

Developing the Tax System and its Impact on Economic Development in Lebanon

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Abstract

This paper investigates the impact of tax system including Tax policy, tax legislation and tax administration on economic development working at the ministry of finance in Lebanon. The tax system needs more development and progress to meet the economic performance in Lebanon. Studying three components in the tax system including tax policy, tax legislation, tax administration with the economic development in Lebanon. More studies should be interpreted about tax system in Lebanon. A population is equal to 906 employees and a sample of 709 employees working at the ministry of finance in Lebanon. The research was investigated during January and February 2026. A quantitative, descriptive methods and Likert scale tool of 5 are applied. SPSS version 26, Andrew F. Hayes model 4 and AMOS are applied for examining data collected. Determinant is equal to 0.001, KMO is equal to 0.908 and communalities' elements are above 0.244. Cronbach alpha is equal to 0.871 providing good internal consistency. Pearson correlation of the variables are providing high relationship and a covary linear result. Total indirect result of two mediators the tax legislative and tax administration is acceptable with B equal to 0.127. Confirmatory factor analysis provided P equal to 0.001 a high model fit summary and the hypothesis are acceptable. Tax Policy has a positive impact on Economic Development mediated by Tax Legislation and Tax Administration. Evaluate the progressive scales rates of Income to be provide equality between society members.

Keywords: Economic Development, Tax Administration, Tax Legislation, Tax Policy, Tax System.

Introduction

The yearly public Lebanese budget included the tax forecasted that should be collected and the policy applied to control the process application (1). The financial crisis began in Lebanon in 2019 leading to a devaluation of the Lebanese Lira against foreign currency (2). In Lebanon, Tax should be restructured in order to increase funding and collection process (3). Applying a good tax policy in collection system will enable the ministry of finance to enhance the economic performance of Lebanon (4). The tax system should include easy application process (5). In Tax Policy, the progressive taxation scale of the income tax helps to generate tax collection of the Lebanese citizen (6). Tax on Property can provide an opportunity to invest in real estate in Lebanon (7). Person owning a dividend in an offshore company should pay withholding tax (8). Tax policy should enable tax payers to meet the tax compliance including reporting and paying the adequate amount on time (9). Tax Legislation is the electronic tax submission is a vital solution for bureaucracy in Lebanon (10). Government should apply a balancing tax policy for

the stability of the financial situation in Lebanon (11). Countries applying VAT framework will reach good economic stability (12). The Optimal Tax Theory is defined by providing suitable tax system that enable government to provide equality for the tax payers (13). Tax Administration has different challenges that will face in the workflow suitable application (14) Applying digital tools like electronic tax system and tax payment are essential in tax administration (15). The development of tax administration through the electronic and digital transformation will become necessary for the development of the government (16). The tax administration should apply Musgrave's Theory of Public Finance by gathering of resources, distributing the wants and needs for the citizen and providing a stable economic life cycle (17). From 2019, Lebanon faced a strong financial distress that attacked the Economic Development (18). Lebanese export has a positive role in poor infrastructure (19). Tourism progress will enhance job opportunities ameliorating income (20). Tax collection provides the continuity

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of paying expenses. The aim of this paper investigates the impact of tax system including Tax policy, tax legislation and tax administration on economic development working at the ministry of finance and to discover the relationship interpretation of the variables power in the ministry of Lebanese finance. The main Problem of the financial system in Lebanon is defined of rebuilding the total economic system of each department work on managing its own part including the tax system. This strategy weakens the global financial system in Lebanon (21). The inefficient tax structure hedged government from the economic development (22). Tax application is highly faced by the political connections (23). Tax evasion had a negative effect on the financial situation of the Lebanese government (24). Tax system should be clear in order to distinguish between tax avoidance, tax evasion and tax fraud (25).

This paper answers this Question, what is the effect of tax policy on economic development with the intervening role of tax legislation and tax administration?

The originality of this paper is by studying four components in the tax system including tax policy, tax legislation, tax administration with the economic development with the employees in the ministry of finance in Lebanon. The novelty of this paper is by examining different tax variables through different statistics software including SPSS version 26, Andrew F. Hayes model 4 and AMOS.

