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Tax Talk: What Online Discussions about Tax Reveal about Our Theories

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Abstract

We present an analysis of over 400 comments about complying with tax obligations extracted from online discussion forums for freelancers. While the topics investigated by much of the literature on taxpayer behaviour are theory-driven, we aimed to explore the universe of online discussions about tax in order to extract the topics that are most relevant to taxpayers. The forum discussions were subjected to a qualitative thematic analysis, and we present a model of the ‘universe’ of tax as reflected in taxpayer discussions. The model comprises of several main subjects (tax laws, tax authority, tax practitioners, and the taxpayer’s social network) and describes the multiple ways in which they influence taxpayers’ behaviour. We also conduct a more focused analysis to show that the majority of taxpayers seem unconcerned with many of the variables that have been the focus of tax behaviour research (e.g., audits, penalties, etc.), and most people are motivated to be compliant are more concerned with *how* to comply than *whether* to comply. Moreover, we discuss how these ‘real-world’ tax discussions question long-held assumptions in the study of tax behaviour.

Keywords: tax behaviour, tax compliance, tax evasion, online discussion, thematic analysis

“Whether you can observe a thing or not depends on the theory which you use. It is the theory which decides what can be observed.” (Albert Einstein)

While Einstein’s observation referred to quantum mechanics, it is none less true for any field of knowledge where systematic empirical testing of theory is central, including economics and social sciences. Theoretical frameworks focus researchers on specific variables, and in turn these researchers collect and analyse those data that are relevant to understanding their variables of interest. While such systematic testing of theory is essential, it also means that certain data are never observed because they are not the focus of current theories. In this paper, we explore one particular field of study and attempt to reveal such data that have escaped systematic observation due to the focus of current theories in the field: the study of taxpayers’ compliance decisions.

When the Australian billionaire and media tycoon Kerry Packer was asked about his tax affairs during a public inquiry, he said: “Now, of course, I am minimizing my tax, and if anybody in this country doesn't minimize their tax they want their heads read”. While Kerry Packer’s position may seem controversial to some, it will seem natural to others; in the research environment, ‘head-reading’ efforts have attempted to establish the factors that explain this variation in how people make tax compliance decisions (for recent literature reviews, see Hashimzade, Myles, & Tran-Nam, 2013; Kirchler, 2007; Pickhardt & Prinz, 2013).

Tax behaviour research has seen contributions from various disciplines, approaches, and theoretical positions. However, the field has been dominated by theoretical and laboratory-based research, research that is primarily driven by researchers’ assumptions (see Boll, 2013; Oats, 2012). The mainstream approach has been to test theoretically-derived models of behaviour empirically, usually by eliciting people’s responses to a task (e.g., filling in a questionnaire, taking part in an experiment, etc.). Our approach in this paper very different: we collect and analyse *naturally-occurring data* on tax behaviour (online discussions) in a *qualitative* manner. We look at how people’s discussions confirm what we know about tax behaviour, and also if there are

differences between how people talk about tax ‘in the real-world’ and current results and assumptions in the literature.

Some of our findings are in line with previous thinking about tax compliance behaviour; other findings indicate the need to revisit assumptions we make about phenomena we study. But, most of all, our interrogation of naturally-occurring discussions reveals some blind spots in research on tax compliance behaviour. We will dedicate the largest part of this paper to discussing findings of the analysis and their relationship with existing literature. Beforehand, we make a brief incursion into research on tax compliance to serve those readers less familiar with this field.

Very Brief Overview of Tax Compliance Research

The first works to look at tax compliance as an individual psychological decision were published by Günter Schmolders from the 1950s onwards (see, for instance, Schmolders, 1959). Although an economist himself, Schmolders (1959) advocated the need to use psychology to understand fiscal behaviour; and he was particularly interested in how people make compliance decisions based on their values or belonging to certain social groups (profession, ‘social class’, etc.). A number of later works answered his call, constructing models of tax compliance that would take into account the variety of psychological and social factors involved in compliance decisions (e.g., personal values, attitudes, social norms, peer effects, and other such factors) (see, for example, Lewis, 1982; Weigel, Hessing, & Elffers, 1987; for an overview, see Webley, 1991). More recently, psychologists studying tax behaviour have looked in depth at several psychological factors related to compliance, such as social norms (e.g., Wenzel, 2004), perceptions of tax authorities (e.g., Kirchler, Hoelzl, & Wahl, 2008), stance towards authorities and government (Braithwaite, 2009), and even the ‘mental accounting’ involved in dealing with one’s tax affairs (Adams & Webley, 2001).

