



Examining the Problems and Solutions to Facilitate the Payment and Receipt of Health Taxes

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Abstract

Background: In addition to creating significant health gains, taxation can be used to increase public health funding. However, achieving the goals of health-related taxes faces many barriers and problems. We aimed to examine the barriers and solutions to facilitate the payment and receipt of health taxes.

Methods: The present descriptive and analytical study was conducted in 2021-2022. The first part of the research was the questionnaire's design and validation, and the second part was using the designed questionnaire to collect and analyze data. The validity of the questionnaire was measured using the content validity, and the reliability of the questionnaire was measured using Cronbach's alpha. Then, the questionnaires were distributed in person at the workplace of 430 professors, managers, and experts in economics and health, and the collected data were reviewed and analyzed.

Results: Barriers and problems related to structure and infrastructure, evasion, avoidance, and tax exemption, and coordination and cooperation are the most important problems related to health taxes. Moreover, evasion, avoidance and tax exemption, cultural and social issues, and coordination and cooperation are the most important solutions to overcome the problems of health taxes.

Conclusion: To dispel the barriers and facilitate the payment and receipt of health-related taxes and achieve the goals of the health sectors, it is very important to deal with tax evasion, build a culture, and close cooperation with related organizations.

Keywords: Problems and solutions; Facilitate; Payment and receipt; Health tax

Introduction

Among the many sources of government revenues, taxes are thus the most acceptable and logical ones (1). Taxes are also known as important economic tools for policymakers to promote public health (2). Governments can influence consumer behavior through taxation. For example, they can reduce demands for the production of some specific goods, particularly unnecessary

and even harmful ones, by putting taxes on them (3).

The government's purpose in imposing specific taxes is primarily to discourage the consumption of unhealthy products and then to generate revenue (4). The WHO has also suggested using specific taxes to reduce the consumption of harmful products and to increase the consumption of healthier ones (5). A study by the WHO shows



that for every 10% increase in the price of harmful goods, their total consumption decreased by 4% in developed countries and 8% in developing countries (6).

Taxes are considered in health policies because unhealthy products are not economically affordable with increasing prices. As a result, the consumption of these products reduces (7). In addition to having significant health benefits, tax policies can increase public health budgets (8). However, the evaluation of indicators such as the tax revenue share from the total government revenue, the ratio of tax revenue to the GDP, and the tax coverage index indicates that the performance of the tax system in the country is inappropriate. Extensive tax exemptions, lack of diversification of tax bases, the extent of unclear economy, and tax evasion are among the reasons for the unsuitable performance of the country's tax system (9).

On the other hand, paying and receiving health taxes have various barriers and problems, and many factors affect them. Structural, administrative, cultural, economic, and political obstacles, as well as factors, i.e., human resources, taxpayers, tax system, and legal factors, are the most important of these barriers and factors (10).

The variable of complexity and ambiguity in tax laws and 'regulations has inversely related to the payment of taxes by taxpayers, and the variables of attention to efficient human resources,' the expansion of tax culture in society, the awareness and up-to-date information of managers, appropriate rewards and punishments according to the performance of taxpayers, and compliance with the principles of tax determination are directly related to the payment of taxes by taxpayers (11).

Various solutions have been proposed for suitable tax collection. The most effective solutions for increasing tax revenue include receiving electronic taxes, Value-Added Taxes (VATs), controlling opaque economics, preventing tax evasion and avoidance, human resource development, reducing tax exemption, and increasing social welfare (12). According to the effects of the easiness of paying taxes on the government's tax revenues, the size of the informal economy,

and investment incentives, paying health taxes in Iran should be facilitated (13).

In many countries, not enough funds are allocated to provide health services. Therefore, reforming laws, limiting tax evasion, and creating incentives and tax incentives can be among the solutions to reduce financial problems and prevent the incidence of disease in society (14). For this reason, paying enough attention to the obstacles and solutions to facilitate the payment and receipt of health taxes can be very effective.

