

**A DESCRIPTIVE STUDY OF THE PERCEPTIONS AND MOTIVATIONS OF
CONSUMERS ON HOW TO SUCCESSFULLY IMPLEMENT A TAX LOTTERY IN
SOUTH AFRICA TO IMPROVE TAX COMPLIANCE BEHAVIOUR**

by

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“I will say of the LORD, ‘He is my refuge and my fortress, my God, in whom I trust’.”

(Psalm 91:2)

“Have I not commanded you? Be strong and courageous. Do not be afraid; do not be discouraged, for the LORD your God will be with you wherever you go.”

(Joshua 1:9)

“For I know the plans I have for you,” declares the LORD, “plans to prosper you and not to harm you, plans to give you hope and a future.”

(Jeremiah 29:11)

This dissertation would not have been possible without my refuge and my God, guiding and leading me and being with me every step of the way. Thank you, Lord, for all Your goodness, grace and favour in my life.

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ABSTRACT

A DESCRIPTIVE STUDY OF THE PERCEPTIONS AND MOTIVATIONS OF CONSUMERS ON HOW TO SUCCESSFULLY IMPLEMENT A TAX LOTTERY IN SOUTH AFRICA TO IMPROVE TAX COMPLIANCE BEHAVIOUR

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Background:

Tax revenue collected from taxpayers is essential as it enables the government to provide necessary public goods and services. However, the government faces a significant obstacle due to taxpayer non-compliance.

Enhancing overall tax compliance should, therefore, play a key role when trying to improve the efficacy of tax collection. Literature reviewed during this study indicated that implementing a tax lottery system might increase tax compliance, as taxpayers have a chance of being rewarded for being compliant. It is expected that this incentive may lead to an increase in voluntary tax compliance and tax revenue collected.

Main purpose of study:

This study aimed to analyse the perceptions of consumers with regards to implementing a tax lottery in South Africa by focusing on which factors would motivate consumers to participate. The study also sought to determine which platforms would create a positive awareness about a tax lottery.

Method:

This descriptive study was based on a pragmatic approach. Furthermore, an inductive research approach was adopted for this study based on primary data obtained through the use of a survey as a data collection instrument.

Results:

There is not a substantial amount of research available on implementing tax lotteries in developing countries such as South Africa. The literature reviewed during this study has, however, concluded that tax lotteries are becoming a more popular method to increase tax compliance behaviour rather than the stringent traditional methods used.

Through the literature reviewed and survey conducted, it was evident that there are quite a few factors that need to be considered when designing and implementing a tax lottery in South Africa. Its design should be effective and efficient to ensure an increase in voluntary tax compliance, with strategic promotion playing a significant role in the success of the tax lottery and thus the improvement in tax compliance behaviour.

Conclusions:

The implementation of a tax lottery in South Africa may improve the tax compliance behaviour of taxpayers. Taxpayers will need to be made aware of the tax lottery as well as the fact that they may be rewarded for being tax compliant, which may lead to an increase in tax compliance. This will enable the government to provide necessary public goods and services and reduce overall public debt.

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LIST OF ABBREVIATIONS AND ACRONYMS

Table 1: Abbreviations and acronyms used in this document

| Abbreviation | Meaning |
|---------------------|-------------------------------|
| EBM | Electronic Billing Machine |
| EU | European Union |
| FFH | Fisher Freeman Halton Test |
| GDP | Gross Domestic Product |
| SARS | South African Revenue Service |
| SMS | Short Message Service |
| StatsSA | Statistics South Africa |
| TV | Television |
| VAT | Value-Added Tax |

CHAPTER 1: INTRODUCTION

1.1 INTRODUCTION

Arguably, two of the most famous quotes regarding taxes are “The hardest thing in the world to understand is the income tax” (Frankel, 2018) and “...but in this world, nothing can be said to be certain, except death and taxes” (NCC, 2021). Many will also agree with these quotes as taxes and the payment and collection thereof can certainly be an onerous process.

Although taxes certainly aren't meant to be avoided, governments struggle to collect them. This is usually because taxpayers are not morally motivated to voluntarily comply in declaring all their income and paying taxes due. Collecting tax is a particularly important task as the government requires this form of public revenue to provide public goods and services, as well as to decrease public debt (Wilks, Cruz & Sousa, 2019).

The enforcement methods implemented by the government to collect these taxes may, however, not have the favourable outcome for which they would hope. These traditional strategies (such as audits and penalties) have proven to be ineffective. Instead of improving tax compliance and increasing tax collection, these stringent enforcement methods may lead to demotivated taxpayers, resulting in decreased participation and public resentment (Wilks *et al.*, 2019).

The reactions of taxpayers briefly mentioned above may augment tax avoidance and tax evasion, which significantly contributes to taxpayer non-compliance. Taxpayer non-compliance includes practices such as understating income, not declaring any cash-based sales as well as overstating expenses. Bearing these aforementioned instances in mind, suppliers may very easily fall afoul of non-compliance (Alm, 2019:2). Thus, different approaches need to be considered.

The real questions are what will motivate suppliers to wilfully comply in order to increase public tax revenue and overall tax compliance? What will motivate suppliers to issue receipts to consumers that ensure an audit trail resulting in suppliers declaring all their income?

One way in improving tax compliance is to involve consumers. In order to motivate consumers to ask for receipts and therefore create an audit trail, numerous governments have introduced a lottery receipt system to obtain details of transactions. According to

Wan (2020), the introduction of the tax lottery system in China has materially enhanced tax declarations since customers ask for an invoice. This further revealed reduced non-declarations by suppliers because the customers would have declared the sales through the government tax lottery incentive system.

Recent studies conducted on several European Union (EU) and Asian countries have introduced the idea of implementing a tax lottery system designed to improve tax compliance behaviour (Burger & Schoeman, 2021). A tax lottery system may be used as a method to incentivise suppliers to be more compliant, as the possibility of receiving a reward for customer participation arises. Therefore, suppliers that issue receipts would be the popular option for consumers.

This incentive might in turn also encourage suppliers to issue receipts for all sales, as consumers require these receipts as their 'entries' to the tax lottery. In effect, countries implementing a tax lottery system have launched an alternative system of motivating customers to solicit receipts which could be turned into lottery tickets, thereby causing greater difficulty for suppliers to be involved in tax fraud and evasion (Fabbri & Hemels, 2013:1).

Furthermore, other countries, such as the Republic of Korea, have initiated traceable cashless payment method rewards, incentivising customers to transact using electronic or card payments as they can claim certain expenses when filing their tax returns. This method resulted in the Korean gross domestic product (GDP) rating the highest in 2005 as a ratio to card payments (Sung, Awasthi & Lee, 2017). Madzharova's (2020) study, which evaluated the effectiveness of electronic or cashless payment methods, found that the EU reported a growth of 0.05 - 0.09% in value-added tax (VAT) performance - increasing the value of payments made using cashless methods by 1% to the GDP.

One might say that a tax lottery system may kill two birds with one stone, as it could increase tax compliance, naturally resulting in an increased tax revenue collection. Thus, to explore the possible success of the implementation of a tax lottery system, this paper aims to evaluate the perceptions of consumers on such implementation.

1.2 RATIONALE FOR THE STUDY

Public revenue in South Africa consists of tax revenue collected from taxpayers, which is then used to provide public goods and services and develop the necessary infrastructure (Dare, 2020:1). The most significant obstacle that the government faces when collecting

the tax revenue owed, is tax non-compliance or tax evasion from taxpayers, as they increase the tax gap¹ (Gcabo & Robinson, 2007:358).

Although we have many different types of taxes in South Africa, income tax is the government's main source of income (SARS, 2022a). Income tax (consisting of personal income tax as well as corporate income tax) contributed 55.4% to the total tax revenue collected for the 2020/21 tax year of assessment (SARS, 2022b). VAT is another significant contributor to tax revenue, as it is seen as the government's second-biggest source of income, contributing 26.5% of total tax revenue collected for the 2020/21 tax year of assessment (SARS, 2022b).

The collection of taxes by the government is heavily affected by non-compliance, as businesses tend to understate income (Alm, 2019:2). Some businesses do not declare cash sales, nor issue receipts for these cash sales, thereby ensuring that there is no paper trail for auditing purposes. Understating income and cash sales without issuing receipts not only impacts income tax; this could expand to affect VAT compliance for applicable businesses who are required to collect and pay these taxes on their supplies.

Enhancing overall tax compliance has, therefore, played a key role in improving the efficacy of collecting tax revenue. Recent studies indicate that implementing a tax lottery system might increase tax compliance and in turn tax revenue collected (Burger & Schoeman, 2021:124). The implementation of a tax lottery system may, therefore, not only improve income tax compliance but may also expand to improve VAT compliance.

Another concern in South Africa is the number of businesses operating within the informal business sector. Due to many of these businesses operating on a cash basis and/or not issuing receipts to consumers for purchases made, taxes relating to these transactions might be not declared and paid over to the government. According to Mpofu (2021:76), the informal sector "is largely comprised of unregistered and difficult to tax groups, which include small scale farmers, farmers, small manufacturers, craftsmen, individual professionals, and many small-scale businesses".

¹ The difference between the expected and actual revenue generated by tax authorities.

Data projections from a study performed by Etim and Daramola (2020:2) reveal that by 2025, it is expected that the informal economy will contribute 24.19% of South Africa's GDP. Current data obtained from Statistics South Africa's (StatsSA) latest Quarterly Labour Force Survey reveals that 18.86% of employed individuals are employed within the informal sector (StatsSA, 2021:2). These statistics indicate that a large informal sector is present within South Africa, which may be contributing to tax evasion due to the difficulty in regulating them, alongside their lack of records kept (Mpofu, 2021:76).

Over time, the government has introduced various methods to increase tax compliance; for example, different penalty structures and accruing interest on outstanding amounts owed to name a few. However, an important factor to consider is whether the enforcement of these methods contributes to increasing tax compliance or do they demotivate taxpayers' participation to voluntarily comply. Studies have shown that rewards may be more effective to encourage tax compliance behaviour rather than the stringent enforcement strategies the government has in place. Some researchers have concluded that tax compliance should be promoted using different approaches rather than traditional enforcement methods (Bornman & Stack, 2015:796 & 804).

Tax lotteries are reward-based initiatives that have been implemented by several countries as an approach to improving tax compliance behaviour. The purpose of the tax lottery is to improve tax compliance by encouraging and incentivising consumers to ask for receipts for purchases made, thereby ensuring that there is a paper trail of the transactions by suppliers (by issuing receipts). This could lead to these suppliers declaring and paying more income tax and VAT, where applicable (Fabbri & Hemels, 2013).

Although a tax lottery system has the potential to improve tax compliance and tax revenue collection, careful consideration must be given to the design of the lottery, as well as the administration thereof for a tax lottery system to be effective (Fooker, Hemmelgarn & Hermann, 2015). Therefore, the contribution of this study would be to determine what factors will motivate consumers to ask suppliers for receipts that could then be used as lottery tickets for a tax lottery system, specifically within South Africa. This study also aims to determine which platforms can successfully be used to create positive awareness for consumers, which will potentially encourage their participation in a tax lottery.

1.3 RESEARCH PROBLEM

Taxes are unquestionably the major source of income for any government and tax evasion is a continuous challenge in many countries, with governments striving to increase the level of tax compliance to increase the tax revenue collected. Pinheiro, Diogo and Samagaio (2021) investigated the behavioural insight of the consumers and factors that could influence the individual to ask for a receipt with or without the supplier's tax number. They found that asking for receipts with the supplier's tax number is a challenge due to internal and external factors that could motivate (or demotivate) the consumer. Internal factors are, for example, social norms or moral duty and external factors are the rewards that could be obtained by requesting the receipts (Pinheiro *et al.*, 2021).

Although the government has introduced various methods (such as penalties and tax education to enhance tax compliance), it remains a challenge to ensure improvement in tax compliance (Burger & Schoeman, 2021). The tax-registered supplier might not declare all the sales made by under-reporting income earned. If no receipts are issued to consumers, there is no record as proof of the sales, especially in the case of cash sales. Non-vendors making the purchases might not insist on receiving receipts, as they do not need this to claim back input tax (Keen & Smith, 2006).

In addition, when businesses fail to register for tax, they aggravate the issue of tax evasion further because these businesses do not pay taxes and cannot be traced by the South African Revenue Service (SARS). With many unregistered small businesses in operation and/or businesses operating on a cash basis in South Africa, receipts may be not issued to consumers for purchases made, thus these sales are not being declared. Such businesses never pay the tax due on the income received, leaving the government in a position where they do not have enough funds for necessary public expenditure.

The problem that therefore needs to be addressed is tax non-compliance. A secondary issue exists in the adverse effects that it has on tax revenue collection and public service delivery in South Africa.

1.4 RESEARCH QUESTION

The question guiding this study is: *How can a tax lottery system be implemented in South Africa to improve tax compliance behaviour?*

1.5 RESEARCH OBJECTIVES

To answer the research question, the following objectives are set:

- To identify factors that will motivate consumers to ask suppliers for (and submit) receipts for a tax lottery system; and
- To determine which platforms will create positive awareness for consumers and encourage their participation in the tax lottery system.

1.6 RESEARCH METHODOLOGY

This section describes the research methods that will be employed as part of this study in exploring how a tax lottery can be implemented in South Africa to encourage consumer participation. Factors and platforms that assist in creating positive awareness for consumers will be explored and analysed. This section includes a summary of the research design and the research philosophy that the study is based on. Additionally, this section summarises the research strategy, the data collection instrument and how the data will be analysed. The target population and sampling applied are discussed in this section. This section includes the discussion and explanations of the statistical significance and different inferential tests applied in the research and concludes on the reliability and validity of the data collected.

The type of research contained in this study is descriptive and intends to describe, explain and validate the research question, as it is not yet able to provide a conclusive solution to the existing research problem. Descriptive research is said to create a scope for further and conclusive research; therefore, this study forms a hypothesis and includes a research question. It also sets out the two abovementioned objectives that need to be achieved during this process (Dudovskiy, 2011).