A different stream of tax compliance research was developed in economics in the early 1970s on the foundation of Gary Becker's (1968) economics of crime model, a model that posits that

criminal decisions can be viewed as rational choices: criminals weigh up the level of penalty and the probability of being caught, and make a rational decision following a cost-benefit analysis. This approach applied to tax evasion decisions has come to be known as the ‘classic model’ of tax compliance (Allingham & Sandmo, 1972; Yitzhaki, 1974). Many authors subsequently noted the failure of the classic model to predict realistic evasion levels (see Andreoni, Erard, & Feinstein, 1998), and several attempts have been made to improve the model (for a review, see Hashimzade, Myles, & Tran-Nam, 2013), for instance by considering the role of social norms in deterring tax evasion (Myles & Naylor, 1996).

As with many branches of applied economics, the perceived failure of the ‘classic model’ based on taxpayers as rational actors was noted by behavioural economists (see Alm, Sanchez, & de Juan, 1995). Many behavioural studies instead framed evasion decisions in the context of public goods games (i.e., tax is seen as something that all benefit from; however, individuals may be tempted to evade paying their share and still get a share of everyone else’s contribution). Studies looked at how different variations of the public goods game alter people’s decision to evade contributing to the public goods; such variations include, for example, participants having agency over penalty levels (Alm, McClelland, & Schulze, 1999), the role of different tax rates for income brackets (Bosco & Mittone, 1997), and others.

Broad Assumptions in the Tax Compliance Literature

As pointed out elsewhere (Oats, 2012), the vast majority of works looking at tax compliance are situated in a positivistic research paradigm, that is, they employ systematic data collection (e.g., survey, experiment) and/or mathematical analyses to validate research hypotheses. While this approach has clear benefits in providing rigorous answers, its drawback is that hypotheses rely heavily on researchers’ assumptions of what is important for tax behaviour. To give one example, as outlined above, Allingham and Sandmo (1972) posit that audits and penalties are essential to understanding compliance decisions. As such, researchers’ theoretical and empirical analyses will become geared towards refining our understanding of the role of audits and

penalties. They, however, tell us nothing about the validity of our initial assumptions that audits and penalties are indeed important for the tax behaviour of most individuals. In a laboratory experiment, changing audit rates may produce an important effect on behaviour because we control the effect of all other factors, but in ‘the real-world’, outside the lab, audit rates may be one of the least important things considered by taxpayers. In the current study, we attempt to provide an exploration of what is important for taxpayers ‘in the real-world’, and compare the results of this exploration with current assumptions in the tax compliance literature. Before we describe our approach and method, we discuss below some *specific assumptions* that we believe *underlie tax compliance research*.

1. **Regarding tax behaviour, people’s chief concern is deciding whether to comply or not.** Most research has been geared towards understanding the tax compliance decision: to evade or not to evade. However, in reality, many taxpayers do not know and struggle to find out *how* to comply, rather than *whether* to comply, spending time on deciphering the complexity and abstractness of the tax code (Alm, Cherry, Jones, & McKee, 2010). Tax authorities estimate that a large section of people are willing to comply but don’t know how to do so, a much larger proportion than people who would contemplate breaking the law (“SME Customer Segmentation,” 2010). Certainly, it is essential to study the compliance decision, but focusing solely on this decision may make us assume that the compliance decision is central to taxpaying behaviour. In reality, this decision may be irrelevant for a large swathe of taxpayers.
2. **Compliance is a binary variable.** In order to operationalise the tax compliance decision as simply as possible, the vast majority of studies of tax compliance assume two distinct options for the individual: to evade or to be fully compliant. However, as some have pointed out, ‘real-world’ compliance is far from binary. The complexity of compliance is illustrated by the existence of different types of compliance (e.g., voluntary versus enforced compliance, see Braithwaite, 2009; Kirchler & Wahl, 2010), or by situations of taxpayers taking advantage of

legal ‘grey areas’ to drastically minimise tax while still complying with the letter of the law (tax avoidance, Kirchler & Wahl, 2010; creative compliance, McBarnet, 2004). While tax evasion may be defined as evading taxes with intent (McBarnet, 2004), it may be very difficult to determine whether misreporting on a tax return is due to evasion intent or error. In the attempt to simplify compliance to a binary decision for research purposes, it may be that such simplification bears little resemblance to the complexity of realistic tax compliance behaviour.