Given the various problems in paying and receiving health taxes and their correct allocation to the health sector, appropriate solutions should be identified, examined, and used according to different conditions such as economic, social, and cultural conditions.

We aimed to examine the problems and solutions to facilitate the payment and receipt of taxes related to the health system. As a result, it is possible to improve public health and provide appropriate financial resources for organizations that play a role in improving people's health.

Materials and Methods

The present study was practical in its purpose, and descriptive and analytical in its execution method, which was carried out in 2021-2022. This research was done in two separate parts.

1- Designing a questionnaire

The questionnaire was designed using the results of a related qualitative study (semi-structured interview with several managers and policymakers in the field of health and economics, as well as university professors), a review of the research background, and the expert's opinions.

The research population in this section was the professors of Tehran University of Medical Sciences, the managers, deputies, and experts of the Iranian National Tax Administration (INTA) and the Ministry of Health and Medical Education. The research sample for determining the validity of the questionnaire was 20 professors, managers, and experts from Tehran University of Medical

Sciences (6 people), the Ministry of Health (6 people), and INTA (8 people), who were selected purposefully.

The validity of the questionnaire was measured using the content validity method, and the reliability of the questionnaire was measured using Cronbach's alpha method. To determine the validity of the questionnaire, 20 professors, managers, and experts from the Tehran University of Medical Sciences, the Ministry of Health, and the Iranian National Tax Administration participated. Content validity was evaluated using two methods: content validity ratio (CVR) and content validity index (CVI).

To determine CVR, experts were asked to review each question based on the three-part spectrum of "necessary, useful but unnecessary, and unnecessary". Then the answers were examined according to the CVR formula and Lawshe table (15). To determine CVI, the experts were asked to rate each question based on three scales: 1- relevance with the four-part spectrum "completely related, related, somewhat related, and unrelated" 2- simplicity with the four-part spectrum "completely simple, simple, somewhat complex, and complex" 3- clarity with the four-part spectrum "completely clear, clear, somewhat clear, and un-

clear". Using the method of Waltz and Bausell (16), CVI is obtained.

After measuring the validity of the questionnaire and confirming most of the questions, modifying the text of some other questions, removing unnecessary and unrelated questions, and merging questions with similar content, finally, 70 questions were selected as the final questions of the questionnaire. The options to answer the questions using the Likert scale included completely agree, agree, no idea, disagree, and completely disagree.

2- Using a questionnaire

The research community included managers, auditors, and experts of the Tehran Tax Organization, professors and experts in the fields of health and economics, and doctors. Managers, experts, and taxpayers in related fields such as the food industry, tobacco, medicine, and the environment are also considered part of the research community.

Research samples were selected using a stratified sampling method. Using Cochran's formula, the research sample size is estimated to be 385 people. In total, 351 questionnaires were collected. The demographic information of these participants is shown in Table 1.

Table 1: Demographic information of the research participants

<i>Variable</i>	<i>Sub-variable</i>	<i>Count</i>	<i>Percentage</i>
Gender	Male	228	64.96
	Female	123	35.04
Age (yr)	20-30	21	5.98
	31-40	167	47.58
	41-50	109	31.05
	51-60	46	13.10
	Above 60	8	2.28
Level of education	Associate degree	15	4.27
	Bachelor's	119	33.90
	Masters	133	37.89
	Medical	40	11.40
	PhD	44	12.54
Job	Employee	252	71.80
	Manager/Chief	57	16.24
	University professor	11	3.13
	Physician	31	8.83
Work experience (yr)	5-10	135	38.46
	11-20	130	37.04
	21-30	73	20.80
	Above 30	13	3.70

Data analysis was done using Excel and SPSS software (Version 12) (Chicago, IL, USA). Data analysis was done using statistical tables, figures, and numerical indices.

Cronbach's alpha coefficient is one of the methods of measuring reliability and internal consistency between different items of a tool. As the internal compatibility of the questionnaire increases, this coefficient also increases. To confirm the reliability and internal compatibility of the questionnaire, Cronbach's alpha coefficient should be at least 0.7.

