

PERCEPTIONS OF TAXATION: A COMPARATIVE STUDY OF DIFFERENT INDIVIDUAL TAXPAYERS IN SOUTH AFRICA

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ABSTRACT

In South Africa, there is a significant gap between the amount of tax that is theoretically collectable from economically active persons and that which is actually collected (commonly known as the tax gap). Non-compliance by taxpayers is one of the main causes of the tax gap. It has been established that one of the main factors leading to non-compliance, is the attitudes and perceptions of people.

This article extends prior research by investigating and comparing perceptions amongst different individual taxpayers. It is specifically aimed to determine individual South African taxpayers' perceptions regarding general tax-related, tax evasion and tax compliance issues. A number of demographic, economic or other factors that might influence respondents' perceptions regarding these issues were also investigated. This research builds upon previous research, utilising insights from several disciplines and various theoretical perspectives.

The data was collected from a sample of 260 individual South African taxpayers by means of face-to-face interviews, based on a questionnaire, compiled from an extensive literature review. The scope of the study was limited as it focused only on natural taxpayers within the Tshwane metropolitan area (which includes Pretoria, the capital city of South Africa) in Gauteng, as the purpose was not to generalise conclusions to the entire South African population. It was found that tax compliance may depend upon several factors, other than deterrence, and that the perceptions of individual South African taxpayers are likely to be influenced by these factors. One of the main recommendations of the

study is the need for comprehensive, widely based communication and education of taxpayers and potential taxpayers by the South African Revenue Service.

INTRODUCTION

Albert Einstein, as cited in Slemrod and Bakija (1996:xv), once said that the hardest thing in the world to understand is income tax. Nevertheless, it is vital that income tax is understood as it forms a critical element of how a government affects the lives of its citizens.

The country of focus for this study was South Africa. Taxes have been levied in South Africa since 1914. Every year the Minister of Finance presents the annual budget, in which the total intended government expenditure for the following year is detailed. During this process, the manner of funding the expenditure is also indicated. Government expenditure in South Africa is predominantly funded by means of revenue generated from tax levies (Mohr, Van der Merwe, Botha & Inggs, 1988:79-91; Venter, Hamel & Stiglingh, 2004:4). Due to the fact that government expenditure is predominantly funded by means of revenue generated from tax levies, it is of utmost importance to protect the country's tax base.

A significant tax gap exists in South Africa. The tax gap merely portrays the wedge between economic reality and a purely legal construct called statutory taxes (Franzoni, 1998:3). A figure of R30 billion is often quoted in the press as the extent of the gap (Cokayne, 2002:6; Kemp, 2002; Leuvenink, 2003:1; Mabanga, 2004:11; Temkin, 2002:3; Temkin, 2003:1). Kemp (2002) is of the opinion that individual taxpayers make up the majority of the *tax gap*.

South Africa is a country of diverse cultures, languages, beliefs and backgrounds. It is conceivable that these differences may result in different perceptions of taxation arising from cultural backgrounds or even political and social histories. These perceptions may, in turn, influence attitudes towards tax compliance. This study, therefore, attempted without any pre-conceived ideas or expectations, to assess the perceptions about taxation amongst different individual taxpayers in South Africa.

South African taxpayers, for the purpose of this study, included natural persons from the four major South African population groups (as previously identified) who were twenty-one years and older. This study made use of the term *taxpayers* despite the fact that some natural persons might not have been liable for income tax, as their income was below the tax threshold. All natural persons, however, pay tax when purchasing goods and services and, therefore, contribute towards government income.

This study aimed to determine:

- perceptions about general tax-related issues amongst individual South African taxpayers;

- the various demographic, economic or other factors that might influence a taxpayer's attitude with regard to general tax-related issues; and
- perceptions about tax evasion and tax compliance statements amongst individual South African taxpayers.

It is imperative to determine taxpayers' perceptions with regard to taxation in order not only to influence government policy regarding taxation, but also to enable government to *market* itself and its services more effectively to the general public.

This research makes a contribution to existing research as only limited research on taxpayers' perceptions has been conducted within a South African context.

BACKGROUND

Taxation

Hessing, Elffers, Robben and Webley (1992:304) propose that there are probably three groups of taxpayers - taxpayers who never evade taxes, taxpayers who will try to evade taxes every now and then and taxpayers who will try to evade paying tax on a regular basis.

