
The Impact of Tax System Complexities on Operating Segments (IFRS 8) - Case Study of Algeria -

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Received: 17/01/2025

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Accepted: 21/02/2025

Published:17/04/2025

Abstract:

The objective of this study is to identify the factors contributing to the complexities of the Algerian tax system and their impact on Operating Segments (IFRS8). A questionnaire was employed as a research instrument, targeting a sample of academics and professionals in the fields of accounting and taxation. The responses were analyzed using the statistical software SPSS (Version 26).

The findings of the study indicate that the tax system is complex in terms of its legislative framework. However, in terms of tax administration, the system is generally characterized by low complexity, despite the presence of some complex elements. Regarding the effect of tax complexity on Operating Segments (IFRS 8), it was observed that complexity in tax administration impacts operational sectors, while legislative complexity did not demonstrate a statistically significant effect on Operating Segments(IFRS 8).

Keywords: Operating Segments; tax system; tax complexities; IFRS 8; Tax legislation.

Jel Classification Codes:H22,M41.

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1. Introduction :

The tax system is a fundamental pillar that nations depend on for economic and social direction. It is a tool for achieving overall balance, based on specific principles and objectives. To enhance its effectiveness, the tax system must embody commonly accepted principles, along with stability and simplicity. This is especially crucial in scenarios where a country employs a self-assessment system, which transfers the responsibility of calculating taxes from the tax authority to the taxpayer, who must consequently possess a deep understanding of the tax system.

Taxation complexities are a primary concern for any tax system, especially regarding the formulation of laws, the dissemination of guidelines or clarifications on tax calculation and collection, or the presence of numerous laws and various taxes. A complicated tax system signifies difficulties in comprehension and implementation, resulting in discrepancies in understanding and application. This is one of the key factors that impede the effectiveness of tax systems worldwide. Almost every tax system has undergone at least some degree of change. A complex tax system affects not only the taxpayers and interpreters but also national productivity.

Operating Segments are institutions with diverse activities located in different places. They typically begin in a single location with a single product and gradually expand their activities, sometimes extending into other regions, both within the country and abroad, with varied activities. This expansion has led to challenges in providing complete disclosure in operational sector reports. To address this issue, the (IASC) introduced (IAS 14), which was later revised to (IFRS 8) by the (IASB), to ensure that Operating Segments reports are reliable and fully transparent. In terms of the tax system, it functions as a driver for the national economy by offering enticing incentives. Yet, a tax system that imposes significant and complex tax requirements can obstruct business growth and expansion.

1.1. Hypotheses:

In an initial attempt to resolve the problem, the following hypotheses have been suggested:

- The complexities of the tax system have an impact on Operating Segments in Algeria.
- The complexity of tax legislation affects Operating Segments in Algeria.
- The complexity of tax administration impacts Operating Segments in Algeria.

1.2. Aim of the study:

This study seeks to explore the areas of complexity within the Algerian tax system by using a questionnaire targeted at professionals in the accounting and financial sectors. It also aims to assess the impact of these complexities on Operating Segments, which are currently undervalued in Algeria. This lack of recognition may contribute to the stagnation of economic institutions and the national economy as a whole.

1.3. Importance of the study:

Operating Segments are among the areas in which Algeria faces difficulties, especially as the country aims to develop and modernize its various sectors. To achieve the desired outcomes, it is essential to investigate the causes of these delays. This study is particularly important as it focuses on identifying the sources of tax complexities and their effects on operational sectors. By simplifying the complex aspects of the tax system and providing incentives, there is potential to advance the development of operational sectors in Algeria. Consequently, this study might be valuable for policymakers in reconsidering the key elements identified by experts.

1.4. Methodology:

To conduct this study, a quantitative methodology was utilized to assess the impact of tax complexities on Operating Segments. A survey, structured as a questionnaire, was distributed to the study sample in August 2024. Once the required data was collected, the relationship between the variables was analyzed using ANOVA and linear regression models via the SPSS statistical software.

