

**T.C.
SAKARYA UNIVERSITY
INSTITUTE OF SOCIAL SCIENCES**

ASSESSMENT OF TAX PERCEPTION IN TURKEY
A Comparative Perspective of International Students

MASTER'S THESIS

Habibu DJUMA

Department: Public Finance

Thesis Supervisor: Professor Fatih SAVAŞAN

-2019

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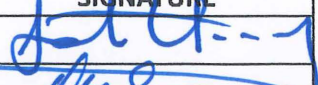
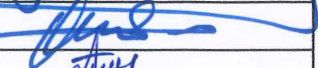
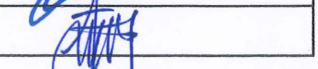
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| MEMBERS OF JURY | OPINION OF JURY | SIGNATURE |
|--------------------------------------|-----------------|---|
| Prof. Dr. Fatih SAVASAN | Successful |  |
| Prof. Dr. Sakir GÖRMÜŞ | Successful |  |
| Assoc. Prof. Dr. Ferhat PEHLİRANOĞLU | Successful |  |



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Danışman
Unvanı / Adı-Soyadı: Prof. Dr. Fatih Savaşan

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Habibu DJUMA

---,---,2019

¹ The Prophet Muhammad (peace be upon him) said: ‘He who does not thank Allah does not thank people (Abu Dawood (Hadith, 4793)).’

CONTENTS

| | |
|------------------------------|------------|
| ACKNOWLEDGMENT | i |
| CONTENTS..... | ii |
| ABBREVIATIONS | v |
| LIST OF FIGURES | vi |
| LIST OF TABLES | vii |
| ÖZET..... | ix |
| SUMMARY | x |

CHAPTER 1. INTRODUCTION AND RELEVANCE OF THE RESEARCH TOPIC

1

| | |
|---|----|
| 1.1. Introduction | 1 |
| 1.2. The Aims and Objectives of the Research | 3 |
| 1.3. Problem Statement | 3 |
| 1.4. Structure of the Research | 4 |
| 1.5. Review of Theoretical Literature | 5 |
| 1.5.1. Definition of Tax..... | 5 |
| 1.5.2. Description of Subjective Aspects of Tax..... | 6 |
| 1.5.3. Theories That Justify Taxation | 8 |
| 1.5.3.1. Theory of Resignation (Benefit Approach)..... | 8 |
| 1.5.3.2. The Approach Arising From the Marginal Benefit Mentality | 10 |
| 1.5.4. Theory of Power (Solvency approach) | 10 |
| 1.5.5. Goals of Taxation..... | 11 |
| 1.5.6. Fiscal Objectives of Taxation | 11 |
| 1.5.7. Non-Fiscal Objectives of Taxation | 12 |
| 1.5.7.1. Economic Objectives..... | 13 |
| 1.5.7.2. Social Objectives..... | 13 |
| 1.5.7.3. Other Objectives..... | 14 |

CHAPTER 2. TAX PSYCHOLOGY AND SOCIAL REPRESENTATIONS OF TAXES

15

| | |
|--|----|
| 2.1. Tax Psychology and Its Components | 15 |
| 2.1.1. Financial Psychology | 15 |

| | |
|---|-----------|
| 2.1.2. Tax Psychology | 16 |
| 2.1.2.1. The Evolution of Tax Psychology..... | 17 |
| 2.1.2.2. The Scope of Tax Psychology..... | 19 |
| 2.1.2.3. The Purposes of Tax Psychology | 22 |
| 2.2. Perceptions and Attitudes..... | 23 |
| 2.2.1. The Concept of Perception and Taxation..... | 24 |
| 2.2.2. Tax-Ethics Relationship..... | 26 |
| 2.2.3. The Concept of Morality | 27 |
| 2.2.3.1. The Definition of Morality..... | 28 |
| 2.2.3.2. The Relevance of Tax Morale | 29 |
| 2.3. Mechanisms of Tax Morale | 31 |
| 2.3.1. Forms of Intrinsic Motivation | 32 |
| 2.3.2. Reciprocity | 33 |
| 2.3.3. Peers Effects and Social Influences | 35 |
| 2.3.4. Culture..... | 38 |
| 2.3.5. Information Imperfections | 39 |
| 2.4. Social Representations of Taxes | 41 |
| 2.4.1. Subjective Knowledge and Mental Concepts | 45 |
| 2.4.1.1. Subjective Knowledge | 45 |
| 2.4.1.2. Subjective Concepts of Taxation..... | 51 |
| 2.4.2. Attitudes | 60 |
| 2.4.3. Norms..... | 68 |
| 2.4.3.1. Personal Norms | 69 |
| 2.4.3.2. Social Norms | 74 |
| 2.4.3.3. Societal Norms | 77 |
| CHAPTER 3. RESEARCH DESIGN AND METHOD..... | 79 |
| 3.1. Introduction | 79 |
| 3.2. Data Sources and Methods of Collection..... | 79 |
| 3.2.1. Sampling Frame and Survey Procedures | 79 |
| 3.2.2. The Respondents | 79 |
| 3.2.3. Measures to Increase Respondents Rate | 80 |
| 3.2.4. Disseminating Survey Time..... | 80 |
| 3.2.5. Booklet Appearance of Survey Question..... | 80 |

| | |
|--|------------|
| 3.2.6. The Nature of Questionnaire and Variable Development..... | 80 |
| 3.3. Empirical Analysis of Variables Sections..... | 81 |
| 3.3.1. Section A: Demographic Peculiarities of Rows..... | 81 |
| 3.3.1.1. Section A.1: Frequency Distributions and Reliability Analysis | 81 |
| 3.3.1.2. 3.3.1.2. Section B: General Representations of Rows on Tax Perceptions | 84 |
| 3.3.1.3. Section C: Building Comparative Representations..... | 88 |
| 3.3.1.4. Section D: Discussion and Development of Applied Hypotheses .. | 96 |
| 3.3.1.5. Methodology Limitations..... | 106 |
| 3.4. Results and Conclusion..... | 107 |
| REFERENCES..... | 111 |
| APPENDICES | 124 |
| RESUME..... | 131 |

ABBREVIATIONS

| | |
|--------------|---|
| AHECS | : Australian Higher Education Contribution Scheme |
| IRS | : The Internal Revenue Service |
| OECD | : Organization for Economic Cooperation and Development |
| PAB | : Perception- Attitude- Behaviour |
| SCT | : Self-Categorization Theory |
| SST | : Semi-Structured Interview |
| WVS | : World Value Survey |

LIST OF FIGURES

| | |
|---|----|
| Figure 2.1: Space of semantic associations to ‘taxes’ with respect to entrepreneurs, blue and white-collar workers, civil servants and students (1998). | 56 |
| Figure 2.2: Two dimensional result of correspondence analysis of associations on tax avoidance, tax evasion and tax flight with respect to employment group (Kirchler, Maciejovsky and Schneider, 2003. | 58 |
| Figure 2.3: Observed tax behaviour, related to the willingness to cooperate and shared views on dimensions related to tax (Kirchler, Niemirowski, and Wearing, 2006) | 60 |
| Figure 2.4: Description and evaluation of typical taxpayers, honest taxpayers and tax evaders (Judgements range from -3 (lazy-stupid) to +3 (hard-working, intelligent); evaluations range from -1= negative to 1+= positive evaluation) (Kichler, 1998) | 64 |
| Figure 2.5: Attitude-behaviour for the case of tax evasion according to Lewis (1982, p. 172) | 67 |

LIST OF TABLES

| | |
|--|-----|
| Table 3.1 : Demographic peculiarities of the respondents using age..... | 81 |
| Table 3.2 : Demographic peculiarities of the respondents using gender | 81 |
| Table 3.3 : Demographic peculiarities of the respondents using marital status..... | 81 |
| Table 3.4 : Demographic peculiarities of the respondents using the status of scholarship ownership | 82 |
| Table 3.5 : Demographic peculiarities of the respondents using education..... | 82 |
| Table 3.6 : Frequencies with respect to respondents' income..... | 83 |
| Table 3.7 : Sequential frequencies of the respondents with respect to durability..... | 83 |
| Table 3.8 : Reliability Test..... | 84 |
| Table 3.9 : By age tax as a civic duty..... | 84 |
| Table 3.10 : Frequencies of respondents with respect to age associated with tax as a moral duty | 85 |
| Table 3.11 : Reflective frequencies of gender associated with tax evasion as robbery/ theft..... | 86 |
| Table 3.12 : Gender- tax payment (a community responsibility) | 86 |
| Table 3.13 : Gender- non-payment of tax (an ethically wrong act) | 87 |
| Table 3.14 : Frequencies with respect to respondents' view of tax fairness..... | 88 |
| Table 3.15 : Descriptive Statistics of respondents on awareness of percentage rate in consumption goods - home country | 89 |
| Table 3.16 : Descriptive Statistics of respondents on awareness of percentage rate in consumption goods in Turkey | 90 |
| Table 3.17 : Descriptive Statistics of respondents on tax burden- home country..... | 91 |
| Table 3.18 : Descriptive Statistics of respondents on tax burden – in Turkey..... | 92 |
| Table 3.19 : Descriptive Statistics of respondents' perceptions about tax influence on consumption pattern | 93 |
| Table 3.20 : Descriptive Statistics of respondents on tax a moral responsibility – home | 94 |
| Table 3.21 : Descriptive Statistics of respondents on tax a moral responsibility – in Turkey | 95 |
| Table 3.22 : H1 Test result | 97 |
| Table 3.23 : Correlation H1 Test result..... | 98 |
| Table 3.24 : H2 Chi-square test result..... | 100 |

| | |
|---|-----|
| Table 3.25: H3 test result | 101 |
| Table 3.26: H3 retesting result | 101 |
| Table 3.27: H4 Test Result..... | 102 |
| Table 3.28: Regional Frequencies with Receipt Case..... | 103 |
| Table 3.29: Frequential Peculiarities observing differences in asking for receipt | 104 |
| Table 3.30: Regional differences in perception about tax evasion | 104 |
| Table 3.31: Chi-Square differential frequencies about non-tax payment | 104 |
| Table 3.32: Chi-Square tests on regional perception about tax as a moral duty | 105 |
| Table 3.33: Chi-Square analysis on regional attitude toward government accountability | 105 |
| Table 3.34: Frequency analysis of regional perception about the civic nature of tax..... | 106 |

Sakarya University
Institute of Social Sciences Abstract of Master's Thesis

| | | | |
|---|--|---|--|
| Master Degree | | Ph.D. | |
| Title of the Thesis: Assessment of Tax Perception in Turkey A Comparative Perspective of International Students | | | |
| Author: Habibu DJUMA | | Supervisor: Professor Fatih SAVAŞAN | |
| Date: 22/05/2019 | | Nu. of pages: x (pre text) + 123 (main body)+7(app.) | |
| Department: Public Finance | | | |
| <p>The objective of this study was to examine the perceptions of foreigner students about tax which appears to be one of the most discussed phenomenon in our modern societies. By assessing their tax perceptions, this study elaborated a comparison between tax system in Turkey and the existing tax system in their country of origin. The study used descriptive research design. A selection of 500 individual respondent students was randomly processed as the population target of this research in the Marmara Region.</p> <p>By using primary data collected through a format of close-ended questions, a number of tables and percentages have been used for analysis under descriptive statistics. The values of skewness and kurtosis paved the way for utilizing non-parametric methods to confirm or reject hypothetical differences in the level of perceptions.</p> <p>Thus, the revealing findings of this research study exhibited indications that rejected availability of complexity in the content of the tax law in both Turkey and foreigner students' country of origin. Although tax fairness was admittedly higher in both the two side countries under study, still alarming associations denounced unfairness. Notwithstanding, this study shows that when individuals hold positive perceptive attitudes in the face of the tax system and towards the spendings operated by government, there is always a triggering factor evolving from within to encourage tax compliance behaviour.</p> | | | |
| Keywords: Tax Perception, Tax Fairness, Complexity Content, and Tax System | | | |

Sakarya Üniversitesi
Sosyal Bilimler Enstitüsü Yüksek Lisans Tez Özeti

| | | | |
|--|-------------------------------------|---|--------------------------|
| Yüksek Lisans | <input checked="" type="checkbox"/> | Doktora | <input type="checkbox"/> |
| Tezin Başlığı: Türkiye'deki Vergi Algısının Değerlendirilmesi Uluslararası Öğrencilerden Karşılaştırmalı Perspektif | | | |
| Tezin Yazarı: Habibu DJUMA | | Danışman: Profesör Fatih SAVAŞAN | |
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| Anabilim Dalı: Maliye Bölümü | | | |
| <p>Bu çalışmanın amacı, modern toplumlarda en çok tartışılan olgulardan biri olan vergi ile ilgili yabancı öğrencilerin algılarını incelemektir. Vergi algılarını değerlendiren bu çalışma, Türkiye'deki vergi sistemi ile deneklerin kendi ülkelerinde var olan vergi sistemi arasında bir karşılaştırmaya da imkan verdi. Bu çalışmada betimsel araştırma tasarımı kullanıldı. 500 denek öğrenci araştırmanın hedef kitlesi olarak Marmara Bölgesinden rastgele seçildi.</p> <p>Kapalı uçlu sorular yöneltilerek toplanan birincil veriler, tablolar ve yüzdeler aracılığıyla tanımlayıcı istatistiklerle analiz edildi. Algı düzeyindeki varsayımsal farklılıkları doğrulamak veya reddetmek için çarpıklık ve kartosis değerler parametrik olmayan yöntemlerin kullanılmasına zemin hazırlamıştır.</p> <p>Böylelikle, bu çalışmadan elde edilen sonuçlar, hem Türkiye'de hem de yabancı öğrencilerin ülkelerindeki vergi yasaları içeriğindeki karmaşıklığın mevcudiyetini reddeden bulgular ortaya koymuştur. Her ne kadar incelenen her iki ülkede vergi adaleti oldukça yüksek olsa da, halen adaletsizliğin var olduğu düşüncesi kendine yer buldu. Bununla birlikte, bu çalışma bireylerin vergi sistemine ve devlet harcamalarına karşı olumlu algı ve tutum geliştirdiklerinde daima vergi uyumu davranışını destekleyen bir faktörün mevcut olduğunu göstermektedir.</p> | | | |
| Anahtar Kelimeler: Vergi Algısı, Vergi Adaleti, Vergi Karmaşıklığı İçeriği, ve Vergi Sistemi. | | | |

CHAPTER 1. INTRODUCTION AND RELEVANCE OF THE RESEARCH TOPIC

1.1. Introduction

Tax happens to be one of the direct consequences of living under the shade of the public state. Taxation as a system in a whole covers huge tensions, which turn the subject of tax into strong controversies among citizens. The controversial nature of the tax system- each country having its particular characteristics - has been seen, experienced, debated and examined from earlier centuries, and continues to occupy an important place in the public opinion. Any country that has the will to spur both financial, socio-economic and cultural values finds undeniable the necessity to tax. Therefore, trying to assess social factors which embed attitudes and perceptions towards taxation as part of the fiscal policy is paramount, especially in modern democracies such as Turkey. To this matter, M. Dornstein (1986:55) argued that the rapid and extensive increase in all modern societies, of the public sector and the concomitant increase in the fiscal apparatus supporting it have naturally focused the attention of many politicians, tax administrators, as well as social scientists, on public attitudes and public reactions toward fiscal policies and fiscal measures.

The actual result and the assumed outcome of such reactions towards taxes and attitudes regarding the fiscal policy have been put at the centre of interest for many. In the academic world, for instance, various scholars have elaborated a variety of perspectives and approaches towards the interest of human being to be reactional to taxes (M. Dornstein 1986:55). In addition, even students in the fields of politics related to fiscal policy came to appreciate the study in which politics and its machinery instruments deal with public opinions and how affecting these opinions are for the settings of the government's fiscal policies (Pierce 1971: 36). A broader approach has been adopted by a number of other public finance thinkers in an attempt to analyse the powerful impact of public opinions on measures to be taken by the fiscal policies and the role of public reactions on issues such as the conclusiveness of the Welfare state and finality of the Capitalist state (M. Dornstein 1986:56). Wilensky (1976), for example, mentioned that there are a number of factors such as (a) unfair taxation policies, which play major reasons for some countries in the west to experience the tax backlash and (b) high visibility of the taxation system in the middle class, which constitutes a major constraint on the welfare policies in these

countries. A variety of attitudes, values and perceptions of people in a country reflects the democratic nature of its tax system (C. Bryan Cloyd & Connie D. Weaver 2012:22), which may lead to some important ramifications for the fiscal policy. This diversity of public opinions and reactions towards the instruments used in the fiscal setting elaborates two important implications. The first is the possibility of changes in tax system which expresses the balance of opinions and the shifts of political power from one side to another. The second is an attempt to understand the rejection motives lying behind individuals who see in any existing taxation system inequality and unfairness. Even the literature on fiscal illusion (Norman Gemmel al. 2003: 794) proposes that certain features of the tax structure can affect individual's tax perception.

Therefore, in order to comprehend the dynamics and the limitations of any tax system launched by the processes of politics, it is fundamental to first understand the determining factors of attitudes and perceptions of individuals (C. Bryan Cloyd & Connie D. Weaver 2012:22). In fact, these attitudes and perceptions citizens adopt can fundamentally be seen through different lens. O'Connor (1973) proposes that the high levels of taxation and the increasing diversion of public resources toward unpopular priorities in all advanced capitalist nations will lead to massive tax revolts, spurred by feelings of an excessive tax burden and of relative deprivation. In turn, this will ultimately cause a deep and destructive crisis threatening the very existence of the capitalist state. Public finance economists were able to avoid these issues either, as Buchanan (1968: v) notes; within the mainstream of Western economic thought, 'public finance, traditionally has neither contained a theory of demand nor one of supply'. In their attempt to developing a 'normative and optimal theory of public household', Musgrave affirmed that (1954: v), public finance economists had their writings interwoven with a number of assumptions about the possible effects of such attitudes and reactions. Astonishingly enough, not all this interest in the effects of public attitudes and public reactions toward taxes and taxation has been matched by a suitable effort to investigate the attitudes and reactions themselves (M. Dornstein 1986:56). Obviously, a few number of studies on these issues exist as for example, those of Schmölders 1970; Vogel 1974; Domstein 1976; Lewis 1979; Dean et al. 1980; McCrohan 1982; WImeryd and Walerud 1982; Furnham 1983, many of which are far from providing us with the desired knowledge about the manifold facets of the "tax mentality" (M. Dornstein 1986:57).

Indeed, there is recurrence in many propositions of some fundamental themes. Those propositions include taxpayers' attitudes regarding government spending, taxpayers' awareness of various taxes and their satisfaction with the fiscal policy; however, a little is still known in broader sense in the literature about tax consciousness, tax attitudes, tax perceptions and their implications for students pursuing their advanced studies in a foreign country. The main purpose of this study will be descriptively comparative.

On the basis of closed-ended questions the study will endeavour, far from reporting further statistical frequencies, to reveal to its possible best the images, beliefs and perceptions international students pursuing their advanced studies in the Marmara Region have toward taxes and the fiscal policy both in their respective countries and in Turkey.

1.2. The Aims and Objectives of the Research

This research seeks to investigate the level of tax perceptions of international students. Therefore, it will aim at evaluating and analysing their attitudes in the face of tax event. In addition, the objectives of the study is also to make a comparison of their perspective on tax systems between Turkey and their home country. From the analysed and compared results, some recommendations will be given to enhance the effectiveness of their understanding of tax and the fiscal policy in order to build a positive and more comprehensive bridge for relationship between policymakers and taxpayers.

1.3. Problem Statement

Taxes are often considered a necessary evil. The topic evokes strong emotions. How people perceive taxes and how they feel about paying them are complex issues. Thus, an establishment of any tax policy is subject to critics by individual taxpayers. Any particular tax system may become more or less effective due to the way individuals perceive the existing tax policy. This effectiveness is also reliant upon the understanding of a particular criterion of the fiscal policy: "*fairness*".

Since, the importance of fairness perceptions occupies an important place in individuals' public and private lives. Even the sense of equality, justice and social change is rooted in the perceptions of fairness. Even some psychologists politically claiming that individuals assess the political environment basing on their fairness perceptions (Rasinski & Tyler, 1988), have favoured the effect of perceived fairness. Thus, when the individuals'

perceptions capture tax system as a fair structure, it becomes obvious for them to be more willing to demonstrate their support through their actions.

Realising the importance of tax perceptions, it is worth giving a particular attention to a comparative analysis on tax systems between Turkey and international students' home country, bearing in mind the relevance of issues related to tax like fairness perception, tax morale, and tax burden. This study was also worth doing given that a little and almost no assessment had previously been done in the field of public finance involving foreign students as a population target for a scientific comparative analysis on tax systems whether in Turkey or elsewhere.

1.4. Structure of the Research

In this context, there are three chapters in this research. The first chapter deals with the introductory part of the study. It consists of the background information and relevance of the topic, the aims and objectives of the research, research problem and the review of literature of the research topic. The second chapter discusses psychological and sociological dimensions of taxes. This chapter deals with the attitudes of taxpayers and the posture they may develop in the face of tax. On the one hand, the historical development of the concept, schools of tax morale, the nature of financial psychology together with the historical development of tax psychology and its intrinsic purposes are discussed here. On the other hand, individuals' perception on government spending, the concept of tax perception are also treated. Additionally, this chapter points also to representations, and gather information on the knowledge of taxpayers about taxation and subjective concepts and lay theoretical perspectives on issues of tax.

By reviewing individual reactions in regard to taxation and the measures established by the instruments of the fiscal policy, this part of research proceeds with a focus on elements that create a belief that individual should consciously abide by taxation laws. This is known as a moral imperative and it results from personal norms and social norms which take tax evasion as a prevalence factor among a reference group; and societal norms. The last part of the study consists of chapter three, which is the empirical field of research conducted in Marmara Region. It also consists of a collection of findings produced from the research, including various analyses developed from the data obtained and related results.

1.5. Review of Theoretical Literature

Tax event produces two images that are closely intertwined with each other under the presence of any State phenomenon. According to Demir (2008: 4), the first is the state that holds the jurisdiction of taxation based on the right to sovereignty; and the second is the taxpayer who is under the obligation of paying tax. For taxpayers, taxation as a concept may mean something different to government authorities. In the same line of views, taxation has repeatedly torn apart scientists. Because even theorists of politics and philosophers look at tax through different lens with respect to their social belonging, whether socialists or capitalists. In capitalist economies, taxation has to be an instrument of radical social change, in the absence of which, it has to respect capital because the disposition of private capital is not except essential to production under any existing economic ties (R. Scruton, 1995:681-2). However, the remaining question to be answered is what definition should be applied to tax as a meta concept?

1.5.1. Definition of Tax

A tax can be defined as a compulsory contribution exacted from an individual by the government (Herber, 1979, p.94), with little reference to benefits received (J. Gould and William L. Kolb, 1964:715). In social sciences, taxation is referred to as the exercise of government chokehold to extract contributions from individuals subject to its jurisdiction. More accurately, taxes are withdrawals from the private hands by compulsion without the government remaining liable to the payee (Musgrave and Musgrave, 1984, p.220). In his most widely accepted recursive definition, E.R.A. Seligman, (1925, p.432) sees in tax a contribution of compulsion from a private hand to the state with the aim to bear the cost of expenses made in the interest of all social spectra with no special benefits to particular individuals. Routledge & Kegan Paul (1954:23) arose a definition of tax by H. Dalton as a compulsory imposed by a public authority, irrespective of the exact amount of service rendered to the taxpayer in return, and not imposed as a penalty for any legal offence. Demir (2008: 4) has made clear that taxation has different meanings for tax officers and individuals under the compulsory imposed by the public force to pay the tax. In addition, tax is a fact that is taken based on legal strain and is therefore not welcomed by those who are obliged to pay it.

Referring to land and labour economy, D. Ricardo (1812p.104) retains that there is in the production of labour and land an available fragment attributable to tax, which is paid

ultimately from the capital obtained or revenue gained. Regarding this, it is impossible to have taxes with no tendency to lessen the power to accumulate. It is compulsory that all taxes fall either on revenue or on capital. Thus, the falling of taxes on either revenues or capitals incites having a look at the subjective understanding of taxes, which gives a particular attention to the relevance of tax ethics (see chapter2).

1.5.2. Description of Subjective Aspects of Tax

Albert Einstein stated, “It is too difficult for a mathematician. It takes a philosopher. The hardest thing in the world to understand is the income tax”. While Benjamin Franklin maintained that the certainty in this world can be associated with nothing else except death and taxes, John Stossel noted, “They say taxes are inevitable, like death. But, at least death does not come every year”. These three subjective expressions are paramount in the understanding and identification of this legal levy. Upon the three statements, tax as a concept becomes clearly a matter of how taxpayers try to understand tax; authorities should carefully examine this.

Although the tax is a fact that has existed since ancient times, there have been varieties of changes in the definition of the tax, depending on time, space, economic and political order (Ihsan 2008:18). With the assortment of tax-changing properties from the old times to the present day, issues such as the right to be levied on the basis of chokehold, compulsory and unrequitedness are always emphasized in the descriptions of tax. In fact, many public finance economists look at tax on different lens. A number of variously broad descriptions of this levy (tax), and its most accurate and common features are highlighted by G. Jeze (1912:732-34):

- Tax is a monetary obligation (tax paid by money)
- The tax is unprofitable (so it is deducted from the fee and the price).
- Tax is a mandatory payment and is based on a legal algebra.
- Tax is based on predetermined rules (Taxpayer arbitrary behaviour cannot be the subject).
- Tax is collected to cover public expenditures.
- Tax is based on predetermined rules (Taxpayer arbitrary behaviour cannot be the subject).

The reason for the tax payments of the individuals is to find a member of organized society in the political direction or to live within the borders of that community.

Despite the fact that these features do not widely highlight the full concept of tax, they are generally considered in terms of financial objectives of taxation. Demir (2008: 5) found that besides the financial aims of taxation along with social, political and economic ones, tax can also be taken for non-financial purposes such as intervention, and its properties are variously fostered by different scientists.

Of the wider range of the aims of taxation, the statement by Abba Lerner is perhaps the most interesting: “the purpose of taxation is not to provide revenue but instead leave less in the hands of the paying person” (Nadaroğul, 1998:216). There is, of course, enlightenment in Abba Lerner's expression on how taxpayers perceive tax. Reflecting similar opinion, F. Neumark stated that "every tax requires transferring an economic asset"(Demir, 1998:195). Such opinion both resonates what can result from taxation, and echoes either a reduction in economic values available in the hands of people.

The logic of rational individuals in today's economic circumstances is not only becoming increasingly wide, but also with people generally putting their economic interests in prominence, questioning the concept of tax and the features within it. Demir (2008:20) put forth that the reactions of taxpayers in this direction, are thoroughly fuelled by the understanding that the taxpayers are the "geese" and "the art of the financing, the way in which the goose is sent without yelling." Considering the availability of the subjective aspects of tax in today's time, tax can thus be defined as a fall in monetary value of individuals' revenues and both a deportation and displacement of economic wealth from individuals to the government.

Putting all the aspects of tax together, it becomes more convenient to exhibit the most accurate statement that veils them all in one basket. In pursuance of financing the economic, financial and social public expenses of other public entities with the authority vested in the State, in accordance with the financial forces of the people, the rules of unrequited and predetermined taken accordingly, are legal and mandatory economic values that lead to a decline in the incomes of persons (Ihsan C. Demir, 2008:20). Thus, dividing this definition into categorical components, we can consider that tax:

- In the State or state is taken by organs authorized by the government
- Is taken based on the right to sovereignty,
- It is taken for the financing of public expenses for economic, financial and social purposes,

- Taken according to the financial forces of persons²,
- Is harmless (in terms of unrequitedness),
- Taken according to predetermined rules,
- Causes a falling shift in the revenue of persons,
- Legally regulated,
- It's Compulsory,
- Is an economic value transfer from individuals to government.

1.5.3. Theories That Justify Taxation

In a society where the belief in the justification of taxation is very scarce, mentioning concepts such as tax perception and tax ethics is almost impossible. For, such concepts are as proportional as the legitimate acceptance of tax in that society. The evolution of tax has gone through different changes and underwent many variations that lead to vastly diverse theories seen as trying to justify taxes observed from old to the present day. Some of these are mentioned here below.

1.5.3.1. Theory of Resignation (Benefit Approach)

Known as discretionary theory, Lindahl (1919) and Wicksel (1896) have strongly put emphasis on the theory of resignation, qualifying it as a relationship which associates such legal levies individuals undergo and the satisfaction and advantages they yield from public services. The theory of benefit is as equal in nature as *a quid pro quo* because of the assumption that individuals should be liable to taxes according to each advantageous benefits they would obtain from government programs of expenditures that are financed by tax revenue. The state citizen relationship is founded on a give-and-take construct similar to transactions taking ground in the marketplace. Since the state provides protection, individuals purchase it in relation to the benefits they yield from that protection.

According to Buchanan (1976), it is necessary to use the principle of benefit in taxation to minimize political costs in the tax system. In fact, the principle of benefit decreases the feeling of bearing heavy tax burden. Moreover, Ihsan (2008:21) denounced that the principle of benefit is more important than the principle of equality in taxation. The

² The property, expressed as "fiscal power" in the 1982 Constitution in Turkey, is used in the form of "payment Force", consisting of income, wealth and expenditure criteria in the literature of public finances.

implementation of the principle of benefit will favour the formation and the understanding of many concepts related to taxation, as for instance tax ethics, tax morale and so forth, because individuals will easily think of tax as a burden softened by the benefits from public services. It is not conceivable for the paying subjects to lay out a full tax burden sheet on daily, monthly or yearly basis where benefits of the public expenditure harvested with revenues from taxes are taken outwardly. In the end, Buchanan (1993) mentioned that, "the tax refers to neither a sacrifice nor a difficult basis. Tax is a paid price for the benefits of the state".

The theory of resignation has witnessed many more emerging approaches over time. The main headings of these approaches are enumerated below.

1.5.3.1.1. The Approach That Counts the Service Price of the Tax

Known as a cost, this approach sees tax as a price of public services. Nevertheless, all alone this approach does not offer full understanding of the legitimacy of tax. The missing component that would better highlight this understanding is lack of equality of change between the value of tax and public services (Demir, 1998:220).

1.5.3.1.2. The Approach That Simulates Tax Insurance Premium

The protection of assets and avoidance of risk against human lives causes this approach to look at taxes as a premium. In his identification of the three broad approaches to taxation, Leroy-Beaulieu (1958) regarded taxes as an insurance premium for receiving a guarantee protection. Despite taxes and insurance premium having similar aspects, they are still different from each other. Thus, Pehlivan (2004: 104) and Devrim (1998:221) stated, in addition to the difference which exists between tax and insurance premiums, that even a case of necessity within the tax is sufficient to explain the difference between them.

1.5.3.1.3. The Approach of Participation in Tax Spending

This approach testifies tax as individuals' participation to the aggregate expenses of the state and the union of producers. In his illustration, however, Pehlivan (2004:105) mentioned that since there is no single explanation of the limitations restricting the State's field of activities, it is unfair to explain the tax alone with this approach.

1.5.3.2. The Approach Arising From the Marginal Benefit Mentality

Considering the exposition of price revelation as the provision for goods and services in the market, tax is being thought of as the price for public delivery in terms of services in this approach. Referred to as the theory of precaution, Devrim (1998:221) and Nadaroğlu (1998:225) formulated that the marginal benefits of the public goods and services receivable via the exchange for legal levies and for the price of individuals will be equal to the market, as a result of their preferences. Thus, it is assumed that an optimum will take place.

1.5.4. Theory of Power (Solvency approach)

This approach considers the existence of proportionality that tax payments meet the degree of the economic forces of individuals and avoid establishing any connection amidst the tax paid and the benefits obtained. The foundations of this theory evolved from the frame laid out for the first time in the working of Adam Smith (Musgrave and Musgrave, 1984:119).

In fact, there are always new results emerging, in terms of taxation failure to establishing any relationship between benefits gained from public services and tax. The case being, paying taxes is then seen as a duty and a burden for citizens, whereas receiving taxes a right for the state (Nadaroğlu, 1998:226). However, Ihsan (2008:23) mentioned that there is a possibility that some problems arise in the fair divide of the tax burden. In order to compensate such problems thus, tools providing horizontal and vertical justice have been developed in the practice of taxation. Tusuner *at el.* (2006:10) cited that the most important tools are applications that aim to reach the actual tax payment power of taxpayers, such as general discount, increased rate, minimum subsistence allowance, separation theory, exception and exemption.

