

INSTITUTIONAL STRUCTURE IN TAX INSPECTION: A CASE STUDY OF TURKEY

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ABSTRACT

Tax inspections in Turkey were carried out until 2011 by Inspection Board of Finance, Account Experts Board, Department of Revenue Controllers, and tax auditors under the 29 directorates of tax administration without coordination between them. Subsequently, as a result of bringing together the central tax inspectors and provincial tax auditors who have served within these units under the same umbrella of the Turkish Tax Inspection Board, it is needed to identify the problems and to develop solutions for these problems by revealing the changes and developments in tax inspections related to the institutional structure. The main objective of this study is to identify the problems related to the institutional structure of tax inspections in Turkey and to offer solutions for these problems. In this context, this study was conducted with a qualitative research method. Research data was obtained through semi-structured interviews with a total of 36 participants, consisting of 8 taxpayers, 11 members of the accounting profession, and 17 tax inspectors. Based on the questions of research, the findings are defined and interpreted. The revealed findings are gathered under 4 themes including; single-headedness and unification in tax inspections, selection, rising process, and training of tax inspectors, evaluation of tax inspectors' performance and being audited of tax inspectors.

Keywords: Tax Inspection, Qualitative Research, Interview Technique

VERGİ İNCELEMELERİNDE KURUMSAL YAPI: TÜRKİYE'DE BİR DURUM ÇALIŞMASI

ÖZ

Türkiye'de vergi incelemeleri, 2011 yılına kadar Maliye Teftiş Kurulu, Hesap Uzmanları Kurulu, Gelirler Kontrolörleri Daire Başkanlığı ve 29 vergi dairesi başkanlığı bünyesindeki vergi denetmenleri tarafından aralarında eşgüdüm olmaksızın yapılmaktaydı. Sonrasında bu birimlerde görevli olan merkezî ve taşra denetim elemanları Vergi Denetim Kurulu Başkanlığı çatısı altında birleştirildi. VDK sonrasında vergi incelemelerindeki kurumsal yapıya ilişkin sağlanan değişim ve gelişimin ortaya çıkarılarak sorunların tespit edilmesi ve bu sorunlara yönelik çözüm önerilerinin geliştirilmesi ihtiyacı bulunmaktadır. Bu araştırmanın temel amacı, Türkiye'deki vergi incelemelerinin kurumsal yapısına ilişkin sorunları belirlemek ve bu sorunların giderilmesine yönelik çözüm önerileri getirmektir. Bu kapsamda, çalışma, nitel araştırma yöntemi ile

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*This study is derived from "Problems and Solution Proposals in Tax Audit: A Case Study of Turkey" entitled doctoral thesis, This doctoral thesis was supported by Anadolu University Scientific Research Projects Commission/SRPC (ID Number: 1601E003). We thank Anadolu University SRPC for its support. It was presented orally at the 34th International Public Finance Conference (April, 24-27, 2019, Antalya/Turkey) and its text was presented in Proceedings Book of the Congress with e-ISBN Number e-ISBN: 978-605-07-0704-5/DOI:10.26650/PB/SS10.2019.001.

Received/Geliş: 31/10/2020 Accepted/Kabul: 26/12/2020, Research Article/Araştırma Makalesi

Cite as/Alıntı: Üyümez, M.E., Yılmaz, A.O., Ünlüer, S. (2020), "Institutional Structure in Tax Inspection: A Case Study of Turkey", Çukurova Üniversitesi Sosyal Bilimler Enstitüsü Dergisi, cilt 29, sayı 4, s.373-388.

gerçekleştirilmiştir Araştırma verileri, 8 vergi mükellefi, 11 muhasebe meslek mensubu (Yeminli Mali Müşavir ile Serbest Muhasebeci Mali Müşavir) ve 17 vergi müfettişinden oluşan toplam 36 katılımcı ile yapılan yarı yapılandırılmış görüşmeler aracılığıyla elde edilmiştir. Çalışmada araştırma soruları temel alınarak bulgular tanımlanmış ve yorumlanmıştır. Ortaya çıkarılan bulgular; vergi incelemelerinde tek başlılık ve birleşme, vergi müfettişlerinin seçimi, yetiştirme süreci ve eğitimleri, vergi müfettişlerinin performanslarının değerlendirilmesi ile vergi müfettişlerinin denetlenmesi şeklinde 4 tema altında toplanmıştır.