In general, the research philosophy of a study must be discussed, as it has an impact on the research strategy as well as the choice of data collection methods used in that study (Dudovskiy, 2011). The philosophy of a study is associated with assumptions made about the nature of the study and the truth or knowledge that it is based on (Dudovskiy, 2011). This study has been based on a pragmatism research philosophy. Pragmatics recognise many ways of interpreting the world and ways to undertake research. They believe that no single point of view can ever give the entire picture and there may be more than one reality (Saunders, Lewis & Thornhill, 2009). This philosophy was most suitable for this study, as the perception of different role players in society will be explored and analysed.

The research approach of a study is commonly described as the 'plan' for conducting the study (Dudovskiy, 2011). An inductive research approach was adopted for this study, as the primary data collected will be used to explore the perception of consumers concerning the implementation of a tax lottery. The primary data collected will be used to analyse which platforms will create positive awareness for consumers concerning the tax lottery.

According to Brown and Brown (2006:12), "Methodology is the philosophical framework within which the research is conducted or the foundation upon which research is based". Thus, the type of research methodology used should be the method that would best achieve the research objectives. This descriptive study will focus on collecting primary data by using a survey as a data collection instrument that will consist of both qualitative and quantitative data. Statistical and thematic analysis techniques will be performed on the data, to provide a better understanding of the perceptions of consumers.

Secondary data for this study will be obtained from a literature review of tax lottery systems implemented in other countries, as well as the perceived effectiveness thereof. The literature review conducted will also include the perception of consumers regarding these tax lotteries and whether the 'incentive method' aids in improving tax compliance. The secondary data collected in this study (together with the primary data), may also add to the conclusion and identify knowledge gaps that require further research.

1.7 STRUCTURE OF THE MINI-DISSERTATION

Chapter 1: Introduction

This chapter explained the rationale for the study and provided the background as to why the need for further research exists. The background was followed by a discussion of the problem statement and the relevant research objectives. The problem statement leads to the research question that the researcher aimed to conclude at the end of the study, while the research objectives are set out in steps to assist in achieving this conclusion.

Chapter 2: Literature review

This chapter will include a brief introduction to tax avoidance and the main reasons consumers participate therein. In this chapter, existing literature will briefly be summarised, and prior studies conducted that relate to the implementation of a tax lottery system in other countries will be analysed. The chapter further provides a short discussion of what these studies concluded, as well as the perceived effectiveness of tax lottery systems. The

literature review also explores what factors will motivate consumers to participate in a tax lottery willingly alongside the most preferred platforms to create positive awareness for consumer participation. This chapter concludes on whether more research is required regarding this matter and what other factors need to be considered.

Chapter 3: Research design and methodology

In this chapter, the research design applied to achieve the research objectives and answer the research question is discussed. This chapter also contains a broad overview of the different aspects and components applied within the applicable research design. The research strategy, data collection and analysis, validity and reliability of data, and research ethics are all discussed in this chapter.

Chapter 4: Data analysis and presentation of results

This chapter sets out to critically evaluate and discuss the data collected from this descriptive study, to provide further evaluations and build on previous data collected from prior studies. The primary data collected using cross-sectional surveys will be analysed, to determine whether the questionnaire used meets the criteria required and also to establish whether the research objectives have been achieved.

Chapter 5: Conclusion

This is the final chapter of the research study. It consists of a summary of all the findings, the literature reviewed, and survey data obtained and analysed. It outlines the limitations encountered, how and whether the research question has been answered and/or objectives achieved. It also provides recommendations for further studies.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION This study sets out to determine the effective design and implementation methods of a tax lottery system within South Africa. The main contribution of this study will be to specifically take into consideration the perspectives of South African consumers and what would motivate them to request receipts from suppliers, in order to submit these receipts in the proposed tax lottery. Another objective this study aims to explore would be to determine which platforms can be used to create positive awareness for consumers concerning the proposed tax lottery.

This chapter includes a brief explanation of tax avoidance and why consumers prefer to avoid taxes rather than pay their debts due. In this chapter, the researcher introduces the use of tax lotteries and the findings thereof conducted in previous studies. Thereafter, the chapter elaborates on the importance and/or benefits of a tax lottery and what this tax lottery should entail in motivating the participation of consumers. The conclusion of this chapter will include a summary of the researcher's findings based on the literature, as well as areas where further research is required.

2.2 TAX AVOIDANCE AND WHY CONSUMERS FALL AFOUL OF IT

It remains crucial to distinguish between "Tax Avoidance" and Tax Evasion"; finding the correct explanations for these terms can be very challenging, especially in a developing country such as South Africa (Gcabo & Robinson, 2007). Legal tax avoidance involves any activities that result in the postponement or deferral of taxes. Tax evasion, on the other hand, includes intentional illegal activities to reduce the legal amount of taxes due. Whether taxpayers choose to exercise one or the other, both methods contribute largely to taxpayer non-compliance behaviour (Gcabo & Robinson, 2007).

Alm (2019) states that non-compliance alters the distribution of income in unpredictable and unfair ways. As mentioned earlier in this study, non-compliance from taxpayers augments the struggle faced by the government to collect taxes. These taxes contribute significantly to the public revenue required to provide public goods and services.

To understand why consumers would rather be non-compliant, we would first have to understand the causes of taxpayer non-compliance behaviour. Studies have shown that economic, psychological and social factors can be considered determinants behind taxpayer non-compliance (Gcabo & Robinson, 2007).

One of the key issues in South Africa concerning non-compliance has been demotivated taxpayers and low taxpayer morale. The stringent methods the government has in place to collect taxes, such as penalties, might result in the opposite outcome they had in mind when putting these measures into place. Acting on the expected utility theory, taxpayers may not voluntarily comply and instead start weighing the benefits of non-compliance against 'punishment' in the form of audits, penalties and fines (Alm, 2019:5).

Furthermore, studies have found that taxpayers may view tax systems as unfair. It is argued that the money collected in the form of taxes could be spent on projects that taxpayers morally disapprove of or that large portions of taxes collected are wasted (Ross & McGee, 2011).

The underlying reasons for taxpayer non-compliance behaviour amongst individuals were studied and it was found that the "fairness perception" of taxpayers had a significant impact on their non-compliant behaviour (Saad, 2012:349). The study found that taxpayers have a negative perception of tax systems, especially relating to tax rate structures and government spending. Taxpayers argue that if they were taxed more fairly, they would be more motivated to comply. Participants in a study done by Saad (2012) also elaborated on the fact that money collected through taxes is being wasted and is also not collected "fairly".

In addition to the above, taxpayers may also be influenced by other factors such as group considerations and social norms. Low taxpayer morale can increase with negativity in a group setting, when taxpayers agree on the above-mentioned instances (that the tax system is not fair or transparent) (Larsen, Arakelyan, Gogsadze, Katsadze, Skhirtladze & Muench, 2019).

Although consumer participation in tax compliance behaviour can be influenced by agreeing with society (known as the "bandwagon effect"), other social norms and considerations may include fairness, altruism, reciprocity, trust and morality towards other taxpayers and the tax system (Alm, 2019:16). It is, however, important to consider that taxpayers cannot be perceived as the same and what motivates one taxpayer or group of taxpayers would not necessarily motivate another. Further issues such as tax illiteracy with regards to the theory and practical knowledge of tax and tax systems - especially in developing countries, can also be viewed as one of the reasons why taxpayers engage in non-compliance behaviour (Gcabo & Robinson, 2007).

The stringent and traditional methods mentioned earlier to remedy taxpayer non-compliance only succeed to a small extent and studies have shown that these methods correlate weakly with tax compliance (Bornman & Stack, 2015). It has been found that the fear of these stringent enforcements is not the only or the most important reason why taxpayers pay their taxes and the government should rather focus on additional reasons that motivate taxpayers to comply (Grasmick & Scott, 1982). Studies and experiments conducted to investigate these additional motivations include findings that rewards for tax compliance have a significantly positive impact on taxpayers. Results from these studies also substantiate that a tax lottery had the largest impact (Bornman & Stack, 2015).

2.3 INTRODUCING TAX LOTTERIES

Although the use of tax lotteries has been increasing in popularity in several countries over recent years (Awasthi & Engelschalk, 2018:38), a limited number of studies have been performed regarding the effective implementation and the effects of tax lottery systems (Bornman & Stack, 2015; Fabbri, 2015; Fabbri & Hemels, 2013). However, through the analysis of some of the studies performed on tax lotteries, theoretical and empirical evidence suggests that tax lotteries have been shown to improve tax compliance in several countries (Fabbri, 2015).

Tax lotteries can partially enforce compliance in terms of tax management with regards to consumers facilitating the regularity of issuing receipts. The lottery may also be advantageous in terms of a cost-benefit ratio as it may replace the efforts of “tax inspectors”, as presumably all buyers (consumers) may play the role of a potential tax inspector (Ungureanu & Dascălu, 2015:268).

Several countries have also implemented tax lottery systems. For example, a tax lottery incentive provided by the Chinese Government had increased consumer tax declarations and it was found that “if the government gives the consumer an appropriate subsidy to satisfy the incentive compatibility under a competitive market, the consumer will voluntarily and fully declare unit tax so that firms cannot cheat, thereby saving the cheating and auditing costs” (Wan, 2020:19). As part of the study conducted by Burger and Schoeman (2021), six countries from the EU were analysed and it was determined that four of these countries reported a decrease in the VAT gap following the implementation of a tax lottery system (Burger & Schoeman, 2021:2). The current study also considered the tax lottery systems implemented in some countries other than the EU, including Brazil and Taiwan.

The findings were that VAT and sales tax revenue increased in each of these countries. Furthermore, in Brazil, it was noted that consumers were more likely to request receipts on purchases even for at least six months after the lottery took place (Naritomi, 2019). Similarly, Slovakia reported an increase in vendors reported for refusing to issue invoices (Burger & Schoeman, 2021:125).

While the concept of a tax lottery is straightforward and clear, the design of a tax lottery system and the most effective methods of implementation of such a system may be less apparent (Fookan *et al.*, 2015:3). The evidence of the findings of the abovementioned studies suggest that tax lottery systems may be effective in improving tax compliance and effectively increasing tax revenues declared to the government. However, this does not confirm that a similar policy will be effective in South Africa, and additional factors need to be considered (Burger & Schoeman, 2021:4).

The conclusion reached by Burger and Schoeman (2021) was that the implementation of a tax lottery system would be beneficial for South Africa, although additional research is required. The current study, therefore, aims to undertake this additional research by collecting empirical data in support of the possible implementation of a tax lottery system in South Africa.

2.4 MOTIVATING FACTORS TO ENCOURAGE CONSUMER PARTICIPATION

The Cambridge English Dictionary defines the word motivation as “willingness to do something, or something that causes such willingness.” According to Ryan and Deci (2000:56), intrinsic motivation is defined as “the doing of an activity for its inherent satisfaction rather than for some separable consequence. When intrinsically motivated, a person is moved to act for the fun or challenge entailed rather than because of external products, pressures, or rewards”. In contrast, extrinsic motivation occurs when an activity is done to “...attain some separable outcome. This includes doing an activity simply for the enjoyment of the activity itself, rather than the instrumental value” (Ryan & Deci, 2000:60).

Bornman and Stack's (2015) recent study found that there is a persistent theme in tax compliance literature to move towards positive encouragement for compliance rather than promoting non-compliance determent. Giving taxpayers rewards for being tax compliant can be seen as a way of persuading people to do the right thing, which may increase voluntary tax compliance.

It is because of this theme of positive encouragement that tax lotteries have become increasingly popular recently. However, controversy remains over the fact that the materialistic incentives possibly offered in tax lotteries may harm the civic duty of citizens as well as their moral standing towards paying their taxes (Wilks *et al.*, 2019). A study conducted by Wilks *et al.* (2019) mentions that these materialistic incentives may reduce the moral altruism of taxpayers and crowd out their intrinsic motivation. However, they also state that the assumption underlying a tax lottery is that unless citizens are offered an extrinsic reward, they may not cooperate with tax authorities.

Although the incentives offered in a tax lottery may negatively influence taxpayers' intrinsic motivation to do the right thing, it may be argued that factors previously mentioned in this study already play a big role in their waned intrinsic motivation. These previously discussed factors include taxpayers' perception of unfair tax systems and the money collected being wasted. This then leads to low taxpayer morale. The aforementioned factors have a significant impact on taxpayers' view of paying their taxes and allude to the fact that extrinsic motivation is necessary to enhance and encourage tax compliance behaviour.

A few important factors have however been identified in the literature that may encourage consumer participation in a tax lottery to enhance tax compliance. These motivating factors include (but are not limited to) the following:

- Fairness;
- Transparency;
- The possibility of winning and prize preference; and
- Equitable, simple, and efficient design and administration.

2.4.1 Fairness

Tax lotteries may take on many different shapes and sizes; however, there are several factors to consider to implement a successful tax lottery (Larsen *et al.*, 2019). One of the underlying reasons for tax non-compliance is consumers' perceptions regarding the unfairness of tax systems. Fairness is therefore crucial to improving tax compliance and should be regarded as a particularly important aspect when designing a tax lottery. To ensure that a tax lottery is perceived as "fair", it should be administered fairly at all levels and be equally possible for all citizens to participate (Larsen *et al.*, 2019:43).

Tax lotteries should be accessible to all citizens of all ages, and they should also be accessible to all classes of the economy. Studies have shown that when the design of a tax lottery is, for example, technology-intensive, it may cause great concern amongst taxpayers. It may create the perception that wealthier taxpayers that have better access to the internet or smartphones will be more easily able to participate in the tax lottery than lower-income earning taxpayers (Fenochietto & Benítez, 2021). Participation in a tax lottery should therefore be cheap and not too technically advanced, to ensure that no citizen will be barred from participating in the tax lottery (Larsen *et al.*, 2019:43).

2.4.2 Transparency

Just as any other process or policy that includes the public, a tax lottery should be administered and conducted transparently. A tax lottery should be managed with great public governance, as bad governance may cause significant concerns with regard to corruption - especially in developing countries such as South Africa. The administration thereof, the rules, as well as the winnings of a tax lottery, need to be transparent and respected by the public and all the participants. To promote and observe more transparency, withdrawals from the lottery and results may be broadcasted and published nationally and regionally (Ungureanu & Dascălu, 2015).

If a tax lottery is perceived as transparent, it would in all probability also be perceived as fair (Larsen *et al.*, 2019:43). Developing trust, credibility and accountability carries great importance when implementing a successful tax lottery (Wilks *et al.*, 2019:9). This may, in essence, result in motivating consumers to participate in a tax lottery.

