

## GENDER AND ETHNICITY DIFFERENCES IN TAX COMPLIANCE

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### ABSTRACT

*The purpose of this study is to investigate whether gender and ethnicity differences occur in relation to tax compliance attitude and behavior. Prior studies on tax compliance have focused little on gender as a predictor of compliance. In Malaysia, ethnic background of a taxpayer could be a major determinant of tax compliance. A personal interview approach is used to obtain information from taxpayers in urban towns. A t-test suggests that males and females were found to have similar compliant attitude. As for ethnicity, a similar result was observed. Results of a regression analysis indicate that gender, academic qualification, and the person preparing tax return were statistically significant as determinants of non-compliant attitude. In terms of compliant behavior, a regression analysis revealed that "attitude towards non-compliance" and "receipt of cash income" were two significant explanatory variables of tax non-compliance behavior of understating income knowingly. The findings of this study are useful for policy implications in identifying groups that require additional attention to increase voluntary tax compliance.*

**Keywords:** tax compliance, non-compliance, tax avoidance, tax evasion

### INTRODUCTION

Research on tax compliance cuts across numerous disciplines such as accounting, economics, political science, public administration and psychology. It is generally accepted that tax non-compliance exists everywhere (Kasipillai, Baldry, & Rao, 2000). Tax evasion is a universal problem. This has led tax authorities worldwide to be interested in reducing tax non-compliance and maximizing voluntary compliance rates (Pentland & Carlile, 1996; Horton, 2003). Concern about the decline in voluntary tax compliance has led to numerous studies on this issue of level of compliance (Reckers & Sanders, 1994; Ghosh & Crain, 1995; Brand, 1996; Tibiletti, 1999; Yaniv, 1999; Bishop, 2000; Loo, 2006). Deliberate non-compliance is a perennial problem worldwide. For example, in the United

States (US), the estimated sizes of tax gap were US\$280 billion in 1998 and US\$312–353 billion in 2001 (General Accounting Office [GAO], 2005). Tax gap is the measure of the difference between total tax collected and what should have been collected. It may be classified as underreporting of income, underpayment of taxes, and non-filing of returns (McManus & Warren, 2006). Quantifying the tax gap provides a clue of total unpaid taxes and from whom it should be collected. Using monetary approach of Tanzi (1983), Kasipillai (1997) estimated that tax evasion accounts for an average of 20 percent of actual income tax collection in Malaysia over a 25-year period ending 1994. Although precise estimates of tax evasion for the years 1995 to 2005 are not available, but Inland Revenue Board (IRB) figures show that almost RM402.5 million of unpaid taxes (inclusive of penalties) were recovered from investigations activities for the period of 1995 to 2002. In addition, another RM324.4 million was recovered from audit<sup>1</sup> activities for the period of 1997 to 2002 (IRB, 2000–2002).

This study in a specific but growing area of importance is indeed timely as the self-assessment regime in Malaysia relies heavily on the tax compliance behavior of taxpayers. In 2005, individual taxpayers were required for the first time to file their tax returns under the self-assessment system (SAS). The Malaysian tax law stipulates that individuals who derive income in a particular calendar year are required to file their tax returns by 30 April of the following year. For income derived in 2005 calendar year, assessments should be filed by 30 April 2006. The numerous reasons and motive for complying or not complying need to be looked into with a view to understanding and taking a variety of measures to bolster compliance as well as confidence in the tax system. Gender is one significant factor affecting tax compliance attitude and behavior of taxpayers (Jackson & Milliron, 1986). In a multiracial country like Malaysia, ethnic group might also be an important factor that effects tax compliance attitude and behavior.

