

**POSSIBLE REASONS FOR TAX RESISTANCE IN SOUTH AFRICA: A
CUSTOMISED SCALE TO MEASURE AND COMPARE PERCEPTIONS WITH
PREVIOUS RESEARCH**

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HIGHLIGHTS OF THE STUDY

- There are no standardised scales to measure taxpayers' perceptions.
- This article elaborates on the design of the measurement tool taking previous research into account.
- This measurement tool can be used by future researchers to measure taxpayers' perceptions.
- This research reported whether the perceptions of South African taxpayers substantiate findings from earlier research.
- The results of the current study confirmed the majority of findings from past research.

Abstract

Tax resistance takes two major forms, namely tax avoidance and tax evasion both of which diminish a government's tax receipts. Limited research on taxpayers' perceptions has been conducted in South Africa. A study was undertaken in order to determine the perceptions of South African taxpayers about various aspects with regard to taxation. There are no standardised scales to measure taxpayers' perceptions. The reasons for evading taxes, however, have been explored by both

economists and psychologists. This article elaborates on the design of a measurement tool for determining taxpayers' perceptions taking previous research into account. In addition, this article assesses whether findings from the current research substantiates earlier research. The results of the current study confirmed the majority of findings from past research. The significance of this study is emphasised, in that it builds on previous research, utilising insights from several disciplines and various theoretical perspectives.

Keywords

Tax resistance, tax avoidance, tax evasion, taxpayers' perceptions, tax gap, questionnaire design

This study was partly funded by a grant received from the National Research Foundation in South Africa.

1. Introduction

According to Adams (1921:536,556), a government's success or failure to levy (collect) tax rests primarily upon the honesty of taxpayers. The author states further that one of the factors that contributes to the dishonesty of taxpayers is the complexity of the tax system, as it may lead to administrative failures. From the taxpayers' perspective, the most common complaint about taxes is straightforward – they are too high (Slemrod & Bakija, 1996:1).

It has been argued that tax resistance takes two major forms, namely tax avoidance and tax evasion, both of which diminish the government's tax receipts (Lewis, 1982:123; OECD, 2004; Stiglingh, Venter & Hamel, 2005:389; Webley, Robben, Elffers & Hessing, 1991:2). Smith and Kinsey (1987:642) stated that taxpayers' opportunities for both compliance and non-compliance vary substantially and opportunity factors must, therefore, be included in any analysis of tax behaviour.

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

Temkin, 2002:3; Temkin, 2003:1). Kemp (2002) is of the opinion that non-compliant individual taxpayers contribute to the vast majority of the “tax gap”.

A study was undertaken in order to determine the perceptions of South African taxpayers about various aspects with regard to taxation. Limited research on taxpayers’ perceptions has been conducted within a South African context. No standardised scales exist to measure taxpayers’ perceptions. The reasons for evading taxes have been, however, explored by both economists and psychologists. A customised scale was developed taking cognisance of research that had been conducted previously. This article elaborates on the design of the measurement tool which can be used by future researchers. A second objective of the study is to assess whether findings from the current research substantiates earlier research.

The rest of the article is structured as follows: first, it discusses the design of the questionnaire by referring to available literature. This is followed by a description of the methodology of the research. Next, the results from the present research are compared with findings from previous research. Finally, implications, limitations and directions for further research are discussed.

2. Background and literature review

In research, *measurement* consists of assigning numbers to empirical events in compliance with a set of rules. This means that observable empirical events are selected, a scheme is developed for assigning numbers or symbols to represent aspects of the event being measured and that the mapping rule(s) is applied to each observation of that event (Cooper & Schindler, 2003:221).

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

A questionnaire was used as the measuring tool for the study and was developed taking previous research into account. As there is no standardised scale to measure taxpayers’ perceptions this study aimed to develop such a measurement tool to be

used in future research. The section below describes the individual questions included in the questionnaire, together with the literature that provides support for the inclusion of each question in the questionnaire.

Questions 1-4 and 6: Respondents were requested to indicate their age, gender, population group, home language and educational background respectively in questions 1, 2, 3, 4 and 6.

Lewis's (1982:172) model of tax evasion highlights that the characteristics of taxpayers, in terms of their individual, group and demographic differences, influence their attitudes and perceptions of fiscal policy and constitutional structure. This, in turn, influences tax compliance or evasion. Some of these variables identified in previous surveys, include age, sex, and educational factors. In addition, according to the Australian Cash Economy Task Force (1998:18), taxpayer compliance decisions can be affected by sociological factors (for example, age, gender, ethnic background and education level).

Previous studies have also identified that age (Mueller, 1963:233; Webley *et al.*, 1991:68-77), gender (Friedland, Maital & Rutenberg, 1978:113; Webley *et al.*, 1991:110) and educational background (Almond & Verba, 1963:379-387; Fallan, 1999:173-184; Groenland & Van Veldhoven 1983, in Webley *et al.*, 1991:59; Vogel, 1974:501) are factors which influence tax evasion.

Questions 7 and 9: Question 7 requested respondents to indicate their employment status. Question 9 asked respondents whether they earn a second or other additional income (for example, income from a second trade or from renting out premises) in addition to their monthly salary.

The literature indicates that there are several facts that implicate framing outcomes as gains or losses in taxpayer decision-making (Jackson & Milliron, 1986:152; Schadewald, 1989:69; Smith & Kinsey, 1987:648). For instance, tax that has to be paid has greater utility than tax that is already withheld. In addition, the majority of taxpayers in the United States prefer having more tax withheld than is strictly necessary. This implies that, in a system where tax is withheld by the authorities,

individuals who expect a refund and perceive this as a gain, would avoid the risks associated with evasion. On the other hand, those expecting to pay additional tax (a certain loss) would be more likely to take the risky alternative and evade tax.