The practice of taxation experienced diverse tools, which are very often examined especially when economic, and financial factors are at the heart of decisions leading to the distribution of the tax burden. It is necessary to consider the socio-economic situations of people with reference to subjective tax burden, and consider important the relativity of practices that take into account such conditions, as for instance the benefit of decreasing revenue, least cost of subsistence and exception and exemption. In modern time, the understanding of taxation and the application of such practices pave the way for the prevention of drastic reactions that are likely to occur in society because of taxation. In

addition to economic and fiscal boundaries, Schmölder (1976:107) mentioned that, psychological boundary of taxation is becoming increasingly important in today's understanding of taxation.

1.5.5. Goals of Taxation

Like any other economic instrument, taxes are being used to meet certain goals. Any economic instrument that does not serve any reasonable goal is subject to rejection. In the same line of ideas, taxpayers will neither tolerate taxes that do not ethically serve any reasonable goal, nor display full commitment to voluntary tax-compliance.

In fact, the aims of taxation, according to the tax literature, is to develop the duties of the state. Ever since the conception of the Allocation Branch, Distribution Branch, and Stabilization Branch was developed in the study of public finance (Musgrave, 1959), the recognition of the goals of taxation has been related to three important economic goals: resource allocation, distribution allocation and economic stabilization. Increasingly, nowadays, monetary policy has taken the role of the “swing instrument” in economic policy, and at the macro level, taxation policies are aimed more at development goals (Tanzi and Zee, 2000). This consideration abandons the allocation and distribution roles; however, with respect to traditional analysis, taxation assists in these goals without attempting to lose sight of its primary revenue-raising purpose. Nevertheless, classical economists suggested that the state should not attempt to interfere with economy, leaving taxes the possibility to remain objective and therefore only satisfy the public expenses. The dominating idea that the state should now start to intervene in the economy was first observed in the rise of the economic crisis in 1929. In spite of playing the role of financing public expenditures, taxes have been used in the economy to serve as tools for price stability and provision of full employment. In modern theory of taxation, the construction of targets aiming to reduce the effects of economic actions that may lead to drastic situations such as the regional skyrocketing level of income inequalities, frame income-expense distribution policy and encourage the economic take-off have diversified the objectives of taxes (Erdem, 1996:131). Thus, the goals of taxation was taken into account in this study due to particular emphasis on the features of tax on psychological dimension.

1.5.6. Fiscal Objectives of Taxation

On top of governments' agenda, there are a number of duties to fulfil. The fulfilment of these duties requires financing; naturally, the most dynamic means of financing them is

without any doubt the backing of taxes. Since tax is an important point of revenue supply for governments, the fiscal goals of taxation consists of creating a necessary funding source that is deemed notable to further goods and services that are socially acceptable. The characteristics that are embedded in the nature of public supply, such as non-excludability, non-rival consumption and nonrejectability, render the public finance³ explicable by tax only. The constant expansion and increase in social needs in today's time highlighted the importance of fiscal objectives. Additionally, components such as the expansion of the tax base, the dissemination of the market economy, the reduction of tax losses and the minimum level of leaks, tax ethics and taxes in the country, tax consciousness must be installed in order to fulfil the fiscal objectives expected (Devrim, 1998:202). In order for the financial objectives to be fulfilled in a complete manner, the highest level of taxation and the provision of the output must be ensured (Ihsan C. Demir, 2008:25). If this is not taken into consideration, for the sake of financing public goods and services, the need to back up public supply will not be other than trying to seek resources out of taxes. Such a situation is not desired at all in modern state management.

Even if taxes are taken for financial purposes, they must be levied on rational basis. A necessity to frame a set of conditions in order to achieve rational tax is thus paramount. On one hand, there must be fair distribution of tax burden. Meaning that both horizontal and vertical justice should be ensured and taxes have to be equal in terms of solvency. On the other hand, taxation should be impartial in terms of competition in the market (Biyar, 2004:1). In his assertion (Erdem, 1996:132) strongly asserted that failure to disrupt market effectiveness- i.e. investments, labour supply and savings decisions—should not negatively affect the decline of the national rule.

1.5.7. Non-Fiscal Objectives of Taxation

Significantly, it is important to notice that the collection of taxes with respect to financial dimensions does not mean that taxes cannot be expected to out-fruit impartial repercussions on the economy. For this reason, the collection of taxes is said to have carried non-fiscal objectives such as economic and social objectives. In the direction of economic and social life, Ihsan (2008:25) asserted that taxes are used as an important tool. Non-financial objectives can thus be summarized as follows:

³ We should distinguish the difference between public supply and public finance. The first is described as consignment of good through public government (for example education by government); the last one describes public expenditure on a good, which might be supplied by a private sector.

1.5.7.1. Economic Objectives

The economic objectives take tax measures to be the guidance in the economy. Governments, therefore, consider taxes to be one of the existing tools that favour their intervention in the economy. Thus, one of the economic objectives of taxation is stability. Dynamic objective tax policies should aim at the provision of price stability and disruption of unemployment, therefore attempting to reach full employment. Taxes are also available for the elimination of surplus demand in the economy (Ihsan C. Demir, 2008:26). In addition to that, Erdem (1996:132) asserted that it is also possible to refer to the tax measures for eliminating cyclical unemployment. In his statement, Eker (1996: 130) emphasized that in order to contribute to the development of some sectors or regions in the economy to achieve the economic purpose of taxation, important instruments have to be used. These instruments would include bringing sectoral tax exemptions, regulating tax incentives to overcome the currency bottleneck, accelerating investments, and many other regulations such as accelerated depreciation and investment reduction.

1.5.7.2. Social Objectives

The pointing to the social aspects of the tax was first risen by A. Wagner (Eker, 1996:130). The social objective of taxation claims the reinforcement of social justice as a motive to eliminate inequalities in the income distribution in society. There is often a possibility of big discrepancies in level of income in societal groupings, and a part of the community groups may not have a level of income sufficient to provide a minimum living, despite having reasons such as unemployment and housing problems. As far much as this is concerned, the paramount instrument in hands of state to ensure equality (justice) in income distribution is tax. In order to achieve this purpose, a specific principle such as “the higher the income and wealth in hands the heavier the tax to be levied” should be taken into consideration. Because it is commonly known in taxation that revenues obtained from a social class with high income, through expenditure transferring, can be shifted to low-income classes. This is also referred to as important requirement in fair tax system (Pehlivan, 2004:106). In countries where the understanding of the state is reliant upon the concept of society, the purpose of tax in such society has a prevailing importance. T. Öncel (1982: 5) advanced that the application of negative income tax is either way an important instrument used to accomplish this purpose.

1.5.7.3. Other Objectives

One of the most important objectives of taxation nowadays is to regulate the use of global public goods and to provide financing for the protection of such goods (Ihsan C. Demir, 2008:27). There are in fact important tools that have been developed for such purposes, as for instance environmental and carbon taxes⁴. Firms and industries with huge external costs that expand negative exclusions can also be embedded in this category. For instance, companies that destroy the environment or emit carbon gas and thereby harm the public health can be submitted to additional taxes. Although there may be a desirable tendency to domestically establish and develop some sectors, high taxes can be brought to the imports of certain goods, or large-scale tax incentives may be levied in order to satisfy that tendentious desire. Furthermore, to avoid excessive benefits from monopolistic market strategies and to create strong ties with population policy, taxation is also applicable. Some examples of this have been seen in France and in Germany in the past, labelling such practices as “bachelor’s tax” and “marriage aid”. Thus, Erdem (1996:133) mentioned that the tax burdens of the married taxpayers could be reduced to encourage population growth.

⁴ For global public goods and tax advice, see; XXI. Turkish Finance Symposium, Antalya, 10-14 May 2006.

CHAPTER 2. TAX PSYCHOLOGY AND SOCIAL REPRESENTATIONS OF TAXES

2.1. Tax Psychology and Its Components

2.1.1. Financial Psychology

With the expansion of necessity to encourage positive behavioural attitudes of individuals in the face of tax, a number of new branches have recently evolved in the field of public finance. These branches have changed the absolute course of public finance and helped better understand human attitudes towards the fiscal apparatus. As fiscal psychology, financial psychology is a new discipline that seeks to understand how financial instruments and events are impacted by human attitudes and behaviours, and what are possible financial incidences on individuals.

The reason for addressing financial psychology is to sustain the expansion of precepts surrounding the science of finance. By legally examining economic and political aspects of events within financial sphere, financial psychology is becoming a complete solution to many problems, because lacking psychological considerations when assessing any subject would lead to incompleteness or inaccurate assessment. Şenyüz (1995:3) mentioned that, addressing all aspects of financial events is a great contribution to the development of social sciences, helping citizens better understand their financial problems more comfortably. This calls to mind the psychology of science which, according to Feist (2009:2-4), is the study of scientific thought and behaviour both narrowly and broadly defined. Psychologists generally investigate individuals' attitudes by using two approaches. The first approach consists of taking a person's whole integrity not submissive to societal standards. Submissive individuals in the society then consider him or her as a void. In this case, psychologists examine how individuals thoughts and emotions change without considering the environmental effect by focusing on the structure of the individual persona (Ihsan, D. 2006: 28). The second approach subjects individuals to all aspects of sociability; meaning that the society shapes and influences individuals and their manner of interaction with others (Kağıtçıbaşı, 1977:4). Thus, there is a need to study the behaviour of individual and the degree of understanding social temperaments of the person assessing social attitudes towards financial events. Such a reasoning requires carrying out a socio-psychological approach to financial events.

In fact, financial psychology is of the many branches of psychology as a pragmatic discipline. As with other branches of psychology, financial psychology is a systematic gathering, organizing, and editing of knowledge gained from many years of studies so that human behaviour can be fully understood (Schmölder, 1968:11). In respect to the above explanations, the subject embeds a certain wideness of complexity since it consists of finance, psychology, and sociology. With its multifaceted role model, financial psychology synthesizes an interdisciplinary feature by dealing with human behaviours (Şenyüz, 1995:4). Financial psychology is often the subject of research which seeks all the effects of financial instruments where the major research sites focused on are (Dülgeroğlu, 1975: 234):

- Investigating people’s tax mentality,
- Assessing psychological precepts of government debts or borrowing,
- Understanding public opinions about the value of money.

In this discipline, as far as the structure of taxation and taxes intertwine with essential fields such as the budget policy, spending variables and the effects of borrowing on individuals, attitudes and behaviours of individuals are also incorporated in the face of financial events (User, 1992a: 63). Behaviours and attitudes that individuals demonstrate are essential to the understanding of their tax morale and tax ethics that shape their tax perceptions and attitudes toward fiscal policy. In addition to that, any tax system that does not care about opinions of taxpayers and/or tax administration staff is frail.

2.1.2. Tax Psychology

Whereas financial psychology assesses the repercussions of instruments in the financial environment on individuals, tax psychology consists of investigation of the impacts of taxes on the behaviours of the financial instruments alone (Ihsan, 2008:29). The reasoning in this detachment is that there is, in every financial instrument, different aspects of impact on individuals. For instance, when government increases expenditures in public operations financed by taxes or borrowings, individuals will bear different effects as resulting from an expansion in public expenditures. There are still limitations in the studies of tax psychology, in theoretical terms. A few cases on attitudes and behaviours of tax contributors have been put forth in literature so far. For countries with individual-oriented management concept as the Anglo-Saxon ones in particular, tax psychology, tax ethics and tax compliance are essential. These subjects have attracted as a number of

intellectuals as many scientists in recent times paving the way for the expansion of interest in working studies.

In Turkey, in fact, a few research have been literally conducted on these subjects, especially on tax psychology. Therefore, it is very gratifying to have applied a behaviourist approach in order to contribute to the understanding of the taxpayer's behaviours. Hence, the relationship focused on the provision of compliance between the fiscal authority and the paying subjects is reliant upon the determination of attitudes and behaviours through the conduct of psychological studies of taxpayers and even tax collectors (İhsan D. 2008:29). Subsequently, any tax system that does not care about opinions of taxpayers and/or tax administration staff is considered frail.

2.1.2.1. The Evolution of Tax Psychology

The first panoramic sweep of detailed information about taxation and government spending goes back to the ancient Egypt. The raising and spending of public money has always been the lifeblood of politics during the five millennia. Therefore, it is interesting enough to realise that a number of problems were associated with the government capacities to exercise taxing power on their citizens even in those earlier ages. Questions that might frequently be asked in today's modern government which seeks to know why the government grows or whether the budget can ever be balanced, were also on top of concerns in those days. This reality helps to examine the two essential activities by the government that is taxing and spending, against the background of the economic and political arrangements and the social practices that have sustained the public sector, from the ancient Mesopotamia to modern government structure. In fact, notwithstanding that the government looks closer at the tax event, opinions and long scale studies on how to backup tax revenues constituted a big contribution to the taxation literature. Such studies were previously regarded as theories trying to justify taxation. As far as development is concerned, studies on the attitude of taxpayers, their beliefs and behaviours toward fiscal policy and taxation started in the mid of the 20th century.

Among the pioneer scientists to deal with the behavioural relationships between tax and human psychology comes Günter Schmolders, Schmolder conducted a number of studies on the need to look at the tax event psychologically. Ihsan (2008:34) mentioned that from the earlier 1960s onward, the scientific investigations on the opinions, attitudes and behaviours of taxpayers began to shake the central interest of scientists in the European

countries and in the United States, mainly in western Germany and in the UK. The fact that George Kantona (1975) stressed that tax is an economic phenomenon which cannot only be explained through lens of traditional perspective, and that Graetz and Wilde (1985) emphasized that taxation by the State should not admittedly be considered as a difficult thing, shows that tax theory began more intensively to address these issues in earlier ages.

It is obvious that this process applied more psychological and sociological methods than an economic outlook. Moreover, econometrics and statistical models related to tax psychology have been more developed in recent studies. The most important development in the tax literature was the development of a model formulated by Michael G. Allingham and Agnar Sandmo in 1972. The uniqueness of their work conferred to this model the quality of being a basic study for anyone working in the field of tax psychology. This model establishes a relationship of closeness between two phenomena of tax: tax aversion and tax evasion; the latter being the danger of being caught. When contributing to critics on this model, Aktan mentioned that (2006:126) tax evasion consists of investing in a risky stock.

Working on the subject, however, many scientists have developed a number of new models in response to the lack of variables that would participate in Allingham and Sandmo's model and the opinion that taxpayers are not very well equipped to explain their tax compliance. It is for this reason that the Allingham and Sandmo's model is regarded as the expected benefit model meaning that taxpayers should be regarded as individuals in potential tendency to evade tax. The main impulsion here is the constant urge to maximize revenue and to have serious criticism of the model (Vihanto, 2003:112). Friedland, Maital and Rutenberg's pioneering simulation study (1978) has gained momentum in this field of experimental research. However, due to methodological problems related to this process, there is an important obstacle for researchers to be sufficiently interested in this area.

In regard to the development of the tax psychology in Turkey, the first serious work on the subject goes back to Karamete's doctoral thesis in 1956 embedding topics such as economic system, economic mentality, and taxation system and tax mentality. Another work of that type has not been seen until the earlier 1970s. In 1974, the work by Fevzi Devrim on "tax awareness and the problem of resistance against taxation", and that by

Pr. Yusuf Öncel on “tax reactions and taxation trafficking in Turkey” are important contributions in the Turkish literature on tax psychology.

However, the most important studies in the field of tax psychology are tributes to the works by Hayrettin Akdaşođul, Dođan Őenyüz and Őemil Ünsal. Furthermore, the Ministry of Finance and other institutions have conducted a number of surveys from 1970s, and realized that many of the conducted works have been trying to find out the attitudes and behaviours of the taxpayers⁵. Thus, researchers had not been so much interested in these issues until the late 1990s. This discussion will be developed along this work.

2.1.2.2. The Scope of Tax Psychology

Tax psychology in fact, evolves from the concept of financial psychology. Therefore, tax psychology recapitulates quite often the goals and objectives fixed by financial psychology to determine human attitudes. Öncel (1974.p10) mentioned that even for the central government, the auditing of the behaviour of other administrations and individuals or organizations in association with activities fully connected to tax is very advantageous. The central government has all major capabilities to undertake behaviour auditing duties because of its right to use the jurisdiction of taxation. However, the classification of social entities and the study that aims at auditing and meticulously producing reports on reactions of individuals towards the fiscal system do not give tax psychology all credits of being an independent scientific branch.

Tax psychology is, according to Ihsan (2006:32), not a branch of science in itself, but “a field of research that aims to perceive and assess the reactions to the taxation system by individuals and groups”. Using social psychological methods, the concepts in the field of tax psychology make it necessary for research to collaborate in both areas because it is partly psychological and financial (User, 1992b:24). Two different ways are usually in use in order to address the question of tax psychology. The first takes the tax psychology in a narrow sense i.e. the economic approach. According to this approach, individuals are also Homo Economicus, in addition to acknowledging that they are always trying to maximize their earnings. This dimension is called *the theory of rational preference* and

⁵ Some of these surveys can be found at The Central Bank, Branch for General Directorate of Revenues and Public Relations, 1972 and 1975 surveys; others at The Central Bank, Surveys conducted by Piar Cooperation, 1992 and by the Directorate of Revenue Administration, 2007.

is, additionally, considered as the basis of the approach called the Allingham and Sandmo's *anticipated benefit model (or expected utility model)* (Ihsan, 2006:32).

The basics of tax psychology evolve from the fact that there is insufficiency in the nature of the tax itself to explain the psychology of the taxpayers (Öncel, 1974:12). In other words, what backs up the existence of tax psychology, is the emptiness (hole) that weakens all possibilities for the tax to explain and investigate human psych alone. According to this approach, individuals are morally responsible for maximizing their profits and the amount of tax that is eventually under-reported or misreported is not except determined on estimation methods (Elffer, 2000: 185).

The second approach is thus too broad to tax psychology. The most fundamental opinion of this approach is the tripartite distinction, in which taxpayers can often be liable to tax, indifferent or positive, without thinking about the consequences that taxes will generate in their income (Reynaud, 1955:5-6). If people had always lived with the sense of profit maximization, finding a single person to pay their tax voluntarily would have been impossible (Pyle, 1991:173).

Following the state of human behaviours, a number of constant assumptions may result in misleading behaviours. This gives occasion for the necessity to examine both psychological and moral factors. In fact, the changing nature of human behaviours brings about the necessity to apply psychological methods rather than economic measures. The dimension of psychological analysis of human behaviours is fruitful and may produce healthier results for policy makers than most of economic considerations (Etzioni, 1986: 17-19). In this context, comparing the introduction of Grasmick and Bursik (1990) to Allingham and Sandmo's model is very meaningful.

According to Grasmick and Bursik (1990), dividing the deterrent factors into three groups will contribute to results that are more accurate. Rather than just thinking of tax penalties imposed unto people by the state. The first factor is the statutory tax penalties (legal sanctions). The second deterrent is the implementation of social pressure framing up the feeling of shame and dignity or prestige that the society will gain or lose if the taxpayer does not comply with the social rules of the society to which they belong (social stigma). The third and last factor is the creation of guilty sentiments and conscientious discomfort as a punishment that the individual applies to himself or herself (feelings of guilt).

All six contemporary psychological approaches from behaviourist through psychodynamic to biological perspective see the human being as a biological entity with the needs of emotion, impulse and movement. Rational behaviour becomes a subsequent result of this process. However, taxpayers do not have enough information concerning tax knowledge in order to adopt rational temperaments. At the same time, rational behaviours require developing the sense of sacrifices (User, 1992b: 25). There is in fact a few possibility for taxpayers to get acquired with complete knowledge of the tax system for even experts are, from time to time, experiencing difficulties understanding the broadness of that sphere.

The attempt to give an adequate explanation of how and why individual taxpayers adopt a particular behaviour by utilizing supportive studies from the theory of tax psychology has caused a number of new developments to emerge in taxation theory. One of the most important driving factors that may provide taxpayers with the feeling to comply with taxation rules resides in their intrinsic motives. Such element of motivation is nothing other than tax ethic (Frey and Feld, 2002: 2-4). Moreover, the attempt to understand taxpayers' attitudes and behaviours towards taxation resulted from scientific curiosity where the process has not been so easy to lay out a complete and clear identification of them. Psychologically, when a certain situation of people is being examined across various external factors, a need for a circle PAB becomes obvious meaning that the assessment process tends to develop in the form of perception-attitude- behaviour (PAB circle). The detection of these external factors has a primary effect on the exhibited behaviour, because the warnings caused by external stimulus in the human sense gain meaning in the brain, and the resulting behaviour is shaped accordingly.

There are concepts that are closely connected to human psychology, and which are not easy to depict. Attitude is one of those concepts. However being drawn closer to human psychology, attitude has an important feature: the inability to observe. Kayıtçıbaşı (1999:103) defined attitudes as tendencies that prepare people for the adoption of particular behaviours. Ihsan mentioned that (2008:34) attitudes are of great importance in examining and understanding social events, such as taxation, because they have visible consequences even though they are invisible to the eye. Due to its broadly inclusive nature and for the reason mentioned above, tax psychology is deemed to be having an interdisciplinary structure that human psychology specialists and policy makers in the financial sectors are invited to gather their efforts to collaborate.

2.1.2.3. The Purposes of Tax Psychology

The fiscal policy targets success in taxation. Nevertheless, the application of legal sanctions and government's compelling arrangements is not sufficient to help achieve the targeted success in taxation. Psychological and moral factors have huge contribution in helping equip policy makers to formulate a successful taxation environment. Therefore, the need to consider the field of tax psychology as one of the most important instruments that pave the way for the achievement of the targeted success in taxation is paramount. This is because of the fact that tax psychology assesses both sociological and psychological aspects of the tax. Quoting from Şenyüz (1995:11-14), there is a strong belief that tax psychology will gain new expansions as long as scientists continuously exhibit their interest in working on the subject. Therefore, tax psychology so far works for the following purposes:

2.1.2.3.1. Increase the Effectiveness of Tax Psychology

It is necessary to think of the kind of behaviours and reactions that individuals are likely to demonstrate before planning and determining the structural policies to be adopted in order to achieve the targeted success in taxation. In that case, all fiscal measures related to the implementation of taxes should take into account the attitudes and reactions of taxpayers before they are applied. Ihsan (2008:35) mentioned that such investigations can only produce effective results with the help of the discipline of tax psychology.

2.1.2.3.2. Facilitate Tax Compliance

In the literature of finance, the efforts that is used to eliminate the disadvantages that are likely to rise from different tax practices are often expressed in terms of compliance, harmony or harmonization (Şenyüz, 1995:12). Tax compliance is a concept that is often used to eliminate tax differences between countries (Ihsan, 2008:35). Countries with broad economic integrations such as the EU, experience a continuous increase in the effort to eliminate the disadvantages that may emanate from some tax practices, in order to foster the practice of tax compliance.

Notwithstanding the nature of regulations in tax being likely the same, the differences in the accumulation of social capital between two separate societal entities may alter the components of perception toward the implemented levy (tax). Consequently, a tax regime that is successful in one country may be unsuccessful in the other. Therefore, the

pertinence of any tax arrangement requires taking into account the characteristics of societies and observing both socio-psychological and moral status (moral values). For lawmakers and policy-makers, tax psychology is in fact an invaluable tool of guidance that helps formulate ethical measures to achieve government's noble causes or purposes.

2.1.2.3.3. Organizing Social Relations

Although tax is implemented in the same society, the perception of tax regulation is not the same for all social strata. People of the same society can perceive any tax regulation differently according to their social belongings. The remarkable element of difference here is the feeling of heaviness, which is tribute to the tax burden that is felt due to differences of economic classification. For instance, a tax levied on a piece of loaf is not too much felt by the groups above the crying or middle classes, even though it is an indirect one. Additionally, such indirect tax can hugely encounter many responses by the grassroots and/or low-income social groups causing them to react to the existing tax policy. Tax psychology can develop proposals that would help prevent social unrest by identifying the subjective tax burdens, perceptions, attitudes, and behaviours of different income groups (Ihsan, 2008:36).

2.2. Perceptions and Attitudes

The perceptions and stances or attitudes of individual taxpayers toward the phenomenon of levy (tax) create the most relevant areas of interest in the discipline of tax psychology. The discipline may equip decision-makers to establish better tax laws that will lead contributors or taxpayers to reach a better level of tax compliance. The expertise of legislators to discern any unlawful taxes before imposing them unto individuals is very important in the realization of the targeted success of these taxes. Ihsan also mentioned that knowing how a tax will be perceived by individuals is of paramount importance for the completion of the expected success of this tax (2008:36). For, when it comes to paying taxes, the perception of taxpayers on a particular tax may either provoke individual or societal resistance to the applied tax. The Poujadist movement that emerged in 1953 as a response to the French government in the earlier 1950s is one of the most important examples of this situation⁶. The state in which individuals are in the face of tax is framed

⁶ Pierre Marie Poujade was a French Populist Politician after whom the Poudajist Movement was named. His Famous Manifesto is known as “**J’ai Choisi Le Combat 1956**”; literally translated as “**I Have Chosen To Fight**”.

as perception-attitude-behaviour. Thus, the concepts of perceptions and attitudes with regard to their usefulness, in terms of taxes, are examined below.

2.2.1. The Concept of Perception and Taxation

Perception is the intersection of an event or a physical object with the help of internal and external impulses, taking into account the experience and attitudes from the past (Baysal and Tekarslan, 1998:46). There is a difference between perception and sense. Generally, perception is assumed a complex process that sets up all forms of dissuasion that reach people. In the course of the process of detection, the brain takes into account the expectations of individuals in respect to their past lives, other senses from other sensory organs, social, cultural and economic factors (Ihsan, 2008:37). At this stage, there is a possible need to establish a dynamic structure that incorporates all kinds of senses from outsides (Cüceoğlu, 1999:118-119). If we look at the taxing event, the perception of taxes is the stage on which the stances or attitudes and conducts (behaviours) of those who pay the tax are under strong process. Shortly, the detection phase is the time during which the behaviours and attitudes of the taxpayers in the face of tax are crucial to assessment. To such a degree, negativity can be easily eliminated if tax is understood as thoroughly as it is well perceived by individuals.

With the help of examples, tax evasion is one of the most negative attitudes shown in the face of taxes. It is primarily known as a major negative stance against taxation. Such a negative stance may start from a single individual attitude and contentiously wingspread to influence the public opinion to justify their tax evasion.

Therefore, knowing the motives-i.e. the whys and therefore that backup such a negative attitude-is of paramount importance. In addition to the fact that perception of the taxpayers is a key response to the why and the cause of the potential negative attitude, Ihsan stated that even pre-acquired bad experiences, environmental factors, and the social and economic situation in which the person resides, can primarily cause the tax to gain a negative meaning (2008). Considering these pre-acquired bad experiences, then the perception developed from within translates into a negative stance against tax and may lead to a risky practice (crime), such as tax evasion, resulting from the absence of visibility. Thus, the first thing to do is to prevent negative perception. However, any action taken to achieve this would certainly not be easy to accomplish due to a set of reasons. One of these reasons is the need by people to be convinced to the highest possible

level of the necessity of taxes. Ihsan D. (2008) has mentioned that people need a visible conviction that taxes are necessary in order to avoid negative perception. In other words, the priority here should be to raise the level of tax ethics and tax awareness in the society.

In doing so, positive thoughts will be settled in the spirit of taxpayers concerning tax. These positive thoughts will significantly constitute the second stage in social psychology i.e. attitude, translating it into a positive tax attitude too. At this stage, it is useful to assess the factors that alter perception in terms of social psychology:

- One of the factors affecting perception is the state/condition of the perceiving person (Freedman, Sears and Carlsmith, 2003:111); because human perception is affected by psychological, social and economic contexts in which they live. Whereas emotions, expectations and the needs of the taxpayers will play the role of guidance for their understanding of the tax.
- The second factor affecting perception is the perceptual tendencies; i.e. bias. The only negative aspects of an observable object or event is the availability of other negativity from within (Ihsan, 2005: 25). Such tendencies are expressed in the form of logical error (Freedman, Sears and Carlsmith, 2003:113). The most dangerous of the perceptual tendencies (bias) in terms of taxes is that any of the negative perception available in the fiscal policy tends to push people to perceive the entire tax system as a wholly negative construct. It is because of this consideration that taxpayers have to be very careful.
- The third factor that affects perception is the information about the perceived object or event, which is also referred to as tautology (Ayer *at al.*, 1984:223). The first information that individuals get hold of from any source about an object or event will constitute their initial data that dominates the way they perceive this object or event. In terms of taxes, the access to information about any tax will shape the perception of that tax. Thus, when the source of information about taxes is correct and the chain of transmission of the information about these taxes is positively widespread, the social tax consciousness and tax ethics will positively grow.
- Another factor that affects perception is the pattern of judiciary (Freedman, Sears and Carlsmith, 2003:117). It is naturally possible that people carry out some positive or negative prejudices against certain objects or events, regardless of the fact that they do not have enough knowledge of the underlying cause of the sub

consciousness. Ihsan (2008:39) mentioned that it is not wrong to say that in many societies, a negative bias is occurring in the face of taxes since taxes are not directly seen. This is because of the hard-to-collect and undivided public good. In addition to that, no matter how necessary, how regulated, and no matter how fair a new tax is perceived in the society, these prejudices will be around. For this reason, only the promotion of tax ethics may help to eliminate these prejudices.

- Another factor may directly affect individual's perception; this factor illustrates incompleteness in the detection process. Incomplete detection has a potential to put an obstacle and therefore intrudes into individuals' way of reflecting the political process. Dileyeci (2006:186) wrote that in terms of taxation, incomplete detection prevents financial transparency and limits the opportunities for individuals to learn about public activities.

Thus, when there is misperception of tax, individuals are likely to not completely feel the burden of this tax. Such situation is qualified as fiscal illusion in public finance literature. Because it advocates that lack of complete transparency of government revenues and a darkness in the total perception of citizens of such revenues make the costs begotten by government look less heavy than actually they are⁷.

According to Empoli (2002:379), when individuals are strangled with fiscal delusion, their ability to have manifest rational manner and to act ethically becomes weaker. In consequence, individuals' psychological and moral conditions in terms of tax are not predictably easy to determine. Despite the fact that many factors attempt to determine the economic, social, cultural and demographic perception, the question related to the factors determining tax ethics remains very crucial and pertinent to answer.

2.2.2. Tax-Ethics Relationship

The concerns related to the disputes of tax have the same characteristics for many countries from the past to the present. A variety of globally recognized legal and penal sanctions has been implemented to attain the objectives that aim at taxing. However, despite the fact that there are often weaknesses in the auditing system that make it difficult

⁷ Developed for the first time by the Italian Economist Amilcare Puviani in 1903, Fiscal illusion is a public choice of government expenditure; a concept that happened in the author's book "**Teoria della illusione finanziaria (1903)**".

to control all taxpayers and therefore paving the way for the tax evasion in the fiscal system, there is still an urgency of putting forth some crucial points. To do so, the requirement to understand why individuals do pay taxes out of their own consents and their free will seems indispensable. In the quest of knowing, individuals' reasons for voluntarily submitting their consents for paying taxes has attracted the attention of human resources (employees) in the field of tax theory in recent years.

It is rationally difficult to contend with the belief that people like to pay taxes. This is because of human desire to maximize profit. Ihsan (2002:44) called this human expectation of having a profit maximizing account—“*the homo economicus (egoistic) conception*”. If so, do people pay taxes out of their free will, or is it because of the nature of the existing pressure?

In order to understand well the relationship between free consent and pressure, Allingham and Sandmo had developed for the first time an interesting model called “*Expected Utility Model*” in 1972. In their study, it was found that there is a negative correlation between taxpayers' behaviours and the probabilities of being caught and the degree of tax penalties (Allingham and Sandmo, 1972:374). Although it is widely acknowledged that the model by Allingham and Sandmo plays fundamental role in the quest for the study of tax compliance, some researchers could not hesitate to reveal the weak side of it. Whether many researchers may regard the issue of voluntary compliance as a difficult puzzle to solve, tax morale appears to be a necessary internal motivation for individuals to pay their due taxes and therefore considered as the solution for this puzzle.

Recently, tax ethics gained considerable recognition in tax literature, and is likely considered as an important sub-unit from within due to the increase in individuals' understanding of social capital. Therefore, mentioning the components of tax ethics and the relationship existing between tax ethics and economics and laws was utmost.