The research Gap of this paper is there is a need to rethink about the tax system for the development of the economic sector in Lebanon (26). More studies should be investigated about the tax administration, governance of the tax process in Lebanon (27). Governments in most countries are

investigating more about the tax policy and tax legislation (28). More explorations should be done about tax legislation including research about tax applications of the tax (29).

The objective of this paper is to examine the impact of tax system on the economic development in Lebanon.

Organization of this paper is as follows: first section examines the Methodology; second section examines the results. Finally, the declaration of discussion and conclusion.

The hypothesis development is defined through the tax policy applied as an independent variable including the progressive scales rates of the income, tax on property, movable capital, interest tax, non-resident and Withholding tax. Tax policy influences the tax legislation and administration as an examination of the submission interpreted. The mediating role of tax legislation and tax administration is defined through the continuous control that identify the application and the mechanic process from tax verification. The economic development including GDP, tourism enhancement is affected by the tax portfolio and tax base.

The hypothesis of this paper is as follows:

H1: Tax Policy has a positive impact on Economic Development.

H2: Tax Policy has a positive impact on Economic Development mediated by Tax Legislation.

H3: Tax Policy has a positive impact on Economic Development mediated by Tax Administration.

H4: Tax Policy has a positive impact on Economic Development mediated by Tax Legislation and Tax Administration.

As shown in 1 the relationship between Tax System, Tax Policy, Tax Legislation, Tax Administration and Economic Development and the mediating role.

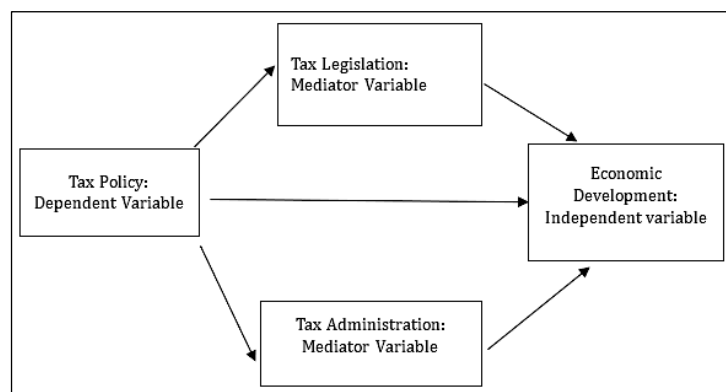


Figure 1: The Interpretation Tax Policy, Tax Legislation, Tax Administration and Economic Development

Methodology

Population And Questionnaire Interpretation

The sample techniques applied by the researcher is the probability sampling through defining simple random sampling. Taro Yamane formula as shown in Equation [1] is applied to determine the sample size.

$$n = N / 1 + Ne^2 \quad [1]$$

Where, N = sample size = 906, E = 2%

Here, 666 = $906 / 1 + 906 (0.02)^2$.

Each employee has an equal opportunity to be selected to answer the questionnaire in order to decrease the sampling bias.

An examination about the tax system and economic development is applied in this paper. The researcher will investigate a population is equal to 906 employees (30) and a sample of 709 employees working at the ministry of finance in Lebanon, Latitude: 33.83404° N (33° 50' 2" N) and Longitude: 35.54205° E (35° 32' 31" E). The questionnaire is divided into 5 parts and includes 24 questions, part 1 the demographic, part 2 Tax Policy (31), Consumption, Interest, Non-Resident taxes (32), part 3 Tax Legislation (33), VAT (34), electronic tax (35) part 4 Tax Administration (36), technical and daily business (37) and part 5 Economic Development (38). The sources of measurement items in the questionnaire are developed through the past articles that researchers are previously applied the similar questions that were tested with similar scale and providing acceptable results. The researcher asked three business academic experts to edit the questionnaire. The gathering of data from the respondent was done in January and February 2026. A quantitative research strategy technique and a descriptive method was applied by the researcher. The collection of data from the respondent is applied through the Likert scale of 5 dimensions was applied as follows: strongly disagree is equal to 1, disagree is equal to 2, neutral is equal to 3, agree is equal to 4 and strongly agree is equal to 5.

