

CHAPTER 5: ANALYSIS OF RELATIONSHIPS

5.1 INTRODUCTION

This study addressed three main themes:

- perceptions of general tax-related issues (question 18);
- perceptions of tax evasion statements (question 20); and
- perceptions of tax compliance statements (question 23).

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

The statements in question 18 (v22-v32) involve individual issues relating to taxation and each statement is compared with all the individual demographic, economic or other characteristics of the respondents. This is done in an attempt to assess whether or not there is a significant relationship between the observations.

As the focus of questions 20 and 23 was concerned with the relationship between a number of constructs, the internal-consistency reliability of the measurement tool (questions 20 and 23) used in this research, was tested, by means of the Cronbach alpha.

Question 20 (v34-v40) requested respondents to indicate whether they agree, disagree or have no opinion concerning a number of statements that relate to tax evasion. The result of the Cronbach alpha was 0.72 (v34 needed to be reversed). This provided an acceptable level of reliability and the variables were, therefore, grouped together for the purpose of further analysis. In order to provide a more meaningful mean score, "1" was allocated when the respondent agreed with a specific statement, "2" if the respondent expressed no opinion and "3" when the respondent disagreed.

Question 23 (v48-v53) requested respondents to answer “yes” or “no” to a number of statements relating to tax compliance. As the Cronbach alpha was 0.74 (v48 needed to be reversed), this provided an acceptable level of reliability and the variables were grouped together for the purpose of further analysis.

The last section of the chapter reports on the respondents’ opinions with regard to the appropriate punishment for tax evasion. Furthermore, in every individual analysis, the results are also compared with similar past studies, where relevant.

The relationship between the individual demographic, economic or other factors and the three main themes of the research are set out in Table 11 and Table 49. In addition, the relationship between the respondents’ views on specific tax-related statements and their attitudes towards tax evasion and tax compliance, are also summarised in Table 50.

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.

Each of the sets of variables where a significant or highly significant relationship was found is set out in Tables 11, 49 and 50 and then analysed in more detail.

5.2 PERCEPTIONS OF GENERAL TAX-RELATED ISSUES

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 10.

Table 10: 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%

It is evident from Table 10 that 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%), the 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.

Just over half of the respondents believe that they know why they have to pay tax (56.54%). Only 31.54% are of the opinion that they do not know why they have to do so and 11.92% have no opinion in this regard.

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 (63.08%) of the respondents, 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.

In Table 10 it is revealed that 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.

The relationship between the economic, demographic or other factors of respondents, and the manner in which these factors influence their perceptions towards general tax-related statements, are discussed below. Where relevant earlier research was done, this is compared with the results of the present study. Table 11 summarises the relationship between each general tax-related statement and the demographic, economic or other factors, which may influence respondents' perceptions. Only where there is a significant or highly significant p value, is it reflected in the relevant cell of the table. Blank cells do not imply that there is no relationship, but merely imply a relationship with a p value greater than 0.05.

Table 11: Relationship between respondents' demographic, economic or other factors and their attitudes towards general tax-related statements

	A large proportion of taxes is used by the government for meaningless purposes	It is unfair to pay tax	Income tax rates must be reduced	The VAT rate must be reduced	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)	I do not know why I have to pay tax	Waste and corruption in government is high	Rich people should pay tax at a higher rate	Tax is very complicated - I do not know how to calculate my own liability	The amount of tax I have to pay is reasonable considering the benefits received	The government does not provide enough information about how they use taxpayers' money
DEMOGRAPHIC FACTORS											
Age	$p = 0.0461$					$p = 0.0351$				$p = 0.0018$	
Gender								$p = 0.0364$	$p = 0.0089$		$p = 0.0499$
Population group	$p < 0.0001$	$p < 0.0001$	$p = 0.0002$		$p < 0.0001$	$p < 0.0001$		$p < 0.0001$	$p < 0.0001$	$p < 0.0001$	$p < 0.0001$
Home language					$p < 0.0001$	$p = 0.0036$			$p < 0.0001$	$p < 0.0001$	$p < 0.0001$
Educational background	$p = 0.0418$					$p = 0.0013$		$p = 0.0190$	$p < 0.0001$	$p < 0.0001$	
Employment status	$p = 0.0023$					$p = 0.0029$			$p < 0.0001$	$p < 0.0001$	$p = 0.0235$
Earning additional income					$p = 0.0023$			$p = 0.0048$	$p = 0.0029$	$p = 0.0012$	
Earnings potential	$p < 0.0001$	$p = 0.0209$	$p = 0.0005$	$p = 0.0125$	$p = 0.0111$				$p < 0.0001$	$p < 0.0001$	
ECONOMIC CIRCUMSTANCES											
Type of dwelling											
Visit state-funded medical facilities		$p = 0.0292$			$p < 0.0001$	$p < 0.0001$		$p = 0.0026$		$p = 0.0003$	$p < 0.0001$
Number of persons in household	$p = 0.0474$								$p = 0.0263$		
RISK PROFILE											
Being a risk-taker or not									$p = 0.0046$	$p = 0.0218$	
Gambling habits											
Partaking in Lotto					$p = 0.0050$				$p = 0.0340$	$p = 0.0062$	$p = 0.0028$
Lotto good-proceeds used for charity	$p = 0.0253$	$p = 0.0085$	$p = 0.0019$		$p = 0.0050$					$p = 0.0036$	$p < 0.0001$
RELATIONSHIP WITH SARS											
Registered as taxpayer with SARS	$p = 0.0119$		$p = 0.0028$		$p = 0.0309$	$p = 0.0098$		$p = 0.0422$	$p < 0.0001$	$p < 0.0001$	
Prior dealings with SARS						$p = 0.0004$		$p = 0.0070$	$p < 0.0001$	$p < 0.0001$	$p = 0.0003$
POLITICAL/FISCAL ATTITUDES											
Support for current government	$p < 0.0001$	$p < 0.0001$	$p < 0.0001$	$p = 0.0005$	$p < 0.0001$	$p < 0.0001$			$p = 0.0068$	$p < 0.0001$	$p < 0.0001$
Views about South Africa's future	$p < 0.0001$	$p < 0.0001$	$p = 0.0043$		$p < 0.0001$	$p < 0.0001$		$p = 0.0023$		$p < 0.0001$	$p < 0.0001$
Views on income distribution	$p = 0.0154$	$p = 0.0134$	$p = 0.0079$	$p = 0.0493$		$p = 0.0117$				$p = 0.0322$	

5.2.1 **Statement 1: “A large proportion of taxes is used by the government for meaningless purposes”**

The first statement examined, that involves tax-related issues is: “A large proportion of taxes is used by the government for meaningless purposes”. As reflected in Table 10, 58.46% of all the respondents are in agreement with this statement. The manner in which each individual demographic, economic or other factor influenced the respondents’ perceptions regarding this particular statement, is analysed.

Table 11 reveals a strong relationship between the **age** of the respondents and their attitudes towards the statement: “A large proportion of taxes is used by the government for meaningless purposes” (*p* value = 0.0461).

In Table 12 below, this relationship is analysed in more detail. Although, as indicated in the table, there is a difference in perceptions between the various age groups, a high proportion of all age groups agree with the statement: “A large proportion of taxes is used by the government for meaningless purposes”. If, however, those respondents expressing no opinion are ignored, a larger than average percentage of the older respondents (over fifty years of age), agree with the statement. It is submitted that older respondents might be more aware of the need to provide for their retirement and, therefore, more critical of government’s use of tax revenue.

Table 12: Responses of age groups regarding the statement: “A large proportion of taxes is used by the government for meaningless purposes”

AGE GROUP	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
21-29	33 (58.93%)	21 (37.50%)	2 (3.57%)	56
30-39	41 (62.12%)	24 (36.36%)	1 (1.52%)	66
40-49	30 (50.00%)	22 (36.67%)	8 (13.33%)	60
50-59	26 (63.42%)	8 (19.51%)	7 (17.07%)	41
60+	22 (59.46%)	10 (27.03%)	5 (13.51%)	37
Total	152 (58.46%)	85 (32.69%)	23 (8.85%)	260

Table 11 reveals a strong relationship between the **population group** to which the respondents belong and their attitudes towards the statement: “A large proportion of taxes is used by the government for meaningless purposes” (p value < 0.0001).

This relationship is analysed in more detail in Table 13 below. Although a slightly larger proportion of the Black population group disagree, the majority of the respondents in the other population groups agree with the statement: “A large proportion of taxes is used by the government for meaningless purposes”.

Smith (2003:6) suggests that in South Africa it is possible that those citizens who are in the racial minority may feel alienated from democratic government. Considering her suggestion and the findings of this study, it could be argued that, in comparison to other population groups, the Black population group has a bigger vote when electing the government and, therefore, may be more supportive of the government they have elected and its utilisation of tax revenue.

Table 13: Responses of population groups regarding the statement: “A large proportion of taxes is used by the government for meaningless purposes”

POPULATION GROUP	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Black	31 (31.00%)	55 (55.00%)	14 (14.00%)	100
Coloured	26 (63.41%)	15 (36.59%)	0 (0.00%)	41
Indian	28 (70.00%)	12 (30.00%)	0 (0.00%)	40
White	67 (84.81%)	3 (3.80%)	9 (11.39%)	79
Total	152 (58.46%)	85 (32.69%)	23 (8.85%)	260

Table 11 reveals a strong relationship between the **educational background** of the respondents and their attitudes towards the statement: “A large proportion of taxes is used by the government for meaningless purposes” (p value = 0.0418).

Of all the respondents in possession of a grade 12/matric certificate, 64.04%, of all the respondents in possession of a higher qualification, 60.00%, and of all the respondents who

have not completed secondary school, 44.64%, agree with the above statement. The more highly educated respondents agree with the above statement to a slightly greater extent than those who are less educated. It is possible that the more educated respondents would read more and be more up-to-date with media releases on waste and corruption in government and, therefore, tend to be more critical than those who are less educated.

Table 11 reveals a strong relationship between the **employment status** of the respondents and their attitudes towards the statement: “A large proportion of taxes is used by the government for meaningless purposes” (p value = 0.0023).

Of all the self-employed respondents, 77.78%, salaried respondents, 64.39%, and unemployed respondents, 45.54%, believe that a large proportion of taxes is used by the government for meaningless purposes.

It would be reasonable to assert that self-employed respondents, who pay tax by means of provisional tax payments, would be more aware of tax matters compared with respondents who have their tax automatically deducted by their employers. Self-employed respondents may be more concerned with the use to which their tax revenue has been put.

Table 11 reveals a strong relationship between the **earnings potential** of the respondents and their attitudes towards the statement: “A large proportion of taxes is used by the government for meaningless purposes” (p value < 0.0001).

Of all the respondents earning more than R10 000 per month before deductions, 72.31% agree that: “A large proportion of taxes is used by the government for meaningless purposes”. Of all the respondents earning between R2 918 and R10 000 per month before deductions, 68.42% agree with the aforementioned statement. However, only 40.00% of all the respondents earning below the tax threshold, agree with the statement.

This could be ascribed to the possibility that those respondents not paying tax are benefiting the most from tax collected by government, which may be used for social programmes, and are, therefore, in turn, more supportive of government and its allocation of funds.

Table 11 reveals a strong relationship between the **number of persons living within respondents' households** and their attitudes towards the statement: "A large proportion of taxes is used by the government for meaningless purposes" (p value = 0.0474).

In Table 14 below, the relationship is analysed in more detail. It appears that a somewhat lower percentage of the respondents with five or more people living in their household are of the opinion that the government does not use taxpayers' money for meaningless purposes, when compared to respondents who have between one and four people living in their household.

It is possible that the number of persons living within a respondent's household is an indicator of financial need. An increase in the number of people living within a particular household could result in an increased dependence of that specific household on the government. Respondents who are dependent on the government might be less negative towards the government in view of their potential social benefits.

Table 14: Responses concerning number of people living within a household and respondents' attitudes towards the statement: "A large proportion of taxes is used by the government for meaningless purposes"

NUMBER OF PEOPLE LIVING WITHIN A HOUSEHOLD	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
1-2	39 (69.64%)	14 (25.00%)	3 (5.36%)	56
3	33 (55.00%)	22 (36.67%)	5 (8.33%)	60
4	46 (63.89%)	16 (22.22%)	10 (13.89%)	72
5	18 (52.94%)	13 (38.24%)	3 (8.82%)	34
6+	16 (42.11%)	20 (52.63%)	2 (5.26%)	38
Total	152 (58.46%)	85 (32.69%)	23 (8.85%)	260

Table 11 reveals a strong relationship between respondents who **think that the Lotto is good because the proceeds are used for charitable purposes** and their attitudes towards the statement: “A large proportion of taxes is used by the government for meaningless purposes” (p value = 0.0253).

The analysis indicates that 67.24% of all the respondents who do not believe that the Lotto is good because a portion of the money is allocated for charitable purposes, agree that a large proportion of taxes is used by the government for meaningless purposes. On the other hand, of all the respondents who believe that the Lotto is good because a portion of the money is allocated for charitable purposes, 55.94% agree that a large proportion of taxes is used by the government for meaningless purposes. Any relationship between partaking in the Lotto and attitudes towards government’s utilisation of funds is, however, likely to be coincidental.

Table 11 reveals a strong relationship between whether or not the respondents are **registered with SARS as taxpayers** and their attitudes towards the statement: “A large proportion of taxes is used by the government for meaningless purposes” (p value = 0.0119).

Of all the respondents who are registered taxpayers, 66.67% agree that a large proportion of taxes is used by the government for meaningless purposes, compared with 49.18% of all those respondents not registered as taxpayers with SARS. Respondents registered with SARS as taxpayers, are most likely to be those respondents earning a higher income.

The stated main focus of the current government is re-distribution of wealth (Kemp, 2004:12). Therefore, those respondents registered with SARS as taxpayers, would possibly be more concerned with how tax revenue received is dealt with in the government budget, compared with those respondents not registered with SARS.

Table 11 reveals a strong relationship between whether or not the respondents **support the current government** and their attitudes towards the statement: “A large proportion of taxes is used by the government for meaningless purposes” (p value < 0.0001).

In Table 15 below, the relationship is analysed in more detail. The table shows that respondents who support the current government believe, to a lesser extent than other respondents, that a large proportion of taxes is used by the government for meaningless purposes. This finding would be anticipated, but it is significant that the majority of all the respondents express a great deal of concern regarding the government's utilisation of funds.

Table 15: Responses concerning respondents' support for the current government and their attitudes towards the statement: "A large proportion of taxes is used by the government for meaningless purposes"

SUPPORT FOR CURRENT GOVERNMENT	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Support	49 (44.55%)	54 (49.09%)	7 (6.36%)	110
Neutral	66 (66.00%)	22 (22.00%)	12 (12.00%)	100
Not at all	37 (74.00%)	9 (18.00%)	4 (8.00%)	50
Total	152 (58.46%)	85 (32.69%)	23 (8.85%)	260

Table 11 reveals a strong relationship between the respondents' **views towards the future of South Africa** and their attitudes towards the statement: "A large proportion of taxes is used by the government for meaningless purposes" (p value < 0.0001).

Table 16 below analyses the relationship in more detail. It is evident from this table that respondents who are concerned or neutral about the future of South Africa, believe, to a greater extent than those who are hopeful, that a large proportion of taxes is used by the government for meaningless purposes. This finding would be anticipated.

Table 16: Responses concerning respondents' views about the future of South Africa and their attitudes towards the statement: "A large proportion of taxes is used by the government for meaningless purposes"

VIEWES ABOUT THE FUTURE OF SOUTH AFRICA	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and Row percentage)	TOTAL
Concerned	69 (65.10%)	33 (31.13%)	4 (3.77%)	106
Neutral	40 (62.50%)	10 (15.62%)	14 (21.88%)	64
Hopeful	43 (47.78%)	42 (46.67%)	5 (5.55%)	90
Total	152 (58.46%)	85 (32.69%)	23 (8.85%)	260

Table 11 reveals a strong relationship between the respondents' **views relating to income distribution** and their attitudes towards the statement: "A large proportion of taxes is used by the government for meaningless purposes" (p value = 0.0154).

Results show that a higher percentage (74.19%) of all the respondents who are of the opinion that everyone should be entitled to keep the income they earn, agree with the statement, compared to those who believe that all income earned should accrue to government which should distribute it equally among all South Africans (53.54%). Again, this appears to be a predictable result.

5.2.2 Statement 2: "It is unfair to pay tax"

The second statement that relates to general tax issues is: "It is unfair to pay tax". The manner in which individual demographic, economic or other factors influenced the respondents' perceptions regarding this statement, is now discussed. As indicated in Table 10, the majority of all the respondents (that is, 73.46%) believe that it is fair to pay tax.

Table 11, reveals a strong relationship between the **population group** to which the respondents belong and their attitudes towards the statement: "It is unfair to pay tax" (p value < 0.0001).

In Table 17 below, the relationship is analysed in greater detail. Although the Coloured and White population groups believe more strongly than the Indian and Black population groups that it is unfair to pay tax, the respondents generally are of the opinion that it is fair to pay tax.

Lieberman (2001:548) argues that given the important political changes in South Africa, including the promulgation of a non-racial constitution, there is good reason to believe that members of the White population will resist paying tax in future.

In view of this argument it would be justifiable to assert that the current political situation in the country might influence the perceptions of the different population groups. As the focus of the present government is to correct the wrongs of the past, a large proportion of the government's budget is allocated to uplifting previously disadvantaged South Africans (Eleftheriades, 1993:12). Members of the White population group might, therefore, be of the opinion that they receive fewer benefits from tax revenue. This might, in turn, lead to a less positive outlook with regard to the fairness of taxation. This does not, however, provide an explanation of the responses of the Coloured respondents.

Table 17: Responses of population groups regarding the statement: “It is unfair to pay tax”

POPULATION GROUP	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Black	7 (7.00%)	85 (85.00%)	8 (8.00%)	100
Coloured	11 (26.83%)	30 (73.17%)	0 (0.00%)	41
Indian	4 (10.00%)	36 (90.00%)	0 (0.00%)	40
White	21 (26.58%)	40 (50.63%)	18 (22.79%)	79
Total	43 (16.54%)	191 (73.46%)	26 (10.00%)	260

Table 11 reveals a strong relationship between the **earnings potential** of the respondents and their attitudes towards the statement: “It is unfair to pay tax” (p value = 0.0209).

Of those respondents earning less than R2 917 per month before any deductions (that is, those respondents who fall below the tax threshold), 81.00% disagree that it is unfair to pay

tax. Of all the respondents earning more than R10 000 per month before any deductions, 76.92%, and of all the middle-income earners, 63.13%, disagree with the statement. Middle-income and higher-income earners appear to be most satisfied with the current tax regime. The low-income earners probably do not want to give up any portion of their hard earned income, which is understandable. A suggested reason for the higher-income earners not being positive about the fairness of tax, could be attributed to the progressive tax system in South Africa where high income earners pay tax at a higher rate than low-income earners. This might explain their less positive perceptions about the fairness of taxation.

Table 11 reveals a strong relationship between the **frequency of visits to state-funded medical facilities** by the respondents and their attitudes towards the statement: “It is unfair to pay tax” (p value = 0.0292).

Of all the respondents who visit state-funded medical facilities between 2 and 5 times per month, 22.50% agree that it is unfair to pay tax. By contrast, 15.73% who do not visit these facilities at all and 15.27% who visit these facilities once a month, agree that it is unfair to pay tax. Respondents who visit state-funded medical facilities are generally those respondents who cannot afford private medical treatment and are thus dependent on the government for medical care. These respondents would usually have lower incomes and would possibly believe that they do not have enough money to pay tax and thus have the perception that it is unfair to pay tax.

Table 11 reveals a strong negative relationship between respondents who **think that the Lotto is good because proceeds are used for charitable purposes** and their attitudes towards the statement: “It is unfair to pay tax” (p value = 0.0085).

Of all the respondents who agree that the Lotto is good because a portion of the money is allocated for charitable purposes, 76.24% disagree that it is unfair to pay tax. Of all the respondents who do not agree that the Lotto is good because a portion of the money is allocated for charitable purposes, a smaller percentage, 63.79%, disagree that it is unfair to pay tax. If a person contributes towards the Lotto because he or she is of the opinion that it is

for a good purpose, then that person would possibly be more positive about the fairness of paying tax. Any relationship is, however, likely to be coincidental.

Table 11 reveals a strong relationship between whether or not the respondents **support the current government** and their attitudes towards the statement: “It is unfair to pay tax” (p value < 0.0001).