Anahtar Kelimeler: Vergi İncelemesi, Nitel Araştırma, Görüşme Tekniği

Introduction

Tax is one of the essential sources of revenue that the state receives gratuitously from natural and legal persons to fund its activities, based on its sovereign power (Oktar, 2019, p. 2). In today's tax understanding, taxes are generally levied upon notification. Through their tax administrations and other institutions, states shall take the necessary measures to ensure that the obligations of taxpayers are regularly, entirely, and accurately fulfilled. (Shoup, 1969, p. 12). Taxpayers' statements must be reliable in order to comprehend the tax base completely. Therefore, we need to check the tax statements and the records based on the tax statements. The most effective method of achieving this is the tax inspection (Turhan, 1979, p. 73). During the tax inspections, it is not targeted that all taxpayers are subject to complete examination and audit within a particular time. It can be said that one of the main objectives of the tax inspection is to ensure tax compliance for other taxpayers who are not audited as a result of the control and effectiveness provided by the tax inspection. States, therefore, need a reliable and effective tax inspection system to be able to bring the informal economy under control, to ensure that all taxpayer statements are correct, to increase the harmonization of taxpayers with tax, and to collect more tax revenue. (Yılmaz, 2019, p. 1,4).

Tax inspections in Turkey were carried out, without coordination with each other, by the Inspection Board of Finance, the Account Experts board, the Department of Revenue Controllers, and tax auditors under the 29 directorates of tax administration until 2011. With the legal amendment made on 07/10/2011, the central and provincial tax inspection units were merged under the title of the "Turkish Tax Inspection Board" (Decree-Law No. 646). As a result of bringing together of all tax inspection units within the TTIB, tax inspections have started to be conducted from a single center. The establishment of TTIB brought with it radical organizational change both in the organizational structure of the Ministry of Finance and in the Turkish tax inspection system. (Bakır, 2012, p. 82).

As can be understood from the analysis of the literature, much of the research on tax inspection is composed of quantitative studies conducted by the survey technique. Some of these studies are summarized below. According to Çoban's (2004) study, the vast majority of respondents (86.7%) stated that tax evaders were less likely to be caught. The lack of adequate tax inspection has been shown as one of the main reasons for this situation. Aslan (2008), In case of failure to maintain effective control over taxpayers, it has been observed that taxpayers may act in the direction of failing to meet their obligations. According to Savaşan, Şahbaz, and İnce (2014), $\frac{3}{4}$ of the respondents think that TTIB should be independent. It has been determined that the structuring of the TTIB as A, B, C, and D departments of the tax inspection group may prevent singularity. It has also been revealed that this partition in the departments of the tax inspection group may

hinder the formation of the organizational culture. In the study conducted by Organ and Çavdar (2017), it has been concluded that; information technology has not been used enough in audits; tax inspectors are unable to specialize in their own fields because there is no internal and external audit distinction in the TTIB structuring; the limits of authority among tax inspectors are uncertain.

When we look at the literature, it can be said that it is unlikely to obtain detailed information on tax issues as a result of quantitative studies in which the survey technique is mainly used. In the literature, it is observed that there is a minimal number of studies using the qualitative research method relating to tax. Bakır (2012), found that tax inspectors from the four audit units (Inspection Board of Finance, Account Experts Board, Department of Revenue Controllers, and tax auditors offices) that existed before the TTIB could not be integrated under the single identity of “tax inspector” and that tax inspectors could not internalize the new identity; hence, the expected objectives of tax inspections could not be achieved. Besides, as a result of the incorporation of the former inspection units into the TTIB, it has been determined that a unit carrying out administrative inspections and investigations did not exist any longer within the state organization. According to Beşel's study (2017), a new organizational culture and a sense of belonging among tax inspectors have not yet been established after the formation of the TTIB. Together with the TTIB, it has been seen that discrimination continued in favor of the former central tax inspectors. It has been determined that the training of the assistant tax inspectors for implementation is not satisfactory. Bişgin (2018), found that tax examinations conducted with frequent intervals lead to the idea that the possibility of an inspection may become widespread among the members of the accounting profession and the taxpayers. Researcher also discovered that frequent tax inspections would improve tax compliance for taxpayers and members of the accounting profession.

When the studies in the literature were assessed, it was observed that there was no qualitative research on the institutional structure in tax inspections in a way that included tax inspectors, members of accounting profession (Sworn-in CPA with CPA), and taxpayers. For this reason, there is a need for a study to understand and reveal the existing situations in the new organizational structure established as a result of the unification of the former central and provincial tax inspectors under a single umbrella as TTIB. With the founding of the TTIB, it is necessary to identify the problems and recommendations for solutions to these problems by revealing the change and development provided in the institutional structure of the tax inspections.

Starting from this point, it is aimed in this study to determine the problems related to the institutional structure in tax inspections in the context of the opinions of the participants consisting of tax inspectors, members of the accounting profession (Sworn-in Certified Public Accountant and Certified Public Accountant), and taxpayers, and to offer solutions for solving the problems. Depending on this general purpose, the research questions are as follows:

- 1-What is the institutional structure in tax inspections?
- 2-How do the respondents assess the unification of the former central and provincial tax audit units under the umbrella of the TTIB?
- 3-What are the developments and changes in the institutional structure of tax inspections?

4-What are the solutions for the problems in the institutional structure of the TTIB?

The results which came out in the field of study will be made available to scientists, especially tax administration, tax inspectors, taxpayers, members of the accounting profession. Furthermore, the findings obtained from this study are expected to serve to contribute to the field of study in which limited research findings are generated.