In addition to the above, a whistle-blowing opportunity might have a positive impact on a tax lottery. Taxpayers will more likely be demotivated if they are made aware of more possibilities to evade taxes or “cheat the system”. This would also tarnish the reputation and the creditability of a tax lottery. A whistle-blowing capability will promote fairness and transparency if taxpayers have the perception of power to report suppliers that do not comply with the design and rules of the tax lottery (Larsen *et al.*, 2019:45).

2.4.3 Possibility of winning and prize preference

Tax lotteries should be designed carefully, in such a way that it creates that “lottery” feel (Giebe & Schweinzer, 2014). Consumers must be motivated to acquire their “lottery tickets” to stay intrigued and interested in the tax lottery. Both the value of the prizes and

the probability of winning prizes need to be sufficient to incentivise consumers to take part in the lottery (Larsen *et al.*, 2019). Taxpayers should be of the view that there will be actual prizes to win that will make it worth their while to enter the tax lottery and participate. Studies have shown that taxpayers may easily get demotivated to participate in a tax lottery if they believe that the probability of winning is very low (Larsen *et al.*, 2019:59).

To ensure that taxpayers believe in the tax lottery and the probability of actually winning prizes, they would need to know the winners and the stores that present these winners, so as not to be suspicious of the fact that it might be 'staged'. Taxpayers may often fall into the bad habit of overthinking and overweighing their chances of actually winning a prize and it might therefore be beneficial if the winners of the tax lottery are "closer to home" than they initially thought (Lourenço, Ciriolo, Almeida & Dessart, 2016).

The prizes that may be offered in the tax lottery will also influence incentives and behaviour (Giebe & Schweinzer, 2014:15). Based on a systematic analysis performed by Naritomi and Jensen (2018) from data obtained on the current Electronic Billing Machine (EBM) lottery in Rwanda, their policy recommendations stated that rewards to consumers were not sufficient enough to encourage participation. This directly resulted in 90% of taxpayers not participating in the tax lottery (Naritomi & Jensen, 2018:3-4). The prizes need to stimulate and attract consumers and be of a sufficient amount of money or material incentives with an equivalent value (Awasthi & Engelschalk, 2018).

2.4.4 Equitable, simple and efficient design administration

Tax lotteries should be designed to be equitable, simple, and efficient (Ungureanu & Dascălu, 2015). The design should also remind consumers of the importance of tax compliance and the legal considerations required regarding the design of such a system. The policy and design of the tax lottery should be able to address taxpayer concerns and fit into the current structure and legislation of the country. It is also of great importance that the design and administration of the tax lottery promote good governance, nurture the public spirit and create a positive awareness regarding the intention of the actual tax lottery (Larsen *et al.*, 2019:45).

Tax lotteries should be designed in such a way that consumers will not view the process as a burden or find it too complex to take part in. The design of the tax lottery should be structured in such a way that all taxpayers have access to the necessary infrastructure to submit receipts. The process of registering for the lottery or submitting receipts should not

be a timeous or onerous process that demotivates taxpayers (Ungureanu & Dascălu, 2015). Furthermore, the possibility of errors when registering or submitting receipts that could lead to invalid entries should be minimised to ensure that the tax lottery is administered effectively and efficiently.

Therefore, in order to motivate the participation of taxpayers and improve their morale towards paying taxes further, tax lotteries must ensure that the lottery is 'user-friendly'. Studies conducted by Wilks *et al.* (2019) also allude to the fact that taxpayers do not appreciate bad customer service or poor services received from the local tax authorities. Thus, the lottery must not be a painful administrative experience and should rather uplift the civic spirit by ensuring a smooth process from the onset and throughout (Wilks *et al.*, 2019:9).

2.5 PROMOTION OF A TAX LOTTERY TO CREATE A POSITIVE AWARENESS

All the above-mentioned factors need to be taken into consideration to ensure that a tax lottery will be sufficient in motivating taxpayers to wilfully comply. Another important factor to bear in mind would be to popularise the tax lottery amongst taxpayers. Consequently, the tax lottery needs to be promoted in a strategic way that is susceptible to consumers whilst also creating a positive awareness with regard to what the actual intention of the tax lottery is (Larsen *et al.*, 2019:42).

Larsen *et al.* (2019) elaborated that a strategy needs to be in place for promoting the lottery. This strategy may include advertisements in stores, public campaigns in newspapers, on social media or television (TV). Media campaigns announcing winners or public drawings of winning receipts, as well as messages to the public stating the aims of the lottery - which should also be considered to make consumers aware of the lottery and the purpose behind it.

A tax lottery will not be effective or successful if the consumers are not aware of the lottery. Studies have shown that this may indeed negatively impact a tax lottery, leading to minimised participation. This was the case with the EBM lottery in Rwanda; around 40% of Rwandan taxpayers did not participate in the tax lottery because they were not made aware that the tax lottery existed (Naritomi & Jensen, 2018:3-4).

An important concept to bear in mind is that tax illiteracy is one of the underlying reasons for tax non-compliance. Education with regards to the implementation of a tax lottery may therefore be crucial to create the positive awareness needed for the lottery to thrive. Free

education on taxes should be made available to taxpayers in a language that is not too technical; a language taxpayers will understand (Wilks *et al.*, 2019:10). Studies show that when taxpayers understand why they must pay taxes and see that their taxes are being used for “public good”, this will motivate participation and cultivate the “civic spirit” (Wilks *et al.*, 2019:9).

2.6 CONCLUSION

It is clear from the literature reviewed in this chapter that a tax lottery has many aspects to take into account to ensure the effectiveness thereof, whilst also fulfilling the objective(s) it sets out to achieve. It must be designed very carefully to ensure that it fills a well-identified tax gap in the country and encourages tax compliance (Larsen *et al.*, 2019:47). Larsen *et al.* (2019:48) state that the taxation of a country reveals a lot about the relationship between the taxpayers and the government. It is therefore of great importance to design a tax lottery that addresses the concerns of taxpayers and promotes a positive public spirit and awareness (Wilks *et al.*, 2019:13).

Although recent studies have shown that tax lotteries seem to be increasingly popular, the effectiveness and side effects for South Africa have not yet been explored. Thus, the implementation of a successful tax lottery in South Africa remains a topic for additional research. To this end, the first objective of this study has been addressed by researching factors that will motivate consumer participation. The literature reviewed provided factors to consider, such as the design of the tax lottery to include fairness, transparency, and efficiency. Another important factor is to ensure that the probability of winning a prize and the prize itself will motivate consumers to participate.

The second objective (as set out in this study) has been addressed by gathering knowledge on how to successfully promote a tax lottery in South Africa. This is of great importance considering the tax lottery may not be successful if consumers and other taxpayers are not aware of it or how it works. The tax lottery will need to be promoted in a way that is amenable to all South Africans despite their level of tax knowledge and literacy. Policymakers must consider the above-mentioned conclusions when potentially exploring and implementing a tax lottery in South Africa.

CHAPTER 3: RESEARCH METHODOLOGY AND DESIGN

3.1 INTRODUCTION

This chapter describes the methods employed to explore how a tax lottery can be implemented in South Africa to encourage consumer participation. Different platforms to create positive awareness concerning the implementation of a tax lottery in South Africa are also explored. In this chapter, explanations of the research design, research strategy, data collection and analysis methods, and validity and reliability of data are disclosed. The chapter concludes with a discussion of research ethics.

3.2 RESEARCH DESIGN

The research design of a study should consist of a plan or process to follow, to answer the research question and achieve the set-out research objectives. The purpose of this quantitative descriptive study is to gain an understanding of the opinions and expectations of South African consumers concerning the implementation of a tax lottery that can be used as a mechanism to improve tax compliance behaviour.

A quantitative descriptive study was deemed appropriate for this research as the study aims to describe people and their views on a tax lottery. In essence, a descriptive study may be explained as the attempt to determine or describe and identify the *what* question of the study and is not concerned with the *why* question (Dudovskiy, 2011). The main purpose of a quantitative descriptive study is to describe, explain and validate research findings, which may in turn create grounds for further research (Dudovskiy, 2011). Gainfully, a descriptive study can integrate the qualitative and quantitative methods of data collection. This type of research is also less time-consuming and includes the practical use of research findings necessary for decision-making (Dudovskiy, 2011).

3.3 RESEARCH PHILOSOPHY

A study's research question is a significant determinant of the research philosophy (Dudovskiy, 2011). This study is based on a pragmatic research philosophy. Pragmatics recognise many ways of interpreting the world and ways to undertake research. They believe that no single point of view can ever give the entire picture and there may be more than one reality at any given time (Saunders *et al.*, 2009)

A pragmatic research approach makes use of inductive reasoning by collecting qualitative and quantitative data. The advantage of this research philosophy is that pragmatists may use a combination of research methods to ensure the best possible method/methods are used to answer the research question (Dudovskiy, 2011).

This study makes use of an inductive approach, as different hypotheses were formulated at the onset of the study alongside the research questions and objectives that were set. This inductive research process focuses on finding the answer to the research question(s) (Dudovskiy, 2011).

3.4 RESEARCH STRATEGY

Collecting data for research purposes includes collecting information from all applicable sources, in order to find the answer to a research question. These data collection methods can be divided into two main categories, to collect either primary or secondary data (Dudovskiy, 2011).

Primary data is data, which is collected for the first time through surveys, interviews, and focus groups (Greener, 2011). Secondary data is collected from research that was already conducted by someone else (Greener, 2011). Thus, primary data will be used for this specific study due to the use of surveys as the research instrument. Secondary data was, however, also used when conducting the literature review. The secondary data collected by previous researchers generally contained information regarding tax compliance, tax lotteries implemented in other countries and the perceptions of consumers about the aforementioned.

Data can further be classified as quantitative and qualitative. Quantitative data is numerical and can be analysed statistically, whilst qualitative data is not numerical but provides detail through words (Yauch & Steudel, 2003:466). There are a few different data collection methods. According to Dudovskiy (2011), they include surveys (either conducted through questionnaires or interviews), case studies, focus groups, observations and experiments.

Surveys are used to discover a person's attitudes, opinions and beliefs (Goddard & Villanova, 2006:115). This study makes use of surveys to assess the perceptions of South African consumers regarding the implementation methods that would motivate them to participate and submit receipts for a tax lottery system. Surveys can be used to collect quantitative or qualitative data. This study's survey includes considerations of whether there is support amongst consumers for a mobile application as a method of entry into a

tax lottery, as well as which platforms would be preferred to create an awareness of the lottery system. Denscombe (2017) explains that surveys differ in terms of the different techniques they use to communicate with the respondents but can be divided into two main categories - questionnaires or interviews.

As stated, this study includes a questionnaire as the data collection method.² The advantages of using a questionnaire are that members remain anonymous; this method may also be less expensive in collecting primary data and it is also an easy way to collect vast amounts of data (Dudovskiy, 2011). The disadvantages of this data collection method may include the unwillingness of respondents to answer questions or respondents providing inaccurate, biased information (Dudovskiy, 2011).

There are two methodological designs in survey research, namely cross-sectional and longitudinal designs (Leavy, 2017:101). A cross-sectional survey is where a survey is only conducted once and during one point in time; “they provide us with a snapshot of what is happening in that group at that particular time” (Mathers, Fox & Hunn, 1998:6). A longitudinal design obtains data at multiple stages so that this information can measure any changes over time (Leavy, 2017:101). The cross-sectional survey is thus applicable for this study, as information was collected at a specific point in time only.

3.4.1 Target population and sampling

Sampling is commonly known as choosing members of a population to be included in a specific study. Brown and Brown (2006) briefly summarised the advantages of sampling as making research of any type or size manageable; saving research costs; the research findings are more accurate; information can be processed more efficiently, and the collection of primary data may be escalated.

When defining the target population for a study, one would have to assess what the research objectives aim to achieve. This study aims to explore the perceptions of consumers and how to create a positive awareness amongst consumers concerning the implementation of a tax lottery. The participants for the survey had to be determined to

² Questionnaire attached as Appendix A.

ensure the validity of the responses. The target population thus encompasses economically active consumers³. A sample was selected from this population.

Sampling methods can be divided into two main categories, known as probability and non-probability sampling. Probability sampling ensures the possible participation of every member in a population whereas non-probability sampling selects members in the population to participate in a study on a random basis. By taking into consideration the time constraint of the study, convenience and snowballing sampling techniques were considered appropriate as they allowed the researcher to collect data faster and more economically (Taherdoost, 2016a). These methods fell under non-probability sampling.

Furthermore, convenience sampling was chosen for this study. The relevant questionnaire was distributed to participants on social media and similar platforms, as these were the most accessible participants in the study. Voluntary response sampling was also incorporated, as most of the participants were not contacted directly to participate in the survey but instead responded to the survey when seen on social media platforms such as LinkedIn, Facebook and WhatsApp. Additionally, snowball sampling was used, as people were contacted to participate in the survey and those participants were requested to share the survey with their acquaintances.

3.4.2 Data collection

The research instrument (the online questionnaire) was placed on Qualtrics (the data collection platform). Due to the use of the survey research tool for this study, the participants' identities were kept anonymous, and their information was kept confidential. With this being said, participation in the questionnaire was completely voluntary (as well as anonymous). The questionnaire provided an introduction as to why this study was being conducted and explained its purpose. The anonymity of all the data collected was emphasised to ensure that the questions were answered as honestly as possible. Participants were then asked to give their consent to partake in the questionnaire.

The very first question of the survey set out to distinguish between suppliers and consumers, as these respondents had a different set of questions. A background section

³ 'Economically active consumers' refers to consumers that participate in spending activities on a regular basis within the South-African economy.

to collect data on the gender, age, ethnicity, income and household specifications of the respondents was included.

The questionnaire included open-ended, dichotomous, and scaled questions. Numerical data were obtained through questions within the survey that had a limited number of options or through questions using a rating scale for respondents to indicate their preferences. Qualitative data were obtained through open-ended questions within the survey, which required respondents to provide their opinions and perceptions in words.

3.5 DATA ANALYSIS TECHNIQUES

This study analyses both qualitative and quantitative data collected. Statistical analysis techniques were performed on the quantitative data. This included making use of descriptive statistics, where a summary of the data and measurements (such as averages and variability) was provided. The researcher also made use of inferential statistics to test the research hypotheses. These analyses assisted in concluding the research objective and demonstrated whether a tax lottery system could potentially be implemented successfully in South Africa, and what factors should be considered to make it successful.

