A Research on Students ' Tax Compliance: Case OF European University of Lefke

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Abstract
The main aim of this study is to investigate the tax compliance of Turkish university students in Northern Cyprus in which the European University of Lefke (EUL). According to this context, the factors which influence these students' level of the volunteering to pay taxes, awareness and creating tax compliance were investigated.
Keywords: University Student, Tax compliance, EUL, Northern Cyprus, Research

Introduction
Governments, in any case, need to earn revenue to finance their own expenditures. At the top of income sources of the state comes the tax collected from the citizens, institutions and organizations. Though, to sustain the income from taxes a public tax compliance is required. Failure to have an awareness of taxes, the national economy and social welfare are adversely affected.

Tax compliance does not have a single generally agreed on definition. However, considering the common point of different definitions of tax awareness the key word "voluntariness "emerges. Of course, it is the awareness that creates the phenomenon of volunteering (Dornstein , 1987 , p . 59). Thus, the citizens, in the country as individuals or as institutions and organizations, need to recognize the relation between taxes and the providence of education as well as internal and external security and the judiciary as government services (Savaşan and Odabaş, 2005, p . 8) , and hence become conscious volunteers to tax payments (Akdoğan , 2005, p . 180; Taytak , 2010, p . 498) . However, there are factors that could adversely affect volunteerism, the basis of tax compliance. Taking into account these factors, it is not possible to create tax awareness.

Organ and Yegen (2013) study illustrates factors of the tax awareness of individual and environmental. " Individual factors, such as, subjective tax burden, other taxpayers' attitudes, devotion and trust towards the state, viewpoint on political power, religious beliefs, age, gender, family scale, marital status, education level, racial characteristics, profession and the taxpayers thoughts on public spending can be listed. Environmental factors on the other hand are the, tax amnesties, the complexity of the tax system and the frequent changes in tax legislation, the effectiveness of tax administration, tax audit activity, tax rates, and the impact of the accounting profession. It is seen that there are a lot of individual as well as environmental factors affecting the tax awareness and tax ethics of individuals (Şahpaz and Saruç, 2012, p. 75).

Methodology
As cited above the main aim of the study is to research the tax compliance of university students in Northern Cyprus in which the European University of Lefke (EUL) is taken as the case study. Th total number of students registering for the academic year of 2012-2013 in EUL is 3406. Among this number the nationalities of Turkish, Turkish Cypriot and foreign are 2414, 379 and 613 respectively. In this study, Turkish and Turkish Cypriot students totalling 2793 are selected as the population of the research. According to Sekaran (2003, pp. 293-94), sample size of 338 is seen as appropriate for the population size of 2800. Thus, the study is done with participation of EUL students mentioned during January 2013 accordingly. By using convenience sampling and face to face interview methods 569 valid questionnaires are obtained. The questionnaire developed by utilizing the study of Ömürbek *et al.*(2007) is composed of 3 sections. Section 1 enquired the demographic situation of the interviewed such as, sex, nationality, occupation of father, occupation of mother, average monthly income of family, average monthly spending of student and falimy's place of residence while Section 2 including 16 questions measured the perception of the interviewed to tax compliance by using 1(strongly disagree) to 5(strongly agree) Likert scale. Moreover, section 3 consisting of 10 questions measured the perception of the interviewed to the factors influencing tax compliance by using the same Likert scale of section 2.
The basic analysis and tests utilized in the study include percentage analysis, "one sample *t* test", "independent-samples t tests", "One-Way ANOVA test", and "reliability analysis" Percentage analysis is used to present personal and demographic findings. "One sample *t* test" as the statistical method used to determine the degree of respondents' perception will reflect respondents' tax acompliance and factors inluencing tax compliance. The respondents' perception of each element is represented by the average (arithmetic mean) score calculated according to five-point Likert scale.
Final part of the study is devoted to determine the impact of demographic variables on the respondents' tax compliance and factors influencing tax compliance e using analysis of variance. In this respect, "Independent-Samples t test" and "One-Way ANOVA test" were used to determine if the means of factors varied among different demographic characteristics.

Findings and Discussions
The basic findings related to demographic characteristics of respondents examined in the survey are given in Table 1. Male interviewed are 51,4% , and 87% are Turkish students. Almost half of the students' fathers have the profession of officer while the majority of their mothers are housewife. 74 % of average monthly family income of students are 4000TL and

below while 80 % of monthly student income are 1000TL and below. Furthermore, majority of students have families residing in cities.

Table 1
Demographic Findings

Characteristics	Category	Percentage
Gender	Male	59,4
	Female	40,6
Nationailty	Turkish Cypriot	13
	Turkish	87
The profession of Father	Worker	13,2
	Officer	48,0
	Artisan	16,0
	Unemployed	1,6
	Self-employed	21,3
The profession of Mother	Housewife	60,5
	Worker	6,7
	Officer	27,1
	Artisan	2,5
	Unemployed	1,8
	Self-employed	1,6
Monthly family income (TL)	0-2000	29,3
	2001-4000	45,0
	4001-6000	17,4
	6001-8000	5,6
	8001 and above	2,6
Monthly income of the student (TL)	0-1000	80,1
	1001-2000	16,3
	2001-3000	1,6
	3001-4000	1,2
	4001 and above	0,7
Family's place of residence	City	65,4
	District	27,4
	Town	2,1
	Village	3,3

One-Sample T test is used to measure the attitudes of students towards tax consciousness (Table 2). 569 respondents were asked to grade 16 statements and the average of 1-5 grading is considered. This may be evaluated as the variable with highest average grade is defined as the most positive or negative attitude towards tax consciousness According to One-Sample T test 12 out of 16 factors have statistically higher average than 3 in their average value ($p < 0.05$). 4 variables having average less than 3 indicate negative attitude towards the relevant statements.