Taxation and evasion are a pervasive phenomena in all societies (Bird & Oldman, 1990:453; Slemrod, 1992:v). Tax evasion is a complex and generally hidden behaviour that can have significant social and economic consequences (Webley, Robben, Elffers & Hessing, 1991:128; Lewis, 1982:159). Taxation and evasion have always gone hand in hand. In fact, during William Pitt's speech introducing income tax in Britain in 1799, the problem of evasion occupied the centre stage: "It was to prevent all evasion and fraud that a general tax shall be imposed on all the leading branches of income" (as cited by Webley *et al.*, 1991:1).

The reasons for evading taxes have been explored by both economists and psychologists. In order to establish the theoretical basis for the research, an extensive literature review was conducted and prior research conducted on various aspects relating to tax evasion was analysed. The history of taxes in South Africa was also investigated.

As the focus of this study concerns the perceptions of individual South African taxpayers, a short discussion follows on perception theory.

Defining perceptions

Lumsden and Lumsden (2000:382) define *perception* as: "The process by which people sense, select, and interpret stimuli". Perceptions concern the awareness of the objects or conditions around individuals. They are, to a large extent, dependant upon the impressions these objects make upon a human being's senses. Perceptions are the way things appear or the way they sound, feel, taste or smell (Allport, 1955:14).

Lumsden and Lumsden (2000:93) note that people perceive *selectively* (that is, people's motives, needs, drives, wants and experiences may keep them from viewing

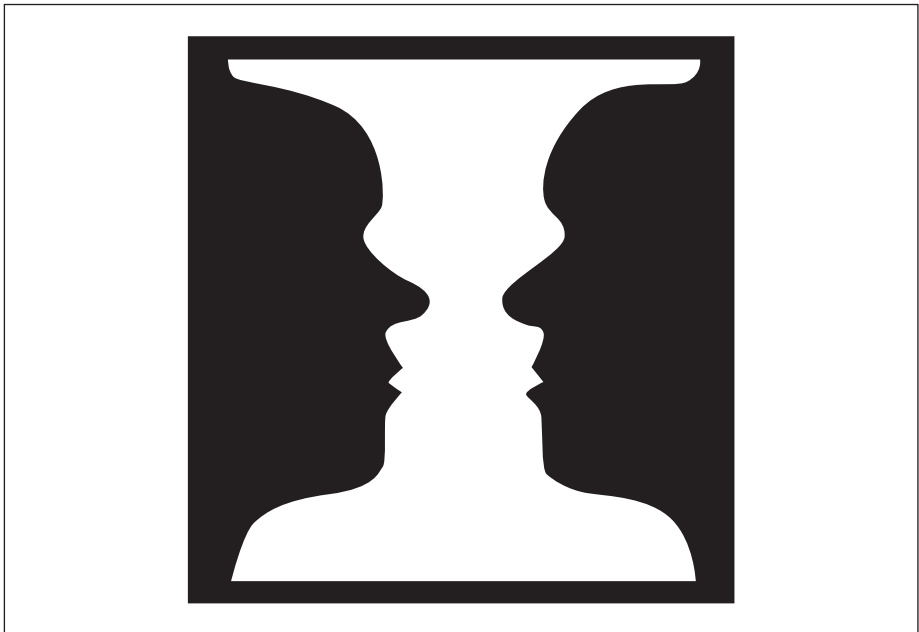
phenomena that are unacceptable or unknown to them), people perceive what their *backgrounds permit them to perceive* (that is, culture, language, gender and experience all affect how people see and think) and people *multiply their misperceptions regarding other people* (that is, one person cannot really be sure how another person perceives objects, ideas or another person).

It is true that individuals may look at the same object, yet perceive it differently. Robbins (2001:122-124) highlights a number of factors that operate to shape and sometimes distort perception. He mentions how these factors can reside in the *perceiver*, in the object or *target* being perceived, or in the context of the *situation* in which the perception is made. A brief exploration of these factors revealed the following:

The perceiver: When an individual looks at a target and attempts to interpret what he or she sees, that interpretation is heavily influenced by personal characteristics of the individual perceiver. Among the more relevant personal characteristics affecting perceptions are *attitudes, motives, interests, past experiences* and *expectations*.