1.5. Previous studies:

The study Abdulasalam Mas'ud, El-Maude Jibreel Gambo, Mustapha Nasidi, and Oginni Simon Oyewole (2014) entitled "TaxComplexity and Tax Compliance in African Self-assessment Environment." This study aimed to explore the effect of tax complexity on tax compliance within the self-assessment framework across 44 African countries. The findings revealed that tax complexity has a negative impact on tax compliance in Africa, with taxpayers spending more time to comply compared to the average time in a self-assessment system. The study determined that tax complexity contributed to an 8% effect on tax compliance, while the remaining 92% was attributed to other factors.

The study of Khadijah Isa (2014) titled "Tax Complexities in the Malaysian Corporate Tax System: Minimize to Maximize." The study's primary focus was to identify the areas of tax complexity and challenges faced by corporate taxpayers in fulfilling their tax obligations under the self-assessment system. The results showed that corporate taxpayers encountered tax complexity primarily in tax calculations, record-keeping, and tax ambiguity. Companies have largely adapted to the complexities associated with tax calculations and record-keeping. However, dealing with the tax authorities and agents, particularly in submitting tax returns on time, was found to be the least complex area.

The study of Farida Abdul and Jim Boyd McFie (2019) titled "Tax Complexity and Compliance Behaviour of Large and Medium-Sized Business Taxpayers in Kenya." This study sought to investigate the role of tax fairness and complexity in influencing tax compliance decisions among large and medium-sized businesses in Kenya. It analyzed taxpayer behavior and their perceptions of taxation. The study found that the perception of

tax fairness has multiple dimensions, with exchange rate fairness being a key factor affecting compliance behavior among businesses. Tax complexity impacts tax fairness in various ways, particularly through complex tax procedures. Furthermore, the study showed that perceived behavioral control has a negative effect on compliance behavior. The study of Doreen Musimenta (2020) entitled "Knowledge Requirements, Tax Complexity, Compliance Costs, and Tax Compliance in Uganda." This study aimed to investigate the relationship between tax knowledge requirements and tax system complexities in relation to tax compliance in Uganda, while also exploring the indirect effects of compliance costs. It concluded that tax knowledge requirements do not significantly impact compliance costs. Taxpayers generally have adequate knowledge to comply with tax obligations. However, tax complexity influences compliance costs both directly and indirectly.

The study of AbdenourBournissa (2023) entitled "The Impact of Tax Complexity on Economic Institutions: An Exploratory Study of a Sample of Algerian Economic Institutions." The study aimed to assess the impact of tax complexity on economic institutions. It identified that tax complexity in terms of legislation affects investment, while tax complexity related to tax administration influences costs, investment, and disclosure.

This research paper is structured into five sections: the introduction, theoretical framework, research methodology, results and discussion, and conclusion.

2. Theoretical framework:

This section explores the Algerian tax system, tax complexities, and Operating Segments in accordance with (IFRS 8).

2.1. The Algerian tax system:

The Algerian tax system has undergone several phases of evolution before reaching its current form. A significant development occurred in the 1970s when, under (Order 75-87) of 1975, the Algerian government established a comprehensive tax framework. In 1976, this led to the implementation of several key tax laws, including the Law on Direct Taxes and Similar Fees under (Order 76-101), the Law on Turnover Tax under (Order 76-102), the Law on Stamp Duties under (Order 76-103), the Law on Indirect Taxes under (Order 76-104), and the Law on Registration under (Order 76-105).

This system remained in place until the early 1990s, when Algeria undertook significant tax reforms. Notably, the introduction of Value Added Tax (VAT) under (Order 90-36) of 1990 replaced the Gross Production Tax and Gross Services Tax and came into effect in 1992. Furthermore, the Professional Activity Tax was introduced under (Order 95-27) of 1995, further modernizing the tax structure. Subsequent reforms also included the introduction of various new taxes and fees and the replacement of others, such as the abolition of the flat-rate payment and its replacement with the single flat-rate tax under (Law 06-24) of 2006, there have been numerous changes to tax rates and fees up to the present day.