Previous studies have also revealed that a person's employment status can be associated with tax evasion behaviour (Webley *et al.*, 1991:68-77; Vogel, 1974:507).

Question 8: Question 8 requested respondents to indicate their income per month before deductions. According to Lewis's (1982:172) model of tax evasion, characteristics of taxpayers in terms of their individual, group and demographic differences, influence their attitudes and perceptions of fiscal policy and constitutional structure. This, in turn, influences tax compliance or evasion. The taxpayer's income (including perceived economic well-being and anticipated future economic well-being) is included in these characteristics. The brackets used in the questionnaire were designed taking the tax threshold into account.

Questions 5, 10 and 11: Lewis's (1982:172) model of tax evasion emphasises that characteristics of taxpayers, in terms of their individual, group and demographic differences, influence their attitudes and perceptions of fiscal policy and constitutional structure. This, in turn, influences tax compliance or evasion on the part of the taxpayer.

Question 5 requested respondents to indicate their type of dwelling and question 11 requested respondents to specify the number of persons living within their household. These questions, based on the 2001 census, were included, as they focus on demographics and also indicate individual and group differences.

Question 10 required respondents to indicate the frequency of visits to state-funded medical facilities per month. This question was included as it provides further demographic information and implies the extent to which they are dependent on the government.

Question 12: In this question respondents were requested to indicate how they would invest R10 000 if they were to inherit or win this sum of money. The options

which respondents could select included: 1) invest the amount in a bank/post office savings account; 2) invest the sum of money in a bank/post office fixed deposit; 3) keep the money in a safe place at home; or 4) invest this amount of money on the Johannesburg Stock Exchange (JSE) (the name of the JSE has recently been amended and is now referred to as JSE Securities Ltd). Lewis's (1982:172) model of tax evasion includes risk aversion as a behavioural aspect of taxpayers. In addition, according to the Australian Cash Economy Task Force (1998:18), taxpayer compliance decisions can be affected by psychological factors such as risk.

Questions 13 and 14: Question 13 requested respondents to indicate whether they are registered as a taxpayer with SARS. Question 14 asked whether respondents had consulted with SARS officials in the past. If so, respondents were asked to agree or disagree with a number of statements that related to the manner in which they were treated by SARS officials. Regarding these issues, Lewis (1982:172) in his second model on the relationship between tax attitudes and tax behaviour, suggests that tax inspectors influence a person's attitude and behaviour. Naidoo (2005:13) also mentions that taxpayers often believe that they are being treated as criminals by SARS officials.

Question 15: 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. Therefore, support is provided for the inclusion of question 15, which requested respondents, in the final questionnaire, to indicate how strongly they support the present government.

Question 16: Question 16 requested respondents to indicate their views concerning 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. 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, including anticipated future economic well-being.

Question 17: Question 17 requested respondents to indicate their view on income distribution in South Africa (that is, whether they believe that all income earned should accrue to the government, which should then distribute this evenly among all South Africans, or whether everyone should be entitled to retain the income they earn). 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.

Question 18: Question 18 requested respondents to indicate whether they agreed, disagreed or had no opinion concerning a number of statements dealing with general issues related to tax. The statement, and the section in the literature review that provides support for the inclusion of each statement, is provided in Table 1.

Table 1: Support from the literature for the inclusion of specific statements that relate to general tax issues

Statement	Section in the literature that provides support for inclusion of statement
A large proportion of taxes is used by the government for meaningless purposes	<p>When considering taxpayers' attitudes towards and perceptions of constitutional structure, government and fiscal policy, Lewis's (1982:172) model on tax evasion includes taxpayers' perceptions of the uses of tax revenue.</p> <p>A previous study that examined taxpayers' perceptions on the tax system in South Africa revealed that one of the main contributors as to why people are reluctant to pay tax is that they believe that the government does not spend the collected revenue effectively and responsibly (Coetzee, 1993:5-7).</p> <p>According to Pravin Gordhan, the previous SARS Commissioner, as quoted by Sawyer (1998:6), a possible reason for tax fraud in South Africa is the government's perceived mismanagement of funds.</p>
It is unfair to pay tax	<p>In Lewis's (1982:172) model of tax evasion, in relation to taxpayers' attitudes towards and perceptions of constitutional structure, government and fiscal policy, taxpayers' perceptions of the purposes and fairness of taxation (perhaps in terms of equity) is included.</p> <p>According to the Australian Cash Economy Task Force (1998:18), taxpayer compliance decisions can be affected by psychological factors such as fairness/equity.</p> <p>A study by Webley <i>et al.</i> (1991:68-77) shows that people use the unfairness of the tax system as a justification of evasion.</p> <p>Delport (2003:4) notes that South African taxpayers dislike paying taxes, due to a perception that the tax system is unfair.</p>
Income tax rates must be	Allingham and Sandmo's (1972:338) classical model assumes that a person's