Table 18 below analyses the relationship in more detail. It can be seen from this table that of the respondents who do not support the government at all, 48.00% agree that it is unfair to pay tax. Only 14.00% of all the respondents who are neutral towards the current government and 4.55% of all the respondents who support the current government, agree that it is unfair to pay tax. It could be argued that the fiscal perception of a respondent (with specific reference to whether the individual supports government policies or not) affects the respondent’s perception towards the fairness of paying tax.

Table 18: Responses concerning respondents’ support for the current government and their attitudes towards the statement: “It is unfair to pay tax”

SUPPORT FOR CURRENT GOVERNMENT	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Support	5 (4.55%)	101 (91.81%)	4 (3.64%)	110
Neutral	14 (14.00%)	64 (64.00%)	22 (22.00%)	100
Not at all	24 (48.00%)	26 (52.00%)	0 (0.00%)	50
Total	43 (16.54%)	191 (73.46%)	26 (10.00%)	260

Table 11 reveals a strong relationship between the respondents’ **views towards the future of South Africa** and their attitudes towards the statement: “It is unfair to pay tax” (p value < 0.0001).

In Table 19 below, the relationship is analysed in more detail. Although all of the responses represent relatively low percentages, it can be seen from the table that both the respondents who are concerned and those who are neutral about the future of South Africa, agree more strongly that it is unfair to pay tax, compared with those who are hopeful. The perception

concerning the future economic well-being of respondents, appears to be associated with the respondents' attitudes regarding the fairness of tax.

Table 19: Responses concerning respondents' views about the future of South Africa and their attitudes towards the statement: "It is unfair to pay tax"

VIEWS ABOUT THE FUTURE OF SOUTH AFRICA	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Concerned	28 (26.42%)	73 (68.87%)	5 (4.71%)	106
Neutral	11 (17.18%)	35 (54.69%)	18 (28.13%)	64
Hopeful	4 (4.44%)	83 (92.23%)	3 (3.33%)	90
Total	43 (16.54%)	191 (73.46%)	26 (10.00%)	260

Table 11 reveals a strong relationship between the respondents' **views on income distribution** and their attitudes towards the statement: "It is unfair to pay tax" (p value = 0.0134).

Of all the respondents who believe that everyone should be entitled to keep the income they earn, 27.42% agree that it is unfair to pay tax. By contrast, only 13.13% of all the respondents who believe that all income earned should accrue to the government, which should distribute it equally amongst all South Africans, agree that it is unfair to pay tax. Those respondents who trust government with the distribution of tax funds are more positive about the fairness of tax than those who believe that everyone should be entitled to keep the income they earn.

5.2.3 Statement 3: "Income tax rates must be reduced"

The third statement examined in this study that deals with general tax-related issues is: "Income tax rates must be reduced". As shown in Table 10, the majority of all the respondents (77.31%) are of the view that the income tax rates should be reduced. The findings of the study in relation to this statement and the manner in which individual demographic, economic or other factors influenced the respondents' perceptions, are analysed in this section. Previous research which dealt with this issue is also highlighted in this discussion.

Mueller (1963:233) found that younger people are more favourably inclined towards increased services (thus higher tax rates). Conversely, those over 55 years of age are more fiscally conservative, favouring both tax and expenditure cuts. From the Mueller study, it appears as if attitudes and life experience may have an impact on taxpayers' actions.

Regarding this issue, the present study showed no significant differences in perceptions relating to the reduction in tax rates between respondents from different **age** groups.

Table 11 reveals a strong relationship between the respondents' **population group** and their attitudes towards the statement: "Income tax rates must be reduced" (p value = 0.0002).

In Table 20 below, the relationship is analysed in more detail. Although, as indicated in the table, there is a difference in perceptions between the various population groups, a high proportion of all the population groups agree that income tax rates must be reduced. The Black population group did, however, agree to a somewhat lesser extent regarding this statement. An explanation for this finding might be linked to the current political situation in South Africa where the majority of voters fall within the Black population group. Because of their majority representation in government, they may be more in favour of current fiscal policies. A possible reason for the discontent of Coloured and Indian respondents with current tax regimes may be the fact that they perceive themselves no longer to be considered part of the previously disadvantaged group in the country.

Table 20: Responses of population groups regarding the statement: "Income tax rates must be reduced"

POPULATION GROUP	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Black	66 (66.00%)	25 (25.00%)	9 (9.00%)	100
Coloured	38 (92.68%)	3 (7.32%)	0 (0.00%)	41
Indian	32 (80.00%)	8 (20.00%)	0 (0.00%)	40
White	65 (82.28%)	4 (5.06%)	10 (12.66%)	79
Total	201 (77.31%)	40 (15.38%)	19 (7.31%)	260

A study by Vogel (1974:507) investigated the relationship between a person's occupation and his or her fiscal preferences. He found that self-employed taxpayers are more likely to agree that tax revenue is too high and that the fiscal exchange rate is unfavourable.

However, the present study showed no significant differences in perceptions regarding the reduction in tax rates between respondents with differing **employment statuses**.

Table 11 reveals a strong relationship between the respondents' **earnings potential** and their attitudes towards the statement: "Income tax rates must be reduced" (p value = 0.0005).

Of all the respondents, 77.31% are in agreement that income tax rates must be reduced. Of all the respondents earning below the tax threshold, 67.00% believe that income tax rates should be reduced. By contrast, 84.21% of respondents earning between R2 918 and R10 000, per month before deductions and 83.08% of respondents earning more than R10 000 per month agree with the statement. Thus, it appears that respondents who earn below the tax threshold agree to a somewhat lesser extent that income tax rates should be reduced. As they would not be subject to tax, they are less likely to believe that tax rates should be reduced.

Table 11 reveals a strong relationship between whether or not the respondents **think that the Lotto is good because proceeds are used for charitable purposes** and their attitudes towards the statement: "Income tax rates must be reduced" (p value = 0.0019).

Of all the respondents who agree that the Lotto is good because a portion of the money is allocated for charitable purposes, 76.73% agree that income tax rates must be reduced. Only a slightly higher percentage, 79.31%, of respondents who do not agree that the Lotto is good because a portion of the money is allocated for charitable purposes, agree that income tax rates must be reduced. The opinion of respondents regarding the Lotto would not be expected to influence their opinion about the tax rates.

Table 11 reveals a strong relationship between whether or not the respondents **are registered with SARS as taxpayers** and their attitudes towards the statement: “Income tax rates must be reduced” (p value = 0.0028).

Of all the respondents registered as taxpayers with SARS, the majority (that is, 84.78%), agree that income tax rates must be reduced, compared to 68.85% of all the respondents who are not registered. Those respondents who are registered with SARS as taxpayers and who are paying income tax, are aware that the current income tax rates impact directly on their cash earnings each month. These respondents would support lower income tax rates, as this would result in a higher monthly after-tax income.

Table 11 reveals a strong relationship between whether or not the respondents **support the current government** and their attitudes towards the statement: “Income tax rates must be reduced” (p value < 0.0001).

In Table 21 below, the relationship is analysed in more detail. Although, as is evident from the table, there is a difference in perceptions depending on the respondents’ level of support for the current government, a high proportion of all the respondent groups agree that income tax rates must be reduced. Those respondents, who do not support the current government at all, agree, however, to a greater extent that income tax rates should be reduced.

Therefore, the fiscal perceptions of a respondent (with specific reference to whether the individual supports government policies or not) are likely to affect the respondent’s perception towards fiscal policy (with specific reference to the reduction of income tax rates).

Table 21: Responses concerning respondents’ support for the current government and their attitudes towards the statement: “Income tax rates must be reduced”

SUPPORT FOR CURRENT GOVERNMENT	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Support	82 (74.54%)	26 (23.64%)	2 (1.82%)	110
Neutral	70 (70.00%)	14 (14.00%)	16 (16.00%)	100

Not at all	49 (98.00%)	0 (0.00%)	1 (2.00%)	50
Total	201 (77.31%)	40 (15.38%)	19 (7.31%)	260

Table 11 reveals a strong relationship between the respondents' **views towards the future of South Africa** and their attitudes towards the statement: "Income tax rates must be reduced" (p value = 0.0043).

In Table 22 below, the relationship is analysed in more detail. As shown in the table, there is a difference in perceptions in relation to the respondents' views regarding the future of South Africa. Although those respondents who are concerned about the future of South Africa agree slightly more strongly that income tax rates should be reduced, a high proportion of all the respondent groups agree that these tax rates should be reduced.

Table 22: Responses concerning respondents' views about the future of South Africa and their attitudes towards the statement: "Income tax rates must be reduced"

VIEWS ABOUT THE FUTURE OF SOUTH AFRICA	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Concerned	88 (83.02%)	14 (13.21%)	4 (3.77%)	106
Neutral	46 (71.88%)	7 (10.93%)	11 (17.19%)	64
Hopeful	67 (74.45%)	19 (21.11%)	4 (4.44%)	90
Total	201 (77.31%)	40 (15.38%)	19 (7.31%)	260

Table 11 reveals a strong relationship between the respondents' **views on income distribution** and their attitudes towards the statement: "Income tax rates must be reduced" (p value = 0.0079).

Of all the respondents who believe that everyone should be entitled to keep the income they earn, 90.32% agree that income tax rates should be reduced. By contrast, only 73.23% of all the respondents who believe that all income earned should accrue to the government, which should distribute it equally among all South Africans, agree with the abovementioned statement. Those respondents who trust government with the distribution of tax funds are more likely to be positive towards the current rates of income tax.

5.2.4 **Statement 4: “The VAT rate must be reduced”**

The fourth statement explored in this study that relates to general tax issues is: “The VAT rate must be reduced”. As highlighted in Table 10, the majority of respondents (82.31%) are of the opinion that the VAT rate must be reduced. The fourth statement and its relationship to individual demographic, economic or other factors which may influence the respondents’ perceptions about this statement, is discussed below. Previous research in relation to this statement is also highlighted.

Mueller (1963:233) found that younger people are more favourably inclined towards increased services (thus higher tax rates). Conversely, those over 55 years of age are more fiscally conservative, favouring both tax and expenditure cuts. From the Mueller study, it appears as if attitudes and life experience might have an impact on taxpayers’ actions.

However, this study showed no significant differences between the different **age** groups of the respondents and the reduction in the VAT rate.

A study by Vogel (1974:507) also considered a person’s occupation versus his or her fiscal preferences. It was found that self-employed taxpayers are more likely to agree that tax revenue is too high and that the fiscal exchange rate is unfavourable.

Despite the above findings, the current study showed no significant differences in perceptions concerning the reduction in the VAT rate between the respondents and their **employment status**.

Table 11 reveals a strong relationship between the respondents’ **earnings potential** and their attitudes towards the statement: “The VAT rate must be reduced” (p value = 0.0125).

Of all the respondents whose income falls below the tax threshold, 74.00% agree that the VAT rate should be reduced. By contrast, 87.37% of all respondents earning between R2 918 and R10 000 per month before deductions and 87.69% earning more than R10 000 per

month before deductions, agree with the above statement. Thus, although respondents falling below the income tax threshold agree to a somewhat lesser extent that the VAT rate should be reduced, a large proportion of all the respondent groups are in agreement with the statement.

Table 11 reveals a strong relationship between the respondents' **level of support for the current government** and their attitudes towards the statement: "The VAT rate must be reduced" (p value = 0.0005).

In Table 23 below, the relationship is analysed in more detail. Although, as indicated in the table, there is a difference in perceptions between the various levels of support for the government expressed by respondents, a high proportion of all the respondent groups agree that the VAT rate should be reduced. A higher proportion of respondents who do not support the current government at all, however, agree that there should be a reduction in the VAT rate.

The fiscal perception of a respondent (with specific reference to whether the individual supports government policies or not) is likely to affect the respondent's perception towards fiscal policy (with specific reference to the reduction of the VAT rate). All individuals are subject to VAT on their purchases and would, therefore, experience its impact.

Table 23: Responses concerning respondents' support for the current government and their attitudes towards the statement: "The VAT rate must be reduced"

SUPPORT FOR CURRENT GOVERNMENT	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Support	85 (77.27%)	21 (19.09%)	4 (3.64%)	110
Neutral	80 (80.00%)	9 (9.00%)	11 (11.00%)	100
Not at all	49 (98.00%)	0 (0.00%)	1 (2.00%)	50
Total	214 (82.31%)	30 (11.54%)	16 (6.15%)	260

Table 11 reveals a strong relationship between the respondents' **views on income distribution** and their attitudes towards the statement: "The VAT rate must be reduced" (p value = 0.0493).

Of all the respondents who believe that everyone should be entitled to keep the income they earn, 91.94% agree that the VAT rate must be reduced. By contrast, a relatively lower percentage (that is, 79.29%) of all the respondents who believe that all income earned should accrue to the government, which should distribute it equally amongst all South Africans, are in agreement with the statement. Those respondents who trust government with the distribution of tax funds are more likely to be more positive towards the current VAT rate.

5.2.5 Statement 5: "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)"

The fifth statement dealing with general tax-related issues investigated in this study is: "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)". It was shown in Table 10 that 37.31% of the respondents are of the opinion that the income tax 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 matter. The findings relating to the fifth statement and the manner in which individual demographic, economic or other factors may influence the respondents' perceptions concerning this statement, are analysed below.

Table 11 reveals a strong relationship between the respondents' **population group** and their attitudes towards the statement: "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)" (p value < 0.0001).

Table 24 below analyses the relationship in more detail. The Indian (97.50%) and Coloured (87.80%) respondents regard the imposition of a fixed income tax rate more favourably than Black (13.00%) and White respondents (11.39%). This interesting finding may relate to the fact that members of the Indian and Coloured population groups often have stronger entrepreneurial tendencies and a fixed rate of tax would enable them to retain a larger proportion of their business profits.

Table 24: Responses of population groups regarding the statement: “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	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Black	13 (13.00%)	71 (71.00%)	16 (16.00%)	100
Coloured	36 (87.80%)	3 (7.32%)	2 (4.88%)	41
Indian	39 (97.50%)	1 (2.50%)	0 (0.00%)	40
White	9 (11.39%)	39 (49.37%)	31 (39.24%)	79
Total	97 (37.31%)	114 (43.85%)	49 (18.84%)	260

Table 11 reveals a strong relationship between the respondents’ **home language** and their attitudes towards the statement: “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)” (p value < 0.0001).

Table 25 below analyses the relationship in greater detail. It can be seen from the table that English-speaking respondents, followed by the Afrikaans-speakers, believe more strongly that the income tax rate should be the same regardless of the amount of income earned. This is again an interesting finding and may be related to the fact that members of the Indian and Coloured population groups are more likely to speak either English or Afrikaans. These respondents are also more likely to have their own businesses and a fixed rate of tax would enable them to retain a larger proportion of their business profits. English and Afrikaans speakers may generally be in a higher-income tax bracket because of the economic

disadvantages suffered by members of the Black population group whose home languages are predominantly African.

Table 25: Responses of language groups regarding the statement: “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)”

LANGUAGE GROUP	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Afrikaans	44 (40.74%)	36 (33.33%)	28 (25.93%)	108
English	40 (76.92%)	7 (13.46%)	5 (9.62%)	52
Nguni	3 (14.28%)	14 (66.67%)	4 (19.05%)	21
Sotho	9 (14.75%)	44 (72.14%)	8 (13.11%)	61
Other	1 (6.66%)	10 (66.67%)	4 (26.67%)	15
Total	97 (37.74%)	111 (43.19%)	49 (19.07%)	257

Table 11 reveals a strong relationship between whether or not the respondents **earn additional income** and their attitudes towards the statement: “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)” (p value = 0.0023).

Of all the respondents earning a second income, 55.74% believe that everybody should pay income tax using the same percentage irrespective, of the amount one earns, versus only 31.66% of respondents not earning a second income. As South Africa levies income tax at a progressive rate, those respondents earning a second income are likely to fall within a higher tax bracket (resulting in a lower after-tax earnings each month). Respondents earning a second income would, therefore, prefer not to pay tax according to progressive tax rates but rather at a fixed percentage of total income.

Table 11 reveals a strong relationship between the respondents’ **earnings potential** and their attitudes towards the statement: “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)” (p value = 0.0111).

Respondents earning more than R10 000 per month, before deductions, agree more strongly that the income tax rate should be the same regardless of the amount of income earned than lower-income earning respondents. Of all the respondents earning more than R10 000 per month before deductions, 49.23% are of the view that everybody should pay income tax using the same percentage irrespective of the amount of income earned. Only 34.00% of all the respondents below the tax threshold and 32.63% of all the respondents earning between R2 918 and R10 000 per month before deductions, support a fixed rate of taxation. Again, those respondents who earn higher incomes would fall within a higher tax bracket and would, therefore, prefer not to pay tax according to progressive tax rates, but rather at a fixed percentage.

Table 11 reveals a strong relationship between the **frequency of visits to state-funded medical facilities** by the respondents and their attitudes towards the statement: “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)” (p value < 0.0001).

Of all the respondents visiting state-funded medical facilities between 2 and 5 times per month, 60.00% agree that the income tax rate should be the same regardless of the amount of income earned. Of all the respondents visiting state-funded medical facilities once a month, 48.85% support a fixed income tax rate and only 10.11% of respondents not visiting state-funded medical facilities agree with the abovementioned statement. This finding appears to be counter-intuitive, as it is the lower-income earners who are more likely to visit state-funded medical facilities and these lower-income respondents were generally less supportive of a fixed rate of income tax.

Table 11 reveals a strong relationship between whether or not the respondents **partake in the Lotto at least four times per month** and their attitudes towards the statement: “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)” (p value = 0.0050).

Of all the respondents participating in the Lotto at least four times per month, 45.33% agree that the income tax rate (%) should be the same regardless of the amount of income earned. By contrast, only 26.36% of all the respondents not partaking in the Lotto at least four times per month, agree that the income tax rate (%) should be the same regardless of the amount of income earned. Respondents engaging in gambling activities on a regular basis are more in favour of a fixed income tax rate. Any relationship between partaking in the Lotto and support of a fixed rate of tax is, however, likely to be coincidental.

Table 11 reveals a strong relationship between whether or not the respondents **think that the Lotto is good because proceeds are used for charitable purposes** and their attitudes towards the statement: “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)” (p value = 0.0050).

Of all the respondents who believe that the Lotto is good because a portion of the money is allocated for charitable purposes, 45.33% also agree that the income tax rate should be the same regardless of the amount of income earned. By contrast, only 26.36% of those respondents who do not believe that the Lotto is good because a portion of the money is allocated for charitable purposes, agree that the income tax rate should be the same regardless of the amount of income earned. Respondents who have the means to wager money on the Lotto may be in a higher income bracket and prefer their income to be taxed at a fixed rate. Once again, any relationship is, however, most likely to be coincidental.

Table 11 reveals a strong relationship between whether or not the respondents **are registered with SARS as taxpayers** and their attitudes towards the statement: “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)” (p value = 0.0309).

Of all the respondents who are registered as taxpayers with SARS, 42.03% agree that the income tax rate should be the same regardless of the amount of income earned compared

with only 31.97% of those respondents not registered. Respondents who are registered as taxpayers with SARS are those earning above the tax threshold and they would prefer to pay tax at a fixed percentage, as this may directly impact their monthly cash earnings.

Table 11 reveals a strong relationship between the respondents' **level of support for the current government** and their attitudes towards the statement: "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)" (p value < 0.0001).

In Table 26 below, the relationship is analysed in more detail. The difference in perceptions between the various respondent groups is clear from this table. Of all the respondents who do not support the current government, 60.00% agree that the income tax rate (%) should be the same regardless of the amount of income earned. By contrast, only 40.91% of respondents who support the current government and 22.00% of respondents who are neutral towards the current government agree with the statement. The fiscal perceptions of a respondent (with specific reference to whether the individual supports government policies or not) affect the respondent's perceptions towards a fixed, as opposed to a progressive income tax rate. Those respondents in favour of the current government agree more strongly with progressive, tax rates. This may be related to the fact that tax revenues are used partly for the social upliftment of those members of the population who were previously economically disadvantaged. It is these respondents who are presently in the voting majority.

Table 26: Responses concerning respondents' support for the current government and their attitudes towards the statement: "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)"

SUPPORT FOR CURRENT GOVERNMENT	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Support	45 (40.91%)	56 (50.91%)	9 (8.18%)	110
Neutral	22 (22.00%)	43 (43.00%)	35 (35.00%)	100
Not at all	30 (60.00%)	15 (30.00%)	5 (10.00%)	50
Total	97 (37.31%)	114 (43.85%)	49 (18.84%)	260

Table 11 reveals a strong relationship between the respondents' **views about the future of South Africa** and their attitudes towards the statement: "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)" (p value < 0.0001).