Factor Analysis Interpretation

An investigation of the SPSS version model 26 is applied for the interpretation of the factor analysis in order to analyze the homogeneity of the elements of the model. The determinant should be above 0.0001, KMO the Bartlett's test should be below 0.5, the Sig should be below 0.05 for reaching good results and significant outputs. The communalities result of each element should be

over 0.30 and they define the percentage each variable with the model factor. The Cronbach alpha of the reliability test analysis the internal consistency of the entire test, each element and each variable. Pearson test the correlation interpretation is weak when the results are below 0.1, medium between 0.1 to 0.5 and high over 0.5 by investigation the covary linear output. The Sig of the relationship between elements should be below 0.5 in order to be acceptable. The means of the variables indicated the influence and the level of power in order to understand the real situation of the element. The standard deviations investigate the variations of the results around the mean and provide a clear view of the nature of the data gathered of each element.

SPSS Andrew F. Hayes model 4

A multiple regression interpretation of the variables that provide the relationship of the dependent, independent and mediators variables. The Sig should be below 0.05 for significant results. Zero should not be included between the results of the direct and indirect effects of the relation between variables and with the mediators. The model 4 can includes more than one mediator at the same time between the dependent and the independent variables. In interpreting the mediator role, the result between LLCI and ULCI should not include zero in order to have acceptable result. The Lower-Level Confidence Interval (LLCI) defined the lower level and Upper-Level Confidence Interval (ULCI) defined the higher level of the model of the correct population limitation is providing error.

AMOS Interpretation

A confirmatory factor analysis is interpreted by the AMOS software in order to study the relationship and regression weights of the elements gathered. The Sig should be below 0.05 for the significant output and for the forecasted effect between variables. The model fit outputs examined the probability level over 0.0001, root mean square

residual RMR lower than 0.05, goodness of fit index GFI over 0.9, adjusted fit index AGFI over 0.8, normed fit index NFI over 0.085 and comparative fit index CFI over 0.9 and Root mean square error of approximation RMSEA below 0.05 in order to fit the model test.

Results

In this paper the researcher investigates the impact of tax system including Tax policy, tax legislation and tax administration on economic development in Lebanon.

Factor Analysis

An examination of the correlation matrix providing that determinant for the entire elements is equal to 0.001 it is greater than 0.0001, the KMO is equal to 0.908 it is greater than 0.5 and sig is equal to 0.000 it is lower than 0.05 defining acceptable results. Determinant of the elements of the economic development the dependent variable is equal to 0.343 greater than 0.0001, KMO is equal 0.751 it is greater than 0.5 and sig is equal to 0.000 providing an acceptable result. Determinants of the elements of the Tax Policy, Tax Legislation and Tax Administration of the dependent and mediator variables is equal to 0.011 greater than 0.0001, KMO is equal to 0.885 it is greater than 0.5 and sig is equal to 0.000 providing an acceptable result.

Communalities

The results of the communalities of the factor analysis test are interpreted as the percentage of each question from the questionnaire including 20 questions is determined by the factor model. The communalities results are ranging from 24.5% to 48.4% defining that each part of the question that is designated by the factor model.

Harman's Single Factor Test

The first variance in the total variance explained is equal to 29.4% defining a suitable result below 50% and providing that the common method bias doesn't provide a high risk of the model validity.

Reliability

The examination of the reliability test defining of the Cronbach's alpha results of the variables are as follows: Cronbach's alpha result of the 20 elements of the entire questionnaire is equal to 0.871 defining very good result and providing an adequate level of internal consistency of the model size interpreted. Cronbach's alpha result of the 15 elements of the Tax Policy, Tax Legislation and Tax Administration of the dependent and mediator

variables questions is equal to 0.830 defining very good result and providing an adequate level of internal consistency of the model size interpreted. Cronbach's alpha result of the 5 elements of the Tax Policy questions is equal to 0.627 defining weak result and providing an adequate level of internal consistency of the model size interpreted. Cronbach's alpha result of the 5 elements of the Tax Legislation questions is equal to 0.737 defining satisfactory result and providing an adequate level of internal consistency of the model size interpreted. Cronbach's alpha result of the 5 elements of the Tax Administration questions is equal to 0.794 defining satisfactory result and providing an adequate level of internal consistency of the model size interpreted. Cronbach's alpha result of the 5 elements of the economic development questions is equal to 0.707 defining satisfactory result and providing an adequate level of internal consistency of the model size interpreted.

Correlation

The correlation between variables is examined by interpreting the relationship analysis of the Tax Policy, Tax Legislation, Tax Administration, Economic Development and the total of the variables. The sig of all the relationship is equal to 0.000 below 0.05 providing adequate results.

