ACCOUNTING ERRORS THAT INFLUENCE VALUE ADDED TAX REPORTING QUALITY: A STUDY OF ACCOUNTING AND REGULATION

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Abstract

The aim of this study is to explore the accounting errors that influence value-added tax (VAT) reporting quality in Lebanon and to identify any additional accounting errors not considered before. The data instrument is a questionnaire; it was developed based on previous studies' statements (Mat Jusoh et al., 2021), which were validated by a pilot test. The population selected is composed of all 1,691 practising certified public accountants in Lebanon who are registered with the Lebanese Association of Certified Public Accountants (LACPA). The results showed several accounting errors that have a significant influence on VAT reporting quality in Lebanon, including tax rate errors, cutoff period errors, errors of principle, hiding transactions errors, mathematical errors, and overreporting expenses errors. Moreover, the exploratory approach concluded that there are two main problems that influence VAT reporting quality: the unclear procedures for tax reporting and the absence of guidance regarding the extreme fluctuation of exchange rates in Lebanon. This study provides new insight and a better understanding of the accounting errors that influence VAT reporting quality.

Keywords: Value Added Tax, Accounting Errors, Tax Reporting, Corporate Governance

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1. INTRODUCTION

Regulators and businesses have a great interest in developing best practices that reduce tax information errors and improve tax reporting quality (Deloitte, 2020). The accuracy, completeness, and compliance of tax information with tax laws form the benchmarks for tax reporting quality, according to the tax authorities (Nguyen, 2022). Several international regulators have made efforts to improve tax reporting quality through the development of tax control procedures, such as the UK (publication of tax strategy), Netherlands (cooperative compliance program), Germany (tax compliance monitoring system, IDW PS 980), and Australia (guidance on tax) (Funke & Dietisheim, 2022).

According to the International Monetary Fund (IMF), assessment and collection are the two primary problems for Lebanon's low value-added tax (VAT) reporting quality. The collection problem is the difference between the companies' VAT reports and their payments, while the more dangerous assessment problem refers to the fact that companies' VAT reports do not reflect the actual amounts of their business, which would be worth 8% of Lebanon's gross domestic product (GDP) in 2021 (IMF, 2017). Through studying the drivers of low tax reporting quality, accounting errors were identified as the main driver for reducing it by reducing the accuracy, completeness, and compliance of tax information with tax laws (Matar, 2023; Khashimov, 2023). Thus, the problem of low VAT reporting quality in Lebanon derived from accounting errors forms the study problem.

In Lebanon, the Tax Procedures Law No. 44 (2008) determined several accounting errors that reduce tax reporting quality, which include hiding occurred revenues, not adhering to tax reporting procedures, fabricating records and documents, hiding imports and exports, wrong billing according to the tax laws, and wrong tax calculation. Several accounting errors influence the accuracy of tax information, such as mathematical errors, duplicating of records, manipulation of records, hiding operations in tax calculation, misclassification of accounts, and incorrect indication of the VAT rate (Ramos Montesdeoca et al., 2019; Duan et al., 2021).

The Lebanese Transparency Association and the Lebanon Corporate Governance Task Force, in cooperation with the Centre for International Private Enterprise, developed a guiding corporate governance (CG) framework in 2006 (Abusamra & Bishara., 2006). Compliance with CG in emerging countries is challenging due to resource limitations, complications of laws, and the corruption and weaknesses of the political systems and administrative departments, which make it difficult to control the errors that influence tax reporting quality and guarantee its accuracy (Fischer et al., 2020; Shahrour et al., 2022).

The European Bank 2021 determined many weaknesses in CG in Lebanon, considering the framework developed in 2006, which makes the firms unable to prevent accounting errors (Djuric et al., 2021). Although family businesses play a significant role in the Lebanese economy, they have no motivation to implement CG, which in turn will not prevent accounting errors (Nasrallah & El Khoury, 2022). Lebanon is one of the weakest Middle Eastern and North African region countries with respect to CG systems that fall under average, and the market's ownership structure weakens the interest in improving tax reporting quality (Farah et al., 2021).