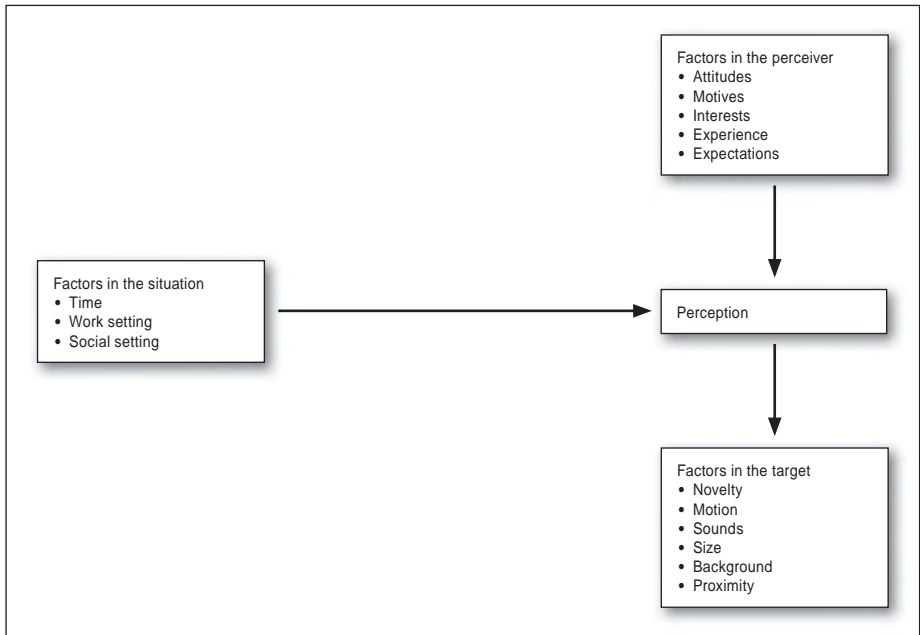
The target: Characteristics of the target that is being observed can affect what is being perceived. For example, loud people are more likely to be noticed in a group than quiet ones. *Motion, sounds, size* and *other attributes* of a target also shape the way we see it.

Figure 1: Figure-Ground Illustration



Source: Robinson, A.C. 2005. *Gestalt*. [Online] Available from: http://www.acrstudio.com/projects/teaching/design3_01gestalt.htm [Accessed: 2006-07-17]

Figure 2: Factors that influence perception



Source: Robbins, S.P. 2001: 124

What is seen also depends on how a figure is separated from its general *background*, illustrated in Figure 1. The prominent object in this figure may first appear as a white vase. If, however, white is taken as the background, one sees two black profiles.

Additional important factors that influence target perceptions include:

- *Physical or time proximity*: as a result of this one tends to group unrelated objects or events. Objects or events that are similar to each other tend to be perceived together rather than separately.
- *Similarity*: persons, objects or events that are similar tend to be grouped together. Greater similarity increases the probability that they would be perceived as a common group.

The situation: The context in which one sees objects or events is important because elements in the surrounding environment influence a person's perceptions. The time at which an object or event is seen also influences attention, as does location, light, heat or number of situational factors.

Figure 2 highlights a number of factors that might influence the perceptions of an individual as summarised by Robbins (2001:122-124).

From the above it is submitted that various demographic, economic or other circumstances of a particular individual might influence that individual's perceptions, including perceptions about tax.

METHODOLOGY

This was an exploratory study and an interrogation/communication approach was followed as the data was collected from respondents by means of interviews using a questionnaire as the measuring instrument.

As trained fieldworkers merely recorded the responses as indicated by the respondents without any manipulation of variables taking place, an *ex post facto* design was followed. The study was descriptive as it revolved around determining the likelihood (how much) that taxpayers' (who) perceptions with regard to taxation would influence their attitudes towards tax compliance (what) in Tshwane (where) during February 2006 (when) (Cooper & Schindler, 2003:146-149).

As data was only collected on one occasion, this was a cross-sectional study. The study was also a statistical study and was designed for breadth rather than depth. It attempted to highlight a sample of individual South African taxpayers' perceptions with regard to taxation and made numeric inferences based on the data obtained. The research was also performed under field conditions as it was conducted under actual environmental conditions (Cooper & Schindler, 2003:149-150).

Sampling

Target Population

The universe for the sample included residents who were twenty-one years and older of the four major South African population groups as defined by Statistics South Africa (2004:1) residing in the Tshwane metropolitan area (which includes Pretoria, the capital city of South Africa).

Sampling

Due to constraints such as time, budget and geographic distances, it was not possible to collect data from the entire population of South African taxpayers. Therefore, a census was not conducted and a sample was drawn from the four selected South African population groups (Cooper & Schindler, 2003:179; Du Plooy, 2002:100).