The Pearson value of the "Total of Variables" with "Tax Policy" is providing a strong correlation equal to 0.809.

The Pearson value of the "Total of Variables" with "Tax Legislation" is providing a strong correlation equal to 0.789.

The Pearson value of the "Total of Variables" with "Tax Administration" is providing a strong correlation equal to 0.790.

The Pearson value of the "Total of Variables" with "Economic Development" is providing a strong correlation equal to 0.827.

The relationship between the "Economic Development" with "Tax Policy" is equal to 0.628 that reproduce a large outcome and a covary linear result.

The relationship between the "Economic Development" with "Tax Legislation" is equal to 0.532 that reproduce a large outcome and a covary linear result.

The relationship between the "Economic Development" with "Tax Administration" is equal

to 0.534 that reproduce a large outcome and a covary linear result.

The relationship between the “Tax Administration” with “Tax Policy” is equal to 0.422 that reproduce a medium outcome and a covary linear result.

The relationship between the “Tax Administration” with “Tax Legislation” is equal to 0.632 that

reproduce a large outcome and a covary linear result.

The relationship between the “Tax Legislation” with “Tax Policy” is equal to 0.437 that reproduce a medium outcome and a covary linear result.

Table 1: Multiple Regression of the Variables

Model	B	SE	Beta	T	Sig
(Constant)	1.464	0.134		10.891	0.000
Tax Policy	0.317	0.021	0.449	14.903	0.000
Tax Legislation	0.189	0.034	0.197	5.596	0.000
Tax Administration	0.198	0.032	0.219	6.269	0.000

Note: B = Unstandardized Regression Coefficient, Sig = Significance level (p-value), SE = Standard Error, T = t-statistic, Dependent Variable = Economic Development

Multiple Regression

Table 1 examined and analyzed the multiple regression formula as Equation [2]:

$$Y = \text{Constant} + B_1 V_1 + B_2 V_2 + B_3 V_3 \quad [2]$$

Where, Constant = 1.464, B₁ = 0.317, B₂ = 0.189, B₃ = 0.198.

Y = Economic development, V₁ = Tax Policy, V₂ = Tax Legislation, V₃ = Tax Administration

Here,

Economic Development = 1.464 + 0.317 Tax Policy + 0.189 Tax Legislation + 0.198 Tax Administration

It is concluded that each unit increase in the economic development will boost the performance of tax policy, tax legislation and tax administration. It is defined that the tax policy, tax legislation and tax administration had a positive relationship with economic development.

Applying the Chi-Square distribution Q-Key with Mahalanobis. The results define that df = 1, interpreting one primary element in the regression test. There is a strong reliability of the model of a sample size of 709 with zero missing values.

The researcher examined in comparing means the linearity getting the results that the sig Value of for tax policy, tax legislation and tax administration are equal to 0.000 below 0.05 providing significant results.

Your homoscedasticity is satisfactory for this model and there is not heteroscedasticity, defining that this model's error variance is acceptable in continuing with the mediation interpretation. The width of the data is constant; they are between -2.5 and +2.5 straight up.

Absence of multicollinearity results of the Variance Inflation Factor VIF values are for tax policy 1.29, tax legislation equal to 1.76 and tax administration equal to 1.74 are below 10 acceptable and met the assumptions.

Mediator SPSS Andrew F. Hayes model 4

In all the mediator interpretations of the model 4 the P value is equal to 0.000 that is below to 0.05 providing acceptable results. Tax Policy, Tax Legislation and Tax Administration explained economic development for about 50.5% providing a strong model. Tax policy has a direct effect on tax legislation with a coefficient B equal to 0.32, LLCI equal to 0.27, ULCI equal to 0.37 providing acceptable results because 0 is not included. Tax policy has a direct effect on tax administration with a coefficient B equal to 0.32, LLCI equal to 0.27, ULCI equal to 0.38 providing acceptable results because 0 is not included. The coefficient B equal to 0.06, LLCI equal to 0.030 and ULCI equal to 0.096 defining that Tax Policy has a direct effect on Economic Development mediated by Tax Legislation. The coefficient B equal to 0.066, LLCI equal to 0.035 and ULCI equal to 0.099 defining that Tax Policy has a direct effect on Economic Development mediated by Tax Administration. The Total outcome provided that a Total relationship of Tax policy on economic development with a coefficient B equal to 0.44, P equal to 0.0000, LLCI equal to 0.40 and ULCI equal to 0.48 defining significant results because 0 isn't in the interval. The Direct outcome provided a direct relationship

