The Economic Psychology of Tax Behaviour

Erich Kirchler

University of Vienna, Austria



Contents

List of figures List of tables		<i>page</i> vii ix
	by valerie braithwaite	xi
Preface		xiii
1	Introduction	1
2	Tax law, the shadow economy and tax	
	non-compliance	5
	2.1 Complexity of tax law	5
	2.2 Shadow economy	13
	2.3 Tax compliance versus non-compliance	21
	2.3.1 Definitions of tax compliance, avoidance and evasion	21
	2.3.2 Diffusion of income tax evasion	23
3	Social representations of taxes	28
	3.1 Subjective knowledge and mental concepts	31
	3.1.1 Subjective knowledge	31
	3.1.2 Subjective concepts of taxation	39
	3.2 Attitudes	49
	3.3 Norms	58
	3.3.1 Personal norms	59
	3.3.2 Social norms	64
	3.3.3 Societal norms	70
	3.4 Behaviour control: perceived opportunities of non-compliance	72
	3.5 Fairness	73
	3.5.1 Distributive justice	78
	3.5.2 Procedural justice	84
	3.5.3 Retributive justice	87
	3.5.4 Individual and situational differences in justice	
	concerns	90
	3.5.5 Justice and social identification	93
	3.6 Motivation to comply	96
	3.6.1 Motivational postures	96
	3.6.2 Tax morale	99

Contents

4	Tax compliance decisions	103
	4.1 Audit probabilities, fines, tax rate and income effects	107
	4.1.1 Audit rates	108
	4.1.2 Fines	111
	4.1.3 Marginal tax rate	114
	4.1.4 Income	115
	4.1.5 Reasons for weak effects of audits and fines	116
	4.2 Repeated audits	118
	4.3 Heuristics, biases and framing effects	129
5	Self-employment and taxpaying	152
6	Interaction between tax authorities and taxpayers	167
7	Cautious conclusions	182
	7.1 Methodological concerns	182
	7.2 Summary of research findings	187
	7.2.1 Interaction between tax authorities and taxpayers	189
	7.2.2 Social representations of taxes	191
	7.2.3 Deciding to pay taxes	197
	7.2.4 Self-employment and paying taxes out of pocket	200
	7.3 The 'slippery-slope model': trust in authorities and voluntary	
	compliance versus power of authorities and enforced compliance	202
R	eferences	207
	Index	
-,,		233