



Volunteer Tax Compliance In The Turkish Tax System (2017-2021)

Assoc. Prof. Dr. Hayriye IŞIK*

*Tekirdağ Namık Kemal University FEAS Department of Public Finance

***Corresponding Author:** Assoc. Prof. Dr. Hayriye IŞIK

*Tekirdağ Namık Kemal University FEAS Department of Public Finance

Abstract

Taxes are the most important source of income in meeting public revenues. The timely and full payment of taxes reveals the concept of tax compliance. There are some problems in Turkey regarding tax compliance. In particular, there are deficiencies in the collection of declaration-based taxes. Taxpayers have various reasons for not paying taxes. These reasons lead to a decrease in the collection of accrued or required taxes.

Keywords: Tax, Tax Compliance, Tax Accrual, Tax Collection.

INTRODUCTION

In order for states to have a qualified tax policy, tax compliance of taxpayers and thus tax revenues should be increased.

Tax compliance is determined by factors such as tax auditing, fines and imprisonment, tax morale, efficiency of tax administration, and tax mismatch can be reduced by changes to be made on these factors.

Considering that there is almost as much tax loss as the tax revenues collected in Turkey, resulting from some of the government's practices (such as exceptions, exemptions, tax incentives), the importance of efforts to increase tax compliance becomes clearer. In this study, the factors affecting tax compliance and the changes in the Tax Accrual/Collection ratio in Turkey in the last five years are discussed. In addition to this, evaluations were made about the provinces with the highest and lowest rates by province-based rankings.

VOLUNTEER TAX COMPLIANCE

The concept of tax compliance can be defined as the taxpayers' full realization of their tax obligations and their timely submission to the relevant authorities (Özpehriz, 2005: 90).

Tax compliance is divided into two as mandatory and voluntary tax compliance, and there are some factors that affect voluntary tax compliance. Knowing these factors affecting taxpayers and reflecting this on tax policies are important points to increase tax compliance and thus tax revenues.

One of the main factors affecting tax compliance, Personal factors affecting taxpayers, include taxpayers' income levels and ability to pay, education levels, tax morale, loyalty to the state, perspectives on political power, family structure and understanding, opinions about other taxpayers, professions, personal characteristics, religious beliefs, compliance of public services with the preferences of taxpayers. When the impersonal factors affecting taxpayers are examined, there are reasons such as the possibility of auditing and the severity of tax penalties (Gürkan, 2021: 15).

The most important source in examining tax compliance in Turkey is the tax collection/accrual rates on a provincial basis. Tax accrual shows the amount of tax that taxpayers living in that

province have to pay on their declared income, and tax collection shows the tax revenues obtained by the public authority from the accrued tax. These data are published by the General Directorate of Public Accounts of the Ministry of Treasury and Finance¹ (Gündem, 2022: 5).

Table 1: General Budget Tax Revenues by Provinces 2017, Top 10 Provinces

Ranking	Provinces	Accrual	Collection	Collection/Accrual (%)
1	Kocaeli	77.553.729.580	72.047.310.085	92,90
2	Tunceli	139.803.579	127.403.393	91,13
3	Mersin	13.384.782.763	11.567.766.456	86,42
4	İzmir	77.917.905.982	67.204.088.236	86,25
5	Rize	1.408.307.533	1.207.115.913	85,71
6	Tekirdağ	7.738.610.212	6.540.034.734	84,51
7	İstanbul	326.484.160.379	275.585.323.811	84,41
8	Hatay	9.172.839.295	7.681.039.984	83,74
9	Ardahan	129.937.858	108.779.967	83,72
10	Edirne	1.398.371.694	1.162.879.715	86,16

Source: General Directorate of Public Accounts of the Ministry of Treasury and Finance (<https://muhasabat.hmb.gov.tr/genel-butce-gelirlerinin-iller-itibariyle-tahakkuk-ve-tahsilati-2004-2019>)

In 2017, Kocaeli ranks first in the collection/accrual ratio among 81 provinces in Turkey in province-based rankings. The most important reason why Kocaeli ranks first in the ranking is the Special Consumption Tax. Special Consumption Tax has a share of approximately 50% among taxes in Kocaeli. Accrual/Collection rate in Special Consumption Tax is 99.1%. While the rate of income tax based on declaration in Kocaeli is 21.6%, it is 36.9% in small business taxation. The province of Tunceli, which ranks second, is among the provinces with the highest tax morale in Turkey. While the rate of income tax based on declaration was 64% in 2017, the rate of corporate tax based on declaration was 34.3%. Considerable attention is paid to factors such as education, which are among the social determinants of tax morale. Tunceli's position in the 2nd place is not a one-off, but has been repeated many times over the years. These provinces are followed by Mersin, Rize, İzmir, Zonguldak, İstanbul, Hatay, Edirne and Kahramanmaraş, respectively.