In attaining a higher level of voluntary compliance, the Malaysian tax authorities traditionally recognises the deterrence effect of penalties and enforcement activities as well as undertaking criminal proceedings against tax defaulters (Shanmugam, 2004) rather than negotiating for settlements (Yong, 2005). These strategies however, are appropriate for tackling intentional non-compliance but there may be other factors influencing taxpayer compliance behavior for which these strategies may be inadequate. Given the foregoing background, it is imperative that this study focus on carrying out research into compliance behavior of individuals so as to enable the government to take appropriate measures to ensure that the self-assessment of taxation function effectively in line with the objective of providing efficient and effective services to taxpayers in meeting their obligations. This study attempts to investigate the existence of

differences in tax compliance attitude and behavior (if any) among gender and ethnic groups<sup>2</sup>. Specifically, the objectives of this study are to determine:

- i. whether gender and ethnicity factors influence tax non-compliant attitudes;
- ii. whether gender and ethnicity factors influence prior reported tax evasion behavior; and
- iii. whether gender and ethnicity factors influence non-compliant behavior.

### **SIGNIFICANCE OF STUDY**

Measuring tax evasion provides an important tool to detect and evaluate the effectiveness of compliance enforcement policies, and to gauge the efficiency of tax administration. Following the introduction of SAS, the IRB is more concerned with taxpayer compliance and it needs to address varying groups of taxpayers differently. Coleman and Freeman (1997) found out that taxpayers would respond more favorably to messages and strategies that explicitly take into account cultural, economic and even gender differences. Their views were confirmed by a similar study carried out by Lin and Carrol (2000).

Thus, the findings of this study are useful for policy implications in targeting groups that require tax education programs to increase voluntary tax compliance through education under the SAS.

This paper is organized as follows. After the introductory part, the next section surveys prior literature as a basis for developing the theoretical framework. The survey design and data collection process are outlined in section three. The fourth section covers the results and the final section concludes and offers direction for further analysis.

### **THEORETICAL FRAMEWORK**

According to Hasseldine (1999), many tax agencies have used various techniques to measure the extent of non-compliance, but there will always be some compliance dependent on the social attitudes and behavioral aspects of taxpayers. Moreover, the extent of non-compliance among individual taxpayers not only depends on individual factors, but on a complex combination of circumstances.

Non-compliance represents the most inclusive conceptualization with respect to the failure to meet tax obligations whether intentional or unintentional (Kinsey, 1985). Tax evasion however, involves some elements of fraudulent conduct

accompanied by a real intention on the part of the taxpayer to wilfully or deliberately mislead, deceive or conceal from IRB to pay less tax than actually owed.<sup>3</sup> In general, non-compliance may take several forms and they include:

- i. failure to submit a tax return within the stipulated period or non-submission;
- ii. understatement of income;
- iii. overstatement of deductions; and
- iv. failure to pay assessed taxes by the due date.

This study focuses on deliberate non-compliance, that is, having an intention to evade tax. Previous studies on tax compliance revealed that the main factors affecting non-compliance include high tax rates, probability of detection, complexity of the law and the methods employed to collect taxes (Clotfelter, 1983; Kasipillai, 1997). As stated earlier, Jackson and Milliron (1986) found that gender is one significant factor that affects the tax compliance attitude and behavior of taxpayers. Past studies have shown that females were more responsive to conscience appeal than sanction threat, both of which were designed to improve tax compliance (Jackson & Jaouen, 1989; Hite, 1997). Although the results of prior research are mixed or signify little consistency on gender as a predictor of compliance, but most of the recent research provide evidence on gender differences in relation to tax compliance (Cohen, Plant, & Sharp, 1998; Hasseldine, 1999; Jackson & Milliron, 1986; Powell & Ansic, 1997; Roth, Scholz, & Whitte, 1989). Ethnicity was considered to be one of the determinants in a study by Chan, Troutman, and O'Bryan (2000). Chan et al. (2000) explored the similarities and differences in taxpayer compliance behavior between Chinese taxpayers in the US and Hong Kong. They recommended that in order to improve taxpayer-compliance, cultural differences among taxpayers must be taken into account. In terms of ethnicity, Dornstein (1976) stressed that taxpayer behavior is a compound concept that has several elements including ethnic background, length of residing in the country and age. Song and Yarbrough (1978), and Aitken and Bonneville (1980) offer some evidence of the level of tax compliance being higher among whites than non-whites in the US. While, in the area of ethical decision making, Shafer and Park (1999) in investigating cultural differences in ethical decision making among Asians, Caucasians and Hispanic students in the US found significant difference between ethical judgment among Asian and Caucasian students. In the Malaysian context, J. Goodwin and D. Goodwin (1999) in comparing ethical judgment between business students from Malaysia and New Zealand noted that even among Asian societies, they are likely to be differences in ethical judgment. Abdul Wahab, Che Ahmad, and Mat Udin (2004) in investigating ethical judgment of accounting students also has used ethnic group as one of their demographic variables. They envisaged ethical decision making to reflect judgment in resolving moral