Table 27 below analyses the relationship in more detail. Both those respondents who are concerned about the future of South Africa and those who are hopeful, agree more strongly that the income tax rate (%) should be the same regardless of the amount of income earned than those respondents who are neutral. Furthermore, of all the respondents who are neutral about the future of South Africa, 40.63% have no opinion at all. This finding does not appear to be meaningful.

Table 27: Responses concerning respondents' views about the future of South Africa and their attitudes towards the statement: "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)"

VIEWS ABOUT THE FUTURE OF SOUTH AFRICA	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Concerned	50 (47.17%)	46 (43.40%)	10 (9.43%)	106
Neutral	9 (14.06%)	29 (45.31%)	26 (40.63%)	64
Hopeful	38 (42.22%)	39 (43.34%)	13 (14.44%)	90
Total	97 (37.31%)	114 (43.85%)	49 (18.84%)	260

5.2.6 Statement 6: "I do not know why I have to pay tax"

The sixth statement that deals with general tax-related issues examined in this study is: "I do not know why I have to pay tax". As presented in Table 10, just over half of the respondents (that is, 56.54%) believe that they know why they have to pay tax. By contrast, 31.54% of the respondents indicated that they do not know why they have to pay tax and 11.92% of the respondents have no opinion in this regard. The manner in which individual demographic,

economic or other factors influenced the respondents' perceptions concerning this statement, is analysed below.

Table 11 reveals a strong relationship between the **age** of the respondents and the statement: "I do not know why I have to pay tax" (p value = 0.0351).

Table 28 below analyses this relationship in more detail. As indicated in the table, there is a difference in perceptions between the various age groups. It appears that older respondents (over 50 years of age) believe to a slightly greater extent that they do not understand why they have to pay tax. Older respondents may no longer be employed, would most probably receive earnings from pensions or savings, and may believe that this should not be taxed.

Table 28: Responses of age groups regarding the statement: "I do not know why I have to pay tax"

AGE GROUP	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
21-29	18 (32.14%)	29 (51.79%)	9 (16.07%)	56
30-39	19 (28.79%)	41 (62.12%)	6 (9.09%)	66
40-49	13 (21.67%)	43 (71.67%)	4 (6.66%)	60
50-59	16 (39.02%)	16 (39.02%)	9 (21.96%)	41
60+	16 (43.24%)	18 (48.65%)	3 (8.11%)	37
Total	82 (31.54%)	147 (56.54%)	31 (11.92%)	260

Table 11 reveals a strong relationship between the respondents' **population group** and their attitudes towards the statement: "I do not know why I have to pay tax" (p value < 0.0001).

In Table 29 below, the relationship is analysed in more detail. Although less than half of the respondents in each of the population groups agree with the abovementioned statement, it appears from the table that White respondents (45.57%) and Black respondents (34.00%) agree more strongly with the statement in comparison, with Coloured (21.95%) and Indian respondents (7.50%).

Smith (2003:6) argues that those respondents who belong to a racial minority may feel

alienated from democratic government and those in the majority may be reluctant to pay tax on the grounds that the burden should fall on those who benefited from racial privilege in the past. Moloko (1990:72) argues that Black professional employees need to be more informed about the history or the origin of taxation, the reasons why the government needs taxation revenue and how the government spends taxation revenue. This does not provide an explanation for the responses of the Coloured and Indian participants, but does explain the perceptions of the White and Black participants.

Table 29: Responses of population groups regarding the statement: “I do not know why I have to pay tax”

POPULATION GROUP	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Black	34 (34.00%)	54 (54.00%)	12 (12.00%)	100
Coloured	9 (21.95%)	31 (75.61%)	1 (2.44%)	41
Indian	3 (7.50%)	37 (92.50%)	0 (0.00%)	40
White	36 (45.57%)	25 (31.65%)	18 (22.78%)	79
Total	82 (31.54%)	147 (56.54%)	31 (11.92%)	260

Table 11 reveals a strong relationship between the **home language** of the respondents and their attitudes towards the statement: “I do not know why I have to pay tax” (p value = 0.0036).

Table 30 below analyses this relationship in more detail. Of all the respondents who belong to the “other” language groups (that is, the Tshivenda and Xitsonga group), 53.33% agree with the abovementioned statement, followed by 36.07% of the Sotho group. The Afrikaans speakers agree to a similar extent (35.19%). However, only 19.23% of the English speaking group and 19.05% of the Nguni speakers agree with the statement. This finding is inconclusive, as home language in South Africa is not determined by the population group, with the exception of the Black community.

Table 30: Responses of language groups regarding the statement: “I do not know why I have to pay tax”

LANGUAGE GROUP	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Afrikaans	38 (35.19%)	52 (48.15%)	18 (16.66%)	108
English	10 (19.23%)	41 (78.85%)	1 (1.92%)	52
Nguni	4 (19.05%)	14 (66.67%)	3 (14.28%)	21
Sotho	22 (36.07%)	33 (54.10%)	6 (9.83%)	61
Other	8 (53.33%)	4 (26.67%)	3 (20.00%)	15
Total	82 (31.91%)	144 (56.03%)	31 (12.06%)	257

Table 11 reveals a strong relationship between the **educational background** of the respondents and their attitudes towards the statement: “I do not know why I have to pay tax” (p value = 0.0013).

Of all the respondents in possession of a higher educational qualification, 73.33% believe that they understand why they have to pay tax. By contrast, only 55.36% of respondents who did not complete secondary school and 43.86% of those respondents with a grade 12/matric qualification, are of the opinion that they know why they have to pay tax. The more educated the respondents are, the more tax knowledge they would possess. Therefore, the more educated respondents would be most likely to have an increased understanding regarding the importance of taxation.

Table 11 reveals a strong relationship between the **employment status** of the respondents and their attitudes towards the statement: “I do not know why I have to pay tax” (p value = 0.0029).

Of all the unemployed respondents, 43.56%, and of all the self-employed respondents, 37.04%, agreed with the statement: “I do not know why I have to pay tax”. A smaller percentage of 21.21% of all the salaried respondents agreed with the statement. Those respondents who are unemployed, do not pay tax, and the self-employed may resent paying tax on their business profits.

Table 11 reveals a strong relationship between the **frequency of visits to state-funded medical facilities** by the respondents and their attitudes towards the statement: “I do not know why I have to pay tax” (p value < 0.0001).

Of all the respondents who do not visit state-funded medical facilities, 42.70% believe that they do not know why they have to pay tax. A slightly lower percentage of respondents, 37.50%, who visit state-funded medical facilities between 2 and 5 times per month, and 22.14% of respondents who visit these facilities once a month, are of the opinion that they do not know why they have to pay tax. Respondents who are dependent on the government for medical care may understand that the funding for this service is derived from tax revenue and may, therefore, appreciate the need for taxation.

Table 11 reveals a strong relationship between whether or not the respondents are **registered as taxpayers with SARS** and their attitudes towards the statement: “I do not know why I have to pay tax” (p value = 0.0098).

Of all the respondents not registered with SARS, 37.70% agree that they do not know why they have to pay tax, compared with only 26.09% of respondents registered as taxpayers with SARS. Those respondents registered as taxpayers are generally the higher-income earners of the South African population and would be more aware of tax issues than the respondents who are not registered.

Table 11 reveals a strong relationship between the respondents' **prior dealings with SARS** and their attitudes towards the statement: “I do not know why I have to pay tax” (p value = 0.0004).

Of all the respondents who have consulted SARS officials in the past, 69.91% believe that they know why they have to pay tax, compared to 48.10% of the respondents who have not consulted with SARS officials. Thus, respondents who have consulted with SARS officials in the past, agree to a greater extent that they know why they have to pay tax. Respondents who are subject to tax may have a greater understanding of the need to pay tax and, in

addition, SARS officials may have positively influenced the attitude of the respondents who consulted with them.

Table 11 reveals a strong relationship between the respondents' **level of support for the current government** and their attitudes towards the statement: "I do not know why I have to pay tax" (p value < 0.0001).

In Table 31 below, the relationship is analysed in more detail. Although, as indicated in the table, there is a difference in perceptions between the respondents' level of support for the government, it appears that less than half of the respondents in all the levels of support for the government believe that they do not know why they have to pay tax. The majority of those respondents, who are in favour of the government, understand why they have to pay tax. Respondents, who support the current government, possibly trust the government with the allocation of tax money to a great extent and are, therefore, more positive about paying tax.

Table 31: Responses concerning respondents' support for the current government and their attitudes towards the statement: "I do not know why I have to pay tax"

SUPPORT FOR CURRENT GOVERNMENT	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Support	18 (16.36%)	84 (76.37%)	8 (7.27%)	110
Neutral	41 (41.00%)	38 (38.00%)	21 (21.00%)	100
Not at all	23 (46.00%)	25 (50.00%)	2 (4.00%)	50
Total	82 (31.54%)	147 (56.54%)	31 (11.92%)	260

Table 11 reflects a strong relationship between the respondents' **views regarding the future of South Africa** and their attitudes towards the statement: "I do not know why I have to pay tax" (p value < 0.0001).

In Table 32 below, this relationship is analysed in more detail. The differences in perceptions between the respondents' views regarding the future of South Africa can be seen from this table. Respondents who are hopeful regarding South Africa's future agree to a lesser extent with the statement: "I do not know why I have to pay tax", in comparison with those

respondents who are neutral and those who are concerned about South Africa’s future. As may be anticipated, respondents who are hopeful about the future of South Africa support the government and, therefore, appreciate the need for taxation.

Table 32: Responses concerning respondents’ views about the future of South Africa and their attitudes towards the statement: “I do not know why I have to pay tax”

IEWS ABOUT THE FUTURE OF SOUTH AFRICA	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Concerned	44 (41.51%)	55 (51.89%)	7 (6.60%)	106
Neutral	24 (37.50%)	25 (39.06%)	15 (23.44%)	64
Hopeful	14 (15.56%)	67 (74.44%)	9 (10.00%)	90
Total	82 (31.54%)	147 (56.54%)	31 (11.92%)	260

Table 11 reveals a strong relationship between the respondents’ **views relating to income distribution** and their attitudes towards the statement: “I do not know why I have to pay tax” (p value = 0.0117).

The findings of the study revealed that 41.94% of all the respondents who are of the opinion that everyone should be entitled to keep the income they earn, believe that they do not know why they have to pay tax. By contrast, 28.28% of all the respondents who are of the opinion that all income earned should accrue to government, which should distribute it equally among all South Africans, agree that they do not know why they have to pay tax. This finding is what might have been expected, as those believing that they should keep all the income they earn, would not support the payment of tax.

5.2.7 Statement 7: “Waste and corruption in government is high”

The seventh statement examined in this study that deals with general tax-related issues is: “Waste and corruption in government is high”. It was significantly found that the majority of the respondents (that is, 87.69%) believe that waste and corruption in government is high (see Table 10). It is also evident from Table 11 that no individual demographic, economic or other

factor influenced the respondents' perceptions with regard to this statement. This is a significant finding which should be a matter of concern to the government.

5.2.8 Statement 8: “Rich people should pay tax at a higher rate”

The eighth statement that relates to general tax issues explored in this study is: “Rich people should pay tax at a higher rate”. As highlighted in Table 10, a relatively high percentage of respondents (that is, 63.08%) are of the view that wealthy people should pay tax at a higher rate. The extent to which individual demographic, economic or other factors influenced the respondents' perceptions concerning this statement, is now discussed.

Table 11 reveals a strong relationship between the **gender** of the respondents and their attitudes towards the statement: “Rich people should pay tax at a higher rate” (p value = 0.0364).

Of all the female respondents, 70.49% are in favour of progressive tax rates versus 56.52% of the male respondents. Traditionally female respondents earned less than male respondents. Consequently, female respondents did not pay tax at the highest rate. Therefore, females may be more in favour of progressive tax rates.

Table 11 reveals a strong relationship between the **population group** to which the respondents belong and their attitudes towards the statement: “Rich people should pay tax at a higher rate” (p value < 0.0001).

In Table 33 below, the relationship is analysed in greater detail. Although, as shown in the table, there is a difference in perceptions between the various population groups, a high proportion of all population groups (apart from the Indian respondents) agree that wealthy people should pay tax at a higher rate. It is clear that the Indian respondents agree with the abovementioned statement to a somewhat lesser extent in comparison with the other

population groups. It is possible that the Indian respondents could have been the highest income earners and, therefore, the least sympathetic regarding a higher rate of tax.

Table 33: Responses of population groups regarding the statement: “Rich people should pay tax at a higher rate”

POPULATION GROUP	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Black	72 (72.00%)	16 (16.00%)	12 (12.00%)	100
Coloured	27 (65.85%)	14 (34.15%)	0 (0.00%)	41
Indian	7 (17.50%)	33 (82.50%)	0 (0.00%)	40
White	58 (73.42%)	11 (13.92%)	10 (12.66%)	79
Total	164 (63.08%)	74 (28.46%)	22 (8.46%)	260

Table 11 reveals a strong relationship between the **educational background** of the respondents and their attitudes towards the statement: “Rich people should pay tax at a higher rate” (p value = 0.0190).

Of all the respondents who have a higher educational qualification, 51.11% believe that wealthy people should not pay taxes at a higher rate. On the other hand, respondents who do not have a higher educational qualification are of the view that wealthy people should pay tax at a higher rate and are thus more in favour of progressive tax rates. This is evident, as 71.43% of respondents who have not completed secondary school, and 68.42% of all respondents who completed grade 12/matric are in support of progressive tax rates. Respondents in possession of a higher education are likely to prefer a fixed rate of tax as they would probably have a higher earnings capacity and would, therefore, be taxed at higher rates.

Table 11 reveals a strong relationship between whether or not the respondents **earn additional income** and their attitudes towards the statement: “Rich people should pay tax at a higher rate” (p value = 0.0048).

Only 55.74% of all the respondents earning a second income are in favour of progressive tax rates compared to 65.33% of all the respondents not earning a second income. Respondents earning a second income are generally taxed at higher rates, which would cause them to prefer a fixed rate of tax.

Table 11 reveals a strong relationship between the frequency with which respondents **visit state-funded medical facilities** and their attitudes towards the statement: “Rich people should pay tax at a higher rate” (p value = 0.0026).

Of all the respondents who do not visit state-funded medical facilities, 78.65% are in favour of progressive tax rates, compared to 57.20% of all the respondents who visit these facilities between 2 and 5 times per month and 54.20% of all the respondents visiting once a month. Those respondents who are dependent on the government for medical care may understand that the funding for this service is derived from tax revenue and would support progressive tax rates. The actual response is contrary to what might have been expected. Wealthier respondents are less likely to make use of state-funded medical facilities and one would have expected them to oppose progressive tax rates. A possible explanation for these findings could be that these respondents realise the importance and benefit of the government bearing the responsibility for the health of a large segment of the South African population that is unable to afford private medical care.

Table 11 reveals a strong relationship between whether or not the respondents are **registered with SARS as taxpayers** and their attitudes towards the statement: “Rich people should pay tax at a higher rate” (p value = 0.0422).

Only 58.70% of all the respondents who are registered taxpayers with SARS agree that wealthy people should pay taxes at a higher rate, compared with 68.03% of those respondents not registered with SARS. Respondents not registered as taxpayers with SARS are, therefore, more in favour of progressive tax rates than those respondents who are registered. Respondents registered with SARS are higher income earners and are bearing the burden of paying tax. They would generally not agree with taxing the rich at higher rates.

Table 11 reveals a strong relationship between respondents' **prior dealings with SARS** and their attitudes towards the statement: "Rich people should pay tax at a higher rate" (p value = 0.0070).

Of all the respondents who have consulted with SARS officials in the past, 54.90% agree that wealthy people should pay taxes at a higher rate compared with 68.35% of those respondents who have not previously consulted with SARS officials. This finding appears to be contradictory as the wealthier taxpaying respondents were found to be less supportive of progressive rates. Respondents who have had prior dealings with SARS would be those who fall within the taxpaying bracket and are unlikely to believe that the rich should be more heavily taxed.

Table 11 reveals a strong relationship between respondents' **views regarding the future of South Africa** and their attitudes towards the statement: "Rich people should pay tax at a higher rate" (p value = 0.0023).

In Table 34 below, the relationship is analysed in more detail. Although, as indicated in the table, there is a difference in perceptions between the respondents' views regarding the future of South Africa, a high proportion of all respondent groups agree that the wealthy should pay tax at a higher rate. Optimism (or the lack of it) about the future of South Africa may not be linked to the earnings levels of the respondents, which is a possible explanation for this finding.

Table 34: Responses concerning respondents' views about the future of South Africa and their attitudes towards the statement: "Rich people should pay tax at a higher rate"

VIEWS ABOUT THE FUTURE OF SOUTH AFRICA	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Concerned	72 (67.93%)	33 (31.13%)	1 (0.94%)	106
Neutral	42 (65.63%)	12 (18.75%)	10 (15.62%)	64
Hopeful	50 (55.56%)	29 (32.22%)	11 (12.22%)	90
Total	164 (63.08%)	74 (28.46%)	22 (8.46%)	260

5.2.9 Statement 9: “Tax is very complicated – I do not know how to calculate my own tax liability”

The ninth statement investigated in this study dealing with tax-related issues is: “Tax is very complicated – I do not know how to calculate my own tax liability”. As shown in Table 10, 37.69% of the respondents indicated that tax is very complicated and that they do not know how to calculate their own tax liability. Interestingly, the same percentage of respondents indicated the opposite and 24.62% have no opinion. The manner in which individual demographic, economic or other factors influenced the respondents’ perceptions concerning this statement, is analysed below.

Table 11 reveals a strong relationship between respondents’ **gender** and their attitudes towards the statement: “Tax is very complicated – I do not know how to calculate my own tax liability” (p value = 0.0089).

Of all the female respondents, 43.44% agree with the abovementioned statement, in comparison with 32.61% of the male respondents. A greater number of female respondents believe that tax is very complicated and, consequently, do not know how to calculate their own tax liability. Traditionally, fewer female respondents were employed and males were regarded as the main providers. Thus, it may not have been necessary for females to understand the workings of tax to the same extent as males.

Table 11 reveals a strong relationship between the respondents’ **population group** and their attitudes towards the statement: “Tax is very complicated – I do not know how to calculate my own tax liability” (p value < 0.0001).

In Table 35 below the relationship is analysed in more detail. It can be seen from this table that there is a difference in perceptions between the various population groups. It is also apparent that a somewhat higher proportion of White respondents, Coloured and Indian respondents are of the opinion that tax is very complicated. By contrast, a somewhat lower proportion of the Black respondents noted this response.

A possible explanation for the slightly higher percentage of White respondents agreeing with the abovementioned statement could be because during the apartheid era, White respondents were the only population group responsible for paying taxes. White respondents are thus more familiar with the complexity of tax legislation.

Table 35: Responses of population groups regarding the statement: “Tax is very complicated – I do not know how to calculate my own tax liability”

POPULATION GROUP	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Black	23 (23.00%)	22 (22.00%)	55 (55.00%)	100
Coloured	18 (43.90%)	23 (56.10%)	0 (0.00%)	41
Indian	16 (40.00%)	24 (60.00%)	0 (0.00%)	40
White	41 (51.90%)	29 (36.71%)	9 (11.39%)	79
Total	98 (37.69%)	98 (37.69%)	64 (24.62%)	260

Table 11 reveals a strong relationship between respondents’ **home language** and their attitudes towards the statement: “Tax is very complicated – I do not know how to calculate my own tax liability” (p value < 0.0001).

Table 36 below analyses the relationship in more detail. This table shows that there is a difference in perceptions between the various language groups. It is, however, apparent that the Afrikaans, English and other language group (that is, Tshivenda and Xitsonga), agree to a greater extent that tax is very complicated, compared to the Sotho and Nguni speakers. If one combines the Black language groups, 54.64% (53 out of 97) of the respondents expressed no opinion on the matter and 22.68% (22 out of 97) in each case agreed and disagreed with the statement. This finding supports the view that English and Afrikaans language speakers are higher-income earners due to previous economic discrimination and are more aware of the complexity of tax.