Table 2
One-Sample Statistics and Test for for Variables Measuring EUL Students' Tax Consciousness

Variables	Mean	Standart Deviation	Sig. (2-tailed) Test Value = 3 (*p*)
Unrecorded economy has large size due to high tax burden	3,72	1,20	0,000
Taxation is a legal issue	3,64	1,19	0,000
Tax is a part of social responsibility	3,63	1,39	0,000
Today's unpaid taxes increase the tax and debt burdens of future generations	3,60	1,31	0,000
Tax is a sacred duty of citizenship	3,49	1,36	0,000
Authorities can not collect enough tax revenue due to high tax rates	3,44	1,37	0,000
As a taxpayer I am aware of all of the taxes paid.	3,38	1,16	0,000
State services will not be provided properly if I do not pay taxes in a correct way	3,37	1,26	0,000
Taxation is a moral issue	3,36	1,26	0,000
The news of corruption are the cause of avoiding paying taxes	3,27	1,27	0,000
Taxpayers naturally avoid paying taxes due to high tax rates.	3,18	1,27	0,001
Tax legislation is very complex and difficult to understand	3,17	1,24	0,001
Tax is an obstacle for private investments.	2,86	1,24	0,006
I have enough knowledge about tax legislation	2,67	1,12	0,000
I believe that state optimally allocates our tax payments	2,54	1,34	0,000
There is a fair taxation system in our country	2,34	1,29	0,000

Scale values: 1=strongly disagree, 2= disagree, 3= indecisive, 4=agree, 5=strongly agree
Given the statements above, negative aspects of tax consciousness condensed in Table 3 should be handled carefully.

Table 3
Negative Aspects of Tax Consciousness for EUL Students

• High tax rates negatively affect unrecorded economy and the ability and capacity of government tax collection
• Inverse relationship is observed between corruption and the willingness of avoiding tax payments
• Complexity and difficulty of tax legislation should be revised to enable better understanding of taxpayers
• Authorities should have a strategic plan of making taxpayer knowledgeable about tax legislation
• Tax consciousness necessitates transparancy and accountability in order to convince taxpayers that taxation sysytem is structured fairly and tax payments are allocated rationally.

Overall alpha coefficient as the reliability analysis for the scale used to measure tax consciousness of EUL students is 0.657. Even though this number is not interpreted as unacceptable, George and Mallery (2003,p.231) asserts that it questionable (> .6). On the other hand, According to Cicchetti (1994), reliability coefficient of [60 ≤ r < .75 (good)] is suggested as good.

In addition to measuring tax consciousness, One-Sample T test is also used to determine The factors affecting the formation of tax consciousness (Table 4). 569 respondents were simultaneously asked to grade 10 statements and the average of 1-5 grading is considered. This may be evaluated as the variable with highest average grade is defined as the most effective factor creating tax consciousness. One-Sample T test shows that all factors have statistically higher average than 3 in their average value ($p < 0.05$). The most effective factors on creating tax consciousness are "More transparent and accountable public administration", "A fair tax reform", "To have a clear knowledge of where and how the tax revenues are used", "Increase in the level of education of the society", and "Family education and school education "respectively.

Table 4

One-Sample Statistics and Test for for Variables Creating Tax Consciousness of EUL Students

Variables	Mean	Standart Deviation	Sig. (2-tailed) Test Value = 3 (*p*)
More transparent and accountable public administration	3,91	1,15	,000
A fair tax reform	3,91	1,08	,000
To have a clear knowledge of where and how the tax revenues are used	3,83	1,39	,000
Increase in the level of education of the society	3,72	1,18	,000
Family education and school education	3,65	1,11	,000
Organizing symposia and congresses in the media in order to stress that tax payment is a civic duty	3,46	1,17	,000
Making citizens knowledgeable about the results of economic and financial policies	3,38	1,11	,000
Severe criminal sanctions	3,31	1,23	,000
Increase in the income level of the society	3,29	1,30	,000
Advertising campaigns	3,28	1,24	,000

Scale values: 1=strongly disagree, 2= disagree, 3= indecisive, 4=agree, 5=strongly agree

Overall alpha coefficient as the reliability analysis for the scale used to measure tax consciousness of EUL students is 0.777 commented as excellent according to Cicchetti (1994).

According to "Independent-Samples t test" and "One-Way ANOVA test", no statistical relationships between tax consciousness and effective factors on tax consciousness and demographic characteristics were determined.

Conclution

In this study, attitude EUL Turkish students towards tax consciousness and Variables Creating their Tax Consciousness have been researched. Negative aspects of tax consciousness that should be handled carefully are as follows:

- High tax rates negatively affect unrecorded economy and the ability and capacity of government tax collection
- Inverse relationship is observed between corruption and the willingness of avoiding tax payments
- Complexity and difficulty of tax legislation should be revised to enable better understanding of taxpayers
- Authorities should have a strategic plan of making taxpayer knowledgeable about tax legislation
- Tax consciousness necessitates transparancy and accountability in order to convince taxpayers that taxation sysytem is structured fairly and tax payments are allocated rationally.

Given the negative aspects of tax consciousness above the most effective factors on creating tax consciousness are revealed to "More transparent and accountable public administration","A fair tax reform", "To have a clear knowledge of where and how the tax revenues are used", "Increase in the level of education of the society", and "Family education and school education " respectively.

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