Method

Research Model

Since, in this study, it is aimed to determine in detail the situations about the problems encountered in the institutional structure in tax inspections in Turkey in its natural environment, the qualitative research method has been used. One of the patterns of this method is the case study. In a case study, the researcher focuses on a case or cases to thoroughly understand and investigate the phenomenon (Yin, 2003, p. 26-27; Stake, 2008: 121). In order to obtain in-depth information on the subject of the study by using various data collection techniques over a specific time, this research has been patterned as a case study.

Research Environment and Participants

In this study, snowball sampling, which is one of the purposeful sampling methods, was applied. In snowball sampling, it is essential to identify individuals or situations that may be a valuable source of information for the purpose (problem) of the research. While, in every step of this process, interviews are conducted, it is attempted to reach people in a chained manner who may be more knowledgeable in the next step. Thus, the data obtained as the research activities continue, grow, and progress in a snowball form (Sönmez and Alacapınar, 2018, p. 174-177). A total of 36 participants; including 17 tax inspectors working in different departments of tax inspection group in Ankara; 11 members of accounting profession (6 of which are CPA and 5 of which are Sworn-in CPA), and 8 taxpayers participated in this study. When the data obtained from the interviewees began to become repetitive and the acquisition of new data decreased, the interviews were terminated with the approval of the validity and reliability committee. In this study, interviews with participants were conducted between 11/01/2016 and 03/29/2017.

Data Collection

In the case studies, the data is not ubiquitous, waiting to be collected by the researcher. The researcher is in a state of interaction with data from different sources using data collection techniques during the data collection process (Glesne, 2015, p. 63). For the collection of data in qualitative research, mostly interview techniques are used (Denzin and Lincoln, 2005, p. 10). In addition to the interview technique, non-participant observation, archival records, and document review data collection techniques were also utilized in the research. During the data collection process of the study, interviews were conducted with tax inspectors, members of the accounting profession, and taxpayers using semi-structured interview questions. These interviews have been carried out in the form of face-to-face, email, and telephone. Participant numbers and interview duration according to the participant groups are given in Table 1 below.

Table 1. Participants and Interview Times*

| Participants | Number (person) | Time (min./hour) |
|---|------------------------|-------------------------|
| 1 Tax Inspectors | 17 | 1.347/22,45 |
| 2 Member of The Accounting Profession (Sworn-in CPA & CPA) | 11 | 872/14,53 |
| 3 Taxpayers | 8 | 364/6,07 |
| Total | 36 | 2.583/43,05 |

*See for details of the data collection chart, Yılmaz, 2019: 118-119

In this research, more than 40 interviews were conducted with 36 participants. The data was recorded using a voice recorder during face-to-face interviews. The total duration of the interviews is 2,583 minutes (43.05 hours).

Data Analysis

Content analysis was used in the interpretation of the data obtained in this research. The process of content analysis of qualitative data is an inductive structure in terms of configuration. In content analysis, concepts and themes are explored by examining the data in depth. At the beginning of the analysis, the goal was to subdivide (encode) the data, the ultimate goal, however, is to create a broader, unified, and holistic structure (Marshall and Rossman, 2006, p. 156-165; Gibbs, 2008, p. 38, 78). The process of data analysis started simultaneously with the collection of data in the field. The researcher, at this stage, developed his thoughts and analysis by taking evocative notes and keeping a reflective research diary on interviews. Research diaries have helped ensure a healthy follow-up of the data collection and analysis process by the validity and reliability committee.

After the data collection process is completed, in the second phase of data analysis, entry into the data mine has been performed. Reading activities were continued until the data inventory was fully comprehended. Breakdown of voice recordings, research diaries, pre-and post-interview logs were uploaded to the Nvivo 11 Pro qualitative data analysis program. In content analysis, the qualitative data analysis computer program was utilized. Members of the validity and reliability committee worked on the systematics of coding and examined the sections in which the encodings were made, to determine whether there were conflict and redundancy over code tags and themes. Following these studies, research themes were reached. These themes and sub-themes were organized in such a way that they expressed a general phenomenon.

Validity and Reliability of Data

The credibility of research results is one of the essential criteria of scientific research. "Validity and reliability" are, therefore, the two most commonly used criteria in research (Yıldırım and Şimşek, 2008, p. 255). Some measures need to be taken to ensure validity and reliability. In this context, various measures have been taken to ensure the believability (internal validity), generalizability (external validity), consistency (internal reliability), and verifiability (external reliability) of the research. Some of these measures are as follows:

- The interview questions were prepared in an easy-to-understand, focused, non-directional, non-versatile, sequential, and understandable in a manner from general to specific, then tested and then posed to the participant during the interviews in compliance with the interview technique.