A sample of individual South African taxpayers was selected from the greater Tshwane metropolitan area. This target area was selected, not only for reasons of convenience and cost, but also because it is an area that includes all the selected population groups, from many different age groups, who speak a variety of languages and represent a wide range of earnings (that is, from those who have no income to those who are extremely wealthy). The Tshwane metropolitan area also includes people who differ vastly in their educational background and employment status. This area was thus not only selected for practical purposes, but also because it represents a heterogeneous population.

A sample size of 260 individual South African taxpayers was selected from this area. For this particular study, in order to comply with statistical requirements, a minimum

sample size of 200 would have been acceptable. To improve the results of the study a sample size of 260 was feasible. This was considered to be an appropriate sample size by leaders of and committees who approved the research project (that is, the Research, Post-graduate and Ethics Committees).

A *probability sampling* approach was employed in the study as the population elements were randomly selected based on a controlled procedure and each population element had a known and equal chance of selection (Cooper & Schindler, 2003:183). The study followed the most important form of cluster sampling known as *area sampling* because the sample of individual South African taxpayers was identified from a specific geographical area (Tshwane). The particular households within the Tshwane metropolitan area were then selected based on further groups (that is, specific areas within the Tshwane region) (Cooper & Schindler, 2003:196; Diamantopoulos & Schlegelmilch, 2000:16).

In order to comply with statistical requirements, the distribution for the target population groups was disproportionate to achieve a minimum of 40 Coloured and Indian, 80 White and 100 Black/African respondents.

The sample was based on the 1996 census population figures. The households were selected systematically from a random starting point. Following this, the individual respondents were selected from qualifying household members by means of a Kish Grid.

Respondent Profile

As the services of MarkData were used to carry out the research and this organisation had access to all the respondents, they were able to follow up on any problem areas concerning the completed questionnaires (for example, missing responses, obvious errors or illegible writing for the open-ended questions). A sample size of 260 was thus realised.

It is important to emphasise that this was an exploratory study that attempted to highlight areas for future research. It was not the purpose of the study to generalise the conclusions reached to the whole of the South African population. Therefore, this study only highlights the various perceptions amongst different individual taxpayers within South Africa. An attempt was made to select the sample in such a way as to be broadly representative of the demographics of the South African population as a whole.

This was considered to be an acceptable sample size for the study and this area represents a heterogeneous population. Tshwane and Johannesburg are situated in the Gauteng province in South Africa. Gauteng is the smallest (18 810 square metres), wealthiest and most populous (per square metre) province in South Africa. Gauteng generates 10% of the Gross Domestic Product (GDP) for the African continent, and a third of South Africa's GDP (Gauteng Economic Development Agency, 2007). The selected area of Tshwane was, therefore, considered to have been appropriate in order to achieve the objectives of this study. A description of the respondent profile follows.

Population group: the results of the study showed that data was collected from 100 Black/African, 79 White, 41 Coloured and 40 Indian respondents (a minor deviation, unlikely to affect the results).

The age grouping of the sample is slightly older than the age distribution of the South African population if compared to the 1996 and 2001 census information (Statistics South Africa, 2004:19-23). Nevertheless, the age profile of the respondents was still regarded as acceptable.

The *gender* composition of the respondents was 53,08% male and 46,92% female. According to Statistics South Africa, the gender representativeness of South Africa during the 1996 census was 48,10% male and 51,90% female. In respect of the 2001 census, the gender composition of South Africa was 47,82% male and 52,18% female (Statistics South Africa, 2004:19-23). It is submitted that males are still, in some instances, more likely to be the breadwinners and thus the distribution of the sample was considered to be reasonably representative.

Regarding the *home language* of the respondents, all of the respondents indicated one of the eleven official South African languages as their home language. The home language of a respondent is, however, generally linked to a specific population group and, therefore, this has not been compared to the South African population. However, the greater Tshwane metropolitan area covers an area where a variety of languages are spoken and all of the main language groups were represented in the sample.

Regarding the *educational background* of the respondents, 43,85% had completed grade 12/matric, 34,62% had some form of higher education and 15,77% had some secondary schooling. Only very low percentages of the respondents had only completed primary (3,46%), had some primary (1,15%) or no schooling (1,15%).