Table 36: Responses of language groups regarding the statement: “Tax is very complicated – I do not know how to calculate my own tax liability”

LANGUAGE GROUP	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Afrikaans	54 (50.00%)	48 (44.44%)	6 (5.56%)	108
English	21 (40.38%)	28 (53.85%)	3 (5.77%)	52
Nguni	3 (14.29%)	8 (38.10%)	10 (47.61%)	21
Sotho	13 (21.31%)	13 (21.31%)	35 (57.38%)	61
Other	6 (40.00%)	1 (6.67%)	8 (53.33%)	15
Total	97 (37.74%)	98 (38.13%)	62 (24.13%)	257

Table 11 reveals a strong relationship between respondents’ **educational background** and their attitudes towards the statement: “Tax is very complicated – I do not know how to calculate my own tax liability” (p value < 0.0001).

Of all the respondents in possession of a higher educational qualification, 63.33% disagree with the statement: “Tax is very complicated – I do not know how to calculate my own tax liability” and are, therefore, of the opinion that they know how to calculate their own tax liability. By contrast, 25.00% of all respondents who did not complete secondary school and 23.68% of all respondents who completed grade 12/matric disagree with the statement and are of the view that tax is not very complicated and that they know how to calculate their own tax liability. Respondents with a higher level of education would logically find it easier to understand tax legislation to the extent necessary to calculate their own tax liability.

Table 11 reflects a strong relationship between respondents’ **employment status** and their attitudes towards the statement: “Tax is very complicated – I do not know how to calculate my own tax liability” (p value < 0.0001).

Of all the unemployed respondents, 39.60% and of all the salaried respondents, 38.64% are of the opinion that tax is complicated. A somewhat lower percentage, 25.93%, of all the self-employed agree with the abovementioned statement, and thus believe that tax is complicated and that they do not know how to calculate their own tax liability. As unemployed respondents are not exposed to taxes and the workings thereof, and employers calculate and deduct taxes

on behalf of salaried taxpayers, these two groups are less likely to understand how to calculate their tax liability. Self-employed respondents, on the other hand, are responsible for the calculation and payment of their own taxes. It is submitted that when greater involvement is required on the part of the taxpayer, the more the taxpayer is “forced” to learn about tax, and as a result, that taxpayer may conclude that taxation is not overly complicated.

Table 11 reveals a strong relationship between whether or not the respondents **earn additional income** and their attitudes towards the statement: “Tax is very complicated – I do not know how to calculate my own tax liability” (p value = 0.0029).

Of all the respondents earning a second income, 44.26% believe that tax is complicated and that they do not know how to calculate their own tax liability compared to only 35.68% of respondents not earning a second income. Individuals are required to calculate the additional tax payable on their second income themselves. They might find this a somewhat challenging task. However, this finding appears to be in contrast with the above finding relating to the self-employed.

Table 11 reveals a strong relationship between the respondents’ **earnings potential** and their attitudes towards the statement: “Tax is very complicated – I do not know how to calculate my own tax liability” (p value < 0.0001).

Of all the middle-income earners, 54.74%, and 31.00% of all the lower-income earners, agree that: “Tax is very complicated – I do not know how to calculate my own tax liability”. Of all the higher-income earners, only 23.08% agree with the statement. The higher-income earners would generally be more educated and may find it easier to understand the tax legislation.

Table 11 reflects a strong relationship between the **number of persons living within a household** and the statement: “Tax is very complicated – I do not know how to calculate my own tax liability” (p value = 0.0263).

Table 37 below analyses the relationship in more detail. As indicated in the table, there is a difference in perceptions relating to the number of persons living within a household. Fewer than half of the respondents in all cases agree with the statement: “Tax is very complicated – I do not know how to calculate my own tax liability” and 42.86% of all the respondents with one or two persons living in their households, 38.33% of all the respondents with three people, 38.89% of all the respondents with four people, 35.29% with five and 28.95% of respondents with six or more people living within their household, agree. These findings appear to be contradictory, as one would have expected the responses to largely agree with the responses relating to the earnings potential of the participants.

Table 37: Responses concerning the number of people living within respondents’ households and their attitudes towards the statement: “Tax is very complicated – I do not know how to calculate my own tax liability”

NUMBER OF PEOPLE LIVING WITHIN A HOUSEHOLD	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
1-2	24 (42.86%)	19 (33.93%)	13 (23.21%)	56
3	23 (38.33%)	21 (35.00%)	16 (26.67%)	60
4	28 (38.89%)	34 (47.22%)	10 (13.89%)	72
5	12 (35.29%)	15 (44.12%)	7 (20.59%)	34
6+	11 (28.95%)	9 (23.68%)	18 (47.37%)	38
Total	98 (37.69%)	98 (37.69%)	64 (24.62%)	260

Table 11 reveals a strong relationship between whether the respondents are **risk-takers or not** and their attitudes towards the statement: “Tax is very complicated – I do not know how to calculate my own tax liability” (p value = 0.0046).

Of all the respondents who consider themselves to be risk-takers, 47.33% disagree with the statement: “Tax is very complicated – I do not know how to calculate my own tax liability”. Of all the respondents who do not consider themselves to be risk-takers, 27.91% disagree with the statement. Respondents, who consider themselves to be more likely to take risks, may not deem it to be important to understand all the specific details associated with tax legislation. On the other hand, respondents who are more risk averse may want to be familiar with all the precise details that surround tax legislation in order to comply with them. Hence,

respondents who are less likely to take risks would regard taxation as being more complicated, in comparison to higher risk-takers.

Table 11 reveals a strong relationship between whether or not the respondents **partake in the Lotto at least four times per month** and their attitudes towards the statement: “Tax is very complicated – I do not know how to calculate my own tax liability” (p value = 0.0340).

This study shows that 40.67% of all the respondents who partake in the Lotto at least four times per month agree that tax is very complicated and that they do not know how to calculate their own tax liability. By contrast, only 33.64% of all the respondents who do not partake in the Lotto at least four times per month, agree with the aforementioned statement. This finding appears to be contrary to the previous conclusion, where risk-takers were thought to be less concerned with understanding the tax legislation. From this contradiction, it would appear that there is no real relationship between risk-taking and the level of understanding of taxation.

Table 11 reveals a strong relationship between whether or not the respondents **are registered with SARS as taxpayers** and their attitudes towards the statement: “Tax is very complicated – I do not know how to calculate my own tax liability” (p value < 0.0001).

Respondents registered with SARS as taxpayers believe to a greater extent that tax is very complicated and that they do not know how to calculate their own tax liability, in comparison with those not registered. This is evident, as 53.62% of all the respondents registered with SARS disagree with the abovementioned statement, compared to 19.67% of all the respondents not registered. Respondents who are registered with SARS are liable to pay tax. They are regularly confronted with tax-related issues and may, therefore, be more aware of the complexity of tax legislation.

Table 11 reveals a strong relationship between whether or not the respondents had **prior dealings with SARS** and their attitudes towards the statement: “Tax is very complicated – I do not know how to calculate my own tax liability” (p value < 0.0001).

Respondents, who have consulted with SARS officials in the past, disagree more strongly that tax is very complicated and that they do not know how to calculate their own tax liability, with 61.76% disagreeing with the abovementioned statement. This was in comparison with 22.15% of all the respondents who have not consulted with SARS officials in the past. Prior dealings with SARS may have positively influenced respondents' perceptions concerning the complexity of calculating their own tax liability.

Table 11 reveals a strong relationship between the respondents' **level of support for the current government** and their attitudes towards the statement: "Tax is very complicated – I do not know how to calculate my own tax liability" (p value = 0.0068).

Table 38 below analyses this relationship in more detail. This table shows differences in perceptions relating to the respondents' level of support for the current government. Of all the respondents who do not support the current government, 52.00% agree with the statement: "Tax is very complicated – I do not know how to calculate my own tax liability". In comparison, 37.00% of respondents who are neutral towards the current government, and 31.82% who support the government, agree with the statement. Those respondents not in favour of the current government might also have stronger opinions about the complexity of tax.

Table 38: Responses concerning respondents' support for the current government and their attitudes towards the statement: "Tax is very complicated – I do not know how to calculate my own tax liability"

SUPPORT FOR CURRENT GOVERNMENT	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Support	35 (31.82%)	45 (40.91%)	30 (27.27%)	110
Neutral	37 (37.00%)	32 (32.00%)	31 (31.00%)	100
Not at all	26 (52.00%)	21 (42.00%)	3 (6.00%)	50
Total	98 (37.69%)	98 (37.69%)	64 (24.62%)	260

5.2.10 Statement 10: “The amount of tax I have to pay is reasonable considering the benefits received”

The tenth statement that deals with general tax-related issues is: “The amount of tax I have to pay is reasonable considering the benefits received”. As highlighted in Table 10, only 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% of the respondents do not agree with this statement and 37.31% have no opinion in this regard. The manner in which individual demographic, economic or other factors influenced the respondents’ perceptions on this statement, is analysed below.

Table 11 reveals a strong relationship between the respondents’ **age** and their attitudes towards the statement: “The amount of tax I have to pay is reasonable considering the benefits received” (p value = 0.0018).

In Table 39 below, the relationship is analysed in more detail. Although, as indicated in the table, there are differences in perceptions between the various age groups of the respondents, it appears that in general, the older respondents (over 50 years of age) agree to a greater extent that the amount of tax they have to pay is unreasonable considering the benefits they receive. Older respondents are usually retired and, therefore, dependent on pensions and/or cash savings, which they may believe should not be taxed. On the other hand, younger respondents (below 50 years of age) tend to believe that the amount of tax they pay is reasonable considering the benefits they receive.

In addition to the above, it is noted that respondents in the age group 21-29 are slightly less positive about the aforementioned statement than those that fall within the age group 30-49. Table 39 shows that 36.36% of respondents in the age group 30-39 and 35.00% of respondents in the age group 40-49 disagree with the statement, compared to 28.57% of the respondents in the age group 21-29. Respondents in the age group 21-29 are just beginning their careers and thus have limited earning capacity. This might, in turn, lead to greater concern about the amount they have to forgo in the form of taxation.

Table 39: Responses of age groups regarding the statement: “The amount of tax I have to pay is reasonable considering the benefits received”

AGE GROUP	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
21-29	13 (23.21%)	16 (28.57%)	27 (48.22%)	56
30-39	21 (31.82%)	24 (36.36%)	21 (31.82%)	66
40-49	23 (38.33%)	21 (35.00%)	16 (26.67%)	60
50-59	4 (9.76%)	20 (48.78%)	17 (41.46%)	41
60+	2 (5.41%)	19 (51.35%)	16 (43.24%)	37
Total	63 (24.23%)	100 (38.46%)	97 (37.31%)	260

Table 11 reveals a strong relationship between the respondents’ **population group** and their attitudes towards the statement: “The amount of tax I have to pay is reasonable considering the benefits received” (p value < 0.0001).

In Table 40 below, the relationship is analysed in more detail. The differences in perceptions between the various population groups are shown in this table. It is evident from the table that 50.00% of all Indian respondents and 39.02% of all Coloured respondents, consider the amount of tax paid as being reasonable, compared to the benefits they receive in return. By contrast, only 2.53% of White respondents agree with the abovementioned statement. If one ignores the responses of Black participants who have no opinion on the matter, 25 out of the remaining 33 Black respondents (75.76%) agree that the tax that they pay is reasonable in relation to the benefits they receive. This confirms the view that the Black participants are more supportive of the government, as they possibly benefit more from government social benefits.

In relation to the White respondents, Lieberman (2001:548) argues that given the important political changes in South Africa, including the promulgation of a non-racial constitution, there is good reason to believe that Whites will resist paying tax in future. This supports the findings of the present research.

Table 40: Responses of population groups regarding the statement: “The amount of tax I have to pay is reasonable considering the benefits received”

POPULATION GROUP	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Black	25 (25.00%)	8 (8.00%)	67 (67.00%)	100
Coloured	16 (39.02%)	23 (56.10%)	2 (4.88%)	41
Indian	20 (50.00%)	20 (50.00%)	0 (0.00%)	40
White	2 (2.53%)	49 (62.03%)	28 (35.44%)	79
Total	63 (24.23%)	100 (38.46%)	97 (37.31%)	260

Table 11 reveals a strong relationship between the respondents’ **home language** and their attitudes towards the statement: “The amount of tax I have to pay is reasonable considering the benefits received” (p value < 0.0001).

Table 41 below analyses the relationship in more detail. Although there are differences in perceptions between the respondents and their various home languages, it is evident that less than 50.00% of all the language groups agree with the abovementioned statement. In Table 41 it is indicated that the Nguni (42.86%) and the English speakers (38.46%) agree more strongly with the abovementioned statement than the Sotho (21.31%), other language groups (20.00%) and Afrikaans speakers (16.67%). These findings appear to be inconclusive and may indicate that any relationship between language and opinions about the benefits received in relation to tax paid, is purely coincidental.

Table 41: Responses of language groups regarding the statement: “The amount of tax I have to pay is reasonable considering the benefits received”

LANGUAGE GROUP	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Afrikaans	18 (16.67%)	65 (60.19%)	25 (23.14%)	108
English	20 (38.46%)	27 (51.92%)	5 (9.62%)	52
Nguni	9 (42.86%)	1 (4.76%)	11 (52.38%)	21
Sotho	13 (21.31%)	7 (11.48%)	41 (67.21%)	61
Other	3 (20.00%)	0 (0.00%)	12 (80.00%)	15
Total	63 (24.51%)	100 (38.91%)	94 (36.58%)	257

Table 11 reveals a strong relationship between the respondents' **educational background** and their attitudes towards the statement: "The amount of tax I have to pay is reasonable considering the benefits received" (p value < 0.0001).

Of all the respondents in possession of a higher education qualification, 38.89% agree with the statement: "The amount of tax I have to pay is reasonable considering the benefits received", in comparison with 21.05% of all the respondents with a grade 12/matric qualification and 7.14% of all the respondents who did not complete secondary school. Therefore, respondents in possession of a higher educational qualification are more positive regarding the amount of tax they pay, in comparison to the benefits they receive in return. The more educated respondents may better understand the need to contribute towards government spending than the less educated respondents.

Table 11 reveals a strong relationship between the respondents' **employment status** and their attitudes towards the statement: "The amount of tax I have to pay is reasonable considering the benefits received" (p value < 0.0001).

Salaried respondents agree more strongly with the statement, in comparison with the self-employed and unemployed respondents. Of all the salaried respondents, 42.42% agree with the statement compared to only 7.41% of all the self-employed and only 4.95% of the unemployed. The salaried respondents may possibly experience the impact of tax, which is deducted by the employer, to a lesser extent than those who are self-employed, and thus directly involved in calculating their own tax liability.

Table 11 reveals a strong relationship between whether or not the respondents **earn additional income** and their attitudes towards the statement: "The amount of tax I have to pay is reasonable considering the benefits received" (p value = 0.0012).

Of all the respondents earning a second income, 27.87% agree with the statement: "The amount of tax I have to pay is reasonable considering the benefits received", compared to

only 23.12% of all the respondents not earning a second income. This finding appears to contradict the earlier analysis of perceptions of regarding the imposition of a fixed tax rate.

Table 11 reveals a strong relationship between the respondents' **earnings potential** and their attitudes towards the statement: "The amount of tax I have to pay is reasonable considering the benefits received" (p value < 0.0001).

The results are surprising, as only 7.00% of all the respondents earning below the tax threshold are of the opinion that the amount of tax they have to pay is reasonable, considering the benefits they receive. Results show further that 33.85% of all the respondents earning more than R10 000 per month before deductions, and 35.79% of all the respondents earning between R2 918 and R10 000 per month before deductions, agree with the abovementioned statement. A possible explanation for the finding could be that the higher-income earners would also be the more educated respondents, who would conceivably have a greater understanding of the need to contribute income to the government to provide for social and other benefits.

Table 11 reveals a strong relationship between the **frequency of visits to state-funded medical facilities** by the respondents and their attitudes towards the statement: "The amount of tax I have to pay is reasonable considering the benefits received" (p value = 0.0003).

Of all the respondents visiting state-funded medical facilities once a month, 35.11% agree with the statement: "The amount of tax I have to pay is reasonable considering the benefits received", compared to 25.00% of all the respondents visiting state-funded medical facilities between 2 and 5 times per month and only 7.87% of all the respondents not visiting these facilities. Respondents who do not visit state-funded medical facilities are generally those respondents who can afford private medical treatment and are, therefore, less dependent on the government for medical treatment. Consequently, these respondents may believe that they do not receive sufficient benefits for the amount of tax they pay.

Table 11 reveals a strong relationship between the **risk profile** of the respondents and their attitudes towards the statement: “The amount of tax I have to pay is reasonable considering the benefits received” (p value = 0.0218).

Respondents who consider themselves to be risk-takers appear to be less satisfied that the amount of tax they have to pay is reasonable considering the benefits they receive. Only 18.32% of all the respondents who consider themselves to be risk-takers, agree with the statement, compared with 30.23% of all the respondents who do not consider themselves to be risk-takers. This finding possibly reveals that no real relationship exists between risk-taking and the belief that the benefits derived from the tax that respondents pay is reasonable.

Table 11 reveals a strong relationship between whether or not respondents **partake in the Lotto at least four times per month** and their attitudes towards the statement: “The amount of tax I have to pay is reasonable considering the benefits received” (p value = 0.0062).

Of all the respondents partaking in the Lotto at least four times per month, 30.00% agree that the amount of income tax they have to pay is reasonable considering the benefits they receive. By contrast, only 16.36% of all respondents not partaking in the Lotto at least four times per month, agree with the statement. As was the case with the previous finding, the link between risk-taking and perceptions of the fairness of taxation appears to be weak.

Table 11 reveals a strong relationship between whether or not respondents **think that the Lotto is good because proceeds are used for charitable purposes** and their attitudes towards the statement: “The amount of tax I have to pay is reasonable considering the benefits received” (p value = 0.0036).

Of all those respondents who think that the Lotto is good because a portion of the money is allocated for charitable purposes, 28.22% are of the opinion that the amount of tax paid is reasonable considering the benefits they receive in return. By contrast, only 10.34% of all respondents who do not agree that the Lotto is good because a portion of the money is allocated for charitable purposes, believe that the benefits they receive are reasonable. There

might be a link between the allocation of proceeds derived from the Lotto and the allocation of tax revenue.

Table 11 reveals a strong relationship between whether or not the respondents are **registered with SARS as taxpayers** and their attitudes towards the statement: “The amount of tax I have to pay is reasonable considering the benefits received” (p value < 0.0001).

Respondents registered as taxpayers with SARS agree more strongly with the statement: “The amount of tax I have to pay is reasonable considering the benefits received”, compared to respondents not registered as taxpayers with SARS. Of all the respondents registered as taxpayers with SARS, 39.13% agree with the abovementioned statement, compared to 7.38% of respondents not registered as taxpayers with SARS. Respondents registered as taxpayers with SARS, fall within a higher income bracket and may be more educated than those respondents who are not registered. The more educated respondents would better comprehend the need to pay tax, in order to provide social benefits for South African citizens.

Table 11 reveals a strong relationship between respondents’ **prior dealings with SARS** and their attitudes towards the statement: “The amount of tax I have to pay is reasonable considering the benefits received” (p value < 0.0001).

Respondents, who consulted with SARS officials in the past, agree more strongly with the statement. This is evident, as 43.14% of all the respondents who consulted with SARS officials in the past, agree with the statement, compared to only 12.03% of all the respondents who have not consulted with SARS officials in the past. It appears that prior dealings with SARS may positively influence respondents’ perceptions concerning the benefits provided in return for taxes paid.

Table 11 reveals a strong relationship between the respondents’ **level of support for the current government** and their attitudes towards the statement: “The amount of tax I have to pay is reasonable considering the benefits received” (p value < 0.0001).

In Table 42 below, the relationship is analysed in more detail. The differences in perceptions between the respondents' level of support for the current government is evident from this table. It can be seen that less than half of all the respondent groups in this case agree with the abovementioned statement.

Table 42 shows that 60.00% of respondents who do not support the current government, are of the opinion that the amount of tax they have to pay is unreasonable, considering the benefits they receive. A lower percentage (40.00%) of respondents who are neutral and 27.27% of respondents who support the current government, are of the opinion that the amount of tax they have to pay is unreasonable considering the benefits they receive. If the responses of those who have no opinion concerning the abovementioned statement are ignored, 57.75% (41 out of 71) of those who support the government, believe that the tax they pay is reasonable, compared with 33.33% (15 out of 45) of those who do not support the government. This finding is what would be expected.