- By interviewing people from three different groups of participants (tax inspectors, members of the accounting profession, and taxpayers), data triangulation was conducted.
- Throughout the research, long-term and in-depth data were collected.
- Detailed descriptions were made. The consistency of the data within itself was checked.
- In order to ensure the systematic progress of the research and to complete the study in compliance with the research method by guiding the researcher, the validity and reliability committee meetings were held with the participation of the field expert, the research method expert, and the researcher.

Research Findings

In this study, as a result of interviews conducted with participants and content analysis on data obtained through other data collection techniques, it is observed that the research findings are gathered under the underlying theme “institutional structure in tax inspections” and four sub-themes. This theme and sub-themes are shown in Figure-1 below.

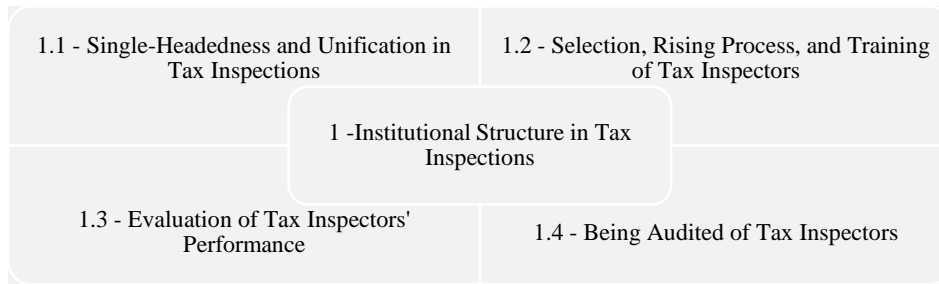


Figure 1. Sub-Themes of Institutional Structure Theme In Tax Inspections

The findings related to the theme and sub-themes titled "institutional structure in tax inspections" will be explained respectively.

Single-Headedness and Unification in Tax Inspections

The first sub-theme reached through the research data is titled “Single-headedness and unification in tax inspections.” As derived from the results of the study, incoordination, contention, competition, and friction between the former tax inspection units before the TTIB, accelerated the unification process under one umbrella. The unification of all tax inspection staff under the umbrella of the TTIB eliminated the ongoing lack of coordination between the tax inspection units. However, this unification under one umbrella can be said to have caused other problems. According to the evaluations of the participants, the unification of all the tax inspection staff under the umbrella of the TTIB has not yet been internalized by the tax inspectors. It has been revealed that integration among tax inspectors has not yet been fully achieved after the TTIB. It appears that at the psychological basis of some of the tax inspectors' behaviors, old contentions and rivalries lie. This reveals that "othering" is still going on between the former central tax inspection

staff and the former provincial tax auditors. In the current situation, it has been determined that there is a de facto dual distinction between tax inspectors from the former central tax inspection staff origin and tax inspectors from the former provincial tax auditors origin. The majority of the tax inspector participants affirm this in their statements. Only “the departments of the tax inspection group B” have been using instead of all the departments of the tax inspection group B, C, and D, which are the departments of the tax inspection group, where the tax inspectors from the former central tax inspection staff origin are employed (Yılmaz, 2019, p. 48). The departments of the tax inspection group A, where the former tax auditors are employed, are also referred to as “the departments of the tax inspection group A”. The statements of the members of the accounting profession, “the separation of the tax inspectors in the form of the departments of A, B, C and D tax inspection groups, is an effort to maintain the former status quo (structure) and leaving the integration of the tax inspectors under one umbrella on paper,” support this finding. According to the research findings, the fact that the former central tax inspectors (IBF, AEB, and DRC) had the same title and personal rights with the former tax auditors (provincial tax inspection staff) caused discontent among the former central tax inspectors. Many experienced former central tax inspection staff have left the TTIB in response to the unification of the tax inspection units under a single umbrella within the TTIB with the same title. As a result of the leaving of experienced and qualified tax inspection staffs and with the impact of the “discontent and lack of motivation” of the former central tax inspection staff, it was ascertained that the institutional background, experience and tax investigation methodology of the former tax inspection units on tax inspection could not be adequately relayed to the newly formed TTIB. It was revealed that this situation, which arose with the formation of the TTIB, led to the reduction of qualified and effective tax examination. Participants have expressed this negative development as “tax inspections have turned into fabricated audits.” One of the participants, member of the accounting profession (Sworn-in CPA) 9, made the following assessment regarding this situation:

“During the unification under the TTIB, the experience, backgrounds and institutional culture of the former central tax inspection boards have largely been disappeared” There are no central tax inspection boards available anymore that train high-quality executive candidates. The former central tax inspection staff has been made dissatisfied, and the current tax inspections have turned into “fabricated audits” **(Interview: Member of the Accounting Profession (Sworn-in CPA) 9).**

It is seen from research data that the effectiveness of tax inspections on other firms with vigorous lobbying activities, especially international companies, has been questioned, and the deterrence of tax inspections in the field has been considerably diminished.

