) with whom the specific taxpayer deals.

Meanwhile, regarding Egypt's experience in implementing tax digitization within its tax system, it has somewhat surpassed Algeria in the application of transaction standards, as it established an electronic tax invoice system. This system was inspired by the electronic invoicing used by companies in the e-commerce (B2B). A modification was introduced to link the system to the Egyptian Tax Authority, and this requirement was extended to all taxpayers—not just those in e-commerce—and was implemented in two phases:

In the first phase, on November 15, 2020, 134 companies were required to register in the electronic tax invoice system; in the second phase, beginning April 15, 2021, an additional 347 companies were also required to register in the system. Currently, efforts are underway to require every taxpayer in Egypt to register in the system in order to achieve a complete transition to the digitization of the tax authority, according to a 2021 report by the Arab Monetary Fund on the most advanced Arab countries in the field of tax digitization for tax collection.

It is worth noting that Algeria could introduce an electronic tax invoice system as a mechanism to expand tax digitization, as it would help support electronic tax audit technology and thereby strengthen tax oversight. Initially, it could be applied to commercial companies, specifically regarding the value- , since this tax is levied on turnover—that is, the proceeds from sales. It can be said that its implementation will have an impact in several areas, including:

- Reducing human intervention.
- Compiling all sales and purchase invoices, which will assist the General Tax Directorate in conducting future tax audits.
- comparison between the specific taxpayer and other taxpayers.
- Reducing the costs of tax audits of documents, which an investigator can conduct at the tax office without requesting paper copies or traveling to the taxpayer's registered office.
- Reducing tax risk.

Conclusion

Pursuing the strategic objective of strengthening tax oversight has required the tax administration to focus on other areas, such as voluntary tax compliance, which requires a number of conditions to be met for its effective implementation, including:

Voluntary tax compliance can be defined as the extent to which taxpayers commit to paying and accurately reporting their income, profits, and business figures for each reporting period.

Hypothesis Testing:

Digitization and the development of e-government play a significant role in promoting voluntary tax compliance, which confirms the validity of the first hypothesis.

The tax administration can seek to strengthen voluntary tax compliance, but this does not mean it should abandon the system of penalties and deterrents against certain taxpayers who refuse to fulfill their tax obligations to the government, which confirms the validity of the third hypothesis.

Study Findings:

Providing high-quality services to taxpayers and working to evaluate these services, while giving taxpayers significant attention, recognizing that their role is fundamental within the tax system and not secondary.

Adding another task for the tax administration: producing accurate tax information and ensuring proper control over its use, as well as opening channels of dialogue to clarify how tax laws are applied to taxpayers.

The tax administration must take more effective measures to develop accounting audit techniques, focus on fostering voluntary tax compliance, and enhance the effectiveness of the services it provides to taxpayers.

Tax audit is a crucial component of the tax collection process; therefore, tax audit methods must be modernized and improved by relying on various techniques and mechanisms, including those discussed in this study, as tax supervision and digital tax mechanisms have become among the mechanisms that the tax administration in Algeria should prioritize.

Tax compliance refers to the extent to which taxpayers adhere to the requirement to pay and accurately report their income, profits, and business figures for each reporting period.

Tax compliance is divided into voluntary and enforced tax compliance; in Algeria, taxpayers are most often compelled to pay taxes, resulting in a lack of voluntary tax compliance.

There is a lack of digitization and e-government development in Algeria's tax sector, as evidenced by an analysis of Algeria's ranking among countries worldwide in terms of e-participation and e-government development. However, we cannot overlook the efforts Algeria is making to support and advance digitization, as evidenced by the creation of new administrative bodies, the launch of the "Jabaitak wa Masahmatik" e-portal to facilitate electronic payments for taxpayers, and the website of the General Directorate of Taxes, which aims to improve communication with taxpayers.

Recommendations: Based on the above, we can offer the following recommendations and suggestions:

- To advance digitization and electronic technologies, the Algerian government should enter into international agreements regarding the improvement of tax collection efficiency with countries that have had successful experiences in developing electronic taxation and tax digitization—approaches that have fostered voluntary tax compliance without resorting to traditional deterrents and penalties.

- Improve administrative services by enhancing the material, moral, social, and knowledge-based conditions and capabilities of tax administration staff.
- Simplifying the tax system by imposing uniform tax rates on similar sectors—such as the production and industrial sectors—applying the same tax rate to all to facilitate understanding and implementation, thereby increasing the rate of voluntary tax compliance.
- Convey to taxpayers that they play a significant role in the success of the tax system; this can be achieved through economic and social initiatives designed to boost their morale regarding taxation, thereby encouraging them to pay taxes voluntarily.

Researchers could expand this study by examining points such as:

- Examining the impact of the tax administration's self-assessment on taxpayer behavior and its role in increasing tax revenue.
- Addressing the phenomenon of tax evasion by balancing the imposition of penalties with efforts to strengthen taxpayers' trust in the tax administration.

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