3. **The taxpayers and the tax authority are the main actors.** The majority of studies have looked at the relationships between taxpayers and the tax authority, to the detriment of other ‘actors’ such as peer groups, accountants and legal advisors, etc. (for a review, see Pickhardt & Prinz, 2013). Although it may seem that the actions of tax authorities are most important for tax compliance (i.e., by employing certain audit strategies, having a customer-focused approach, etc.), research has not focused in as much detail on the role of other ‘actors’.
4. **Taxpayers are concerned with audit rates and penalty levels.** As several authors have noted (e.g., Andreoni et al., 1998; James & Alley, 2002; Kirchler, 2007), the field of tax compliance has been dominated by the economics-of-crime approach to tax evasion (Allingham & Sandmo, 1972), that is, that taxpayers make evasion decisions following a cost-benefit analysis that takes into account the income loss if caught evading (penalty) and the probability of being caught (audited). In this paradigm, raising penalty levels and conducting more audits produces higher compliance levels; often called the deterrence approach (Alm & Torgler, 2011), this paradigm stresses the importance of people’s assessment of penalty and audit levels for compliance decisions.
5. **Alternatively, taxpayers base their decisions on social norms.** Many have noted the failure of the deterrence model to explain why some people would not evade taxes even if penalties and audits never existed (e.g., Wenzel, 2004), as well as its failure to predict the high compliance levels observed in reality (Andreoni et al., 1998). As such, to explain why

compliance levels are higher than expected, many researchers propose that social norms account for why so many people comply when the ‘rational’ choice would be to evade. Evasion is thought to be mitigated by strong norms against evasion (e.g., Bobek, Roberts, & Sweeney, 2007; Wenzel, 2005), whether that is because people fear the negative consequences of reputation loss (Myles & Naylor, 1996) or because strong norms signal that most other taxpayers are willing to contribute to the public goods (Frey & Torgler, 2007).

The Current Study

As outlined above, certain broad assumptions seem to underpin much of research on tax compliance. However, there is little exploration of the extent to which these assumptions are relevant for tax behaviour as a whole. As we briefly discussed, there is reason to doubt that some of these assumptions readily reflect the reality of paying tax for many individuals. To explore individuals’ reality in depth, qualitative methods of inquiry may prove more effective (for an overview of qualitative methods in tax research, see Oats, 2012), particularly when the researcher is merely observing tax compliance processes without intervening (as opposed to, for instance, surveying taxpayers). Observation of naturally-occurring behaviour has been used extensively in the social sciences (for an example of ethnographic observation of tax audits, see Boll, 2013). In this study, we collect and analyse naturally-occurring interactions, but in an online environment (what is sometimes termed “netnography” in business and organisational studies, see Kozinets, 2002; see also Garcia, Standlee, Bechkoff, & Cui, 2009; Hine, 2000). We present an analysis of discussions about tax on online forums for self-employed individuals; this analysis is not focused by particular hypotheses – it is an open exploration of the tax behaviour ‘universe’ as reflected in people’s discussions about tax.

Method

Data Collection

The dataset analysed consists of over 400 user comments about tax on discussions forums for self-employed professionals in the UK. The dataset comprises of 144 conversations on these forums: a forum user asks a question or raises an issue related to tax which is followed by others users replying, debating, advising, sharing their own experience, etc. These online forums are not specialised tax forums, but general forums for individuals who work as freelancers and/or run micro-businesses, where individuals will discuss a wide range of issues (e.g., how to start and run a business, how to advertise products, etc.), including legal issues and taxation.

This particular data collection strategy was preferred for several reasons. First, we focused on general forums rather than those specialised on tax issues because we aimed to collect conversations relevant to people who have no expertise or keen interest in taxation. Second, we chose to focus on self-employed individuals, as they represent a relatively simple case for understanding tax compliance (as opposed to taxation in small or even medium-sized businesses where decisions are more complex, often being distributed among directors, involving a larger number of taxes, etc.). Third, we chose online discussion forums as opposed to other social media because discussions on these forums tend to be more elaborate than those usually posted on social networking sites, allowing more depth to the analysis.

We chose to focus on the UK rather than include more countries because narrowing the focus allowed a more comprehensive data collection strategy. Although we do not make any claims regarding how representative the comments collected are for all discussions about tax among UK self-employed professionals, we have endeavoured to select the most prominent forums for a range of certain occupations, and included all comments about tax on those forums. Most of the comments included in the analysis were collected on a general discussion forum for freelancers, but we also aimed to include specialised forums for particular professions (those

included here are forums for artists, designers, construction industry professionals, nurses, doctors, beauticians and hairdressers, and IT contractors). The selection of these groups, however, is not intended to imply that behaviour in these groups is different from the wider population.

To make sure we include all potentially relevant discussions, we selected from the relevant forums all the discussions that contained the term ‘tax’, and subsequently eliminated from the dataset only those where ‘tax’ was used to refer to something other than taxation (e.g., people using ‘taxing’ to mean ‘demanding’). Data was collected in late 2013 – early 2014, but some of the comments were posted as early as 2003, although most were much more recent. All the information collected is publicly-available, and did not require the researcher to register as a forum user in order to access it.