dilemmas related to accounting aspects, including taxation and found significant difference between prescriptive and deliberative moral reasoning behavior. Sendut (1991) explains that the effect of race (ethnicity) possibly is significant in a multicultural society where each ethnic group prefer to maintain their ethnic identity. This study, therefore, incorporates ethnic group as a major determinant of tax compliance behavior.

In the area of taxation, though a number of studies (e.g., Mottiakavander et al., 2003; Loo, 2006) used ethnic groups as one of their demographic variable, but a study by Kasipillai, Aripin, and Amran (2003) used both gender and ethnic groups, together with other demographic variables to evaluate the influence of education on tax compliance among undergraduates in Malaysia. They found significant differences existed among ethnic groups over time but failed to provide evidence of any significant differences in attitude between males and females. We expect a mixed behavior pattern among the ethnic groups in Malaysia. Available data suggest that the Malaysian tax-paying public comprises of Malays (50%), Chinese (38%), Indians (8%) and others (4%).

Factors affecting non-compliance can be categorized into two: tax and non-tax categories (see Fig. 1).

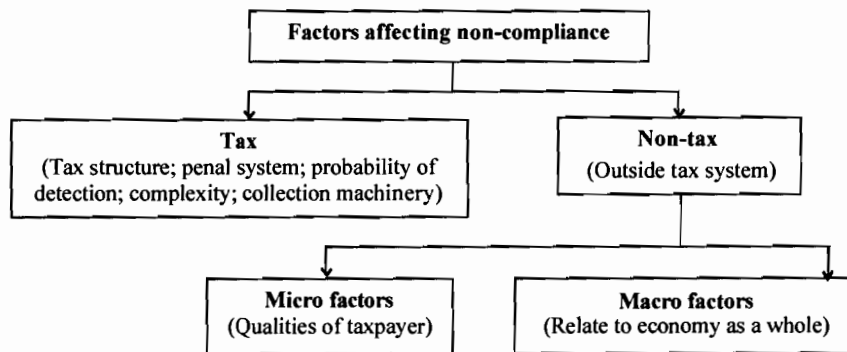


Figure 1. Factor affecting non-compliance

*Source:* Adapted from Kasipillai (2001)

Tax determinants are factors within the tax system and they include collection machinery, penal system and tax rate. Non-tax determinants come into being from outside the tax system and affect the decision of an individual in complying with tax law. The non-tax determinants can be further sub-divided into micro factors and macro factors. Micro characteristics include gender, ethnic group, occupation and educational background. Macro determinants relate to the attributes of the economy as a whole and these include price control and

government income policies. This research, confines its study to micro factors such as gender and ethnic groups, influencing compliance behavior of individual taxpayers. There is also a difference between evasion and non-compliance whereby the latter includes unintentional errors that is not meant to deceive the revenue authorities. This study focuses on deliberate non-compliance, that is, having an intention to evade tax. It also investigates the extent to which gender and ethnicity factors influence tax compliant attitude and behavior.