reduced	<p>behaviour is influenced by the tax rate (which determines the benefits of evasion).</p> <p>Song and Yarbrough (1978:450) found that a shortcoming of income tax is that the tax rate is too high.</p> <p>In a South African study undertaken by Oberholzer (2005:249-275), a substantial proportion of the respondents indicated that they would not object if lower tax rates were introduced.</p> <p>De Villiers (1996:23) examined four groups of taxpayers (that is, formal enterprises, informal enterprises, White, Asian and Coloured population groups, and the Black population group). All four of these groups agreed that tax rates are too high and should be reduced.</p> <p>According to Slemrod and Bakija (1996:1), the most common complaint regarding taxes from taxpayers is that they are too high.</p>
The VAT rate must be reduced	<p>Allingham and Sandmo's (1972:338) classical model assumes that a person's behaviour is influenced by the tax rate (which determines the benefits of evasion).</p> <p>In a South African study undertaken by Oberholzer (2005:249-275), a substantial proportion of the respondents indicated that they would not object if lower tax rates were introduced.</p> <p>De Villiers (1996:23) examined four groups of taxpayers (that is, formal enterprises, informal enterprises, White, Asian and Coloured population groups, and the Black population group). All four of these groups agreed that tax rates are too high and should be reduced.</p> <p>According to Slemrod and Bakija (1996:1), the most common complaint regarding taxes from taxpayers is that they are too high.</p>
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>According to Lewis's (1982:172) model of tax evasion, one of the factors that is regarded as important as far as the authorities are concerned is the government's fiscal policy.</p> <p>According to the Australian Cash Economy Task Force (1998:18), taxpayer compliance decisions can be affected by economic factors such as the tax system and government policies.</p>
I do not know why I have to pay tax	<p>In Lewis's (1982:172) model of tax evasion, when considering taxpayers' attitudes towards and perceptions of constitutional structure, government and fiscal policy, taxpayers' perceptions of the purposes and fairness of taxation (perhaps in terms of equity) is included.</p>
Waste and corruption in government is high	<p>Concerning taxpayers' attitudes towards and perceptions of constitutional structure, government and fiscal policy, Lewis's (1982:172) model on tax evasion includes taxpayers' perceptions of the uses of tax.</p> <p>A study by Dean, Keenan and Kenney (1980:42) reveals that a possible reason for the cause of tax evasion is government wastage.</p> <p>According to Pravin Gordhan, the previous SARS Commissioner, as quoted by Sawyer (1998:6), possible reasons for tax fraud in South Africa is the government's perceived mismanagement of funds and fraud within SARS.</p>
Rich people should pay tax at a higher rate	<p>According to Lewis's (1982:172) model of tax evasion, one of the factors that is regarded as important as far as the authorities are concerned is the government's fiscal policy.</p> <p>According to the Australian Cash Economy Task Force (1998:18), taxpayer compliance decisions can be affected by economic factors such as the tax system and government policies.</p>

<p>Tax is very complicated - I do not know how to calculate my own tax liability</p>	<p>Smith and Kinsey (1987:645) present a flow chart, which shows the factors that shift people from their habitual behaviour to consciously taking a decision and forming intentions. These authors note that expressive factors or “psychic costs” have a direct effect on intentions. These are simply the subjective costs and benefits involved with taxpaying, such as the frustration involved in completing tax forms.</p> <p>After all their experimental studies into tax evasion, Webley <i>et al.</i> (1991:122) contend that for some participants the task is too difficult and they are unsure of how to calculate their tax liability.</p> <p>Song and Yarbrough (1978:450) found that a shortcoming of income tax is that the regulations are too complicated.</p> <p>A past study that examined taxpayers’ perceptions on the tax system in South Africa shows that one of the main contributors as to why people are reluctant to pay tax is that the taxpayer does not fully understand how to calculate his tax liability (Coetzee, 1993:5-7).</p> <p>De Villiers (1997:54-55) is of the opinion that South Africa’s tax system is very complex.</p>
<p>The amount of tax I have to pay is reasonable considering the benefits received</p>	<p>In Lewis’s (1982:172) model of tax evasion, when considering taxpayers’ attitudes towards and perceptions of constitutional structure, government and fiscal policy, taxpayers’ perceptions of the purposes and fairness of taxation (perhaps in terms of equity) is included.</p> <p>According to the Australian Cash Economy Task Force (1998:18), taxpayer compliance decisions can be affected by sociological factors such as reciprocity, as well as psychological factors such as fairness/equity.</p> <p>A previous study that examined taxpayers’ perceptions on the tax system in South Africa indicated that one of the main contributors as to why people are reluctant to pay tax is that taxpayers believe that they do not get value for their money, for example, in poor infrastructure, inferior health care and education (Coetzee, 1993:5-7).</p> <p>Findings in a South African study by Oberholzer (2005:249-275) show that generally, the respondents are positive towards paying tax if the government applies it appropriately for the benefit of the taxpayer.</p>
<p>The government does not provide enough information about how they use taxpayers’ money</p>	<p>Concerning taxpayer’s attitudes towards and perceptions of constitutional structure, government and fiscal policy, Lewis’s (1982:172) model on tax evasion includes taxpayers’ perceptions of the uses of tax revenue.</p> <p>A previous study by De Villiers (1996:23) examined four groups of taxpayers (that is, formal enterprises, informal enterprises, White, Asian and Coloured population groups, and the Black population group). Their findings reveal that millions of people in South Africa are not paying taxes. De Villiers (1996:23) postulates that one reason for this may be that they are not well-informed regarding tax issues.</p> <p>A South African study conducted by Oberholzer (2005:249-275) shows that a significant percentage of the respondents believe that the government should be transparent in the utilisation of taxpayers’ money.</p>

Question 19: Question 19 exposed the respondents to the statement: “People who open their own business are usually willing to take risks to do this”. Respondents were then requested to indicate whether they regard themselves to be the type of

person who likes to take a risk. According to Lewis's (1982:172) model of tax evasion, the characteristics of taxpayers influence their attitudes and perceptions of fiscal policy and constitutional structure which, in turn, influences their perceived enforcement and opportunity. Surveys have identified risk aversion as a characteristic of taxpayers which may influence their perceptions.

Question 20: Question 20 requested respondents to indicate whether they agreed, disagreed or had no opinion regarding a number of statements that relate to tax evasion. Each specific statement, as it appeared in the questionnaire, as well as the section in the literature that provides support for the inclusion of each statement, is indicated in Table 2.