Table 42: Responses concerning respondents' support for the current government and their attitudes towards the statement: "The amount of tax I have to pay is reasonable considering the benefits received"

SUPPORT FOR CURRENT GOVERNMENT	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Support	41 (37.28%)	30 (27.27%)	39 (35.45%)	110
Neutral	7 (7.00%)	40 (40.00%)	53 (53.00%)	100
Not at all	15 (30.00%)	30 (60.00%)	5 (10.00%)	50
Total	63 (24.23%)	100 (38.46%)	97 (37.31%)	260

Table 11 reveals a strong relationship between the respondents' **views regarding the future of South Africa** and their attitudes towards the statement: "The amount of tax I have to pay is reasonable considering the benefits received" (p value < 0.0001).

This relationship is further analysed in Table 43 below. The differences in perceptions between the respondents' views regarding the future of South Africa can be seen from this table. It is evident that none of the respondent groups agree to the extent of more than

50.00% that the amount of tax they have to pay is reasonable, considering the benefits received. However, respondents who are concerned about the future of South Africa (51.89%), disagree more strongly that the amount of tax they have to pay is reasonable considering the benefits they receive, in comparison with those respondents who are neutral (31.25%) and those who are hopeful (27.78%) about South Africa's future. As may be anticipated, respondents who are concerned about the future of South Africa do not believe to a great extent that they receive sufficient benefits in relation to the taxes they are paying.

Table 43: Responses concerning respondents' views about the future of South Africa and their attitudes towards the statement: "The amount of tax I have to pay is reasonable considering the benefits received"

IEWS ABOUT THE FUTURE OF SOUTH AFRICA	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Concerned	25 (23.58%)	55 (51.89%)	26 (24.53%)	106
Neutral	2 (3.12%)	20 (31.25%)	42 (65.63%)	64
Hopeful	36 (40.00%)	25 (27.78%)	29 (32.22%)	90
Total	63 (24.23%)	100 (38.46%)	97 (37.31%)	260

Table 11 reveals a strong relationship between the respondents' **views on income distribution** and their attitudes towards the statement: "The amount of tax I have to pay is reasonable considering the benefits received" (p value = 0.0322).

Of all the respondents who are of the opinion that all income earned should accrue to the government, which should distribute it equally among all South Africans, 27.27% agree with the statement: "The amount of tax I have to pay is reasonable considering the benefits received". By contrast, a lower percentage (that is, 14.52%) of respondents who are of the opinion that everyone should keep the income they earn, agree with the abovementioned statement. Those respondents who trust government with the distribution of tax revenue are more likely to be more positive about the current level of benefits received from the government.

5.2.11 Statement 11: “The government does not provide enough information about how they use taxpayers’ money”

The final statement investigated in this study that deals with general tax-related issues is: “The government does not provide enough information about how they use taxpayers’ money”. As is evident from Table 10, just over half (that is, 51.92%) of the respondents are of the opinion that the government does not provide enough information about how they use taxpayers’ money. The manner in which individual demographic, economic or other factors influenced the respondents’ perceptions regarding this statement, is analysed below.

Table 11 reveals a strong relationship between the respondents’ **gender** and their attitudes towards the statement: “The government does not provide enough information about how they use taxpayers’ money” (p value = 0.0499).

Of all the female respondents, 58.20% agree with the statement: “The government does not provide enough information about how they use taxpayers’ money”. By contrast, only 46.38% of all the male respondents agree with the statement.

Regarding this issue, Wallen, Waitzkin and Stoeckle (in Paludi & Steuernagel, 1990:232) found that female respondents ask significantly more questions than male respondents. In this previous research, females were the recipients of a greater total number of informative statements or explanations. This may support the findings of the present study.

Table 11 reveals a strong relationship between the **population group** to which the respondents belong and their attitudes towards the statement: “The government does not provide enough information about how they use taxpayers’ money” (p value < 0.0001).

In Table 44 below, the relationship is analysed in more detail. The table shows the differences in perceptions between the various population groups. It is also apparent that the Coloured population group agrees, to a greater extent, that the government does not provide enough information about how they use taxpayers’ money. Of all the Coloured respondents, 80.49%

agree with the abovementioned statement, in comparison with 52.50% of all the Indian respondents, 45.57% of all the White respondents and 45.00% of all the Black respondents. It is interesting to note that the Coloured respondents believe most strongly that they need more information about how the government uses taxpayers' money.

If the responses of participants who expressed no opinion on the abovementioned statement are ignored, 100.00% (36 out of 36) of White participants, 82.50% (33 out of 40) of Coloured participants, 55.56% (45 out of 81) of Black participants, and 52.50% (21 out of 40) of Indian participants, believe that the government does not provide enough information. The marked reaction of all the population groups to the need for greater transparency regarding the utilisation of tax revenue is a significant finding which should be taken note of by government.

Table 44: Responses of population groups regarding the statement: “The government does not provide enough information about how they use taxpayers’ money”

POPULATION GROUP	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Black	45 (45.00%)	36 (36.00%)	19 (19.00%)	100
Coloured	33 (80.49%)	7 (17.07%)	1 (2.44%)	41
Indian	21 (52.50%)	19 (47.50%)	0 (0.00%)	40
White	36 (45.57%)	0 (0.00%)	43 (54.43%)	79
Total	135 (51.92%)	62 (23.85%)	63 (24.23%)	260

Table 11 reveals a strong relationship between the **home language** of the respondents and their attitudes towards the statement: “The government does not provide enough information about how they use taxpayers’ money” (p value < 0.0001).

Table 45 below analyses the relationship in greater detail. The differences in perceptions between the different language groups are apparent from this table. More specifically, this table shows that the Sotho (62.30%), Afrikaans (57.41%) and English (53.85%) speakers agree to a somewhat greater extent that the government does not provide enough information about how they use taxpayers’ money, compared with the Nguni (19.05%) and other

language (13.33%) speakers. The two latter groups only represent a small proportion of the sample, however.

If the responses of participants who expressed no opinion on the abovementioned statement are ignored, and if the Black language speakers are grouped together, 89.86% (62 out of 69) of Afrikaans speakers, 59.57% (28 out of 47) of English speakers, 56.41% (44 out of 78) of Black language speakers, as well as 69.07% (134 out of 194) of all the language groups, expressed the need for more information. The phenomenon is of relevance to the government.

Table 45: Responses of language groups regarding the statement: “The government does not provide enough information about how they use taxpayers’ money”

LANGUAGE GROUP	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Afrikaans	62 (57.41%)	7 (6.48%)	39 (36.11%)	108
English	28 (53.85%)	19 (36.54%)	5 (9.61%)	52
Nguni	4 (19.05%)	14 (66.67%)	3 (14.28%)	21
Sotho	38 (62.30%)	16 (26.23%)	7 (11.47%)	61
Other	2 (13.33%)	4 (26.67%)	9 (60.00%)	15
Total	134 (52.14%)	60 (23.35%)	63 (24.51%)	257

Table 11 reveals a strong relationship between the **employment status** of the respondents and their attitudes towards the statement: “The government does not provide enough information about how they use taxpayers’ money” (p value = 0.0235).

Of all the self-employed respondents, 70.37%, and of all the unemployed respondents, 58.42%, believe that the government does not provide enough information about how they use taxpayers’ money. By contrast, a somewhat lower percentage of all salaried respondents, 43.18%, agree with the aforementioned. Respondents responsible for paying tax by means of provisional tax payments may be more critical of the lack of information about the use of taxpayer revenue than respondents who have their tax deducted by their employers.

Table 11 reveals a strong relationship between the **frequency of visits to state-funded medical facilities** by the respondents and their attitudes towards the statement: “The government does not provide enough information about how they use taxpayers’ money” (p value < 0.0001).

Of all the respondents visiting state-funded medical facilities between 2 and 5 times per month, 65.00% agree that the government does not provide enough information about how they use taxpayers’ money. Of all the respondents visiting these facilities once a month, 50.38% agree with the statement. In addition, 48.31% of the respondents not visiting these facilities at all, agree with the aforementioned. Those respondents dependent on the government for medical care, may have a lower level of education and may be less informed about tax matters.

Table 11 reveals a strong relationship between whether or not the respondents **partake in the Lotto at least four times per month** and their attitudes towards the statement: “The government does not provide enough information about how they use taxpayers’ money” (p value = 0.0028).

Of all the respondents who partake in the Lotto at least four times per month, 55.33% agree that the government does not provide enough information about how they use taxpayers’ money. By contrast, a slightly lower percentage, 47.27%, of all respondents who do not partake in the Lotto at least four times per month, agree with the statement. Any relationship between participating in the Lotto and a perception of insufficient information is likely to be coincidental.

Table 11 reveals a strong relationship between whether or not respondents **think the Lotto is good as proceeds are used for charitable purposes** and their attitudes towards the statement: “The government does not provide enough information about how they use taxpayers’ money” (p value < 0.0001).

Of all the respondents who think that the Lotto is good because a portion of the money is allocated for charitable purposes, 55.94% agree that the government does not provide enough information about how they use taxpayers' money. By contrast, a somewhat lower percentage, 37.93%, of those respondents who do not agree that the Lotto is good because a portion of the money is allocated for charitable purposes, believe that the government does not provide enough information about how they use taxpayers' money.

It is unlikely that gambling by means of the Lotto and approving of the use of Lotto funds, has any relationship with the lack of information about the use of tax revenue. The findings simply suggest that there is a general public perception that too little information is provided about the use of tax revenue by the present government.

Table 11 reveals a strong relationship between whether or not respondents have had **prior dealings with SARS** and their attitudes towards the statement: "The government does not provide enough information about how they use taxpayers' money" (p value = 0.0003).

Respondents that have not consulted with SARS officials in the past, agree more strongly that the government does not provide enough information about how they use taxpayers' money. Of all the respondents that have not consulted with SARS officials in the past, 60.13% agree with this statement compared to 39.22% of all the respondents who have not consulted with SARS officials in the past. Prior dealings with SARS may have influenced respondents' perceptions positively with regard to the communication by government of its spending priorities.

Table 11 reveals a strong relationship between the respondents' **level of support for the current government** and their attitudes towards the statement: "The government does not provide enough information about how they use taxpayers' money" (p value < 0.0001).

In Table 46 below, the relationship is analysed in more detail. The differences in perceptions concerning the respondents' level of support are shown in this table. The results show that respondents, who do not support the government, agree to a somewhat greater extent that

the current government does not provide enough information about how they use taxpayers' money.

Of the respondents who do not support the current government, 78.00% agree that the government does not provide enough information about how they use taxpayers' money, in comparison with only 47.00% of all the respondents who are neutral and 44.55% of all the respondents who support the current government. If the responses of participants who express no opinion on the abovementioned statement are ignored, 50.00% (49 out of 98) of those who support the government and 88.64% (39 out of 44) of those who do not support the government, believe that the government does not provide enough information about how they use taxpayers' money. A lack of support for the government is also likely to influence perceptions about a general lack of information and transparency by government regarding the utilisation of taxpayers' money.

Table 46: Responses concerning respondents' support for the current government and their attitudes towards the statement: "The government does not provide enough information about how they use taxpayers' money"

SUPPORT FOR CURRENT GOVERNMENT	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Support	49 (44.55%)	49 (44.55%)	12 (10.90%)	110
Neutral	47 (47.00%)	8 (8.00%)	45 (45.00%)	100
Not at all	39 (78.00%)	5 (10.00%)	6 (12.00%)	50
Total	135 (51.92%)	62 (23.85%)	63 (24.23%)	260

Table 11 reveals a strong relationship between the respondents' **views towards the future of South Africa** and their attitudes towards the statement: "The government does not provide enough information about how they use taxpayers' money" (p value < 0.0001).

In Table 47 below, the relationship is analysed in more detail. Of all the respondents who are concerned about the future of South Africa, 68.87% agree that the government does not provide enough information about how they use taxpayers' money. Of all those respondents who are hopeful about the future of South Africa, 44.44% agree with the statement. Of all the

respondents who are neutral about the future of South Africa, 34.38% agree with the statement. Ignoring the responses of participants who expressed no opinion on the abovementioned statement, 79.35% (73 out of 92) of those who are concerned and 52.63% (40 out of 76) of those who are hopeful, believe that they are provided with too little information about the use of tax revenue. Again, this finding is to be expected, as those respondents concerned about the future of South Africa are likely to be those who do not support the government and perceive that there is a lack of information and transparency. It is significant, however, that the majority of all respondents expressed the desire for more information.

Table 47: Responses concerning respondents’ views about the future of South Africa and their attitudes towards the statement: “The government does not provide enough information about how they use taxpayers’ money”

VIEWS ABOUT THE FUTURE OF SOUTH AFRICA	Agree with Statement (frequency and row percentage)	Disagree with Statement (frequency and row percentage)	No Opinion (frequency and row percentage)	TOTAL
Concerned	73 (68.87%)	19 (17.92%)	14 (13.21%)	106
Neutral	22 (34.38%)	7 (10.94%)	35 (54.68%)	64
Hopeful	40 (44.44%)	36 (40.00%)	14 (15.56%)	90
Total	135 (51.92%)	62 (23.85%)	63 (24.23%)	260

5.3 PERCEPTIONS OF TAX EVASION

In addition to general tax-related statements, respondents were also requested to agree, disagree or indicate if they have no opinion concerning a number of statements that relate to tax evasion. The statements, as well as different responses from the respondents, are presented in Table 48.

Table 48: Percentage of respondents who agree, disagree or have no opinion regarding statements relating to tax evasion

Statements relating to tax evasion	Percentage of respondents who agreed with statement	Percentage of respondents who disagreed with statement	Percentage of respondents who had no opinion regarding the statement
1. The fiscal authorities (SARS) would notice if I decided to evade tax	61.15%	16.15%	22.70%
2. Government receives enough tax so it does not matter if some people evade tax	19.62%	64.23%	16.15%
3. The burden of tax is so heavy that many people are forced to evade it in order to survive	45.77%	39.62%	14.61%
4. Since so many other people are evading tax, I cannot be blamed for evading tax	12.31%	68.46%	19.23%
5. I work hard for the income I receive so I should be allowed to keep it all for myself	24.23%	60.77%	15.00%
6. People evade tax because the risk that the authorities will find out is low	45.38%	30.38%	24.24%
7. Wealthy people evade tax more often than poor people	63.85%	16.92%	19.23%

Certain responses revealed in [Table 48](#) appear to support earlier research, notably responses concerning the seventh statement. Responses regarding the third and sixth statement also support earlier research, but to a lesser extent than responses concerning the seventh statement. Responses regarding the first and sixth statement would be expected to be rather similar, as both relate to the risk of discovery. The responses to these statements, however, appear to be contradictory. The other responses (that is, responses regarding the second, fourth and fifth statement) appear to differ from what previous research indicated would have been the case.

The Cronbach alpha as calculated for this question (question 20) was 0.72 (v34 needed to be reversed). This provided an acceptable level of reliability and the variables have been grouped together using the mean average score for the individual statements in the question for further discussion purposes. In order to express a more meaningful mean score, “1” was

allocated when the respondent agreed with a specific statement, “2” if the respondent expressed no opinion and “3” when the respondent disagreed.

The General Linear Model procedure (GLM procedure) indicated that the individual demographic, economic or other factors are associated with the respondents’ attitudes towards tax evasion with a high level of statistical significance (p value < 0.01). The results of the GLM procedure indicated a p value < 0.0001 .

5.3.1 Individual demographic, economic or other factors influencing respondents’ attitudes towards tax evasion

The relationship between the individual demographic, economic or other factors and the manner in which they influence the respondents’ attitudes towards tax evasion and tax compliance, is presented in [Table 49](#). This section discusses the relationship between the individual demographic, economic or other factors and the manner in which they influenced the respondents attitudes towards tax evasion (section 5.4.1 discusses the aforementioned relationship regarding tax compliance). Where previous research was performed regarding these factors, this is also highlighted and compared with the findings of the present study.

Table 49: Relationship between respondents’ demographic, economic or other factors and their attitudes towards tax evasion and tax compliance

	Tax evasion	Tax compliance
Demographic factors		
Age	$p = 0.0085$	$p = 0.0122$
Gender		
Population group	$p < 0.0001$	$p = 0.0002$
Home language		
Educational background	$p = 0.0052$	
Employment status		
Earning additional income		
Earnings potential		
Economic circumstances		
Type of dwelling		
Visits to state-funded medical facilities		

Number of persons living in household		
Risk profile		
Risk-taker or not		$p = 0.0012$
Gambling habits		
Partake in Lotto		
Lotto is good - proceeds used for charity		$p = 0.0379$
Registered as taxpayer with SARS		
Prior dealings with SARS		$p = 0.0160$
Political/Fiscal attitudes		
Supports current government		
Views about the future of South Africa		
Views relating to income distribution	$p = 0.0018$	$p = 0.0356$

Age: According to Webley *et al.* (1991:68-77), young people are more likely to be associated with tax evasion behaviour.

From Table 49, it appears that there is a strong relationship between the age of the respondents and the respondents' attitude towards tax evasion (p value = 0.0085).

Furthermore, it was found that persons in the age group 60 and above disagree to a greater extent that tax evasion is acceptable (that is, this group will tend to evade less).

[This was substantiated with the Tukey's Studentized Range (HSD) and mean score.]

Gender: Friedland *et al.* (1978:113) found that females evaded tax more readily than men. By contrast, three of the four studies conducted by Webley *et al.* (1991:110) revealed that men evaded tax more often than women.

The present study, however, showed no differences in perceptions between males and females with regard to tax evasion (see Table 49).

Population group: The results of the present study (see Table 49) shows a strong relationship between the population group to which a respondent belongs and their attitudes towards tax evasion (p value < 0.0001).

In this regard, respondents belonging to the White population group disagree less with statements relating to tax evasion (that is, more respondents from the White population group are of the opinion that it is not wrong to evade tax).

Regarding this issue, Smith (2003:6) suggests that in South Africa a possibility might exist that those citizens in the racial minority may feel alienated from democratic government. Lieberman (2001:548) argues that given the important political changes in South Africa, including the promulgation of a non-racial constitution, there is good reason to believe that Whites will resist paying tax in future.

In light of these arguments and the above findings, the present study suggests that the White population group is less positive towards paying tax and may experience a sense of alienation from the government, as they have a smaller voting power than the Black population group. Therefore, they may be less supportive towards government and paying tax.

[The above was substantiated with the Scheffe's test and mean score.]

Educational background: Groenland and Van Veldhoven (1983, in Webley *et al.*, 1991:59) found that people with a higher level of education evaded tax more than those with a lower level of education. Vogel (1974:501) confirms this by stating that the tax system in Sweden creates unequal tax minimisation opportunities, since education is a necessary precondition to the successful practice of either tax minimisation or evasion. Another study performed by Fallan (1999:173-184) indicates that increased tax knowledge has meant that people consider their own tax evasion more seriously. Finally, a study by Almond and Verba (1963:379-387), investigating political attitudes and democracy in five nations, also found that education is an important factor in determining a citizen's orientation towards government, authority and the individual's beliefs, feelings and evaluations of the political and governmental system as a whole.

Table 49, also reveals a strong relationship between the respondents' educational background and their attitudes towards tax evasion (p value = 0.0052).

Respondents in possession of a higher educational qualification, disagree the most strongly that tax evasion is justifiable (that is, may tend to evade less). Respondents that have not completed school, agree to the greatest extent that tax evasion is justifiable (that is, may tend to evade tax more). The mean score for respondents who have completed grade 12/matric, fell between the respondents in possession of a higher education and respondents who have not completed school. The more educated respondents may tend to evade tax to a lesser degree as a consequence of their knowledge about the penalties related to tax evasion.

[This was substantiated with the mean score but not with the Tukey's Studentized Range (HSD) or Scheffe's test.]

Employment status: Webley *et al.* (1991:68-77) found that people who are employed are most likely to be associated with tax evasion behaviour. In an experiment conducted by Webley *et al.* (1991:102), strong support was provided for the proposition that greater opportunity leads to greater tax evasion.

The present study, however, showed no difference in perceptions between the respondents with differing employment statuses regarding tax evasion (see [Table 49](#)).

Risk profile: Dean *et al.* (1980:42) found that the desire to “beat the system” is a possible reason for tax evasion.

However, the present study revealed no difference in perceptions between respondents with different risk profiles concerning tax evasion.

Level of support for current government: In Lewis's (1982:172) model of tax evasion, in relation to individuals, fiscal attitudes and perceptions (which include the individual's support for government policies) affect a taxpayer's decision whether or not to evade paying tax.