of Tax policy on economic development with no effect of mediators providing coefficient B equal to 0.31, P equal to 0.0000, LLCI equal to 0.28 and ULCI equal to 0.36 defining significant results because 0 isn't in the interval. Total Indirect outcome of the two mediators Tax Legislation and tax administration with a coefficient B equal to 0.127, LLCI equal to 0.095 and ULCI equal to 0.164 defining significant results because 0 isn't in the interval.

Each unit increase in the element of tax policy including rates of income tax will increase the power of the economic development like GDP and inflation control through applying with the mediating interpretation of tax legislation like applying new fines strategies and tax administration like providing problems support.

Means and Standard Deviations of the variables

An investigation of the means and standard deviations of the variables in interpreted in order to provide the following results: the standard deviation of the variables is between 0.30 and 0.43

defining a small variation around the mean for the results interpreted. The "Tax Policy" the mean is equal to 4.66 providing a high application of progressive scales rates of Income and Corporate Profits Taxes, Consumption and Transaction Taxes. The "Tax Legislation" the mean is equal to 4.79 providing a high application in VAT rate is suitable for the financial situation, submitting taxes electronically. The "Tax Administration" the mean is equal to 4.79 providing a high application in Tax laws and penalties, official circulars about applying tax laws. The "Economic Development" the mean is equal to 4.80 providing a high application in Tourism and agri-food export, Governance and digital transformation.

AMOS

A Confirmatory factor analysis is investigated after modification indices in Figure 2 that provides that the Minimum was attained, the Chi-square is equal to 78.75, the Degrees of freedom is equal to 43 and the Probability level is equal to 0.001 that is higher than 0.0001 providing acceptable and significant results.

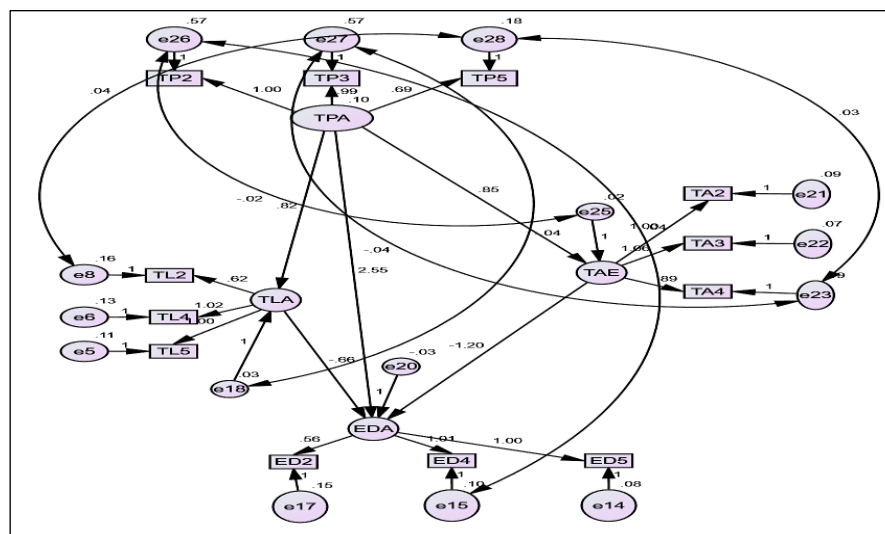


Figure 2: Confirmatory Factor Analysis After Modification Indices

In Figure 2, the researcher examined the hypothesis though their positive impact and interpret the standard error defined the total of

variability that can occur in the predictable sample error. The Critical Ratio is the result of the division of the estimate by the standard error.