Considering the findings obtained from the participants, in many of the tax inspectors from both former central tax inspection units and former provincial tax auditors offices, the “professional sense of belonging” appears to have decreased considerably. Regarding this finding, Tax Inspector 16 made the following assessment:

“The TTIB is currently a kind of Board at the level of “tax officer,” which is a lower position than the tax auditor, which does not conduct administrative inspections. Tax inspectors are just living in the moment. They have no vision and thoughts for the future. There is no culture of bureaucracy anymore. The

TTIB has been turned into an institution that performs whatever it is said. While we used to perform this profession for professional satisfaction, rather than considering its financial aspects, we are now spending time waiting for the beginning of the month.” (Interview: Tax Inspector 16).

As a result of the formation of the TTIB, the fact that the former provincial tax auditors had the same title and personal rights as all the tax inspection personnel has caused a substantial increase in the motivation of the tax inspectors from the former provincial tax auditor origin. However, this increase in motivation has remained limited in later processes. From the research findings, the reasons for the limited increase in the motivation of the tax inspectors from the former provincial tax auditor origin and their decreased professional sense of belonging towards the TTIB may be listed as follows:

- The unification under one umbrella has been limited in practice.
- There are cultural differences in examining between the former central tax inspection staff and the former provincial tax auditors.
- There are differences in the nature and scaling of tax inspections.
- Even if they have the title of a tax inspector, when they go to inspect in the provinces, they are not treated like tax inspectors from the former central tax inspection staff origin of the provincial units of the tax administration.

According to the data obtained from the study, there are problems in the ethical and professional control of the inspectors in the TTIB, where there are around 9 thousand tax inspectors are employed. While the professional development of tax inspectors under stricter supervision and control can be achieved within the former tax inspection boards, the number of inspectors under the departments of the tax inspection group has now reached a level that is difficult to manage; and thus, adequate moral and professional controls of the inspectors could not be performed. It can be said that the TTIB has turned into a structure that is difficult to manage. As a result of the bringing together of the former revenue controllers and former tax auditors within the TTIB, the supervisory power of the Turkish Revenue Administration (TRA) has perished. There is currently a gap in the tax inspection exercised by the TRA. It was, therefore, concluded that effective coordination between the Revenue Administration and the Tax Inspection Board, which does not have a tax inspection unit, should be established. It can also be stated that the administrative inspections and investigations of the main service units of the Ministry of Treasury and Finance have remained in the background more compared to before the TTIB.

One of the participants, Tax Inspector 12, stated the following assessment regarding "the rivalry and its consequences between the former central tax inspection staff":

“While people are colorless in the process of KPSS [as they have no professional label], and while they treat all Boards [IBF, AEB, and DRC] equally, and while they got one of the three Boards; from the first day [he started working on the Board], they try to use the time of ninety minutes well, as if there is a super league team competition, such as Galatasaray, Fenerbahce, Beşiktaş, and Trabzonspor. As soon as he walked into the Board's building, he would get that motivation and start acting like that. This is actually an exact competition for success. When we set aside behaviors such as contempt, disdain, or extreme

esteem stemming from human weaknesses, this [rivalry] was a competition that led the state bureaucracy to success.” (Interview: Tax Inspector 12).

From the results of the study, it is seen that the rivalry and competition within the tax inspection units before the TTIB lead to a substantial motivation for the improvement of the quality of the tax inspection staff and tax investigations, if let alone the negative issues between the tax inspection units before the TTIB (friction and disagreements between the tax inspection units, incoordination, reiterated examination of the taxpayers, and referring taxpayers to their own members of the accounting profession, etc.). It can also be stated that this situation has contributed to the development of the professional sense of belonging of the tax inspection staffs. During the interviews, it has been revealed that with the formation of the TTIB, the competition in the tax inspection and quality among the tax inspection staff disappeared.

Selection, Rising Process, and Training of Tax Inspectors

The second sub-theme of "institutional structure in tax inspections" is the theme of "selection, raising process and training of tax inspectors." While, at the end of 2012, the number of assistant tax inspectors accounted for 39.7% of the total number of tax inspectors, this rate reached 62.9% as of the end of 2015; and in the subsequent years 2016-2018, it was 58.2% to 63.2% (Yılmaz, 2019, p. 48). One of the main mistakes made after the TTIB, based on the research findings, has been the recruitment of a large number of assistant tax inspectors at frequent intervals. In the new recruitments, the merit system was not given enough importance. According to the results of the research, some developments in theoretical training have been made in the raising process of the assistant tax inspector, compared to before the TTIB. However, it has been found that excessive recruitment of tax inspectors constitutes an obstacle for the TTIB to provide efficient and effective "refakat training" (practical training in the form of master-apprentice). This has led to the failure of newly recruited assistant tax inspectors to be trained to the extent of the quality of the former central tax inspection staff, and the failure of relaying the culture of inspection, ability to examine, professional and ethical values to the assistant tax inspectors. After the TTIB, it is observed that the motives for enhancing the willingness of working among some of the former central tax inspection staff have decreased, and due to their displeasure, they may request that they are not be given an assistant tax inspector to be trained to their accompaniment. This may result in their inspection experience not being relayed to the new assistant tax inspector.