In response to the requests for improving tax reporting quality, the tax control framework (TCF) was defined as a part of the internal control system that improves the accuracy, completeness, and compliance of tax information with tax laws. The principles for the TCF were determined, raising the need for its development (Organisation for Economic Cooperation and Development [OECD], 2016). Those principles were adopted by Binder Dijker Otte (BDO) in 2020 for developing the TCF, considering VAT as a priority to increase its reporting quality (BDO, 2020). Despite the fact that the TCF improved tax reporting quality, several challenges still stand for a strong TCF, according to the developer, which are: reaching zero tax errors in tax reports, businesses requesting practical solutions to improve tax reporting quality, and managing the risks of low tax reporting quality that harm firms.

Studies regarding tax reporting quality, mainly the VAT, and what influences its quality, such as accounting errors, are becoming interesting to a variety of stakeholders, including businesses, regulators, and other stakeholders. Also, risks are managed better by preventing financial penalties and reputational damage by improving tax reporting quality (Cooper & Nguyen, 2020; Deloitte, 2020). The purpose of the study is to explore the accounting errors that influence VAT reporting quality in Lebanon. The study aims to achieve the following objectives: examine the significance of the influence of accounting errors reviewed in the literature on VAT reporting quality in Lebanon, and explore any additional accounting errors that influence VAT reporting quality in Lebanon.

Several problems are related to the low VAT reporting quality in Lebanon, which could be stated from two perspectives: practical and literature. The practical problems are: VAT reporting quality is low in Lebanon (IMF, 2017), the application of the CG framework is suffering from many weaknesses that limit the firms' control to prevent accounting errors; and there is an incomprehensible figure about the fact of VAT reporting quality and accounting errors in Lebanon. Moreover, literature gaps occur in studying the topic, such as weak concentration of a specific tax type such as VAT, very weak studies considering VAT reporting quality in Lebanon, and a lack of comprehensive study of accounting errors and their influence on VAT reporting quality in Lebanon.

This study's significance is proved by two primary perspectives: the practical and the academic. From the practical perspective, this study will provide a comprehensive view regarding the accounting errors that impact tax reporting quality for several parties as accountants and accounting regulators to consider the errors in their processes and developing the accounting standards, auditors and auditing regulations to consider the errors in their tasks and standards, and accounting instructors and trainers to consider the errors in their training projects. Regulators and tax authorities can also act for the best of tax reporting quality through updating the tax reporting procedures. From the academic perspective, this study will contribute to the literature by providing a comprehensive figure about the accounting errors and their impact on VAT reporting quality in Lebanon, which is not studied yet as a comprehensive study that forms a solid base for future studies.

The structure of this paper is as follows. Section 2 presents the literature review. Section 3 describes the study methodology and sample. Section 4 presents and discusses the main findings. Section 5 concludes the study.

2. LITERATURE REVIEW

Several previous studies have investigated the drivers of tax reporting quality and the factors that influence its reducing from an accounting perspective. Some studies found that accounting errors still exist and significantly influence tax reporting quality, while others found that the risk of these errors is reduced in records. Below is a definition of accounting errors and a review of the relevant literature.

Mathematical errors refer to the incorrect amounts recorded with respect to the related parties of the transactions, leading to incorrect tax amounts (Cristea, 2020; Agubata, 2021). Errors in accounting principles, such as reversed entries and incorrect classification incorrect, may have reversed tax effects and may not be classified in the correct sections (Ramos Montesdeoca et al., 2019). Incomplete recording of transaction eliminates the tax effect of transactions, either partially or fully, which attract or deduct tax (Adekoya et al., 2020). Duplication of records involves repeating the recording of a transaction, resulting in doubling the tax effects (Oladejo, 2023). Overstating expense errors involve inflating expense figures, making tax liability inaccurate and less than its real value (Faccia & Mosteanu, 2019).