2.2.3. The Concept of Morality

Conceptually, the word ethic is the plural form of the Arabic word “hulk”, meaning good qualities, habits and virtues (Meydan Larousse, 1990:162). The word “Hulk” refers to temperament, character, nature, bravery, religion and creation (Ihsan, 2002:45-6). Ethics is the plurality of these statements in the original Arabic version (Pazarlı, 1980:11). The term “morality” refers to something relating to a person's good or bad creation, nature, moral quality, rather than the rules of “ethical ethics” in term of the “rules of conduct”

(Hatemi, 1976:2). In respect to it, being a scientific field, morality is a branch of philosophy, which explores the meaning of being moral and especially the thoughts, and beliefs that guide the behaviours of a person (Killoğlu, 1990:10). In western dialects, the word morality comes from a Latin expression “moralis”, literally meaning manner, character or good behaviour. However, morality and ethics are used in more confusing styles. Thus, it should be noted that ethics and morality do not express the same concepts; there are only slight inclinations.

Moreover, the word ethics in western languages evolved from the Greek word “ethos”, meaning tradition or habit. Terminologically, the word ethics is used to express a set of principles and ethical values. Pieper (1999:22) mentioned that, in most western literature, ethics is accepted as a sub-discipline of philosophy and as the knowledge of moral action. There are for instance, work ethics, business ethics, political ethics, press ethics, ethics of competition, etc.

2.2.3.1. The Definition of Morality

In certain human communities, changing the scope and content of the traditional code of conduct, laws, and principles or regulating the relationship which interconnects individuals, require defining values that adopt ethical measures (Akarsu, 1998:10). In its simplest form, ethics can also be a composite of values or value measurements which interconnect human interactions (Kuçuradi, 1998:25). Ethics, as a branch of social sciences, consists of the customs and value judgements, norms and rules of the system wholly formed (Ihsan, 2002: 46). This system determines and directs the integrity of the right and wrong behaviours of an individual, a group, or the whole community (Aktan, 1999:1).

Nevertheless, ethics and psychology are not to be confused because psychology is usually considered as a sub-discipline of philosophy. While psychology shows the person as they are, morality guides how they should be. “The difference between moralists and psychologists is similar to the difference between gardeners and botanists. As such, a botanist gives little space to the benefits of plants in classification and regulation. The gardener, unlike the botanist, counts the task of choosing these plants according to their benefits” (Bertrand, 2001:5). As long as morality is concerned, it would be useful to know how important tax morale is for compliance decisions.

2.2.3.2. The Relevance of Tax Morale

Tax morale constructs its core purpose-built objectives around the prevention of tax evasion and the triggering motives for tax compliance. To meet this core purpose different models have been developed, the basic of which is the model for the detection of tax evasion developed by Allingham and Snadmo in 1972. However, this tax evasion detecting model is unequivocally derived from a setting model of crime to context of tax evasion developed by Becker in 1968. The model of crime to tax evasion context advocates that individuals try to measure the difference between the utility of benefits to gain from evasion and the costs evasion may cause to optimize their stance of compliance, they are risk averse (E.Luttmer and M. Singhal, 2014:149). In other words, individuals who fear to take the risk of evading taxes often establish very cautious relationship between the value of benefits they may gain from their behavioural tax evasion and the costs that are likely to rise from their attempt to evade tax. It is because of this aversion-based relationship that most individuals try to optimize their compliance behaviour. The argument of this model tries to suggest that there be large enforcement measures of detection whose application would occasion a drastic decrease in tax evasion. Notwithstanding, with their writing that their model reflects a theory that is simple and may be subject to criticism because of its lack to give considerable care to non-pecuniary motives that would shape taxpayers' decision making to either evade tax or comply with it, it becomes quite evident that there is availability of failure in Allingham and Sandmo's model to capture all motivations for tax compliance.

Thus, in order to know the relevance of tax morale, a need to look at findings that have assessed individuals' attitudes toward tax evasion is of utmost importance. Rewarding relevance of tax morale usually results from surveys conducted with the aim to question people about their direct stances toward tax evasion (Luttmer and Singhal, 2014:151). An example from the World Values Survey gives a good illustration of the case; because in it, respondents were asked to justify cheating if ever they had a chance. Additionally, a 2004 survey conducted via the European Social Survey showed that not less than 80 percent of participants either agreed or strongly agreed that citizens should not justify their cheating on taxes (Luttmer and Singhal 2014). The underlying idea here is that the overall view of respondents was not in favour of tax evasion, indicating it as a wrong behavioural habit. The same indication proves a failure to fully capturing all triggering

factors for compliance by using the detecting tax evasion model developed by Allingham and Sandmo in 1992.

Moreover, while trying to contribute to the understanding of the reasons for individuals to evade tax, Kleven *et.al* (2011) mentioned that the detecting model of tax evasion developed by Allingham and Sandmo (1992) does not incorporate auditing as it could be conditional on discrepancies between those who report their due taxes alone and employers. In order to tackle the practice of tax evasion, some calibration exercises should be promoted (Alm *et al.* 1992). These calibration exercises have three important warnings. The first caveat is that audit studies have the potential to convey detected evasion, which might be a lower barricade on true evasion. In other words, audit studies have the possibility to report detected evasion, but this detection might not capture the whole picture of the true evasion. The second caveat, according to Luttmer and Singhal (2014:150-2), is that the practice to underreport income or overestimate expenses (deductions) invite serious auditing by tax officers even at the absence of the third reporting party. In this case, the rates of audit don't seem to be random but rather as a function that is based on acts of misreporting. In the end, individuals may comply because of their internal motives triggered by privately special pecuniary benefits obtained from their compliance. These motives include the access to both social credit and bank credits and productivity gains as well as the need to avoid keeping double-books. This means that individuals are likely to comply because they want to see their access to credit increasing in the eyes of tax authorities, and they want to reduce the costs of keeping double books.

Another approach for investigating the relevance of tax morale is by assessing how taxpayers comply with the tax law in an environment associated with limited tax enforcements either in an environment where there is no enforcement or where individuals comply with the tax law with little expectation of gaining private pecuniary benefits from such compliance behaviour (Luttmer and Singhal, 2014:153). In an example reported from a survey conducted in Bavaria on the local Protestant Church Tax compliance, it was revealed that not less than 20 percent of German Protestant Church taxpayers paid their due taxes as was owed under no enforcement. This shows relevance of tax morale in driving individuals' compliance behaviour⁸.

⁸ The illustration is available in a model by Divenger, Kleven, Rasul, and Ricke, 2014.

Moreover, another avenue to be used to elucidate the relevance of tax morale on individual behavioural compliance is by assessing their levels of tax morale when facing the same degree of enforcement measure. A scientific conduct associated corruption levels of foreign corporation holders in the US with the possibility for them to practice tax evasion as a result of widespread corruption in their countries of origin. With respect to common enforcement situation, the higher the corruption in their countries of origin, the easier compliance is affected via channels of tax morale. In this study, DeBacker al. (2012) realize that owners of corporations from origin countries with high levels of corruptions are more tendentious to evade tax in the US. However, corruption all alone cannot be a trustful radar to produce good measurements, which may reveal all behavioural attitudes of taxpayers. Since bribery does not incorporate all features of tax morale of corporation owners, the estimated level of tax morale is lower in effect comparing to its total effect (Luttmer and Singhal, 2014:154). What matters a lot for the making of policy is not to know whether or not tax morale is relevant for compliance behaviour instead to know whether there are possibilities of proving it to trigger compliance behaviour .It is therefore crucial to understand how tax morale operates and what possible mechanisms through which it operates are.

2.3. Mechanisms of Tax Morale

Since tax morale is more than often conceptualized as single, it can also be used to represent a number motivations for tax compliance. The identification of operational mechanisms of tax morale is of huge importance, because it helps to understand the choices and preferences of taxpayers through which appropriate policies may be designed to respond to such preferences. As Luttmer and Singhal (2014) mentioned, there are operationally five mechanisms of tax morale interactively tending to overlap with each:

- Intrinsic motivations, which by definition is an addition in the function of utility that increases as individuals pay their taxes;
- Reciprocity, where the addition in the function of utility is felt by individuals depending on the type of relationship they have with the government.
- Peer effects and Social influences, where individuals express extra utility for paying taxes depending ideas or attitudes of other people in the society;
- Long-run cultural components which are a composite of affective willingness to pay tax , and

- Imperfections in the gathering of information and willingness to deviate from maximizing utility.

When tax morale is being thought of as a meaningful instrument that is likely to have influential aspects on taxpayers' decisions. It becomes then useful to examine each of the possible aspects of intrinsic motivations that may stimulate individuals to abide by tax law.

2.3.1. Forms of Intrinsic Motivation

Some of the important aspects of intrinsic motivations include impression of pride and creation of a better self-image that are often the reasons for being loyal, having the willingness to respond positively to civic duties, and feeling altruist toward other people. Andreoni et al (1998) wrote that there is strong likelihood for people with such feelings to contribute willingly to the expansion of public goods because cheating on taxes for them may bring about feelings of sorrow, shame and guilt. There is, in fact, evidence that shows the importance of intrinsic motivations, and which can be divided in two categories: *direct evidence and indirect evidence*. The efforts by Divenger et al (2014) in documenting on how German Protestant Church taxpayers complied with the church tax without any enforcement, is a clear example of direct evidence. The same study suggested that there are could be other components in the spectra of tax morale that would drive the whole compliance⁹. An indirect evidence of this involves the concept of *moral suasion*. Most of examples priming indirectly intrinsic motivations come from field experiments. These experiments used to take the form of letters (commonly labelled as *moral suasion letters*) given to the taxpayers with an inclusion of words that stress on different components of tax morale. An example of this case goes back to the administration of Johnson and President Kennedy in America during which officials had to cope with the inflationary pressures on the pic by direct government intervention known as jawboning.

Moral suasion letters have effects that are generally equated to some standard measures formulated to establish a possibility that individuals might directly comply with tax law when receiving moral suasion letters since these letters are a signal of a possible change in the enforcement regime (Luttmer and Singhal, 2014:155-6). However, many field

⁹ One interpretation of this is that the situation *reflects one specific form of intrinsic motivation, which is reliant on the desire to comply with the law* in case that individuals are truly unconcerned about enforcement.

experiment studies that have been conducted in an attempt to prime moral suasion have not been successful in producing effective compliance behaviour. A typical example connecting pure moral suasion comes from a study in Austria where the objective was to evaluate evasion in fees related to TV and radio licensing. Tools joint to the moral suasion letter as a treatment of evaluation had an inclusion text that said people who do not have positive consciousness to register their broadcasting receivers either betray the law or abuse all trust of the households. Despite this assertion Fellner, Sausgruber, and Traxler (2013) claimed that even registering was also a matter of fairness. Results from this experiment were as such; the moral suasion letter did not enhance compliance behaviour.

Theoretically, there is a considerable possibility for enforcement to strengthen intrinsic motivation, especially when this enforcement emphasizes that not only tax compliance is a legal duty but also it is a civic responsibility.

2.3.2. Reciprocity

The term reciprocity is a broad concept used for situations where the willingness to pay due taxes is based on the interaction that exists between individuals and the state. Such a state-individual relationship should give a picture that reveals an increase in direct benefits that tax payments convey to individuals. This would help individuals view in taxes a sense of social contract in which their payments of tax is taken an equal exchange for services provided by government (Luttmer and Singhal, 2014:157). While some express reciprocity in terms of social contract, others translate it into the understanding of legitimate actions of the government and its fiscal policy as being fair. Levis (1989) mentioned that any compliance behaviour driven by the idea that it results from the concept of social contact suggests that the compliance behaviour was initially affected by perceptions of legitimate state and fairness in the tax policy. The same compliance behaviour can also be enhanced with their attitudes towards the state of quality services provided by government which are funded via the revenue raised from the collection of taxes.¹⁰

A review study conducted by the Organization for Economic Cooperation and Development (2013) detected in its analysis positive correlations among factors such as institutional quality, satisfaction in the consumption of public services, tax morale and

¹⁰ One important interpretation that would be associated with reciprocity here is that the likelihood that individuals would will to comply with tax laws depends on how raised revenues will be redistributed (used).

trust in government operations. Often such cases have examples in studies aiming at revealing whether or not tax morale may correlate with institutions.

However, it cannot be so easy to isolate specific causal channels of reciprocity. For example, Alm, Jackson, and Mckee (1993) have performed a number of manipulations using some of these specific causal channels in a laboratory framework associated with student subjects. The parameters used within this setting approximated the income tax in the US. It resulted that respondents to these surveys were less likely to find interest in tax evasion if only funds are attributed organizations they either trust or support, or if only their aura is accompanied with an active participation in the process of decision making.

Any change that happens in the process of decision-making or any adjustment of the existing use of the revenues raised from taxes is indeed more challenging outside the laboratory framework. Randomly, a set of researches have been processed to prime reciprocal motivations by putting an emphasis on how advantageous are the uses of tax revenues. An earlier study that was conducted in Minnesota included an instrument of treatment that described categories of programs upon which revenues collected from taxes have been spent in society. This study had in it a major role playing statement that said liable taxpayers have to pay what they owe, if not the whole community suffers (Blumenthal, Christian, and Slemrod, 2001).

When there are treatments that highlight the public goods on which the revenues raised from taxes are spent, majority of taxpayers are likely to exhibit compliance behaviour, because they view this highlighting of spending on public goods as a matter of fairness. Therefore, treatments that are based on aspects of moral suasion may trigger quick compliance behaviours. In other words, what explains this quick compliance is the backing up of reciprocal motivations induced by moral suasion letters. Moreover, in their study, Hallsworth, List, Metcalfe, and Vlaev (2014) have examined some other sort of compliance, which they qualified as *a margin compliance*, whose outcome showed that taxpayers in the United Kingdom diminish their habits of paying late as a number of reminder letters increases before tax payment putting an emphasis on the relevance of tax revenues in financing of public goods.

Nevertheless, despite the fact that taxpayers are likely to comply fully, thanks to reciprocal motivations, we may assume that such interventions are not often powerful enough to affect compliance; because individuals' compliance tends to be influenced by

their perceptions of the competence of the government and how worthy is the value of public goods the government provides. Such convictions are the results of personal experience through a lifetime. Luttmer and Singhal (2014) would argue that moral suasion letters are weak in contents that they may not be successful in affecting compliance behaviour; because with a few lines only in a mailed letter it is not sufficient to trigger change in taxpayers' beliefs or attitudes in different contexts.

In fact, some other potential motivations of reciprocity may seem hard to manipulate in laboratory because people's compliance tends to be influenced by the way they measure government competence and how valuable are public goods. Include in these potential reciprocal motives trust in government, fairness in the tax plan and attitudes. Besly's et.al (2014) study about the poll tax levied under the Thatcher government starting from 1998-1990 is a typical evidence on perceptions of fairness and compliance. The poll tax, also known as head tax or capitation, was introduced to replace property values tax. Three years later, a massive opposition against this capitation forced its abrogation, paving the way for a return to a fiscal imposition based on property value commonly known as *council tax*. In their interpretation of Besley et al. study evidence, Luttmer and Singhal (2014) mentioned that this opposition reflected the perception of Londoners disavouring the implemented poll tax and qualifying it as being unfair, since the basis did not respect ability to pay. Such convictions went far-reaching all social classes, which later led to a revealing sharp spike in evasion when the poll tax was introduced.

While the implementation of the poll tax is the utmost illustration, most studies advocate that individuals' decisions to comply can either be affected by implemented policy from the government side or by a certain level of enforcement measure. Thus, Luttmer and Singhal (2014) wrote that, if tax payment is the least motivated by the benefits incurred from tax revenues or simply by the perceptions that government actions are legitimate, there is no single doubt for the multiple equilibria to rise. In the end, when the tax morale is weaker in individuals' behaviour, the lower the compliance, and the lower the revenue raised. At this level, the state will not except have poor capacities of provision of services.

2.3.3. Peers Effects and Social Influences

It is naturally possible to see individuals' temperaments being affected by others, because of the desire in them to signal and demonstrate conformity. The appraisal of such a signal

may be reliant on the compliance behaviour of peers. For instance, taxpayers may only pay their taxes to give a positive impression to compliant peers, or be included in the impressive list of taxpayers who are compliant. Finally, when peers wrongly perceive the enforcement standard, their behaviour may influence other people's own beliefs about the implications of evading tax (Luttmer & Singhal, 2014:159).

A number of models would denote that social influences can increase individual compliance through stimulating shocks on them. The model by Besley, Jensen, and Persson (2014) in their study of the Britain's poll tax reflects both reciprocity, which arises from perceptions of fairness in the scheduled tax (*known as intrinsic motivations*) and from the effect of social norm, which arises from personal pride to show others their compliance (known as prosocial motivations to others). As mentioned before, the makeshift to a poll tax caused a quick increase in evasion, reasonably because of a decrease in motivations that would lead to a sense of reciprocity. However, Luttmer and Singhal (2014) stated that higher levels of evasion remained continuing when the poll tax was introduced to replace council tax based on property value, especially in places with higher evasion practices during the levy of the poll tax.

An important question that comes out of the impact of social influences on compliance decisions is whether there is a possibility for governments to propel social norms to have a more tax law abiding compliance. It is in the attempt to bring adequate responses to this question that policy makers, together with tax authorities, have commenced policies that would reach this goal. Recently, some studies have commenced to assess the impacting causes of such interventions on compliance. Luttmer and Singhal (2014) have furthermore mentioned that one of the first channels governments can use to leverage interactions among people in society is by giving information about peer behaviours. Notwithstanding, when individuals have clearly a large sense of compliance, it might be difficult to find treatment effects, thereby causing the process to produce perverse effect known as cobra effect. An example of this possibility is a study in Peru on the collection of property tax. A study conducted by Del Carpio (2014) showed that combining information about compliant peers and a reminder to payment to increase overall compliance in society had conflicting results because paradoxically government mediation lead to statistically small and insignificant increase in compliance. It is obvious that the combination of this double intervention (*payment reminder and peer compliance information*) did not have any significant grip on perceptions of compliant peers. It is

possible that when the information fails to offer an adequate environment which helps to reshape perceptions of peer compliance in a more positive way, the result is that any information on peer compliance cannot succeed in affecting own compliance.

Nevertheless, a little can be seen in some studies where such a double intervention is used and the treatment effects are found. A study by Hallsworth et al. (2014) stands for a typical example that did reveal positive effects of giving information about compliant peers to other taxpayers. They examined the impacts of the diversity of intervention arrangements on the taxes that are timely paid in the United Kingdom. In addition to using the “reciprocity” intervention arrangements, the authors included three messages about compliance norms and gave them to some respondents. The messages were framed like 1) “9 out of 10 people pay their tax on time”; 2) “9 out of 10 people in the United Kingdom pay their tax on time”; or 3) “9 out of 10 people in the United Kingdom pay their tax on time. You are one of the tiny minority of those who have not paid us yet”. Earlier messages have produced important effects, the largest of which came from the last and final message. Moreover, by using other approaches such as descriptive norms, defined as what other people do or are doing and injunctive norms, described as what other people believe should be done, the same authors found in descriptive norms accuracy and power to influence compliance behaviour.

Another way in which the tax authorities can change the course of social influences is the use of recognition; because by facilitating social recognition for individuals who comply with the tax law, the governments can easily influence social forces. Luttmer and Singhal (2014) mentioned that under some conditions, recognition can in fact leverage compliance behaviour. Dwenger et al. (2014), in their treatment arm, have included a category of individuals whose efforts in compliance reached the required amount of the tax imposed by the Church and suggested that they would have a possibility of choosing to have their names published either in magazines or local newspapers in case they wish to do so. Despite observing drawbacks in social recognition that would backfire for those had not intrinsic motivation to pay, still authors had evidence that showed an increase in compliance behaviour among those who had in the past inner motivations to pay.

In fact, what is expected from these discrepant findings is that the effects of social norms and social recognition probably depend on the way taxpayers review their antecedents about compliant peers and on how they reshape the value of compliance. This body of evidence is being viewed as indicating one of the roles of peer effects and social forces

in compliance behaviour. Even though, a wide range of studies remains to be done in order to apprehend the circumstances under which intervention arrangements that target these motivations (*i.e. peer effects and social influences*) are effective enough in altering individuals' behaviours.

2.3.4. Culture

Humans are not only thinking animals but also socially cultured beings. Culture is something that elevates any human being from the level of animal to the heights of human. An individual's social life, therefore, has been made possible because of culture. By description, there is in culture a reference to social norms that prevail in any society- these norms are usually intense and can last from generations to generations. One of the basic aspects that may distinguish "culture" from contemporary peer effects results from the prevailing persistence of social norms, although culture and peer effects are closely related. Even parameters of the additional utility term for paying taxes, whether it is conditional on the state's behaviour or on the behaviour and views of other individuals, can be considered part of one's culture if these parameters reflect internalized social norms that persist over long periods and across generations (Luttmer and Singhal, 2014:161).

Apparently, what remains empirically challenging is the attempt to find out what separates factors that cause cultural effects from other factors available in the environment. Because the study on whether culture has direct effects on compliance behaviour has become an area of interest in recent studies and the attempt is to examine the behaviour of individuals from different backgrounds while facing the same enforcement environment. Thus, a variety of experiments have been launched to compare tax evasion across countries based on cultural influences. In their study, Martinez-Vazquez, McKee and Toggler (2009) found some discrepancies in tax evasion even if pools and experimental protocols have been the same across countries. Others such as Lefebvre, Pestieau, Riddle, and Villeval (2011) in their comparative study to the effect of culture or tax morale, have found that there is no gap to explain observable factors, culture remaining a residual.

Moreover, assessing the effect of culture on compliance behaviour calls out to different strategic alternatives. One of alternative strategies that may stand out as a helper in examining the effect of culture consist of exploiting some variation that arise from

individuals who live and share the same community, and who are said to be subject to the same environment and the same institutions, but have different countries of origin as mentioned by Luttmer and Singhal (2014:13). In his study based on protocols of tax morale, Halla (2012) realized that American-born people whose great grandfathers in their countries of origin had high level of tax morale, highly found paying tax a moral responsibility in the United States. Similarly, Kountouris and Remoundous (2013) conducted a large sample where they found sized effects for generation of first immigrants in European countries. A similar setting, discussed above, has been able to establish a relationship of culture to actual compliance behaviours, from an experiment research on corporations whose owners in the United States have different countries of origin. The findings by DeBacker at al. mentioned above (at P24.Line11-15), give a genuine and authentic testimony that culture does have influence on real compliance behaviours of taxpayers. Because corporations with owners whose countries of origin have high degree of corruption did demonstrate higher tendency to evade taxes even in the most common enforcement measure.

Combining all the results together, it becomes reasonably suggestive to say that there are indeed in both compliance behaviour and attitudes, cultural discrepancies relative to each and every country. The implications coming out of this statement suggest that there may be lasting differences in compliance behaviour across state governments despite having the same enforcement environment level.

2.3.5. Information Imperfections

Reflecting a fully rational structure that examines compliance behaviour, information imperfections and lack of fairness are not taken into consideration in the context of tax morale when it comes to decision making; they are however clearly considered as deviations. Thus, decision-making biases and information imperfections are some of the factors that have strong potentials of influencing taxpayers' compliance behaviour. Information imperfections and decision making biases could trigger individuals making compliance decisions in several aspects (Luttmer and Singhal, 2014:162):

- Taxpayers's misperception of factors of problem optimization i.e. lack of knowing how heavier the problem might be after evasion, might create compliance behaviour

- Taxpayers’ failure to capture full attention of the fiscal policy and measure the cost of complexity might trigger compliance behaviour ;
- Taxpayers’ systematic decision process if driven by biases might create attitudes of compliance.

From a fiscal policy point of view, most tax authorities have a deliberate sense of limiting access to their auditing information and wideness of their procedures used for enforcement. This implies that individuals may have limited access to accurate information about true fines or true rates of audit. True penalties can then result from this avoidance of disclosing the true audit rates and enforcement procedures may lead to subjective compliance behaviour. A good example of the situation comes from Scholz and Pinney’s study (1995) who used IRS-survey data from the United States which revealed that individuals reported a subjective probability of being caught. This meant that, on average, the size of misreporting was higher than the probability of auditing individual’s return by the IRS.

On the contrary, disclosing the true enforcement procedures will affect compliance behaviour of individuals. An example of this situation, as mentioned earlier, is well-illustrated in the study conducted in Peru by Del Carpio (2014), who realized that individuals perceived enforcement measure weaker than it actually is, implying that disclosing the true enforcement measures could propel the collection of tax. In addition, combining information about enforcement on a tax on local properties and a payment reminder both augmented the perception of enforcement and enhanced tax compliance. In other words, the driving force that largely produced effects on compliance behaviour was the payment reminder. This is consistent with the direct effects of payment reminders on the on-time remittance of owed income tax in the UK. That is to mean that, often, reminding taxpayers of their due payments also causes a decrease in individual private optimization because of lack of full or restricted attention of measures in the fiscal apparatus. Therefore, limited information (attention) has also a crucial in encouraging individuals’ compliance behaviour¹¹. Finally, it should be noticed that countries with very low-enforcement environment face some types of behavioural biases (such as delaying tax payments or procrastinating in remitting due taxes), which not only are the causal factors that delay the tax payment but may also reduce the aggregate revenue collection

¹¹ Dwenger et al. (2014) found the salience of this limited attention in their study. This also reflects the possibility of individuals having limited information about the tax code.

if only the tax policy makers fail to follow up with non-payers.

2.4. Social Representations of Taxes

How is the state mirrored in citizens' minds? This is the question, which opens any investigation about the discipline that citizens exercise over their tax paying. Consciousness about the state leads to citizens' civic and tax 'sentiments' and to a fundamental attitude with regard to the problems of 'their' state. (Schmölders, 1960, p.38).

Tax laws are not easy to understand and are most often of little worth to the eyes of ordinary taxpayers. What causes such attitude is the belief that taxes have to be paid, and the conviction that taxes are not easy to avoid, or simply the idea that any form of attempt to understand tax laws is not worth the individual frustration, because of the complexity of the law. For example, Calderwood and Webley (1992) launched an investigation based on hypothetical reactions of individuals at work to an increase or decrease in tax rate. One-third of the respondents thought they would persevere to work more, independently of any shift upward or downward. As less than 10 % would wish to reduce the amount of their work, the majority of the participants would not alter their workload at all. This means that taxation is of little interest to ordinary taxpayers. In other words, there is no simple salience of taxation in ordinary taxpayers' daily lives.

It is possible that taxes stay out of disputes in frequent conversations held by people. However, such disputes may gain sense when taxes are collected from hands of people or the question of whether activities operated in government spending have legal legitimacy or when a possible introduction of new tax laws is announced. So, the discussion of taxation issues implies opening the doors for the evaluation of the fiscal policy, rates of taxes and the avenues in which taxes are utilized for the provision of public goods, and especially the state of the interactions between individuals as taxpayers and fiscal policymakers (i.e. tax authorities). Ultimately, individuals' willingness to evaluate fiscal policy develops some sort of motivation to or not to comply, under the auspices of which subsequent behaviour is being shaped. Behaviour calls to mind all human values, which are likely to be influenced by different social factors. Cullis and Lewis found relevance in making subjective sense and described all phenomena related to taxation in the social construction as code for behaviour:

Talk of social constructionism is everywhere in the wind like pollen, and rather than merely being fashionable, the ideas are highly relevant to tax compliance. Economists tend to see (construct) tax evasion as a technical problem; social scientists, including psychologists, see it as a social problem. Following the social constructivist line, the whole notion of tax compliance can be viewed as socially constructed by the principal actors. Tax 'enforcement' officers have beliefs about tax evaders, who they are, what they are like. Taxpayers, including evaders, likewise have notions about tax officers, and their beliefs and how they will behave. None of these beliefs need to be 'true' in any 'objective' sense, but if the players in the game believe them to be (and act as if they do), then the reality is constructed.

It follows from this that any analysis must examine these constructions and that the rhetoric of 'rational economic man' is far from an abstract idea and can become instead the guide and the map for dealing with everyday life and social problems. If we believe taxpayers are selfish utility maximizers, taxpayers will behave like selfish utility maximizers. If we believe that taxpayers have a moral nature, a sense of obligation or civic duty, taxpayers will reveal this side of their nature (Cullis and Lewis, 1997, p.310).

The discussion of relevant issues in the society such as environment protection, economic issues, religion, topics about science or particularly taxes, does not usually qualify people discussing them as experts, but rather allows them to exchange lay of knowledge as they are trying to investigate the issue at stake. In fact, it is obvious that people often sense a need to react to unfamiliar phenomena. An example of relevant and yet unfamiliar 'phenomenon' for some was the time Euro was introduced in 1999 in 12 State members affiliated to the European Union (initially as a book money), and latter 1 January 2002 (as a cash). Clearly, people may have a limited knowledge about things that are newly introduced in society, but still can feel it worthy getting involved with them. Regardless of the fact that people had not enough knowledge, still they brought up serious discussion over the only currency in power, attempting to comprehend and assess the brand-new mean of exchange. According to Elsehety, Kirchler and Muehlbacher (2003); and Meier and Kirchler (1998), their engagement had an objective of establishing a conceptual term that would be easily understood by all people and which would foster better communication in society and trigger good behaviour.

Serge Moscovici developed a theory in which he thoroughly explained a set of processes, which translate unfamiliar phenomena to concepts of familiar phenomena, and baptized the concepts that are constructed in social interactions as ‘social representations’ (1961, 2001)¹². The explanations of social phenomena may include things like myths, values and norms, ideologies, attributes and stereotypes. Notwithstanding that individuals are the only possessors of all social representations, it should be highlighted here that social representations present image of a process shared in social construction, rather than processes that recognize only the individual dimension.

The reason for the existence of social interactions is to create an environment that is familiar with everyday discourse. In other words, of the principal role of social representations is the tendency to design a societal homogenous structure. This means that any contents that appear to be not well-known is subject to disclosure; meaningful sense has to be seen, as has the need for their integration, in order to fit with shared knowledge and evaluations based on both social and individual dimensions. Social representations are thus created to fulfil this meaningful function (Abric, 1984).

There are elements that shape the format of social representations, some of which form the nucleus, while others are elements that form the periphery. When a representation is peculiar and relevant enough, comes the concept of nucleus. In other words, it reflects what is mainly useful and meaningful in everyday discussions. Elements forming the periphery (or peripheral elements) connect or link different concepts to each other; meaning they are positioned at the extreme limit (border) of a representation and create a relationship between concepts. E. Kirchler (2007, p.30) indicated that the periphery protects the nucleus of a representation, while, at the same time, taking a mediating position if representations in general change, allowing for the adaptation of a specific concept to the ever-changing knowledge and evaluations of the individuals and the society.

On any occasion, when unfamiliar contents infiltrate everyday discussion, they often encounter the existing bank (or stock) of representations. In-coming concepts (contents) are first compared with the knowledge that prevails in society and latter integrated. Thus, anchoring and the processes of objectivation were major methods used to achieve such integration. Anchoring method controls ordering processes while objectivation can be

¹² M.Serge’s «Theories des Représentations Sociales» was based on Emil Durkheim’s (1976 [1898]) work on «Représentations Collectives»

seen as a process under which a new concept is visualized. Existing representations are almost examined against new ones in order to establish a genuine classification based on existing categories and to name the new contents. What reflects an example of this, is the introduction of psychoanalysis as a new phenomenon in society discussion, while an already existing element of comparison might have been the Christian method of confession under a particular institution. In fact, linking any ancient concept with a new representation (such as the case of the Christian representation of confession being linked to psychoanalytic technique) requires undergoing some sort of dynamic adaptation process.

On the other hand, any content that is not well known is by definition abstract, clearly missing any intuitive picture, and therefore hard to comprehend and to communicate. While the anchoring process seeks to create an environment in which new contents can easily be placed, objectivation attempts to transform contents in the abstract into becoming concrete representations. This transformational process translates from the abstract contents into a 'figurative' object. For example, some in their perceptions would associate tax audits with the searching of cops for robbers because they are perceived as remaining unpunished and not undergoing prosecution. Thus the interaction that exists between individual tax payers and fiscal authorities are likely to exhibit analogical results to the interaction between a cat and a mouse game, or a free movement of voluntarism analogy such as teacher-student relationship, supervisor-student interaction (E. Kirchler, 2007 p.30). Such concepts that are based on figurative language style result from the importance of objectivation.

