PERCEPTIONS OF TAXATION: A COMPARATIVE STUDY OF DIFFERENT POPULATION GROUPS IN SOUTH AFRICA

BY

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“There is no more noble occupation in the world than to assist another human being – to help someone succeed.” – Alan Loy McGinnis

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“Praise the Lord, all you nations; extol him, all you peoples. For great is His love towards us, and the faithfulness of the Lord endures for ever.” - Psalm 117 (NIV)
ABSTRACT

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

Although the perceptions of previously disadvantaged groups in South Africa regarding taxation have been researched, this study extends prior research by investigating and comparing taxpayers’ perceptions amongst the four major South African population groups (that is, Black/African, Indian, Coloured and White). This is the main objective of this thesis.

This study specifically aimed to determine South African taxpayers’ perceptions regarding general tax-related, tax evasion and tax compliance issues. A number of demographic, economic or other factors that might influence respondents’ perceptions regarding these issues were also investigated.

The significance of this study is emphasised, in that it builds upon previous research, utilising insights from several disciplines and various theoretical perspectives.

The data for this study was collected from a sample of 260 South African taxpayers by means of face-to-face interviews, based on a questionnaire, compiled from an extensive literature review. The scope of the study was limited as it focused only on natural taxpayers within the Tshwane metropolitan area (which includes Pretoria, the capital city of South Africa) in Gauteng, as the purpose was not to generalise conclusions to the entire South African population. A further limitation of the study was that it focused on natural persons only; corporate taxpayers were excluded. Future research could extend this study by verifying the findings in other areas, amongst other population groups and corporate taxpayers.
This research concluded that tax compliance may depend upon several factors, other than deterrence, and that the perceptions of South African taxpayers are likely to be influenced by these factors. One of the main recommendations of the study is the need for comprehensive, widely based communication and education of taxpayers and potential taxpayers by the South African Revenue Services.

Keywords:

*South African taxpayers*  
*Population groups*

*Perceptions of taxation*  
*Taxpayer education*
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<tr>
<td>CGT:</td>
<td>Capital Gains Tax</td>
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<tr>
<td>COSATU:</td>
<td>Congress of South African Trade Unions</td>
</tr>
<tr>
<td>GDP:</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GLM procedure:</td>
<td>General linear model procedure</td>
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<td>GST:</td>
<td>General Sales Tax</td>
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<td>IRS:</td>
<td>Internal Revenue Service</td>
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<td>JSE:</td>
<td>Johannesburg Stock Exchange</td>
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