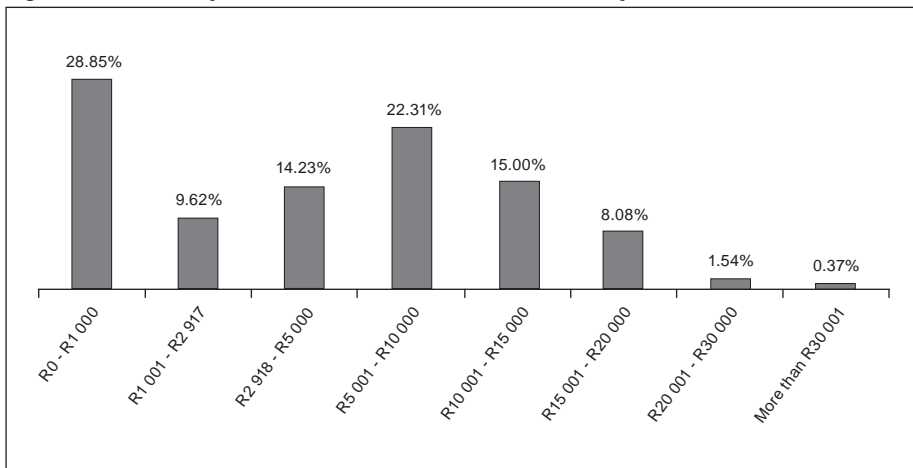
The sample included respondents with a higher level of education than the South African population in general (when compared to the census data). Gauteng is wealthier compared to the other provinces (Gauteng Economic Development Agency, 2007). It tends to attract a greater number of inhabitants with higher educational qualifications than the country as a whole and provides more and better employment opportunities. Therefore, the composition of the sample was regarded to be acceptable as it included representatives from each major educational level.

Considering the *employment status* of the respondents, 36,92% are salaried employees in the private sector, 20,77% are unemployed, 18,08% are economically inactive, 13,85% are salaried employees in the public sector and 10,38% are self-employed. A comparison between the 1996 and 2001 census information shows that the official unemployment rate increased from 19,50% in 1996 to 24,00% in 2001 (Statistics South Africa, 2004:51-56).

Taking the above into account, it became evident that the sample included respondents with a higher level of employment than the South African population in general. As mentioned earlier, Gauteng is the wealthiest province in South Africa (Gauteng Economic Development Agency, 2007) and offers more and better employment opportunities compared to other provinces in South Africa. The sample was, therefore, acceptable in accurately including representation of all the types of employment status in the target population.

Figure 3 indicates the respondents' *income per month* before deductions. In addition, it was found that 23,46% of the respondents earn a *second or other additional income* (for example, income from a second trade or income from renting out premises).

Figure 3: Income per month before deductions of respondents



It is difficult to assess the representativity of the sample as the income brackets used to report the monthly income of the employed in South Africa according to the census are different from those used in the study. The brackets used in the study are designed, taking the tax threshold into account. In addition, the information provided in the census report on the individual monthly income of the employed aged 15 to 65 (this study considered only individuals 21 years and older and the census includes individuals 15 years and older).

A wide spread between all levels of income was still achieved, with the larger proportion of respondents in the sample being in the lower-income brackets, as was shown by the census data. The sample was, therefore, considered to be acceptable.

Data Collection

In order to ensure improved control of the fieldwork, a private, independent company, MarkData Pty (Ltd) (referred to as MarkData from this point forward), was contracted to carry out the data collection phase for this research project. MarkData operates in the Tshwane metropolitan area and specialises in providing strategic research solutions on a variety of issues for numerous national and international clients.

When answering questions about taxation, respondents might be suspicious and secretive and thus unwilling to respond fully and honestly. In order to create a more trusting relationship, this study, therefore, conducted personal face-to-face interviews in the respondents' choice of language (making use of a standard set of questions to ensure that the same questions were asked to all respondents). This methodology appeared to be more appropriate than a mailed questionnaire or a telephone interview.

The questionnaire for the study was developed taking cognisance of research that had been conducted previously.

The interviews took place at the respondents' homes. Interviews were often conducted after hours to ensure that the selected respondents were available. Two revisits were made before a household was substituted. This study followed two phases with regard to pilot testing. First, the questionnaire was pre-tested by fifteen academic colleagues. No major problems were detected and only minor comments in relation to the style and grammar of the questionnaire were received. These comments were taken into account and the questionnaire was amended accordingly.

For the second pre-testing phase, twenty-five respondents were drawn from the target population. The pilot test was carried out in a manner similar to the way in which the actual data for this study was to be collected. Fieldworkers from MarkData conducted interviews with the pilot group using the questionnaire. Minor amendments were suggested and incorporated. The actual data for this study was collected, using this questionnaire, during the month of February 2006.