## **METHOD**

The survey instrument was adapted from Hasseldine (1999) with some modifications to suit the Malaysian context. Initially, the survey instrument was pretested on a group of 30 staff members of Universiti Utara Malaysia (UUM) with a view of refining the questions. Every step was taken to ensure that the final instrument was clearly understood by the respondents.

The questionnaire was divided into four sections (referred to as sections A to D). Section A consisted of 15 items that measure non-compliant attitude. Thirteen out of the 15 items were adapted from Roberts (1994) and Hasseldine's (1999) approaches, while the remaining two new items were considered vital to incorporate local content. One of the vital items related to the implementation of SAS and the other covered instalment payments under the monthly tax deduction scheme. Section B consisted of four items that measures non-compliant self-reported prior evasion [two of them were adapted from Hasseldine (1999)]. Questions on this section refer to whether the respondents admitted "not fully complying with the tax laws over the last three years". Section C consisted of two items that measure non-compliant behavior by providing hypothetical scenarios. For Section A, the subjects were asked to indicate their agreement on all items using a 7-point Likert scale (1 = perfectly acceptable to 7 = not at all acceptable). While, for sections B and C, subjects were asked to indicate their agreement on all items using a 7-point Likert scale (1 = definitely yes to 7 = definitely no). Finally, section D addressed demographic and other information concerning prior tax history of respondents.

Four trained research personnel carried out face-to-face interviews on individual taxpayers who agreed to participate in this study. The trained personnel were attached to the Research and Consultancy Centre of UUM and they collected the data during a 2-month period in the first quarter of 2003. A mail survey would not have been appropriate as the nature of the present study entails soliciting responses involving personal tax matters. This study involved taxpayers from all major urban towns located in the northern states of Peninsular Malaysia, namely, George Town, Alor Setar, Kulim, Sungai Petani and Kangar. The racial

composition of these states broadly represents the composition of Malaysia as a whole (*Yearbook of Statistics*, 2002). Five hundred individuals were randomly identified from a local telephone directory for the purpose of determining the probable respondents. Out of the 500 respondents who were identified, only 156 were willing to be interviewed by way of responding to a structured questionnaire. However, only 153 (30.6%) responses were considered useful for the purpose of this study, as the remaining three were excluded due to incomplete data. The response rate is reasonable when compared to similar studies by Hasseldine (1999) (response rate of 59%) and Hasseldine, Kaplan, and Fuller (1994) where the response rate was 31 percent.

## **RESULTS AND DISCUSSION**

A summary of the characteristics of respondents is reported in Table 1 while prior tax information of respondents is presented in Table 2. Table 3 displays the mean scores for non-compliant attitude while Table 4 highlights the mean score for each non-compliant behavior item. Table 5 presents a summary of the regression output.

### **Profile of Respondents**

It was found that the large majority of the respondents (76.5%) were aged less than 46 years (see Table 1). About 54 percent of the respondents were Malays, 31.4 percent Chinese and the remainder were Indians. The majority of the respondents were married (82.4 percent) and in terms of gender, 52.9 percent of the sample were females. As for their occupational groups, 52.3 percent was employed in the government sector, while 47.7 percent in the private sector.

In addition to the demographic information, the interview solicited information on prior tax information of the respondents. The results are depicted in Table 2.

It was found that 73.9 percent of the respondents prepared their own tax return, 15.7 percent were assisted by their friends while the remaining 10.4 percent were prepared by tax professionals. In terms of frequency of cash received (other than principal income) during the last five years, only 14.4 percent received cash on more than 10 occasions, 19.0 percent between one to five times, 3.9 percent between six to 10 times while the remaining majority had never received cash payment. The vast majority of respondents (88.2%) indicated that the IRB had never queried them.