Table 2: Support from the literature for including specific statements that relate to tax evasion

Statement	Section in the literature that provides support for inclusion of statement
The fiscal authorities (SARS) would notice if I decided to evade tax	<p>Allingham and Sandmo's (1972:338) classical model assumes that a person's behaviour is influenced by the probability of detection (which determines the cost). Taxpayers contemplating tax fraud may well assess the chance of being caught as being very remote.</p> <p>In Lewis's (1982:172) model of tax evasion, in the case of individuals, perceptions of enforcement and opportunity influence a taxpayer's decision as whether or not to evade.</p> <p>Dean <i>et al.</i> (1980:39-40) found that tax evasion may increase if people believe that they will not be detected. In an experiment by Webley <i>et al.</i> (1991:102), strong support was provided for the proposition that greater opportunity leads to greater tax evasion.</p> <p>It is noted in Slemrod's (1992:6) summary of Kent Smith's (1992:223-250) study that normative commitment to compliance could be positively reinforced by the effective detection of tax evasion, particularly for tax laws not rooted in values based on the relationships among individuals.</p>
Government receives enough tax so it does not matter if some people evade tax	<p>The Corchon model (Cowell, 1990:122), a game-playing model, is an extension to Allingham and Sandmo's (1972:338) classical model. In the Corchon model, the tax situation is treated as a two-person game involving the taxpayer and the authorities. The taxpayer has two choices - he can either comply or not comply. The authorities also have two choices - they can investigate the taxpayer or not. An extension to the Corchon model takes into account the behaviour of other taxpayers (for example, certain social psychological variables such as stigma, reputation and social norms).</p>
The burden of tax is so heavy that many people are forced to evade it in order to survive	<p>In Lewis's (1982:172) model of tax evasion, when considering taxpayers' attitudes towards and perceptions of constitutional structure, government and fiscal policy, taxpayers' perceptions of the purposes and fairness of taxation (perhaps in terms of equity) is included. Questions concerning the perceived equity of opportunity for tax evasion are considered in this model, in particular, the perception that the tax system may appear unfair, in the sense that people with higher incomes are perceived as having greater opportunities legally to avoid paying tax and income tax.</p> <p>According to the Australian Cash Economy Task Force (1998:18), taxpayer compliance decisions can be affected by sociological factors such as</p>

	<p>reciprocity as well as psychological factors such as fairness/equity.</p> <p>A past study by Coetzee (1993:5-7) examined taxpayers' perceptions on the tax system in South Africa and shows that one of the main contributing factors as to why people are reluctant to pay tax is that fiscal drag on personal incomes has resulted in a gradual impoverishment, as, after tax, salaries decline, despite remuneration increases.</p> <p>A study by Dean <i>et al.</i> (1980:42) indicates that a possible cause of tax evasion is financial hardship.</p>
Since so many other people are evading tax, I cannot be blamed for evading tax	The interactive models (or game-playing models) (Benjamini & Maital, 1985:245-264; Corchon (1984, in Webley <i>et al.</i> 1991:10)), which are extensions to Allingham and Sandmo's (1972:338) classical model, stem from the recognition that a taxpayer is not taking decisions in isolation and that there are other "players" in the "game". In this case, the behaviour of other taxpayers is relevant – a taxpayer's reputation may suffer if they are caught evading in a population largely comprised of non-evaders but will be unaffected or may even rise if the majority evade taxes (Webley <i>et al.</i> , 1991:10). An extension to the Corchon model (that is, a game-playing model) includes the behaviour of other taxpayers (for example, stigma, reputation and social norms).
I work hard for the income I receive so I should be allowed to keep it all for myself	<p>If one were to stop a person in the street and ask him or her why they think people evade tax, their response would almost certainly be very straightforward and easy, "greed" (Webley <i>et al.</i>, 1991:8).</p> <p>Dean <i>et al.</i> (1980:42) also found that greed is a possible cause of tax evasion.</p>
People evade tax because the risk that the authorities will find out is low	<p>Allingham and Sandmo's (1972:338) classical model assumes that a person's behaviour is influenced by the probability of detection (which determines the cost). Taxpayers contemplating tax fraud may well calculate that the chance of being caught is very remote.</p> <p>In Lewis's (1982:172) model of tax evasion, on the individual side, perceptions of enforcement and opportunity influence a taxpayer's decision as whether to evade or not.</p> <p>Dean <i>et al.</i> (1980:39-40) indicate that tax evasion may increase if people believe that they will not be detected. An experiment by Webley <i>et al.</i> (1991:102) showed strong support for the proposition that greater opportunity leads to greater tax evasion. Slemrod's (1992:6) summary of Kent Smith's (1992:223-250) study also reveals that normative commitment to compliance could be positively reinforced by effective detection, particularly for tax laws not rooted in values based on the relationships among individuals.</p>
Wealthy people evade tax more often than poor people	The perceived equity of opportunity for tax evasion in Lewis's (1982:172) model of tax evasion considers the perception that the tax system may appear unfair, in the sense that people with higher incomes are perceived as having greater opportunities legally to avoid paying tax.

Questions 21 and 22: A Swedish study by Vogel (1974:499-513) requested taxpayers to choose suitable penalties for tax evasion from a set of fixed alternative penalties. The penalties ran from no penalty or a fine, to prison sentences of various lengths. It was found that the choice of a prison term appears to be a good indicator of the perceived seriousness of tax offences. Questions 21 and 22 followed a similar approach.

Question 21 listed a range of crimes which are appropriate in a South African context. These include shoplifting, housebreaking, tax evasion, drunken driving, failing to report additional income and hijacking. *Hijacking* forms one of the sub-categories of armed robbery (National Hijack Prevention Academy, 2007).

Respondents were requested to indicate which penalty (that is, no penalty, fine or imprisonment) they considered to be appropriate for each crime. A person who commits tax evasion is guilty of an offence and liable on conviction to a fine or to imprisonment for a period not exceeding five years (section 104 of the Income Tax Act).