Currently, the tax system consists of six main tax laws: the Law on Direct Taxes and Similar Fees, the Law on Indirect Taxes, the Law on Turnover Tax, the Law on Registration, the Law on Stamp Duties, and the Law on Tax Procedures. The organizational structure of the tax administration comprises the General Directorate of Taxes, which is made up of eight subsidiary directorates: the Directorate of Tax Legislation and Regulations, the Directorate of Public Relations and Communication, the Directorate of Resources and Financial Management, the Directorate of Disputes, the Directorate of Tax Operations and Collection, the Directorate of Research and Audits, the Directorate of Tax Documentation and Information, and the Directorate of IT and Organization. The external services are comprised of various directorates, centers, units, and inspection offices, including the Directorate of Large Enterprises, the Regional Tax Inspection Office, the Regional Tax Directorates, the Regional Research and Audit Services, the Regional Information and Documentation Centers, the Provincial Tax Directorate, tax centers, and local tax centers. Each of these entities contains further subsidiary units or services, each responsible for specific functions (<https://www.mfdgi.gov.dz>).

2.1.1. The complexities of the Algerian tax system:

Complexity is a constant concern in the realms of economics and finance, particularly in the context of navigating economic and tax systems around the world. Tax complexity is a significant issue that affects a wide range of stakeholders or taxpayers in most countries. The degree of complexity can differ from one country to another, or from one system to another, and even within the same system, it may be viewed differently depending on the perspective and expertise of each individual. Overall, tax complexity is a concept that lacks a universally accepted definition, with various researchers offering differing interpretations based on their unique perspectives (Bournissa A., 2023). For example: (Binh Tran-Nam, 2014).

- **From the perspective of tax attorneys:** Tax complexity may indicate the challenges individuals face in interpreting, comprehending, or applying legislative texts in different professional contexts.
- **From the perspective of accountants:** Complexity refers to the amount of time needed to prepare income tax returns or provide tax consultation.
- **From the perspective of entrepreneurs:** Tax complexity refers to the financial and time resources allocated to meet the requirements of business tax regulations.

The components of tax complexity can differ from one system to another and may manifest in various ways. For example, complexity can be found in tax legislation, tax procedures, tax accounting, tax rules, tax forms, tax compliance, or the low level of comprehension of laws and texts (Musimenta, 2020). It highlights the difficulty in understanding and managing these elements and may be less stable (Tanzi, 2017). Furthermore, tax complexity can also arise from the proliferation of improvements and amendments within the system (Natrah, 2013).

Table N°01: It illustrates the elements of tax complexity across various tax systems

Elements of tax complexity	Long and Swingen (1987)/US	Green (1994)/UK	Mckerchar (2005)/Australia	A.C.Borrego, et All (2016)/Portugal
Ambiguity in income tax regulations			X	
Ambiguity in certain income taxes			X	
Fragmented tax regulations				X
Ambiguity and doubt in tax regulations	X	X	X	X
Constantly changing tax regulations	X	X	X	X
Numerous and extensive tax laws and regulations				X
Diverse regulations	X	X	X	
Various exceptions in the regulations			X	X
Complex tax regulations for non-residents		X		
International legislations				X
Tax regulations with complex technical terminology				X
Shift to European Union regulations				X
Extensively detailed record-keeping				
Record-keeping is extremely demanding and burdensome			X	
Perplexing tax forms	X	X	X	X
The structure of tax forms is perplexing			X	X
Preparation of accounting information for fiscal purposes				X
Digitalization of tax returns				X
Numerous tax calculations	X		X	
Tax calculations are extremely difficult and challenging			X	
Limited assistance provided by the tax system		X		X
Fiscal archive				X

Source: A.C. Borrego, et al. (2016) / Portugal, p. 22

2.1.2. Operating Segments:

Operational sectors have garnered significant attention in the accounting world due to the challenges in obtaining adequate information on reports for each sector. This standard requires companies to disclose information that enables users to assess the nature and financial implications of their activities, as well as the economic environment in which they operate. A notable feature of this standard is its reliance on the management approach, which stipulates that sectors should be defined for financial reporting purposes in the same way the company identifies them for internal reporting. In essence, sectors are determined based on the company's internal organizational structure. (Zegmar, 2017).