The findings of the present study, however, reveal no difference in perceptions between the respondents with differing levels of support for the current government regarding tax evasion (see [Table 49](#)).

Views on the future of South Africa: According to Lewis's (1982:172) model of tax evasion, some taxpayers may have a better understanding of the working of fiscal policy than others, and, by contrast, tax authorities who are perceived as rigorous invaders of personal liberty may, in turn, engender more antipathetic tax attitudes. This is also influenced by the characteristics of taxpayers in terms of their individual, group and demographic differences. Surveys have identified a host of these variables, which include income and anticipated future economic well-being.

Nevertheless, as can be seen from [Table 49](#), there appears to be no difference in perceptions between the respondents with differing levels of support for the current government and tax evasion.

Views on income distribution: Lewis's (1982:172) model of tax evasion, as far as the authorities are concerned, shows that one of the factors that is regarded as important, is the government's fiscal policy. In addition, according to the Australian Cash Economy Task Force (1998:18), taxpayer compliance decisions can be affected by economic factors, such as the tax system.

The findings of the present study also reveal ([see Table 49](#)) a strong relationship between the respondents' views on income distribution and their attitudes towards tax evasion (p value = 0.0018).

It appears that respondents who are of the opinion that everyone should be entitled to keep the income they earn, disagree less strongly with statements relating to tax evasion (that is, will tend to evade more), compared to those who believe that all income earned should accrue to the government, which should distribute this equally among all South Africans.

Those respondents who are in support of a government with socialistic policies, are more positive towards tax and will, therefore, tend to evade less.

[The mean score substantiated this – no additional statistical tests were necessary as only two variables were present in this analysis.]

Prior dealings with SARS: From Table 49, it can be seen that there is no difference in perceptions of the respondents who did or did not have prior dealings with SARS and tax evasion.

Nevertheless, it is still important to highlight the findings resulting from the means procedure. Respondents who have consulted with SARS officials previously were also requested to indicate whether they found these officials to be efficient, believe that they were treated with respect, and found their knowledge of tax-related issues to be of a high standard.

The findings reveal that:

- Respondents who found SARS officials to be efficient, disagreed to a greater extent with statements relating to tax evasion (that is, will tend to evade tax less) when compared to those respondents who did not find SARS officials to be efficient. SARS officials may, therefore, have an important role to play in influencing taxpayers to be more positive towards paying tax.
- Contradictory to what may have been expected, it appears from this study that respondents who believe that SARS officials treated them with respect, disagree to a lesser extent with statements relating to tax evasion (that is, will tend to evade tax more), compared to those respondents who are of the opinion that SARS officials did not treat them with respect.
- Respondents who are of the opinion that SARS officials are knowledgeable, disagree to a greater extent with tax evasion statements (that is, will tend to evade tax less), when compared to respondents who indicated the opposite. Again, this study indicates that SARS officials have an important role to play in influencing taxpayers to be more positive towards paying tax.

5.3.2 Relationship between respondents' perceptions regarding a specific tax-related statement and tax evasion

The respondents' perceptions regarding a specific individual statement relating to taxation (question 18) are compared with their attitudes towards tax evasion (question 20) in this section.

In the original questionnaire (see [Appendix B](#)), the value of "1" was allocated if the respondent agreed, "2" if the respondent disagreed, and "3" if the respondent had no opinion concerning a specific statement. For statistical purposes, the order was changed to provide a more meaningful analysis. A new variable "r" was used where a value of "1" was allocated if the respondent agreed, "2" if the respondent had no opinion, and "3" if the respondent did not agree with a specific statement.

[Table 50](#) analyses the relationship between the respondents' views concerning a specific tax-related issue and their attitudes towards tax evasion and tax compliance. This section discusses the relationship between the respondents' views concerning a specific tax-related issue and their attitudes towards tax evasion (section 5.4.2 discusses the aforementioned relationship regarding tax compliance). Where previous research was performed regarding these factors, this is also highlighted and compared with the findings of the present study.

Table 50: Relationship between respondents' views on specific tax-related statements and their attitudes towards tax evasion and tax compliance

General tax-related statements	Tax evasion	Tax compliance
A large proportion of taxes is used by the government for meaningless purposes	$p = 0.0267$	$p = 0.0309$
It is unfair to pay tax		$p = 0.0006$
Income tax rates must be reduced		$p = 0.0241$
The VAT rate must be reduced		$p = 0.0081$
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)	$p = 0.0487$	$p < 0.0001$
I do not know why I have to pay tax	$p < 0.0001$	
Waste and corruption in government is high		

Rich people should pay tax at a higher rate		$p < 0.0001$
Tax is very complicated - I do not know how to calculate my own tax liability	$p = 0.0003$	$p < 0.0001$
The amount of tax I have to pay is reasonable considering the benefits received	$p < 0.0001$	$p < 0.0001$
The government does not provide enough information about how they use taxpayers' money	$p = 0.0058$	$p = 0.0041$

Statement 1: “A large proportion of taxes is used by the government for meaningless purposes”

A study by Dean *et al.* (1980:42) concludes that a possible reason for tax evasion is perceived government wastage of tax revenue.

Table 50 reveals a strong relationship between the respondents' views on the statement: “A large proportion of taxes is used by the government for meaningless purposes” and their attitudes towards tax evasion (p value = 0.0267).

In Table 51 below, the relationship is analysed in more detail. Although there is a difference in perceptions between the respondents' views relating to tax evasion, the majority of all respondents (58.46%) agreed with the statement: “A large proportion of taxes is used by the government for meaningless purposes”. It appears, however, that the majority of respondents (78.26%) who agree with the statements relating to tax evasion (that is, those who will tend to evade more), also agree that a large proportion of taxes is used by the government for meaningless purposes. If the responses of those who expressed no opinion on the abovementioned statement are ignored, 90.00% (18 out of 20) of those who agree with statements relating to tax evasion (that is, those who will tend to evade more), agree with the statement: “A large proportion of taxes is used by the government for meaningless purposes”. To encourage taxpayers to be more positive towards paying their taxes, government should take note of the need to address corruption and investigate the possible misuse of tax revenue.

Table 51: Relationship between respondents' perceptions regarding the statement: "A large proportion of taxes is used by the government for meaningless purposes" and their attitudes towards tax evasion

Response regarding the statement: "A large proportion of taxes is used by the government for meaningless purposes"	Agree with tax evasion statements (frequency and column percentage)	No opinion regarding tax evasion statements (frequency and column percentage)	Disagree with tax evasion statements (frequency and column percentage)	TOTAL
Agree	18 (78.26%)	82 (59.85%)	52 (52.00%)	152 (58.46%)
No opinion	3 (13.04%)	14 (10.22%)	6 (6.00%)	23 (8.85%)
Disagree	2 (8.70%)	41 (29.93%)	42 (42.00%)	85 (32.69%)
Total	23	137	100	260

Statement 2: "It is unfair to pay tax"

A study by Webley *et al.* (1991:68-77) revealed that people use the unfairness of the tax system as a justification for evasion.

However, responses reflected in Table 50 indicate that there is no relationship between the respondents' views concerning the unfairness of the tax system and their attitudes towards tax evasion. This finding is not what might have been expected.

Statement 3: "Income tax rates must be reduced"

A study conducted in North Carolina by Song and Yarbrough (1978:450), which requested respondents to compare and rank each of the five commonly discussed shortcomings of income tax, showed that the chief shortcoming listed by the respondents, was that the tax rate is too high. In addition, a South African study by Oberholzer (2005:249-275), revealed that a substantial proportion of the respondents indicated that they would support the introduction of lower tax rates.

However, from Table 50, it appears that there is no relationship between the respondents' views on the statement: "Income tax rates must be reduced" and their attitudes towards tax evasion. Once again, this is an unexpected finding.

Statement 4: "The VAT rate must be reduced"

A substantial proportion of South African respondents indicated that they would support the introduction of lower tax rates (Oberholzer, 2005:249-275).

Nevertheless, it appears from this study (see Table 50) that there is no relationship between the respondents' views on the statement: "The VAT rate must be reduced" and their attitudes towards tax evasion. This, too, is an unexpected result.

Statement 5: "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)"

Table 50 reveals a strong relationship between the respondents' views on the statement: "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)" and their attitudes towards tax evasion (p value = 0.0487).

In Table 52 below, the relationship is analysed in greater detail. As indicated in the table, there is a difference in perceptions between the respondents' views relating to tax evasion and income tax rates. A high percentage (56.52%) of respondents who agree with the statements relating to tax evasion (i.e. those who will tend to evade more), disagree with the statement: "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)". If the responses of those who expressed no opinion on the abovementioned statement, are ignored, 59.10% (13 out of 22) of those who agree with statements relating to tax evasion (that is, those who will tend to evade more), disagree with the statement: "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)". Respondents, who would be more likely to evade tax, possibly prefer progressive tax rates. By engaging in actions to reduce their taxable income, they would realise a higher marginal saving in tax.

Table 52: Relationship between respondents' perceptions regarding the statement: "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)" and their attitudes towards tax evasion

Response regarding the statement: "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)"	Agree with tax evasion statements (frequency and column percentage)	No opinion regarding tax evasion statements (frequency and column percentage)	Disagree with tax evasion statements (frequency and column percentage)	TOTAL
Agree	9 (39.13%)	44 (32.12%)	44 (44.00%)	97 (37.31%)
No opinion	1 (4.35%)	34 (24.82%)	14 (14.00%)	49 (18.84%)
Disagree	13 (56.52%)	59 (43.06%)	42 (42.00%)	114 (43.85%)
Total	23	137	100	260

Statement 6: "I do not know why I have to pay tax"

Table 50 reveals a strong relationship between the respondents' views concerning the statement: "I do not know why I have to pay tax" and their attitude towards tax evasion (p value < 0.0001).

In Table 53 below, the relationship is analysed in more detail. As indicated in the table, there is a difference in perceptions between the respondents' views concerning whether or not they know why they have to pay tax and tax evasion issues. The majority of respondents (56.52%) who agree with the statements relating to tax evasion (that is, those who will tend to evade more), also agree with the statement: "I do not know why I have to pay tax". If the responses

of those who express no opinion on the abovementioned statement are ignored, 61.90% (13 out of 21) of those who agree with statements relating to tax evasion (that is, those who will tend to evade more), also agree with the statement: “I do not know why I have to pay tax”.

A lack of information appears to give rise to a pro-evasive social attitude. The present study supports the view that government should provide all citizens with more information on taxes, in order to create a more positive tax culture.

Table 53: Relationship between respondents’ perceptions regarding the statement: “I do not know why I have to pay tax” and their attitudes towards tax evasion

Response regarding the statement: “I do not know why I have to pay tax”	Agree with tax evasion statements (frequency and column percentage)	No opinion regarding tax evasion statements (frequency and column percentage)	Disagree with tax evasion statements (frequency and column percentage)	TOTAL
Agree	13 (56.52%)	45 (32.85%)	24 (24.00%)	82 (31.54%)
No opinion	2 (8.70%)	25 (18.25%)	4 (4.00%)	31 (11.92%)
Disagree	8 (34.78%)	67 (48.90%)	72 (72.00%)	147 (56.54%)
Total	23	137	100	260

Statement 9: “Tax is very complicated – I do not know how to calculate my own tax liability”

After all their experimental studies into tax evasion, Webley *et al.* (1991:122) contend that for some participants the task of complying with tax legislation was too difficult. Some comments received, included: “I was not quite sure what I was doing” and “I do not know a lot about tax forms, to be honest and I was just guessing a lot of it” and “I am afraid”. In addition, in a study conducted in North Carolina by Song and Yarbrough (1978:450), respondents were asked to compare and rank each of the five commonly discussed shortcomings of income tax. The following two statements ranked second and third respectively:

- there are too many loopholes; and
- the regulations are too complicated.

Table 50 reveals a strong relationship between the respondents' views concerning the statement: "Tax is very complicated – I do not know how to calculate my own tax liability" and their attitudes towards tax evasion (p value = 0.0003).

In Table 54 below, the relationship is analysed in more detail. As indicated in the table, there is a difference in perceptions between whether or not the respondents do or do not believe that tax is complicated and their attitudes towards tax evasion issues. A high proportion (73.91%) of all the respondents who agree with the statements relating to tax evasion (that is, those who will tend to evade more), agree with the statement: "Tax is very complicated – I do not know how to calculate my own tax liability". The complexity of tax structures appears to have a negative influence on taxpayers' willingness to contribute to the fiscus.

Table 54: Relationship between respondents' perceptions regarding the statement: "Tax is very complicated - I do not know how to calculate my own tax liability" and their attitudes towards tax evasion

Response with regard to the statement: "Tax is very complicated – I do not know how to calculate my own tax liability"	Agree with tax evasion statements (frequency and column percentage)	No opinion regarding tax evasion statements (frequency and column percentage)	Disagree with tax evasion statements (frequency and column percentage)	TOTAL
Agree	17 (73.91%)	46 (33.58%)	35 (35.00%)	98 (37.69%)
No opinion	0 (0.00%)	44 (32.11%)	20 (20.00%)	64 (24.62%)
Disagree	6 (26.09%)	47 (34.31%)	45 (45.00%)	98 (37.69%)
Total	23	137	100	260

Statement 10: "The amount of tax I have to pay is reasonable considering the benefits received"

In a South African study by Oberholzer (2005:249-275) the findings indicate that, on the whole, respondents are positive about paying tax, if the government applies the revenue appropriately for the benefit of the taxpayer.

Table 50 reveals a strong relationship between the respondents' views on the statement: "The amount of tax I have to pay is reasonable considering the benefits received" and their attitudes towards tax evasion (p value < 0.0001).

In Table 55 below the relationship is analysed in more detail. As indicated in the table, there is a difference in perceptions between respondents who are and those who are not of the view that the amount of tax they have to pay is reasonable considering the benefits received and tax evasion issues. A large proportion (86.96%) of the respondents who agree with the statements relating to tax evasion (that is, those who will tend to evade more), disagree with the statement: "The amount of tax I have to pay is reasonable considering the benefits received". If the responses of those who expressed no opinion on the abovementioned statement are ignored, 90.90% (20 out of 22) of those who agree with statements relating to tax evasion (that is, those who will tend to evade more), disagree with the statement: "The amount of tax I have to pay is reasonable considering the benefits received". This finding is what would be expected, as taxpayers who are not satisfied with the amount and fairness of taxation being levied against their income would be more likely to evade tax.

Table 55: Relationship between respondents' perceptions regarding the statement: "The amount of tax I have to pay is reasonable considering the benefits received" and their attitudes towards tax evasion

Response regarding the statement: "The amount of tax I have to pay is reasonable considering the benefits received"	Agree with tax evasion statements (frequency and column percentage)	No opinion regarding tax evasion statements (frequency and column percentage)	Disagree with tax evasion statements (frequency and column percentage)	TOTAL
Agree	2 (8.69%)	24 (17.52%)	37 (37.00%)	63 (24.23%)
No opinion	1 (4.35%)	66 (48.17%)	30 (30.00%)	97 (37.31%)
Disagree	20 (86.96%)	47 (34.31%)	33 (33.00%)	100 (38.46%)
Total	23	137	100	260

Statement 11: “The government does not provide enough information about how they use taxpayers’ money”

A study conducted by Oberholzer (2005:249-275) shows that a significant percentage of the South African respondents are of the opinion that the government should be transparent in the utilisation of taxpayers’ money.

Table 50 reveals a strong relationship between the respondents’ views regarding whether or not the government provides enough information about how they use taxpayers’ money and their attitudes towards tax evasion (p value = 0.0058).

In Table 56 below, the relationship is analysed in more detail. Although there is a difference in perceptions between the respondents’ views regarding whether or not the government provides enough information about how they use taxpayers’ money and their attitudes towards tax evasion, the majority (51.92%) of all respondents agreed with the statement: “The government does not provide enough information about how they use taxpayers’ money”. However, it appears that a large proportion (78.26%) of the respondents who agree with the statements relating to tax evasion (that is, those who will tend to evade more), agree with this statement. If the responses of those who expressed no opinion on the abovementioned statement are ignored, 90.00% (18 out of 20) of those who agree with statements relating to tax evasion (that is, those who will tend to evade more), also agree with the statement: “The government does not provide enough information about how they use taxpayers’ money”.

Peters (1991:188) believed that, on the whole, citizens appreciate the benefits they receive from government and tend to be much more willing to pay taxation when reminded of the benefits received as a consequence of doing so.

This study indicates that increased communication regarding the utilisation of fiscal receipts could potentially help to reduce the number of tax evasion cases.

Table 56: Relationship between respondents’ perceptions regarding the statement: “The government does not provide enough information about how they use taxpayers’ money” and their attitudes towards tax evasion

Response regarding the statement: “The government does not provide enough information about how they use taxpayers’ money”	Agree with tax evasion statements (frequency and column percentage)	No opinion regarding tax evasion statements (frequency and column percentage)	Disagree with tax evasion statements (frequency and column percentage)	TOTAL
Agree	18 (78.26%)	72 (52.55%)	45 (45.00%)	135 (51.92%)
No opinion	3 (13.04%)	39 (28.47%)	21 (21.00%)	63 (24.23%)
Disagree	2 (8.70%)	26 (18.98%)	34 (34.00%)	62 (23.85%)
Total	23	137	100	260

5.4 PERCEPTIONS OF TAX COMPLIANCE

Respondents were provided with a list of general statements that relate to tax compliance and were requested to provide a “yes” or “no” response in relation to these statements. Table 57 indicates the percentage of respondents who provided a positive response concerning these statements.

Table 57: Percentage of respondents that responded positively with regard to general tax compliance statements

General statement	Percentage of respondents that provided a “yes” response
Every year I report all of my income to the fiscal authorities (SARS) when I submit my income tax return	51.15%
I would consider not reporting all of my income to the fiscal authorities (SARS) when I submit my income tax return in future	18.15%
I have sometimes made higher deductions than was legally permitted when I submitted my income tax return	17.69%
I would consider making higher deductions than legally permitted when I submit my income tax return in future	20.77%
I would still accept a job if the employer offers not to deduct any income tax even though, by law, the employer should	31.54%
If a tax advisor advises me not to declare all of my income, I would take his advice	40.38%

Table 57 indicates that just over half of the respondents (51.15%) report all of their income to the authorities when they submit their tax return every year. It is also evident from this table that only 18.15% believe that they would consider not reporting all of their income to the authorities when they submit their tax return in future.

A relatively low percentage of the respondents (17.69%) indicated that they have previously made higher deductions than legally permitted when submitting their income tax return. Nevertheless, 20.77% believe that they would consider doing so in the future.

The findings presented in Table 57 indicate that 31.54% of the respondents are of the view 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.

The Cronbach alpha for this question (question 23) was calculated to be 0.74 (v48 needed to be reversed). This provided an acceptable level of reliability and the variables were grouped together for further discussion purposes.

The GLM procedure indicated that the individual demographic, economic or other factors are associated with the respondents' attitudes towards tax compliance with a high level of statistical significance (p value < 0.01). The results of the GLM procedure indicated a p value < 0.0001 .

5.4.1 Individual demographic, economic or other factors influencing respondents' attitudes towards tax compliance

The relationship between the individual demographic, economic or other factors and the manner in which they influenced the respondents' attitudes towards tax compliance is presented in Table 49. Where previous research was performed regarding these factors, this is also highlighted and compared with the findings of the present study.

Age: According to Webley *et al.* (1991:68-77) younger people are most likely to be associated with tax evasion behaviour.

Table 49 demonstrates a strong relationship between the age of the respondent and the respondent's attitude towards tax compliance (p value = 0.0122).

The present study indicated that respondents over the age of 60 years are less likely to evade tax than younger respondents (that is, 21-29 years of age).

[This is substantiated by Tukey's Studentized Range (HSD) and mean score.]

Population group: Table 49 reveals a strong relationship between the population group to which the respondents belong and the respondents' attitudes towards tax compliance (p value = 0.0002).

Contrary to the findings relating to tax evasion, where White respondents appeared to be of the opinion that it is not wrong to evade tax, it appears that both Black and White respondents are more likely to be tax compliant than respondents from both the Coloured and Indian population groups.