Manipulation of records involves changing the facts of commercial transactions to hide the tax effects and reduce tax reporting quality by making tax liabilities accurate (Özturk, 2019). Fabrication of records involves recording fake transactions, such as unreal expenses, which may serve a specific tax purpose, such as increasing tax deduction (Oladejo, 2023). Non-compliance with tax law involves incorrect tax accounting treatment for transactions according to relevant laws, such as incorrect tax treatment for exempted and taxable goods and services (Putra & Tjaraka, 2020). Tax rate errors involve the wrong application of tax rates in calculating the amount of deduction, taxable amounts, and tax liability (Firmansyah & Layli, 2022). Cutoff period errors refer to altering the period in which the tax effects should be exercised by either reporting taxable or deductible transactions earlier or later (Nandugga, 2019).

In China, firms are more prone to accounting errors, such as mathematical errors and incomplete recording during the billing, recording, and declaration process. This requires accountants to continue learning and checking to deal with the complexities of the law and big data items to reduce accounting error in VAT reports (Duan et al., 2021). If the human role is not replaced with automation that allows the verifiability of transactions among parties, the risk of accounting errors, such as calculation errors, cutoff errors, incomplete recording, and manipulation, will not be eliminated, reducing the accuracy of tax information (Coita et al., 2021). The need for reconciliation and repeating tasks in traditional accounting processes doesn't prevent human errors, resulting in accounting errors such as errors of principle, duplication, incomplete recording, and shifting periods, which risks could be reduced by advanced automation processes (Desplebin et al., 2021).

The problem of accounting errors in Sri Lanka still exists due to the manual accounting process, which results in a considerable number of errors due to the limited resources for checking each transaction (Fernando et al., 2021). Examining the accounting errors that impact tax information in the Romanian economy, the existence of errors is still explained by human behaviour and engagement in the accounting process, such as wrongly applying accounting principles and non-compliance with tax law through incorrect taxable and deductibles practices (Popescu, 2021). Manipulation of transactions, which reduces tax liabilities, is due to human intentions and ununified accounting systems, which permit the manipulation of transaction without verifiability (Bachtijeva & Tamulevičienė, 2022).

In Indonesia, the low quality of tax reporting may be due to the self-assessment system in tax collection, which allows taxpayers to calculate and report tax, preventing the elimination of accounting errors such as calculation and cutoff errors (Lubis et al., 2023). Syamsudin et al. (2023) supported the previous study regarding the existence of accounting errors, adding that mitigating the risk of low tax reporting quality in Indonesia is affected by the actions of tax authorities. This cannot be separated from CG and the advanced technologies in accounting software, which help prevent and detect accounting errors. All of this falls within the realm of CG and the need for further study (Shahrour, 2022). Setyaningsih and Nengzih (2020) concluded among SMEs in Indonesia, advanced accounting software and commitment to CG significantly improve tax reporting quality by preventing accounting errors such as manipulation and fabrication of records.

In Oman, firms, mainly SMEs, are more prone to accounting errors such as errors of principle, duplicate of records, and errors of omission. The reason behind that is are that SMEs mostly employ fresh graduates who lack skills and knowledge, in addition to the low functionality of accounting software, which is not helpful for detecting errors (Muneerali, 2020). The occurrence of accounting errors in tax information, which reduces tax reporting quality in Zambia, is attributed to human error at the entry level due to the application of manual processes, which depends on the accountants' skills. This could be easily solved by advanced technologies (Mwange et al., 2022).

In Czech firms, errors in accounting principles were found to be insignificant in the financial statements, which is attributed to the adoption of advanced accounting software that eases the application of the correct accounting treatment (Paseková et al., 2019). On the contrary, Drábková and Pech (2022) concluded that the occurrence of accounting errors, such as violating accounting principles, manipulation, fabrication, and hiding transactions, still significantly influences the accuracy of tax information in Czech firms. Such errors are highly affected by CG and the owners' choices.