Measurement

In research, *measurement* consists of assigning numbers to empirical events in compliance with a set of rules. This means that observable empirical events are selected, a scheme is developed for assigning numbers or symbols to represent aspects of the event being measured and that the mapping rule(s) is applied to each observation of that event (Cooper & Schindler, 2003:221). A questionnaire was compiled and served as the measuring instrument for the study. The specific *measurement scales* that comprised the questionnaire are considered below.

The aim of this study was to measure the likelihood that South African taxpayers' perceptions with regard to taxation would influence their attitudes towards tax compliance. This study assumed that if taxpayers have negative perceptions about tax, they will also have negative attitudes towards tax compliance, and *vice versa*.

Standardised scales did not exist to measure the constructs in the study. A customised scale was thus developed for the study. Simple category, multiple choice single-response, as well as multiple choice multiple-response scales were used in the final questionnaire to determine taxpayers' perceptions with regard to taxation.

A chi-square test was performed to test for independence (that is, whether a relationship exists between the variables). In each case a *p* value was established. This *p* value was then compared to alpha (which is the level of significance) (Cooper & Schindler, 2003:536). In this study, where the *p* value was found to be less than 0,05, a significant relationship was present between the variables. Where the *p* value was less than 0,01, it represented a highly significant relationship.

Results and discussion

This study addressed three main themes:

- perceptions of general tax-related issues;
- perceptions of tax evasion statements; and

- perceptions of tax compliance statements.

This section presents the findings relating to the abovementioned themes. All the characteristics and circumstances that could have influenced respondents' perceptions are analysed, using statistical techniques.

In previous research the following factors were identified as affecting a taxpayer's decision whether or not to evade paying tax.

Relationship with SARS (Lewis, 1982:172): findings showed that 53,08% of the respondents were registered as taxpayers with SARS. Nevertheless, only 39,23% had consulted with SARS officials in the past

Fiscal attitudes: the respondents were asked to indicate how strongly they support the present government (Lewis, 1982:172). From the responses it became evident that 42,31% support the government very strongly, 38,46% are neutral and 19,23% do not support the current government at all.

The respondents were also requested to indicate their beliefs about the *future of South Africa* (Lewis, 1982:172). The responses indicated that 40,77% of the respondents were concerned about the future of South Africa, 24,61% were neutral and 34,62% were hopeful about the country's future.

The respondents were requested to indicate their view on *income distribution* (Australian Cash Economy Task Force, 1998:18; Lewis, 1982:172) in South Africa (that is, whether they believe that all income earned should accrue to the government which should then distribute this evenly among all South Africans, or whether everyone should be entitled to keep the income they earn).

In relation to the respondents' views on income distribution in South Africa, it was noted that the majority (76,15%) believed that all income earned should accrue to the government, which should distribute this equally among all South Africans. The remainder (23,85%) were of the opinion that everyone should be entitled to keep the income they earn.

Perceptions about general tax-related issues

The respondents' perceptions with regard to a number of general tax-related statements were determined. The respondents were asked whether they agreed, disagreed or had no opinion regarding a number of statements that deal with general issues related to tax. Each of the statements, together with the respondents' attitudes towards these statements, is presented in Table 1.

Just over half of the respondents (58,46%) are of the opinion that a large proportion of taxes is used by the government for meaningless purposes. Although the majority of the respondents believe that it is fair to pay tax (73,46%), respondents generally believe that both the income tax rates (77,31%) and the VAT rate should be reduced (82,31%).

In terms of the income tax rate, 37,31% of the respondents are of the opinion that the rate should be the same regardless of the amount of income earned, 43,85% do not agree with this, and 18,84% have no opinion regarding this statement.