According to (IFRS 8), an Operating Segments is defined as a component of the company that:

- Engages in business activities and generates revenue and incurs expenses, including those from transactions with other segments of the entity.
- Has its operating results reviewed regularly by the chief operating decision maker to make decisions about resource allocation and evaluate its performance.
- Has separate financial information available. (Hamidat, 2014)

2.2. Methodology:

2.2.1. Demographics and sample of the study:

The study population comprises professionals involved in accounting, including (company accountants, certified public accountants, auditors, accounting experts, and financial and fiscal consultants). A sample from this population was targeted, with 110 questionnaires distributed and 57 responses collected, as shown in the following table:

Table N°02: Sample of the study

Number	Sample	Number of questionnaires distributed	Sample
01	57	110	57

Source: Prepared by the researchers

2.2.2. Study tool:

To compile the study data and test the hypotheses, a questionnaire was designed to align with the study's requirements. Initially, it was based on tax complexity elements outlined by (Bournissa, 2021) in the Algerian tax system, and identified by (Borrego, 2016) in their research on the Portuguese tax system. The questionnaire was reviewed by five experts, including professors and three who also work as auditors. Based on their feedback, some items were added or removed to better fit the Algerian tax system. The final version of the questionnaire contains 25 items: the first five items relate to demographic characteristics, while the remaining items are categorized into sections. The first section contains six items on complexity related to tax legislation; the second

section has eight items on complexity related to tax administration, both of which address the independent variable. The third section focuses on the dependent variable, which is operational sectors.

All items were measured using a five-point Likert scale, ranging from (1) strongly disagree to (5) strongly agree.

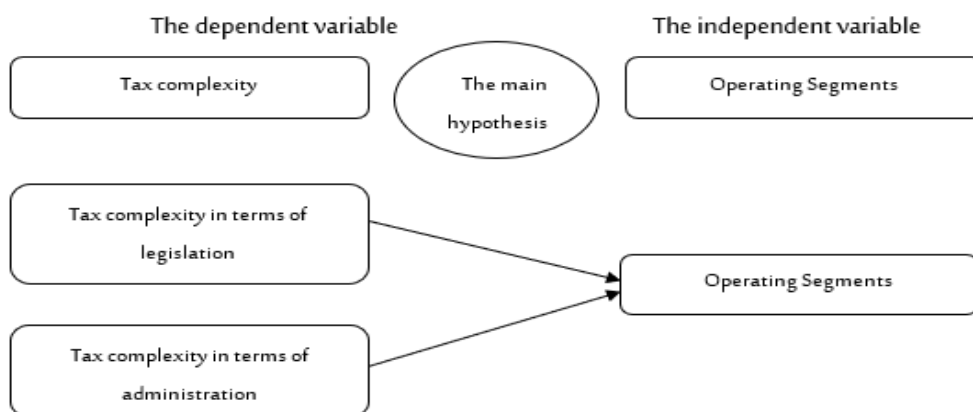
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2.3. Study model:

Figure N°01: Study model



Source: Prepared by the researchers

Figure (1) depicts both the dependent and independent variables due to the nature of the study. The dependent variable is tax complexity, which is divided into two elements: tax legislation and tax administration. For tax legislation, the items explore complexities faced by experts and readers of these regulations, such as the formulation and interpretation of laws, ongoing changes in these regulations, and ambiguous provisions within them. This also includes discrepancies between tax and accounting rules, which result in deferred taxes and variations in application observed in Algeria.

In terms of tax administration, the items assess the degree of complexity involved, including the taxpayer's obligation to calculate taxes correctly and timely, without errors. This includes regulatory frameworks, assistance

provided by the tax administration, methods for calculating and reporting taxes, preparation and submission of fiscal budgets, audit procedures, and tax appeals, among others. These aspects are detailed in the descriptive statistics section along with respondents' perspectives.

The independent variable is operational sectors, covered in a single section with items such as (the fiscal system acts as a constraint on operating segments in Algeria, the general economic environment in Algeria limits business expansion, lack of attractive tax incentives hinders sector growth, tax law instability has contributed to the low number of multinational companies in Algeria, the absence of a stock exchange and market instability, and lack of transparency in Algeria have resulted in weak information in sector-specific reports, and the information provided in operating segments reports is unreliable).

2.4. Demographic information:

The study sample possesses various characteristics that are expected to significantly influence the analysis of tax complexities and their impact on operating segments (IFRS 8). These characteristics include gender, age, educational attainment, profession, and experience. The following table displays the frequency distributions for these demographic variables.