In this chapter, the concept of social representations represents a frame that is used to integrate different variables utilised in the literature as elements playing the role of determinants of tax compliance. At a societal level, these determinants are ethics and values, social norms and tax morale, defined as intrinsic motivation to comply, as well as a sense of civic duty (Frey, 1997). At an individual level, subjective knowledge and perceptions of taxes and tax non-compliance are part of social representations, as well as attitudes and behaviour intentions (E. Kirchler, 2007 p31).

The opportunities to (non)- compliance reflect the kind of attitudes or norms to abide by, and the type of control an individual adopt upon their own behaviour. A such approach is the linguistic merit to the theory of reasoned action and theory of planned behaviour developed by Fishbein and Ajzen (Ajzen, 1991; Fishbein and Ajzen, 1975). In general,

social representations as a concept reflect tax morale as defined Schmölder (1960). They also mean an integration of tax knowledge, acceptance of shared concepts in society, assessment, abiding laws and opportunities to avoid taxes, evade taxes, or comply with tax laws, tax fairness consideration, and the motivation to respect legal levies. Whereas motivational stances (attitudes) are thought of as leveraging individual tax behaviour, the level of operation of tax morale is perceived to be collective and aggregate.

It should be noticed that most findings have revealed fairness perceptions to be an important element, which determines compliance behaviour. The first section in this chapter reviews research findings regarding social representations; that is, finding regarding subjective knowledge, followed schools of thoughts. Following, the theory of planned behaviour, attitudes, personal, social and societal norms and perceived opportunity leading to tax evasion are debated. Finally, this sub-chapter will discuss issues related to fairness with an inclusion to tax morale, the civic duty of tax would increase a sense to cooperate at the general level and social level.

2.4.1. Subjective Knowledge and Mental Concepts

2.4.1.1. Subjective Knowledge

Subjective tax knowledge has not been widely developed in the field of tax literature. In fact, in fact, prevent the establishment of assumptions that people's knowledge and conceptions of taxation constitute the basis of their value judgements, evaluations, perceptions of fairness and willingness and ability to comply with the law. Subjective tax knowledge refers to the ability of ordinary people to understand taxation. It is a very important instrument in understanding why people do behave the way they do. When taken as part of social representations, subjective understanding does not focus on whether the knowledge is correct with regards to existing laws and administration of laws, but instead focuses on both the quality of knowledge people have and the organization of this knowledge that produce the formation of a meaningful representation (Moscovici, 2001).

There is a sense of incompetence which people have (or feel), with regard to taxes. Furham (2005) writes that, indeed, young people look more ignorant when it comes to this arena of economic understanding. There is also a possibility that old people feel less competent with taxes. In regard to ignorance, McKerchar (1995) wrote that the adult population lacks good understanding of taxes too. Sakurai and Braithwaite (2003) have

conducted a survey of more than 2,000 Australian taxpayers and realized that a few of the overall percentage of respondents described themselves as having full competence with regard to taxes: 36% said no to the statement 'I feel competent to do my own income tax return'. 26.3% affirmed to feel a little competent, 24.9% a bit fair, 12.4% very much. Individuals who pay their taxes have been helped by tax preparers in the past decade and this number has increased by 26 percent (Blumenthal and Christian, 2004). According to the same study (2001), nearly in the US 60% of the 128 million individuals' income returns are signed by preparers.

Furthermore, in the face of increasing intricacy, systems that support tax decision have been established to help tax practitioners and individuals who are willing to pay their duty taxes to have access to computer programs equipped with advice (Noga and Arnold, 2002).

When individuals behave in an incompetent mood with taxes, they tend to blame the nature of taxes labelling them as being too complex. According to McKerchar (2001), individuals' incompetence in understanding taxes can cause a loss of interest in whole system. Lewis (1982) found that most people do not find fiscal policy an issue of salience. In the 1950s, the Cologne Institute for Economic Behaviour conducted a study on public finances which on its end found the same results (Schmölders, 1960). These results indicated that nearly two-thirds of the respondents would hardly ever talk about politics because they did not have time or did not understand much about it (22%), and 14% of respondents had bad past experiences sharing views with others about politics in public or at home, making it a no sense due to limited influence. According to the same findings, more than half of the respondents indicated dissatisfaction with the fiscal policy, taxation and the government that they could not anything. This is a sign of an after-thought resignation. According to the same findings, dissatisfaction with aims of government, taxation policy could not trigger half of the respondents to do anything in favour of government and the fiscal policy. This shows a total resignation.

The complexity of tax law and all the problems that are associated with it are concerns that most governments acknowledge, and are investing huge amount of time to simplify the laws both for fiscal policy makers and ordinary taxpayers, and bolster public support for the changes that are proposed. Therefore, a need to have opinion polls to try to find out individuals' preferences is of considerable importance. Lenartova (2003) writes that opinions that result from public polls often reveal the preferences of citizens and the size

of acceptance of public policy. The aims of such conduct is to open door for discussions on issues such as the rate of flat tax as opposed to that of progressive tax, their advantages and disadvantages as well as the issue of fairness¹³. However, if participants do not have a profound comprehension of the new concepts opinions that are cast in the polls may turn out to be dubious.

Robert, Hite and Bradley's (1994) scientific conduct of knowledge on progressive taxation by making a comparison of participants' choices of fair tax rate structures in response to questions framed in both abstract and concrete forms, have demonstrated with conviction that the results of opinion polls can be problematic if respondents do not have a complete understanding of the concepts. During their conduct of the survey, there was some sort of preference reversal, which hypothetically, can be associated with lack of understanding of progressive taxation in participants' mind. An explanation backing up this assumption is the interpretation by majority of respondents of what a progressive tax rate is, for example. For them a tax rate is progressive when a higher income taxpayer pays a higher amount of money than a taxpayer with a lower income, forgetting the role of percentage-that is, to not consider a higher percentage of the income. McCaffery and Baron (2003, 2004) also reported similar results of preference reversals in their studies. Seidl and Traub (2001, 2002) found out, in a survey sample conducted in Germany, that respondents' preferences for different forms of taxes are not only inconsistent but also contradictory, probably because of insufficient knowledge in showing a clear bundle or choice.

Considering that ordinary people find it too complex to understand tax laws, what is concluded from these critics is that the knowledge about taxes is low. In one of the surveys conducted in the previous years on concepts of subjectivity and evaluation of taxes, it was found that citizens in Germany had not clear knowledge about taxes (Schmölders, 1960). Notwithstanding the fact that many of them had a significant understanding of the size of tax imposed on their income, still vague were their guesses about their households taxes in general. A research focused on tax consciousness of income taxes, property taxes, taxes on goods and services and the perceptions and attitudes regarding taxes, satisfaction with the fiscal policy and specific taxes within it realized the complexity of such issues significantly different from assumptions that

¹³ More other discussions can be seen in most European Countries, and in particular in Germany during the run-up to the elections in 2005 (see Grimm, 2005).

prevail in literature. This means that the technicalities of tax collection can improve tax consciousness.

Usually there are assumptions associate higher tax knowledge with compliance behaviour. Therefore, it is thought that poor understanding or misunderstanding of the fiscal policy and taxes can generally breed distrust. Several studies used education as a proxy for knowledge and assumed that knowledge about taxation increases with the length of education (Kinsey and Grasmick, 1993; Song and Yarbrough, 1987; Spicer and Lundstedt, 1976; Vogel, 1974). In an influential study conducted by Schmolders (1960) on tax morale in Germany, interesting results appeared as: 75% of respondents with a secondary school diploma agreed with actual policy and their evaluation of the 'state' was positive; 58% of respondents with a primary school did the same as well. This means that having enough information about policy is associated with individuals' better understanding governmental strategies, its aims and higher approval of them.

Generally, it is reported that the agreement with government activities and fiscal policy is higher in in social classes with higher-educated. However, this approach may have serious shortcomings, since it gives little importance to the contents of education, associating only higher level of education with issues of tax knowledge.

The assumption of a positive relationship between tax knowledge and subjective understanding and tax attitudes has gained support in a survey in Australia, in which subjective evaluation of tax knowledge was significantly associated with values related to tax such as attitudes towards tax compliance, and behavioural intentions (Niemiowski *et al.*2002). In fact, in reducing the complexity of tax and by increasing individuals' knowledge of the tax laws, there are possible positive effects on compliance behaviour. In several studies, the positive effects of reduced complexity and higher knowledge has been found in various countries (Groeland and Van Veldhoven, 1983). Also, Helsing, Weigel and Elffers (1987), in their tax evasion model, acknowledged similar effects of reduced complexity and higher knowledge on compliance behaviour. Furthermore, O'Donnell, Koch and Boone (2005) found that tax preparers are much more in favour of less aggressive recommendations if they have high procedural knowledge in dealing with complex tax tasks.

A research conducted by Cranes and Cuccia (1996) - where experiment respondents were assessing the equity of a potential tax provision under the conditions of either low or high

compliance complexity, tax authorities' pressure to increase revenues by eliminating exemptions or doubling the amount of all taxpayers - found complexity perceptions to be negative. In addition, in a more significant way, related to equity perceptions. This means that complexity negatively affected equity assessments.

Using a ten-question multiple-choice, Kirchler, Maciejovsky and Schneider (2003) assessed tax knowledge and correlated subjects' knowledge with fairness judgement of tax avoidance, tax flight and tax evasion of business administration, fiscal officers, entrepreneurs, students of economics and business lawyers. What was not alarming was the highest score on tax knowledge test by fiscal officers, business students afterward, and business lawyers. However entrepreneurs achieved the poorest results, it was found that tax knowledge is positively correlated with the perceived fairness of tax avoidance for both business lawyers and entrepreneurs. On the other hand, with a higher score on tax knowledge by fiscal officers, it is profound to mention that tax knowledge is negatively correlated with perceived fairness of tax evasion, thereby suggesting that the higher the knowledge about taxes, the less likely officers would consider evasion fair.

The question whether increased knowledge would lead to more favourable attitudes is important to tackle in order to measure their economic implications. Eriksen and Fallan (1996) scrutinized the connection between attitudes towards taxation and specific tax knowledge, which combines some informational elements such as tax rules and the financial knowledge necessary to calculate economic consequences. Their test on tax knowledge, attitudes towards taxes and tax evasion involved two student groups both before and after attending a class in either marketing or tax law. While the level of tax law knowledge of students taking a course in marketing remained constant, those students attending a tax course showed increased knowledge. And this assumes that attitudes towards tax evasion had become stricter after attending the session, and therefore gained a better understanding of the tax law.

Moreover, a sexist approach on the attitudes and tax knowledge of individuals based on their gender may produce very surprising results. A related study reports the importance of gender differences in attitudes after improving tax knowledge (Fallan, 1999). The author reported that male students were more exposed to tax knowledge in a way that made them reconsider their own attitudes towards tax evasion (i.e. tax ethics) than are their female peers. In other words, male students after reshaping their mental outlook towards taxes, developed a series of stricter attitudes towards their own tax evasion.

Female students, however, were more exposed to tax knowledge in a way that made them reconsider their attitudes towards other people's tax evasion than are their peer male students. Subsequently, women developed stricter attitudes towards other's tax evasion behaviours. Looking at the whole picture, it can be assumed that improved tax knowledge had significantly changed the attitudes of both male and female students vis-à-vis the fairness of the tax system. Similar results are reported by Grasso and Kaplan (1998), whose study found that students who completed an introductory tax course had higher ethical standards for issues involving tax than professionals and students exposed to a general course on ethics. In the same study, female students had higher ethical standards in regard to tax compliance than males.

Though even a little but important gap of doubt has arisen in the positive relationship between tax knowledge and compliance, the lack of knowledge may lead to uncertainty and individuals in such situations might less likely be inclined to take risks. In view of the standard economic assumption that frequent audits and serious sanctions lead to increased tax compliance, it could be argued that taxpayer uncertainty about these enforcement prescriptions could lead to increased honest behaviour (E. Kirchler, 2007.p.37). Indeed, with effects of uncertainty being related to penalty rates and audit rates, Beck, David and Jung (1991) realized that income uncertainty can increase reported income. The results showed that when penalty rates and audit probabilities are decreased, along with uncertainty, reported taxable income can gain higher records. On the other hand, Snow and Warren (2005) showed that an increase in taxpayers' uncertainty about the amount of tax evasion that would be detected if an audit was undertaken increased compliance behaviour for prudent taxpayers.

Often, while less educated citizens have to make their comparative choice between the use of the tax for a specific public good and the use of the tax for the goods that the state shape for them as primarily useful, educated taxpayers with confidence in their knowledge about tax, are more aware of the importance of public finances. In a system with educated taxpayers who are confident in their knowledge and aware of the use of public finances, transparency is not only a question of fairness and consideration to taxpayers as mature citizens, but also a prerequisite of citizens' cooperation (Togler, 2002). In a 1990 publication, Alm, Jackson and McKee provide evidence that tax compliance increases when taxpayers are aware of a direct link between their tax payments and the provision of desirable public goods. In their study, respondents were

given an alternative to either vote for the use of taxes for a specific public good, or the particular use of the taxes imposed on them without choice.

Although there was no public good physically given (or distributed) to the respondents, significant compliance with the tax law was higher under the voting condition than under imposition. In a further experimental research (1993), Alm, Jackson and McKee found that individuals respond positively when tax proceeds are directed towards programs they approve of, and when they feel they have a say in the decision process. Feld and Tyran (2002) argued that allowing participants to vote on various aspects of the laboratory tax regime affects social norms and hence compliance. Fjeldstad (2004) reported that compliance was positively related to citizens' perception that the local government acts in their interest in addition to their level of trust in the government to use revenues to expected services, to establish fair procedures for revenue collection and for distribution of services.

Thus, tax authorities should adopt adequate strategic approach to taxpayers in order to increase compliance behaviour and decrease the level of illiteracy for many citizens. E. Kirchler (2007, p.39) wrote that the necessity of changing approach to citizens by tax authorities and increasing efforts in taxpayers' literacy in order to increase voluntary compliance has also been recognized by the US IRS in its mission-based strategy outlined in the document Compliance 2000. Views of people interested in tax administration and organizational goals were collected, which James (1998) summarises into categories in relation to knowledge of taxpayers and tax staff: (a) simplification and fairness—simplification is necessary because continuous changes and complexity in tax law have a negative effect on compliance; (b) training, including customer service training and cross-function training of employees, guaranteeing an understanding of the entire tax administration; (c) taxpayer service and education. In sum, essential tools for improving knowledge and compliance behaviour happen to be simplification, fairness, education and adequate service.

2.4.1.2. Subjective Concepts of Taxation

Fynantzer= Landbetrieger, der die Leute umbs Geld bescheisset

[Tax inspector= Impostor who screws people for their money]

(Basilus Faber, *Thesaurus eruditionis scholasticae* (1680))

People's attitudes, judgements and behavioural intentions are more affected by what they think than what actually is (Lewis, 1978). Critics that ordinary people have difficulties comprehending tax laws because of their embedded complexity leaves too little a room for the conviction that knowledge about taxes is enough for individuals to understand their values. E. Kirchler (2007 p.40) argued that since tax laws are criticized as being too complex to be fully understood by ordinary taxpayers, and knowledge about taxes are generally limited, representations and evaluations of taxes are mainly a product of myth and misperceptions.

To some point, people's attitudes, postures and temperaments regarding taxes can be mirrored in the concepts or terms used. Such temperaments constitute their myths or social representations. The term "finances", though, was morphologically modified over time, as it travelled from different countries; it initially meant fines determined by a court and subsequently used to express money transfers, in Latin. In Germany, however, it meant something quite different and had a negative connotation of usury, cheat and fraud. In the 1680 *Thesaurus eruditionis scholasticae* by Basilius Feber, tax collectors ('Fynantzer') had been portrayed as imposters or deceivers whose aims is to seek out of people's revenues or money something to cheat on. The semantics of tax terminology serve a helping hand to mirror trust and distrust of people in activities realized by tax collectors:

Whereas, in the Latin world, the word tax means something felt as 'imposition' upon the citizen (impot, imposto, impuesto), the German word 'steuer' means 'support', and the Scandinavian 'skat' the common treasure put aside for common purposes. On the basis of such different tax mentalities, closely connected with the citizens' civic or community-mindedness in general, individual tax-mindedness develops by personal experiences. Confronted with the obligation to pay, the taxpayer feels inclined to a certain degree of resistance, leading to evasion, tax-dodging, or even to open revolt. (Schmölders, 1970, p. 301-2).

In addition to this linguistic reasoning, it is found that Webley *et al.* (1991) brought a good contribution with the Dutch concept 'belasting' implying tax. It carries a nuance of a load or burden inherent to the concepts of 'impot', 'imposto', 'impuesto', which are also associated with the term 'imposition'. It is emphasized that linguistic analyses may reveal some important differences between countries; there is a limitation in their explanatory power.

Up until now, the linguistic meaning of ‘burden’ can be seen in citizens’ perceptions, because it is obvious that most people would suggest a reduction of taxes. In a survey conducted by Schmolders (1960), the following was found; overall, 86% of respondents figured in the highest income groups pleaded for a reduction of taxes. While 75% of earners in very low income brackets favoured tax reductions, they still supported welfare expenditures simultaneously. Similar results were reported by Tyszka (1994) in a research conduct on French and Polish students’ preferences regarding public finances, tax policy and welfare programmes. The same study reveals that both groups emboldened tax reductions, meanwhile asking for higher welfare expenditures. Williamson and Wearing’s study (1996) revealed that people were reluctant to pay higher, but appreciated public goods. Citizens often show their higher reluctance as soon as new tax measures are introduced.

Surprisingly enough, even if people are not burdened with new taxes, still they would get advantage of the public goods that are financed by the internal aggregate revenues collected, while they are not in favour of them.

Most often, citizens have a tendency to resist against new tax plans emotionally even in social groups where taxpayers are not strongly affected by newly implemented tax plans. Such emotions may lead to strong disagreements either between citizens or between citizens and tax authorities. Following a culminating plan to tax extra income, a study conducted by Kirchler (1997b) showed that resistance in the population lead to hot disputes.

As far as subjective concepts of taxation is concerned, the question to know what taxpayers’ ideas about taxes are is compelling. Thus, Schmolders (1960) asked German citizens: ‘what comes to your mind when you hear the word “taxes”?’ An earlier approach used to uncover individuals’ social representations (i.e. individuals’ ideas) in order to study tax mentality, for example, was the use of free associations. According to Abric (1984) the method was based on the assumption that associations which came spontaneously to people’s minds would reveal the nucleus of their representations, which is a perfect accordance with the actual theory of social representations. Schmolders, in his 1960’s study, reported that while 10% of respondents had no associations at all when they thought about ‘taxes’, one-third of associations were on technical concepts such as tax laws, tax office, dates of tax due, etc.

With at least 26% of negative associations being observed, many had negative feelings and claims on taxes being too many and tax burden too high.

While most citizens accept to recognise the need for contributing to sustain public budget, and are aware of the usefulness of public goods, their feelings towards taxes are often negative to some degree. According to E.Kirchler (2007, p.42), the reason for this is because taxes are perceived either as a loss of personal freedom to decide how to invest one's own money, as contributions without a fair return, or as a repeated request to the government to fill the gaps in state's finances caused by inefficient management by politicians. Loss, or perceived loss, of freedom is frequently responded to by reactance and the attempt to re-establish the control one has lost (Brehm, 1966; Pelzmann, 1985). The feeling of reactance and non-compliance are likely to happen as soon as individuals receive their entire gross income in cash and see themselves directly paying taxes out of their pockets, quite the opposite of taxes being withheld. For instance, newly growing entrepreneurs who run on their own businesses, or simply self-employed people who want to see their profits reinvested may have negative perceptions regarding taxes, thinking of them as a loss of personal freedom and a barrier to their financial choice-making and a big loss of their own money.

In the framework of prospect theory, the self-employed may therefore perceive evasion as a risky prospect in the loss domain (Kahneman and Tversky, 1979; Schepanski and Shearer, 1995). Hence, it can be expected that self-employed people are more likely to take the risk of tax evasion and develop stronger anti-tax sentiments than employees (E. Kirchler, 2007 p.43). Such sentiments can be seen as either resulting from perceptions that are driven by the feelings of loss or a mean of justification for non-compliance.

Individuals who receive their monthly wages in cash or employees who are paid in cash are less likely to be aware of their tax payments and may consider tax payments less a loss of their own money concretely, as they seemingly are aware of only the gross salary available in their hands and taxes on paper. Individuals' conceptions of contribution to the state and that of access to the public goods (benefits and services) may reflect a state of exchange relationship between citizens and the government. For as much as taxation appears to be a means utilized to reduce income inequalities and achieve equal income distribution, individuals' attitudes at the level of social groups differ considerably when it comes to taxing. Whereas citizens from the grass root community should perceive those exchanges to be either in their favour or a state balanced action, wealthier people may

have perceptions that their contributions and benefits are unbalanced. For example, people who perform professional, managerial or administrative work in their office or cubicle and civil servants may perceive taxes in terms of exchanges, for their arguments regarding taxes are essentially based on hypothetical relationship to fairness and reciprocity rules.

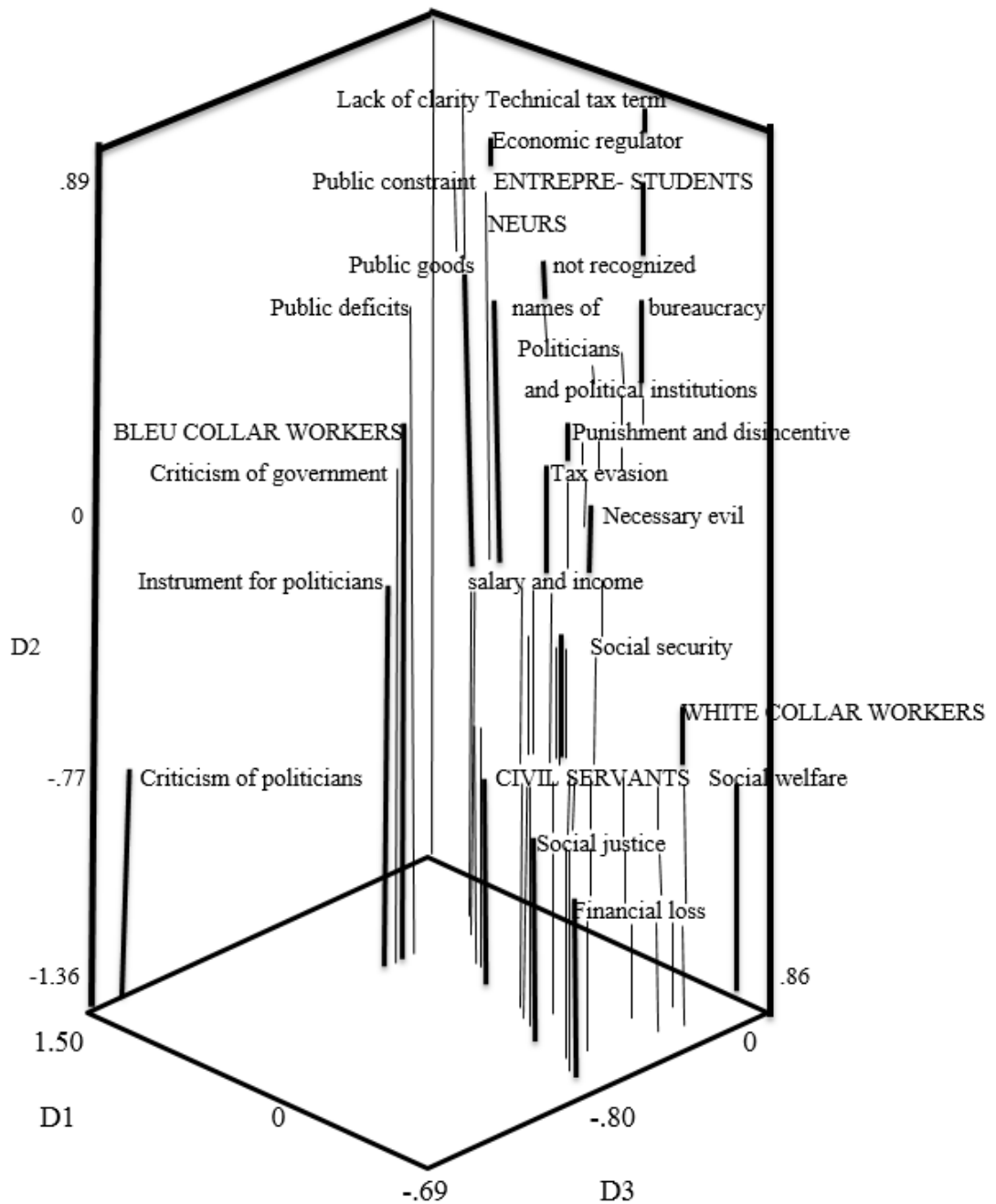
However, many countries may have witnessed the rise of a new trend that criticizes the government for using taxpayers' money inefficiently, suggesting that politicians are mostly interested in their personal advantages rather than those for the society. Besides lack of fairness and reluctance motives, people may blame individual politicians and government establishments either as selfish representatives or incompetent decision-makers or simply self-oriented authorities rather than community-oriented politicians (leaders).

Moreover, the complexity of procedural bureaucracy may induce very strange attitudes by individuals toward tax laws. In a study by Kirchler (1998), it is reported that entrepreneurs think of punishment and disincentive to work, public constraint, and a lack of clarity in tax law and public use taxes, and complex bureaucratic rules, perceiving taxes as a form of pressure and a hindrance to work.

Furthermore, they claimed bureaucratic laws and rules are too complex and that fiscal policy is unclear, whereas Blue-collar workers most frequently criticize the government and politicians in general, claiming they use taxes strategically to achieve their own selfish goals and are responsible for the huge public deficit. In the same study, 171 blue-collar workers, white-collar workers, civil servants, students, and entrepreneurs were asked to indicate their thoughts and feelings towards taxes and tax evaders, which yielded 1,003 associations resulting in 547 different words.

The different associations were categorized, and the frequencies of categories mentioned by the five employment groups were analysed utilizing the correspondence analysis, which represented a space of representations based on three dimensions as depicted in figure 1. On the one hand, while the second dimension separates students and entrepreneurs from white-collar workers and civil servants, the first factor distinguishes blue-collar workers and other employment groups. The third factor, on the other hand, groups together entrepreneurs and civil servants, as well as white-collar workers and students.

Figure 2.1: Space of semantic associations to ‘taxes’ with respect to entrepreneurs, blue and white-collar workers, civil servants and students (1998).



This means that the results by Kirchler (1998) are describable on the basis of reactance theory and exchange theories, because entrepreneurs appear to perceive taxes as a loss of freedom, mentioning punishment for their work or hindrance to work or force and constraint. Whereas Blue-collar workers, civil workers and white-collar workers may have exchange relationships in mind (as mentioned earlier on p.42) when mentioning public goods, welfare, social security and justice; students on, the other hand, tend to give the most abstract answers.

Furthermore, there are diverse perspectives related to representations focused on tax avoidance, tax evasion, and tax flight. Thus, tax avoidance, tax evasion and tax flight, on a macroeconomic perspective, are said to have similar effects that impact the national budget negatively. It is because of these similar effects on the national budget that most economists are in favour of analysis that assess them jointly and no longer encourage discrimination between them. However, from a psychological perspective, taxpayers perceive tax avoidance, tax evasion and tax flight differently due to legal differences and moral considerations (Etzioni, 1988). Although most countries may be shaken with similar economic consequences, individuals have a sense of appreciation for the difference between legal and illegal behaviour in a more balance-oriented manner.

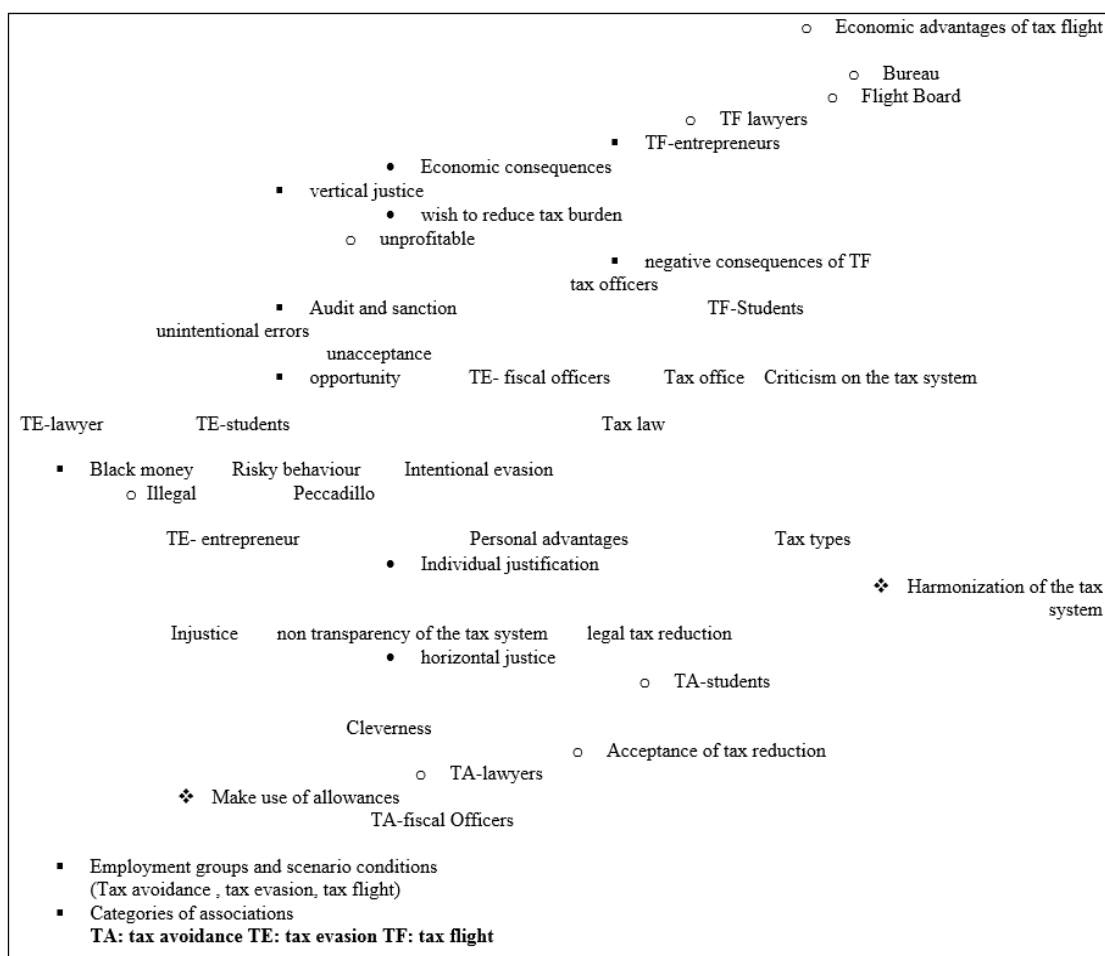
In Kirchler, Maciejovsky and Schneider's investigation (2003) into social representations of tax avoidance, tax flight, and tax evasion, fiscal officers, students of economics and business administration specializing in auditing and accounting, business lawyers and entrepreneurs were demanded to produce free associations and evaluations of three concepts. Tax avoidance, tax evasion and tax flight were clearly distinguished in their spontaneous associations, showing that participants have different concepts of each. For example, tax avoidance was associated with legal acts, with an intention to save taxes, with cleverness, and was considered positive (a good idea) and at the same time they associated with taxes as costs. Tax evasion, on the other hand, was considered illegal and associated with fraud, criminal prosecution, risk, tax-audit, punishment, penalty and the risk of being caught.

In addition, tax flight goes with an intention to save taxes, along with some sort of impression that taxes are essentially lower abroad, despite double tax agreements and the costs of relocation. It should be understood that the elements of tax avoidance refer substantially to legality and cleverness, whereas tax evasion was considered to be illegal, a criminal offence, and as reflecting risk.

On the other hand, participants had perceptions of legality and morality toward tax avoidance, while tax evasion was perceived as illegal and immoral first, and latter tax flight legal and as immoral, as illustrated in figure 2.1. The authors argued that more precisely, tax avoidance comes with the acceptance of tax reduction, making use of tax allowances, legal tax reduction, horizontal justice and using tax loopholes. Additionally, tax evasion was associated with risky behaviour, peccadillo, intentional evasion, audit and sanction, opportunity and black money, unacceptance, intentional errors and vertical

justice. Therefore, tax evasion was associated with the existence of the shadow economy and is considered as a criminal offence. Tax fight had traits with tax havens, negative repercussions of tax flight, flight abroad, bureaucracy, economic advantages of tax flight, economic consequences, criticism on the tax system and the wish to reduce the tax burden.