According to the other findings of the study, it was determined that just providing the assistant tax inspectors with excellent knowledge of the legislation as a result of theoretical training may not be sufficient alone in terms of carrying out adequate tax inspections. For this reason, tax inspectors who can't/don't go through an adequate practical training process may experience problems during tax inspections in the field. It can be supposed that the capacity of the TTIB to conduct a qualified tax inspection should be improved by providing the tax inspectors with the ability to inspect effectively and efficiently. One of the participants, a member of the accounting profession of account expert origin (Sworn-in CPA) 9, made the following assessment regarding the refakat training:

"Pure knowledge matters, but experience matters a lot [more] in our profession [tax inspectorate]. Thanks to the master-apprentice relationship, the master

conveys his experiences. There were some masters [in the Account Experts Board]. 10 or 15 of them would be assigned to accompany them [the apprentices]. By the time you finished the accompaniment, you would become a totally different man, with your style, with your attitude. The biggest handicap now [at the time of the Board] is that the refakat system does not work" **(Interview: Member of the Accounting Profession (Sworn-in CPA) 9).**

It also shows that the perception of "a career profession" towards the profession of tax inspectors is undermined by the frequent recruitment of a large number of assistant tax inspectors and the failure of assistant tax inspectors to go through adequately an applied raising process. Considering the results of the research, the challenging qualification process of the former central inspection staff may turn into a struggle to achieve a great goal due to the "professional sense of belonging" in the way of being accepted to the former Tax Inspection Boards and becoming a member of the former Tax Inspection Boards. As for former tax auditors (provincial tax inspection staff), however, the qualification process with similar difficulty can turn into a "life or death battle" due to "the fear of being eliminated (the fear of being eliminated from the profession and going back to normal civil service)." Tax inspectors may be obliged to postpone their plans, such as marriage, having children, making academic careers, and taking a holiday during the qualification process. Tax inspector 7 stated the following assessment on the challenging qualification process:

"Assistantship process is a kind of, you know how we can say; as if when you enter the profession [tax inspectorate], you resuscitate at the day of judgment; and when you cross the Bridge of Sirat you are being qualified; let it not be misunderstood; because candidate person is entering [tax inspectorate], and then if assistant tax inspector does not go through the necessary training, so the officer position is dismissed; if assistant tax inspector cannot exhibit enough performance, assistant tax inspector says, "let me have the qualification and competence." Always sanctions, heavy sanctions are these. If assistant tax inspector does not pass the competency twice, he goes back to the civil service; and if he does not pass the qualification, assistant tax inspector goes back to the civil service again. So we have too many sanctions, too much psychological warfare" **(Interview: Tax Inspector 7).**

The sense of being an tax inspector is a more obvious motivator for an assistant tax inspector recruited after the TTIB; however, the pressure to perform well in the qualification process and the fear of being eliminated can turn the qualification process into a process in which psychological traumas can be experienced. It has been determined that these issues affected the tax inspector's self-confidence, communication, and social life.

According to the results of the research, the general approach of all participants is that instead of employing tax inspectors from departments such as physics and literature, there is a need for human resources from specific areas such as computers, electronics, and software.

Evaluation of Tax Inspectors' Performance

The third sub-theme reached according to the findings of the study is "the evaluation of the tax Inspectors' performance". In the TTIB performance evaluation system, companies

are categorized according to the arithmetic mean of net sales and the size of assets and the size of shareholder's equity (TTIB, PESR Article 22/1, Addition-4). For this reason, tax inspectors under the department of Tax Inspection Group A are required to carry out more tax examinations in order to be successful in performance assessment or to reach the same score as tax inspectors under the other departments of Tax Inspection Group (B, C, and D).

According to the findings of the study, although it is difficult to examine a large and corporate firm which is in the first grade, obtaining information and documents from this firm can be performed relatively easily and quickly compared to smaller-scale firms. Although it is easier to examine small-scale firms, it may be more challenging compared to corporate firms to contact these firms to obtain information and documents for tax inspection. In this respect, it is seen the fact that the criteria for scoring used in performance measurement are not applied the same for the departments of the tax inspection group causes a breakdown of the business peace between the tax inspectors employed in different departments of the tax inspection group. The performance evaluation system may be inadequate to measure quality in tax inspections, where quality is essential; and beyond that, it may cause pressure to meet the target numerically even in a way that exceeds the objective (especially for the assistant tax inspectors who will take the competence and proficiency exam). This is supported by Tax Inspector 10 by the following assessment:

“The biggest problem of the performance evaluation based on the quantitative measurement system is that it is insufficient to measure quality in jobs where quality is also essential, such as tax inspection, and that the numerical criteria make pressure to meet targets even to the extent that exceeds the objective.”

(Interview: Tax Inspector 10).