Table N°03: It shows respondent characteristics

Characteristics	Frequencies	Percentage		Characteristics	Frequencies	Percentage
Male	34	79,1%	Occupation	Accountant at a company	18	41,9%
Female	09	20,9%		Certified accountant	0	0%
Total	43	100%		Account manager	06	14%
25-29 yearsold	09	20.9%		Accounting expert	01	02,3%
30-39 yearsold	25	60.5%		Financial/fiscal consultant	02	04,6%
40-49 yearsold	06	11.6%		University professor	16	37,2%
Over 50 yearsold	03	07%		Other	0	0%
Total	43	100%		Total	43	100%
Bachelor's degree	02	04,6%	Experience	1-4 years	24	55,8%
Master's degree	07	16,3%		5-9 years	08	18,6%
Magister	01	02,3%		10-14 years	05	11,6%
PhD	33	76,7%		15 years	06	14%
Total	43	100%		Total	43	100%

Source: Outputs from SPSS Version 26

Table (03) indicates that most respondents are male, with a percentage of 79.1%. Regarding age, the majority fall within the (30-39) year range, representing 60.5%. In terms of educational attainment, most hold a doctoral degree, accounting for 76.7%. For occupation, the predominant group are accountants in a company, comprising 41.9%. Lastly, when it comes to experience, the majority have between 1 and 4 years of experience, representing 55.8%.

3. Study findings and discussion:

3.1. Study findings:

Prior to testing the hypotheses, it was essential to conduct validity assessments of the study instrument, including tests for internal consistency, construct validity, and reliability.

3.1.1. Internal consistency validity test :

The internal consistency validity of the questionnaire was assessed by calculating Pearson correlation coefficients between the scores of each item within the six sections and the overall score for the corresponding section. The table below presents the correlation coefficients between each item and the total score of the sections.

Table N°04: Correlation coefficients between each item's score and the total score of its corresponding section

Section one	Item	1	2	3	4	5	6	/	/
	Correlation	** 0.847	** 0.763	** 0.821	** 0.876	** 0.902	** 0.791	/	/
Section two	Item	1	2	3	4	5	6	7	8
	Correlation	** 0.766	** 0.839	** 0.735	** 0.755	** 0.795	** 0.752	** 0.750	** 0.794
Section three	Item	1	2	3	4	5	6	/	/
	Correlation	** 0.700	** 0.921	** 0.788	** 0.868	** 0.824	** 0.790	/	/

Significant at the 0.01 levelSource: Outputs from SPSS Version 26

Table (04) reveals that the correlation coefficients between the scores of each item within the six sections and the overall score of the section to which the item belongs are as follows: for Section One, between (0.763) and (0.902); for Section Two, between (0.735) and (0.839); and for Section Three, between (0.700) and (0.921). These coefficients are all statistically significant at the (0.01) level, indicating that all items within each section demonstrate internal consistency validity. This confirms that the study instrument (the questionnaire) has achieved internal consistency validity.

3.1.2. Construct validity test :

The construct validity of the questionnaire was evaluated by calculating the correlation coefficient between the total score for each section and the overall score for the corresponding dimension, as illustrated in the table below:

Table N°05: Correlation coefficients between each dimension's score and the overall score of the questionnaire

Overall score of the questionnaire	Section	Section one	Section two	Section three
	Correlation coefficient	** 0.712	** 0.823	** 0.641

Significant at the 0.01 levelSource: Outputs from SPSS Version 26

Table (05) indicates that all dimensions of the questionnaire exhibit construct validity, with correlation coefficients ranging from (0.641) to (0.823). These coefficients are statistically significant at the (0.01) level, confirming that all dimensions of the questionnaire are valid in terms of construct validity.

3.1.3. Reliability test:

To measure reliability, Cronbach's Alpha coefficient was used. The reliability of the study instrument was assessed by calculating the Cronbach's Alpha coefficient. The table below presents the reliability results for the study instrument:

Table N°06: Reliability coefficients for the study instrument dimensions using Cronbach's alpha

Section	Number of items	Sample size	Reliability coefficient	State
Tax complexity with regard to legislation	06	43	0.912	Excellent
Tax complexity with regard to compliance	08	43	0.903	Excellent
Operational sectors (IFRS 08)	06	43	0.896	Very good
Total	20	43	0.902	Excellent