Figure 2.2: Two dimensional result of correspondence analysis of associations on tax avoidance, tax evasion and tax flight with respect to employment group (Kirchler, Maciejovsky and Schneider, 2003).



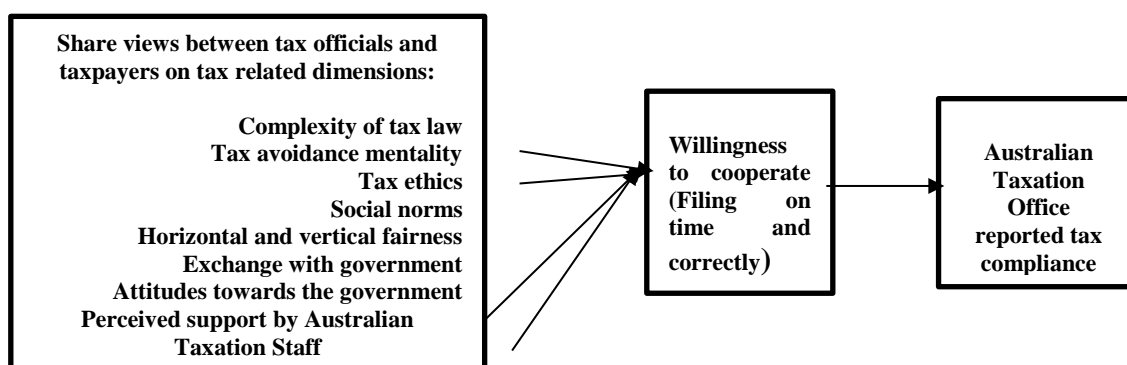
Whereas horizontal justice was associated with tax avoidance, inequity-based relationship between the state and taxpayers demonstrated relevance with tax evasion. However, there were also typical associations in the relationship between exchange inequity with the state and the opportunity to evade. Hence, opportunity and inequity concerns are variables that are frequently studied in psychological investigations (Spicer and Lundstedt, 1976). It should be mentioned that tax flight, on the other hand, seemed to gain higher considerations so long that bureaucracy was increasing.

With regards to subjective structures of issues related to tax, Kirchler, Niemirowski and Wearin (2006) investigated similarities that exist between subjective views of tax officers and taxpayers, arguing that the quality of interaction between taxpayers and tax authorities depends on a mutual understanding and acceptance that is shaped by shared views. If taxpayers and tax authorities view tax issues similarly, they should be able to better understand each other (Cialdini, 1993). As a consequence, taxpayers may judge tax officials as being experts and not just accept that they have the legitimate and normative power to exert sanctions if they detect that taxpayers had made errors or violated the law (French and Raven, 1959).

In fact, what is supposed to affect and reshape the perception of procedural fairness should be the shared views of mutual acceptance and facilitation of communication. The variables that were assessed in the investigation by Kirchler, Niemirowski and Wearing (2006), involved subjective beliefs with regard to complexity in tax law, tax avoidance mentality and tax ethics, as well as social norms, evaluation of government activities, and perceived fairness, in terms of an equitable exchange between the state and individuals, and an equitable tax burden of taxpayers.

The Australian Tax Office reported that taxpayers' behaviours were related to willingness to cooperate, which was mediating the effect of shared perceptions between taxpayers and tax authorities on observed compliance (E. Kirchler, 2007, p.48). Particularly, according to the same study, willingness to cooperate was substantially higher under the condition that similarities were observed between tax officers' and taxpayers' subjective ideas of tax mentality, tax ethics and evaluation of help provide by tax staff. However, there was a relationship between the willingness to cooperate and the evaluation of support provided by tax preparers. This latter result was interpreted as being due to in-group biases in the sample of tax staff, suggesting that Australian Taxation Office officials tend to judge their support services more positively than support provided by a competitive out-group (Turner *et al.*, 1987; Turner and Onorato, 1997).

Figure 2.3: Observed tax behaviour, related to the willingness to cooperate and shared views on dimensions related to tax (Kirchler, Niemirowski, and Wearing, 2006)



So far, subjective concepts of taxation and subjective knowledge about taxes have been discussed and presented. Thus, a rich outlook on survey studies would suggest a say that taxpayers’ knowledge is generally poor, revealing the unqualified state for individuals to file their taxes appropriately, and the need to seek support from tax practitioners.

According to E, Kirchler (2007, p.48), despite their lack of competence and rather negative subjective concepts and evaluations of taxation, most taxpayers want practitioners to assist in correctly filing their taxes rather than provide advice to aggressively reduce the tax burden. With regard to subjective constructs of tax issues, perceptions and interpretations related to tax diverge between employment-groups: whereas self-employed would essentially take into account loss of freedom to invest their money in their businesses, as mentioned earlier, civil workers and white-collar workers think of tax as fair and respectful to norms.

Finally, taxpayers’ general considerations qualify tax evasion as being illegal, but tax avoidance and tax flight legal, thereby accepting them as driven by motives to protect or save one’s own capital (money). The following final part of this chapter involves possible consequences resulting from similarities in taxpayers’ and tax officials’ views of taxation. To sum up, the idea of similarities of views is all related to both taxpayer’s and tax authority’s mutual understanding of each other and the tax law, creating willingness to cooperate.

2.4.2. Attitudes

Knowledge about taxation, subjective constructs of tax, and tax non-compliance have been put at the centre of discussion in previous sections in this chapter, treating them as

aspects of social representations of taxation. The present section evaluates these aspects and their relationship with tax behaviour, which is, by the way, very complex. On a conceptual level, Ajzen's theory of planned behaviour (1991) phrased that behaviour is partly predicted by attitudes. According to Kirchler (2007, p.49), subjective norms and perceived control of behaviour are variables that should be taken into account as determinants of behavioural intentions, and, in turn, of actual behaviour.

Assumptions would suggest that individuals are more comfortable to act positively when they are in favour of an event or a situation. Thus, taxpayers who evaluate tax avoidance positively are expected to be less compliant compared to taxpayers who are in favour of judgement against tax avoidance. Individuals' positive versus negative evaluation of an event is a dominant characteristic of their attitude (Ajzen, 1993). According to Fishbein and Ajzen (1975) again, the predominant characteristics of individuals' attitudes can only be revealed through their positive and negative assessment of a situation, or even they are being exposed to. Eagly and Chaiken (1993) define 'attitude' as a psychological (behavioural) tendency that is expressed by evaluating a particular situation with some degree of favour and disfavour. Fishbein and Ajzen perceived attitudes as individual's disposition to respond favourably and unfavourably to an object, person, institution or event, or to any discernible aspect of the individual's world (Ajzen, 1993; Fishbein and Ajzen, 1975).

It is useful to consider various definitions with respect to cognitive, affective and behavioural facets of attitudes. E. Kirchler (2007) would argue that cognitive responses are expressions of beliefs about characteristics or attributes of an event or situation, whereas affective responses are feelings toward the attitude object; suggesting, for example, that feelings related to taxes as expression of citizens' cooperation with the state, either simply feelings related to taxes as a loss of one's own money, or evaluation of taxes as a means for income redistribution as well as feelings toward government spending. Behavioural responses could be seen as intentions and actions with regard to the attitude object.

A large number of research studies has produced considerable approaches in the literature of tax psychology that focus on attitudes and compliance behaviours; many of which offer varying theoretical conceptualisations and operationalizations and measurement of attitudes. Whereas a number of authors conceive attitudes as (a) subjective evaluations of tax evasion (e.g. Porcano, 1988; Warneryd and Walerud, 1982), others consider (b)

evaluations of crime in general (e.g. Wahlund, 1992), while referring also to (c) judgements of the government and state in general (e.g., Schmolders, 1960), and to (d) intolerance of tax evasion (e.g. Wilson and Sheffrin, 2005); some include (e) attitudes and moral beliefs about the priority of evasion (e.g., Weiegel, Hessing and Elffers, 1987), or (g) tax mentality including beliefs and evaluations of evasion and awareness of tax non-compliance in reference groups (e.g. Lewis, 1978; Schmolders, 1960).

Following the structure of the theory of planned behaviour (Fishbein and Ajzen, 1975) and the theory of reasoned action (Ajzen, 1991), attitudes can be measured by presenting individuals with the attitude object, such as tax, for instance. This implies that all aspects that are associated with the attitude object, such as cognitions or beliefs and the power of these beliefs, as well as their evaluations, are measured within these two frames. However, it is assumed that evaluations of taxpayers' behaviours are sometimes confounded with evaluations of tax officers' behaviours, the fiscal policy and government, when it comes to studying tax compliance. This is to say that there is a lack of distinctive measures which makes it difficult to results from various investigations, and hence to draw genuine conclusions. Nevertheless, Lewis addresses the many problems with regard to attitudes in a more genuine form:

The term 'attitude' is used loosely and often refers to replies to only a few items. Some confusion arises, as there also measures of tax perceptions that appear at the first sight to be synonymous with tax ethics. These tax perceptions refer to taxpayers' views of the use of taxes, as the 'burden of taxes' and exchange (perceived benefits received, compared with taxes paid). Additionally, there is a measure of tax-evasion behaviour, based on replies to the two questions 'would you classify yourself as a person who every year has reported all of his income to the fiscal authority? And 'Would you classify yourself as a person who never has made a higher deduction than was justified? (Lewis, 1982, p.141)

With regard to the diversity of attitudes towards fiscal policy and the government in general or taxation in particular, as well as homogenous measures, some of the results of studies related to the evaluation of the state and taxation can be summed up as follows.

Schmolders, in his 1960 survey, asked respondents to indicate to what degree they favour the existence of 'the state'. In the course of survey, 56% indicated to be in favour of the state, 13% with clearly negative feelings, as compared to 31% expressing feelings of

neutrality and undecidedness. The overall perceived provision of public goods by the government in exchange for tax payments were categorised as follows: shelter and security (28%), work and pensions (17%), laws and rights (6%), freedom (4%), and education and other advantages (6%). Participants whose level of education reached a higher education level assessed the state more positively comparing to respondents with a primary education standard; Blue-collar workers were clearly less in favour of the state than were civil servants and white-collar workers. So paying taxes was often perceived as a loss.

Moreover, quite a level of scepticism was observed in respondents' attitudes toward taxation, advocating that taxes should be reduced even if their actual income was in the lowest brackets and their tax burden respectively low. He (Schmölders) furthermore wrote that, while almost equal percentages of men (30%) and women (33%) perceived tax as a loss, in the younger samples, negative connotations were more frequent than in the older samples, illustrating that the respective percentages for the under-30-years-old, 31-50-years-old, 51-66- years old and over -60-years old groups were 36%, 33%, 29%, and 23%, respectively. Also, low level of education and lower status work were covarying with negative connotations. By considering all discrepancies between views as related to taxation, taxes are just as a contribution to commons, or as money taken away by the state.

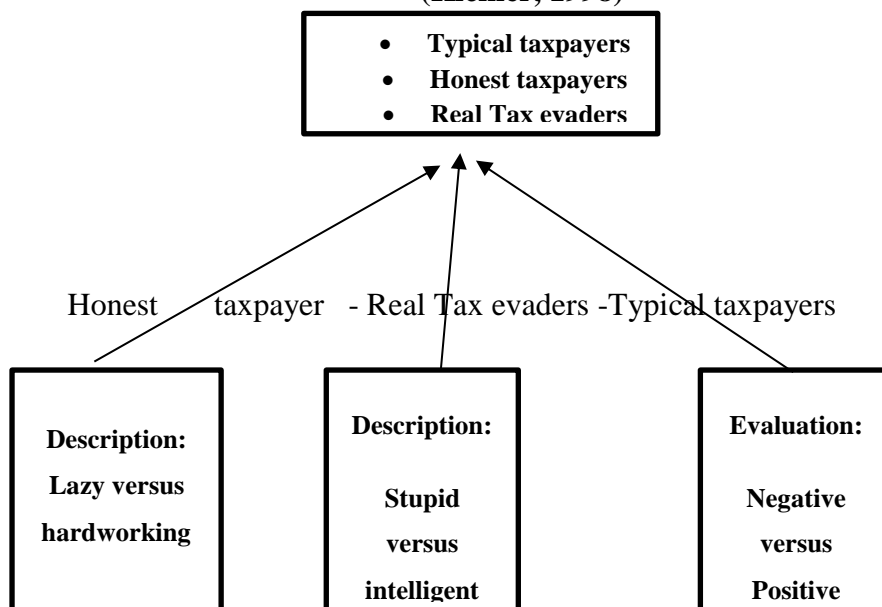
In his 1979 study, Lewis realized that attitudes towards taxes depend mainly on income. Using a sixteen Likert-type statements, respondents were asked to give their agreement to tax avoidance, one's tax burden, adequate treatment of tax evaders, fairness of progressive tax rate and the relationship between evasion and tax rates. Discriminatory enough, the most relevant variable of tax attitudes happened to be income. For people with higher incomes had higher antipathy towards taxation in general and progressive rate in particular; they had feelings that avoidance was fairer than did people with low income, and thought that those who avoid taxes should be treated leniently by the law. Using the US IRS Taxpayer Compliance Measurement data, Wilson and Sheffrin (2005) divided the sample into moral and immoral taxpayers. By defining moral taxpayers as those who did not tolerate evasion of low amounts, immoral taxpayers were those having more favourable attitudes towards evading higher amounts. It was found that immoral individuals were less honest than moral taxpayers.

In the course of survey, while taxpayers took into account the tax system to be ‘very fair’, they were 5% more likely to be honest than those perceiving the tax system to be just ‘fair’. In addition to that, immoral people were more likely in favour of cheating if they were self-employed or had higher income.

Grouping individuals into different categorical aspects of taxpayers can sometimes produce interesting results when it comes to examining their attitudes based on their semantic discrepancies. An example of this is brought from a Berti and Kirchler’s (2001) study on social representations of taxes in Austria and Italy, where respondents were given a dispatched grouping of three: typical taxpayers, honest taxpayers and tax evaders, and were asked to describe and evaluate them on semantic differential, as developed by Peabody (1985).

The frame of the survey allows to elaborate separate descriptive and evaluative judgements. The overall important result was rather positive description and evaluation of tax evaders. Whereas tax evaders were rated positively, the rate by typical taxpayers was mostly negative and that of honest taxpayers positive. As it is illustrated in Figure 2.4, the study described tax evaders as being both the most intelligent and hard-working, whereas the typical taxpayers were thought of as being lazy and not very intelligent. As for honest payers, they were perceived not as intelligent as tax evaders but hard-working at some point.

Figure 2.4: Description and evaluation of typical taxpayers, honest taxpayers and tax evaders (Judgements range from -3 (lazy-stupid) to +3 (hard-working, intelligent); evaluations range from -1= negative to 1+= positive evaluation) (Kichler, 1998)



The degree of harshness of these results is amazingly strange. Because even if taxpayers were willing to comply with the tax law, still evasion was not perceived as a grave crime, instead, an act of cleverness. Surveys conducted in Germany (Schmölders, 1960, 1964) reported that approximately half of the respondents considered any person with inclination to tax evasion as running a cunning business, while only one-quarter was against tax evaders, judging them as thieves or deceivers. Burton, Karlinsky and Blanthorne (2005) reported similar results since they found that drunk driving or stealing a car were judged more severely than tax evasion; at some point tax evasion was perceived as somewhat worse than theft of a bicycle.

Where behaviour is concerned, attitudes are often assumed to determine behaviour. Basing on the acceptance to the following statements, Warneryd and Walerud (1982) assessed the three facets of attitudes in a survey sample that involved 426 Swedish taxpayers: propensity for gambling ('if you see a chance to reduce your taxes you should take even if it is not allowed'; 'More people would try to evade taxes if they knew they would not be found out'); proprietary instinct ('The tax takes away money that really would be mine'); and the feelings of inequity ('Taking into considerations what the citizens get from the state, our taxes are not too high'; 'the Swedish taxation system is unjust') (p.198). Individuals who were associated with tax evasion were likely to have higher inclination for gambling and expressed severe feelings of inequity than others. In the course of study, self-admitted tax evasion was equated with some sort of crime judgements; as for example drink driving, accepting black money or simply failing to report extra income intentionally. Many factors were used to offer a good explanation for the causes of self-reported tax evasion, most of which included socio-demographic variables (i.e. age), political party sympathy, and opportunity to evade.

From the beginning of psychological studies until the present, a recognition in empirical studies of the relevance of attitudes towards the government, fiscal policy, and tax non-compliance in determining tax behaviour has been seen in various research conducts (e.g. Tivedi, Shehata and Mestelman, 2004). Cole and Eidjar (2001) found statistically significant, despite being weak, the relationships between attitudes and self-reported behaviour. However, it is difficult to establish a genuine relationship between attitudes and behaviour because of the delicacy of the matter to question people about some issues such as the practice of illegal activities. According to Kirchler (2004, p.58), interviewing people about tax evasion, or any illegal activities, is a very delicate matter that even

simulation studies in laboratories can be criticized as only a weak proxy for actual tax compliance, opening doors for empirical studies tending to focus on attitudes towards tax evasion rather than behaviour itself. Thus, perceiving that attitudes can be used as a dynamic proxy for behaviour will not necessarily help much.

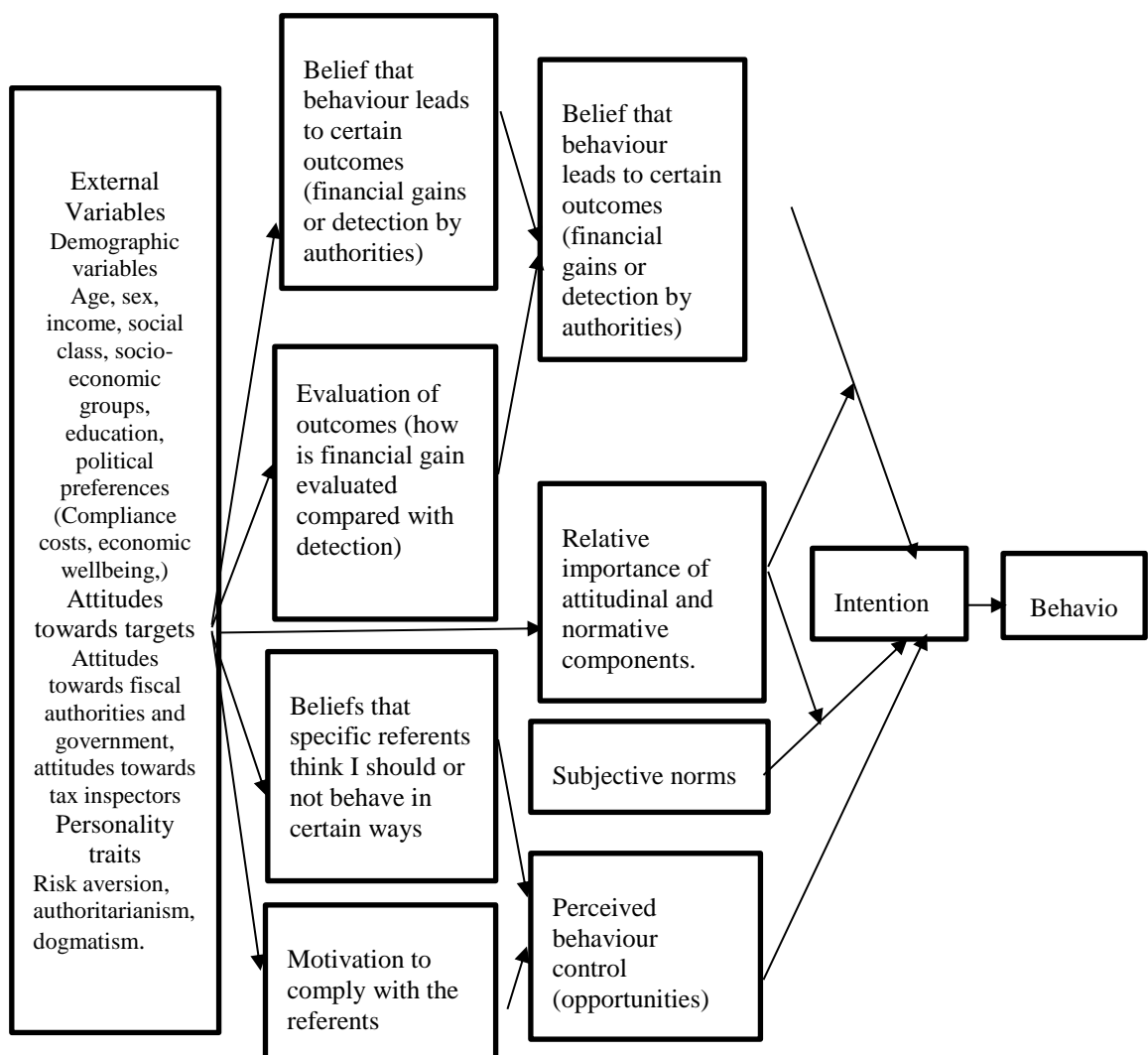
Fishbein and Ajzen's (1975) theory of reasoned action considers behaviour as dependent on behavioural intentions. This means that attitudes toward the behaviour as well as subjective norms can determine behavioural intentions. The theory of planned behaviour, which is the successor of the theory of reasoned action, also includes perceived behavioural control as a determinant of behavioural intention (Ajzen, 1991). According to Kirchler (2004, p.56-7), behavioural intention is a mediating variable between attitudes, norms and perception of the control on one hand and behaviour on the other, suggesting that individuals can find a particular behaviour to be attractive enough the more the behaviour is expected to result in a more highly valued outcome. Subjective norms are a function of an individual's perceived expectation that one or more relevant referents would approve of a particular behaviour and the extent to which the individual will be motivated to comply with such referent's behaviour (Kirchler, 2004 p.57). Individuals' behavioural control is associated with their personal perception of the level of control they have when performing a specific behaviour. Behaviour and individuals' perception of behavioural control are indirectly linked to each other through intentions. Nevertheless, individuals' size-control of behaviour have affects their actual behaviour directly.

With regard to tax, positive attitudes should be associated with behavioural intentions, exactly as strong as norms are in favour of individuals' particular behaviour, and the type of control they have over the perceived behaviour. Thus, regarding tax evasion, taxpayers will likely be more compliant if (a) they try to associate positive attitudes or beliefs with tax compliance, if (b) the regulations they favour importantly condemn any behavioural intention to tax evasion, and if (c) they notice to have very limited opportunities to evade tax. In their studies on tax compliance using the setting of the theory of planned behaviour Bobek and Hartfield (2003) found supportive results for the theory, although individuals' size of moral obligation was a revealing exert of additional influence. An adaptation by Lewis (1982) of the Fishbein and Ajzen's theory of tax evasion to associate with 'external variables', such as demographic characteristics like sex, income, social class; attitudes

towards targets, and personal traits (e.g., risk aversion, authoritarianism), produced striking results (see Figure 2.5.).

However, as consistency theory would assume, behaviour and attitudes do not have a closer relationship, and an important number of studies on tax compliance have implicit suggestions over the case. Rather, attitudes and behaviour need to be treated as separate dimensions with some relationship with each other (V. Braithwaite, 2003a).

Figure 2.5: Attitude-behaviour for the case of tax evasion according to Lewis (1982, p. 172)



Similarly, Lewis produced an essential summary of the evidence of attitude-behaviour relationship when he wrote that, while the relationship between attitudes and tax evasion is not a simple one, we can be confident in our general prediction that if tax attitudes become worse, tax evasion will increase, although a more precise statement about which

attitudes are reflected in behavioural intentions, and in actual tax evasion is not yet within our grasp (Lewis, 1982, p. 177). V. Braithwaite adds:

The management of tax systems is a complex business, and it is likely to become increasingly so in the 21st century as they are forced to adjust to the changes accompanying globalisation. The popular stereotypes of the ‘taxman’ collecting revenues through the process of detecting non-compliance and imposing penalties provides a simplistic account of the realities of modern tax administration. As tax systems are adjusted, the community needs to be educated, persuaded and encouraged to cooperate, long after the vote is cast at the ballot box. Containing problems of tax avoidance, checking problems of tax evasion and convincing the public that tax reforms are for the public good require a conception of taxpayers that is multidimensional and dynamic, but at the same time leaves taxpayers in no doubt about the integrity of tax administration as a whole. (V. Braithwaite, 2003a, p.15).

Despite the fact that assessments and/or judgements of the fiscal authority and those related to taxation are different from compliance as behaviour, they both of them still constitute essential characteristics of community responsiveness. Individuals should develop a sense of confidence in the reality that attitudes in particular, and social representations of authoritative entities and taxes in general are very crucial to foster an understanding of the fiscal policy and acceptance of the burden it imposes over citizens, while, at the same time, it offers provision of public goods as a way to improve the wealth of the nation.

2.4.3. Norms

In addition to attitudes as an association of perceived beliefs about a particular and entity, and assessments of those beliefs, arises from Fishbein and Ajzen’s framework perceptions that behaviour intentions depend on norms and behaviour control (Ajzen 1991; Fishbein and Ajzen, 1975). Norms in the same vein as attitudes have gained essential portions of attention in tax-based researches. However, Kirchler (2007, p.59) argued that the conceptualisation and the use of norms as predictors of tax compliance seems to be even more heterogeneous than the use of attitudes. There is considerable overlap between perceived personal norms, values and a person’s tax ethics, defined as belief that there is a moral imperative with which one should deliberately comply; and

social norms, usually defined as prevalence or acceptance of tax evasion among a reference group (Wenzel, 2005b).

Taxpayers' personality characteristics, their value orientations, personal versus social norms and their commitment to these, trusts in social orientations and cultural values can, from time to time, strongly overlap with the operationalization of norms and the way they are measured in research. The formation of concepts related to norms and the use of rules vary from the standards that individuals internalized of what correct behaviour is; either such conceptualisation may rely on individuals' awareness and acknowledgement of standards of correct behaviour socially accepted, or to societal and cultural standards resulting in the laws and rules that are imposed

Despite the fact that there are clearly no distinctive measures making the process of aggregation of results from different investigations difficult to draw genuine conclusions, it is generally assumed that the higher the moral standard the better tax compliance, but the relationship is complex as, Wenzel has convincingly shown (Wenzel 2004a, 2004d, 2005b).

2.4.3.1. Personal Norms

There is a close relationship between an individual's tax ethic and his or her relative personality characteristics, such as moral reasoning, authoritarianism and Machiavellianism, egoism, norm dependency, and values. For instance, if an individual persona (characteristic) is associated with tax ethics and behaviour according to laws, such characteristics are law dependency or norm dependency. Norm dependency is a trait factor in the big five personality model, which is related to honesty, Machiavellianism, altruism versus egoism, and orientations towards cooperation versus selfish utility maximisation (Angermeier, Bednorz, and Hursh, 1994). Business white-collar crime in general has been associated with low behavioural self-control, high hedonism, and narcissism (Bricle *et al.*, 2006). Kirchler (2004) argued that norm-dependency, altruism, strong religious beliefs and preferences for political parties favouring cooperation rather than individualism should generally be associated with high personal ethics and, eventually, with willingness to abide by the law.

In most cases, Machiavellianism reflects an orientation towards individuals' own interest that goes beyond the limits of ethical grounds. Individuals with Machiavellian personality characteristics have low connections to others in a more effective way; they are driven by

emotional distance and are bound to ideologies of strong utilitarian preferences leading to low tax ethics. Both finance officers and self-employed taxpayers who demonstrated high levels of Machiavellianism were found to have low tax ethics and were more likely to report non-compliance (Kirchler, 2004, p.80). Moreover, egoism can also be considered as strong negative attitudes towards the tax law, and thus imbed Machiavellian characteristics compared to altruism, which, according to value orientation, is the extreme of wanting the best for others and a mark of accomplished and determined compliance.

In his 1969's stage theory, Kohlberg stated that a person's moral conscience develops as he or she matures, respecting six sequential stages of moral reasoning: at stages 1 and 2 individuals take an individual perspective in the stages of pre-conventional thinking, characterized by obedience and instrumental egoism and simple exchange. In these stages, individuals do what they are told, primarily to avoid punishment, and consider mainly the costs and the benefits of exchanges. At stage 3, interpersonal concordance, people are considerate and are keen to get along and cooperate with others. At stage 4, behaviour is determined by laws and duties, which everyone in society is obliged to follow. At stage 5, societal consensus, people feel obliged by the arrangements they agreed to and focus on fairness of laws and regulations, and processes are determined by equity and equality. Additionally, the highest level of moral reasoning is post-conventional thinking, in which individuals develop their own personal principles. According to Kirchler (2004), on the basis of one's moral conscience, tax ethics develops and are shaped by interpersonal communication, and by values and standards discussed, approved and communicated in the society and eventually imposed by authorities.

Thus, it is compelling to take into account the importance of moral feelings and moral costs when individuals attempt to cheat, because the process will procure two essential contributions: (a) propose a new agenda in tax policy and (b) foster the economic analysis of tax evasion. In an experimental setting, Trivedi, Shehata and Lynn (2003) also provide evidence for the relevance of tax compliance behaviour and moral reasoning. Moreover, in the experiment where taxes were either overdue or withheld, Reckers, Sanders and Roark (1994) tested especially whether an individual's ethical beliefs about tax compliance moderated withholding effects; tax ethics were found relevant in tax compliance behaviour.

Individuals have the values they hold and respect, many of which are concerns for the goals of the society they desire to live in, and influence the social structure and the social

resources distribution method. According to Blamey and V. Braithwaite (1997), the two value orientations that underlie the ways in which individuals respond to social and political issues and policies and interventions, are the security and the harmony value orientations.

Security value orientation gives a description of fundamentals that permit positive allocation of resources and regulates human conducts. Kirchler (2004, p.61) argued at a societal level, security values regard the virtue of the rule of law, the wish for national greatness, national economic developed and security, and the role of reward for individual effort as a principle of good governance. Compared to security, harmony value orientation offers a description of fundamentals over the ways individuals should connectively interact and engage with one another (*mentioned earlier in ch.1*) for, interactions based on value orientations can be expected to have positive effects on tax morale and hence increase the sense of internalised obligation. Braithwaite and Ahmed (2005) demonstrated that tax morale is built on values and fairness perceptions, and is also interconnected with experiences in the related domains. In their study on Australian graduates' tax morale and willingness to repay student loans in the frame of the Australian Higher Education Contribution Scheme, V. Braithwaite and Ahmed (2005) realized that, the willingness to pay back loans depended on both graduates' shared vision of what constitutes a desirable society and their satisfaction with their university courses. In other words, if university courses were not satisfying enough, graduates would be less willing to pay back their loans and would obviously demonstrate a backlash against the Higher Education Contribution Scheme. Thus, from an exchange theory, not only did the authors find morale to pay back students loans as dependent on values and fairness perceptions, but also 'spill over effects' were detected as the balance between obtained benefits and requested contributions was in an unsafe disequilibrium.

Reportedly, Kirchler (2004, p.62) mentioned that tax morale is based on values, and since values are fairly stable over time, they give tax morale a certain kind of robustness against controversy and upheaval. In the end, tax morale is not only a relevant determinant of compliance, but also a useful barometer for judging how the tax system is represented in citizens' minds, and it may reveal much about the functional moral legitimacy of governments and their activities (V. Braithwaite and Ahmed, 2005). Legitimacy refers to people's belief that an authority or institution acts appropriately, reasonably and fairly, and leads people to feel personally obliged to defer to those authorities (Tyler, 2006).

Studies on a person's honesty and tax compliance found that honesty is significantly related to all compliance variables, hypothetical evasion, previous underreporting of income and previous evasion (Erard and Feinstein, 1994a).

Additionally, compliance behaviour can also be correlated with both strong religious beliefs and a deep moral conscience. Using Canada data from the World Values Survey, Togler (2003d) discovered some important evidence announcing that trust in government and religiosity have a systematic positive influence on tax morale. A survey in the United States found that religious salience correlated with intentions to comply, with shame and embarrassment having strong inverse relations with intentions to cheat and acting as intervening variables (Grasmick, Bursik, and Cochran, 1991).