TABLE I  
SUMMARY OF SAMPLE CHARACTERISTICS

	Frequency	Percent
Age (years)		
Below 35	59	38.6
36-45	58	37.9
46-55	29	19.0
Above 55	7	4.5
Ethnic composition		
Malays	82	53.6
Chinese	48	31.4
Indians	23	15.0
Others	-	-
Gender		
Male	72	47.1
Female	81	52.9
Nature of main employment		
Private sector	73	47.7
Government sector	80	52.3
Annual income		
Up to RM24,000	43	28.1
RM24,001-RM48,000	75	49.0
RM48,001-RM72,000	25	16.3
RM72,001-RM120,000	9	5.9
Above RM120,000	1	0.7
Marital status		
Single	27	17.6
Married	126	82.4
Qualification		
Up to SPM	20	13.1
STPM/Certificate	8	5.2
Diploma	16	10.5
Graduate/Professional	91	59.5
Post graduate	18	11.7

(n = 153)

### Non-Compliant Attitudes

Roberts (1994) examined the role of television advertising in promoting taxpayers' compliance and fairness perception. In that study, the researcher used factor analysis to construct and validate a non-compliance scale (cronbach alpha of 0.93) consisting of subjects' responses to several attitude items. In the present study, the cronbach alpha of attitude towards tax non-compliance (EVSCALE) was 88.5 percent suggesting that the survey instrument is reliable. In the survey instrument, the range of possible scores is from minimum of one (suggesting an extremely high threshold to evasion behavior, that is, very non-compliant attitude) to a maximum of seven (suggesting a very low threshold to evasion



behavior, that is, an extremely high compliant attitude). The mean score for non-compliant attitude (EVSCALE) was 4.61 out of 7.00 suggesting Malaysian taxpayers are moderately tax-compliant (see Table 3).

TABLE 2  
PRIOR TAX INFORMATION OF RESPONDENTS

	Frequency	Percent
Tax return preparer		
Taxpayer himself	113	73.9
Assisted by friends	24	15.7
Tax professional	16	10.4
Ever queried by IRB		
Yes	18	11.8
No	135	88.2
Frequency of cash received		
None	96	62.7
1–5 times	29	19.0
6–10 times	6	3.9
Over 10 times	22	14.4

(n = 153)

TABLE 3  
MEANS SCORE FOR NON-COMPLIANCE ATTITUDE

Question asked	Mean	SD
• NON-COMPLIANCE ATTITUDE [EVSCALE]*	4.61	1.13
1. If one is paid in cash for a job and then not reporting it in the tax return:	5.25	1.74
2. Under the Self-Assessment System, a tax return by taxpayer will be accepted as notice of assessment. Consequently, it is not wrong to omit or understate your taxable income:	5.04	1.74
3. The probability of being audited is so low that it is worthwhile to understate a little on your taxable income:	4.93	1.62
4. It is all right to occasionally understate certain income or claim a disallowable expense if you are generally a law-abiding individual:	4.82	1.74
5. Failing to declare some earnings from investments or commissions that the Inland Revenue Board would not be able to find out is:	4.80	1.74
6. Income tax rates are just too high, so it is not really cheating when you interpret the rules a little to find ways to pay less than you are supposed to:	4.80	1.82
7. When you know you deserve a deduction that you are not entitled for, it makes sense to replace it with some other deduction which IRB would not easily trace:	4.77	1.77
8. Declaring your principal income fully, but intentionally not including part-time income is:	4.71	1.78

(Continued on next page)

TABLE 3 (continued)

	Question asked	Mean	SD
9.	It is not so wrong to understate some income since it does not really hurt anyone:	4.71	1.82
10.	Under the Scheduler Monthly Tax Deductions Scheme, income tax is deducted monthly by the employer, hence, it is okay not to declare and pay anymore income tax:	4.68	2.04
11.	It is not so wrong to declare less on taxable income since the government spends too much on extravagant projects:	4.54	2.01
12.	As several businessmen pay no income taxes at all, if someone like you understates a little, it is not a big deal:	4.48	1.99
13.	With the high cost of goods and services these days, it is okay to claim more expenses to help make ends meet:	4.17	1.87
14.	Bartering goods with a friend and not reporting it on your tax return is:	3.73	2.01
15.	When you are not really sure whether or not an expense is allowable, it makes sense to claim the deduction anyway:	3.68	1.79