Source: Outputs from SPSS Version 26

From Table (06), it is evident that all aspects of the study questionnaire show a reliability ranging from very good to excellent according to Cronbach's Alpha. The lowest reliability coefficient recorded was (0.896), indicating a very good level of reliability for all items in the Operating Segments (IFRS 8) dimension. The highest coefficient was (0.912), reflecting an excellent level of reliability for all items in the Tax Complexity in Terms of Legislation dimension. Furthermore, the overall reliability coefficient for the study tool across all items was (0.902), which is very high (excellent), suggesting that the results derived from the study tool (questionnaire) are reliable when applied. Thus, we conclude that the study tool (questionnaire) is characterized by both validity and reliability.

3.1.4. Descriptive statistics:

Table N°07: Illustrates the maximum and minimum values, arithmetic means, standard deviations, as well as the response scores for the dimensions.

Sections	Minimum value	Maximum value	Arithmetic mean	Standard deviation	Degree
Tax complexity with regard to legislation	1,67	5	3,2519	0,83680	Complex
Tax complexity with regard to compliance	1.13	4.5	2.9331	0.82029	Low complexity
Operational sectors (IFRS 08)	1.33	5	3.6240	0.81251	Agree

Source: Outputs from SPSS Version 26

Table (07) illustrates the average responses for the dimensions ranging from "Strongly Simplified" (1) to "Strongly Complex" (5) for the complexity dimensions, and from "Strongly Disagree" (1) to "Strongly Agree" (5) for the tax evasion dimensions. The arithmetic means for these dimensions varied between (3.6240) and (2.2519), while the standard deviations ranged from (0.83680) to (0.81251).

Table (07) indicates that, according to the response scores, the dimension "Complexity with regard to legislation" is rated as complex, while "Complexity with regard to compliance" is rated as having low complexity. However, a detailed examination of the components within these dimensions reveals that some elements in the "Complexity with regard to legislation" dimension exhibit low complexity (see Table No. 08), whereas some elements in the "Complexity with regard to compliance" dimension are complex (see Table No. 09). For the "Operating Segments (IFRS 8)" dimension, it was rated as "Agree", and further analysis showed that some components received a "Strongly Agree" rating.

Table N°08: It presents the frequencies of respondents, as well as the arithmetic means and standard deviations for tax complexities with respect to legislation

Statements		Highlycomplex	Complex	Low complexity	Simple	Very Simple	Mean	Standard deviation	Degree
Drafting of Algerian taxlaws or their translation	Frequency	01	03	12	18	03	3.45	0.8690	Complex
	Percentage	2.3	20.9	27.9	41.9	07			
The six taxlaws and theirinterpretat-ions	Frequency	12	0	15	14	02	3.24	0.8629	Low complexity
	Percentage	27.9	0	34.9	32.6	4.7			
Constant amendmen-ts to taxlaws	Frequency	01	07	09	17	09	3.83	0.9578	Complex
	Percentage	2.3	16.3	20.9	39.5	20.9			
The provisions included in the six tax laws	Frequency	02	09	14	14	04	3.40	0.9562	Complex
	Percentage	4.7	20.9	32.6	32.6	9.3			
Technicalterminolo-gy or specific language used in tax laws	Frequency	01	15	12	12	03	3.16	1.0141	Low complexity
	Percentage	2.3	34.9	27.9	27.9	07			
Taxrulesgoverningtaxadministrat-ion in cases of discrepanc-ieswithaccounting	Frequency	01	12	10	16	04	3.29	1.0237	Low complexity
	Percentage	2.3	27.9	23.3	37.2	9.3			

Source: Outputs from SPSS Version 26

Table (08) presents the mean responses for the elements of tax complexity in terms of legislation, with arithmetic means ranging from (3.83) to (3.24) and standard deviations between (1.0237) and (0.8629). It is clear that, from the respondents' perspective, the formulation of Algerian tax laws or their translation, the provisions in the six tax laws, and the continuous changes in the tax system are all deemed complex. On the other hand, some elements are perceived as either low in complexity or complex, suggesting that they are of moderate complexity overall.