Individuals belonging to a certain political party can shape their ways of perceiving the fiscal policy and influence their behaviours in face of any tax policy. Their attitudes towards taxes not only may not be based on ethical reasoning, but generally tend to incline to their political party preferences. An example of this is that, in a state where people are in association with political parties that are in favour of social democratic values, there might be a strong inclination to comply than in a government state with people favouring liberal parties where there is no favourable inclination to the cause of state.

As long as personal norms are concerned, tax mentality is sometimes conceptualized (Kirchler, 2004) as a combination of attitudes and approval of tax non-compliance, and perceived as a norm that individuals develop over time. An individual with a tax mentality disapproving of deviant behaviour should be inclined to evade taxes himself or herself than an individual with a tax mentality (Lewis, 1982; Wahlund, 1992). Thus, feelings of guilt and shame may be the driving forces for individuals to avoid evasion.

Finally, personal norms may be strengthened if taxpayers anticipate guilt and shame in situations where norms are violated (Grasmick and Bursik Jr., 1990). Andreoni, Erard and Feinstein in their review on tax evasion (1998), refer to anticipated guilt and shame as a moral norm. King and Sheffrin (2002) write about emotions individuals take into account in decision-making, such as choosing to be truthful about one's income to avoid feelings of guilt, regret or shame, which arise if caught. Similarly, Orviska and Huson (2002) emphasize the importance of sentiments in relation to social stigma. With too much attention dedicated to shame, Braithwaite and Ahmed (2004) consider shame as an emotion felt by individuals when they breached a social and/or moral standard, and

concluded that certain responses to shame increase compliance. The mechanism of shame management correlates with the acceptance or denial of norms violations as far as a threat is detected in an individual's identity; this process is worth regulating taxpayers' behaviour.

While shame avoidance (i.e. pretending that nothing was happening or making joke of it) and shame displacement (i.e. attributing causes of wrongdoing externally and feeling angry with the tax office) were found to be negatively related to personal norms of tax honesty. Shame acknowledgement in terms of feelings of guilt, humiliation and embarrassment was positively related and found to have a deterring effect on tax non-compliance (Ahmed, 2004). A shame management theory would argue that the following by individuals of deviant behaviour might put their ethical identity in jeopardy. Because a person does not only feel shame or guilt but also discomfort and is aware of rejection by others in society. Shame management is assumed to be adaptive if a person can handle shame and shame-related feelings constructively by acknowledging wrongdoing, and if a person uses those wrongdoing to change their future behaviour (Kirchler, 2004, p.64)

Referring to the theory of typologies of taxpayers, Vorgel (1974) relates strong personal norms to the concepts of honest and intrinsic taxpayers, while Torgler (2003c) considers 'honest taxpayers' as not searching for ways to reduce their taxes, but behave honestly on the basis of their absolute ethical norms and constantly cooperate. Indeed, there is a high percentage of taxpayers who are constant in their behavioural honest (James and Alley, 2002).

According to Torgler, the 'motivation of "the intrinsic taxpayers"' includes, among others, the feeling of obligation, which motivates a person without being forced' (Torgler, 2003c, p.125). Intrinsic taxpayers dedicate a lot of attention to the government and to the behaviour of institutions and tax administrators. This means that their willingness to cooperate does not depend on other taxpayers' behaviour, but instead on institutional principles. The behaviour of social taxpayers is determined by the prevailing norms in the society and their emotional anticipation, such as remorse or embarrassment when they are about to violate norms. For instance, when there are people in their reference group who evade taxes, they will do alike; on the contrary, if their reference group disapproves of evasion, they favour to comply. Briefly, social taxpayers' attitudes on tax compliance and non-compliance are driven by their social norms.

2.4.3.2. Social Norms

Wenzel (2005b) social norms are defined as perceived frequency or acceptance of evasion that prevails in a group of reference. Social norms can be defined as ‘behaviour regularity that is based on a socially shared belief of how one ought to behave which triggers the enforcement of the prescribed behaviour by informal social transactions’ (Fehr and Gächter, 1998, p.854). By using a market simulation experiment and Ultimatum games, the authors stressed that cooperation is social aspect and individuals generally obey reciprocity hence it plays a strong norm (Ginti *at el.*, 2003). The aspect of reciprocity can also be correlated with social norms because social norms strengthens the importance of social exchange as a relevant factor in individuals’ judgement values of fairness and justice. Ajzen (1991) defines social norms as a function of an individual’s perceived expectation that one or more relevant referents would approve of a particular behaviour and the extent to which the individual will be motivated to comply with such a referent’s beliefs.

Similarly, Alm, McClelland and Schulze (1999) define a social norm as representing a pattern of behaviour that is judged in a similar way by relevant others, and is therefore sustained by social approval or disapproval. Individuals who think of others as having socially accepted behaviour, and who promote communicative interactions with others about appropriate behaviour, will see themselves adopting socially shared norms and therefore behave appropriately. With regard to group reference, thus, when individuals detect signals from the reference group that non-compliance will not undergo suing, compliance will dramatically drop down.

Generally, most empirical studies on tax evasion have very supportive claims that social norms are relevant. Even several studies found individuals’ attitudes to perceived social support from peers, perceived evasion among colleagues and acquaintances can create major differences between categorical groups of people such as non-evaders, hypothetical and self-reported evaders (Bergman and Nevarez, 2005). In a survey conducted in Latin America on tax evasion practices, Togler (2005b) reported that tax morale in Latin America is lower if people know others who evade or have heard about practices of tax avoidance. When a person perceives the prevalence of tax evasion in his or her community, they become less concerned with non-compliance behaviour, they grow less fear of sanctions even if these sanctions are informally directed to non-compliance

behaviour, and subsequently they will have an inclination to evading tax in the future (Welch *at al.* 2005b).

In a semi-structured interview Sigala, Borgoyne and Webley (1999) studied over the British employed and self-employed taxpayers and found that social norms as perception of usual behaviour in one's reference group were among the most important factors related to tax compliance. In the conclusion, the authors mentioned that uncertainty of what an appropriate, correct and objective behaviour is, lead people to feel the influence of social norms that drive a particular group of people from which they are ready to get reference and to which they feel they belong and can attach their identity.

A 2003 publication by Trivedi, Shehata and Lynn records that peer reports influenced participants' compliance in an experiment. Weigel, Hessing and Elffers in their attempt to developing a tax evasion model, tried to integrate social norms in the model, labelling them as 'social control'. In addition, they defined them by considering the concept of reference group as 'a number of evaders in individual's reference group'. However, Schwartz and Orleans (1967) and Spicer and Lundstedt (1976) retain that personal norms that drive tax payers' behaviour may have significant effects in triggering compliance than enforcement sanctions. So, if taxpayers get acquired with the knowledge that many people in their reference group and to whom they show respect perform tax evasion practices, then their commitment to social norms will see an incredible fall and will become weaker. Concluding his review on 'Psychology of taxation' in 1982, Lewis maintains that opportunities that seem illegal, and the possible relationship with citizens who commit tax evasion, especially the learning from them about how they succeed in adopting non-compliance behaviour, are among majors factors that determine the conduct to tax evasion.

If, on belief, an individual perceives non-compliance as a widespread activity and a socially accepted behaviour, then this individual is likely to let compliance go non-compliant. However, it is very complex to build any relationship between social norms and tax compliance. As consistent research evidently showed the relevance of individuals' personal norms in determining their tax compliance, the effect of social norms on tax compliance behaviour is not clear enough. Referring to self-categorisation theory by Turner and Onorato (1997), Wenzel (2004a) shows that individuals' sense of belonging to a particular group of people is shaped by social norms of that group. This means that these norms influence their conduct. Therefore this theory shows a necessity

of having a redefinition of the existing relationship between social influence and social norms.

As Wenzel explains, the analysis differs from traditional dual-process accounts of social influence, which distinguish between informational and normative influence. According to Kirchler (2004), the traditional approach assumes that the informational value of social influence leads to change of attitudes, whereas normative influence leads to mere outward compliance without being reflected in a change of one's personal beliefs. Individuals often regard norms as externalities (external forces) by which they have to abide and control their behaviour accordingly.

In contrast, self-categorisation theory seeks for a unification in social influence process where normative and informational influence work as interactive processes. Normative influence is regarded as true influence because it is based on ways individuals internalise the views of the relevant others. This is to mean that members belonging to a particular social class are expected to demonstrate the same ideas, and similar social approaches as those prevailing in that group. With regard to social norms and tax compliance, Wenzel offered a fruitful conclusion that taxpayers are more likely to be influenced by other taxpayers whom they consider to be of a relevant category that reflects their "self". In other words, it is a group of people for which they feel to have identical resemblance.

Arguably, if a group of members is not perceived as making part of one's self-category, and where the possibility of identification is low, a few could be considered in terms of expectations for people to hold similar views and act accordingly. Individuals may even go further distancing themselves from such groups. In an Australian survey involving 2,000 taxpayers, which assessed tax non-compliance (i.e., non-lodgement, tax debts, not declaring all or part of pay income, exaggerating deductions), personal norms were shown to be having significant impact on tax compliance as reported by taxpayers. Additionally, the interaction that connects the identity of being Australian and the perception of social norms had a significant impact on reporting non-compliance behaviour of taxpayers. This confirms the argument by Wenzel that the higher the identification was, social norms were perceived to be stricter, and more likely taxpayers tended to comply (Kirchler, 2004, p.67-8). In the case where a taxpayer is accused of evasion, he or she may argue that 'everyone' evades or refer to unfair exchange with the state or unfair treatment by the government (Falkinger, 1988).

In her investigation about taxpayers' attitudes and fairness judgements, Taylor makes similar views when he says that social identity is crucial element therefore fairness perception and attitudes are reliant on the feeling of identification individuals relate to a particular reference group, friends for example.

Thus, in order for identification to produce influencing effects, communication of behaviour and social norms should focus on the superordinate level. In other words, therefore, if a taxpayer's' believes that tax compliance in his or her country is perceived as a virtue and the majority of people comply and condemn evasion, then he or she is more likely to comply, compared to a taxpayer who considers her or his occupational group one which is also against evasion (Kirchler, 2004). Finally, in respect of Taylor's and Wenzel's theoretical arguments, we can retain that tax authorities should favour communicating social norms on the superordinate level (collective level) in order to increase a sense of civic duty as a norm with ability to foster compliance behaviour in society. The virtue of civic duty should be associated with quality mending a shifting process from the self to communal frame of concerns that is from 'me to us', implying a decrease in personal self-interest and an increase in concerns of common about outcomes for all (Taylor, 2003, p.75).

2.4.3.3. Societal Norms

On a conceptual level, norms as behaviour standards are categorized in three levels, starting from individual across social reference group to collective level. On the individual level, norms offer a description of standards of how to behave which individuals internalize; while on the social level, norms define the attachment behaviour of a social entity or group such as friends and acquaintances, on the collective, national or superordinate level norms determine cultural standards mirrored often in the law. An important study addressed the question of subjective perception associated with the habits and behaviours of tax payers in their reference groups, and on the ground of cultural norms. All these aspects were assessed in order to discover their tax morale, their civic duty and the impact of cultural norms on their compliance behaviour (Kirchler, 2004.p.71).

In fact, institutions and norms that reflect culture often play a major role of determining instruments of tax compliance behaviour. According to Schmölder (1970b), individuals' compliance with tax laws is not except a behaviour problem and the success of laws of

tax is attributable to cooperation. Similarly, Martinez-Vazquez and Schneider (2004) mentioned that the existing discrepancies in citizens' compliance behaviour in the whole nation depend on norms and the degree of trust citizens have in their government. Bringing further light of evidence to this thinking, using the World Values Survey data for the post-reunification period involving the years 1990-1997 in Germany, Togler (2003a) found that citizens of East Germany got acquired with very enforcing norms triggering compliance compared to citizens living in the West of Germany. His finding also revealed that inhabitants in the East of Germany had norms and a tax morale that were seemingly eroding over time.

The acknowledgement of the relevance of norms in society is pairing with the demand to reconsider the nature of interaction that dominates the kind of cooperation which exists between authorities and people. This recognition may help reduce the shaking distance in society and empower administrative leadership leading to trust and cooperation (Feld and Frey, 2005).

Instead of giving very harsh responses to non-compliant taxpayers with the support of intrusive audits and heavy punishment, the use of adequate supportive communication and interaction between tax authorities and citizens, which inspire trust as well as appeals to cooperate, will enhance compliance. According to Stainer, Stainer and Segal (1997) the planning of tax has to be practised in situations of absolute integrity, or in an environment of reciprocal trust where ethics prevail the climate. Additionally, the behaviour of people to morally act well shows to some best extent part of a civilized society. No more is accepted no less is affirmed (p.218).

CHAPTER 3. RESEARCH DESIGN AND METHOD

3.1. Introduction

This chapter gives a description of the research design and illustrates all methods involved in this study. These survey methods include data collection methods, which embed all survey procedures, development of the questionnaire and sampling frame, and all the techniques involved with data analysis.

3.2. Data Sources and Methods of Collection

This section illustrates all processes involved with data collection. It also includes a description of survey procedures, sampling frame and all cases (respondents) involved. Measures used to increase the level of respondents in response to bureaucratic obstacles are also mentioned. Primary data were collected through close-ended questionnaires in the form of a Likert- Scale in the form of “Completely disagree”, “disagree”, “undecided”, and “Completely agree”, “Agree”.

3.2.1. Sampling Frame and Survey Procedures

The study was conducted in Marmara Region through a region wide questionnaire, which was carried out in a number of selected universities. After piloting the survey on a selected group of 16 universities, a total number of 500 copies of close-ended questions were distributed to individual students randomly selected as lay people (i.e. non-tax specialists).

3.2.2. The Respondents

Unlike Spicer and Lundstedt (1976), Song and Yarbrough (1978) and Kasipillai and Baldry (1998) who targeted heads of households in order to build a unit of survey analysis, the pilot target of this study aims at involving foreign students as a unit of analysis. Although, this study will not provide an absolute image of tax compliance, it is acknowledged that a complete picture of their beliefs, attitudes towards taxation, their level of tax morale will be mentioned. Tax knowledge, the role of taxation in defraying government expenditures, their behavioural attitudes in asking for receipts, which might be an obstacle to a possible tax evasion by sellers, will be also exhibited.

3.2.3. Measures to Increase Respondents Rate

Research has demonstrated that direct methods of distributing surveys are more efficient in producing reliable rate of participation than any other methods (i.e. indirect survey methods). However, with the level of respondents expected to reach a thousand participants (1000 respondents), only 500 was the total number of all the respondents. The survey faced lower response rates, not because of respondents conveying surveys conducted in tax discipline less attention, but because of lack of effective consistency in the nature of bureaucracy during this conduct. Thus, non-profit making organizations such as UDEF (and many more others) have been helpful in helping reach the actual overall number of respondents.

3.2.4. Disseminating Survey Time

The cycle of survey dissemination was framed through a window time of two months. Thus, the survey dissemination was conducted between October and November 2018.

3.2.5. Booklet Appearance of Survey Question

The questionnaire was printed in a quality coloured style to ensure a readable layout so that respondents would understand that a serious academic research was being conducted. However, Bryman and Bell (2003:144) and Hong (2005:51) mentioned that identifying the sponsorship of a study is an effective method of increasing the respondent rate. Because respondents will consider the research valid, and has gone through a serious scrutiny revision and evaluation. An attachment letter from the department of ethics from Sakarya University accompanied the questionnaire in an attempt to obtain valid and honest responses from randomly selected respondents.

3.2.6. The Nature of Questionnaire and Variable Development

The questionnaire was both in English and in Turkish language. The reason for that was to facilitate respondents during their assessments. Additionally, the survey question was also divided into 5 questioning parts.

3.3. Empirical Analysis of Variables Sections

3.3.1. Section A: Demographic Peculiarities of Rows

This section reports some important demographic characteristics of respondent students considered during the analysis of obtained data.

3.3.1.1. Section A.1: Frequency Distributions and Reliability Analysis

Of primarily respect, frequency peculiarities of the distributions are reported in this subsection. A test detecting whether there was or not consistency in the data obtained was also run by using Cronbach's reliability test.

Table 3.1:
Demographic peculiarities of the respondents using age

| Age range | Frequency | Percentage | Cumulative % |
|--------------|------------|--------------|--------------|
| Under 26 | 329 | 75.8 | 75.8 |
| 26 and above | 121 | 24.2 | 100.0 |
| Total | 450 | 100.0 | |

Table 3.1. gives a description of active rows during distribution of the survey question in Marmara Region. The top age row failed to reach 65 years making it difficult to establish a distribution age based on a classification, which is internationally recognized. Thus, the age group frequency distribution was divided in two categories: under 26 years and 26 and above.

Table 3.2:
Demographic peculiarities of the respondents using gender

| Gender Group | Frequency | Percentage | Cumulative % |
|--------------|------------|--------------|--------------|
| Female | 193 | 38.6 | 38.6 |
| Male | 307 | 61.4 | 100.0 |
| Total | 500 | 100.0 | |

Table 3.2. is an illustration that reflects gender participation of male and female, which ended up revealing a 38.6% of female participation the rest of whom were males.

Table 3.3:
Demographic peculiarities of the respondents using marital status

| Marital Status | Frequency | Percentage | Cumulative % |
|----------------|------------|--------------|--------------|
| Married | 57 | 11.6 | 11.6 |
| Single | 435 | 88.2 | 100.0 |
| Widow/widower | 1 | .2 | |
| Total | 493 | 100.0 | |

Table 3.3. represents three different marital status of respondents to the survey. While the percentage rate of widow and widowers is extremely miniscule, the percentage rate of

single respondents is shown to be higher (88.2%) than the rest, of which constituted married respondents.

Table 3.4:
Demographic peculiarities of the respondents using the status of scholarship ownership

| Scholarship | Frequency | Percentage | Cumulative % |
|--------------|------------|--------------|--------------|
| Yes | 158 | 32.8 | 32.8 |
| No | 324 | 67.2 | 100.0 |
| Total | 482 | 100.0 | |

Of the majority of respondents, Table 3.4. shows that a miniscule number of respondents affirmed to be have been granted a scholarship by the Turkish government while 67.2 percent of the overall number of respondents said to have no scholarship granted by the Turkish government.

Table 3.5:
Demographic peculiarities of the respondents using education

| Level of Education | Frequency | Percentage | Cumulative % |
|---------------------------|------------|--------------|--------------|
| Tömer (Turkish Language) | 161 | 32.8 | 32.8 |
| Freshman | 73 | 14.9 | 47.7 |
| Sophomore | 54 | 11.0 | 58.7 |
| Junior | 53 | 10.8 | 69.5 |
| Senior | 40 | 8.1 | 77.6 |
| Masters | 78 | 15.9 | 93.5 |
| PHD | 32 | 6.5 | 100.0 |
| Total | 491 | 100.0 | |

The classification for the level of education of participants in Table 3.5. leaves a general overview of the different educational degrees of individual students responding to the survey. The findings suggest emphasizing that many of the participants have been students under initiation to Turkish language before starting their normal classes in their respective fields of study. The least percentages of participation were none except that of PhD and senior students. There was a relatively great weight in frequency participation for sophomore in comparison to senior respondent students.

Table 3.6:
Frequencies with respect to respondents' income

| Monthly Income (TL) | Frequency | Percentage | Cumulative |
|---------------------|-----------|------------|------------|
| 0-500 | 102 | 23.8 | 23.8 |
| 501-1000 | 200 | 46.6 | 70.4 |
| 1001-1500 | 63 | 14.7 | 85.1 |
| 1501-2000 | 26 | 6.1 | 91.1 |
| 2001-2500 | 12 | 2.8 | 93.9 |
| 2501-3000 | 9 | 2.1 | 96.0 |
| 3001-3500 | 4 | .9 | 97.0 |
| 3501-4000 | 3 | .7 | 97.7 |
| 4001-4500 | 5 | 1.2 | 98.8 |
| 4501-5000 | 2 | .5 | 99.3 |
| 5000 above | 3 | .7 | 100.0 |
| Total | 429 | 100.0 | |

Using income to demonstrate demographic peculiarities of respondents in respect to the amount of money they gain every month, Table 3.6. shows that of the 429 participant students 403 respondent students had an income level lower than the gross minimum wage per month in Turkey (TRY 2558.4)¹⁴. The remaining number of respondent students had an income size higher than the national gross minimum wage in Turkey either 6% of all respondents.

Table 3.7:
Sequential frequencies of the respondents with respect to durability

| Duration of stay in terms of months | Frequency | Percentage | Cumulative % |
|-------------------------------------|-----------|------------|--------------|
| 1-50 | 393 | 82.6 | 82.6 |
| 51-100 | 80 | 16 | 98.6 |
| 101-150 | 23 | 0.6 | 99.2 |
| 151-200 | 1 | 0.2 | 99.4 |
| 201-500 | 3 | 0.6 | 100.0 |
| Total | 500 | 100.0 | |

Table 3.7. shows that the highest percentage of respondents 82.6% resides in the interval between 1 to 50 months of stay. While the least of percentages was 0.2 % residing between 151-200 months, 16 % was for the interval between 51 and 100 months. The interval between 101 and 150 months, and that between 201 and 500 months had an identical percentage i.e. 0.6%¹⁵.

¹⁴ Actual income status as published by The Turkish Statistical Institute TURKSTAT. This information is available on <http://www.turkstat.gov.tr/Start.d>

¹⁵ The length of stay was initially expressed in years. However, due to lack of consistency in view of frequency, the length initially expressed in years had to be transformed into months in order to have consistency in analysis.

**Table 3.8:
Reliability Test**

| | | | | | |
|--|--------------|----------------|--|--------------|----------------|
| Number of Applied Cases for Analysis : 500 | | | | | |
| Item means | Means | Minimum | Maximum | Range | Max/Min |
| | 3.167 | 2.446 | 4.175 | 1.729 | 1.707 |
| Reliability Coefficients | | | 27 items (in test) | | |
| Cronbach's Alpha | .775 | Cronbach's | Alpha based on standardized item: .871 | | |

Of the basic methods to evaluate the internal consistency reliability of the scale, Cronbach's Alpha was used in Table 3.8. Thus, Cronbach Alpha was estimated at .775. This means that 77% of variability in a composite score by combining all the items (as submitted to the analysis), will be called the true score variance i.e. reliable (internally consistent reliable variance). A corrected item-total correlation was also satisfactory as it ranged between .30 and .70

3.3.1.2. Section B: General Representations of Rows on Tax Perceptions

This section consists of an overview assessment of individual respondent students' representations about some specific issues related to the general knowledge of the tax.

a. Tax a civic duty

This part of analysis found usefulness to use age-based characteristic approach as mentioned in the Table 3.9. below in order to uncover to some higher extents the representations of individual respondent students on the nature of the civic duty of the tax payment.

**Table 3.9:
By age tax as a civic duty**

| Age | Completely Disagree | Condensed Percentage | Completely Agree | Condensed Percentage | Undecided | Condensed Percentage | Total Frequency percentage |
|--------------------|----------------------------|-----------------------------|-------------------------|-----------------------------|------------------|-----------------------------|-----------------------------------|
| Under 26 years | 58 | 17.9 | 244 | 67 | 63 | 15.1 | 100 |
| 26 years and above | 29 | | 80 | | 10 | | |
| Total | 87 | 17.9 | 325 | 67 | 73 | 15.1 | 479 |

By using two by two cross tabulation analysis Table 3.9. reveals that 17.9% of overall respondent students both aged between 15 -25 and 26 and above, completely disagree to the statement question 'tax is a civic duty'. While the same age ranges remained at 15.1% undecided, 67% of the overall number of respondent students have completely agreed to the idea that tax payment is a civic duty. This means that at majority, all respondent

students acknowledge one of the utmost value of their civic duties being in their willingness to comply with the tax law, hence their tax payment. Notwithstanding, there was not statistically speaking, any significant difference associating the nature of the tax as a civic duty with the ages of respondents as P value was not lesser than alpha, $P = .403 > .05$ alpha.

b. Tax a moral duty

Unlike civic duty, which is an action required by the law for a citizen to perform and hence abide by, a moral duty is any action required by morality or the responsibility to being a human. The state of understanding by individual respondent students of the association of morality or moral duty and moral responsibility to tax and its intrinsic values is mentioned in the Table 3.10. below where age was conditional to analysis

Table 3.10:
Frequencies of respondents with respect to age associated with tax as a moral duty

| Age range | Definitely disagree | Disagree | Undecided | Completely Agree | Agree | Cumulative |
|--------------|---------------------|----------|-----------|------------------|----------|------------|
| Under 26 | 22 | 34 | 67 | 95 | 152 | 370 |
| 26 and above | 8 | 15 | 19 | 39 | 39 | 120 |
| Total | (6.12%) | (10%) | (17.55 %) | (27.34%) | (38.97%) | (100%) |

When examining the statistical frequencies of tax as a moral duty in respect to age ranges of participants, it is revealed in Table 3.10. that, 30 individuals either 6.12% of all participants definitely disagree and 49 individuals either 10% disagree to ‘*paying taxes is a moral duty of every citizen*’. Although 86 individuals (17.55%) silenced their voice to the statement, 191 participants either 38.97%, agreed; followed by 27.34% of individuals in complete agreement to the statement. Altogether, with no further disagreement, students have highly acknowledged the positive association of tax payment to the duties of morality hence moral principles to tax payment and vice-versa.

c. Tax evasion a robbery (theft)

The idea of incorporating gender in research has fast developed in recent decades. Since gender research consists today of a broad field of different theoretical and thematic approaches, such as equality studies, equal take in community responsibility, and power of gender in vote-casting, this study selected the same approach to depict the perceptions of students about the social phenomenon mentioned in Table 3.11. below.

Table 3.11:
Reflective frequencies of gender associated with tax evasion as robbery/ theft

| Gender | Definitely disagree | Disagree | Undecided | Completely Agree | Agree | Total |
|--------------|---------------------|----------|-----------|------------------|-------|--------|
| Male | 8.8% | 19.2% | 22.9% | 30.3% | 18.9% | 100.0% |
| Female | 9.9% | 17.6% | 22.5% | 31.3% | 18.7% | 100.0% |
| Total | 9.2% | 18.6% | 22.8% | 30.7% | 18.8% | 100.0% |

In fact, tax evasion is a mechanism used by individuals to increase their self-interest. However, in the process toward increasing self-benefits via tax evasion, individuals may develop intrinsic manifestation for natural hesitation as mentioned there above (Table 3.11.). Upon considering gender, 8.8% of males and 9.9% of females completely disagreed to tax evasion being a robbery or theft. Despite a 22.8% of the overall males and females undecided, 30.7% of the overall males and females agreed to ‘*tax evasion is like a robbery or theft*’ and 18.8% of the same overall was in complete agreement. This is to mean that the reactions of the majority of male and female students towards any attempt by individuals to evade tax was strict suggesting even to consider the attempt itself as an act of coward.

d. Tax a community responsibility

Individuals have duties and obligations to the community, which include cooperation, respect and commitment or participation. The concept of community responsibility goes beyond thinking and acting as individuals to common beliefs about shared interests and life. While most people would rapidly accept to be in favour of the act of voting in elections as a basic community responsibility, individual respondent students acknowledged (Table 3.12.) tax payment as entirely a community responsibility.

Table 3.12.
Gender- tax payment (a community responsibility)

| Gender | Definitely disagree | Disagree | Undecided | Completely Agree | Agree | Total |
|--------------|---------------------|----------|-----------|------------------|-------|--------|
| Male | 4.4% | 9.2% | 18.0% | 36.9% | 31.5% | 100.0% |
| Female | 6.7% | 6.1% | 23.3% | 41.3% | 22.2% | 100.0% |
| Total | 5.3% | 8.0% | 20.0% | 38.7% | 28.0% | 100.0% |

The explanation figures above mention that 13.6 % and 12.8% of both male and female respondents definitely disagreed that every person with a sense of community attachment must pay their full tax. However, while a little percentage of both male and female respondents remained undecided to “*a person with a responsibility to the community must pay full tax*”, 68.4 % and 63.9% of both male and female respondents completely agreed

that any tax payment by individuals is a clear sign of their commitment to community responsibility

e. Paying no tax an ethical wrongness

Consequentialism says right or wrong depend on the consequences of an act, and that the more the good consequences are produced, the better the act¹⁶. Of all the things a person might do at a given time in life, the morally genuine action is the one with best overall consequences. Thus, the fact of individuals trying to escape paying taxes can be viewed by very many, as it was viewed in Table 3.13. by individual respondent students, as an act of ethical wrongness.

**Table 3.13:
Gender- non-payment of tax (an ethically wrong act)**

| Gender | Definitely disagree | Disagree | Undecided | Agree | Completely Agree | Total |
|--------------|---------------------|----------|-----------|-------|------------------|--------|
| Male | 9.3% | 13.7% | 21.3% | 35.0% | 20.7% | 100.0% |
| Female | 8.3% | 12.2% | 32.8% | 35.0% | 11.7% | 100.0% |
| Total | 9.0% | 13.1% | 25.6% | 35.0% | 17.3% | 100.0% |

Table 3.13. shows that the reactions of male and female respondent students to the non-payment of tax by individuals as an ethically wrong act. Because even if 23% of males and 20.5% of females claimed that not paying tax was definitely not wrong on an ethical basis, a higher percentage affirmed that not to pay taxes is completely an ethically wrong act 55.7%. In addition to the affirmation by male respondent students, taking female respondents alone, 46.7%¹⁷ of them completely agreed to the assertion that “*I think it is ethically wrong not to pay taxes*”. A very few of overall percentages remained undecided however.

¹⁶ http://www.bbc.co.uk/ethics/introduction/consequentialism_1.shtml

¹⁷ The consideration of percentages is condensed in this interpretation on both female side and male’s side. This practice was also applied to other analyses in this study.

3.3.1.3. Section C: Building Comparative Representations

Table 3.14:
Frequencies with respect to respondents' view of tax fairness

| Home country (a) | Definitely disagree | Disagree | Undecided | Agree | Completely Agree | Total |
|-------------------|---------------------|----------|-----------|-------|------------------|--------|
| Gender | | | | | | |
| Male | 8.9% | 22.4% | 30.0% | 25.3% | 13.5% | 100.0% |
| Female | 7.7% | 26.9% | 26.3% | 19.9% | 19.2% | 100.0% |
| Total | 8.4% | 24.2% | 28.5% | 23.2% | 15.8% | 100.0% |
| Turkey (b) | | | | | | |
| Gender | | | | | | |
| Male | 3.4% | 16.7% | 56.4% | 19.2% | 4.3% | 100.0% |
| Female | 12.7% | 12.7% | 55.7% | 14.6% | 4.4% | 100.0% |
| Total | 7.1% | 15.1% | 56.1% | 17.3% | 4.3% | 100.0% |

The question of fairness perception is very crucial in the understanding of the type of relationship and cooperation that exists between citizens and their authorities. Fairness perception is the source of different labels individuals might attribute to their government authorities and to the existing fiscal measures. The Table 3.14. (a) reveals higher claims of disagreement to tax being unfair in respondent students' home country. With a little consideration, ornamenting unfairness in both the two side factors under study, however, still higher is the revealing of fairness in Turkey (Table 3.14. (b)). Thus, with as higher the positive perceptions of individual students on fairness in their home country (38.8%-39.1% male and female) as relatively high their fairness perceptions towards tax system in Turkey (20.1%-25.4% male and female), the notion of basic justice¹⁸ was acknowledged to be available from within. These findings both answered the questions: *"I do not think that taxes are fair in my country"*, and *"I do not think that taxes are fair in Turkey"*.

¹⁸ It consists here of vertical and horizontal justices. In fact, the understanding of both vertical justice and horizontal justice, and the take to abide by, are subject to fairness perceptions of individuals.