Table 2: Table of Regression Weights

Variables Relationship		Estimate	SE	CR	P-value
Tax Legislation	<--- Tax Policy	0.824	0.103	7.996	***
Tax Administration	<--- Tax Policy	0.848	0.114	7.463	***
Economic Development	<--- Tax Legislation	-0.662	0.209	-3.161	0.002
Economic Development	<--- Tax Administration	-1.203	0.439	-2.738	0.006

Economic Development	<---	Tax Policy	2.552	0.623	4.098	***
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Note: SE = Standard Error, CR = Critical Ratio. P value *** result is very small and less than 0.001

Table 2 shows the P values of the relationships are equal to *** below 0.001, 0.002 and 0.006 below 0.05 providing acceptable results. The tax policy and economic relationship provided an estimation equal to 2.552 providing a significant effect. Hypotheses 1 (H1) is acceptable and H1: Tax Policy has a positive impact on Economic Development. Tax policy and tax legislation provided and estimation equal to 0.824. Tax legislation and economic development resulted an estimation equal to -0.662. Hypotheses 2 (H2) is acceptable. H2: Tax Policy has a positive impact on Economic

Development mediated by Tax Legislation. Tax policy and tax administration provided an estimation equal to 0.848. Tax administration and economic development resulted an estimation equal to -1.203. Hypotheses 3 (H3) is acceptable. H3: Tax Policy has a positive impact on Economic Development mediated by Tax Administration. Hypotheses 4 (H4) is acceptable. H4: Tax Policy has a positive impact on Economic Development mediated by Tax Legislation and Tax Administration.

Table 3: Model Fit Summary

Model	RMR	GFI	AGFI	NFI	CFI	RMSEA
Default model	0.011	0.982	0.968	0.962	0.982	0.034

Note: RMR: Root Mean Square, GFI: Goodness of Fit Index, AGFI: Adjusted Goodness of Fit Index, NFI: Normed Fit Index, CFI: Comparative Fit Index, RMSEA: Root Mean Square Error of Approximation

Table 3 shows the results of model fit formulas are providing acceptable and significant results that can fir the sample model, they are as follows: root mean square residual RMR is equal to 0.011 lower than 0.05 providing acceptable result, goodness of fit index GFI is equal to 0.982 over 0.9 providing acceptable result, adjusted fit index AFI is equal to 0.968 over 0.8 providing acceptable result, normed fit index NFI is equal to 0.962 over 0.085 providing acceptable result, comparative fit index CFI is equal to 0.982 over 0.9 providing acceptable result and Root mean square error of approximation RMSEA is equal to 0.034 below 0.05 providing acceptable result.

Descriptive Statistics

By examining the descriptive statistics, it is defined that 99.2% of the respondents had a BA and Master degree providing a suitable level of education for the application of the work in the ministry of finance in Lebanon. More than 54 % of the respondents had a tax inspector position that is important for the ministry of finance because their role is tax verification in order to tax issuance that led to enhance the Tax collection that increase the economic development. In fact, 50% of the respondents had an experience more than 21 years that define a high level of experience in the tax work. More than 50% of the respondents are working in Beirut, North and Mount Governorate that define a clear focus on tax policy, tax

legislation, tax administration and economic development.

Discussion

The finding that demonstrated Tax Policy, tax Legislation and Tax Administration has direct relationship on Economic Development are established by the following results that applying a good tax policy in collection system has a direct effect one economic performance of Lebanon. By decreasing inflation, the tax policy application will provide more power to the economic performance (4). Good rules of the taxation system will have a positive relationship with economic progress. Good taxation policy will enhance the economic situation of the country (5). Tax policy provides equality between society members, enhance economic performance (6). These results come with H1 the positive impact of the tax policy with the economic development. Collection of the withholding tax policy has a direct role on the economic development of the country because lowering tax on rich taxpayer will decrease the government revenues (8). Property tax had a vital role in collection of tax in Lebanon situation defining that real estate tax had will support more than half million Lebanese families (7). The electronic tax submission has a direct role in enhancing the economic growth in Lebanon by overcoming fraud in tax to enhance the economic collection (10). The policy applied for taxes in

setting scales, interest taxes and property taxes with the role of legislation tax applied of Shifting taxes from 15,000 LBP to 90,000 LBP, submitting taxes electronically, new fines for hiding income fresh dollar and Revaluation of Assets will lead to advanced economic improvement. These results come with **H2**: Tax Policy has a positive impact on Economic Development mediated by Tax Legislation.