Friedman (2003a:7) argues that tax compliance may have originally been inspired by political loyalty but that the behaviour may survive even after its cause has passed into history. Friedman (2003b), in particular, argues that it is possible in South Africa that many Whites may be more likely to conform (to tax compliance) than many Blacks. This author further states that: "Whites learned to comply because for years the system worked for them and doing your duty thus made sense. For many Blacks, it was irrational to obey until 1994. The switch to a legitimate government may not instantly cause either group to unlearn years of learned behaviour." This explains the higher level of compliance of White respondents (in the present study), but does not provide an explanation for the responses of the Black, Coloured and Indian participants. In order to create a more positive tax culture, government could

possibly focus more strongly on educating the Coloured and Indian groups about the importance of paying their taxes.

[The findings above were substantiated with the Scheffe's test and mean score.]

Risk profile: Dean *et al.* (1980:42) found that the desire to “beat the system” is a possible cause of tax evasion.

Table 49 reveals a strong relationship between the risk profile of the respondents and the respondents' attitudes towards tax compliance (p value = 0.0012).

From this study it also appears that respondents who consider themselves to be risk-takers, are somewhat more likely to evade tax than those who consider themselves to be more risk-averse. The risk profile, as a characteristic of a taxpayer, may have a direct impact on their tax compliance behaviour.

[The abovementioned finding was substantiated by the mean score.]

Think Lotto is good because proceeds are used for charitable purposes: Table 49 reveals a strong relationship between the respondents' views on whether they believe that the Lotto is good because proceeds are used for charitable purposes and their attitudes towards tax compliance (p value = 0.0379).

Respondents who think that the Lotto is good because a portion of the proceeds is allocated for charitable purposes, appear to be slightly less tax compliant than those who do not agree. Those who believe that the Lotto is good may, be more likely to partake in it and thus be more risk seeking. Any relationship, however, is likely to be coincidental.

[The abovementioned finding was again substantiated by the mean score.]

Prior dealings with SARS: Lewis (1982:172) suggests that tax inspectors influence a person's attitude to behaviour.

Table 49 reveals a strong relationship between respondents who have or have not consulted with SARS officials in the past and their attitudes towards tax compliance (p value = 0.0160).

It was found that respondents, who have consulted with SARS officials in the past, are more likely to comply with tax requirements than those who have not (substantiated by the mean score). Personal contact with tax authorities appears to have a positive impact on taxpayer compliance.

Respondents who have consulted with SARS officials previously were also requested to indicate whether they found these officials to be efficient, believe that they were treated with respect, and found their knowledge of tax-related issues to be of a high standard.

The following provides the results from the means procedure:

- Respondents who believe that SARS officials are efficient, appear to be more tax compliant than those respondents who are of the opinion that SARS officials are not efficient. A strong focus on customer relationship management by the government could potentially encourage a positive tax compliance attitude amongst taxpayers. This could, in turn, enhance the government's attempts to create a positive tax culture.
- Contradictory to what may have been expected, it appears from the findings of this study that respondents who believe that SARS officials treated them with respect, are somewhat less tax compliant than those respondents who indicated the opposite.
- Respondents who believe that SARS officials are knowledgeable, were again found to be slightly more tax compliant than respondents who indicated that SARS officials were not knowledgeable. Once again, a focus on customer relationship management by the fiscal authorities could potentially result in a more positive tax compliance attitude amongst taxpayers and enhance the government's attempts to create a positive tax culture.

Views on income distribution: Considering Lewis's (1982:172) model of tax evasion, as far as the authorities are concerned, one of the factors that is regarded as important is the government's fiscal policy. In addition, according to the Australian Cash Economy Task Force (1998:18), taxpayer compliance decisions can be affected by economic factors such as the tax system.

Table 49 reveals a strong relationship between the respondents' views on income distribution and their attitudes towards tax compliance (p value = 0.0356).

Respondents who are of the opinion that everyone should be entitled to keep the income they earn, are somewhat less tax compliant than those who believe that all income earned should accrue to the government, which should distribute this equally among all South Africans. Respondents who are of the opinion that everyone should be entitled to keep the income they earn, are also less likely to comply with their tax duties.

[The mean score substantiated this finding.]

5.4.2 Relationship between respondents' perceptions regarding a specific tax-related statement and tax compliance

The respondents' perceptions regarding a specific individual statement relating to taxation (question 18) are compared with their attitudes towards tax compliance (question 23) in this section.

A value of "1" was allocated if the respondent answered "yes" to a general statement on tax compliance and "2" if the respondent answered "no" to a statement on tax compliance. For statistical purposes, the first statement needed to be reversed.

Table 50 shows the relationship between the respondents' views about specific tax-related statements and their attitudes towards tax compliance. Where a relationship was found, this is

discussed below. In addition, if previous related research has been performed, this is also highlighted and compared with the results of this study.

Statement 1: “A large proportion of taxes is used by the government for meaningless purposes”

A study by Dean *et al.* (1980:42) concluded that a possible reason for tax evasion is government wastage of tax revenue.

This view is substantiated by the results as indicated in Table 50, where a strong relationship exists between the respondents’ views concerning the statement: “A large proportion of taxes is used by the government for meaningless purposes” and their attitudes towards tax compliance (p value = 0.0309).

Table 58 below analyses the relationship in more detail. As indicated in the table, there is a difference in perceptions between the respondents’ views concerning the statement and their attitudes towards tax compliance, but the majority of respondents (58.46%) agreed with the statement: “A large proportion of taxes is used by the government for meaningless purposes”. It appears, however, that a large proportion (74.47%) of the respondents who are less tax compliant, also agree with this statement. To create a more positive tax culture, an increased drive by the government to minimise the misuse of tax revenue should be implemented.

Table 58: Relationship between respondents’ perceptions regarding the statement: “A large proportion of taxes is used by the government for meaningless purposes” and their attitudes towards tax compliance

Response regarding the statement: “A large proportion of taxes is used by the government for meaningless purposes”	“Yes” response to tax compliance statements (frequency and column percentage)	“No” response to tax compliance statements (frequency and column percentage)	TOTAL
Agree	35 (74.47%)	117 (54.93%)	152 (58.46%)
No opinion	1 (2.13%)	22 (10.33%)	23 (8.85%)
Disagree	11 (23.40%)	74 (34.74%)	85 (32.69%)
Total	47	213	260

Statement 2: “It is unfair to pay tax”

A study by Webley *et al.* (1991:68-77) revealed that people use the unfairness of the tax system as a justification for evasion.

Table 50 reveals a strong relationship between the respondents’ views on the statement: “It is unfair to pay tax” and their attitudes towards tax compliance (p value = 0.0006).

In Table 59 below, the relationship is analysed in more detail. As indicated in the table, the majority of respondents (73.46%) disagreed with the statement: “It is unfair to pay tax”. There are, however, differences in perceptions between the respondents’ views regarding the fairness of paying tax and their attitudes towards tax compliance. It appears that a somewhat greater proportion (75.59%) of the respondents who are more tax compliant, disagree with the abovementioned statement than those who are less tax compliant (63.83%). If the responses of those who expressed no opinion on this statement are ignored, 85.64% (161 out of 188) of those who are more tax compliant, disagree with the statement: “It is unfair to pay tax”, while 65.22% (30 out of 46) of those who are less tax compliant, disagree with the statement. A possible explanation for the finding could be that the less tax compliant respondents believe that the amount of tax they actually do pay (as a consequence of not being tax compliant) is fair.

Table 59: Relationship between respondents’ perceptions regarding the statement: “It is unfair to pay tax” and their attitudes towards tax compliance

Response regarding the statement: “It is unfair to pay tax”	“Yes” response to tax compliance statements (frequency and column percentage)	“No” response to tax compliance statements (frequency and column percentage)	TOTAL
Agree	16 (34.04%)	27 (12.68%)	43 (16.54%)
No opinion	1 (2.13%)	25 (11.73%)	26 (10.00%)
Disagree	30 (63.83%)	161 (75.59%)	191 (73.46%)
Total	47	213	260

Statement 3: “Income tax rates must be reduced”

A study conducted in North Carolina by Song and Yarbrough (1978:450) requested respondents to compare and rank each of the five commonly discussed shortcomings of income tax. Their results showed that the chief shortcoming listed by the respondents, was that the tax rate is too high. In addition, a South African study by Oberholzer (2005:249-275) revealed that a substantial proportion of the respondents indicated that they would support the introduction of lower tax rates.

Table 50 reveals a strong relationship between the respondents’ views concerning the statement: “Income tax rates must be reduced” and the respondents’ attitudes towards tax compliance (p value = 0.0241).

Table 60 below analyses the relationship in more detail. Although, as indicated in the table, the majority of respondents (77.31%) agreed with the statement: “Income tax rates must be reduced”, differences exist between the respondents’ views regarding this statement and their attitudes towards tax compliance. A large proportion of the respondents who are less tax compliant (91.49%) agree that income tax rates must be reduced. It could be argued that taxpayers’ beliefs concerning the fairness of the current income tax rates, may have an influence on their tax behaviour. Government should increase their education drive in order to inform taxpayers of the reasons for present tax structures. A comparison with the structures implemented in other countries, could aid in achieving a more positive tax culture.

Table 60: Relationship between respondents’ perceptions regarding the statement: “Income tax rates must be reduced” and their attitudes towards tax compliance

Response regarding the statement: “Income tax rates must be reduced”	“Yes” response to tax compliance statements (frequency and column percentage)	“No” response to tax compliance statements (frequency and column percentage)	TOTAL
Agree	43 (91.49%)	158 (74.18%)	201 (77.31%)
No opinion	0 (0.00%)	19 (8.92%)	19 (7.31%)
Disagree	4 (8.51%)	36 (16.90%)	40 (15.38%)
Total	47	213	260

Statement 4: “The VAT rate must be reduced”

A substantial proportion of South African respondents indicated that they would support the introduction of lower tax rates (Oberholzer, 2005:249-275).

Table 50 reveals a strong relationship between the respondents’ views regarding the statement: “The VAT rate must be reduced” and their attitudes towards tax compliance (p value = 0.0081).

In Table 61 below, the relationship is analysed in more detail. Although, as indicated in the table, the majority of respondents (82.31%) agreed with the statement: “The VAT rate must be reduced”, there appeared to be differences between the respondents’ views concerning this statement and their attitudes towards tax compliance issues. A somewhat larger proportion of respondents, who are less tax compliant, agrees with the statement (97.87%), compared with those who are more tax compliant (78.87%). This is an unexpected result. Opportunities for individuals not to comply with the payment of VAT are limited. It is expected that a perception regarding the fairness of the VAT rate may not influence compliance behaviour too strongly.

Table 61: Relationship between respondents’ perceptions regarding the statement: “The VAT rate must be reduced” and their attitudes towards tax compliance

Response regarding the statement: “The VAT rate must be reduced”	“Yes” response to tax compliance statements (frequency and column percentage)	“No” response to tax compliance statements (frequency and column percentage)	TOTAL
Agree	46 (97.87%)	168 (78.87%)	214 (82.31%)
No opinion	0 (0.00%)	16 (7.51%)	16 (6.15%)
Disagree	1 (2.13%)	29 (13.62%)	30 (11.54%)
Total	47	213	260

Statement 5: “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)”

Table 50 reveals a strong relationship between the respondents’ views concerning the statement: “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)” and the respondents’ attitudes towards tax compliance (p value < 0.0001).

Table 62 below analyses the relationship in more detail. It appears that a larger proportion of the respondents who are less tax compliant (76.60%), agree with this statement, compared to those who are more tax compliant (28.64%). If the responses of those who expressed no opinion on the abovementioned statement are ignored, 81.82% (36 out of 44) of those who are less compliant, agree with the statement compared to 36.53% (61 out of 167) of those who are more tax compliant. Respondents with a negative attitude towards tax compliance prefer a fixed tax rate. This finding is what would be expected.

Table 62: Relationship between respondents’ perceptions regarding the statement: “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)” and their attitudes towards tax compliance

Response regarding the statement: “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)”	“Yes” response to tax compliance statements (frequency and column percentage)	“No” response to tax compliance statements (frequency and column percentage)	TOTAL
Agree	36 (76.60%)	61 (28.64%)	97 (37.31%)
No opinion	3 (6.38%)	46 (21.60%)	49 (18.84%)
Disagree	8 (17.02%)	106 (49.76%)	114 (43.85%)
Total	47	213	260

Statement 8: “Rich people should pay tax at a higher rate”

Table 50 reveals a strong relationship between the respondents’ views concerning the statement: “Rich people should pay tax at a higher rate” and the respondents’ attitudes towards tax compliance (p value < 0.0001).

In Table 63 below, the relationship is analysed in more detail. Although the majority of all respondents (63.08%) agreed with the statement: “Rich people should pay tax at a higher rate”, differences in perceptions between the respondents’ views concerning this statement and their attitudes towards tax compliance is evident from this table. It appears that a higher proportion (53.19%) of the respondents who are less tax compliant, disagree with the abovementioned statement than those who are more tax compliant (23.00%). This finding coincides with the previous finding and it appears that respondents who have a negative attitude towards tax compliance would prefer a fixed tax rate and disagree that wealthy people should be taxed at a higher rate.

Table 63: Relationship between respondents’ perceptions regarding the statement: “Rich people should pay tax at a higher rate” and their attitudes towards tax compliance

Response regarding the statement: “Rich people should pay tax at a higher rate”	“Yes” response to tax compliance statements (frequency and column percentage)	“No” response to tax compliance statements (frequency and column percentage)	TOTAL
Agree	22 (46.81%)	142 (66.67%)	164 (63.08%)
No opinion	0 (0.00%)	22 (10.33%)	22 (8.46%)
Disagree	25 (53.19%)	49 (23.00%)	74 (28.46%)
Total	47	213	260

Statement 9: “Tax is very complicated – I do not know how to calculate my own tax liability”

After all their experimental studies into tax evasion Webley *et al.* (1991:122) contend that for some participants, the task of completing their tax returns is too difficult. Some comments

received, included: “I was not quite sure what I was doing” and “I do not know a lot about tax forms, to be honest and I was just guessing a lot of it” and “I am afraid”. In addition, a study conducted in North Carolina by Song and Yarbrough (1978:450), requested respondents to compare and rank each of the five commonly discussed shortcomings of income tax. The following two statements were ranked second and third respectively:

- there are too many loopholes; and
- the regulations are too complicated.

Table 50 reveals a strong relationship between the respondents’ views on the statement: “Tax is very complicated – I do not know how to calculate my own tax liability” and the respondents’ attitudes towards tax compliance (p value < 0.0001).

Table 64 below analyses this relationship in more detail. The differences in perceptions between the respondents’ views regarding the statement: “Tax is very complicated – I do not know how to calculate my own tax liability” and their attitudes towards tax evasion, are evident from this table. More specifically, it is apparent that the more tax compliant respondents are fairly evenly divided between those agreeing (34.74%), those disagreeing (35.21%) and those who have neutral views (30.05%). The less tax compliant respondents all have an opinion regarding this matter with 51.06% agreeing and 48.94% disagreeing with the statement. This finding is inconclusive.

Table 64: Relationship between respondents’ perceptions regarding the statement: “Tax is very complicated – I do not know how to calculate my own tax liability” and their attitudes towards tax compliance

Response regarding the statement: “Tax is very complicated – I do not know how to calculate my own tax liability”	“Yes” response to tax compliance statements (frequency and column percentage)	“No” response to tax compliance statements (frequency and column percentage)	TOTAL
Agree	24 (51.06%)	74 (34.74%)	98 (37.69%)
No opinion	0 (0.00%)	64 (30.05%)	64 (24.62%)
Disagree	23 (48.94%)	75 (35.21%)	98 (37.69%)
Total	47	213	260

Statement 10: “The amount of tax I have to pay is reasonable considering the benefits received”

In a South African study by Oberholzer (2005:249-275) it was found that, on the whole, the respondents are positive about paying tax, if the government applies it appropriately for the benefit of the taxpayer.

Table 50 reveals a strong relationship between the respondents’ views concerning the statement: “The amount of tax I have to pay is reasonable considering the benefits received” and the respondents’ attitudes towards tax compliance (p value < 0.0001).

In Table 65 below, the relationship is analysed in more detail. As indicated in the table, there is a difference in perceptions between the respondents’ views concerning the statement: “The amount of tax I have to pay is reasonable considering the benefits received” and their attitudes towards tax compliance. It appears that a higher proportion of the respondents (70.21%) who are less tax compliant, disagree with the statement, compared to those who are more tax compliant (31.46%). If the responses of those who express no opinion on the abovementioned statement are ignored, 76.74% (33 out of 43) of those who are less tax compliant, disagree with the statement, compared to 55.83% (67 out of 120) of those who are more tax compliant. This finding is what would be expected, as taxpayers who are satisfied with the amount and fairness of taxation being levied against their income, would be more likely to be compliant in their tax behaviour.

Table 65: Relationship between the respondents’ perceptions regarding the statement: “The amount of tax I have to pay is reasonable considering the benefits received” and their attitudes towards tax compliance

Response regarding the statement: “The amount of tax I have to pay is reasonable considering the benefits received”	“Yes” response to tax compliance statements (frequency and column percentage)	“No” response to tax compliance statements (frequency and column percentage)	TOTAL
Agree	10 (21.28%)	53 (24.88%)	63 (24.23%)
No opinion	4 (8.51%)	93 (43.66%)	97 (37.31%)
Disagree	33 (70.21%)	67 (31.46%)	100 (38.46%)
Total	47	213	260

Statement 11: “The government does not provide enough information on how they use taxpayers’ money”

A study conducted by Oberholzer (2005:249-275) showed that a significant percentage of the South African respondents believe that the government should be transparent in the utilisation of taxpayers’ money.

Table 50 reveals a strong relationship between the respondents’ perceptions regarding the statement: “The government does not provide enough information about how they use taxpayers’ money” and their attitudes towards tax compliance (p value = 0.0041).

In Table 66 below, the relationship is analysed in more detail. Although the majority of all respondents (51.92%) agreed with the statement: “The government does not provide enough information about how they use taxpayers’ money”, there is a difference in perceptions between the respondents’ views regarding this statement and their attitudes towards tax compliance. A somewhat higher proportion of respondents (72.34%) who are less tax compliant, also agree with the statement, compared to those who are more tax compliant (47.42%). If the responses of those who expressed no opinion on the statement, are ignored, 79.07% (34 out of 43) of those who are less tax compliant, agree with the statement, compared to 65.58% (101 out of 154) of those who are more tax compliant. Increased

communication regarding the utilisation of fiscal receipts for the public domain could aid in reducing the incidence of tax evasion.

Table 66: Relationship between respondents’ perceptions regarding the statement: “The government does not provide enough information about how they use taxpayers’ money” and their attitudes towards tax compliance

Response regarding the statement: “The government does not provide enough information about how they use taxpayers’ money”	“Yes” response to tax compliance statements (frequency and column percentage)	“No” response to tax compliance statements (frequency and column percentage)	TOTAL
Agree	34 (72.34%)	101 (47.42%)	135 (51.92%)
No opinion	4 (8.51%)	59 (27.70%)	63 (24.23%)
Disagree	9 (19.15%)	53 (24.88%)	62 (23.85%)
Total	47	213	260

The relationship between the respondents’ perceptions with regard to specific tax-related statements (and factors that influenced these perceptions) and their attitudes towards tax evasion and tax compliance, have been discussed.

The following section investigates the relationship between the respondents’ perceptions regarding a specific tax evasion statement (question 20) and their attitudes towards tax compliance (question 23).

5.4.3 Relationship between respondents’ perceptions regarding specific statements that concern tax evasion (excluding those statements relating to penalties related to tax evasion) and tax compliance

This section investigates whether the respondents’ views with regard to a **specific** tax evasion statement (question 20) may influence their tax compliance behaviour (question 23). Previously the statements on tax evasion were grouped together for reporting purposes. In this section they are broken down into the individual statements as contained in the questionnaire. The two statements dealing with the penalties related to tax evasion are, however, discussed in section 5.5.3.

Table 67 shows the relationship between the respondents' views concerning a specific tax evasion statement and their attitudes towards tax compliance. With the exception of the first statement in Table 67, the table shows that all the relationships are highly significant. Where previous research has been performed, this is also noted and compared with the results of the current study.