Table 3.15:
**Descriptive Statistics of respondents on awareness of percentage rate in
consumption goods - home country**

| By gender (a) | Definitely disagree | Disagree | Undecided | Agree | Completely Agree | Total |
|--|--------------------------------|-----------------|------------------|--------------|-----------------------------|--------------|
| Male | 10.1% | 27.7% | 28.6% | 25.2% | 8.4% | 100% |
| Female | 8.1% | 24.8% | 40.4% | 20.5% | 6.2% | 100% |
| Total | 9.3% | 26.6% | 33.3% | 23.3% | 7.5% | 100% |
| By level of education (b) | | | | | | |
| Tömer | 8.5% | 24.8% | 34.2% | 25.6% | 6.8% | 100% |
| Freshman | 15.1% | 24.5% | 28.3% | 26.4% | 5.7% | 100% |
| Sophomore | 8.5% | 34.0% | 27.7% | 23.4% | 6.4% | 100% |
| Junior | 4.4% | 28.9% | 33.3% | 17.8% | 15.6% | 100% |
| Senior | 13.2% | 31.6% | 39.5% | 13.2% | 2.6% | 100% |
| Masters | 7.8% | 26.6% | 35.9% | 23.4% | 6.3% | 100% |
| PhD | 7.1% | 17.9% | 35.7% | 32.1% | 7.1% | 100% |
| Total | 9.2% | 26.8% | 33.4% | 23.5% | 7.1% | 100% |

Table 3.15. (a) set out a profile of respondents on awareness of the taxing percentage rate on consumption goods by gender. Condensed, a considerable number of female and male respondent students in percentage terms completely disagreed to be aware of the taxing percentage rate when purchasing consumption goods in their home country. Even if, however, 40.4% and 28.6% of both female and male respondent students silenced their decision, 26.7% of female respondent students and 33.6 % of male respondent students agreed to be aware of the taxing percentage rate they pay when purchasing consumption goods in their home country.

Furthermore, Table 3.15. (b) shows that 39.3% of PhD respondent students affirmed to have awareness of the percentage of the tax rate they pay when purchasing consumption goods against 24% of complete disagreement. 29.7% of respondent students in Master degree claimed to have been aware of the taxing percentage rate against 34.4% of complete disagreement. This is to mean that, to the opposite of all the agreements by individual respondent students to have been aware of the taxing percentage rate on consumption goods, with respect to their respective level of education, level of disagreement was a very prevalence from all. However, Turkish language respondent students had a relatively equal size of agreement and disagreement to the statement question “*I am not aware of the percentage of taxes I pay when purchasing consumption goods in my country*”.

Table 3.16:
Descriptive Statistics of respondents on awareness of percentage rate in consumption goods in Turkey

| By gender (a) | Definitely disagree | Disagree | Undecided | Agree | Completely Agree | Total |
|--------------------------------------|----------------------------|-----------------|------------------|--------------|-------------------------|--------------|
| Male | 11.5% | 27.8% | 14.9% | 15.0% | 3.8% | 100% |
| Female | 12.1% | 20.8% | 46.3% | 17.4% | 3.4% | 100% |
| Total | 11.7% | 25.1% | 43.6% | 15.9% | 3.7% | 100% |
| By level of education (b) | | | | | | |
| Tömer | 12.6% | 20.7% | 45.9% | 17.1% | 3.6% | 100% |
| Freshman | 9.8% | 33.3% | 33.3% | 19.6% | 3.9% | 100% |
| Sophomore | 16.3% | 16.3% | 58.1% | 7.0% | 2.3% | 100% |
| Junior | 18.2% | 31.8% | 34.1% | 6.8% | 9.1% | 100% |
| Senior | 7.9% | 31.8% | 55.3% | 15.8% | 0.0% | 100% |
| Masters | 9.7% | 25.8% | 40.3% | 21.0% | 3.2% | 100% |
| PhD | 7.1% | 39.3% | 32.1% | 21.4% | 0.0% | 100% |
| Total | 11.9% | 25.5% | 43.2% | 15.9% | 3.4% | 100% |

Unlike the findings provided in the Table 3.15. (a), individual respondent students voiced less in terms of percentage on agreement to being aware of the taxing percentage rate on their daily consumption goods in Turkey Table 3.16. (a). Whereas their level of disagreement was relatively the same for both Turkey and their home country in terms of frequencies, still many of them highly remained undecided in terms of percentages.

Nevertheless, as revealed in Table 3.16. (b) 21.4% of the overall PhD respondents students affirmed to have been aware of the taxing percentage rate applied in Turkey, majority of whom completely agreed to the question of the survey *“I am not aware of the percentage of taxes I pay when purchasing consumption goods in Turkey”*. Despite all these discrepancies between agreement and disagreement by individual respondent students on their tax awareness in Turkey based on both factors (gender and education), their level of agreement and disagreement in regard to their country of origin was greater than the earlier (Turkish one) as mentioned in Table 3.15. (a&b).

Table 3.17:
Descriptive Statistics of respondents on tax burden- home country

| By gender (a) | Definitely disagree | Disagree | Undecided | Agree | Completely Agree | Total |
|--|--------------------------------|-----------------|------------------|--------------|-----------------------------|--------------|
| Male | 11.0% | 28.4% | 22.0% | 20.8% | 17.8% | 100% |
| Female | 10.5% | 21.6% | 19.8% | 30.2% | 17.9% | 100% |
| Total | 10.8% | 25.6% | 21.1% | 24.6% | 17.8% | 100% |
| By level of education (b) | | | | | | |
| Tömer | 9.3% | 22.9% | 20.3% | 28.8% | 18.6% | 100% |
| Freshman | 9.3% | 24.1% | 27.8% | 18.5% | 20.4% | 100% |
| Sophomore | 13.3% | 31.1% | 13.3% | 31.1% | 11.1% | 100% |
| Junior | 22.2% | 24.4% | 20.0% | 17.8% | 15.6% | 100% |
| Senior | 15.8% | 31.6% | 18.4% | 15.4% | 15.8% | 100% |
| Masters | 4.6% | 32.3% | 18.5% | 20.0% | 20.0% | 100% |
| PhD | 7.1% | 14.3% | 25.0% | 35.7% | 17.9% | 100% |
| Total | 10.9% | 26.0% | 21.4% | 24.2% | 17.6% | 100% |

Table 3.17. (a) sets out a profile of respondent students' perception of the tax burden based on their gender. The results from individual student's self-assessment of their understanding of this effect producing tax burden were as such the degree of the percentage of female in disagreement 32.1% was lower than 48.1% in agreement to "*Tax burden is very high in my country*". On the contrary, the percentage level 39.4% of male respondent students in disagreement was relatively higher than 38.6% in complete agreement to the same survey statement.

Moreover, having a look at the same Table 3.17. section (b), interesting findings appear to be clearly disconnecting with previous findings obtained with the help of gender as a factor for analysis. Whereas Tömer Language students had not been highly vocal on previous findings, on tax burden an echoing voice was remarkable. Except only a very few of them, the majority of the Language students agreed that the tax burden was very high in their country of origin 47.4%. In support to this remarkable voice, PhD respondent students claimed also that tax burden 53.6% was high in their home countries. Despite having some disagreement to the same statement from all levels of education, still respondent students in Master's degree 38.5% agreed that the tax burden was very high in their country of origin.

Table 3.18:
Descriptive Statistics of respondents on tax burden – in Turkey

| By gender (a) | Definitely disagree | Disagree | Undecided | Agree | Completely Agree | Total |
|--|--------------------------------|-----------------|------------------|--------------|-----------------------------|--------------|
| Male | 5.1% | 9.4% | 27.8% | 34.6% | 22.6% | 100% |
| Female | 12.2% | 10.3% | 31.4% | 28.2% | 17.9% | 100% |
| Total | 7.9% | 9.7% | 29.2% | 32.1% | 20.8% | 100% |
| By level of education (b) | | | | | | |
| Tömer | 2.6% | 10.4% | 38.3% | 27.8% | 20.9% | 100% |
| Freshman | 23.5% | 11.8% | 21.6% | 17.6% | 25.5% | 100% |
| Sophomore | 9.1% | 4.5% | 31.8% | 45.5% | 9.1% | 100% |
| Junior | 6.8% | 11.4% | 25.0% | 38.6% | 18.2% | 100% |
| Senior | 0.0% | 10.5% | 13.2% | 47.4% | 28.9% | 100% |
| Masters | 9.5% | 11.1% | 27.0% | 30.2% | 20.6% | 100% |
| PhD | 10.7% | 7.1% | 32.1% | 25.0% | 25.0% | 100% |
| Total | 8.1% | 9.9% | 29.0% | 31.9% | 20.9% | 100% |

All the representations of individual respondent students in the following Table 3.18. (a) below have not been far from the findings previously obtained where students had made very strong acceptances to the highness of the tax burden in their country of origin. Because only a few of the male and female students' representations did disagree on the tax burden being higher in Turkey. Since most illustrative figures made clear announcement of the highness of the tax burden 57.2% males and 46.1% female students, it becomes obvious to suggest that the findings are supportive to previous results on tax burden.

Either ways, it can be seen in Table 3.18. (b) that all students from their different educational backgrounds had a strong say not lesser than 10% disagreeing that the tax burden was very high in Turkey. However, on the same account of consideration, the vocal say undertaken on agreement by all the students toward tax burden was higher than the lesser; the 10 % obtained in disagreement such as 25% and 28.9% senior students the latter and PhD students the earlier favouring the close-ended assertion that *“I think that tax burden is very high in Turkey”*.

Table 3.19:
Descriptive Statistics of respondents' perceptions about tax influence on consumption pattern

| Turkey | Definitely Disagree | Disagree | Undecided | Agree | Completely Agree | Total |
|--------------------------|----------------------------|-----------------|------------------|--------------|-------------------------|--------------|
| By marital status | | | | | | |
| (a) | | | | | | |
| Married | 4.2% | 8.7% | 28.3% | 19.6% | 19.6% | 100.0% |
| Single | 5.6% | 7.3% | 38.4% | 12.2% | 12.2% | 100.0% |
| Widow/widower | 0.0% | 0.0% | 0.0% | 100.0% | 100.0% | 100.0% |
| Total | 5.1% | 7.5% | 37.1% | 37.1% | 13.3% | 100% |
| Home country | | | | | | |
| By marital status | | | | | | |
| (b) | | | | | | |
| Married | 4.2% | 22.9% | 36.6% | 27.1% | 6.3% | 100.0% |
| Single | 5.6% | 14.8% | 42.6% | 28.4% | 8.6% | 100.0% |
| Widow/widower | 0.0% | 100.0% | 0.0% | 0.0% | 0.0% | 100.0% |
| Total | 5.4% | 16.0% | 42.1% | 28.2% | 8.3% | 100.0% |

Table 3.19. illustrates that 27.1% of married students affirmed to be in total disagreement to consumption taxes influencing the consumption patterns of consumers in Turkey whereas 33.4% completely agreed. On the other hand, single respondent students slightly disagreed, having a roughly complete agreement equal to 37 percent. However, were neither the disagreement and agreement of married respondent students higher nor were single respondent students' than their lack of decision about the assertion "*Consumption taxes influence the consumption patterns of the people in Turkey*".

Considered opinions in Table 3.19. (b) mention enormously different associations by individual respondent students to an almost similar question "*Consumption taxes influence the consumption patterns of the people in my country*". This statement becomes obvious and starts to make sense of confidence as the agreement size of the respondent students considerably favoured accepting taxes having influence on consumption patterns and hence people's choices and decisions to buy in the markets. However, the associations to the statement question concerning Turkey and individual respondent students' home countries had one thing in common. The commonly shared view by the students on this issue was the size of lack of decision (undecided), which was higher for both sides than the agreement size and the disagreement size on the same questions.

Table 3.20:
Descriptive Statistics of respondents on tax a moral responsibility – home

| By gender (a) | Definitely disagree | Disagree | Undecided | Agree | Completely Agree | Total |
|--|--------------------------------|-----------------|------------------|--------------|-----------------------------|--------------|
| Male | 8.1% | 26.3% | 28.0% | 28.4% | 9.3% | 100% |
| Female | 7.9% | 21.1% | 28.9% | 32.9% | 9.2% | 100% |
| Total | 8.0% | 24.2% | 28.4% | 30.2% | 9.3% | 100% |
| By level of education (b) | | | | | | |
| Tömer | 5.2% | 25.0% | 30.2% | 30.2% | 9.5% | 100% |
| Freshman | 11.8% | 35.3% | 19.6% | 25.5% | 7.8% | 100% |
| Sophomore | 6.8% | 25.0% | 38.6% | 22.7% | 6.8% | 100% |
| Junior | 13.6% | 22.7% | 31.8% | 22.7% | 9.1% | 100% |
| Senior | 10.8% | 18.9% | 35.1% | 21.6% | 13.5% | 100% |
| Masters | 9.7% | 24.2% | 24.2% | 35.5% | 6.5% | 100% |
| PhD | .0% | 11.1% | 18.5% | 59.3% | 11.1% | 100% |
| Total | 8.1% | 24.4% | 28.6% | 29.9% | 8.9% | 100% |

The concept of tax a moral responsibility was being used in the survey questions as a proxy for tax morale utilized in order to uncover the kind of thoughts and beliefs that individual respondent students might have had for other people's perceptions about tax morale in their home countries.

On that account, Table 3.20. (a) outlays positive findings based on a gender-approach. The findings revealed that the size of agreement on acceptance that citizens in their home countries think that paying tax is a moral responsibility was high comparing to agreement on refusal. However, the size of 'undecided' was relatively high, approaching the size of 'agreement' and not far from the size of 'disagreement'.

On the other hand, based on the factor of the degree of education to provide information about respondent students' beliefs of the other's perceptions on tax payment as a moral responsibility Table 3.20. (b) reveals almost similar results as Table 3.20. (a). For, regardless of different levels of education, their disagreement size to "*In my country, people do not think that paying tax is a moral responsibility*" was higher than their agreement size. In other words, students accepted that people in their home country think that tax payment is a moral responsibility. A few of them completely disagreed (for example 47.1% -36.3% freshman students and junior students) that their people had a positive attitude toward the statement, which meant a lower level of tax morale.

The putting of the statement question, which was used to investigate individual respondent students' beliefs of the others perception of tax morale in Turkey, was in a negative form. This allowed the researcher to consider all the associations sided with

disagreement as positive whereas associations sided with agreement were assessed as if they were all positive (meaning negative).

Table 3.21:
Descriptive Statistics of respondents on tax a moral responsibility – in Turkey

| By gender (a) | Definitely disagree | Disagree | Undecided | Agree | Completely Agree | Total |
|--|--------------------------------|-----------------|------------------|--------------|-----------------------------|--------------|
| Male | 12.8% | 26.5% | 45.7% | 12.8% | 21% | 100% |
| Female | 10.1% | 22.8% | 45.6% | 14.1% | 7.4% | 100% |
| Total | 11.7% | 25.1% | 45.7% | 13.3% | 4.2% | 100% |
| By level of education (b) | | | | | | |
| Tömer | 9.8% | 26.8% | 44.6% | 15.2% | 3.6% | 100% |
| Freshman | 23.5% | 27.5% | 23.5% | 17.6% | 7.8% | 100% |
| Sophomore | 16.3% | 16.3% | 58.1% | 9.3% | 0.0% | 100% |
| Junior | 7.0% | 32.6% | 44.2% | 7.0% | 9.3% | 100% |
| Senior | 21.1% | 21.1% | 42.1% | 10.5% | 5.3% | 100% |
| Masters | 3.2% | 24.2% | 58.1% | 12.9% | 1.6% | 100% |
| PhD | 7.1% | 25.0% | 50.0% | 14.3% | 3.6% | 100% |
| Total | 11.9% | 25.2% | 45.6% | 13.0% | 4.2% | 100% |

On the account of this clarification, Table 3.21. (a) reveals that an important number of respondent students disagreed that people in Turkey do not think that paying taxes was a moral responsibility. This is to mean that the size number of agreement to the opposite statement question was higher than level of disagreement to it. Such a conclusion by students suggests saying that they acknowledged that the level of tax morale of Turkish citizens was high and hence a developed compliance behaviour.

Furthermore, considered opinions based on the degree of education as a factor of analysis, Table 3.21. (b) exhibits findings that stay side-by-side with the associations of individual students obtained previously and mentioned in the same table (a). On the same account of clarification, the disagreement size to “*In Turkey, people do not think that paying taxes is a moral responsibility*” was verily high. However, even if the agreement size to the statement was not as high as the disagreement size, still it was considerable. In other words, individual respondent students approved that the level of tax morale was high in Turkey suggesting to mention that the perceived high level of tax morale may have tremendous positive side effects on tax compliance behaviours.

3.3.1.4. Section D: Discussion and Development of Applied Hypotheses

This section presents a detailed discussion of the factors under study by assimilating the results from the survey. It presents a discussion based on how individual respondent students perceive the fairness of the tax systems both in Turkey and in their countries of origin, their tax awareness, tax knowledge, and the perceptions about the complexity of tax systems in the respective countries under study. Moreover, the development of the hypotheses is joint to this discussion to find whether there was or not any connection between the hypotheses developed herein and the discussion itself as reported from previous output results of the demographic statistics. By doing so, the study will be answering the hypotheses established below:

H1. There is significant difference in the fairness perceptions by students between Turkey and their home country.

H2. There is significant difference in the perceptions of the tax burden between Turkey and students' home country

H3. Students acknowledge the influence of tax on consumption behaviours both in Turkey and their home country.

H4. There is no significant difference in the levels of perceptions about the complexity of the content of the tax legislation between Turkey and students' home country.

Since the hypotheses above had to be checked, the skewness and kurtosis z-values analysis was processed by using IBM SPSS (Statistical Package for Social Sciences) program version 19 to test whether the distribution was normal or not. Failure to having a normally distributed database, it was imperative to apply nonparametric methods, most of which Chi-square test, Mann Whitney U test and Two Samples Kolmogorov- Smirnov test because the results obtained after normality test checking failed to stay in the span between -1.96 and +1.96 skewness and Kurtosis values.

3.3.1.4.1. Fairness Perceptions

The results from cross-tabulations analysis (in chap.3, section 3.3.1.4), comparing fairness perceptions of respondent students between Turkey and the country of origin, indicate that there had been significantly divergent levels of perceptions. The research

findings support the previous studies, which investigated various levels of fairness perceptions across countries (For instance, Etzioni, 1986; McKerchar, 2003; Richardson, 2005a; 2005b, 2006a; Verboon & Dijke, 2007). In respect to general fairness, individual respondent students perceived their tax systems as fairer than the Turkish tax system. Based on gender as a comparative unit of perceptions, the rates of agreement were as higher for both male and female respondents with regard to their country of origin (table.3.11a) than they were concerning Turkey (table.3.11b). Although respondents detected the level of complete unfair tax system in the country of origin, a considerably negative fairness perception (unfairness) was also associated with the Turkish tax system (see table3.11a&b). In other words, the findings from the closed-ended questionnaire further explain that individual respondent students had better perceptions of the tax system in their own country of origin than they had for the Turkish tax system.

The results from the survey conducted suggest that individual respondent students had significantly different dimensions of fairness perceptions. These findings answer to the questions ‘*I do not think that taxes are fair in my country*’ and ‘*I do not think that taxes are fair in Turkey*’ on a four scale Likert form.

However, the output results produced by Mann Whitney U Test suggest something quite different from the content of the hypothesis one (H1):

**Table 3.22:
H1 Test result**

| Label | Gender | N | Mean Rank | P (Asymp.sig) |
|--|--------|-----|-----------|---------------|
| I do not think that taxes are fair in my country | Male | 291 | 231.49 | .525 |
| | Female | 177 | 239.45 | |
| | Total | 468 | | |
| I do not think that taxes are fair in Turkey | Male | 288 | 241.49 | .116 |
| | Female | 180 | 223.31 | |
| | Total | 468 | | |

It is seen in the Table 3.22. that U value for males (home country) is lesser than males’ in Turkey and that U value for females (home country) is greater than females’ in Turkey. Likewise, both the two P values are greater than alpha, $p .525 > .05$ and $p .116 > .05$. Despite a slight difference in the values of Ps, the results still tell that there was statistically no significant difference in individual respondent students’ perceptions of the tax fairness for both the two factor sides under study hence the hypothesis was rejected. In other words, there has been a positive correlation in their perceptions of the fair tax as illustrated in Table 3.23. below.

**Table 3.23:
Correlation H1Test result**

| Label | Gender | N | Mean | Pearson correlation |
|--|--------|-----|------|---------------------|
| I do not think that taxes are fair in my country | Male | 291 | 3.14 | .045 |
| | Female | 177 | | |
| | Total | 468 | | |
| I do not think that taxes are fair in Turkey | Male | 288 | 2.98 | .045 |
| | Female | 180 | | |
| | Total | 468 | | |

Correlation was significant at the 0.05 level. However, unlike Mann Whitney U test, the interpretation of the output results requires going the opposite side. Whereas for Mann Whitney Test the null hypothesis or lack of significance is observed when p is higher than the significant value level, Pearson correlation coefficient observes this lack of statistical significance when the value is lower than the significant correlation value level 0.05. Considering this interpretative basis, the Pearson correlation coefficient value was found fragile in power than alpha that is $.045 < .05$ suggesting the existence of a positive correlative perception of the fair tax among students hence supporting the rejection produced by Mann Whitney U test (in the Table3.22.)above.

3.3.1.4.2. Tax awareness, Tax Burden, Tax morale

The findings from the survey provide detailed information concerning the levels of representations by individual respondent students over tax awareness (tax knowledge), tax burden and tax morale with respect to selected characteristics of units of comparison under study i.e. gender of respondent and level of education

The results obtained from the survey revealed that individual respondent students claimed to have a good level of general knowledge about Ta, Tb, and Tm¹⁹. Despite this claiming, discrepancies in the level of perceptions have been highly detected. Level of rejection to having awareness of the percentage rate of the paid tax was higher in Turkey than it was in their countries of origin. In other words, by using, gender as an important characteristic for the units of comparison this level of rejection or disagreement level was found higher in Turkey (table3.15a) than it actually was in their countries of origin (table3.11a).

The findings obtained from the utilization of the level of education in order to establish a comparison revealed the same results. Because even respondents with the highest level of education (Phd and master students) claimed rejection to agreement as it was

¹⁹ Ta reflecting Tax awareness, Tb (Tax Burden), and Tm (Tax morale)

mentioned in chapter 3 (table3.11a & table3.11b). Even if both male respondent students and female respondent students had relatively the same degree of agreement and disagreement to all the questions related to tax awareness both for Turkey and their country of origin, their knowledge about tax burden has revealed not relatively the same standard of appreciation but gender-based contrasting results.

The evaluation of perceptions on the highness of tax burden between the respective countries under study demonstrated that both male and female respondent students agreed that tax burden was as higher in their country of origin as it actually was in Turkey. Surprisingly enough, female respondent students went even further showing that the level of tax burden in their country of origin was higher than the one available in Turkey (table3.14a & table3.15a). In addition to male respondents having disagreed on behalf of their country of origin, still the participation of female respondent students to disagreement of the question *'Tax burden is very high in turkey'* was considerable. Using the level of education as a useful proxy for assessment, majority of participants from the lowest level of education (example, Tömer students) to the highest available in the study (for example, PhD students), have highly agreed that tax burden rate was higher in their countries (table3.14b) than it was in Turkey actually (table3.15b). Even their level of disagreement was double the level of disagreement in Turkey.

Moreover, the comparative assessment exposed very interesting results, which were associated with individual respondent students' perceptions of moral responsibility used in this study as a proxy for tax morale. Using gender-based analysis, the level of agreement to the statement question *'In my country, people do not think that paying tax is a moral responsibility'* by female respondent students was as high as it was in the statement question *'In Turkey, people do not think that paying tax is a moral responsibility'* (table3.17a & table3.18b). Although the degree of disagreement by male respondent students was higher on the account of Turkey comparing to that of their country of origin, still female respondent students showed up.

By utilizing the level of education, hugely contrasting results were obtained as mentioned in chapter 3 (table3.17a & 18b). While Phd students showed a high rate of agreement on the account of their country of origin, followed by freshman students and master students, the latter had disagreed on the same account followed by freshman students. Notwithstanding, all the respondent students completely disagreed to the statement that in Turkey people do not think that paying taxes was a moral responsibility. This showed

the conviction by respondent students that Turkish citizens have a high level of tax morale comparing to their own co-citizens. These results also find support from a research study conducted on a cross-cultural basis between Malaysia and Turkey to detect the effects of religiosity on tax compliance.

Furthermore, the output results produced by an important component of the Cross-tabulations Chi-square test favoured the content of the hypothesis H2:

Table 3.24:
H2 Chi-square test result.

| Label | Value | Df | P (Asymp.sig) |
|------------------------------|--------|----|---------------|
| Pearson Chi-square | 38.091 | 20 | .009 |
| Likelihood Ratio | 35.567 | 20 | - |
| | | | - |
| Linear-by-linear association | 1.190 | 1 | |
| | 461 | | |
| Total Valid Cases | | | |

The analysis found that there was statistically significant difference in the level of perceptions of individual students about tax burden between Turkey and Individual students' home country. Since the Pearson value was 38.091 with a Chi-square value .009 lesser than alpha .05 either $.05 > .009$, it is said that the hypothesis H2 could not fall under rejection zone hence accepted.

3.3.1.4.3. Tax Influence on Consumption Patterns

The findings obtained from descriptive analysis evoked discrepancies of individual respondent students about consumption taxes. Using the marital status of different participants to the survey, married respondent students seemed to be lesser in rate of agreement than single ones concerning their country of origin. Single respondent students have completely agreed that consumption taxes had influence on individuals' consumption patterns in Turkey than they would have in their home country (table3.16a). However, the level of disagreement by single respondent students on the account of Turkey to the statement question '*consumption taxes influence the consumption patterns of the people in Turkey*' was higher than that of married respondent students. On the other hand, married respondent students had denied the idea that consumption taxes had effects on daily consumption patterns of their co-citizens in their country of origin (Table3.16b).

**Table 3.25:
H3 test result**

| Label | Marital Status | N | Mean Rank | P (Asymp.sig) |
|---|-----------------------|----------|------------------|----------------------|
| Consumption taxes influence the consumption patterns of the people in country | Married | 52 | 209.58 | .194 |
| | Single | 409 | 233.72 | |
| | Total | 461 | | |
| Consumption taxes influence the consumption patterns of the people in Turkey | Married | 50 | 228.47 | .855 |
| | single | 400 | 225.13 | |
| | Total | 450 | | |

Mann Whitney U Test reveals in Table3.25 output results based on a distribution of mean rankings that are slightly different in value. However, with P value higher than alpha $.194 > .05$ the acknowledgement by individual respondent students that tax has a grip on the consumption patterns of consumers is not statistically different in their home country. On the other hand, the significance value of the P was verily larger than the previous one $.855 > .05$, suggesting clearly to confirm that the acknowledgement that consumption taxes had influence on consumer behaviours was also not statistically significant among respondent students. Thus, hypothesis 3 was accepted.

Furthermore, it is acknowledged that the perception of consumers towards factors in power of possibility to influence, affect and reshape their consumption behaviours is utmost important in their decision making for market choices as well as their compliance behaviour with the tax law. The sincerity of the question on whether or not taxes might have severe impacts on market behaviour may result from the very perception of individual consumers about the tax influence itself. This interest lead the researcher to test again the same hypothesis by means of the Two-Sample Kolmogorov-Smirnov Test

**Table 3.26:
H3 retesting result**

| Label | Marital Status | N | Most extreme differences | Value | P (Asymp.sig) |
|---|-----------------------|----------|---------------------------------|--------------|----------------------|
| Consumption taxes influence the consumption patterns of the people in country | Married | 52 | Absolute | .076 | .952 |
| | Single | 409 | Positive | .000 | |
| | Total | 461 | Negative | -.076 | |
| Consumption taxes influence the consumption patterns of the people in Turkey | Married | 50 | Absolute | .070 | .981 |
| | single | 400 | Positive | .070 | |
| | Total | 450 | Negative | -.023 | |

Observations from the Table3.26. are closer to the fact established in the Table3.27. Because the output result obtained from the Two-Sample Kolmogorov-Smirnov Test for both the two side factors under study demonstrates that p values were slightly different between them but larger than alpha that is $.952 > .05$ and $.981 > .05$. They all suggest firmly to accept that individual respondent students acknowledge that tax consumptions influence consumption patterns and that there was not statistically significant difference in perception behaviour of students concerning tax and its influence on consumption attitudes. With this test, too hypothesis 3 was again accepted

3.3.1.4.4. Tax Complexity

The survey findings indicate that individual respondent students perceived tax law less complex in Turkey. The same lack of complexity in the content of the tax law was also manifest in the respondents' representations concerning their home country. There have been discrepancies in the perceptions of the complexity of the content of the tax law that were not very large in value. The size of discontentment with the tax legislation was detected, found to be lower than the size of contentment with the existing tax law both for Turkey and for individuals' home country. However, a Mann Whitney U test analysis was run in order to determine whether there was or not any significant difference that would cause the results from both the two sides to fall into a rejection zone. U value was slightly higher in individuals' home country than it was in Turkey $234.73 > 234.45$ (males), and relatively higher in Turkey than it was in their home country $237.18 > 227.55$ (females). Additionally, despite that P-values were slightly discrepant both of them had been larger than the value for alpha [P-value (sig.2tailed) = $.826 > .05$ and $.548 > .05$]. This suggested retaining the null (Table3.27).

**Table 3.27:
H4 Test Result**

| Label | Gender | N | Mean Rank | Sum of ranks | P (Asymp.sig) |
|---|--------|-----|-----------|--------------|---------------|
| Tax legislation in my country is simple and clear | Male | 287 | 234.73 | 67367.00 | .826 |
| | Female | 176 | 227.55 | 40049.00 | |
| | Total | 463 | | | |
| Tax legislation in Turkey in simple and clear | Male | 289 | 234.45 | 67755.50 | .548 |
| | Female | 181 | 237.18 | 49929.50 | |
| | Total | 470 | | | |

This means that individual respondent students' perceptions about the content of the complexity of the tax law for their home country were not significantly different as P-value $.826 > \alpha .05$.

On the other hand, P-value analysis reporting representations to the question '*The tax legislation is simple and clear in Turkey*', was also found higher (P-value = $.548$) than $\alpha .05$ advocating the acceptance of equal variances assumed. Retaining of the null hypothesis. Because the results did not fall into the rejection region. In other words, the size of significance detected in their perceptions about the complexity of the content of the tax legislation was relatively equal for both side factors under study. Hence, there was no statistically significant difference in the levels of perceptions about the complexity of the content of the tax legislation between Turkey and students' home country. Hypothesis 4 was positive or accepted.

Table 3.28:
Regional Frequencies with Receipt Case

| Region | Never | Rarely | Often | Mostly | Always | Total | P.V | Asym.Sig |
|---------------|--------------|---------------|--------------|---------------|---------------|--------------|---------------|-----------------|
| Africa | 4.1% | 8.6% | 9.5% | 8.6% | 9.3% | 39.4% | 16.055 | .713 |
| America | 0.2% | 0% | 0% | 0% | 0.2% | 0.4% | | |
| Asia | 7.8% | 9.3% | 13% | 13.8% | 10.8% | 54.6% | | |
| Europe | 0.4% | 1.5% | 0.9% | 0.4% | 1.1% | 4.5% | | |
| Total | 12.5% | 19.4% | 23.3% | 23.3% | 21.4% | 100% | | |

Table 3. 28 reveals the attitudes of respondent students when buying goods in the market. Based on a regional classification, students from the African continent have always and often asked for a receipt after buying consumption goods. However, the same consideration was found higher for Asian students than it was for African students and the rest of all other regional fractions. Nevertheless, looking at the value of Pearson, Chi square revealed itself being higher than alpha with $.713 > .05$, which meant that there was statistically no significant difference among all respondents to the question: "*how often do you ask receipt when you buy goods and services?*". The fact that statistically there was no difference on ground in perceptions when it comes to asking for a receipt after buying, revealed a certain maturity in their behaviour associated with tax morale. Because when a receipt is being asked, a possibility for sellers of goods and services to evade taxes by either reducing the amount of revenue obtained or exceeding the level of expenses is reduced. If even if sellers had attempted to do so, they would have gone through a heavy task of holding a double book, something very costly.

Table 3.29: Frequential Peculiarities observing differences in asking for receipt

| Region | Non | Almost no difference | Big Difference | Quite big difference | No Obs | Total | P.V | Asym.Sig |
|--------------|--------------|----------------------|----------------|----------------------|------------|-------------|---------------|-------------|
| Africa | 10.6% | 10.8% | 6.3% | 3% | 9.2% | 39.9% | 21.486 | .369 |
| America | 0.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.4% | | |
| Asia | 12.1% | 19.7% | 9.5% | 4.1% | 9.8% | 55.3% | | |
| Europe | 1.3% | 1.5% | 0.4% | 0.0% | 1.1% | 4.3% | | |
| Total | 24.5% | 32.1% | 16.3% | 7.2% | 20% | 100% | | |

The analysis conducted in the Table3. 29 showed that there was not any statistically significant difference in frequential peculiarities associated with the feeling of difference between native people (Turkish) and foreigner students since the value for Chi Square was larger than alpha $.369 > .05$. The same findings have demonstrated that majority of respondent students both from Africa and Asia said to have been indifferent in regard to attitude of asking a receipt between natives and foreigners.