Question 22 requested respondents to indicate whether they thought that these penalties were too severe (that is, too high).

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. The above discussion provides support for the inclusion of these questions in the questionnaire.

Question 23: Question 23 requested respondents to answer "yes" or "no" (as honestly as possible) to a number of statements. The first six statements relate to tax compliance and the last three statements concern the risk profile of respondents. The statements are listed in Table 3, followed by substantiation from the consulted literature for the inclusion of these statements in the questionnaire.

Table 3: Support from the literature for including specific statements that relate to tax compliance and respondents' risk profile

Statement	Section in the literature that provides support for inclusion of statement
Every year I report all of my income to the fiscal authorities (SARS) when I submit my income tax return	According to the Australian Cash Economy Task Force (1998:18), taxpayer compliance decisions can be affected by sociological factors (that is, norms, reciprocity, age, gender, education level and ethnic background).
I would consider not reporting all of my income to the fiscal authorities (SARS) when I submit my income tax return in future	The Australian Cash Economy Task Force (1998:18) notes that taxpayer compliance decisions can be affected by sociological factors (that is, norms, reciprocity, age, gender, education level and ethnic background).
I have sometimes made higher deductions than was legally permitted when I submitted my income tax return	According to the Australian Cash Economy Task Force (1998:18), taxpayer compliance decisions can be affected by sociological factors (that is, norms, reciprocity, age, gender, education level and ethnic background).
I would consider making higher deductions than legally permitted when I submit my income tax return in future	It is noted by the Australian Cash Economy Task Force (1998:18) that taxpayer compliance decisions can be affected by sociological factors (that is, norms, reciprocity, age, gender, education level and ethnic background).
I would still accept a job if the employer offers not to deduct any income tax even though, by law, the employer should	The Australian Cash Economy Task Force (1998:18) highlights that taxpayer compliance decisions can be affected by sociological factors (that is, norms, reciprocity, age, gender, education level and ethnic background). An experiment conducted by Webley <i>et al.</i> (1991:102), showed strong support for the proposition that greater opportunity leads to greater tax evasion.
If a tax advisor advises me not to declare all of my income, I would take his advice	According to the Australian Cash Economy Task Force (1998:18), taxpayer compliance decisions can be affected by sociological factors (that is, norms, reciprocity, age, gender, education level and ethnic background). An experiment conducted by Webley <i>et al.</i> (1991:102), showed strong support for the proposition that greater opportunity leads to greater tax evasion.
I partake in gambling such as betting on horses, visiting casinos more than four times per month	According to the Australian Cash Economy Task Force (1998:18), taxpayer compliance decisions can be affected by psychological factors (that is, risk, fear, trust, values, fairness/equity and opportunity to evade).

The next section will provide an overview of the research methodology utilised.

3. Research methodology

As the research was essentially of an exploratory nature, statistical hypothesis testing was not used. The intention of the study was therefore not to generalise the findings to all taxpayers in South Africa. The data was collected from a sample of 260 South African taxpayers by means of face-to-face interviews, based on the questionnaire. The study focused only on natural taxpayers within the Tshwane metropolitan area (which includes Pretoria, the capital city of South Africa) in Gauteng. The sample was considered to be an acceptable sample size for the study

and this area represents a heterogeneous population. The sample was regarded as acceptable when compared with the 1996 and 2001 census information (Statistics South Africa, 2004:19-23).

In order to ensure improved controls of the fieldwork, a private, independent company, MarkData Pty (Ltd) (referred to as MarkData from this point forward), was contracted to carry out the data collection phase for this research project. MarkData operates in the Tshwane metropolitan area and specialises in providing strategic research solutions on a variety of issues for numerous national and international clients. The demographic profile of the sample was compared with the national census data and considered to be reasonably representative of the South African population.

4. Findings from the present research versus findings from previous research

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 article does not include the details of all the findings. The focal point of this article is to compare findings from the present research with findings from earlier research. All the characteristics and circumstances that could have influenced respondents' perceptions were analysed, using statistical techniques. The results are presented using the three main themes. Where necessary the internal-consistency reliability of questions was tested, by means of the Cronbach alpha, which provided an acceptable level of reliability.

Individual demographic, economic or other factors and respondents' attitudes towards general tax-related issues

This section considers the results of the current study and results of previous research regarding individual demographic, economic or other factors that influence

respondents' perceptions of general tax-related issues. These findings are highlighted in Table 4.

Table 4: Findings from the current study and findings from past research in relation to individual demographic, economic or other factors influencing respondents' attitudes towards general tax-related issues

Statement	Factor	Past Research	Current Study
Income tax rates must be reduced	Age	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. Thus, it appears as if attitudes and life experience may have an impact on taxpayers' actions (Mueller, 1963:233).	No significant differences were found in relation to perceptions regarding the reduction in tax rates between respondents from different age groups.
	Employment status	Self-employed taxpayers are more likely to agree that tax revenue is too high and that the fiscal exchange rate is unfavourable (Vogel, 1974:507).	The present study shows no significant differences in perceptions regarding the reduction in tax rates between respondents with differing employment statuses.
The VAT rate must be reduced	Age	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. Thus, it appears as if attitudes and life experience may have an impact on taxpayers' actions (Mueller, 1963:233).	No significant differences were found in relation to perceptions regarding the reduction in the VAT rate between respondents from different age groups.
	Employment status	Self-employed taxpayers are more likely to agree that tax revenue is too high and that the fiscal exchange rate is unfavourable (Vogel, 1974:507).	The present study shows no significant differences in perceptions regarding the reduction in the VAT rate between respondents with differing employment statuses.

The results in table indicate that the current research does not support the findings from previous research.

