

What Factors Increase the Moral Justifiability of Tax Evasion?

Eduarne Bartolomé Peral (Universidad de Deusto)

States are forced to collect revenues in order to fund public goods that benefit their collectivity. Since taxes reduce one's disposable income, they are seen as burdens, which every rational individual should attempt to reduce. Based on this assumption, the standard economic model tries to explain tax evasion by audit probabilities, penalties, tax rates and income. However, given the low audit probabilities and the low typical punishment, the rates of actually observed tax compliance is much higher than predicted by this model. But, under which circumstances do individuals tend to evade their taxes? In order to resolve the puzzle of tax compliance, researchers distinguish between coercive compliance (standard economic model) and voluntary compliance (legitimacy-based model). According to the latter model, in order to create and reproduce legitimacy states must provide public goods that are intended to fund and guarantee that other taxpayers pay their taxes. However, the capacity of the state to provide public tax funded goods can be reduced by state corruption, which violates the implicit social contract between the state and the citizens, as well as by state inefficiency. Whereas these and similar factors build the frame (vignettes) for the extent to which tax evasion might be seen as more or less justifiable, personal characteristics are also expected to contribute to explain the judgment of respondents. The aim of this contribution is to analyse tax moral through a factorial survey conducted in 2017 with a convenience sample of German and Spanish citizens. In order to enhance our understanding of the causes of tax morale, a special focus is directed on modernization and its impact on morality and moral change (cf. also Inglehart/Welzel 2005, Nunner-Winkler 1996, Dülmer 2014).