Table 1: Responses regarding respondents' attitudes towards general tax-related statements

Statements relating to general tax issues	Percentage of respondents who agreed with the statement	Percentage of respondents who disagreed with the statement	Percentage of respondents who had no opinion regarding the statement
A large proportion of taxes is used by the government for meaningless purposes	58,46%	32,69%	8,85%
It is unfair to pay tax	16,54%	73,46%	10,00%
Income tax rates must be reduced	77,31%	15,38%	7,31%
The VAT rate must be reduced	82,31%	11,54%	6,15%
The income tax rate (%) should be the same regardless of the amount of income earned (i.e. everybody pays income tax using the same percentage irrespective of the amount you earn)	37,31%	43,85%	18,84%
I do not know why I have to pay tax	31,54%	56,54%	11,92%
Waste and corruption in government is high	87,69%	6,93%	5,38%
Rich people should pay tax at a higher rate	63,08%	28,46%	8,46%
Tax is very complicated – I do not know how to calculate my own tax liability	37,69%	37,69%	24,62%
The amount of tax I have to pay is reasonable considering the benefits received	24,23%	38,46%	37,31%
The government does not provide enough information about how they use taxpayers' money	51,92%	23,85%	24,23%

Just over half of the respondents, 56,54%, believe that they know why they have to pay tax. Only 31,54% are of the opinion that they do not know why they have to do so and 11,92% have no opinion.

A significant finding was that the majority of the respondents (87,69%) believe that waste and corruption in government is high. In addition, more than half of the respondents (51,92%) agree that the government does not provide enough information on how they use taxpayers' money.

A relatively high percentage of the respondents, 63,08% are of the view that wealthy people should pay tax at a higher rate. Further investigations showed that 24,23% of the respondents are of the opinion that the amount of tax that they have to pay is reasonable considering the benefits received, 38,46% do not agree with this and 37,31% have no opinion.

Only 37,69% of the respondents believe that tax is not complicated and that they know how to calculate their own tax liability. Nevertheless, the same percentage of respondents indicated the opposite, while 24,62% have no opinion.

Demographic, economic or other factors

From this study it also appears that various demographic, economic or other factors potentially influence respondents' attitudes with regard to general tax-related issues. In Table 2 a summary of the specific demographic, economic or other factors influencing a specific tax-related statement, is indicated.

From these findings it appears that citizen involvement is necessary to build a closer relationship between the taxpayers and the government. Careful consideration should be given to the various factors that may influence a taxpayer's attitude, when managing the relationship between taxpayers and the government. Table 3 indicates the number of statements where the respondents' attitudes were influenced by a specific demographic, economic or other factor.

Taking all the above findings into account, this study argues that government should, in the management of their relationship with South African taxpayers, take cognisance of the specific factors that may influence their attitudes towards taxation.

Perceptions about tax evasion and tax compliance statements

The following summarises the findings of this study regarding the respondents' attitudes towards *tax evasion*:

- A high proportion of the respondents (61,15%) agree that the fiscal authorities (SARS) would notice if they decided to evade tax. Of all the respondents, 63,85% are of the opinion that wealthy people evade tax more often than poor people.
- Slightly less than half of the respondents (45,77%) believe that the burden of taxation is so heavy that many people are forced to evade taxation in order to survive. Of all the respondents, 45,38% believe that people evade tax because the risk that the authorities will find out is low.

Table 2: Summary of relationship between respondents' demographic, economic or other factors and their attitudes towards tax-related statements

Statements relating to general tax issues	Demographic, economic or other factors that influence respondents' attitudes towards general tax-related statements
A large proportion of taxes is used by the government for meaningless purposes	Age, population group, educational background, employment status, earnings potential, registered as taxpayer with SARS, support for current government, views about the future of South Africa and views on income distribution
It is unfair to pay tax	Population group, earnings potential, support for current government, views about the future of South Africa and views on income distribution
Income tax rates must be reduced	Population group, earnings potential, registered as taxpayer with SARS, support for current government, views about the future of South Africa and views on income distribution
The VAT rate must be reduced	Earnings potential, support for current government and views on income distribution
The income tax rate (%) should be the same regardless of the amount of income earned (i.e. everybody pays income tax using the same percentage irrespective of the amount you earn)	Population group, home language, earning additional income, earnings potential, registered as taxpayer with SARS, support for current government and views about the future of South Africa
I do not know why I have to pay tax	Age, population group, home language, educational background, employment status, registered as taxpayer with SARS, prior dealings with SARS, support for current government, views about the future of South Africa and views on income distribution

Table 2 continued.