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

This section considers the results of the current study and results of previous research regarding individual demographic, economic or other factors that influence respondents' perceptions of tax evasion. These findings are presented in Table 5.

Table 5: Findings of current study and findings of past research in relation to respondents' individual demographic, economic or other factors and their attitudes towards tax evasion

Factor	Past Research	Current Study
Age	Young people are more likely to be associated with tax evasion behaviour (Webley <i>et al.</i> , 1991:68-77).	The present study indicates a strong relationship between the age of the respondent and the respondent's attitude towards tax evasion. Respondents over 60 years of age believe to a greater extent that tax evasion is not acceptable.
Gender	Friedland <i>et al.</i> (1978:113) found that females evaded tax more readily than males. Webley <i>et al.</i> (1991:68-77) revealed that men evaded tax more often than women.	No differences in perceptions between males and females with regard to tax evasion were found in this study.
Educational background	Groenland and Van Veldhoven (1983, in Webley <i>et al.</i> , 1991:59) found that people with a higher level of education evaded tax more than those with a lower education. 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 tax evasion (Vogel, 1974:501). Increased tax knowledge has meant that people consider their own tax evasion more seriously (Fallan, 1999:173-184). Almond and Verba (1963:379-387) investigated political attitudes and democracy in five nations. They found that education is an important factor in determining a citizen's orientation towards government, authority and the individuals' beliefs, feelings and evaluations of the political and governmental system as a whole.	The current study reveals a strong relationship between the respondents' educational background and their attitudes towards tax evasion. It was found that respondents with a higher educational qualification may tend to evade less than the respondents that have not completed school. 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.
Employment status	Webley <i>et al.</i> (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 <i>et al.</i> (1991:102), strong support was provided for the proposition that greater opportunity leads to greater tax evasion.	The present study reveals no differences in perceptions with regard to respondents' employment status.
Risk profile	Dean <i>et al.</i> (1980:42) noted that the desire to "beat the system" is a possible reason for tax evasion.	This study shows no differences in perceptions between respondents with different risk profiles.
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 reveal no differences in perceptions between the respondents with differing levels of support for the current government regarding tax evasion.
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	This study reveals no differences in perceptions between the respondents' views on the future of South Africa and tax evasion.

	individual, group and demographic differences. Surveys have identified a host of these variables, which include income and anticipated future economic well-being.	
Views on income distribution	<p>In 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.</p> <p>According to the Australian Cash Economy Task Force (1998:18), taxpayer compliance decisions can be affected by economic factors such as the tax system.</p>	<p>This study reveals a strong relationship between the respondents' views on income distribution and their attitudes towards tax evasion.</p> <p>Respondents who are of the opinion that everyone should be entitled to keep the income they earn, would evade tax more than those who believe that all income earned should accrue to the government, which should distribute this equally among all South Africans.</p>

Findings of the current study show a relationship to findings of past research for the following individual demographic, economic or other factors and taxpayers attitudes towards tax evasion (refer table 5): age; educational background and views on income distribution.

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

This section shows the results of the current study in relation to previous research considering the relationship between respondents' perceptions towards specific tax-related statements and tax evasion. Table 6 highlights these findings.

Table 6: Findings of current study and findings of past research considering the relationship between respondents' perceptions towards specific tax-related statements and tax evasion

Statement	Past Research	Current Study
A large proportion of taxes is used by the government for meaningless purposes	A possible reason for tax evasion is government wastage (Dean <i>et al.</i> , 1980:42).	<p>The present study reveals a strong relationship between the statement: "A large proportion of taxes is used by the government for meaningless purposes" and the respondents' attitudes towards tax evasion.</p> <p>The majority of all the respondents agreed with the statement: "A large proportion of taxes is used by the government for meaningless purposes". Similarly, the majority of respondents who agreed with the statements relating to tax evasion (that is, those who will tend to evade more), also agree with this statement.</p>
It is unfair to pay tax	Previous research revealed that people use the unfairness of the tax system as a justification for evasion (Webley <i>et al.</i> , 1991:68-77).	The current study shows no relationship between the respondents' views concerning the unfairness of the tax system and their attitudes towards tax evasion.
Income tax rates must be reduced	A study conducted in North Carolina by Song and Yarbrough (1978:450) requested	Contrary to what might be expected, this study shows no relationship between the

	<p>respondents to compare and rank each of the five commonly discussed shortcomings of income tax. Results showed that the chief shortcoming listed by the respondents was that the tax rate is too high.</p> <p>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.</p>	<p>respondents' views on the statement: "Income tax rates must be reduced" and their attitudes towards tax evasion.</p>
The VAT rate must be reduced	<p>A substantial proportion of South African respondents indicated that they would support the introduction of lower tax rates (Oberholzer, 2005:249-275).</p>	<p>This study shows no relationship between the respondents' views on the statement: "The VAT rate must be reduced" and their attitudes towards tax evasion.</p>
Tax is very complicated – I do not know how to calculate my own tax liability	<p>Webley <i>et al.</i> (1991:122) contend after all their experimental studies into tax evasion, 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".</p> <p>Song and Yarbrough (1978:450) asked respondents to compare and rank each of the five commonly discussed shortcomings of income tax. They found that "there are too many loopholes" and "the regulations are too complicated" were ranked second and third respectively.</p>	<p>This study 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> <p>A high proportion of all respondents who agree with the statements relating to tax evasion (that is, those who will tend to evade more), agree that tax is complicated and that they do not know how to calculate their own tax liability.</p>
The amount of tax I have to pay is reasonable considering the benefits received	<p>A past study found that on the whole, South African respondents are positive about paying tax, if the government applies the revenue appropriately for the benefit of the taxpayer (Oberholzer, 2005:249-275).</p>	<p>The current study shows 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 issues.</p> <p>A large proportion 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".</p>