The researcher explained the purpose of this study to the officials and the concerned people and assured them that the information collected would only be used for the current research and would not be shared with others.

Results

After collecting the questionnaires, Cronbach's alpha coefficient was calculated for each of the sections related to problems and solutions, as well as for the entire problems part and the entire solutions part (Table 2).

Table 2: Determining the reliability of questionnaires using Cronbach's alpha coefficient

<i>Row</i>	<i>Questions</i>	<i>Barriers and problems</i>		<i>Solutions</i>	
		Number of questions	Alpha coefficient	Number of questions	Alpha coefficient
1	The economic situation of the country	3	0.875	3	0.739
2	Structure and infrastructure	3	0.811	3	0.745
3	Policy and decision-making	5	0.756	7	0.793
4	Planning and implementation	6	0.830	5	0.934
5	Coordination and cooperation	3	0.777	3	0.757
6	Cultural and social issues	4	0.749	6	0.812
7	Beneficiary groups and conflict of interests	3	0.921	3	0.878
8	Supervisory and disciplinary measures	3	0.875	4	0.910
9	Evasion, avoidance, and exemption of tax	3	0.795	3	0.822
10	Total	33	0.714	37	0.768

Cronbach's alpha coefficient was more than 0.7 for all sections. So, the designed questionnaire had the necessary reliability.

The results of the analysis of the questionnaires show that most of the participants chose the option of agreeing or completely agreeing. Regarding the barriers and problems, most agreements with the identified problems are respectively related to the sections of structure and infrastructure, evasion, avoidance, and tax exemption, and coordination and cooperation, respectively.

Moreover, concerning the solutions, most agreements with the identified solutions are respectively related to the sections of evasion, avoidance, and tax exemption, cultural and social issues, and coordination and cooperation. Table 3 shows the general status of barriers and problems to facilitate the payment and receipt of health taxes in the country, according to the percentage of agreement or disagreement with the identified problems.

Table 3: The general status of barriers and problems to facilitating the payment and receipt of health taxes

<i>Row</i>	<i>Questions (barriers and problems)</i>	<i>Completely agree</i>	<i>Agree</i>	<i>No idea</i>	<i>Disagree</i>	<i>Completely disagree</i>	<i>No answer</i>	<i>Total</i>
1	The economic situation of the country	35.14	44.73	12.06	5.70	1.42	0.95	100
2	Structure and infrastructure	46.25	41.31	7.50	2.94	0.38	1.61	100
3	Policy and decision-making	32.31	45.36	15.16	4.33	0.34	2.05	100
4	Planning and implementation	32.67	47.15	12.16	5.32	0.66	2.04	100
5	Coordination and cooperation	36.37	45.68	11.21	4.08	1.14	1.52	100
6	Cultural and social issues	32.62	41.74	20.44	2.99	0.21	1.99	100
7	Beneficiary groups and conflict of interests	19.08	55.37	20.04	3.13	0.47	1.90	100
8	Supervisory and disciplinary measures	25.36	56.03	9.68	6.36	0.66	1.90	100
9	Evasion, avoidance, and exemption of tax	38.37	47.10	9.02	3.32	0.66	1.52	100
10	Average	33.02	46.89	13.37	4.31	0.63	1.78	100

Regarding the economic situation of the country, the lack of transparency in economic activities makes it difficult to pay and receive health taxes. Moreover, the data on the tax structure and infrastructure shows that the lack of a comprehensive and complete database of goods and activities related to health makes it difficult to collect taxes correctly and on time. Concerning policy-making and decision-making, when the implementation of tax laws does not pay attention to how to implement and guarantee the implementation of the law, taxes will not be collected properly. In addition, in terms of planning and implementation, the lack of planning and specific standards in determining the examples and rates of health taxes makes tax collection difficult. Problems related to the coordination and cooperation were other tax challenges, so the non-cooperation of relevant organizations and institutions in providing economic information to the trustees reduces the amount of health tax collection.