Table N°09: Outlines the respondent frequencies, arithmetic means, and standard deviations for tax complexities related to tax administration

Statements		Highly complex	Complex	Low complexity	Simple	Very simple	Mean	Standard deviation	Degree
Regulatory policies and tax regulations	Frequency	03	13	13	10	04	3.16	1.0411	Low complexity
	Percentage	07	30.2	30.2	23.3	9.3			
The mechanism for guidance and assistance provided by the fiscal administration in case of inquiry	Frequency	04	13	09	15	02	3.18	0.9954	Low complexity
	Percentage								
The variation in the interpretation and application of legal provisions and regulations among tax administration officials	Frequency	03	10	10	15	06	3.45	1.0953	Complex
	Percentage	07	23.3	23.3	32.6	14			
The drafting of the fiscal budget	Frequency	02	15	15	10	01	3.00	0.8498	Low complexity
	Percentage	4.7	34.9	34.9	23.3	2.3			
The procedure for calculating and declaring tax obligations	Frequency	04	12	14	11	02	3.05	0.9985	Low complexity
	Percentage	9.3	27.9	32.6	25.6	4.7			
The method for record-keeping	Frequency	05	14	10	13	01	2.91	1.0898	Low complexity
	Percentage	11.6	32.6	23.3	30.2	2,3			
Tax audit procedures	Frequency	04	13	12	11	0	3.00	0.9718	Low complexity
	Percentage	9.3	30.2	27.9	32.6	0			
Tax appeal procedures	Frequency	02	15	12	11	03	3.10	1.0215	Low complexity
	Percentage	4.7	34.9	27.9	25.6	07			

Source: Outputs from SPSS Version 26

Table (09) shows the average responses for elements of tax complexities in relation to the tax administration, with arithmetic means ranging between (2.91) and (3.18), and standard deviations between (1.0953) and (0.8498). It is clear that the variation in the use of legal provisions and regulations among tax administration officials is considered the only complex aspect according to the respondents. Meanwhile, most of the other elements are viewed as either low in complexity or complex, which allows us to conclude that they are of moderate complexity overall.

Table N°10: shows the frequency of respondents, arithmetic means, and standard deviations for the Operating Segments (IFRS 8).

		Highlycomplex	Complex	Low complexity	Simple	Very simple	Mean	Standard deviation	Degree
The fiscal system is regarded as a constraint on the operational sectors in Algeria	Frequency	03	08	12	15	05	3.37	1.0546	Neutral
	Percentage	07	18.6	29.9	34.9	11.6			
The overall economic situation in Algeria hampers the expansion of businesses in their activities	Frequency	01	05	06	24	07	3.87	0.9705	Agree
	Percentage	2.3	11.6	14	55.8	16.3			
The lack of enticing tax incentives has hindered the development of the sector	Frequency	07	0	06	23	07	3.82	0.8439	Agree
	Percentage	16.4	0	14	53.5	16.3			
The instability of fiscal laws has contributed to the limited presence of multinational companies operating in Algeria	Frequency	01	05	07	22	08	3.87	0.8223	Agree
	Percentage	2.3	11.6	16.3	51.2	18.6			
The absence of a stock exchange, an unstable market, and a lack of transparency in Algeria have led to weak	Frequency	01	04	04	21	13	4.1	0.8711	Agree
	Percentage	2.3	9.3	9.3	48.8	30.2			

information provided in reports on operational sectors									
The information provided in reports on operational sectors is considered unreliable	Frequency	01	08	12	17	05	3.52	0.9054	Agree
	Percentage	2.3	18.6	27.9	39.5	11.6			

Source: Outputs from SPSS Version 26

Table (10) shows the average responses for elements of the Operating Segments (IFRS 8), with arithmetic means ranging from (4.1) to (3.37) and standard deviations between (1.0546) and (0.8223). It is apparent that all elements were rated as "agree" by the respondents, except for the statement "the fiscal system is regarded as a constraint on the Operating Segments in Algeria," which was rated as "neutral."

3.1.4. Testing the hypotheses:

Before testing the hypotheses, the normal distribution of the data was verified. The tax complexity factors followed a normal distribution, while the operating segments (IFRS 8) did not initially conform. It was adjusted to fit a normal distribution at a significance level greater than (0.05). ANOVA and regression analysis were then used to test the hypotheses at a (5%) significance level. Tables (11), (12), and (13) display the results of the ANOVA and linear regression analysis for the variables.