According to the participants, the performance evaluation system is not considered as determinative for the tax inspectors who are qualified in the departments of the Tax Inspection Group B, C, and D; except for the department of the Tax Inspection Group A. It only appears to have an impact on the competence and qualification exams for assistant tax inspectors in the department of tax inspection Group B. It is understood that, especially in the pre-election periods, making the tax examinations de facto flexible can be an element of stress in terms of achieving the required performance score of the tax inspectors during this period. The performance evaluation of tax inspections in terms of quality is not yet adequate and therefore needs to be improved. Furthermore, it was observed in the current performance assessment that there was no “reward system or practice encouraging” tax inspectors and enhancing the quality of tax inspections.

Being Audited of Tax Inspectors

The sub-theme of “being audited of tax inspectors,” which was revealed according to the research data, also has two other sub-level themes, such as investigation of tax inspectors' illegal actions, and controlling of tax inspector reports and the Report Evaluation Commission (REC). The research findings point out that in a situation where the number of tax inspectors within the TTIB reaches nine thousand; the control and supervision (unwritten rules) of the tax inspectors could not be carried out, as performed during the time of the former boards (IBF, AEB, DRC). One of the participants, member of the

accounting profession of revenue Controller origin (Sworn-in CPA) 10, stated the following assessment regarding the importance of this finding:

"If you are assigning 9-10 thousand young boys with the age range of 25-30 years, who are given extensive authority; and, If these friends [tax inspectors] are showing a different approach without the awareness that businessmen are the ones who employ hundreds of people, contribute to the economy and are valuable manufacturers, then the audit of the tax inspectors also needs to be carried out at this point." **(Interview: Member of the accounting profession (Sworn-in CPA) 10).**

From the results of the field study, it is seen that in the framework of the work and operations done by the tax inspectors; there is a need to bind the tax inspectors accountability to the well-documented rules so as not to adversely affect the supervisory power, flexibility, and tax inspections, and to carry out effective follow-up and controls by using information technologies.

Investigation of Tax Inspectors Illegal Actions

The first sub-level of the sub-theme of auditing of tax inspectors is "investigation of tax inspectors illegal actions". According to the results of the study, it does not seem likely to ensure the control and supervision of tax inspectors in the current chaotic environment of the TTIB (as did in times of the former tax inspection boards). Relating to this finding, member of the accounting profession of finance inspector origin (Sworn-in CPA) 3 expressed the following assessment:

" [If there was] misconduct in these types of cases, and if the tax inspector made a mistake, that would be the following. They were going to call the tax inspector. Well, you made a mistake. You showed weakness. We can offer you another assignment. Leave the tax inspectorate, they would say. I mean, they would say resign. It was so in the past. The Inspection Board of Finance would work that way. The system was cleaning it as the sea threw the thing away" **(Interview: Member of the Accounting Professional (Sworn-in CPA) 3).**

According to the research, it can be said that there is no mechanism by which misuses -illegal actions- can be avoided unless tax inspectors adequately acquire professional and ethical values and they are not be effectively monitored.

Controlling of Tax Inspector Reports and Report Evaluation Commission

The other sub-theme of the sub-theme of the audit of tax inspectors is "the controlling of tax inspector reports and Report Evaluation Commission (REC)". According to the data obtained from the research, decisions may be handed down against the tax administration in the judicial process regarding the tax inspection reports deemed adequate by the report evaluation commissions. It was found that, within the TTIB, there was no systematic investigation process for the tax inspection reports and the decisions of the report evaluation commission, which were the basis for the court decisions that handed down against the tax administration. According to the results of the study, it could be able to carry out formal and legislative controls in the report evaluation commissions, provided that they do not interfere with the discretion of the tax inspector. It is observed that the implementation of the REC may not contribute sometimes favorably to the quality of the tax examination reports.

From the participants, the taxpayer and the members of the accounting profession stated that they had taken the matters that they could not get results in the Report

Evaluation Commissions (REC) to the court and that they were able to conclude the proceedings in their favor. Member of the accounting profession (Sworn-in CPA) 3 shared the following assessment regarding this situation:

"It's a good thing, but it doesn't work in practice [controlling of the tax inspection reports by the REC]. There are old habits from the past. With the instinct to protect his own colleague or on what other grounds... No matter how often I came over [to tax inspection report to the REC], I couldn't get a positive result. When the order of "listen" comes from above, politically, then the result can be obtained. Otherwise, just an ordinary tax inspector, an ordinary taxpayer, does not get results from the Report Evaluation Commission" (**Interview: Member of Accounting Professional (Sworn-in CPA) 3**).

This assessment of the participant reveals that the RECs, which were established after the TTIB and which could be very useful, need to be improved a little bit, but it is still required for some arrangements to ensure its independence and objectivity. Another finding of the study points out that the TTRs [Tax Technique Reports], which tarnish the tax administration's image, is not adequately controlled by the RECs. The fact that tax inspectors start preparing their reports according to the report evaluation commissions risks affecting the tax inspectors' taking of initiative and the quality of the tax examinations in a negative way.