<p>The government does not provide enough information about how they use taxpayers' money</p>	<p>A study conducted by Oberholzer (2005:249-275) showed that a significant proportion of the South African respondents are of the opinion that the government should be more transparent in the utilisation of taxpayers' money.</p>	<p>This study shows 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> <p>The majority of all respondents agreed with the statement: "The government does not provide enough information about how they use taxpayer's money". Similarly, a large proportion of respondents who agree with the statements relating to tax evasion (that is, those who will tend to evade more), agree that the government does not provide enough information about how they use taxpayers' money.</p>
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Table 6 highlights that the relationship between respondents' views towards specific tax-related statements and tax evasion only corresponded in four instances. Where respondents agreed with the specific mentioned statement the majority then agreed with the statements relating to tax evasion (that is, those who will tend to evade more). The statements are:

- A large proportion of taxes is used by the government for meaningless purposes;
- The amount of tax I have to pay is reasonable considering the benefits received;
- Tax is very complicated – I do not know how to calculate my own tax liability; and
- The government does not provide enough information about how they use taxpayers' money.

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

This section considers the results of the current study and results of previous research regarding individual demographic, economic or other factors that influence respondents' perceptions of tax compliance. These findings are presented in Table 7. All the factors that were indicated in previous research to influence respondents' perceptions of tax compliance were confirmed with the results of the current study.

Table 7: Findings of current study and findings of past research in relation to respondents' individual demographic, economic or other factors and their attitudes towards tax compliance

Factor	Past Research	Current Study
Age	People who are young are most likely to be associated with tax evasion behaviour (Webley <i>et al.</i> , 1991:68-77).	The present study reveals a strong relationship between the age of the respondent and the respondent's attitude towards tax compliance. This study indicates that respondents over 60 years of age are more likely to be tax compliant, whereas younger respondents (that is, 21-29 years of age) are less likely to be tax compliant.
Risk profile	The desire to "beat the system" is a possible cause of tax evasion (Dean <i>et al.</i> , 1980:42).	The current study reveals a strong relationship between the risk profile of the respondents and the respondents' attitudes towards tax compliance. It appears that respondents who consider themselves to be risk-takers are less likely to be tax compliant than those who consider themselves to be more risk averse.
Prior dealings with SARS	Lewis (1982:172) suggests that tax inspectors influence a person's attitude to tax behaviour.	The current study reveals a strong relationship between whether or not respondents have consulted with SARS officials in the past and their attitudes towards tax compliance. Respondents who have consulted with SARS officials in the past are more likely to comply with tax requirements than those who have not.
Views on income distribution	In 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. According to the Australian Cash Economy Task Force (1998:18), taxpayer compliance decisions can be affected by economic factors such as the tax system.	This study reveals a strong relationship between the respondents' views on income distribution and their attitudes towards tax compliance. Respondents who are of the opinion that everyone should be entitled to keep the income they earn, are 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.

Relationship between respondents' perceptions regarding a specific tax-related statement and their attitudes towards tax compliance

In Table 8 the findings of the current study and findings of past research is summarised and the relationship between respondents' perceptions regarding specific tax-related statements and their attitudes towards tax compliance is highlighted.

Table 8: Findings of present study and findings of past research concerning the relationship between respondents' perceptions regarding specific tax-related statements and their attitudes towards tax compliance

Statement	Past Research	Current Study
A large proportion of taxes is used by the government for meaningless purposes	A possible reason for tax evasion is government wastage (Dean <i>et al.</i> , 1980:42).	<p>The present study reveals a strong relationship 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> <p>The majority of all the respondents agreed with the statement: "A large proportion of taxes is used by the government for meaningless purposes". Similarly, a large proportion of the respondents who are less tax compliant, agree with this statement.</p>
It is unfair to pay tax	People use the unfairness of the tax system as a justification of evasion (Webley <i>et al.</i> , 1991:68-77).	<p>The present study reveals a strong relationship between the respondents' views on the statement: "It is unfair to pay tax" and their attitudes towards tax compliance.</p> <p>The majority of all the respondents disagreed with the statement: "It is unfair to pay tax". Nevertheless, a greater proportion of the respondents who are more tax compliant, disagree with the abovementioned statement than those who are less compliant.</p>
Income tax rates must be reduced	<p>Song and Yarbrough (1978:450) requested respondents to compare and rank each of the five commonly discussed shortcomings of income tax. Findings showed that the chief shortcoming listed by respondents was that the tax rate is too high.</p> <p>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.</p>	<p>The current study reveals a strong relationship between the respondents' views concerning the statement: "Income tax rates must be reduced" and their attitudes towards tax compliance.</p> <p>The majority of all the respondents agreed with the statement: "Income tax rates must be reduced". Similarly, a large proportion of the respondents who are less tax compliant, agree that income tax rates must be reduced.</p>
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).	<p>The present study shows a strong relationship between the respondents' views regarding the statement: "The VAT rate must be reduced" and their attitudes toward tax compliance.</p> <p>The majority of all the respondents agreed with the statement: "The VAT rate must be reduced". However, a larger proportion of respondents who are less likely to be tax compliant, agree with the statement, compared with those who are more likely to be tax compliant.</p>
Tax is very complicated – I do not know how to calculate my own tax liability	Webley <i>et al.</i> (1991:122) contend, after all their experimental studies into tax evasion, that for some participants the task of completing their tax returns 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".	<p>This study 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 their attitudes towards tax compliance.</p> <p>The findings of this study reveal that amongst those respondents that are more tax compliant, there is an even division</p>

	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".	between those who agree, those who disagree and those with neutral views towards the statement: "Tax is very complicated – I do not know how to calculate my own tax liability". On the other hand, the less tax compliant respondents all have an opinion on this matter where approximately half of these respondents either agree or disagree with the aforementioned statement.
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.	This study 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 their attitudes towards tax compliance. A higher proportion of the respondents who are less tax compliant disagree with the statement, compared to those who are more tax compliant.
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.	This study 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. Although the majority of all the respondents agreed that the government does not provide enough information about how they use taxpayers' money, a higher proportion of respondents who are less compliant, agree with the statement.