According to the cultural and social issues, not institutionalizing the concepts and importance of paying taxes, especially from school days, is an important problem regarding tax collection. The point about interest groups and conflict of interests is that the financial temptations and the pressure of influential people and groups direct the decisions regarding receiving taxes from harmful goods and measures and polluting industries. In addition, as for the supervisory and disciplinary

measures, the weakness of the supervision on the implementation of tax laws related to harmful goods and measures and the lack of deterrence of punishment for tax violations are big obstacles in attracting health taxes. Regarding the issue of tax evasion, avoidance, and exemption, extensive tax exemptions and considerable tax evasion and avoidance reduce the amount of health taxes.

Table 4 shows the general status of solutions to facilitate the payment and receipt of health taxes in the country, according to the percentage of agreement or disagreement with the identified problems.

Regarding the economic situation of the country, economic conditions especially recession, inflation, and unemployment, should be taken into account when setting tax rates on goods and services related to health. Besides, concerning the structure and infrastructure, a complete and comprehensive database of financial and non-financial information of all individuals and organizations related to health is required for proper tax collection. As for policy-making and decision-making, higher tax rates should be imposed on goods and measures that cause more damage to health to attract more resources. In addition, in terms of planning and implementation, considering the high pollution and low quality of cars taxes and duties can be collected from automobile manufacturers with careful planning and expertise and serious determination. According to the

matter of coordination and cooperation, for better collection of health taxes related organizations and institutions should give all their information

about economic activities to the national tax administration.

Table 4: The general status of the solutions to facilitate the payment and receipt of health taxes

<i>Row</i>	<i>Questions (barriers and problems)</i>	<i>Completely agree</i>	<i>Agree</i>	<i>No idea</i>	<i>Disagree</i>	<i>Completely disagree</i>	<i>No answer</i>	<i>Total</i>
1	The economic situation of the country	35.52	47.01	11.11	4.75	0.28	1.33	100
2	Structure and infrastructure	33.33	40.93	18.71	4.65	0.66	1.71	100
3	Policy and decision-making	28.43	48.96	18.44	2.81	0.57	1.79	100
4	Planning and implementation	33.79	48.15	11.11	4.50	0.63	1.82	100
5	Coordination and cooperation	40.08	43.30	10.16	3.89	0.76	1.80	100
6	Cultural and social issues	33.43	50.14	11.59	2.75	0.57	1.52	100
7	Beneficiary groups and conflict of interests	29.72	45.68	15.29	6.36	1.04	1.90	100
8	Supervisory and disciplinary measures	33.55	46.37	12.96	4.63	0.78	1.71	100
9	Evasion, avoidance, and exemption of tax	35.90	50.33	7.88	3.51	0.95	1.42	100
10	Average	32.96	47.34	13.39	3.96	0.67	1.68	100

Regarding cultural and social issues, creating trust and confidence in the people before the implementation of tax laws facilitates the payment of taxes by taxpayers. The point about the interest groups and conflict of interest is that the conflict of interest between the Ministry of Health and the Ministry of Industry regarding the tax on harmful goods and measures will be resolved by interaction and strict implementation of the law. Also, the data on the supervisory and disciplinary measures shows that for the proper payment of tax and no delay in it, tax penalties should be a high deterrent. As for tax evasion, avoidance, and exemption, for the better payment of taxes by taxpayers, identification of platforms and ways of tax evasion and avoidance and serious confrontation against it should be the top priority of legislators and executives.

Discussion

Many goods, services, and practices cause harm to health, and one of the ways to reduce their effect is to impose taxes and duties and increase their prices. Harmful goods such as cigarettes, unhealthy foods, and drinks, as well as factories

and industries that pollute the environment, are among the most important health threats. Paying and receiving taxes from health-threatening factors is associated with many barriers and problems. On the other hand, there are many solutions to solve these problems.

