



# Prioritizing Factors Affecting The Capacity of Tax revenues Arising From Intellectual Property Rights

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## Abstract

In Iran, the subject of taxation on intellectual property (IP) has not yet been introduced by the government or the Tax Administration. However, due to the significant volume of these assets in the Iranian economy and their trade and transactions, taxation on them is an inevitable necessity. As a result, the issue of taxation on intellectual property rights is being extensively discussed in academic and professional circles. Intellectual creations and social credits, such as inventions and trademarks, although difficult to create, are easily imitated, reproduced, and distributed with industrial and mechanical means. Consequently, the financial and economic benefits of intellectual property are often enjoyed by imitators and duplicators. Without proper support for creators, they may be unwilling to share their knowledge and assets. Therefore, intellectual property rights are recognized in most countries.

**Keywords:** Tax Revenues, Intellectual Property rights, Tax Administration

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## Introduction

A critical issue is how to tax these types of assets. An effective tax system should consider mutual benefits, meaning that, first, granting exclusive rights to these assets should not hinder their commercialization and trade. Secondly, it should prevent tax avoidance, both domestically and internationally, while protecting government revenues. However, the intangible and immaterial nature of these assets, the difficulty of identifying their transfer, the uniqueness of each asset, challenges in estimating their useful life, and the risks of new technology make taxation on these assets complex and challenging (Kohan & Mainah, 2011). In Iran, for these reasons, the subject of taxation on intellectual property has not yet been addressed by the government or the Tax Administration. But due to the significant volume of these assets in the Iranian economy and their trade and transactions, taxation on them is a necessity. Therefore, the topic of taxation on intellectual property rights is being widely debated in professional and academic circles. Solutions to these challenges include strengthening laws and regulations, improving oversight infrastructure, raising public awareness, enhancing international cooperation, and combating tax evasion and the underground economy. Additionally, the laws and regulations on intellectual property rights in Iran may not be sufficiently comprehensive or up-to-date. Furthermore, ineffective enforcement of these laws can reduce the potential for tax revenues. Despite the high potential of intellectual property rights in Iran, several issues such as weak laws and regulations, lack of enforcement infrastructure, low public awareness, unauthorized reproduction, inefficiency in the judiciary, the existence of an informal economy, and tax evasion have led to a decrease in tax revenues from this area. This issue requires thorough examination and the development of effective solutions. Questions arise about the factors that reduce tax revenue capacity from intellectual property rights in Iran, and how laws and regulations can be improved to increase tax revenues.

**Conclusion:** One of the most important factors in any organization, especially in the Tax Administration, is human resources, which are considered the most valuable assets. To change the situation regarding human resources, attention must be given to hiring specialized personnel, improving the skills and expertise of existing staff, providing in-service training, and rotating specialized staff between departments. For this purpose, it is suggested to improve the quality of knowledge among tax officers through necessary training and various courses. Another important factor weakening the effectiveness of policies and ultimately contributing to tax evasion is the presence of legal loopholes in the laws and regulations, which can disrupt the entire system. To address this, it is essential to create mandatory laws for access to integrated information between government agencies, eliminate legal gaps, reduce the complexity of laws, and simplify them for better understanding by all economic participants. It is therefore recommended that binding laws be passed to provide access to individuals' financial information in an integrated tax system. To improve trust in the tax system, factors such as changing public and economic participants' attitudes towards tax evasion, building public trust in the government, ensuring fairness in tax calculation and payment, and making the use of tax revenues more transparent should be addressed. When people are confident that tax laws are applied equally to everyone, with no discrimination, they will view compliance as mandatory. Promoting a sense of participation and trust among citizens through transparency in how tax revenues are spent, communicated through the media, can aid in this goal. Administrative corruption has also been identified as a factor contributing to tax evasion. To reduce corruption in the tax system, efforts must focus on ensuring transparency, improving the enforcement

mechanisms for penalties, implementing preventive measures against corruption, and filling the gaps in anti-corruption laws.

By identifying and thoroughly analyzing the problems and providing appropriate solutions, Iran can enhance its tax revenue capacity from intellectual property rights. This would not only increase government revenues but also foster innovation and creativity in the country.