Table 8 indicate that the findings of the current study and findings of past research correlates in respect of the relationship between respondents' perceptions regarding specific tax-related statements and their attitudes towards tax compliance.

Relationship between respondents' perceptions on specific tax evasion statements and their attitudes towards tax compliance

This section considers findings of the current study in relation to findings of past research and the relationship between the respondents' perceptions on a specific tax evasion statement and their attitudes towards tax compliance. Table 9 presents these findings). The results of the current study confirmed the findings of past research.

Table 9: Findings of the current and findings of past research and the relationship between respondents' perceptions regarding specific tax evasion statements and their attitudes towards tax compliance

Statement	Past Research	Current Study
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)	A possible reason for tax evasion is financial hardship (Dean <i>et al.</i> , 1980:42).	The findings of this study show that there is 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. It appears that respondents, who are less tax compliant, agree to a greater extent that the burden of tax is so heavy that many people are forced to evade it in order to survive, than those who are more compliant.
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)	Dean <i>et al.</i> (1980:42) found that greed is a possible cause of tax evasion.	The present study reveals that there is 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. Although the majority of all the respondents disagreed with the statement: "I work hard for the income I receive so I should be allowed to keep it all for myself", more than half of the respondents who are less tax compliant, agree with the abovementioned statement compared with those who are more tax compliant.
Statement 7: "Wealthy people evade tax more often than poor people" (Seventh statement in question 20)	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.	Findings of the current study show that there is 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. Although the majority of all the respondents agreed with the statement: "Wealthy people evade tax more often than poor people", it appears that a larger proportion of the less tax compliant respondents agree with the aforementioned statement.

Perceptions of penalties related to tax evasion

This section highlights findings concerning the current study and findings of past research taking the following into account:

- respondents' perceptions about the appropriateness of penalties regarding tax-related offences;
- the relationship between respondents' perceptions regarding the severity of penalties for tax-related offences and tax evasion and compliance; as well as

- the relationship between respondents' perceptions regarding specific statements that concern penalties for tax evasion and tax compliance.

Respondents' perceptions regarding the appropriateness of penalties with regard 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 alternatives. The penalties ranged from no penalty or a fine, to prison sentences of various lengths. It was found 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. This study considered a range of crimes that occur frequently in a South African context (that is, shoplifting, housebreaking, tax evasion, drunken driving, failing to report additional income and hijacking). The respondents were requested to indicate which penalty (that is, no penalty, fine or imprisonment) they considered to be appropriate for each crime. It was found that a relatively high percentage of the respondents are of the opinion that a fine is appropriate for criminals who evade tax and fail to report additional income.

It appears that respondents have stronger views regarding the punishment for crimes such as hijacking, housebreaking and drunken driving than punishment for tax-related offences. The respondents do not perceive tax evasion and failing to report additional income to be as serious as the aforementioned crimes.

Relationship between respondents' perceptions regarding the severity of penalties for tax evasion and their attitudes towards 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). The findings from the current study show that

only a small proportion of the respondents believe that the penalty for tax evasion is too severe.

The findings of this study show that there is a strong relationship between the views of the respondents regarding the harshness of the penalties for tax evasion and their attitudes towards tax evasion.

Although the minority of all the respondents in this study believe that the penalty for tax evasion is too severe, a large proportion of the respondents who agree with the statements relating to tax evasion (that is, those who will tend to evade more), also believe that the penalties associated with tax evasion are too severe. This finding contradicts the classical model of Allingham and Sandmo (1972:338) as the present study indicates that South African taxpayers will not be more compliant because they believe the penalties for tax evasion are too severe.

Relationship between respondents' perceptions regarding specific statements regarding penalties for tax evasion and their attitudes towards tax evasion and tax compliance: The findings of this study show that the respondents' attitudes towards tax only correlated with one of the two statements dealing with the penalties for tax evasion, namely: "People evade tax because the risk that the authorities will find out is low".

A study by Dean *et al.* (1980:39-40) found that tax evasion may increase if people believe that they will 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 effective detection, particularly for tax laws not rooted in values based on the relationships among individuals.

The results of the present study reveal that there is a strong relationship between the respondents' views regarding the statement: "People evade tax because the risk that the authorities will find out is low" and their attitudes towards tax compliance. It appears from this study that the less tax compliant respondents believe more

strongly that the risk that the authorities will find out is low. Therefore, tax evasion may increase if people believe that they will not be detected. This corresponds with previous research.

5. Summary of findings

It is imperative to determine taxpayers' perceptions with regard to taxation in order to not only influence government policy regarding taxation, but also to enable government to market itself and its services more effectively to the general public. A government should aim to create a culture conducive to the payment of taxes (Friedman, 2003:12).

There are no standardised scales to measure taxpayers' perceptions. This article elaborates on the design of the measurement tool taking previous research into account. This measurement tool can be used by future researchers when determining perceptions of taxpayers in other countries.

This research reported whether the perceptions of South African taxpayers substantiate findings from earlier research. The results of the current study confirmed the majority of findings from past research. It is very important for a government to build a close relationship between themselves and taxpayers.

This study focused only on natural persons. Other researchers may extend the findings of this research by testing these findings in other areas, amongst other population groups and using other interrogation methods.

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Although some of the above references are not very recent no major research has been performed since this study has been conducted.