Table 3.30: Regional differences in perception about tax evasion

| Region | Def. Agree | Disagree | undecided | Agree | Completely Agree | Total | P.V | Asym.Sig |
|--------------|-------------|--------------|--------------|--------------|------------------|-------------|---------------|-------------|
| Africa | 4.2% | 11.7% | 12.1% | 8.2% | 4.0% | 40.2% | 30.910 | .056 |
| America | 0.0% | 0.0% | 0.0% | 0.4% | 0.2% | 0.6% | | |
| Asia | 4.6% | 13.2% | 16.3% | 15.9% | 4.6% | 54.6% | | |
| Europe | 0.2% | 1.9% | 1.3% | 1.0% | 0.0% | 4.4% | | |
| Total | 9.0% | 26.8% | 29.7% | 25.5% | 9.0% | 100% | | |

Looking at regional differences in perceptions towards tax evasion, 11.7% of overall respondents from the African continent disagreed to evade tax if they have a chance to do so. Comparing to Asian students, the level of respondents in terms of percentage was in favour of tax evasion if ever they had a chance to do so was higher than their disagreement. Observing how the findings scattered were, it becomes clear to mention a possibility of difference in perceptions toward tax evasion in the face of possible chance. This is also supported by the results obtained from the analysis since the value for chi square was not higher but as equal as the value of alpha $.05 \leq .05$, suggesting that regionally there was statistically significant difference in individual respondents' attitudes towards tax evasion in case a chance is met through.

Table 3.31: Chi-Square differential frequencies about non-tax payment

| Region | Def. Agree | Disagree | undecided | Agree | Completely Agree | Total | P.V | Asym.Sig |
|--------------|-------------|--------------|--------------|--------------|------------------|-------------|---------------|-------------|
| Africa | 3.6% | 8.6% | 11.8% | 12.7% | 3.2% | 40% | 17.006 | .653 |
| America | 0.0% | 0.0% | 0.2% | 0.2% | 0.2% | 0.6% | | |
| Asia | 2.3% | 10.6% | 20.7% | 15.8% | 5.7% | 55.2% | | |
| Europe | 0.0% | 1.3% | 1.5% | 1.3% | 0.2% | 4.2% | | |
| Total | 5.9% | 20.5% | 34.2% | 30.3% | 9.3% | 100% | | |

Since ethics has been involved with tax in recent years, avoiding paying taxes is likely to be associated with an ethically wrong attempt. The Table3.31 gives illustrations that focus on Chi-square differential associations of students whose perceptions about avoiding paying taxes have not been statistically significant different since the P value of Chi-Square was higher than alpha with $P=.653 > \alpha = .05$. The findings from chi-square analysis were also supported by associations that have been highly disfavoured avoidance of tax payment qualifying it as an ethically wrong action. The available indifference in their perceptions about avoiding paying taxes is an expression of mass agreement to the statement “*I think it is ethically wrong not to pay taxes*” with students from Africa having larger percentage rate of agreement to the statement after Asian ones.

Table 3.32:
Chi-Square tests on regional perception about tax as a moral duty

| Region | Def. Agree | Disagree | undecided | Agree | Completely Agree | Total | P.V | Asym.Sig |
|--------------|------------|----------|-----------|-------|------------------|-------|---------------|-------------|
| Africa | 1.7% | 6.3% | 15.5% | 12.1% | 5.0% | 40.7% | 11.305 | .938 |
| America | 0.0% | 0.0% | 0.4% | 0.2% | 0.0% | 0.6% | | |
| Asia | 2.5% | 6.5% | 22.2% | 17.0% | 5.9% | 54.3% | | |
| Europe | 0.4% | 0.6% | 1.9% | 1.5% | 0.0% | 4.4% | | |
| Total | 4.6% | 13.4% | 40.3% | 30.8% | 10.9% | 100% | | |

Unlike the findings illustrated previously in Table3.10 (page87) where the ages of respondents were used as core rows, and revealing higher favouring percentages to acceptance that paying taxes is a morale duty, Table 3.32 revealed a considerable positive outlook in favour of the statement “paying taxes is a moral duty of every citizen” with Asian students having higher positive rate than African ones. Despite these discrepancies in perceptions, still no statistically significant difference was shown as the Pearson value of Chi-square was higher than the baseline alpha $.938 > .05$.

Table 3.33:
Chi-Square analysis on regional attitude toward government accountability

| Region | Def. Agree | Disagree | Undecided | Agree | Completely Agree | Total | P.V | Asym.Sig |
|--------------|------------|----------|-----------|-------|------------------|-------|---------------|-------------|
| Africa | 1.9% | 3.6% | 5.7% | 14.7% | 13.7% | 49.6% | 24.996 | .202 |
| America | 0.0% | 0.2% | 0.2% | 0.2% | 0.0% | 0.6% | | |
| Asia | 3.4% | 4.0% | 13.5% | 22.1% | 12.2% | 55.2% | | |
| Europe | 0.0% | 0.2% | 0.6% | 1.7% | 1.9% | 4.4% | | |
| Total | 5.3% | 8.0% | 20.0% | 38.7% | 28.0% | 100% | | |

The uprising of the functioning of democracies shows that citizens hold their leaders accountable. Since people are loss averse, taxation encourages people to demand more from their leaders. Laying out an attitudinal regional posture, Table3.33 shows that students from Asia were more ready to demand higher levels of accountability from

government leaders, followed by students from Africa. Despite having small portions of scattered rates from other regions, yet availability of no statistically significant difference in holding government countable after paying taxes was visible in the findings with P value higher than the baseline alpha .05.

Table 3.34:
Frequency analysis of regional perception about the civic nature of tax

| Region | Def. Agree | Disagree | Undecided | Agree | Completely Agree | Total | P.V | Asym.Sig |
|--------------|--------------|--------------|--------------|--------------|------------------|-------------|---------------|-------------|
| Africa | 10.8% | 12.5% | 6.9% | 6.7% | 3.1% | 40.1% | 25.604 | .179 |
| America | 0.0% | 0.4% | 0.2% | 0.0% | 0.0% | 0.6% | | |
| Asia | 14.0% | 16.7% | 8.3% | 11.3% | 4.8% | 55.0% | | |
| Europe | 1.9% | 0.8% | 1.3% | 0.4% | 0.0% | 4.4% | | |
| Total | 26.7% | 30.4% | 16.7% | 18.3% | 7.9% | 100% | | |

Looking at tax as a civic duty through lens of regional aspects, Table 3.34 reveals some findings unlike those revealed previously in Table3.9 (page87) where the referential core rows were the ages of respondents. Nevertheless, despite having an asymptotic significance of .179 which is superior than the baseline alpha .05, suggesting no statistically significant discrepancy in the overall perception that tax is a civic duty, Table 3.9 lays in terms of density of percentage rates, lower levels than those mentioned in Table3.9 (page 87). Notwithstanding, students from Asia had both considerable percentages in agreement and disagreement than had students from other parts of the world.

3.3.1.5. Methodology Limitations

Notwithstanding the meaningful contributions of this study, it also has a number of limitations. One of the weaknesses of the survey is the survey approach itself, such as respondents' differing interpretations of the questions, respondents' representativeness, and non-response bias. With regard to non-response bias and respondents' representativeness, the research has taken reasonable measures to decrease the density of the problem. Moreover, t-test analysis indicates that there is no serious problem of non-response bias in factors under study. Likewise, the t-test analysis also proves that responses are representative of the total population of students in Marmara region at some reasonable degree. Because at many steps of analysis the degree of Confidence Interval of Differences was very high. Notwithstanding this, it is acknowledged that these weaknesses may remain to some extent levels. With respect to different interpretations of the questions by respondent students, reasonable efforts have been made to ensure straightforwardness and precision in wordings and sentences.

Another limitation is that the research study only uses individual lays (non-tax experts) randomly selected. Therefore, a cautious consideration should be taken when trying to generalize to the overall population of students in the region. There are also slight discrepancies in the traits of individual respondents. Among many traits, some had scholarships, and some had not. Notwithstanding these differences, respondents are all individual taxpayers in their respective countries and in Turkey, whose perceptions on tax systems in both side factors under study are important still.

3.4. Results and Conclusion

A few studies have been conducted recently to understand the motivating factors that trigger taxpayers' compliance and non-compliance behaviours. The question of (none) compliance itself brings to mind the necessity to investigate individuals' perception behaviour about the existing tax system. However not many researchers have undertaken cross-cultural studies focusing on fundamental motives behind compliance behaviour (i.e. perceptions) in a form of self-assessment implicating double consideration. Whereas most cross-cultural studies focused on local citizens of countries under study to assess factors that would be, motivating tools to (none) compliance behaviour such as religiosity (example, Raihana Mohdali A. et. al., 2017), this research considered non-citizens particularly students to establish a comparative outlook on their tax perceptions and tax systems. With as many studies not concentrating on this issue of comparison calling out to self-assessment with reference to cross-cultural understanding, this research became worth running.

Thus, based on the results of the analysis and findings, this study narrows its scope to the role of tax perceptions to understand the general spectrum of students' understanding of the tax and establish a comparison between Turkey and their home country in respect to their tax systems. Is there an explanation that reveals any difference in fairness perceptions? Is there a possibility of acknowledging the influence of tax on consumption behaviour? Would there be any difference in the traits of perceptions about tax burden and the complexity of the tax law?

Therefore, this study attempts to respond to these questions by providing some clarifications and giving further evidence to existing literature on what are the perceptions of individuals about taxes, tax law, the taxation systems and all the components related to the phenomenon of tax. Based on a regional survey using 3200 responses providing

the largest study on the topic to tax perceptions of international students so far undertaken in Turkey, the findings also address the questions posed by the ignorance of many of foreigner students whether being aware or not of the levied tax in a particular country and particularly in Turkey.

It was, thus, revealed that associations to tax as a civic duty were positive. This means that majority of respondent students acknowledged the utmost value of one of their civic duties being in their willingness to comply with the tax law, hence their tax payment. Unlike civic duty, moral duty, defined as any action required by the responsibility to being human, had also been positively associated with tax. The associations of theft and robbery to tax evasion had strict reactions disfavouring any attempts to the procedure.

Moreover, the findings of this study established a positive relationship between individual respondent students' perceptions of the tax and the community responsibility. In other words, the commitment to community responsibility was found intrinsic to a person's responsibility to their due paying of the tax. Additionally, ethics were also associated with taxes. Because majority of the overall respondent students have completely agreed that when individual, do not pay their due tax regardless of the reason, but since in power of doing so, their mentalities shift towards embracing attitudes that ethics reject.

Notwithstanding, several studies had previously investigated various levels of fairness perceptions across countries (example, Verboon & Dijke, 2007). Based on gender as a comparative unit of perceptions, the findings indicated that there had been significantly divergent levels of perceptions. These perceptions, despite being divergent, explained that individual respondent students had better fairness perceptions in favour of the tax system of the country of origin than they had for the Turkish tax system. However, the output results produced by Mann Whitney U Test, despite slight difference in the values of Ps, revealed no statistically significant difference in their perceptions of the fair tax between Turkey and their country of origin. The same results have been produced by Pearson correlation Coefficient analysis hence the claim to reject the first hypothesis.

Furthermore, by using the marital status of different participants, single respondent students have completely agreed that consumption taxes had influence on individuals' consumption behaviour in Turkey than they would have on citizens' behaviour in their home countries. On the other hand, married respondent students denied that consumption taxes had effects on daily consumption patterns of their co-citizens whereas the level of

disagreement by single respondent students to tax having influence on individuals' consumption behaviour in Turkey was higher than that of married respondent students. However, the output results by Mann Whitney U test suggested to confirm lack of any statistically significant difference in acknowledging taxes having influence on consumption patterns of individuals. This acknowledgement was supportive to the hypothesis 3.

Assessing perceptions on the highness of the tax burden by using gender, both male and female respondent students' associations with the tax burden were as high in the country of origin as it actually was in Turkey. Astonishingly enough, female respondent students went even further confirming that the level of tax burden would even be higher in their country of origin than it would appear in Turkey.

While most people would attribute strict complexity to the law of tax and the fiscal policy, the survey findings revealed associations that would seem to be in genuine opposition to the attribute of complexity. On one hand, students perceived the tax law less complex in Turkey. This lack of complexity in the content of the tax law was also manifest in their associations with their country of origin. However, there have been discrepancies in the perceived complexity of the content of the tax law which were not very large in value.

Additionally, the size of discontentment with the tax law was detected and found to be lower than the size of contentment in both Turkey and their home country. Accordingly, it became reasonable to say that there was no statistically significant difference in the levels of perceptions about the complexity of the content of the tax legislation between Turkey and students' home country.

In sum, adopting a referential utilization of the theory of reasoned actions in investigating the role of perceptions about tax burden, tax morale, the nature of the civic duty of the tax, the return of collected tax revenues as public services, the state of the fair tax and other relevant variables in individual respondent students' behaviour to comply with the fiscal policy has been rewarding in Turkey and in their home country. Significant contributions, both theoretical and practical have been made and suggested that individuals have complete volitional control of their behaviour, and the choice is simply according to their will and intention. Interestingly, the obtained results are globalising and largely universal across countries with reference to Turkey as a target country of

research, notwithstanding their discrepancies in terms of cultures, economics, and ethnicities.

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APPENDICES

Appendix 1: Letter of Approval from Sakarya University's Human Body of Ethics

Evrak Tarih ve Sayısı: 04/10/2018-E.12869



T.C.
SAKARYA ÜNİVERSİTESİ REKTÖRLÜĞÜ
Etik Kurulu

Sayı : 61923333/050.03/
Konu : 05/05 Habibu DJUMA

Habibu DJUMA

İlgi : Habibu DJUMA 20/09/2018 tarihli ve 0 sayılı yazı

Üniversitemiz Sosyal ve Beşeri Bilimler Etik Kurulu Başkanlığının 03.10.2018 tarihli ve 05 sayılı toplantısında alınan "5" nolu karar örneği ekte sunulmuştur.
Bilgilerinizi rica ederim.

Prof.Dr. Haluk SELVİ
Etik Kurulu Başkanı

5- Habibu DJUMA.'nın "Uluslararası Öğrencilerinin Vergi Algıları ve Türkiye'deki ve Kendi Ülkelerindeki Vergi Sistemleri Arasındaki Karşılaştırmaları" başlıklı çalışması görüşmeye açıldı.
Yapılan görüşmeler sonunda; **Habibu DJUMA.'nın** "Uluslararası Öğrencilerinin Vergi Algıları ve Türkiye'deki ve Kendi Ülkelerindeki Vergi Sistemleri Arasındaki Karşılaştırmaları" başlıklı çalışmasının Etik açısından uygun olduğuna oy birliği ile karar verildi.

Evrakı Doğrulamak İçin : <http://193.140.253.232/envision.Sorgula/BelgeDogrulama.aspx?V=BE844H81P>

Etik Kurulu Esentepe Kampüsü 54187 Serdivan SAKARYA / KEP Adresi:
sakaryauniversitesi@hs01.kep.tr
Tel:0264 295 50 00 Faks:0264 295 50 31
E-Posta :ozelkalem@sakarya.edu.tr Elektronik Ağ :www.sakarya.edu.tr



Bu belge 5070 sayılı Elektronik İmza Kanununun 5. Maddesi gereğince güvenli elektronik imza ile imzalanmıştır.

Appendix 2: A Sample of the Survey Questionnaire

ASSESSMENT OF TAX PERCEPTION IN TURKEY

A Comparative Perspective of International Students.

HABIBU DJUMA

Supervisor: Prof.Dr.Fatih Savaşan

This study is conducted with the aim of both identifying the beliefs and attitudes of international students in the face of tax event and meeting the requirement for the accomplishment of the degree of Master of Science in Public Finance. All the information gathered in this survey will be kept under strict confidential measures and used only for scientific purposes. Your fair and brotherly cooperation is appreciated.

D1. Cinsiyetiniz (Sex)? (1) Bay (*Male*) (2) Bayan (*Female*)

D2. Yaşınız (Age)?

D3. Okuduğunuz Fakülte/Enstitü (*Faculty or Institute you are in*)?

| FAKÜLTE (<i>FACULTY</i>) | | ENSTİTÜ (<i>INSTITUTE</i>) |
|--|--|--|
| (1) Siyasal Bilgiler Fakültesi (<i>Faculty of Political Sciences</i>) | (8) Teknoloji Fakültesi (<i>Technology</i>) | (13) Sosyal Bilimler Enstitüsü (<i>Institute of Social Sciences</i>) |
| (2) İşletme Fakültesi (<i>Business School</i>) | (9) Fen Edebiyat Fakültesi (<i>Science- Literature</i>) | (14) Fen Bilimleri Enstitüsü (<i>Institute of Natural and Applied Sciences</i>) |
| (3) Hukuk Fakültesi (<i>Law School</i>) | (10) Teknik Eğitim Fakültesi (<i>Technical Education</i>) | (15) Eğitim Bilimleri Enstitüsü (<i>Institute of Educational Sciences</i>) |
| (4) Tıp Fakültesi (<i>Medicine</i>) | (11) BESYO (Physical Education) | (16) Sağlık Bilimleri Enstitüsü (<i>Institute of Health Sciences</i>) |
| (5) Mühendislik Fakültesi (<i>Engineering</i>) | (12) Sağlık YO (Health College) | (17) Ortadoğu Enstitüsü (<i>Middle East Institute</i>) |
| (6) Eğitim Fakültesi (<i>Education</i>) | (13) Diğer (Other) | (18) Diğer (<i>Other</i>) |
| (7) İlahiyat Fakültesi (<i>Faculty of Theology</i>) | | |

D4. Uyuşunuz?

(Nationality).....

D5. Geldiğiniz ülke? (Country of

Origin).....

D6. Ne kadar zamandır Türkiye’desiniz? (How long have you been to

Turkey).....

D7. Ailenizin aylık geliri yaklaşık kaç dolardır (Average monthly income (\$) of your family)?

D8. Sizin aylık gelirin ne kadardır? (How much is your Monthly Income (Turkish Lira))

0-500 501-1000 1001-1500 1501-2000 20001-25000 25001-3000
3001-3500 3501-4000 4001-4500 4501-5000 Above 5000

D9. Okuduğunuz üniversite (University you study in)?

.....

D10. Okuduğunuz bölüm (Department you study in)?

.....

D11. Okuduğunuz sınıf (Grade)?

(1) TÖMER (Turkish Language)

(2) 1.sınıf (Freshman) (3) 2.sınıf (Sophomore) (4) 3.sınıf (Junior) (5) 4.sınıf (Senior)

(6)Yüksek Lisans (Masters) (7) Doktora (Ph.D)

D10. Öğrenim türünüz (Type of Educion)? (1) 1. Öğretim (Daytime) (2) 2. Öğretim (Night Education)

(3) Karma Eğitim (integrated, normal-distance learning)

D11- Medeni durumunuz (Your merital Status)? ()Evli (married) ()Bekar(single) ()Dul(widow/widower)

D.12. Burs Alıyor musunuz? (Do you have scholarship from Turkey)? (1) Evet (Yes) (2) Hayır (no)

D.13. Türkiye dışından başka kaynaktan burs Alıyor musunuz? (Do you have scholarship from sources other than Turkey)? (1) Evet (Yes) (2) Hayır (no)

| | Size uygun olan bölüme (x) işareti koyunuz <i>Mark the appropriate section(x)</i> | Kesinlikle Katılmıyorum (Definitely Disagree) | Katılmıyorum (Disagree) | Kararsızım (Undecided) | Katılıyorum (Agree) | Tamamen Katılıyorum (Completely Agree) |
|------------|--|--|----------------------------|---------------------------|------------------------|---|
| | | | | | | |
| | ULUSLARARASI ÖĞRENCİLERİN VERGİYE BAKIŞI <i>(Tax perception of International Students)</i> | | | | | |
| V1 | Vergi bir vatandaşlık görevidir <i>(Tax is a civic duty)</i> | 1 | 2 | 3 | 4 | 5 |
| V2 | Vergi veriyor olmak bana vatandaş olarak devletten hesap sorma hakkını verir <i>(Paying the tax gives me the right to ask the government for accountability)</i> | 1 | 2 | 3 | 4 | 5 |
| V3 | Vergi ödemek her vatandaşın ahlaki bir görevidir. <i>(Paying taxes is a moral duty of every citizen)</i> | 1 | 2 | 3 | 4 | 5 |
| V4 | Vergi ödemek her vatandaşın kanuni bir görevidir <i>(Paying taxes is the legal duty of every citizen)</i> | 1 | 2 | 3 | 4 | 5 |
| V5 | Vergi kaçırmak yaygınrsa vergi ödememek ahlaksızlık değildir. <i>(If tax evasion is widespread, it is not immoral not to pay tax)</i> | 1 | 2 | 3 | 4 | 5 |
| V6 | Vergi kaçırmak hırsızlık gibidir. <i>(Tax evasion is like a robbery or theft)</i> | 1 | 2 | 3 | 4 | 5 |
| V7 | Mükellefin küçük miktarda vergi kaçırması normaldir. <i>(It is normal for taxpayer to evade/hide a small amount of tax)</i> | 1 | 2 | 3 | 4 | 5 |
| V8 | Fırsatını bulursam vergi ödemem. <i>(If I get a chance, I do not pay tax)</i> | 1 | 2 | 3 | 4 | 5 |
| V9 | Topluma karşı sorumluluk duyan biri vergisini tam olarak ödemelidir. <i>(A person with a responsibility to the community must pay full tax)</i> | 1 | 2 | 3 | 4 | 5 |
| V10 | Vergi mükelleflerinin vergi kaçırma ve kayıt dışına çıkma eğilimlerinde uygulanan yanlış vergi politikalarının etkisi vardır. <i>(Taxpayers' tax evasion and the tendency to go out of registration are affected by the wrong tax policies)</i> | 1 | 2 | 3 | 4 | 5 |
| V11 | Vergilerin devlet tarafından doğru yerlere harcanması gerekir. <i>(The State must spend taxes on right causes/goals)</i> | 1 | 2 | 3 | 4 | 5 |
| V12 | Gelir elde eden herkes gelir vergisini tam olarak ödemelidir. <i>(Anyone who gets an income should pay their full income tax)</i> | 1 | 2 | 3 | 4 | 5 |
| V13 | Vergi ödememenin etik olarak yanlış olduğunu düşünüyorum <i>(I think it is ethically wrong not to pay taxes)</i> | 1 | 2 | 3 | 4 | 5 |
| | | | | | | |

| | ULUSLARARASI ÖĞRENCİLERİN KENDİ ÜLKELERİNDEKİ VERGİ SİSTEMLERİNE BAKIŞI <i>An Overview of International Students on tax systems in their respective countries</i> | Kesinlikle Katılmıyorum ☹️ (Definitely Disagree) | Katılmıyorum (Disagree) | Kararsızım (Undecided) | Katılıyorum (Agree) | Tamamen Katılıyorum ☺️ (Completely Agree) |
|--|--|---|-------------------------|------------------------|---------------------|--|
| | Ülkemde vergi yükü çok yüksektir. (<i>Tax burden is very high in my country</i>) | 1 | 2 | 3 | 4 | 5 |
| | Ülkemde ödediğim vergiler ile ilgili yeterli bilgiye sahibim. (<i>I have enough information about the taxes I pay in my country</i>) | 1 | 2 | 3 | 4 | 5 |
| | Ülkemde ödenen vergiler fakir insanların yararına kullanılmaktadır (<i>Taxes paid in my country are used for the benefit of poor people</i>) | 1 | 2 | 3 | 4 | 5 |
| | Ülkemde ödenen vergiler topluma bir hizmet olarak geri dönmektedir. (<i>Taxes paid in my country are returned as a service to the community</i>) | 1 | 2 | 3 | 4 | 5 |
| | Ülkemde vergiler ödeme gücüne göre alınmaktadır. (<i>In my country, taxes are taken according to the ability to pay</i>) | 1 | 2 | 3 | 4 | 5 |
| | Ülkemde vergi mevzuatı anlaşılır bir şekilde hazırlanmıştır (<i>Tax legislation in my country is simple and clear</i>) | 1 | 2 | 3 | 4 | 5 |
| | Ülkemde tüketiciler vergiye karşı oldukça olumsuz davranış göstermektedir (<i>Consumers have strong negative attitude toward taxation in my country</i>) | 1 | 2 | 3 | 4 | 5 |
| | | 1 | 2 | 3 | 4 | 5 |
| | Ülkemde tüketim esnasında ne oranda vergi ödediğimin farkındayım. (<i>I am aware of the percentage of taxes I pay when purchasing consumption goods in my country</i>) | 1 | 2 | 3 | 4 | 5 |
| | Ülkemde vergilerin adil olduğunu düşünmüyorum (<i>I do not think that taxes are fair in my country</i>) | 1 | 2 | 3 | 4 | 5 |
| | Ülkemde vergi gelirleri etkin bir şekilde kamu hizmetlerine dönüşmektedir. (<i>In my country, the tax revenues are effectively transformed into public services</i>) | 1 | 2 | 3 | 4 | 5 |
| | Ülkemde tüketim vergileri insanların tüketim alışkanlıklarını etkiler. (<i>Consumption taxes influence the consumption patterns of the people in my country</i>) | 1 | 2 | 3 | 4 | 5 |
| | Ülkemde insanlar tüketim mallarına uygulanan vergilerin farkında değildir (<i>People are not aware of the taxes being imposed on the consumption goods in my country</i>) | 1 | 2 | 3 | 4 | 5 |
| | Ülkemde insanlar hükümet vergi gelirlerini nasıl kullandığı ile ilgilenmemektedir. (<i>In my country, many people are not interested in knowing how their government uses the tax revenues</i>) | 1 | 2 | 3 | 4 | 5 |
| | Ülkemde insanlar vergi ödemenin ahlaki sorumluluk olduğunu düşünmemektedir. (<i>In my country, people do not think that paying tax is not a moral responsibility</i>) | 1 | 2 | 3 | 4 | 5 |
| | Ülkemde tüketim esnasında ne oranda vergi ödediğimin farkında değilim (<i>I am not aware of the percentage of taxes I pay when purchasing consumption goods in my country</i>) | 1 | 2 | 3 | 4 | 5 |
| | Ülkemde vergilerin devlet harcamalarını ne kadar desteklediğinin farkında değilim (<i>I am not aware of the role that taxes play in helping cover government expenditures in my country</i>) | 1 | 2 | 3 | 4 | 5 |

| | ULUSLARARASI ÖĞRENCİLERİN TÜRKİYEDEKİ VERGİ SİSTEMLERİNE BAKIŞI (An Overview of International Students on Tax Systems in Turkey) | Kesinlikle Katılmıyorum ☹️ (Definitely Disagree) | Katılmıyorum (Disagree) | Kararsızım (Undecided) | Katılıyorum (Agree) | Tamamen Katılıyorum ☺️ (Completely Agree) |
|--|--|---|----------------------------|---------------------------|------------------------|--|
| | Türkiye’de vergi yükü çok yüksektir. (Tax burden is very high in Turkey) | 1 | 2 | 3 | 4 | 5 |
| | Türkiye’de ödediğim vergiler ile ilgili yeterli bilgiye sahibim. (I have enough information about the taxes I pay in Turkey) | 1 | 2 | 3 | 4 | 5 |
| | Türkiye’de vergi gelirleri fakir insanların yararına kullanılmaktadır (In Turkey, tax revenues benefit poor people) | 1 | 2 | 3 | 4 | 5 |
| | Türkiye’de ödenen vergilerin topluma bir hizmet olarak geri dönmektedir. (Taxes that are paid in Turkey are returned to the community as public services) | 1 | 2 | 3 | 4 | 5 |
| | Türkiye’de vergiler ödeme gücüne göre alınmaktadır. (In Turkey, taxes are levied in respect to the ability to pay) | 1 | 2 | 3 | 4 | 5 |
| | Türkiye’de vergi mevzuatı anlaşılır bir şekilde hazırlanmıştır. (The tax legislation in Turkey is simple and clear) | 1 | 2 | 3 | 4 | 5 |
| | Türkiye’de tüketiciler vergiye karşı oldukça olumsuz davranış göstermektedir (Consumers have strong negative attitude toward taxation in Turkey) | 1 | 2 | 3 | 4 | 5 |
| | Türkiye’de vergilerin adil olduğunu düşünmüyorum (I do not think that taxes are fair in Turkey) | 1 | 2 | 3 | 4 | 5 |
| | Türkiye’de toplanan vergi gelirleri etkin bir şekilde kamu hizmetlerine dönüşmektedir. (In Turkey, tax revenues are effectively transformed into public services) | 1 | 2 | 3 | 4 | 5 |
| | Türkiye’de tüketim vergileri insanların tüketim alışkanlıklarını etkiler. (Consumption taxes influence the consumption patterns of the people in Turkey) | 1 | 2 | 3 | 4 | 5 |
| | Türkiye’de insanlar tüketim mallarına uygulanan vergilerin farkında değildir (People are not aware of the taxes being imposed on their consumption goods in Turkey) | 1 | 2 | 3 | 4 | 5 |
| | Türkiye’de insanlar hükümet vergi gelirlerini nasıl kullandığı ile ilgilenmemektedir. (In Turkey, many people are not interested in knowing how their government uses the revenue collected from the tax they pay). | 1 | 2 | 3 | 4 | 5 |
| | Türkiye’de insanlar vergi ödemenin ahlaki sorumluluk olduğunu düşünmemektedir. (In Turkey, people do not think that paying tax is a moral responsibility) | 1 | 2 | 3 | 4 | 5 |
| | Türkiye’de tüketim esnasında ne oranda vergi ödediğimin farkında değilim. (I am not aware of the percentage of taxes I pay when purchasing consumption goods in Turkey) | 1 | 2 | 3 | 4 | 5 |
| | Türkiye’de vergilerin devlet harcamalarını ne kadar desteklediğinin farkında değilim (I am not aware of the role that taxes play in helping cover government expenditures in Turkey) | 1 | 2 | 3 | 4 | 5 |

E1- Hangi sıklıkta fiş alıyorsunuz (how often do you ask receipt when you buy goods and services)?

- Hiçbir zaman (Never)
- Nadiren (Rarely)
- Sıklıkla (Often)
- Çoğunlukla (Mostly)
- Her zaman (Always)

E2- Çevrenizdeki uluslararası öğrencilerin hangi sıklıkta fiş aldığını gözlemliyorsunuz (how often do you observe international students around you ask receipt when they buy goods and services)?

- Hiçbir zaman (Never)
- Nadiren (Rarely)
- Sıklıkla (Often)
- Çoğunlukla (Mostly)
- Her zaman (Always)

E3- Türk ve uluslararası öğrencilerin arasında fiş alma bakımından farklılık var mı (Do you observe any difference in asking a receipt between native and international students when they purchase goods and services)?

- Fark yok (Non)
- Çok az (Almost no difference)
- Çok (Big difference)
- Çok fazla (Quite big difference)
- Gözlemim yok (No observation)

E4- Fiş alma alışkanlığın kendi ülkende ve Türkiye’de farklı mı? (Does your behavior differ here in Turkey and in your home country in asking a receipt when you purchase goods and services)?

- Fark yok (Does not differ)
- Kendi ülkemde daha dikkatliyim (I am more careful asking a receipt in my home country in asking a receipt when purchasing goods and services)
- Türkiye’de daha dikkatliyim (I am more careful asking a receipt in Turkey in asking a receipt when purchasing goods and services)

Anketin Yapıldığı İlçe (The county and city where this questionnaire is responded).....

RESUME

Born in Rumonge Burundi 1988, Habibu Djuma is an International student currently at the Graduate School of Public Finance — Sakarya University, Turkey. To hold a Master's degree from the School of Public Finance at Sakarya University, he conducted a behavioural research on taxation under the title of “Assessment of Tax Perception in Turkey. A Comparative Perspective of International Students”. His research on “Impactes des Chocs Macroéconomiques sur les Importations et Exportations de Pays de l’Afrique de l’Est Cas du Burundi, won him a Bachelor’s degree from the School of Management and Applied Economics — Université Du Lac Tanganyika, Burundi. His main research interests are public economics (public finance), public policy analysis, management and marketing, and macroeconomic policies.