Table 67: Relationship between respondents' attitudes regarding specific tax evasion statements and their attitudes towards tax compliance

Specific tax evasion statement (as per question 20)	Tax compliance matters
The fiscal authorities (SARS) would notice if I decided to evade tax	
Government receives enough tax so it does not matter if some people evade tax	$p < 0.0001$
The burden of tax is so heavy that many people are forced to evade it in order to survive	$p < 0.0001$
Since so many other people are evading tax, I cannot be blamed for evading tax	$p = 0.0019$
I work hard for the income I receive so I should be allowed to keep it all for myself	$p < 0.0001$
People evade tax because the risk that the authorities will find out is low	$p = 0.0067$
Wealthy people evade tax more often than poor people	$p = 0.0023$

Statement 2: "Government receives enough tax so it does not matter if some people evade tax" (Second statement in question 20 – see Appendix B)

From Table 67 it appears that there is a strong relationship between the respondents' views on the statement: "Government receives enough tax so it does not matter if some people evade tax" and the respondents' attitudes towards tax compliance (p value < 0.0001).

Table 68 below, analyses the relationship in more detail. The majority of all the respondents, 64.23%, did not agree with the statement: "Government receives enough tax so it does not matter if some people evade tax". This table, however, shows the differences in perceptions

between the respondents' views concerning this statement and their attitudes towards tax compliance. It appears that 61.70% of the respondents, who are less tax compliant, agree with the aforementioned statement, compared to 10.33% of the respondents who are more tax compliant. If the responses of those who expressed no opinion on the abovementioned statement are ignored, 63.04% (29 out of 46) who are less tax compliant, agree with the statement, compared to 12.79% (22 out of 172) of those who are more tax compliant. A possible reason for non-compliance behaviour by taxpayers, may be the perception that government receives enough tax revenue.

Table 68: Relationship between respondents' perceptions regarding the statement: "Government receives enough tax so it does not matter if some people evade tax" and their attitudes towards tax compliance

Response regarding the statement: "Government receives enough tax so it does not matter if some people evade tax"	"Yes" response to tax compliance statements (frequency and column percentage)	"No" response to tax compliance statements (frequency and column percentage)	TOTAL
Agree	29 (61.70%)	22 (10.33%)	51 (19.62%)
No opinion	1 (2.13%)	41 (19.25%)	42 (16.15%)
Disagree	17 (36.17%)	150 (70.42%)	167 (64.23%)
Total	47	213	260

Statement 3: "The burden of tax is so heavy that many people are forced to evade it in order to survive" (Third statement in question 20 – see Appendix B)

A study by Dean *et al.* (1980:42) showed that a possible reason for tax evasion is financial hardship.

Table 67 reveals a strong relationship between the respondents' views on the statement: "The burden of tax is so heavy that many people are forced to evade it in order to survive" and their attitudes towards tax compliance (p value < 0.0001).

Table 69 below, analyses this relationship in more detail. As indicated in the table, there is a difference in perceptions between the respondents' views concerning the statement: "The

burden of tax is so heavy that many people are forced to evade it in order to survive” and respondents’ attitudes towards tax compliance. It appears that respondents, who are less tax compliant, agree to a somewhat greater extent (80.85%) with the statement than those who are more compliant (38.03%). If the responses of those who expressed no opinion on the abovementioned statement are ignored, 82.61% (38 out of 46) who are less tax compliant, agree with the statement, compared to 57.39% (101 out of 176) of those who are more tax compliant. A possible reason for non-compliance behaviour by taxpayers may be financial hardship.

Table 69: Relationship between respondents’ perceptions regarding the statement: “The burden of tax is so heavy that many people are forced to evade it in order to survive” and their attitudes towards tax compliance

Response regarding the statement: “The burden of tax is so heavy that many people are forced to evade it in order to survive”	“Yes” response to tax compliance statements (frequency and column percentage)	“No” response to tax compliance statements (frequency and column percentage)	TOTAL
Agree	38 (80.85%)	81 (38.03%)	119 (45.77%)
No opinion	1 (2.13%)	37 (17.37%)	38 (14.61%)
Disagree	8 (17.02%)	95 (44.60%)	103 (39.62%)
Total	47	213	260

Statement 4: “Since so many other people are evading tax, I cannot be blamed for evading tax” (Fourth statement in question 20 – see Appendix B)

Table 67 reveals a strong relationship between the respondents’ views on the statement: “Since so many other people are evading tax, I cannot be blamed for evading tax” and their attitudes towards tax compliance (p value = 0.0019).

In Table 70 below, the relationship is analysed in more detail. The majority of all respondents (68.46%) disagreed with the statement: “Since so many other people are evading tax, I cannot be blamed for evading tax”. This table, however, shows the difference in perceptions between the respondents’ views concerning this statement and their attitudes towards tax compliance. It appears that the respondents, who are less tax compliant, agree to a slightly

greater extent (23.40%) with the abovementioned statement than those who are more tax compliant (9.86%). If the responses of those who express no opinion on the abovementioned statement are ignored, 24.44% (11 out of 45) who are less tax compliant, agree with the statement, compared to 12.73% (21 out of 165) of those who are more tax compliant. The tax compliance attitudes of taxpayers may be influenced by the behaviour of other taxpayers.

Table 70: Relationship between respondents’ perceptions regarding the statement: “Since so many other people are evading tax, I cannot be blamed for evading tax” and their attitudes towards tax compliance

Response regarding the statement: “Since so many other people are evading tax, I cannot be blamed for evading tax”	“Yes” response to tax compliance statements (frequency and column percentage)	“No” response to tax compliance statements (frequency and column percentage)	TOTAL
Agree	11 (23.40%)	21 (9.86%)	32 (12.31%)
No opinion	2 (4.26%)	48 (22.54%)	50 (19.23%)
Disagree	34 (72.34%)	144 (67.60%)	178 (68.46%)
Total	47	213	260

Statement 5: “I work hard for the income I receive so I should be allowed to keep it all for myself” (Fifth statement in question 20 – see Appendix B)

Dean *et al.* (1980:42) found that greed is a possible cause of tax evasion.

Table 67 reveals a strong relationship between the respondents’ views on the statement: “I work hard for the income I receive so I should be allowed to keep it all for myself” and their attitudes towards tax compliance (p value < 0.0001).

In Table 71 below, the relationship is analysed in more detail. Although the majority of all the respondents, 60.77%, disagreed with the statement: “I work hard for the income I receive so I should be allowed to keep it all for myself”, the differences in perceptions between the respondents’ views concerning this statement and their attitudes towards tax compliance issues, is shown in this table. The results show that more than half of the respondents, 57.45%, who are less tax compliant, agree with the abovementioned statement, compared

with only 16.90% who are more tax compliant. If the responses of those who expressed no opinion on the abovementioned statement are ignored, 62.79% (27 out of 43) who are less tax compliant, agree with the statement, compared to 20.22% (36 out of 178) of those who are more tax compliant. A possible reason for taxpayers not complying with tax may be greed.

Table 71: Relationship between respondents’ perceptions regarding the statement: “I work hard for the income I receive so I should be allowed to keep it all for myself” and their attitudes towards tax compliance

Response regarding statement: “I work hard for the income I receive so I should be allowed to keep it all for myself ”	“Yes” response to tax compliance statements (frequency and column percentage)	“No” response to tax compliance statements (frequency and column percentage)	TOTAL
Agree	27 (57.45%)	36 (16.90%)	63 (24.23%)
No opinion	4 (8.51%)	35 (16.43%)	39 (15.00%)
Disagree	16 (34.04%)	142 (66.67%)	158 (60.77%)
Total	47	213	260

Statement 7: “Wealthy people evade tax more often than poor people” (Seventh statement in question 20 – see Appendix B)

The perceived lack of equity in the opportunity to avoid tax in Lewis’s (1982:172) model of tax evasion, relates to the perception that the tax system may appear unfair, in the sense that people with higher incomes are perceived as having greater opportunities to legally avoid paying tax.

Table 67 reveals a strong relationship between the respondents’ views on the statement: “Wealthy people evade tax more often than poor people” and their attitudes towards tax compliance (p value = 0.0023).

In Table 72 below, the relationship is analysed in greater detail. Although the majority of all the respondents, 63.85%, agreed with the statement: “Wealthy people evade tax more often than poor people”, this table indicates the difference in perceptions between the respondents’ views concerning this statement and their attitudes towards tax compliance matters. Of the

less tax compliant respondents, 82.98%, agree with the statement, compared to 59.62% of those respondents who are more tax compliant. If the responses of those who expressed no opinion on the abovementioned statement are ignored, 84.78% (39 out of 46) of those who are less tax compliant agree with the statement, compared to 77.44% (127 out of 164) of those who are more tax compliant. A justification for taxpayers to evade tax might be that people with higher incomes are perceived as having greater opportunities to legally avoid paying tax.

Table 72: Relationship between respondents’ perceptions regarding the statement: “Wealthy people evade tax more often than poor people” and their attitudes towards tax compliance

Response regarding the statement: “Wealthy people evade tax more often than poor people”	“Yes” response to tax compliance statements (frequency and column percentage)	“No” response to tax compliance statements (frequency and column percentage)	TOTAL
Agree	39 (82.98%)	127 (59.62%)	166 (63.85%)
No opinion	1 (2.13%)	49 (23.00%)	50 (19.23%)
Disagree	7 (14.89%)	37 (17.38%)	44 (16.92%)
Total	47	213	260

The next section investigates the relationship between the respondents’ perceptions with regard to the penalties related to tax evasion and tax evasion itself.

5.5 PERCEPTIONS OF PENALTIES RELATED TO TAX EVASION

This concluding section of the chapter reports on the respondents’ opinion with regard to the punishment for tax evasion. Where previous research has been performed in this regard, this is also noted and compared with the results of the current study.

5.5.1 Respondents’ perceptions regarding the appropriateness of penalties related to tax-related offences

In a Swedish study, Vogel (1974:499-513) requested taxpayers to choose suitable penalties for tax evasion from a set of fixed alternative penalties. The penalties ranged from no penalty or a fine, to prison sentences of various lengths. Findings reveal that the choice of a prison term appears to be a good indicator of the perceived seriousness of tax offences. The present study followed a similar approach.

In question 21 of the final questionnaire, a range of crimes which occur frequently in a South African context (that is, shoplifting, housebreaking, tax evasion, drunken driving, failing to report additional income and hijacking) were listed. Respondents were requested to indicate which penalty (that is, no penalty, fine or imprisonment) they considered to be appropriate for each crime.

Table 73 presents a number of crimes and indicates the percentage of respondents who are of the opinion that a specific penalty is appropriate for committing such a crime.

Table 73: Crimes and appropriate penalties as indicated by the respondents

Type of crime	Percentage of respondents who indicated that there should be no penalty for criminals	Percentage of respondents who indicated that there should be a fine for criminals	Percentage of respondents who indicated that criminals should be imprisoned
Shoplifting	1.15%	55.77%	43.08%
Housebreaking	-	10.38%	89.62%
Tax evasion	5.77%	79.23%	15.00%
Drunken driving	0.38%	42.31%	57.31%
Failing to report additional income	8.46%	83.08%	8.46%
Hijacking	-	1.15%	98.85%

It would appear from Table 73 that most respondents support some form of punishment for tax evasion and failing to report additional income. The majority of respondents regard a fine

to be the appropriate punishment. If imprisonment is an indicator of how seriously a particular crime is regarded, it is clear that tax evasion and failing to report additional income are regarded to be far less serious than other crimes (with only 15.00% and 8.46% respectively, of respondents proposing imprisonment as a penalty).

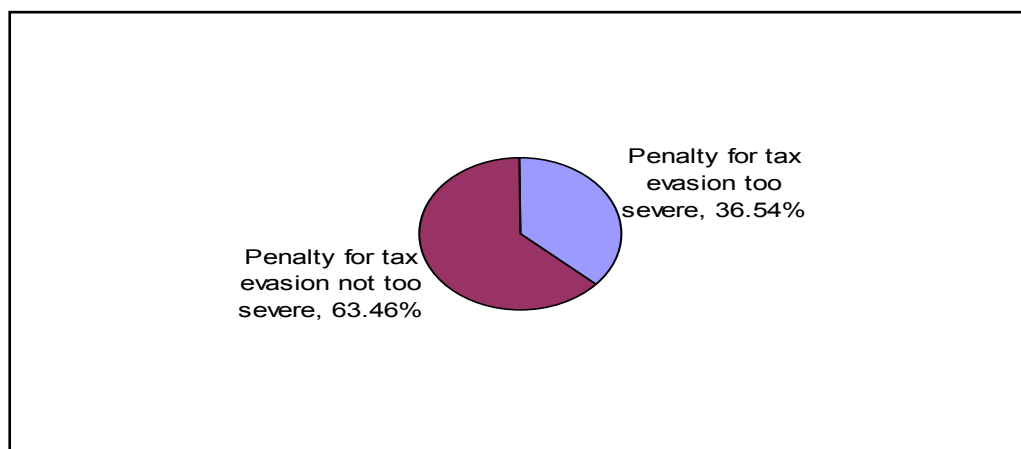
5.5.2 Relationship between respondents' perceptions regarding the severity of penalties for tax evasion and tax evasion and tax compliance

Allingham and Sandmo's (1972:338) classical model assumes that behaviour is influenced by the penalties for fraud. The classical model predicts that the severity of penalties will affect evasion and it is logical to infer that if penalties are severe, people will be more compliant.

A person who commits tax evasion in South Africa is guilty of an offence and liable, upon conviction, to a fine or to imprisonment for a period not exceeding five years (section 104 of the Income Tax Act). Question 22 in the questionnaire requested respondents to indicate whether they thought that these penalties were too severe (that is, too high).

Of all the respondents, 36.54% believe that the penalty for tax evasion (that is, where a person is guilty of an offence and is liable on conviction to a fine or to imprisonment for a period not exceeding five years) is too severe (refer to [Figure 20](#)).

Figure 20: Percentage of respondents who indicated that the penalty for tax evasion is too severe/not too severe



The relationship between the respondents' attitudes towards the severity of the punishment for tax evasion, and their attitudes towards tax evasion and tax compliance, was also investigated. Table 74 considers these findings. Where previous research has been performed, this is noted and compared with the results of the current study.

Table 74: Relationship between respondents' attitudes towards the severity of punishment for tax evasion and their attitudes towards tax evasion and tax compliance

Question 22 in the final questionnaire	Tax evasion Matters	Tax compliance matters
A person committing tax evasion is guilty of an offence and liable on conviction to a fine or to imprisonment for a period not exceeding five years. Do you think these penalties are too severe (i.e. high)?	$p = 0.0004$	

From Table 74 it appears that there is a strong relationship between the respondents' views regarding the harshness of the penalties for tax evasion and their attitudes towards evasion (p value = 0.0004). No meaningful relationship appears to exist between respondents' views concerning the severity of penalties for tax evasion and their attitudes towards tax compliance.

Although the minority of all respondents (36.54%) believed that the penalty for tax evasion is too severe (see Figure 20), Table 75 below indicates the difference in perceptions between the respondents' attitudes towards the severity of the penalties for tax evasion and their attitudes towards tax evasion. Of the respondents who agree with the statements relating to tax evasion (that is, those who will tend to evade more), 73.91%, also believe that the penalties associated with tax evasion are too severe. This finding appears to contradict the classical model of Allingham and Sandmo (1972:338), as the present study appears to indicate that South African taxpayers will not be more compliant because they believe that the penalties associated with tax evasion, are too severe.

Table 75: Relationship between respondents' views regarding the severity of penalties for tax evasion and their attitudes towards tax evasion

Response regarding the statement: "Do you think the penalties for tax evasion are too severe"	Agree with tax evasion statements (frequency and column percentage)	No opinion regarding tax evasion statements (frequency and column percentage)	Disagree with tax evasion statements (frequency and column percentage)	TOTAL
Yes	17 (73.91%)	42 (30.66%)	36 (36.00%)	95 (36.54%)
No	6 (26.09%)	95 (69.34%)	64 (64.00%)	165 (63.46%)
Total	23	137	100	260

Finally, this section investigates whether the respondents' views concerning a specific tax evasion statement relating to penalties for tax evasion (question 20), might influence their tax compliance behaviour (question 23).

5.5.3 Relationship between respondents' perceptions regarding specific statements that concern penalties associated with tax evasion and tax compliance

This section investigates whether the respondents' views with regard to a **specific** tax evasion statement (question 20), might influence their tax compliance behaviour (question 23). The two statements dealing specifically with the penalties for tax evasion (excluded from the discussion in section 5.4.3) are the focus of this section.

These two statements include: "The fiscal authorities (SARS) would notice if I decided to evade tax", and "People evade tax because the risk that the authorities will find out is low".

Table 67 shows the relationship between the respondents' views concerning a specific tax evasion statement and their attitudes towards tax compliance. Table 67 shows that no relationship exists between the respondents' perceptions regarding the statement: "The fiscal authorities (SARS) would notice if I decided to evade tax" and their attitudes towards tax compliance. However, a significantly high relationship is present with regard to the respondents' perceptions concerning the statement: "People evade tax because the risk that

the authorities will find out is low” and their attitudes towards tax compliance. This relationship is analysed in further detail. Where previous research has been performed, this is also noted and compared with the results of the current study.

Statement 6: “People evade tax because the risk that the authorities will find out is low” (Sixth statement in question 20 – see Appendix B)

A study by Dean *et al.* (1980:39-40) found that tax evasion may increase if people believed that they would not be detected. In an experiment by Webley *et al.* (1991:102), strong support was also provided for the proposition that greater opportunity leads to greater tax evasion. In addition, in Slemrod’s (1992:6) summary of Kent Smith’s (1992:223-250) study, he notes that normative commitment to compliance could be positively reinforced by the effective detection, particularly for tax laws not rooted in values based on the relationships among individuals.

Table 67 reveals a strong relationship between the respondents’ views regarding the statement: “People evade tax because the risk that the authorities find out is low” and their attitudes towards tax compliance (p value = 0.0067).

This relationship is analysed in more detail in Table 76 below. This table indicates the differences in perceptions between the respondents’ views concerning the statement: “People evade tax because the risk that the authorities find out is low” and respondents’ attitudes towards tax compliance. The results show that a higher percentage of the less tax compliant respondents had an opinion on this issue, where 57.45% of these respondents, as compared with 42.72% of the more tax compliant respondents, agreed with the statement. If the responses of those who expressed no opinion on the abovementioned statement are ignored, 61.36% (27 out of 44) who are less tax compliant, agree with the statement, compared to 59.48% (91 out of 153) of those who are more tax compliant. Thus, it appears that the less tax compliant respondents believe more strongly that the risk that the authorities will find out is low. Tax evasion may, therefore, increase if people believe that they will not be detected.

Table 76: Relationship between respondents’ perceptions regarding the statement: “People evade tax because the risk that the authorities find out is low” and their attitudes towards tax compliance

Response regarding the statement: “People evade tax because the risk that the authorities find out is low ”	“Yes” response to questions regarding tax compliance (frequency and column percentage)	“No” response to questions regarding tax compliance (frequency and column percentage)	TOTAL
Agree	27 (57.45%)	91 (42.72%)	118 (45.38%)
No opinion	3 (6.38%)	60 (28.17%)	63 (24.24%)
Disagree	17 (36.17%)	62 (29.11%)	79 (30.38%)
Total	47	213	260

5.6 SUMMARY

This chapter analysed the results of this study with specific reference to the relationships between the different characteristics and circumstances of the individual respondents and their attitudes towards various tax-related matters, tax evasion and tax compliance in general. Where applicable, the results of this study were compared to earlier research.

Various demographic, economic or other factors of individual respondents, potentially influencing their attitudes with regard to general issues related to taxation, were explored.

It was found that a number of demographic variables examined in the study, affected respondents’ perceptions regarding tax evasion statements, significantly. These include age, population group, educational background and the respondents’ views on income distribution in South Africa.

A number of demographic variables examined in the study were also found to affect tax compliance responses. These include age, population group, prior dealings with SARS officials, views on income distribution in South Africa, whether respondents consider themselves to be risk-takers and whether respondents approve of the Lotto because a portion of Lotto funds is allocated for charitable purposes. In relation to the last variable, any relationship is likely to be coincidental.

The relationship between the respondents' views with regard to a specific tax-related statement and tax evasion and tax compliance was investigated. A number of statistical significances were highlighted.

This chapter also investigated the relationship between the respondents' views concerning a specific tax evasion statement and their attitudes towards tax compliance. It appeared that there was a strong relationship between the respondents' views on six of the seven specific tax evasion statements and their attitudes towards tax compliance.

Finally, the respondents' perceptions, with regard to penalties for tax evasion and how this influences their attitudes towards tax compliance, were discussed.

The final chapter details significant findings of the research and discusses the results of the open-ended question in the questionnaire, dealing specifically with any further comments of the respondents with regard to taxation in South Africa. The chapter concludes the study by highlighting areas flowing from this study that may be suitable for future research.