Apply a balancing tax policy had a positive effect on the financial development in Lebanon and increasing VAT from 11% to 12% will enhance the economic revenue (11). Reorganizing tax strategy overcome financial distress of the country (12). Good process of information in the tax department economic situation (14). Tax policy is affecting the Tax administration by including different elements like the rules are interpreted similarly regardless of political connection, the official book for the tax law is easy to be applied and tax administration can handle problems and provided solutions. These tax elements can enhance the economic value of the country. These results come with **H3**: Tax Policy has a positive impact on Economic Development mediated by Tax Administration.

Applying digital tools in tax administration will increase economic development (15). Tax administration having a mean 0.6050 is developing 60% of the sample size of the tax policy enhanced GDP, decreased inflation, increased economic (16). Government intervention enhances the Lebanese export products (19). Tourism provided a direct role on the economic situation in Lebanon (20). The different tax points applied by the legislative tax members and interpreted correctly by the tax administration through applied governance techniques will increase the economic situation. All the results come with **H4**: Tax Policy has a positive impact on Economic Development mediated by Tax Legislation and Tax Administration.

It is recommended to apply easy rules with clarity for tax payers. Setting tax on rich taxpayer higher than poor taxpayers. Decreasing fraud in tax collection in order to increase revenues. Applying a balancing in tax setting policy to increase the tax collection. Tax administration should be electronically digitalized to enhance the tax process.

Conclusion

This paper subject is to examine the impact of Tax Policy on Economic Development mediated by Tax Legislation and Tax Administration of the employees working at the ministry of finance in Lebanon. The research was investigated during January and February 2026. A quantitative and descriptive methods are applied. Collection of data are through applying a Likert scale tool in order to analyze the impact between tax system and economic development. The determinant is equal to 0.001, the KMO is equal to 0.908 and all communalities' elements are acceptable and above 0.244. Cronbach alpha for the model is equal to 0.871 providing good internal consistency. Pearson correlation of the variables is providing high relationship and a covary linear result. Total indirect result of two mediators the tax legislative and tax administration is acceptable with B equal to 0.127. the confirmatory factor analysis provided P equal to 0.001 a high model fit summary and the hypothesis are acceptable. Tax Policy has a positive impact on Economic Development mediated by Tax Legislation and Tax Administration. It is Recommended to evaluate the progressive scales rates of Income to be provide equality between society members. Applying the digital tax process, governance and accountability. Applying rules to increase Tourism for getting foreign currencies and facilitate agri-food export for providing more wealth for the economic balance of Lebanon. The limitations of this paper are defined as follows through investigating four variables the Tax Policy, Tax Legislation, Tax Administration, Economic Development at the ministry of finance in Lebanon. The time limitation is investigating the data and developing the paper during January and February 2026. The respondent limitation is defined by Accountant, Tax Inspector, Chief tax inspector and Head of department. The workplace locations are interpreted in North Governorate, Beirut Governorate, South Governorate, Baalbek Governorate, Akkar Governorate, Mount Lebanon Governorate, Bekka Governorate and Nabatiyeh Governorate reaching a total of 709 respondents. The limitation of selecting the ministry of finance in Lebanon cannot be generalized because the employee of the ministry of finance focuses on the bureaucracy administration, legislation and policy applied of the tax and the collection results however, the taxpayers, businesses focus on the

policy that decrease to their companies the value of tax payment. It is suggested for the future to study the role of artificial intelligence on tax system and tax performance. More studies should be investigated on tax policies and penalties applications.

Abbreviations

GDP: Gross Domestic Product, LLCI: Lower-Level Confidence Interval, ULCI: Upper-Level Confidence Interval, VAT: Value Added Tax.

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Author Contributions

Raed Mohamad Jaber El Merhebi: Introduction, Literature Review, Methodology, Data, SPSS, AMOS, Results Analysis, Recommendations, Limitations, Future Studies. Ramez El Tanbour: Reviewing, Editing, Supervision, Writing. All authors have reviewed and approved the final version of this paper.

Conflict of Interest

No conflict of interest.

Data Availability

The data used in this study are available from the corresponding author upon reasonable request.

Declaration of Artificial Intelligence (AI) Assistance

A declaration from the authors of not applying of Generative AI and AI Assisted Technologies in the Writing Process, Figure preparation, data analysis. The authors take full responsibility for the content's originality, interpretation and accuracy.

Ethics Approval

Ethical rules and approval for this paper were followed.

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