For qualitative data, the researcher performed a thematic analysis, which involves an analysis of the recurring themes and patterns of the responses received from surveys (Castleberry & Nolen, 2018). The analysis of these patterns and trends provided the study with better insights into consumer perspectives and assisted in understanding the final results of the survey better. The statistical significance and different inferential tests used in this study are discussed below.

3.5.1 Statistical significance

The probability (p -value) of deciding to reject a null hypothesis in a study is known and defined as the significance level of a test (Bhandari, 2021). This applies to all statistical tests performed. Based on the above, if the p -value is less than the significance level in a test, then the null hypothesis will be rejected. The levels of statistical significance considered in this study were both 5% and 10%.

3.5.2 Cross-tabulation

Cross-tabulations are used to display a joint distribution of data of two or more variables (Bhandari, 2021). The variables are presented in a matrix format known as a contingency

table. The distribution of the two variables is described simultaneously. For this study, the cells in the matrix each formed a single cross-tabulation that indicated the number of respondents that provided a combination of responses.

3.5.3 Pearson’s chi-square test of independence

The Pearson chi-square test of independence is used as an association test for cross-tabulations (Bhandari, 2021). This test is used to determine the presence of an association between two sets of data when both variables are nominal. It measures the difference between actual frequencies of a variable and the frequencies one would expect to find if there were no relationship between the two variables.

However, this test is perceived to be too liberal if more than 20% of cells have an expected frequency of less than 5. In instances like this, the Fisher test (for 2x2 tables) or the Fisher Freeman Halton test (FFH) would be applied. The FFH test is exact and provides a more precise p-value, regardless of the sample size used in the test (as was done in this study).

3.5.4 Kruskal-Wallis test

This is a comparison non-parametric test that was used in this study, which is rank-based and ranks data points (Glen, 2022). The Kruskal-Wallis test determines the significant differences (if any) between three or more groups concerning a variable of interest and is specifically used when the sample is small or the data is ordinal.

3.5.5 Cramer’s V

The Cramer’s V test applied in this study is based on Pearson’s chi-square test of independence and measures how strongly two categories of nominal variables are associated (Cohen, 1988). The thresholds for interpretation are explained as:

Table 2: Thresholds for Cramer’s V Test

| <i>Small</i> | <i>Medium</i> | <i>Large</i> |
|---------------------|----------------------|---------------------|
| .10 | .30 | .50 |

3.5.6 Spearman correlation coefficient

This non-parametric test is a measure of the strength and direction of an association that may exist between two variables (Lund & Lund, 2018). The Spearman correlation coefficient test may be used where two variables consist of ordinal data or in instances where the Pearson correlation assumptions are too liberal, as was the case in this study.

This test can, however, only be used when the data is ordinal; the two variables represent paired observations or when there is a monotonic relationship between the two variables. According to Lund and Lund (2018), a monotonic relationship exists when the two variables increase in value simultaneously or where, if one variable increases in value, the other variable decreases.

3.6 RELIABILITY AND VALIDITY OF DATA

All research methods must be reliable. According to Litwin (1995:6), “reliability is a statistical measure of how reproducible the survey instrument’s data are”. The reliability of a study therefore conveys how consistently the method applied in the research study, measures something (Middleton, 2019a).

The validity of a study is equally important as the reliability thereof. Validity of a study can be described as how accurately a method measures something. According to Middleton (2019b), the method applied to a study will be considered valid if the method measures what it claims to measure, and the results thereof closely agrees to “real-world” values.

Content validity is one of the main types of validity and can be defined as whether the test in a study is fully representative of what it aims to measure (Middleton, 2019b). In order for a study to provide valid content results, the applicable measurement methods should cover all the relevant aspects it aims to measure and not exclude any important aspects or include irrelevant aspects (Middleton, 2019b).

In this instance, the content collected through this study can be seen as valid as the survey conducted included all the relevant aspects the study aimed to measure. The questions included in the survey related to information required to achieve the research objectives and answer the research question guiding this study.

The face validity of a study can be interpreted as whether a measure used in the study is appropriate, relevant, and measures what it is supposed to measure (Bhandari, 2022). Face validity is of great importance as it can be seen as the initial step to measuring the overall validity of a test (Bhandari, 2022). To ensure that this study had face validity, Bhandari’s (2022) checklist of the measures was used, namely:

- The measure should be relevant to what it is measuring;
- The measure should be appropriate for the participants; and
- The measure should be adequate for the purpose it is being used for.

In testing the face validity of a study, it is also important to ask a variety of people - including experts and participants of that research study - for their views and input as different people provide valuable insights from different points of view (Bhandari, 2022). For this particular study, face validity was measured by the strong agreement between the different groups of people such as fellow researchers, experts and consumers.

The questions asked in the questionnaire were relevant to what this study aims to measure, and the questions were also appropriate and applicable for all participants. No participants indicated that they did not understand what was being asked and what was being measured. Based on the abovementioned, the study has good overall face validity.

Although face validity can be seen as an initial step, it is important to remember that it does not ensure overall good measurement. It is, therefore, essential that more complex forms of validity should be assessed (Bhandari, 2022). Thus, the validity of research can be seen as to which extent the scientific research requirements of a study have been met during the research process. According to Dudovskiy (2011), the validity of research may include the following points:

- The appropriate time scale to conduct the study was selected;
- The methodology chosen for the study was appropriate;
- The best suitable sample method for the study was selected; and
- Respondents in a study were not pressurised to take part in any way.

Dudovskiy (2011) states that there may always be threats to the reliability and validity of a study such as inappropriate time scales and methodologies chosen for the research. Researchers and all key role players should strive to minimise the above-mentioned risk as far as possible.

Following the above-mentioned points, this study was conducted within an appropriate time frame. The most appropriate research methodology was applied to ensure that the research question was answered, and research objectives achieved. The most appropriate sample method (given the time frame and accessibility of participants) was applied to ensure the most reliable responses were collected by respondents who voluntarily contributed to the study.

3.7 RESEARCH ETHICS

Bell, Harley and Bryman (2022) state some of the ethical considerations that were adhered to in this study. These include voluntary participation, informed consent, participants' right

to privacy, disclosure of findings or results, confidentiality and acknowledging the work of others.

All participants had the option to voluntarily take part in this research study and could withdraw at any time should they wish to. Participants also gave their full consent at the onset of the study and all the implications of partaking in the study were explained. The privacy of respondents and the information collected were kept confidential and the findings and results are available in aggregate, with no person being identifiable.

No work was plagiarised, and the work of others has been identified through proper referencing. At the onset of the research process, an Ethical Clearance document was obtained from the Faculty of Economics and Management Science's Ethics Committee. Therefore, this study adhered to the above-mentioned ethical considerations.

3.8 CONCLUSION

This chapter broadly explained the research design, research philosophy and research strategy. Furthermore, the data collection method and data analysis techniques were discussed, including the reliability and validity of the data. Finally, research ethics were examined. The next chapter will provide a detailed discussion of the data collected through the survey that was distributed to participants.

CHAPTER 4: DATA ANALYSIS AND PRESENTATION OF RESULTS

4.1 INTRODUCTION

The research question guiding this study is *How can a tax lottery system be implemented in South Africa to improve tax compliance behaviour?* Two specific research objectives were identified in order to answer this research question, namely:

- To identify factors that will motivate consumers to ask suppliers for (and submit) receipts for a tax lottery system; and
- To determine which platforms will create positive awareness for consumers and encourage their participation in the tax lottery system.

This chapter includes a discussion and analysis of the data collected. The process that was followed to sanitise the data to ensure that the data used was reliable and valuable is discussed. The different descriptive and inferential statistical analyses used to analyse the data are explored. Thereafter, a brief overview of the sample population is provided by analysing the background questions asked in the survey. This chapter concludes by addressing the main results relating to the objectives set out at the onset of this study.

4.2 DATA ANALYSIS PERFORMED

This study made use of a survey, more specifically a questionnaire, to assess the perceptions of consumers with regards to tax lotteries by identifying what would motivate them to participate in a tax lottery and which platforms would create positive awareness around a tax lottery. Different analysis techniques were used in the study, as the survey collected both quantitative and qualitative data (Dudovskiy, 2011). Descriptive statistics provided include frequency tables for nominal data and measures such as the mean and standard deviation for continuous data. Inferential statistics were then performed to test the hypothesis.

4.3 SANITISING THE DATA

The data collection instrument Qualtrics recorded a total of 165 consumer responses. These were responses received from both consumers and businesses. The data first had to be cleaned to ensure that the final responses used to perform the data analysis were complete and reliable. Responses were deemed incomplete if the response time recorded

was too short and if respondents indicated that they did not want to participate. Unreliable and unusable responses were eliminated using the following steps:

- i. *Step 1*: First, participants had to indicate whether they were willing to participate in the study. All the responses that had been recorded as “No” were then subsequently removed. A total of **22** responses were removed.
- ii. *Step 2*: Secondly, the researcher had to establish which sections of the data collected related to the consumer questionnaire in the survey and which sections related to the supplier questionnaire in the survey. Only the sections that related to the consumer questionnaire were used in this study after a total of 62 business responses were removed. The total responses relating to consumers amounted to **81**.
- iii. *Step 3*: To ensure reliable data, Step 3 filtered the results to only show responses that were at least 65% complete. A total of **19** consumer responses were removed.
- iv. *Step 4*: After filtering the responses based on the percentage of completion, the next filter applied was based on the time it took to complete the questionnaire. There was a total of 49 consumer questions that took an estimated time of 6 seconds per question. In total, the estimated time to complete the consumer questionnaire should have been 5 minutes. This step resulted in another (**1**) consumer response being removed.

Once the data were cleaned, there was a total of **61** usable consumer responses. The data were then coded to ensure that the statistical programme used could read the data and perform the necessary data analysis.

4.4 DESCRIPTIVE AND INFERENCE STATISTICS APPLIED

Descriptive statistics summarise and organise the characteristics of data (Bhandari, 2021). The main descriptive statistic used in this study was frequency tables of nominal and ordinal variables. According to Bhandari (2021), inferential statistics allows one to form an opinion or arrive at a certain conclusion that is based on a data set and will be used to test the research hypotheses.

Non-parametric tests were generally used in this study, as the sample size was relatively small, and the questions asked were mostly categorical. According to Glen (2022), non-parametric tests do not require the variables to have normal data distribution and therefore do not assume any underlying distribution. Advantageously, non-parametric tests make

fewer assumptions; they can also be used for all data types, even from a small sample. In contrast, the disadvantages of non-parametric tests include the fact that they may be more labour intensive and less powerful than parametric tests (Glen, 2022).

4.5 DESCRIPTION OF SAMPLE

This section provides a brief overview of the participants. All the participants were deemed to have given reliable and valid responses after following the steps to sanitise the data (as discussed in Section 4.3). The data was gathered through Qualtrics.

4.5.1 Demographic profile of respondents

The tables below display the demographic profile of the respondents. These demographical variables include the gender, age, ethnicity, province and monthly income of each participant.

4.5.1.1 Gender

When analysing the genders of the participants, as depicted in Table 3, just more than two-thirds (68.8%) were female. This may be because previous studies reviewed also indicated that females tend to be more cooperative and willing to comply (Wilks *et al.*, 2019).

Table 3: Gender of participants

| Gender | Frequency | Percentage |
|---------------|------------------|-------------------|
| Male | 18 | 29.5 % |
| Female | 42 | 68.9 % |
| Other | 1 | 1.6 % |

4.5.1.2 Age

The majority (66.6%) of the respondents were between 20 and 39 years of age. Only 9.8% of the respondents were between 60 and 69 years of age, with none 70 years or older.

Table 4: Age groups of participants

| Age Group | Frequency | Percentage |
|------------------|------------------|-------------------|
| 18 - 19 | 1 | 1.6 % |
| 20 - 29 | 23 | 37.7 % |
| 30 - 39 | 17 | 28.9 % |

| | | |
|-------------------|---|--------------------|
| 40 - 49 | 8 | 13.1 % |
| 50 - 59 | 5 | 8.2 % |
| 60 – 69 | 6 | 9.8 % |
| Prefer not to say | 1 | 1.6 ⁴ % |

4.5.1.3 Ethnicity

As depicted in Table 5, the study does not represent a fair distribution of ethnicity among the participants. This is because more than 50% of the participants were White (65.6%).

Table 5: Ethnicity of participants

| <i>Ethnicity</i> | <i>Frequency</i> | <i>Percentage</i> |
|-------------------------|-------------------------|--------------------------|
| Black | 18 | 29.5 % |
| White | 40 | 65.6 % |
| Indian | 2 | 3.3 % |
| Prefer not to say | 1 | 1.6 % |

4.5.1.4 Province

Participants in the survey were asked in which province they live for most months of the year. Table 6 below represents the distribution of participants across South Africa.

Table 6: Distributions of participants across South Africa

| <i>Province</i> | <i>Frequency</i> | <i>Percentage</i> |
|------------------------|-------------------------|--------------------------|
| Eastern Cape | 1 | 1.6 % |
| Free State | 2 | 3.3 % |
| Gauteng | 44 | 72.1 % |
| KwaZulu-Natal | 2 | 3.3 % |
| Limpopo | 1 | 1.6 % |
| North West | 2 | 3.3 % |
| Western Cape | 9 | 14.8 % |

It is evident in Table 6 above that the study does not have a fair representation of the distribution of respondents across South Africa. Most of the respondents in the study resided in Gauteng and the provinces represented the least were Eastern Cape and Limpopo. In addition, no representation of North West and Mpumalanga provinces existed.

4.5.1.5 Monthly income after tax

Participants were required to state their monthly incomes after tax, in order to establish if this would have an impact on their perceptions of tax compliance behaviour. As depicted in

⁴ Percentages do not add up to 100% due to rounding.

Table 7 below, most of the respondents earned a monthly income (after tax) of between R30 001 - R50 000 (31.4%), followed by those who earned an income of between R15 000 - R30 000 (23%).