Statements relating to general tax issues	Demographic, economic or other factors that influence respondents' attitudes towards general tax-related statements
Waste and corruption in government is high	No factors influenced respondents' perceptions regarding this statement
Rich people should pay tax at a higher rate	Gender, population group, educational background, earning additional income, registered as taxpayer with SARS, prior dealings with SARS and views about the future of South Africa
Tax is very complicated – I do not know how to calculate my own tax liability	Gender, population group, home language, educational background, employment status, earning additional income, earnings potential, registered as taxpayer with SARS, prior dealings with SARS and support for current government
The amount of tax I have to pay is reasonable considering the benefits received	Age, population group, home language, educational background, employment status, earning additional income, earnings potential, registered as taxpayer with SARS, prior dealings with SARS, support for current government, views about the future of South Africa and views on income distribution
The government does not provide enough information about how they use taxpayers' money	Gender, population group, home language, employment status, prior dealings with SARS, support for current government and views about the future of South Africa

- A low proportion of the respondents (24,23%) take the view that they work hard for the income they receive, so they should be allowed to keep it all for themselves. Of all the respondents, 19,62% agree that government receives enough tax so it does not matter if some people evade tax. In addition, 12,31% of the respondents believe that since so many other people are evading tax, they cannot be blamed for avoiding tax.

This study found that a number of demographic factors influenced respondents' attitudes towards tax evasion. These include age, population group, educational background and the respondents' views on income distribution in South Africa.

The following summarises the findings of this study regarding the respondents' perceptions on *tax compliance*:

- Just over half of the respondents (51,15%) report all of their income to the authorities when they submit their tax return every year. In addition, a low proportion (18,15%) indicated that they would consider not reporting all of their income to the authorities when they submit their tax return in future.
- A low proportion (17,69%) of the respondents indicated that they have previously made higher deductions than legally permitted when submitting their income tax

Table 3: Number of statements where respondents' attitudes were influenced by a specific demographic, economic or other factor

Demographic, economic or other factor	Number of statements
Population group	9
Support for current government	9
Views about the future of South Africa	8
Earnings potential	7
Registered as taxpayer with SARS	7
Views on income distribution	6
Home language	5
Educational background	5
Employment status	5
Prior dealings with SARS	5
Earning additional income	4
Age	3
Gender	3

return. However, a slightly higher proportion (20,77%) noted that they believe they would consider doing so in the future.

- A low proportion (31,54%) of the respondents agreed that they would still accept a job if the employer offers not to deduct any income tax even though, by law, the employer should. In addition, 40,38% believe that if a tax advisor advises them not to declare all of their income, that they would take this person's advice.

This study also found that a number of factors influenced respondents' attitudes towards tax compliance. These include age, population group, prior dealings with SARS officials and views on income distribution in South Africa.

The findings set out above appear to support the view that a considerable tax gap exists in South Africa.

SUMMARY OF FINDINGS

The payment of taxes is invariably unpopular, and only an idiosyncratic minority is likely to say that they pay too little tax (Lewis, 1982:41). Authors have argued that avoidance has possibly ceased to be a question of the law and has become one of social responsibility (Accountant, 2007:14; Temkin, 2004:12). The present study supports the view of Alm and Torgler (2006:243) that a sustainable tax system is based on a fair tax system and a responsive government. If taxpayers perceive that their preferences are adequately considered, their identification with the government increases and so does their willingness to pay taxes. A government should aim to create a culture conducive to the payment of taxes (Friedman, 2003a:12).

In the light of the findings from this study it can be concluded that tax compliance may depend upon several factors other than deterrence, and the perceptions of South African taxpayers are likely to be influenced by these factors.

The results of this study suggest that the improvement of the perceptions of taxpayers requires a multifaceted approach in order to understand and influence the large number of factors that play a role in individual behaviour. It is important for government to build a close relationship between themselves and taxpayers. The South African government should evaluate their corporate communication strategies on a regular basis in order to determine the most effective manner in which to communicate tax issues with its citizens.

The present study supports the view that individual South African taxpayers' perceptions influence their attitudes towards tax compliance. It is important that SARS should concentrate on changing taxpayers' perceptions with regard to taxation in order to achieve a more positive attitude towards tax compliance.

This study, however, focused only on natural persons. Corporate taxpayers were excluded. The research was performed within the Tshwane metropolitan area in Gauteng only and it was not the purpose of the study to generalise the conclusions reached to the whole of the South African population. This study merely highlighted the various perceptions amongst a sample of South African individual taxpayers.

Other researchers may extend the findings of this research by testing these findings in other areas, amongst other taxpayers and using other interrogation methods.

Future research can investigate SARS' current corporate communication strategy and by doing so, develop improved communication strategies that could help to increase the provision of tax information to South African citizens in order, not only to improve their general understanding of taxation but also to emphasise the importance of paying tax. Further strategies can also be developed to communicate more efficiently and effectively to taxpayers how to calculate their own tax liability.

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