Table 2: General Budget Tax Revenues by Provinces 2017, Last 10 Provinces

Ranking	Provinces	Accrual	Collection	Collection/Accrual (%)
81	Hakkâri	544.928.569	197.316.108	36,21
80	Van	2.752.791.695	1.071.871.741	38,94
79	Mardin	1.620.757.742	726.367.215	44,82
78	Kilis	304.795.162	153.770.176	50,45
77	Düzce	1.353.979.280	746.007.188	55,10
76	Kırıkkale	599.577.340	335.792.423	56,00
75	Şırnak	663.052.541	374.648.499	56,50
74	Sivas	1.822.805.418	1.031.240.265	56,57
73	Diyarbakır	3.761.557.508	2.155.381.543	57,30
72	Bilecik	572.742.938	351.422.432	61,36

Source: General Directorate of Public Accounts of the Ministry of Treasury and Finance (<https://muhasabat.hmb.gov.tr/genel-butce-gelirlerinin-iller-itibariyle-tahakkuk-ve-tahsilati-2004-2019>)

Hakkari ranks last among the provinces with the lowest collection rate in 2017. Hakkari is followed by the provinces of Van, Mardin, Kilis, Düzce, Kırıkkale, Şırnak, Sivas, Diyarbakır and Bilecik, respectively.

¹ For detailed information, see <https://muhasabat.hmb.gov.tr/genel-butce-gelirlerinin-iller-itibariyle-tahakkuk-ve-tahsilati-2004-2019>

Table 3: General Budget Tax Revenues by Provinces 2018, Top 10 Provinces

Ranking	Provinces	Accrual	Collection	Collection/Accrual (%)
1	Kocaeli	83.594.940.043	77.099.991.922	92,23
2	Tunceli	178.974.922	162.865.626	91,00
3	Rize	1.655.953.299	1.450.645.597	87,60
4	Hatay	13.336.016.015	11.584.619.093	86,87
5	İzmir	93.394.412.426	80.460.905.096	86,15
6	Mersin	16.714.487.719	14.357.904.781	85,90
7	Tekirdağ	10.377.231.054	8.887.321.250	85,64
8	Zonguldak	5.415.654.080	4.578.131.697	84,54
9	İstanbul	389.210.523.109	323.927.223.489	83,23
10	Ardahan	147.554.143	121.536.658	82,37

Source: General Directorate of Public Accounts of the Ministry of Treasury and Finance (<https://muhasebat.hmb.gov.tr/genel-butce-gelirlerinin-iller-itibariyle-tahakkuk-ve-tahsilati-2004-2019>)

In 2018, the only change in the top 10 compared to the previous year is Zonguldak instead of Edirne. As in the previous year, the provinces of Kocaeli and Tunceli take the first two places.

Table 4: General Budget Tax Revenues by Provinces 2018, Last 10 Provinces

Ranking	Provinces	Accrual	Collection	Collection/Accrual (%)
81	Kilis	941.975.986	277.082.231	29,41
80	Mardin	2.079.041.824	956.280.009	46,00
79	Hakkari	647.348.886	309.459.683	47,80
78	Düzce	1.612.506.786	844.476.408	52,37
77	Van	3.465.726.097	1.834.693.935	52,94
76	Diyarbakır	4.385.384.540	2.453.231.769	55,94
75	Kırıkkale	664.231.940	374.974.119	56,45
74	Sivas	2.062.128.232	1.180.064.081	57,23
73	Bilecik	722.196.603	415.646.755	57,55
72	Kırklareli	1.427.190.313	846.307.183	59,30

Source: General Directorate of Public Accounts of the Ministry of Treasury and Finance (<https://muhasebat.hmb.gov.tr/genel-butce-gelirlerinin-iller-itibariyle-tahakkuk-ve-tahsilati-2004-2019>)

Kilis is in the last place in 2018. Just like in the first ten cities, Kırklareli takes places in the ranking, instead of Şırnak, among the last 10 cities. It is noteworthy that some of the cities in the last place are border cities with neighboring countries. The common point of some of the cities in the last place is that they are provinces with high accessibility to informality.