Table N°11: It illustrates the results of ANOVA and linear regression models concerning legislative complexity and its impact on Operating Segments (IFRS 8)

Hypothesis	Independent variable	Dependent variable	R	R ²	F	sig	β
Hypothesis 1	Legislative complexity	Operating segments (IFRS 8)	0,076	0,06	0,235	6300,	0,73

❖ Hypothesis1 :

- **H0:** There is no statistically significant relationship at the level of $\alpha \leq 0.05$ between tax complexities in terms of legislation and Operating Segments (IFRS 08).

The linear regression coefficient was ($R = 0.076$), with a coefficient of determination of ($R^2 = 0.06$). The p-value was (0.630), which is greater than (0.05). Therefore, we accept the null hypothesis, indicating that there is no statistically significant effect of tax complexities in terms of legislation on the Operating Segments (IFRS 8).

Table N°12: It details the results of ANOVA and linear regression analysis regarding the impact of tax administration complexity on Operating Segments (IFRS 8).

Hypothesis	Independent variable	Dependent variable	R	R2	F	sig	β
Hypothesis 2	Complexity related to tax administration	Operational sectors (IFRS 08)	0,332	0,110	5,080	0,03	0,329

Source: Outputs from SPSS Version 26

❖ Hypothesis2 :

- **H0:** There is no statistically significant relationship at the level of $\alpha \leq 0.05$ between tax complexities in terms of tax administration and Operating Segments (IFRS 8).

The linear regression coefficient was ($R = 0.332$), with a coefficient of determination of ($R^2 = 0.110$). This indicates that 11% of the lack of development in the operational sectors can be attributed to tax administration complexity. The p-value was (0.030), which is less than (0.05). Therefore, we reject the null hypothesis and accept the alternative hypothesis, suggesting that there is a statistically significant impact of tax complexities related to tax administration on the Operating Segments (IFRS 8).

Table N°13: It shows the results of ANOVA and linear regression analysis between the complexities of the tax system and the Operating Segments (IFRS 8)

Hypothesis	Independent variable	Dependent variable	R	R2	F	sig	β
Main hypothesis	Tax complexities	Operating Segments (IFRS 8)	0,237	0,056	2,442	0,126	0,272

Source: Outputs from SPSS Version 26.

❖ Main hypothesis :

- **H0:** There is no statistically significant relationship at the level of $\alpha \leq 0.05$ between tax complexities and Operating Segments (IFRS 8).

The linear regression coefficient was ($R = 0.237$), with a coefficient of determination of ($R^2 = 0.056$). The p-value was (0.0000), which is less than (0.05). Therefore, we reject the null hypothesis and accept the alternative hypothesis, indicating that there is a statistically significant impact of tax complexities on the Operating Segments (IFRS 8).

4. Conclusion :

The Algerian tax system, like many tax systems worldwide, is perceived as complex by professionals and academics, regarding the drafting and translation of laws, constant changes, and the tax rules that govern tax management when they differ from accounting standards. There is also variation in the application of legal provisions and rules among tax administration officers. When examining tax complexities as a whole, no impact

was found on the Operating Segments (IFRS 8). However, when tax complexities were divided into legislative and administrative aspects, it was found that tax administration complexity affects operational sectors by 11%, with the remaining percentage attributed to other factors. Despite respondents perceiving legislative complexity, no impact was found on the Operating Segments (IFRS 8).

Considering these overall results, the situation is not favorable, which calls for policymakers to reconsider the tax system and make it simpler and more flexible, given its essential role as a primary source of revenue for the state treasury.

Recommendations:

Given that the results indicate an unfavorable situation, it is essential for policymakers to take the necessary actions. We therefore offer the following recommendations :

- Establishing a more stable and adaptable tax system by organizing forums for academics and professionals to collaborate on innovative solutions and best practices.
- Reevaluating the drafting and translation of tax laws to ensure they are clear, consistent, and aligned with economic needs.
- Accelerating the digitization of the tax administration to improve operational efficiency and transparency.
- Investing in continuous professional development for tax officials through targeted training programs that enhance their expertise.
- Stimulating business growth by offering compelling incentives to encourage expansion and investment.
- Enhancing the functionality and influence of the Algerian stock exchange to better support the economy.

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