Table 7: Respondent's monthly income after tax

| Monthly income bracket | Frequency | Percentage |
|-------------------------------|------------------|-------------------|
| < R 1 000 | 3 | 4.9 % |
| R 1 001 – R 5 000 | 5 | 8.2 % |
| R 5 001 – R 15 000 | 8 | 13.1 % |
| R 15 001 – R 30 000 | 14 | 23 % |
| R 30 001 – R 50 000 | 19 | 31.1 % |
| > R 50 000 | 10 | 16.4 % |
| Prefer not to say | 2 | 3.3 % |

The respondents' monthly income was above the average monthly earnings recorded by StatsSA (2022).

4.5.1.6 Summary

From the statistics stated and discussed above, the participants in this study were mostly female. In addition, the majority of the participants were between the age of 20 and 39, were White and resided in Gauteng. Almost a third (31.4%) of the respondents earned a monthly net income (after tax) of between R30 001 - R50 000. As the data was collected from a small sample and the convenience non-probability sampling method was used, the results cannot be generalised to the entire South African population.

4.6 FACTORS THAT MAY INFLUENCE CONSUMER PARTICIPATION IN A TAX LOTTERY

It is essential to gather more information on the perceptions of consumers regarding a tax lottery in South Africa, in order for it to be successful. One of the objectives of this study is to determine what would motivate consumers to participate in a tax lottery. The responses collected from the survey were analysed to determine any noticeable trends amongst consumers and how they perceived the tax lottery and certain aspects thereof.

4.6.1 Most preferable reward

In the survey, respondents were given a list of rewards that might motivate them to participate in a tax lottery. The different rewards were ranked from most preferred (1) to least preferred (5) as below:

- i. Q44.1 - Monetary value (Receiving an R1,000 cash prize);
- ii. Q44.2 - Vouchers from the applicable supplier worth an R1,000;
- iii. Q44.3 - Receiving a refund for the invoice value;
- iv. Q44.4 - Donating winnings to a charity; and
- v. Q44.5 - A certain percentage discount to use at the supplier.

The descriptive statistics of the data collected for this question indicated that anything of monetary value would be the most preferred reward, with 61.4% of the respondents ranking this option first. According to 52.6% of respondents, vouchers received from the applicable supplier were also a preferred method of reward. Just under half (47.4%) of the respondents indicated that a less preferred method or reward would be to donate the winnings to charity. Finally, 43.9% of the respondents indicated that receiving a percentage discount to use at the relevant supplier would be the least preferable. Based on these results, the first hypothesis that was tested is:

H₀: Age groups do not differ with regards to the reward they prefer

H₁: Age groups do differ with regards to the reward they prefer

A Kruskal-Wallis test was run to establish if there were statistically significant differences between the respondent's age groups concerning the preferable reward. A 5% level of significance was used. For this specific test, the age groups 18-19 and 20-29 were combined, as there were too few responses in the 18-19 group. From Table 8 below, it is clear that there was no statistically significant difference between the age groups of the respondents regarding the most preferred reward, as the statistical significance values are all greater than 0.05.

Table 8: Kruskal-Wallis test – Most preferred reward

| | Q44.1 | Q44.2 | Q44.3 | Q44.4 | Q44.5 |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|
| Kruskal-Wallis H Test Statistic | 1.801 | 0.288 | 0.728 | 1.866 | 1.326 |
| Asymptotic Significance | 0.615 | 0.962 | 0.867 | 0.601 | 0.723 |

Although there was no statistically significant difference, due to the decreased statistical power as a result of the small sample size, studying the mean ranks displayed in Table 9 below indicated that the most preferred reward for the older age groups would be something of monetary value or receiving a cash prize. The mean ranks also indicated that the least preferred reward in the older age groups would be receiving a certain percentage of discount to use at the supplier where they submitted their receipts.

Table 9: Mean ranks - Most preferred reward

| Ranks | | | |
|---------------|--------------|-----------|------------------|
| Reward | | N | Mean Rank |
| Q44_1 | 18 - 29 | 19 | 22.97 |
| | 30 - 39 | 14 | 25.75 |
| | 40 - 49 | 7 | 27.43 |
| | 50 - 59 | 7 | 19.86 |
| | Total | 47 | |
| Q44_2 | 18 - 29 | 19 | 24.66 |
| | 30 - 39 | 14 | 24.39 |
| | 40 - 49 | 7 | 21.71 |
| | 50 - 59 | 7 | 23.71 |
| | Total | 47 | |
| Q44_3 | 18 - 29 | 19 | 22.68 |
| | 30 - 39 | 14 | 26.11 |
| | 40 - 49 | 7 | 25.00 |
| | 50 - 59 | 7 | 22.36 |
| | Total | 47 | |
| Q44_4 | 18 - 29 | 19 | 26.92 |
| | 30 - 39 | 14 | 21.46 |
| | 40 - 49 | 7 | 21.64 |
| | 50 - 59 | 7 | 23.50 |
| | Total | 47 | |
| Q44_5 | 18 - 29 | 19 | 22.76 |
| | 30 - 39 | 14 | 23.79 |
| | 40 - 49 | 7 | 22.79 |
| | 50 - 59 | 7 | 29.00 |
| | Total | 47 | |

Once it was established that age groups did not influence the preferred reward, the preference per income group had to be tested. Thus, the next hypothesis tested is:

H₀: Income groups do not differ with regards to the reward they prefer

H₁: Income groups do differ with regards to the reward they prefer

A Kruskal-Wallis test was run to establish the statistically significant difference between the monthly income groups of the respondents concerning their most preferable choice of reward. Table 10 below depicts the results of the test.

Table 10: Kruskal-Wallis test - Monthly income and choice of most preferable reward

| | Q44.1 | Q44.2 | Q44.3 | Q44.4 | Q44.5 |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Kruskal-Wallis H Test Statistic | 1.861 | 1.091 | 7.087 | 0.953 | 6.217 |
| Asymptotic Significance (2-sided) | 0.761 | 0.896 | 0.131 | 0.917 | 0.184 |

It is evident from Table 10 above that there was no statistically significant difference between the monthly income level groups of the respondents with regard to the preferred reward. This is because the significance values were all greater than 0.05.

4.6.2 Consumer perception of the administration of a tax lottery

For a tax lottery to be effective in South Africa, the administration thereof would need to be efficient to ensure that it does not place a burden on the consumers. If the tax lottery were viewed as a process with administrative burdens for consumers, it may influence them against participation.

The survey included the statements mentioned below to assess what consumers would view as the most preferred option when submitting their receipts in the tax lottery, as this would also influence their motivation in supporting the tax lottery. Respondents were asked to rank the options from most preferred (1) to least preferred (7):

- i. Email the receipt to SARS;*
- ii. Dropping the receipt in a drum at a specified location (within 20km of where you reside);*
- iii. The supplier submits the receipt on my behalf, where I can verify the details of the submission online;*
- iv. By taking a photo of my receipt, and submitting the receipt using a free mobile phone app;*
- v. By taking a photo of my receipt and submitting the receipt via an SMS [short message service] at my own cost;*
- vi. Post the receipt to SARS at my own cost; and*
- vii. By submitting the receipt via an online platform, similar to submitting documents on the SARS e-Filing platform.*

From the results tabulated in Table 11 below, it is evident that the respondents preferred to take a photo of their receipts and submit the same on a free mobile application. The second preferred option to submit receipts would be for the consumers to email their receipts to SARS. It is also clear from Table 11 that the least preferred method to submit a receipt - which might also be viewed as a cumbersome process - would be to post the receipt to SARS at their own cost. Respondents are also of the view that dropping their receipts in a collection drum at a specified location would be burdensome.

Table 11: Most preferred methods to submit receipts in a tax lottery

| Variable: Statements in survey | Mean |
|---------------------------------------|-------------|
| Statement 1 | 3.05 |
| Statement 2 | 5.00 |
| Statement 3 | 3.18 |
| Statement 4 | 2.57 |
| Statement 5 | 4.57 |
| Statement 6 | 6.26 |
| Statement 7 | 3.36 |

4.6.3 Consumer perception with regards to tax compliance and the convenience thereof

The following questions were asked in the survey to gather information on the consumer perception of tax compliance in South Africa. Respondents were asked to use a 5-point rating scale, stating their level of agreement with the statements made:

- Q42.1 - *I believe that paying taxes and being tax compliant is the right thing to do;*
- Q42.2 - *Knowing there is a possibility that I could win a prize would motivate me to participate in the tax lottery;*
- Q42.3 - *I would like to participate in a tax lottery system where there is a possibility of receiving a reward;*
- Q42.4 - *I would like to participate in a tax lottery system as it is not only SARS' duty to ensure compliance, but each citizen can help improve tax compliance;*
- Q42.5 - *I do not view the process of asking for receipts and submitting the same by way of a mobile app in the tax lottery system as a burden; and*
- Q42.6 - *I do not view the process of asking for receipts and submitting the same by way of a local collection drum in the tax lottery system as a burden.*

The 5-point Likert scale provided several options, starting with 1. = *Strongly disagree*; 2. = *Disagree*; 3. = *Neutral*; 4. = *Agree* and finally 5. = *Strongly agree*. The following table and stack bar chart depict how the respondents agreed with the above-mentioned statements.

Table 12: Results of Questions 42.1 to 42.6

| | Q 42.1 | Q 42.2 | Q 42.3 | Q 42.4 | Q 42.5 | Q 42.6 |
|-------------------|--------|--------|--------|--------|--------|--------|
| Strongly disagree | 4.9 % | 0 % | 0 % | 1.6 % | 3.3 % | 32.8 % |
| Disagree | 4.9 % | 8.2 % | 4.9 % | 4.9 % | 11.5 % | 14.8 % |
| Neutral | 4.9 % | 16.4 % | 14.8 % | 9.8 % | 18 % | 14.8 % |
| Agree | 27.9 % | 39.3 % | 37.7 % | 41 % | 44.3 % | 27.9 % |
| Strongly agree | 57.4 % | 36.1 % | 42.6 % | 42.6 % | 23 % | 9.8 % |

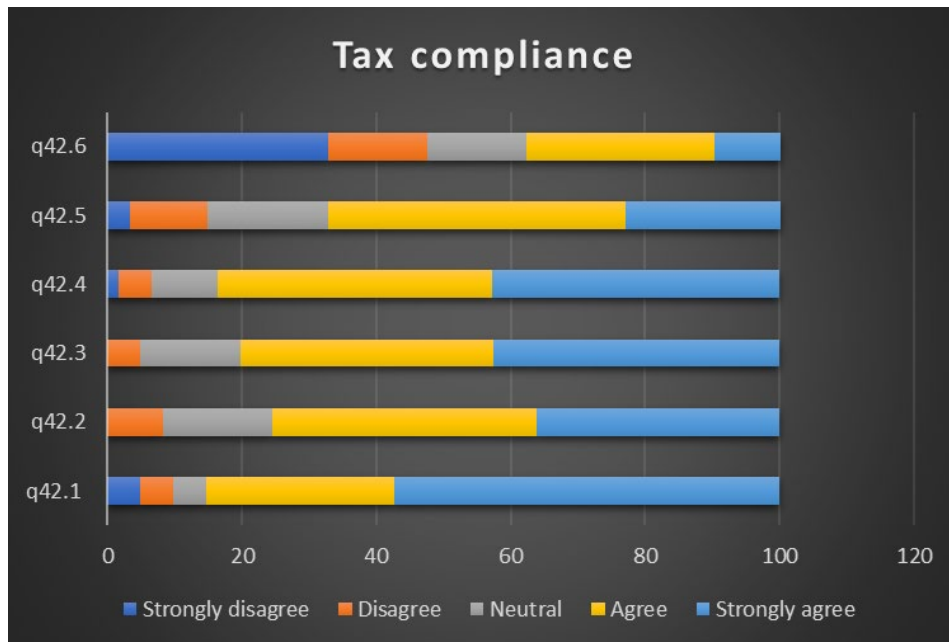


Figure 1: Results of Questions 42.1 to 42.6

The respondents' perceptions with regard to the above-mentioned statements can be summarised as follows:

- It is evident that most of the respondents agreed with tax compliance and that taxpayers should all pay their taxes due;
- The respondents would participate in a tax lottery if there was the possibility of winning a prize;
- The probability of winning a reward could act as a motivating factor to increase voluntary participation in a tax lottery. The results tabulated above also agree with Question 42.2 - that the respondents saw a reward as a motivating factor to participate in a tax lottery;
- Respondents mostly agreed with tax compliance and were also of the view that every taxpayer has a civic duty to improve tax compliance. It may also be said that taxpayers would participate in actions to assist SARS in collecting taxes due;
- The information gathered above is of great importance regarding the design of a tax lottery. As mentioned earlier, the success of a tax lottery will depend on the effectiveness thereof as well as how convenient it would be for taxpayers to cooperate;
- It is evident from the above that taxpayers did not see the process of asking and submitting receipts as a burden but would prefer a mobile application to assist with the process; and

- The respondents would mostly not be willing to submit receipts in a local collection drum. The assumption could be made that this process of submission would not motivate taxpayers to participate in a tax lottery.

From the results collected from the survey, it is evident that the respondents did feel strongly about tax compliance and that paying taxes is the right thing to do. Respondents also alluded that they would participate in a tax lottery if there were a possibility to win a reward. Therefore, knowing that they could potentially win a reward acted as a motivating factor for the respondents to participate in a tax lottery.

In light of the above, the process of asking for receipts and submitting the same by way of a mobile application was not viewed as a burden to respondents. From the results displayed, respondents indicated that submitting the receipts on a mobile application would be preferable and convenient. Therefore, tax lotteries should be designed efficiently so that consumers will not view the process as a burden.

All taxpayers should, however, have access to the necessary infrastructure to submit receipts because mobile applications would be the easiest and most convenient way to submit receipts. The use of mobile apps would, therefore, ensure that registering for the lottery or submitting receipts would not be a time-consuming or onerous process (which would act as a demotivating factor).

From the results above, it is also evident that taxpayers would not prefer to submit their receipts in a local collection drum. This process of submission may be seen as time-consuming and burdensome to taxpayers as they would have to drive to these collection points. This can be seen as demotivating to taxpayers as they may have the view that it will be a waste of time and petrol. Submitting receipts in a drum may also not be as convenient, effective, and trustworthy as submitting receipts on mobile applications.