Table 5: General Budget Tax Revenues by Provinces 2019, Top 10 Provinces

Ranking	Provinces	Accrual	Collection	Collection/Accrual (%)
1	Kocaeli	84.145.508.975	76.886.653.265	91,37
2	Tunceli	213.941.390	193.462.639	90,43
3	Mersin	18.642.412.516	16.305.697.344	87,47
4	Rize	1.758.896.518	1.534.296.728	87,23
5	İzmir	106.455.888.584	91.930.152.818	86,36
6	Zonguldak	5.514.282.886	4.689.192.868	85,04
7	Tekirdağ	11.116.558.783	9.429.977.932	84,83
8	Hatay	13.603.295.577	11.442.722.745	84,12
9	K.Maraş	3.252.468.387	2.719.396.361	83,61
10	İstanbul	442.319.232.189	367.093.924.343	82,99

Source: General Directorate of Public Accounts of the Ministry of Treasury and Finance (<https://muhasebat.hmb.gov.tr/genel-butce-gelirlerinin-iller-itibariyle-tahakkuk-ve-tahsilati>)

Kahramanmaraş, which is not in the top 10 in the previous year, is in the top 10 instead of Ardahan in 2019. In Kahramanmaraş, collection/accrual rates are 81.4% in income tax, 82.3% in corporate tax, and 77.1% in property taxes in 2019.

Table 6: General Budget Tax Revenues by Provinces 2019, Last 10 Provinces

Ranking	Provinces	Accrual	Collection	Collection/Accrual (%)
81	Kilis	1.553.650.565	1.689.441.097	17,26
80	Mardin	2.531.428.212	1.218.202.117	48,12
79	Van	3.239.542.469	1.605.998.182	49,57
78	Düzce	1.805.482.008	926.612.157	51,32
77	Hakkari	746.801.989	389.464.793	52,15
76	Bilecik	807.112.749	449.722.869	55,72
75	Kırıkkale	796.364.563	445.421.376	55,93
74	Yozgat	1.025.178.044	587.575.219	57,31
73	Sivas	2.234.021.178	1.289.206.657	57,71
72	Kırklareli	1.689.441.097	980.763.770	58,05

Source: General Directorate of Public Accounts of the Ministry of Treasury and Finance (<https://muhasebat.hmb.gov.tr/genel-butce-gelirlerinin-iller-itibariyle-tahakkuk-ve-tahsilati>)

The only change in the ranking of the last 10 cities in 2019 compared to the previous year is that Yozgat is replaced by Diyarbakır. The most important problems encountered in these provinces are income tax based on declaration and corporate tax based on declaration. For example, in Mardin, the income tax accrual/collection rate based on declaration is 10%, while the corporate tax accrual/collection rate based on declaration is 13.2%. In Kilis, the same rates are 13.5% and 23.6%, respectively.

Table 7: General Budget Tax Revenues by Provinces 2020, Top 10 Provinces

Ranking	Provinces	Accrual	Collection	Collection/Accrual (%)
1	Kocaeli	104.719.187.309	95.730.584.484	91,42
2	Tunceli	246.639.948	218.756.079	88,69
3	Mersin	23.785.547.754	20.535.320.108	86,34
4	Rize	2.157.487.433	1.838.426.235	85,21
5	İzmir	121.182.492.456	103.142.884.970	85,11
6	Zonguldak	6.658.471.237	5.558.203.019	83,48
7	İstanbul	539.128.532.572	444.381.145.461	82,43
8	Hatay	16.348.888.308	13.354.249.252	81,68
9	Edirne	2.369.790.944	1.935.357.643	81,67
10	Kahramanmaraş	3.790.336.460	3.060.771.754	80,75

Source: General Directorate of Public Accounts of the Ministry of Treasury and Finance (<https://muhasebat.hmb.gov.tr/genel-butce-gelirlerinin-iller-itibariyle-tahakkuk-ve-tahsilati-2004-2019>)

The only change in the ranking of the top 10 cities in 2020 compared to the previous year is that Tekirdağ is replaced by Edirne. The first 6 cities are the same in the ranking compared to the previous year. The share of these 10 cities in total collection is 66.81%.