According to the results of our study, the lack of transparency in economic activities makes it difficult to pay and receive health taxes. Moreover, the lack of a comprehensive database of goods and activities related to health reduces the possibility of collecting taxes correctly and on time. On the other hand, the root of some problems regarding paying and receiving health taxes is the lack of proper culture building in the field of taxes. Therefore, if there is no trust in society, there will be no good cooperation and interaction between the people and the government to pay taxes. The weak tax culture, the existence of secrecy and non-transparent activities, weak international relations, and sanctions are the most important barriers and problems in receiving taxes, respectively (17).

The present study showed that the weakness of laws and policies causes the imposition of taxes on goods and health-damaging measures not to be carried out correctly. The conflict of interest

between the objectives of the ministries and organizations regarding the tax on the harmful is one of the other barriers to the proper payment and receipt of health taxes. In this regard, a study (18) showed that industries such as tobacco use various strategies and measures to oppose tax policies and laws. The barriers related to health taxes include the opposition of different sectors to paying taxes, technical, legal, and administrative barriers to taxes, and problems in determining the tax rate on goods (19).

The weakness of monitoring the implementation of tax laws related to harmful goods and pollutants is a big barrier to paying and receiving health taxes. Also, the lack of deterrence of punishment for tax violations makes tax collection difficult. In a study (20), weak supervision was expressed as one of the most important barriers to expanding economic activities and paying taxes.

To reduce the effect of harmful goods, services, and measures, tax and non-tax solutions should be used, including reasonable tax rates, increasing people's awareness, and access to healthy alternatives (21).

The present study showed that with the transparency of economic activities and access to financial information, paying and receiving taxes will be facilitated. The requirement for correct tax collection is the existence of a complete and comprehensive database of financial and non-financial information of all people and organizations related to health. As much as the tax laws are accurate, focused, and brief, paying and receiving taxes will be facilitated. Higher tax rates should be imposed on goods, services, and practices that cause more damage to health. Several factors affect the effectiveness of taxes on unhealthy goods, the most important of which are strict laws, proper design of taxes, advertising control, correct tax rates, and providing healthy alternatives (22).

According to our study, the higher the trust index in society, the more cooperation and interaction between people and the government to pay taxes. Also, culture-building and improving people's awareness facilitates the collection of health tax-

es. To encourage people to pay taxes, it is necessary to specify where the tax is spent and for people to see its effects. Ghorbani's study (2020) shows that the economic factor is the most important in increasing public trust in paying taxes, followed by legal, cultural, political, and managerial factors in order of importance (23). Another issue is that tax penalties have a high deterrent for paying taxes properly and not delaying them. Moreover, to pay taxes better, identify platforms and ways of tax evasion, and fight against it seriously, it should be taken into consideration legislators and executives. The criteria of clarifying tax calculation, honoring clients, and preventing tax evasion and avoidance have the highest importance and priority in proper tax collection (24).

The concurrence of the research with the COVID-19 pandemic, especially the limitations for the distribution of the questionnaires, the lack of proper cooperation of some participants to fill out the questionnaires, and the inadequacy of related studies on health taxes were among the most important limitations of the present study.

Conclusion

Many goods, services, and measures are involved in harming people's health, and one of the strategies to control them is to tax the production and use of these goods, services, and measures and increase their prices. Despite the significant impact of taxes in controlling goods and measures harmful to health, paying and receiving these taxes faces many barriers and problems that make it difficult to achieve the goals of taxation. However, to dispel these barriers and facilitate the payment and receipt of health-related taxes, there are many solutions regarding policy, legislation, planning, implementation, coordination, cultural, social, and supervision.

Journalism Ethics considerations

Ethical issues (Including plagiarism, informed consent, misconduct, data fabrication and/or fal-

sification, double publication and/or submission, redundancy, etc.) have been completely observed by the authors.

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Conflict of interest

The authors declare that there is no conflict of interest.

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