Furthermore, a fair amount of studies previously conducted concluded that females tend to be more compliant than males; however, the introduction of a tax lottery increased male participation as it created a “gambling feel” (Wilks *et al.*, 2019). Cross-tabulation tests were run to determine whether there is any association between the gender of the respondents and their views on tax compliance and if a tax lottery was seen as a burden. A Pearson chi-square test of independence was performed to determine whether this point of view mentioned above will also be applicable between the genders in the current study. However, the results for the Pearson chi-square tests were too liberal in both instances -

more than 20% of the cells had an expected frequency of less than 5. Therefore, the FFH test was run to determine the statistical significance and strength of an association between gender and tax compliance factors mentioned above. The results for the FFH exact test have been tabulated in Table 13 below.

Table 13: Pearson chi-square test or FFH test - Association between gender and views on tax compliance and burden of a tax lottery

| Variables – Statement in survey | Pearson chi-square value | FFH test | Exact significance (2-sided) |
|---|---------------------------------|-----------------|-------------------------------------|
| I believe that paying taxes and being tax compliant is the right thing to do | | 3.068 | 0.578 |
| I do not view the process of asking for receipts and submitting the same by way of a local collection drum in the tax lottery system as a burden. | | 3.507 | 0.503 |

Only the two statements included above were used to determine whether the gender of the participants would have an impact on their view on paying taxes, being compliant and what they would view as burdensome with regard to the submission of receipts. Based on the above results, no statistically significant association exists between gender and the two statements above.

However, given the decreased power of these tests due to the small sample, the strength of the association was also investigated. The Cramer V value with regards to gender and the statement “*I believe that paying taxes and being tax compliant is the right thing to do*” was 0.514 and the Cramer V value with regards to gender and the statement “*I do not view the process of asking for receipts and submitting the same by way of a local collection drum in the tax lottery system as a burden*” was 0.498.

These values indicates that there were moderate positive relationships between the variables. Therefore, the gender of the participants did not play a significant role in how the survey’s questions were answered.

4.7 CONSUMER PERCEPTIONS REGARDING PLATFORMS TO CREATE A POSITIVE AWARENESS AROUND A TAX LOTTERY

There are a few factors that would need to be considered to ensure that consumers are motivated to participate voluntarily in a tax lottery. Additionally, following Larsen *et al.* (2019), the tax lottery would need to be promoted in a strategic way that is accessible to

consumers whilst simultaneously creating positive awareness around the tax lottery and what it aims to achieve.

The survey included questions to determine which platforms consumers most prefer to watch, read, or listen to the news and receive necessary information. These platforms include cell phones, the radio and TV.

For this study, the researcher firstly had to determine whether the respondents owned a smartphone and/or a TV. From the results, 88.5% of the 61 respondents indicated that they own a smartphone and 78.7% of the 61 respondents indicated that they own a TV. The results also indicated that among the respondents that did own a TV, the majority (being 44.3%) spent less than an hour (average) per day watching TV. However, 70.5% of the respondents indicated that they use their smartphones hourly.

From the results, it is evident that cell phones were the most preferred platform, presumably because they were the most convenient platform. Not all the respondents owned TVs; if they did, they still spent more time on their smartphones. Thus, Figure 2 below represents the preferred platforms on which to receive news.

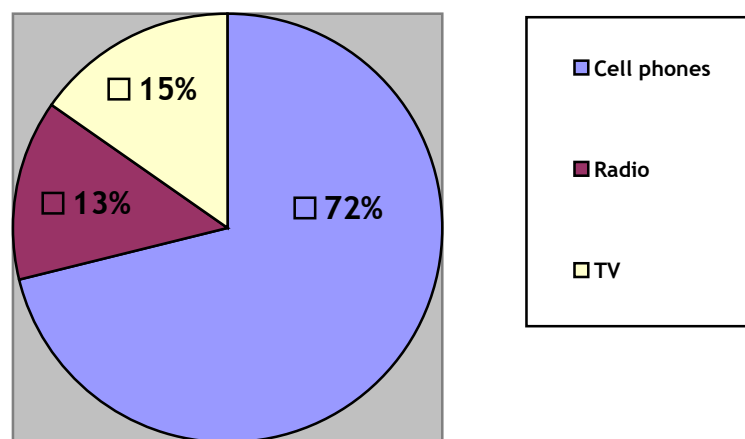


Figure 2: Most preferred platforms to listen to, read or watch the news

Cross-tabulation analyses were conducted to determine if there was any statistically significant association between the gender and age of participants, respectively, regarding the most preferable platform to catch up on any news. The hypotheses tested were:

H₀: The gender and age of participants will affect their choice of the most preferable platform to catch up on any news

H₁: The gender and age of participants will not affect their choice of the most preferable platform to catch up on any news

As more than 20% of the cells had an expected count of less than 5, the FFH exact test and Cramer’s V values were used for a symmetric measure of association. In Table 14 below, the results with regards to the gender and age of participants and their most preferred platform are depicted.

Table 14: Fischer Exact and Cramer’s V test - Association between gender and choice of platform to listen to, watch or read the news

| <i>Variables (Gender)</i> | <i>Fisher exact test</i> | <i>Exact significance (p-value)</i> | <i>Cramer V</i> |
|------------------------------------|--------------------------|-------------------------------------|-----------------|
| Gender and most preferred platform | 1.522 | 0.467 | 0.161 |
| Age and most preferred platform | 13.463 | 0.036 | 0.379 |

From Table 14 above, it is evident that there was no statistically significant association between gender and the most preferred platform. The Cramer V value also indicated a small association between these variables. In addition, there was a moderate statistically significant association between age and the most preferred platform. The Cramer V value also indicated a medium association between these variables.

These results thus show that gender did not have any essential impact on the choice of the preferred platform and there was no statistically significant association between the two variables. The age of the participants and the preferred platform did, however, have a statistically significant association. It is evident from the cross-tabulations performed that younger respondents preferred cell phones, whereas the older respondents leaned more towards TVs. These results are depicted in Table 15 below.

Table 15: Age group preferences regarding most preferred platform to listen to, watch or read news

| <i>Age group</i> | <i>Cell phones</i> | <i>Radio</i> | <i>TV</i> |
|------------------|--------------------|--------------|-----------|
| 18 – 29 | 75.0 % | 20.0 % | 5.0 % |
| 30 – 39 | 92.3 % | 7.7 % | 0.0 % |
| 40 – 49 | 57.1 % | 14.3 % | 28.6 % |
| 50 – 59 | 40.0 % | 20.0 % | 40.0 % |
| 60 – 69 | 50.0 % | 0 % | 50.0 % |

4.7.1 The views and perceptions of consumers with regards to the platforms from which information are received from SARS

Another important factor to ensure the successful promotion of a tax lottery is to determine if consumers are likely to pay attention to the information received from SARS and on which platforms they prefer to receive the information. The survey included two questions to determine if the respondents were likely to watch or listen to SARS adverts on the TV or radio or if are they more likely to read emails and SMSs received from SARS. The results confirmed that the respondents were more likely to read emails or SMSs rather than to watch or listen to SARS adverts on TV or radio. Furthermore, to explore if there was a relationship between the different views of consumers with regard to tax compliance and participating in tax lotteries and how likely they were to pay attention to the aforementioned information or adverts, a Spearman correlation coefficient test was calculated. The results are summarised in Table 16 below.

Table 16: Link between views on tax compliance, participating in tax lotteries and preference between TV and radio adverts or emails and SMSs received from SARS

| Variable combination | Spearman rank order correlation coefficient |
|---|---|
| Statement: <i>“I believe that paying taxes and being tax compliant is the right thing to do”</i> and how likely the respondents were to watch or listen to any adverts on TV or the radio relating to SARS and the payment of taxes. | 0.198 |
| Statement: <i>“I believe that paying taxes and being tax compliant is the right thing to do”</i> and how likely the respondents were to read emails or SMSs received from SARS. | 0.318* |
| Statement: <i>“Knowing there is a possibility that I could win a prize would motivate me to participate in the tax lottery”</i> and how likely the respondents were to watch or listen to any adverts on TV or the radio relating to SARS and the payment of taxes. | 0.282* |
| Statement: <i>“Knowing there is a possibility that I could win a prize would motivate me to participate in the tax lottery”</i> and how likely the respondents were to read emails or SMSs received from SARS | 0.268* |
| Statement: <i>“I would like to participate in a tax lottery system where there is a possibility of receiving a reward”</i> and how likely the respondents were to watch or listen to any adverts on TV or the radio relating to SARS and the payment of taxes. | 0.216 |

| | |
|---|---------|
| Statement: <i>“I would like to participate in a tax lottery system where there is a possibility of receiving a reward”</i> and how likely the respondents were to read emails or SMSs received from SARS. | 0.229 |
| Statement: <i>“I would like to participate in a tax lottery system as it is not only SARS' duty to ensure compliance, but each citizen can help improve tax compliance”</i> and how likely the respondents were to watch or listen to any adverts on TV or the radio relating to SARS and the payment of taxes. | 0.464** |
| Statement: <i>“I would like to participate in a tax lottery system as it is not only SARS' duty to ensure compliance, but each citizen can help improve tax compliance”</i> and how likely the respondents were to read emails or SMSs received from SARS. | 0.514** |
| Statement: <i>“I do not view the process of asking for receipts and submitting the same by way of a mobile app in the tax lottery system as a burden”</i> and how likely the respondents were to watch or listen to any adverts on TV or the radio relating to SARS and the payment of taxes. | 0.195 |
| Statement: <i>“I do not view the process of asking for receipts and submitting the same by way of a mobile app in the tax lottery system as a burden”</i> and how likely the respondents were to read emails or SMSs received from SARS. | 0.140 |
| Statement: <i>“I do not view the process of asking for receipts and submitting the same by way of a local collection drum in the tax lottery system as a burden”</i> and how likely the respondents were to watch or listen to any adverts on TV or the radio relating to SARS and the payment of taxes. | 0.076 |
| Statement: <i>“I do not view the process of asking for receipts and submitting the same by way of a local collection drum in the tax lottery system as a burden”</i> and how likely the respondents were to read emails or SMSs received from SARS. | -0.160 |
| ** Significant at 1% level. * Significant at 5% level. | |

The thresholds for the correlations above can be described as 0.1 - little if any association; 0.1 to 0.3 - weak association; 0.3 to 0.5 - moderate association and > 0.5 - strong association. A positive strong correlation (green) existed between the statement *“I would like to participate in a tax lottery system as it is not only SARS' duty to ensure compliance, but each citizen can help improve tax compliance”* and how likely the respondents were to read emails or SMSs received from SARS. Further positive (but moderate) correlations (yellow) were found between the statement *“I believe that paying taxes and being tax compliant is the right thing to do”* and how likely the respondents were to read emails or

SMSs received from SARS; and the statement *“I would like to participate in a tax lottery system as it is not only SARS’ duty to ensure compliance, but each citizen can help improve tax compliance”* and how likely the respondents were to watch or listen to any adverts on TV or the radio relating to SARS and the payment of taxes.

The above indicates that respondents who agreed strongly with participating in a tax lottery (as they were of the view that it is not only SARS’ duty to ensure tax compliance), were more likely to pay attention to SARS adverts or emails and SMSs received from SARS. Other combinations with a value < 0.3 were not discussed for this study.

4.7.2 Information provided on governmental blogs and social media

Respondents were more likely to prefer cell phones over radio or TV with regards to keeping up to date with news and important information from SARS. The survey, however, confirmed that not a lot of the respondents used their social media accounts to follow governmental blogs or pages. Only 32.8% of the 61 respondents followed governmental pages or blogs. A total of 9.8% of the 20 respondents that indicated that they did follow these pages, also indicated that they found the information provided useful.

Respondents were then given the option to indicate which social media platforms they used to follow governmental pages. These options included Facebook, Instagram, TikTok, Twitter, LinkedIn, YouTube and others. From the 20 respondents that followed governmental pages, the results indicated that most respondents only used Facebook or a combination of Facebook and other platforms (59%). The results collected from the 20 respondents that follow governmental pages are presented in Figure 3 below.

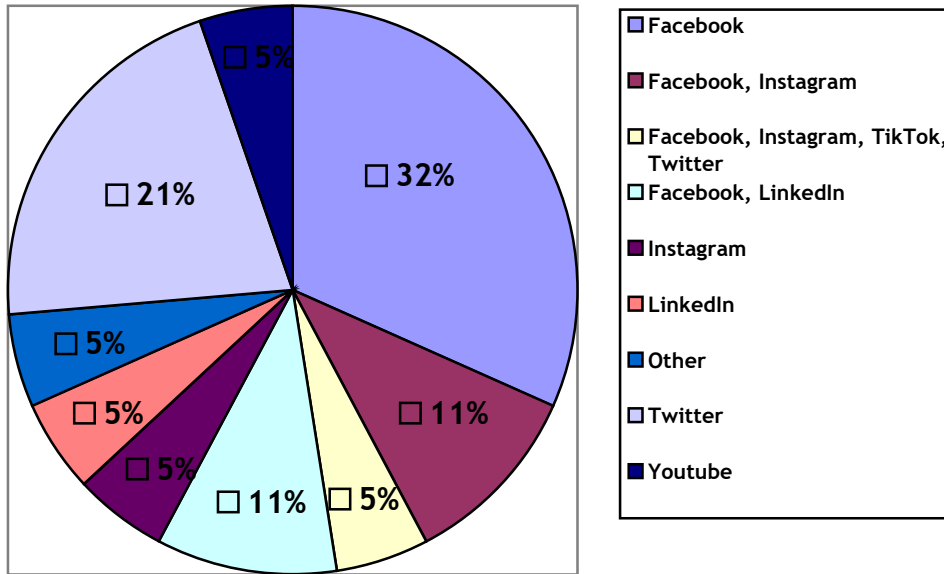


Figure 3: Most preferred social media platforms to follow governmental blogs or pages

Respondents were also asked to provide their most preferable platforms to receive information with regards to how a tax lottery would operate. The question consisted of six options and respondents were required to rank the options from most preferred (1) to least preferred (6). The options included social media, email communication, SMSs, TV/radio adverts, pamphlets/booklets and in-person discussions with a SARS representative.

The results from the survey confirmed that the most preferred channel of communication would be social media. The least preferred channel was in-person discussions with SARS representatives. The above results have been tabulated in order from the most preferred to the least preferred channel of communication. Table 17 below includes the percentage of respondents that ranked the stated channel of communication as the most preferred.

