

Determinants of tax evasion: Empirical evidence from Libya

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ABSTRACT

The issue of tax evasion has always presented a challenge to policymakers in governments all over the world. A developing country's economic stability is almost entirely reliant on taxes and aid from other nations. Effective tax collection and capable tax administration are necessary to generate a sufficient amount of tax revenue. It would be possible to lessen the negative effects brought on by a decrease in tax revenue if governments in both developing and developed nations could better understand the factors that contribute to tax evasion and find effective ways to combat those factors. Numerous economic factors that affect tax evasion behavior have been mentioned in prior literature. However, research on the impact of tax evasion behavior in the Libyan context is lacking. Given this context, the current study, which empirically investigates the effect of education level, tax rate, and penalty rate on tax evasion behavior among self-employed taxpayers in Libya, will likely aid in shedding lighter on the causes of tax evasion. The data is gathered quantitatively by using a questionnaire. This study made use of the SPSS statistical package for social sciences. A framework for the proposed relationship between tax amnesty, educational attainment, tax and penalty rates, and tax evasion among self-employed taxpayers is what this study aims to achieve. The current study adds to the body of theoretical knowledge by highlighting the influences on the relationship between economic factors and tax evasion in Libya.

Keywords: Education level, Tax rate, Penalty rate, Tax evasion, Libya context.