(n = 153)

\* Measured by the 15 individual items

### Differences in Tax Non-Compliant Attitude

This section highlights gender and ethnicity differences towards tax non-compliant attitude. In terms of gender, a simple mean comparison indicates that females (mean score of 4.77 and SD = 1.09) are more compliant than males (mean score of 4.42 with SD = 1.17). However, statistically, the t-test does not reveal significant differences in attitude towards non-compliance between males and females ( $F = 0.525$ ;  $P = 0.0570$ ). This particular result suggests both males and females are found to be having similar compliant attitude. One possible explanation could be due to their similar attitude and perception towards the Malaysian tax system.

From an ethnicity perspective, a simple mean comparison reveal that Chinese (mean = 4.90; SD = 1.09) and Indians (mean = 4.73; SD = 1.17)) were more prone to comply with tax laws than Malays (mean = 4.40; SD = 1.16). However, a one-way ANOVA does not indicate significant differences between ethnic groups towards non-compliance attitude ( $F = 3.174$ ;  $P = 0.055$ ).

### Determinants of Non-Compliant Attitudes

A regression analysis was carried out to test the determinants of taxpayers' attitude towards non-compliance (EVSCALE). The independent variables included were taxpayers' demographic information (as reported in Table 1) and their prior tax information (as reported in Table 2). The results indicate that the

model was statistically significant (adjusted  $R^2 = 0.061$ ;  $F = 1.993$ ;  $P = 0.038$ ). The statistical outcome suggests that three variables, namely gender ( $\beta = 0.189$ ;  $P = 0.032$ ), academic qualification ( $\beta = 0.184$ ;  $P = 0.047$ ) and tax preparer ( $\beta = 0.194$ ;  $P = 0.034$ ) were strong predictors of attitude towards non-compliance compared to four variables (gender, age, income level and whether the respondent had ever received cash income) established by Hasseldine (1999). The gender variable was found to be significant by Hasseldine (1999) as well as in this study.

**Non-Compliance Behavior**

Table 4 highlights the mean score for each non-compliant behavior item. The following discussion deals with data gathered from Sections B and C of the survey instrument. For self-reported evasion behavior, the questions queried as to whether non-compliance behavior had occurred in the last three years with higher mean scores indicating more compliant behavior. Overall, the prior reporting mean score reveal that Malaysian taxpayers generally have positive compliance behavior (with lowest mean of 5.05). Contrastingly, for hypothetical evasion questions, lower scores indicate more compliant behavior. Responses towards including part time cash income received in a tax return and claiming extra deductions that was not allowed indicate a neutral stand (mean score around 3.50 out of 7.00).

TABLE 4  
NON-COMPLIANCE BEHAVIOR

	Mean	SD
Self-reported evasion behavior		
Understate income knowingly	5.35	1.98
Overstate income knowingly	5.59	1.75
Overstate deduction	5.46	1.85
Understate deduction	5.05	2.09
Hypothetical evasion behavior		
Include extra part-time income	3.54	2.09
Claim disallowable expenses	3.76	2.04

(n = 153)

**Differences in Tax Non-Compliance Behavior**

A two-independent t-test and a one-way ANOVA were carried out to determine the self-reported evasion behavior varies with gender and ethnic groups, respectively. In terms of gender, t-test reveals that significant differences ( $P < 0.05$ ) exist in relation to overstatement of deductions, understatement of deductions and claiming disallowable expenses. In all three situations, females

were found to be consistently more compliant than males. Meanwhile, the ANOVA analysis did not reveal any significant differences among ethnic groups.