Accounting errors at the input level in Bosnian firms are due to the that the major part of the accounting cycle is still based on paper documents rather than advanced shared databases. If a secured accounting database is shared, several accounting errors will be eliminated, such as calculation errors, cutoff period errors, and errors in accounting principles (Becirovic et al., 2020). The low tax reporting quality in Nigeria, influenced by the existence of accounting errors, is due to unclear information from tax authorities regarding tax reporting. Although many efforts have been made to improve the process, it is still not satisfactory in ensuring tax reporting quality among taxpayers

In Vietnam, accounting errors such as data entry errors, omission errors, compensating errors, duplication errors, and errors of entry reversal can be prevented by skilled accountants who reduce the risk of such errors with advanced technology support (Van et al., 2022). Preventing or detecting accounting errors, such as the omission of transaction errors, fabrication errors, and manipulation of records, depends on a combination of accountants' skill, knowledge, and experience, supported by non-traditional data analytics (Akinbowale et al., 2023). Unlike previous studies' results about the low skill level of accountants in developing countries that results in several types of accounting errors, in West and Central Africa, the overload on accountants is one of the main factors that lead to errors at the entry-level, in addition to the complicate tax system which needs to simplified (Bua, 2023).

In Jordan, the existence of accounting errors, such as calculation, duplication, omission, and cutoff errors, is attributed to human error, which would not be solved if the manual process is not automated. The existence of accounting errors will reduce the accuracy of tax information (Al-Zaqeba et al., 2022). Improving tax reporting quality and the accuracy of tax information in Indonesia refers to the increasing commitment to CG, but the information requires more improvement to eliminate accounting errors (Sinaga et al., 2022).

On the contrary, other studies argue against the existence of material accounting errors in current accounting processes. The application of blockchain technology in accounting software in Spain reduced the risk of human errors, such as mathematical errors, duplication, manipulation, fabrication, and incomplete recording (Bonsón & Bednárová, 2019). Rozario and Vasarhelyi (2018) supported the previous study, adding that natural language processing and deep learning analysis can automatically review the terms of contracts for proper principal recording. A study in Australia supported the previous results, indicating that advanced accounting software reduces human errors by eliminating several tasks among related parties (Schmitz & Leoni, 2019;).

Several studies have concluded that accounting errors still exist and significantly influence tax reporting quality. Several reasons were stated for the existence of accounting errors, including human error, task overload, manual process, unclear tax requirements, and low commitment to CG. Moreover, the exploration of accounting errors in previous studies was scattered, neglecting to provide a comprehensive insight into the problem, especially in emerging markets such as Lebanon. This gap in the literature presents an opportunity for the current study to develop the following research question:

RQ1: What are the accounting errors that have a significant negative influence on VAT reporting quality in Lebanon?

3. RESEARCH METHODOLOGY

This study will conduct an exploratory and correlational approach, and the data instrument is a questionnaire, which was outlined to measure the respondents' opinions about the degree of influence of accounting errors on VAT reporting quality in Lebanon. Also, an experimental approach may be beneficial for the subject. The measurement scales and the statements were adopted from prior studies to enhance the quality of the instrument (Mat Jusoh et al., 2021; Korongo & Kilonzi, 2023; Susyanti & Askandar, 2019; Bani-Khalid et al., 2022; Hegazy & Salama, 2022; Güney & Bozkurt, 2012; Adalı & Kizil, 2017; Do et al., 2022; Ofori, 2020; Acito et al., 2019; Burks, 2015; Alshira'h & Abdul-Jabbar, 2020; Granfon et al., 2023).

The population selected for examination consists of practising certified public accountants (CPAs) in Lebanon. Since the study requires the measurement of opinions on practical accounting problems, the best opinion that could be received is from practising CPAs who have the best practical experience in the market. According to the Lebanese Association of Certified Public Accountants (LACPA), the number of practising members until 2023 is 1,966, divided into 275 non-practicing members and 1,691 practicing members. Also, before delivering the questionnaire to the population, a pilot test was conducted among a group of experts in business research to ensure that the instrument measures what is intended to measure.

To achieve a dependable result, the representative sample size was measured according to the sample formula of Cochran in 1963 (Singh & Masuku, 2014). Then the representative sample was measured at a 95% level of confidence and a 5% margin of error, which shows that the minimum required sample is 314 respondents. Communication with the selected population will be accomplished through the official platforms of LACPA since the researcher has access to them as a member of the association. After the data is collected from respondents, a regression analysis will be conducted.