Table 8: General Budget Tax Revenues by Provinces 2020, Last 10 Provinces

Ranking	Provinces	Accrual	Collection	Collection/Accrual (%)
81	Kilis	1.701.580.040	338.677.646	19,90
80	Mardin	3.472.446.111	1.660.488.872	47,82
79	Yozgat	1.278.692.364	653.471.621	51,10
78	Düzce	2.237.479.105	1.165.969.732	52,11
77	Van	3.566.522.877	1.867.518.807	52,36
76	Hakkari	813.876.599	426.573.110	52,41
75	Bilecik	964.075.514	530.803.486	55,06
74	Kırıkkale	928.312.542	518.308.071	55,83
73	Batman	1.725.846.770	964.046.404	55,86
72	Kırklareli	1.900.688.727	1.084.640.548	57,07

Source: General Directorate of Public Accounts of the Ministry of Treasury and Finance (<https://muhasebat.hmb.gov.tr/genel-butce-gelirlerinin-iller-itibariyle-tahakkuk-ve-tahsilati-2004-2019>)

Kilis is in the last place in the province-based ranking in 2020. The collection rate of Kilis is approximately 28 points lower than even the province of Mardin, which is in the 2nd place from

the last. These provinces are followed by Yozgat, Düzce, Van, Hakkari, Bilecik, Kırıkkale, Batman and Mardin respectively.

Table 9: General Budget Tax Revenues by Provinces 2021, Top 10 Provinces

Ranking	Provinces	Accrual	Collection	Collection/Accrual (%)
1	Kocaeli	122.075.553	110.216.808	90,3
2	Mersin	31.925.482	27.601.086	86,5
3	Zonguldak	10.144.898	8.707.121	85,8
4	Tunceli	239.972	202.757	84,5
5	Hatay	28.753.143	24.029.659	83,6
6	İzmir	161.611.224	133.091.283	82,4
7	İstanbul	641.225.134	518.834.880	80,9
8	Çanakkale	4.817.098	3.850.304	79,9
9	K.Maraş	4.755.360	3.739.114	78,6
10	Samsun	8.808.330	6.892.633	78,3

Source: General Directorate of Public Accounts of the Ministry of Treasury and Finance (<https://muhasebat.hmb.gov.tr/genel-butce-gelirlerinin-iller-itibariyle-tahakkuk-ve-tahsilati-2004-2019>)

In 2021, Çanakkale and Samsun provinces are on the list instead of Rize and Edirne provinces compared to the previous year.

Table 10: General Budget Tax Revenues by Provinces 2021, Last 10 Provinces

Ranking	Provinces	Accrual	Collection	Collection/Accrual (%)
81	Kars	2.594.950	463.690	17,9
80	Kilis	1.580.480	297.190	18,8
79	Mardin	2.582.115	562.506	21,8
78	Şırnak	1.007.920	311.322	30,9
77	Hakkari	836.514	361.116	43,2
76	Sakarya	5.107.049	2.301.818	45,1
75	Yozgat	1.584.437	748.777	47,3
74	Diyarbakır	7.086.684	3.606.153	50,9
73	Batman	1.943.296	993.023	51,1
72	Kırıkkale	1.012.522	524.894	51,8

Source: General Directorate of Public Accounts of the Ministry of Treasury and Finance (<https://muhasebat.hmb.gov.tr/genel-butce-gelirlerinin-iller-itibariyle-tahakkuk-ve-tahsilati-2004-2019>)

Kars is in the last place in 2021. Kilis province is in the second place from the last in the collection rate of Kilis province. These provinces are followed by Mardin, Şırnak, Hakkari, Sakarya, Yozgat, Diyarbakır, Batman and Kırıkkale respectively.

CONCLUSION

In the province-based rankings, it is observed that the provinces that take the first and last places have not changed much in recent years, except for a few exceptional changes. The fact that there are issues such as sociological and tax payment motivation besides the economic dimensions of the tax payment habit should not be ignored. The low level of inspections carried out in our country and the fact that the penalties imposed do not have a deterrent feature may cause these behavior patterns. In this regard, increasing both the frequency of inspection and the amount of fines and ensuring that they have a deterrent feature may prevent these kind of behaviors. However, it is essentially the narrowing of the areas of taxpayers to exhibit criminal behaviors or the implementation of regulations aimed at preventing crime and taking the necessary measures to ensure full compliance of taxpayers with taxation.. The province-based evaluation of the analysis of tax payment habits with both economic, demographic and socio-cultural factors will contribute to both the top and the last of the province rankings.