Conclusion

In this case study, in the context of the views of tax inspectors, members of the accounting profession and taxpayers, as a result of the reorganization of the Turkish tax inspection structure in 2011; it was focused on identifying the problems related to the institutional structure in tax inspections and delivering solutions to these problems. The research findings reveal that the institutional structure of tax inspections in Turkey is, directly and indirectly, influenced by many situations and/or factors.

According to the research results, the control of the accuracy of taxpayer statements about taxes, which are the most fundamental source of income of the state, and thereby the power, effectiveness, and deterrence of tax inspections are of critical importance for those who may act contrary to the legislation. As a result of merging the tax inspection units under the umbrella of the Turkish Tax Inspection Board (TTIB) in 2011, some improvements have been achieved. Although there have been some improvements, it can be said that some other new problems have come out because of the mistakes made. One of the main mistakes made after the TTIB was the recruitment of a large number of assistant tax inspectors with frequent intervals. Merit was not given enough importance in the recruitment of new tax inspectors. This finding of the research differs from the finding that the number of tax inspectors is inadequate, mentioned in the studies of Organ and Çavdar (2017). In this study, the importance of having qualified and effective examination equipment of tax inspectors was revealed, rather than the number of tax inspectors of around nine thousand in quantitative.

It was concluded from the research findings that although some improvements were made in the theoretical training given to tax inspectors after the TTIB, compared to pre-TTIB period; the culture of inspection, investigation skills, professional and ethical values could not be adequately conveyed due to the inability to operate the refakat system. This finding of the study matches up with Beşel's (2017) finding that the performance-

oriented training of tax inspectors is not adequate. It can be said that this study will contribute to the literature in terms of revealing the results of the fact that practical training is not sufficient. The findings suggesting a loss of qualified human resources as a result of resignations from the inspectorate profession in the aftermath of the TTIB coincide with Güler's (2019) finding that the tax supervisory power weakened after the leaves from the TTIB.

According to the other results of the research, the institutional background, experience, and effective tax examination methodology that the former tax inspection units have gained over many years have not been adequately relayed to the TTIB. After the TTIB, with the expression of the participants, tax inspections have turned into "fabricated audits." It was concluded from the results of the study that the effectiveness and sanction power of the tax inspections were extremely adversely affected due to the decline in qualified tax inspections after the TTIB. This finding is consistent with Bişgin's (2018) view that frequent and effective tax inspections contribute to the compliance of taxpayers and members of the accounting profession with tax.

In addition, not to benefit from the former central inspection staff (IBF, AEB, and DRC) enough led to their work effort being reduced and their lack of motivation. It can be said that "professional sense of belonging" among many of the tax inspectors has declined. Moreover, there is still not able to achieve full integration between the tax inspectors within the TTIB. "Othering" is also continuing among tax inspectors from the former central and provincial inspection staff origin. These results of the study bear a resemblance to the research findings of Bakır (2012) and Beşel (2018). It can be stated that a great deal of work, dedication, and time is needed without deepening the mistakes made in order to adopt the TTIB's identity as a tax inspector, strengthen the professional sense of belonging of the tax inspectors and ensure integration under one umbrella.

Also, as a result of the incorporation of all tax inspection staff into the TTIB, a gap has emerged in the tax examination of the TRA, the unit responsible for collecting tax revenues. In addition to this, it can be stated that administrative inspections and investigations have remained more in the background than before the TTIB. This finding coincides with the results in Bakır's (2012) study. As a matter of fact, the "Department of Inspection" was re-established within the Ministry of Treasury and Finance on 08/07/2019 in order to address the organizational shortfall regarding administrative inspection and investigation.

According to the data obtained from the field, performance implementation may create pressure over tax inspectors (especially for assistant tax inspectors) to meet targets. In performance implementation, "no reward/incentive system" improves the quality of tax inspectors and their tax examinations. Within the TTIB, the control and supervision of the inspectors cannot be adequately performed. Furthermore, there is no systematic evaluation mechanism in the courts for the inspection reports within the scope of the files ruled against the tax administration.

In the next period, the following issues may be proposed for the solution of the problems revealed within the scope of the research: It is needed to improve the quality of tax inspections and to carry out effective, deterrent and efficient tax investigations by eliminating the deficiencies in the selection and training processes of tax inspectors (especially in the refakat system/the practical training procedure in the form of master-apprentice). The professional sense of belonging of tax inspectors should be strengthened.

In order to ensure integration among tax inspectors, other practices, particularly performance practices that disrupt business peace, must be revised. Since it is difficult to measure the essence of tax inspection reports mathematically, it is thought that improving performance practices will be beneficial by considering data such as court decisions. In order to make improvements to tax inspection reports that have been submitted to the judicial process and to prevent duplication of similar mistakes, it may be useful to conduct feedback on tax inspection reports systematically.

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