**Determinant of Evasion Behavior**

A regression analysis was carried out separately for each of the six non-compliant behavior (four self-reported evasion behavior and two hypothetical evasion behavior). The independent variables included were those relating to demographic information, prior tax information of the taxpayers and also the non-compliance attitude (EVSCALE). The results of the regression are depicted in Table 5.

The regression model was only significant in relation to understatement of income knowingly. Two variables, namely EVSCALE ( $\beta = 0.321$ ;  $P = 0.000$ ) and receipt of cash ( $\beta = -0.177$ ;  $P = 0.037$ ) were significant ( $P < 0.05$ ). The results suggest that high compliant attitude and unavailability of cash receipts were associated towards high compliant behavior of taxpayers.

TABLE 5  
SUMMARY OF REGRESSION OUTPUT

	R <sup>2</sup> (%)	Adjusted R <sup>2</sup> (%)	F value	P value	Std. Error
Self-reported evasion behavior					
Understate income knowingly	22	15.9	3.621	0.00*	1.82
Overstate income knowingly	9	2.00	1.284	0.239	1.73
Overstate deduction	7.8	0.60	1.086	0.376	1.84
Understate deduction	4	3.40	0.540	0.873	2.13
Hypothetical evasion behavior					
Include extra part-time income	5.4	2.00	0.734	0.705	2.11
Claim disallowable expenses	9.7	2.70	1.382	0.188	2.01

(n = 153)

\* Significant at 0.05 level

**CONCLUSION**

This study had delved into a complex subject by investigating the existence of differences in tax compliance attitude and behavior among gender and ethnic groups in northern Malaysia. The survey instrument was adapted from Hasseldine (1999) and Roberts (1994) with some modifications to suit the Malaysian environment. This study highlights that attitude towards compliance was moderately high in Malaysia. The findings suggest that both males and females are found to be having similar compliant attitudes. Even though the results were not as expected, it was not surprising since Jackson and Milliron (1986) have also indicated mixed results on gender as a predictor of compliance.

In terms of ethnicity factor, this survey does not show significant differences among ethnic groups on the overall non-compliance attitude.

This study also seeks to find out the determinants of non-compliant attitude and determinants of six separate specific non-compliant behaviors (two of them are hypothetical in nature). A regression analysis shows that the two models are significant, that is, determinants of non-compliance attitude and the determinants of understating income knowingly. Three independent variables, namely gender, academic qualification and tax preparer were found to be significant in determining the attitude towards non-compliance. However, attitude towards non-compliance and receipt of cash income influenced "understating income behavior". This study suggests that gender; academic qualification and tax preparer do directly influence compliance attitude and not the compliance behavior. Thus, the IRB should emphasize on education programmes stressing more on positive attitude towards tax compliance with different strategies that take into account gender, academic qualification and tax professionals.

This study has the following two limitations. First, the taxpayer compliance behavior is ascertained based on a hypothetical scenario. It is conceivable that the actual consequences may differ from the elicited responses. Secondly, the study is confined to five urban towns in the northern states of Peninsular Malaysia and thus the generalizability of the findings may be limited. Ideally, future research should cover towns in other regions. It could be equally important to ascertain whether the findings of this study can be generalized to other jurisdictions in the Asia-Pacific region where the tax-paying culture may substantially vary.

## **ENDNOTES**

1. The IRB performed audit activities only commencing 1997 onwards.
2. It should be emphasized that "behavior" here is in the context of reported behavior which may or may not be consistent with individual's actual behavior.
3. In the US, most taxpayers who are non-compliant simply "get it wrong" without any intention to defraud (Long & Swingen, 1992). The main problem is ambiguity and complexity in tax laws, which can make it difficult for even the most conscientious of taxpayers to fully satisfy their legal obligations unless they take costly measures to obtain specialised advised from official and unofficial publications, from tax professionals, or from tax authorities via 'tax hotlines' and the like.

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