REFERENCES

- Ali, M., O-H. Fjeldstad, and I. Sjørusen. 2013. "To Pay or Not to Pay? Citizens' Attitudes toward Taxation in Kenya, Tanzania, Uganda, and South Africa." *World Development* 64: 828–42
- Bergman, M. , 1998. Criminal law and tax compliance in Argentina: Testing the limits of deterrence. *International Journal of the Sociology of Law*, Volume 26, pp. 55-74.
- CATA, 2012, Self-assessment: Issues and Challenges, 33rd CATA Annual Technical Conference of the Commonwealth Association of Tax Administrators in Floriana, Malta, October 2012.
- Commonwealth of Australia (Address by Second Commissioner, M. D'Ascenzo), 1993, Selfassessment: The ATO perspective, Address to the National Convention of the Taxation Institute of Australia, May 9, 1993.
- Commonwealth of Australia, 2004, Report on Aspects of Income Tax Self-Assessment, August 2004, Commonwealth of Australia, Canberra.
- Commonwealth of Australia (Statement by the Treasurer, Peter Costello), 2004, Outcome of the Review of Aspects of Income Tax Self-assessment, December 2004, Commonwealth of Australia, Canberra
- Doğan, G. (2021) Türkiye'de gönüllü vergi uyumunu etkileyen faktörler (yayınlanmamış yüksek lisans tezi) Aydın Adnan Menderes Üniversitesi Sosyal Bilimler Enstitüsü, Aydın
- Dubin, J. A., Graetz, M. A., & Wilde, L. L., 1987. Are we a nation of tax cheater?: New econometric evidence on tax compliance.. *American Economic Review*,, pp. 240-245..
- Eriksen, K and Fallan, L. , 1996. tax knowledge and attitude towards taxation' ,. *journal of economic psychology*, , Volume 17, pp. 387- 402.
- Evans, C. , 2003. Studying the Studies: An Overview of Recent Research into Taxation Operating Costs. *Journal of Tax Research* , pp. 64-92.
- Fauvelle & Aymar, C. 1., 1999. The political and tax capacity of government in developing countries.. p. 39-413
- Gündem, F. (2022). Türkiye'de Vergi Uyumu ve Mekansal Farklılıklar, 2013-2020 . *Fiscoeconomia* , 6 (3) , 1433-1456 . DOI: 10.25295/fsecon.1094397
- Özperhiz, Niyazi. "Vergi Uyumu ve Ülkemizde Vergi Uyumunun Artırılmasına Yönelik Öneriler", *Vergi Dünyası Dergisi*, Sayı:283, Mart, 2005, ss.90-94.
- Prichard, W. 2010. "Taxation and State Building: Towards a Governance Focused Tax Reform Agenda." Working Paper No. 341, Institute of Development Studies, Brighton, UK.
- Prichard, W. 2015. *Taxation, Responsiveness and Accountability in Sub-Saharan Africa: The Dynamics of Tax Bargaining*. Cambridge, UK: Cambridge University Press.
- Prichard, W. 2020. "Tax, Politics, and the Social Contract in Africa." In *Encyclopedia of African Politics*, edited by N. Cheeseman. Oxford, UK: Oxford University Press
- Riahi-Belkaoui, A , 2004. Relationship between tax compliance internationally and selected determinants of tax morale.. *Journal of International Accounting, Auditing and Taxation*, pp. 135-143..
- Richardson, G. , 2006. Determinants of tax evasion: A cross-country investigation.. *Journal of International Accounting, Auditing and Taxation* , 15(2), pp. 150-169. .
- Richardson, G. , 2006. The impact of tax fairness dimensions on tax compliance behaviour in an Asian jurisdiction: The case of Hong Kong. winter. *International Tax Journal*, pp. 29- 4
- Slemrod, J., Blumenthal, M., and Christian, C., 2001. Taxpayer response to an increased probability of audit: evidence from a control experiment in Minnesota, *Journal of Public Economics*. Volume 79, pp. 455-483.

- Smith, K.W. and Kinsey, K. A., 1987. Understanding taxpaying behavior: a conceptual frame work with implications for research. *Law and Society Review*,. Volume 21.
- Snavely, K. , 1990. Governmental policies to reduce tax evasion: coerced behavior versus services and values development.. *Policy Sciences*, Volume 23, pp. 57-72.
- Touchton, M., B. Wampler, and T. Peixoto. 2019. "Of Governance and Revenue: Participatory Institutions and Tax Compliance in Brazil." Policy Research Working Paper 8797, World Bank, Washington, DC.
- van den Boogaard, V., W. Prichard, R. Beach, and F. Mohiuddin. Forthcoming. "Enabling Tax Bargaining: Supporting More Meaningful Tax Transparency and Taxpayer Engagement in Ghana and Sierra Leone." *Development Policy Review*. World Bank. 2017. *World Development Report 2017: Governance and the Law*. Washington, DC: World Bank

<https://muhasebat.hmb.gov.tr/genel-butce-gelirlerinin-iller-itibariyle-tahakkuk-ve-tahsilati-2004-2019>