Table 17: Most preferred channels of communication from SARS

| Channel of communications | Percentage of respondent's preference |
|--|--|
| Social media | 51.0 % |
| Emails | 43.1 % |
| SMS | 39.2 % |
| TV / Radio adverts | 43.1 % |
| Pamphlets / Booklets | 49.9 % |
| In-person discussions with a SARS representative | 62.7 % |

4.7.3 The impact of receiving regular reminders and information on how a tax lottery works from key participants in the process

While it is important to promote a tax lottery strategically and efficiently, it is also important that the promotion be done by key role players that consumers view as trustworthy, in order for a tax lottery to be successful. It is also of great importance that consumers do not start viewing the adverts or emails as irksome, as they may stop participating voluntarily.

The survey, therefore, included two questions to determine if the respondents would prefer to receive a weekly or monthly reminder about participating in a tax lottery and whether their participation in a tax lottery may increase after receiving valuable information about the effectiveness of the tax lottery. The results of these two questions are presented in Figures 4 and 5 below, respectively.

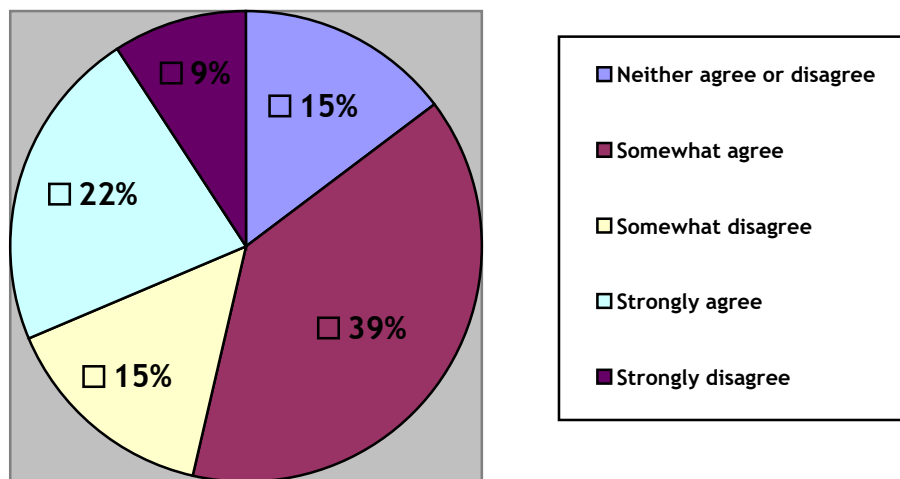


Figure 4: Respondents' preference for receiving weekly / monthly reminders to participate in a tax lottery system

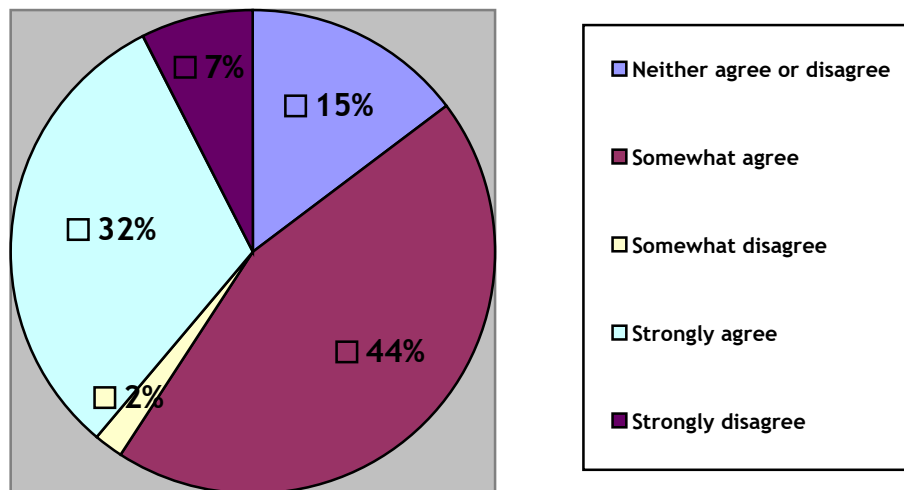


Figure 5: Participation in a tax lottery system would increase after receiving valuable feedback from key participants on the efficacy of the system

From Figure 4 above, the majority (61%) of respondents somewhat agreed/agreed to receive weekly/monthly reminders, which would lead to increased participation. This would be especially important at the commencement of a tax lottery, as consumers would not be used to participating in such a type of lottery and could easily forget until it became the norm. Therefore, weekly/monthly reminders could contribute to the strategic promotion of the tax lottery.

From Figure 5 above, just over three quarters (76%) of the respondents would trust the process and working of the tax lottery if they received feedback from key participants on how effective the tax lottery is and how it works, as they somewhat agreed or strongly agreed with the statement. Consumers would be more motivated to participate in the tax lottery if they received trusted or valuable evidence that the tax lottery was fair and effective rather than participating in hearsay instances.

4.8 CONCLUSION

This descriptive study aims to research the perceptions of consumers on how to successfully implement a tax lottery in South Africa by determining the factors that would motivate consumer participation in a tax lottery and which platforms could create a positive awareness regarding the tax lottery. In this chapter, the results from the survey conducted in the form of an online questionnaire were presented. Descriptive and inferential statistics on SPSS (the statistical software developed by IBM) were used to analyse the quantitative results.

With regards to motivating factors for consumers to participate in a tax lottery:

- The most preferable reward had a monetary value or cash prize;
- The least preferable reward was a percentage discount at an applicable supplier;
- The monthly income of the respondents did not have a significant impact on their choice of most preferable reward;
- The respondents mostly agreed that paying taxes was the right thing to do;
- Potentially receiving a reward when participating in a tax lottery did act as a motivator;
- Respondents did not see the submission of tax receipts as a burden if done through a mobile application, however, it would be seen as a burden if respondents had to post their receipts to SARS at their own cost, or submit it at a specified location.

With regards to which platforms to use to create a positive awareness around a tax lottery:

- The most preferred platform to listen to, watch or read the news was cell phones;
- There was no significant association between the gender of the respondents and their choice of the most preferred platform, however, there was a significant association between the age of the respondents and their choice of the most preferred platform. The older age groups preferred to watch the news on TV whereas the younger age groups mostly reflected cell phones as their preferred platform;
- It is noted that those respondents who viewed tax compliance as being the right thing to do were more likely to pay attention to SARS adverts or correspondence, however, emails and SMSs were preferable;
- Few respondents followed governmental pages or blogs on social media but those that did, used Facebook or Twitter as a platform; they also found the information provided moderately useful;
- Respondents indicated that they would prefer to receive information or correspondence from SARS via social media rather than in-person discussions with SARS officials; and
- Respondents would appreciate weekly or monthly reminders to participate in a tax lottery and informative feedback from experienced, key role players in the tax lottery, which would motivate consumers to participate.

In this chapter, the two objectives set out has been addressed by presenting fair results that assist in answering the research question guiding this study. The following chapter will aim to conclude the study by highlighting the main results and findings, as well as providing input on the study's limitations and areas for further research.

CHAPTER 5: CONCLUSION

5.1 INTRODUCTION

This chapter aims to provide an overview of whether the research question and research objectives set out at the onset of this study have been addressed. This chapter includes study limitations, recommendations for future research, as well as concluding remarks.

5.2 ADDRESSING THE RESEARCH QUESTION AND OBJECTIVES

The research question guiding this study was *How can a tax lottery system be implemented in South Africa to improve tax compliance behaviour?* The two research objectives set out to answer the abovementioned research question will be addressed in the sections that follow. They were:

- To identify factors that would motivate consumers to ask suppliers for (and submit) receipts for a tax lottery system; and
- To determine which platforms would create positive awareness for consumers and encourage their participation in the tax lottery system.

5.2.1 To identify factors that would motivate consumers to ask suppliers for and submit receipts for a tax lottery system.

Chapter 2 of this study provided a broad overview of tax compliance and the difficulties experienced regarding this concept in South Africa. Improving voluntary tax compliance behaviour of consumers is, therefore, the main reason behind the implementation of a tax lottery. From the literature review, it was discovered that the deterrence measures previously taken to ensure tax compliance from taxpayers had not necessarily resulted in favourable outcomes for the government. Thus, as made mentioned by Bornman and Stack (2015), tax lotteries were being popularised as a persistent theme in tax compliance literature to move towards positive encouragement for compliance.

Section 2.4, therefore, discussed factors that would motivate consumers to participate in a tax lottery voluntarily, to improve overall tax compliance behaviour. It was found that the design of a tax lottery would be the most important factor elaborating on the fairness and transparency thereof. The tax lottery should be equitable, simple, and efficiently administered. More important factors included the possibility of winning in a tax lottery and prize preference.

In Section 4.7, the results collected from the survey distributed indicated that these abovementioned factors were indeed important to the respondents. Most of the respondents strongly agreed that tax compliance was the right thing to do and thus, every citizen should contribute by paying their taxes due. With regards to the tax lottery itself, the respondents indicated their most preferred reward would be to receive something of monetary value and that they would prefer to submit receipts by using a mobile application. Respondents also cautioned about aspects of the tax lottery they would perceive as an administrative burden, such as posting their receipts to SARS or driving to a specified location to drop their receipts in a collection drum. Therefore, these results should be considered by policymakers when designing a tax lottery for South Africa.

5.2.2 To determine which platforms would create positive awareness for consumers and encourage their participation in the tax lottery system

Also included in Chapter 2 of this study was the discussion of which platforms to use to create a positive awareness concerning the tax lottery. In addition to the important role the motivating factors play, as discussed above, the promotion of a tax lottery is just as essential to ensure its success.

Section 2.5 elaborated on the fact that it was of great importance to ensure that consumers were aware of the tax lottery. If the tax lottery was not popularised, it would lead to minimised participation, thus negatively impacting the tax lottery. As stated by Larsen *et al.* (2019), the promotion of a tax lottery requires a well-thought-out strategy that is susceptible to all consumers on all levels. Therefore, the tax lottery requires positive promotion while simultaneously exposing the actual intention of the tax lottery.

Additionally, another important factor to bear in mind – specifically in a developing country such as South Africa – is the fact that not all consumers are tax literate. Education on the tax lottery in a language that all consumers understand would, therefore, be crucial to ensure that consumers fully understand the objective of the tax lottery and what it aims to achieve.

The results collected from the survey concerning platforms that would create a positive awareness around the tax lottery were discussed in Section 4.8. From these results, it was evident that consumers preferred cell phones as a platform to listen to, watch or read the news and/or receive important information. Results also indicated that respondents that agreed with the views on tax compliance stated in this study, would pay attention to SARS

adverts, news, and correspondence. It was found that the most preferred social media platform was Facebook; respondents also indicated that, overall, social media would be the preferred platform to receive information from SARS regarding the tax lottery system.

Respondents indicated that their participation in a tax lottery might increase if they were to receive valuable feedback from key participants with regard to the efficacy of the tax lottery. This result, therefore, substantiates the abovementioned statement - that the tax lottery requires strategic promotion and free and insightful education in a language understandable and accessible to all the different consumer groups in South Africa.

5.3 LIMITATIONS OF THE STUDY

The first limitation of this study was its sample size and demographics. The participants did not fairly represent the South African population when considering various demographic attributes. The participants were mostly white females which is not a fair representation of the gender and ethnic statistics in South Africa. Thus, generalisability is hindered. Furthermore, the small sample size impacted the exact power of the data analysis. However, the sample was acceptable for descriptive purposes.

The second limitation of the study was the fact that the survey was distributed electronically. This may have impacted the number of people reached, as not all taxpayers or potential participants have access to electronic devices to complete the survey.

5.4 RECOMMENDATIONS FOR FUTURE RESEARCH

It is evident from the limitations mentioned above that future research on the success of a tax lottery in a developing country such as South Africa is required. As with any other country, South Africa faces its own social and economic challenges which may hinder or impact the success of a tax lottery.

Future research based on a broader and bigger sample size may contribute to more exact results when analysing the data. The data collection tools or methods would also need to be adaptable to include paper-based surveys or questionnaires that could be distributed more widely to all participants (such as those that cannot access electronic devices). Additionally, the aim of future research should be directed at income tax, as most of the insights gained from studies conducted in the past relate to VAT.

5.5 CONCLUDING REMARKS

A persistent theme throughout the study was the fact that taxpayer non-compliance remains a continuous challenge for the government, as this hinders the collection of revenue and impacts service delivery. Various past studies substantiated the trend that tax lotteries have become more popular over recent years and may have a better outcome than the traditional stringent methods normally used to punish taxpayers for non-compliance.

Numerous factors should be taken into consideration to ensure the efficient and correct implementation of a tax lottery, which may lead to increased voluntary consumer participation. This, in turn, may have the effect of increasing the tax compliance of suppliers. Therefore, the implementation of a tax lottery could be beneficial for South Africa and lighten the burden imposed on the country that has been created by taxpayer non-compliance.

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APPENDICES

APPENDIX A: CONSUMER SURVEY AS SET OUT IN QUALTRICS

South-African Tax Lottery

Introduction

Dear Participant

You are invited to participate in an academic research study conducted by students studying towards an MCom degree in taxation from the Department of Taxation at the University of Pretoria.

The purpose of the study is to determine your opinion towards the implementation techniques of a tax lottery system, through which shoppers stand a chance to win prizes by submitting receipts of their purchases to SARS.

Participation in this online questionnaire is completely voluntary, and also completely anonymous. Since you cannot be identified, please answer the questions as honestly as possible. You may withdraw from the questionnaire at any time should you wish to do so by simply closing the survey window on your device.

The questionnaire should take you around 15 minutes to complete.

The results of the study will be used for academic purposes and may be published in an academic journal. Depending on the results of the study, the results (in an unidentifiable form) may be shared with SARS for further exploration. I will provide you with a summary of the findings upon request.

Please contact either Jeanine van der Lingen (JeanineKotze73@gmail.com), Jacqueline Viljoen (jacqui10viljoen@gmail.com) or Ramaredi Petje (ptunghp@gmail.com) if you have any questions or comments regarding the study.

Yes

No

Q1 Please indicate if you are currently operating your own business? (This includes if you are self-employed, a freelancer, if you operate a side-business, if you are an individual professional providing services to clients, or if you have a small-scale business)

Yes

No

Background Questions

Q2 What is your gender?

Male

Female

Other

Prefer not to say

Q3 What is your age?