To examine the influence of each of the accounting errors on VAT reporting quality, a linear regression analysis was applied to examine the following research model:

$$VATRQ = \beta_0 + \beta_1 TRE + \beta_2 FRE + \beta_3 HTE + \beta_4 MRE + \beta_5 ME + \beta_6 ORE + \beta_7 CPE + \beta_8 EP + \beta_9 CLE + \varepsilon \quad (1)$$

where,

- β_0 = constant;
- *VATRQ* = VAT reporting quality;
- *TRE* = tax rate errors;
- *FRE* = fabricating records errors;
- *HTE* = hiding transactions errors;
- *MRE* = manipulating records errors;
- *ME* = mathematical errors;
- *ORE* = overreporting expenses errors;
- CPE = cutoff period errors;
- *EP* = errors of principle;
- *CLE* = compliance with tax law errors.

The key variable *VATRQ* was measured using a factor analysis by transforming eight statements measured at 5-point Likert scale. The statements are adopted from two prior studies as stated next. The first set of statements is: "Enterprises register taxes in accordance with regulations", "Enterprises declare and calculate taxes strictly according to regulations", "Enterprises fully and accurately declare and pay taxes, and enterprises always comply with regulations on invoices and accounting vouchers" (Granfon et al., 2023). The next set of statements is: "I file VAT returns on time", "I file correct VAT returns", "I pay the VAT due on time", and "I pay the correct amount of VAT" (Korongo et al., 2023).

4. RESULTS AND ANALYSIS

Table 1 shows the description of the respondents' profiles. The total number of responses received is 381, which is above the minimum requirement for a representative sample of 314. However, 34 of the responses are from non-practising CPAs, so they are eliminated from the data, resulting in a net number of 347 responses. Among the practising respondents, males constitute 82% and females 18%. In terms of education, 74% have a Bachelor's degree, 25% have a Master's degree, and only 1% have a PhD. Among the non-practicing members, males represent 56% and females 44%. Regarding their education, 79% of the non-practicing respondents have a Bachelor's degree, 21% have Master's degree, and non have a PhD.

Table 1. Descriptive statistics

Respondent's profile	*Information*	*Amount*	*Percentage*
Status	Practicing	347	91%
	Non-practicing	34	9%
	Total	381	100%
Practicing members descriptive statistics			
Gender	Male	286	82%
	Female	61	18%
	Total	347	100%
Education	Bachelor's	258	74%
	Master's	87	25%
	PhD	2	1%
	Total	347	100%
Non-practicing members descriptive statistics			
Gender	Male	19	56%
	Female	15	44%
	Total	34	100%
Education	Bachelor's	27	79%
	Master's	7	21%
	PhD	0	0%
	Total	34	100%

In the beginning, analysis was done for the instrument's reliability by applying Cronbach's alpha test. Table 2 shows the Cronbach's alpha values across the different factors measured. Across the multiple factors measured in the questionnaire, the overall internal consistency appears reasonable to good, with Cronbach's alpha values ranging from 0.708 to 0.837.

Table 2. Reliability statistics

Variables	*Cronbach's alpha*	*Cronbach's alpha based on standardized items*	*No. of items*
Tax rate errors	0.786	0.784	5
Compliance with tax law errors	0.708	0.707	4
Cutoff period errors	0.750	0.750	2
Errors of principle	0.773	0.773	4
Fabricating records errors	0.724	0.725	2
Hiding transactions errors	0.717	0.717	5
Manipulating records errors	0.709	0.710	3
Mathematical errors	0.751	0.751	5
VAT reporting quality	0.837	0.838	8

After reliability is ensured through Cronbach's alpha analysis, since each factor is measured according to several ordinal answered statements, and to be able to conduct the regression analysis to determine the accounting errors that have a significant influence on VAT reporting quality in Lebanon, the ordinal factors were transformed into new quantitative factors based on the classical mean approach, which is computing the average scale of the responses of each factor. The new factors, which are the same variables that became quantitative variables, are analyzed according to the regression analysis.

As a result, Table 3 output from the regression analysis determined several accounting errors that have a significant influence on *VAT reporting quality* in Lebanon. Those errors are *tax rate errors* (p-value = 0.048), *cutoff period errors* (p-value = 0.008), *errors of principle* (p-value = 0.008), *hiding transactions errors* (p-value = 0.000), *mathematical errors* (p-value = 0.000), and *overreporting expenses errors* (p-value = 0.000). Other factors resulted in having no significant influence on VAT reporting quality in Lebanon, which are *compliance with tax law errors* (p-value = 0.126), *fabricating records errors* (p-value = 0.968), and *manipulating records errors* (p-value = 0.270).

Following the previous research model and based on the results of Table 3, the weight of importance assigned to each corresponding variable is represented by its standardized coefficients. Unstandardized coefficients measure the change of one unit of the dependent variable based on the change of one unit in the independent variable, which is not beneficial or logical in the current study, so the results are analyzed based on the standardized coefficients. Those coefficients' values are *tax rate errors* (0.092), *hiding transactions errors* (0.192), *mathematical errors* (0.353), *overreporting expenses errors* (0.136), *cutoff period errors* (0.128), and *errors of principle* (0.146). The coefficients indicate each variable's influence on *VAT reporting quality*. For example, based on the provided coefficients, *mathematical errors* (0.353) appear to have the greatest importance in influencing the quality of VAT reporting in Lebanon.

Table 3. Coefficients

Model		Unstandardized coefficients		Standardized coefficients	p-value	95.0% confidence interval for Beta	
		Beta	Std. error	Beta		Lower bound	Upper bound
1	Constant	0.306	0.203	0.301	0.134	-0.094	0.706
	Tax rate errors	0.095	0.048	0.092	0.048	0.001	0.189
	Compliance with tax law errors	-0.076	0.050	-0.070	0.126	-0.173	0.021
	Cutoff period errors	0.119	0.045	0.128	0.008	0.031	0.207
	Errors of principle	0.148	0.055	0.146	0.008	0.040	0.256
	Fabricating records errors	-0.001	0.036	-0.002	0.968	-0.073	0.070
	Hiding transactions errors	0.221	0.061	0.192	0.000	0.101	0.341
	Manipulating records errors	-0.043	0.039	-0.042	0.270	-0.120	0.034
	Mathematical errors	0.383	0.057	0.353	0.000	0.271	0.496
	Overreporting expenses errors	0.130	0.037	0.136	0.000	0.058	0.202

Note: Dependent variable: VAT reporting quality.

Table 4 shows the R-squared (coefficient of determination): the R-squared value is 0.529, indicating that approximately 52.9% of the variance in the dependent variable (*VAT reporting quality*) is explained by the independent predictors included in the model that have a significant influence on it. The adjusted R-squared value, which takes into account the number of predictors and the sample size, is 0.517, indicating that the explanation is 51.7%.

Table 4. Model summary

Model	R	R-square	Adjusted R-square	Std. errors of the estimate	Change statistics				
					R-square change	F change	df1	df2	Sig. F change
1	0.728a	0.529	0.517	0.66873	0.529	42.103	9	337	0.000

Table 5 shows the responses to the exploratory open question: *"What other errors were not questioned before; do you believe that has a significant negative influence on VAT reporting quality in Lebanon?"* One of the study's limitations is the few responses for exploring any new accounting errors that influence VAT reporting quality in Lebanon. The majority of the responses concentrated on the tax law gaps regarding VAT procedures, noting that there are no clear VAT reporting procedures, which makes the process dependable on the professional judgement of the accountant preparing the reports. Moreover, the CPA's opinions show no significant influence of compliance with tax law errors on VAT reporting quality, while the open questions highlight a crucial practical problem that CPAs are in compliance with unclear tax procedures.