18 - 19

20 - 29

30 - 39

40 - 49

50 - 59

- 60 - 69
- 70 - 80
- Older than 80
- Prefer not to say

Q5 What is your ethnicity?

- Black
- White
- Coloured
- Indian
- Asian
- Other
- Prefer not to say

Q6 In which province do you stay for the most months of the year?

- Gauteng
- Limpopo
- Northwest
- Mpumalanga
- KwaZulu-Natal
- Western Cape
- Eastern Cape
- Northern Cape
- Free State

Q7 In which province do you/your household make the majority of purchases/do your shopping?

- Gauteng
- Limpopo
- Northwest
- Mpumalanga
- KwaZulu-Natal
- Western Cape
- Eastern Cape
- Northern Cape
- Free State

Q8 What is your average monthly income after tax (e.g. your salary that gets paid into your bank account/drawings from your business/pension received/other income received)?

- < R1 000
- R1 001 - R5 000
- R5 001 - R15 000
- R15 001 - R30 000
- R30 001 - R50 000
- > R50 000
- Prefer not to say

Q9 How much do you/your household spend on purchasing household goods and services in an average month (such as food, clothing, furniture, maintenance services)?

- < R1 000
- R1 001 - R5 000
- R5 001 - R15 000

- o R15 001 - R30 000
- o R30 001 - R50 000
- o > R50 000
- o Prefer not to say

Q10 I am (choose the most applicable option):

- o An employee
- o Self-employed
- o A student
- o Retired
- o Not in paid employment / unemployed

Q11 How many members are in your household (including yourself)?

- o 1
- o 2
- o 3 - 4
- o 5 - 8
- o More than 8

Q12 Where are you currently operating your business? (tick each that apply)

- Gauteng
- Limpopo
- Northwest
- Mpumalanga
- KwaZulu-Natal
- Western Cape

- Eastern Cape
- Northern Cape
- Free State
- I have an online business

Q13 What is your average turnover monthly?

- < R4,167
- R4,167 - R10,000
- R10,001 - R50,000
- R50,001 - R83,333
- > R83,333
- Prefer not to say

Q14 For how long has your business been in operation?

- Less than 12 months
- Between 1 - 2 years
- Between 3 - 5 years
- Between 5 - 10 years
- More than 10 years

Q25 Assume that the Government has decided to implement a tax lottery system in South Africa, in which all shoppers can participate.

You will be able to use the receipt/invoice/till slip or a similar document (referred to as "receipts" within the survey) received for any purchases from a South African vendor/supplier as your "lottery ticket", which you can then submit to SARS to enter into the draw for this tax lottery where you then stand a chance to win prizes.

The purpose of the tax lottery system is to encourage business tax compliance by ensuring that all of its income is declared to SARS.

Q26 Do you have a social media account? (For example, Facebook, Instagram, Twitter, etc.)

Yes

No

Not sure

Q23 How many hours do you spend on social media a day?

Less than 1 hour

Between 1 to 2 hours

Between 2 to 4 hours

More than 4 hours

Q24 Please rank the following options of submitting a receipt to enter into the tax lottery according to your preference:

(Rank the options from 1 -7, 1 being the most preferred and 7 being the least preferred)

_____ Email the receipt to SARS

_____ Dropping the receipt in a drum at a specified location (within 20km of where you reside)

_____ The supplier submits the receipt on my behalf, where I can verify the details of the submission online

_____ By taking a photo of my receipt, and submitting the receipt using a free mobile phone app

_____ By taking a photo of my receipt, and submitting the receipt via an SMS at my own cost

_____ Post the receipt to SARS at my own cost

_____ By submitting the receipt via an online platform, similar to submitting documents on the SARS e-Filing platform

Q25 In the case where drums will be used for the lottery, how often are you willing to submit receipts to participate in a lottery drawing?

Weekly

Every two weeks

Monthly

I'm not willing to submit the receipt at a specified location.

Q26 In the case where a mobile app or an SMS will be used for the lottery, how often are you willing to submit receipts to participate in a lottery drawing?

Weekly

Every two weeks

Monthly

Q27 Please indicate which of the following options you prefer for a tax lottery:

I would prefer if drawings took place more regularly (e.g. weekly), with smaller prizes

I would prefer if drawings took place less regularly (e.g. monthly), with larger prizes

Q28 Please indicate which of the following options you prefer for a tax lottery:

I would prefer if more winners were picked for each lottery draw, with smaller prizes. (For example, winning one of 20 cash prizes of R10,000 each)

I would prefer if less winners were picked for each lottery draw, with larger prizes (For example, winning one of 2 cash prizes of R100,000 each)

Q35 How likely would you be to consider splitting your purchases in order to receive more receipts to submit to the lottery?

- Highly unlikely
- Somewhat unlikely
- Neither likely nor unlikely
- Somewhat likely
- Highly likely

Q36 In your opinion, if a minimum threshold was required on the value of a receipt to qualify as a "lottery ticket", what would you consider to be a reasonable value?

- Less than R100
- R100
- R500
- R1,000
- More than R1,000

Q37 Instead of a minimum threshold on a receipt, imagine that the lottery is structured in such a way that you receive a coupon for every R100 spent (including a coupon for a portion of a R100. For example, if your receipt is for R50 you will also receive one coupon). Each coupon can then be entered into the lottery and each coupon has an equal chance of winning.

Indicate your preference for the coupon system from 1 to 5, where 1 is that you strongly support the coupon system, and 5 is that you strongly support that each receipt, regardless of its value (but subject to the minimum threshold), be entered into the draw. 3 would indicate that you do not have a specific preference.

- 1 - Strongly support the coupon system
- 2 - Somewhat prefer the coupon system
- 3 - No specific preference

- o 4 - Somewhat prefer the single receipt system
- o 5 - Strongly support the single receipt system

Q38 To what extent do you agree with each of the following statements?

- o Strongly disagree
- o Somewhat disagree
- o Neither agree nor disagree
- o Somewhat agree
- o Strongly agree

If I were to win a tax lottery, I would likely share this with my friends and family by posting it on social media

I would be more likely to enter into a tax lottery by submitting receipts for my purchases if the results of the lottery were posted publicly on social media by SARS

Q39 I would prefer if the results of a tax lottery were announced via the following social media platforms (please tick all the apply):

- Facebook
- Instagram
- TikTok
- Twitter
- YouTube
- LinkedIn
- Other (please specify) _____

Q42 To what extent do you agree with each of the following statements?

- o Strongly disagree
- o Somewhat disagree

o Neither agree nor disagree

o Somewhat agree

o Strongly agree

I believe that paying taxes and being tax compliant is the right thing to do

Knowing there is a possibility that I could win a prize would motivate me to participate in the tax lottery

I would like to participate in a tax lottery system where there is a possibility of receiving a reward

I would like to participate in a tax lottery system as it is not only SARS' duty to ensure compliance, but each citizen can help improve tax compliance

I do not view the process of asking for receipts and submitting the same by way of a mobile app in the tax lottery system as a burden

I do not view the process of asking for receipts and submitting the same by way of a local collection drum in the tax lottery system as a burden

Q43 Kindly provide a reason(s) as to why this process would be a burden?

Q65 Please provide a reason(s) as to why you would voluntarily participate in a tax lottery system besides the possibility of being rewarded?

Q44 Which of the following rewards would motivate you to voluntarily participate in a tax lottery system? Kindly rank the options from 1 to 5 (with 1 being the most preferred and 5 being the least preferred)

_____ Monetary value (Receiving a R1,000 cash prize)

_____ Vouchers from the applicable supplier worth a R1,000

_____ Receiving a refund for the invoice value

_____ Donating winnings to a charity

_____ A certain % of discount to use at the supplier

Q45 Please indicate which option is the most applicable to you?

(Note - a smartphone is a phone capable of taking photos and of downloading mobile applications, etc)

- I currently own a smart mobile phone
- I don't currently own a smart mobile phone, but I share with someone else
- I don't use a mobile phone at all

Q47 How often do you use your mobile smartphone?

- Hourly
- Daily
- Weekly
- Monthly

Q48 To what extent do you agree with each of the following statements?

- Strongly disagree
- Somewhat disagree
- Neither agree nor disagree
- Somewhat agree
- Strongly agree

I regularly make use of mobile applications for my day-to-day activities

I am interested in downloading new mobile applications to improve my daily tasks, for example, finance, or utility applications

I would consider downloading a free mobile app that allows me to submit my receipts for a tax lottery by taking a photo of my receipt and uploading it onto the app

I think that a mobile application can make the process of submitting a receipt for the tax lottery convenient and user friendly

I would be more likely to report vendors for not providing me with a receipt if I can report these complaints through an anonymous hotline via an online website

I am comfortable with navigating new mobile phone applications

I have sufficient access to internet connectivity to make use of a mobile application to submit my receipts

I would be more likely to make use of a mobile application to enter into a tax lottery, if the app included an option to donate my winnings to charity

I would appreciate a functionality included in a tax lottery mobile application where the app notifies me of the results of the lottery as well as whether I've won any prizes

I would appreciate a functionality included in a tax lottery mobile application where the app sends me a reminder to submit my receipts before the entry period ends

Q49 Please state your biggest concern, if any, in respect of using a mobile application to enter into a tax lottery system

Q50 Do you have a TV at home?

- Yes
- No

Q51 Approximately how many hours do you spend watching TV per day on average?

- Less than 1 hour
- 1 to 2 hours
- 2 to 3 hours
- 3 to 4 hours
- More than 4 hours

Q51 Which of the following channels do you prefer to listen, watch or read the news and daily updates?

- o Radio
- o TV
- o Cell phone
- o None of the above

Q52 What time of the day are you more likely to be watching TV?

Any time between the following (You may choose more than one option):

- 5h00 to 8h00
- 8h00 to 12h00
- 12h00 to 16h00
- 16h00 to 18h00
- 18h00 to 20h00
- 20h00 to 22h00

Q53 What time of the day are you more likely to be listening to the radio?

Anytime between the following (You may choose more than one option):

- 5h00 to 8h00
- 8h00 to 12h00
- 12h00 to 16h00
- 16h00 to 18h00
- 18h00 to 20h00
- 20h00 to 22h00

Q54 How likely are you to watch or listen to any adverts on TV or the radio relating to SARS and the payment of taxes?

- o Highly unlikely

- Somewhat unlikely
- Neither likely nor unlikely
- Somewhat likely
- Highly likely

Q55 How likely are you to read emails or SMS's you receive from SARS?

- Highly unlikely
- Somewhat unlikely
- Neither likely nor unlikely
- Somewhat likely
- Highly likely

Q56 Do you follow any Governmental pages / blogs on social media?

- Yes
- No

Q57 Do you find the information provided on these Governmental pages or blogs useful?

- Not at all useful
- Slightly useful
- Moderately useful
- Very useful
- Extremely useful

Q58 With regards to the question above - Kindly provide a reason(s) for your answer.

Q59 If you follow any Governmental pages / blogs on social media, please tick the relevant social media platforms:

- Facebook
- Instagram
- TikTok
- Twitter
- YouTube
- LinkedIn
- Other

Q60 Kindly elaborate on the above question if your answer was "Other"

Q61 Kindly rank the following options from 1 to 6 (With 1 being the most preferred and 6 being the least preferred)

I will participate in a tax lottery system if I receive valuable information on how the system works via the following channels:

_____ Social media

_____ Emails

_____ SMS

_____ TV / Radio adverts

_____ Pamphlets / Booklets

_____ In-person discussion with a SARS representative

Q62 To what extent do you agree with each of the following statements?

- Strongly disagree
- Somewhat disagree

o Neither agree nor disagree

o Somewhat agree

o Strongly agree

I would prefer receiving weekly / monthly reminders to participate in a tax lottery system

I would more likely participate in a tax lottery system after receiving valuable feedback from key participants on the efficacy of the system

Q63 If applicable, please provide any concerns that you may have with the implementation of a tax lottery system in South Africa

APPENDIX B: DECLARATION OF PLAGIARISM



UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

DEPARTMENT OF TAXATION

Declaration Regarding Plagiarism

The Department of Taxation emphasises integrity and ethical behaviour with regard to the preparation of all written assignments. Although the lecturer will provide you with information regarding reference techniques, as well as ways to avoid plagiarism (see the "Guidelines on Referencing" document), you also have a responsibility to fulfil in this regard. Should you at any time feel unsure about the requirements, you must consult the lecturer concerned before submitting an assignment.

You are guilty of plagiarism when you extract information from a book, article, web page or any other information source without acknowledging the source and pretend that it is your own work. This does not only apply to cases where you quote the source directly, but also when you present someone else's work in a somewhat amended (paraphrased) format or when you use someone else's arguments or ideas without the necessary acknowledgement. You are also guilty of plagiarism if you copy and paste information directly from an electronic source (e.g., a web site, e-mail message, electronic journal article or CD-ROM) without paraphrasing it or placing it in quotation marks, even if you acknowledge the source.

You are not allowed to submit another student's previous work as your own. You are furthermore not allowed to let anyone copy or use your work with the intention of presenting it as his/her own.

Students who are guilty of plagiarism will forfeit all credits for the work concerned. In addition, the matter will be referred to the Committee for Discipline (Students) for a ruling. Plagiarism is considered a serious violation of the University's regulations and may lead to your suspension from the University. The University's policy regarding plagiarism is available on the Internet at <http://www.library.up.ac.za/plagiarism/index.htm>.

For the period that you are a student at the Department of Taxation, the following declaration must accompany all written work that is submitted for evaluation. No written work will be accepted unless the declaration has been completed and is included in the particular assignment.

| | Student |
|---------------------------|--------------------|
| I (full names & surname): | Jacqueline Viljoen |
| Student number: | 13237455 |

Declare the following:

1. I understand what plagiarism entails and am aware of the University's policy in this regard.
2. I declare that this assignment is my own, original work. Where someone else's work was used (whether from a printed source, the Internet or any other source) due acknowledgement was given and reference was made according to departmental requirements.
3. I did not copy and paste any information directly from an electronic source (e.g., a web page, electronic journal article or CD ROM) into this document.
4. I did not make use of another student's previous work and submitted it as my own.
5. I did not allow and will not allow anyone to copy my work with the intention of presenting it as his/her own work.

A handwritten signature in black ink, appearing to be 'J. Viljoen', written over a horizontal line.