Also, the increasing inflation rate in the currency market that Lebanon has suffered since 2019 seems to be one of the main problems in tax reporting quality among CPAs, stating that in the current extremely inflationary currency market, they have no clear idea using what rate tax reports should be calculated, knowing that the functional currency in Lebanon is the USD and not LBP. Also, some referred to the problem as the absence of the direct and guiding circulars that should be published by the Ministry of Finance in Lebanon.

Table 5. Open question answers

Question	Response
What other errors not questioned before; you believe that has significant negative influence on VAT reporting quality in Lebanon?	Black market fluctuations make exchange rates with respect to taxes undeterminable.
	Corruption is the biggest threat for errors it made no professional basis in Lebanon.
	Errors are due to weak tax authorities; no rules are clear.
	Errors are intended by taxpayers because of the political believes about the government services.
	I don't know about errors, at my firm i don't allow for any law violation but whenever one of my clients is audited by tax authorities, they incurred him taxes and penalties, laws are vog in Lebanon.
	No obvious vat law no detailed procedures.
	Religion and ethical background determine whether the practice is errors or not.
	The hyper inflation makes creative accounting more practical under the cover of tax.
	The transactions in shadow economy could be more material than the registered one it allows to hide material number of transactions.
	The current inflation in cash prices and the absence of a tax rate makes it difficult to control the exchange rate related to the tax, and the law to be applied 373 is unclear.
	Corruption has made tax laws a game in the hands of auditors in the ministry of finance, who determine, depending on the situation, what is correct and what is incorrect.
	Some laws still lack practical decisions related to tax.
	Until now, there are no detailed laws related to some taxes, which does not reflect the required tax procedure in detail, and therefore it is not possible to determine whether the accounting procedure is an errors or an expert's estimate.

The previous results show that various accounting errors exist in Lebanon which may be classified into several classes according to the error source. Some errors, such as tax rate errors, errors of principle, mathematical errors, and cutoff period errors, may refer to human error at the entry level, which is dependent on the accountants' level of skills and knowledge, that could be reduced if a real effort is exercised by the companies or the training institutes on improving the accountants' knowledge and practical skills.

Other errors, such as cutoff period errors and tax rate errors, also interact with legal issues, which could be a result of both human error and unclear legal obligations and taxation requirements, and that require both efforts at the level of improving the accountants' level and to make it clear by considering all required details about all the tax requirements according to the tax authorities.

Moreover, overreporting expense errors, hiding transactions, and cutoff period errors may refer to the human intention to manage taxes, which could be the reddest flag errors of those mentioned that can raise many negative signals considering the companies' legal position. In the end, the existence of accounting errors is evidenced in Lebanon and requires a real effort by different related parties to reduce its impact on VAT reporting quality.

5. CONCLUSION

As a result of the previous analysis, and referring to *RQ1*, it is concluded that several accounting errors were explored as having a significant influence on VAT reporting quality in Lebanon. Those errors include tax rate errors, cutoff period errors, errors of principle, hiding transactions errors, mathematical errors, and overreporting expenses errors. Other errors were found not to have a significant influence.

This exploration may be interest to several parties, such as auditors, accountants, accounting trainers, universities, and tax authorities. These stakeholders should consider these errors when performing audit tasks, accounting for taxes, preparing training courses, or developing relevant laws. Each party should act within its authority to develop best practices that prevent accounting errors, such as accounting principles, tax applications, audit standards, and training programs.

Moreover, legal gaps and exchange rate fluctuations appear to be the main causes of accounting errors, without an exact determination of the type or application of the errors. This also requires real consideration and efforts by the relavant authorities to address these fluctuations and legal gaps.

While the study achieved a representative sample to ensure dependable result, a limitation occurred due to the weak response to the exploratory open question by participants about any additional accounting errors influencing VAT reporting quality in Lebanon. That limitation should prompt future examinations to explore the topic further. Moreover, the adjusted R-square value is 51.7%, indicating that accounting errors only influence about half of VAT reporting quality, while other factors still need to be explored. Additionally, the interesting topic considered in Lebanon through a comprehensive study of VAT reporting quality and accounting errors could form a basis for future studies, enrichning the literature and examination of this subject.

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