Thematic Analysis

To analyse the conversations we employed thematic analysis (Braun & Clarke, 2006). Considered the most widely used qualitative analysis method, thematic analysis provides a systematic approach to extract meaning from text data (Braun & Clarke, 2006). We used qualitative analysis software (NVivo), and began by open-coding all the comments in the dataset (i.e., a process of assigning a label to each comment relevant to its content, for instance ‘tax authority’ or ‘fine’). This process allowed the creation of a set of categories that were further refined, that is, similar themes were merged, or large and heterogeneous themes were split into sub-themes. This iterative process of refining categories while ensuring they are true to the underlying data ultimately produced a number of themes that presents our interpretation of all the data collected. As Braun and Clarke (2006) argue, because thematic analysis is a flexible method of analysis when compared to most other qualitative methods that have strict methodological and philosophical underpinnings, it is important for researchers to acknowledge their particular philosophy in analysing the data; our stance in this particular study is a realist one that assumes

people's talk is reflective of thoughts, attitudes, or motivations (Potter & Wetherell, 1987; for a discussion of the different epistemologies in thematic analysis, see Braun & Clarke, 2006).

Results and Discussion

We begin by discussing the themes that emerged from our data analysis, and follow this presentation with a discussion of the broad assumptions in the tax compliance literature we identified in the introduction – whether and how these assumptions are reflected in naturally-occurring discussions among taxpayers.

Model and Findings

The results provide an overview of the content of discussions analysed. Figure 1 presents the data categories and their relationships. Following presentation of the model, we discuss each theme in detail, providing quotations from the dataset to illustrate each of the themes (quotations have been paraphrased in order to maintain confidentiality).

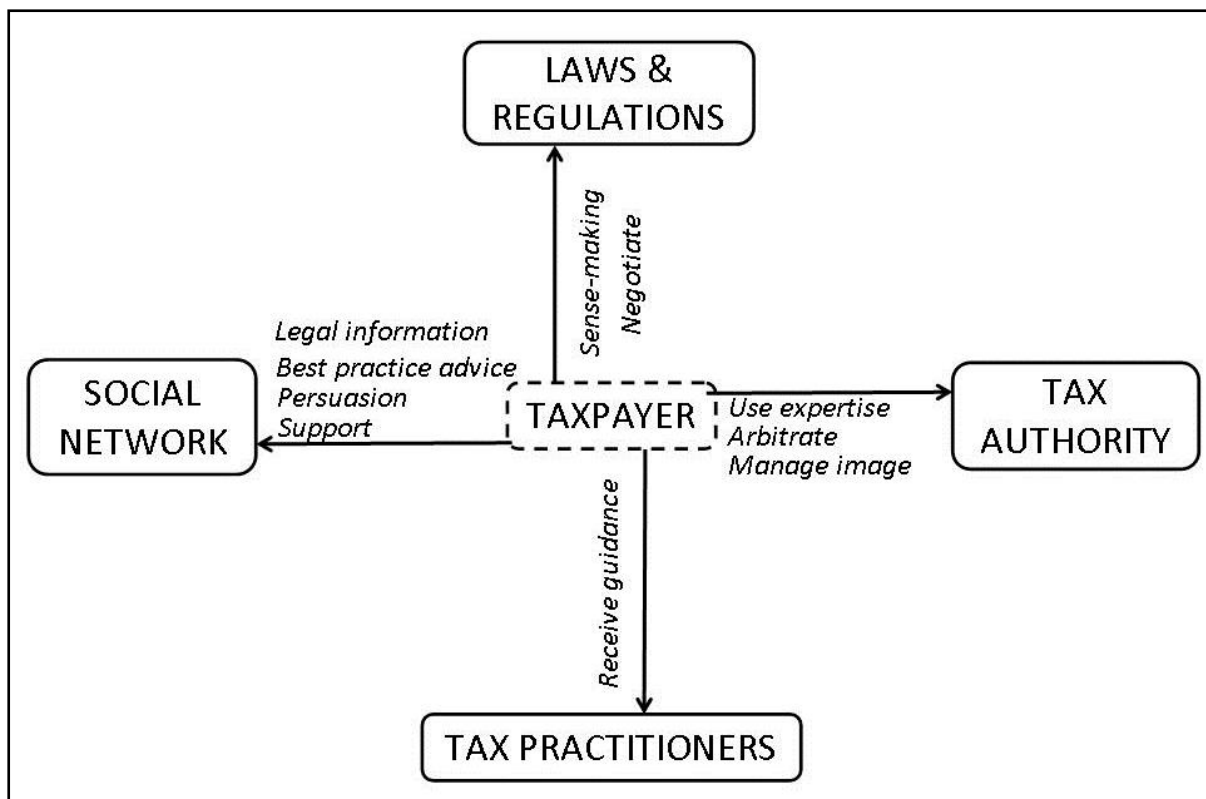


Figure 1. Theoretical model

The model presented in Figure 1 serves to illustrate and organise the main themes in the dataset. To organise the themes, we identified the main ‘actors’ in these tax discussions, and then the sub-themes that reflect the relationship between the taxpayers and these ‘actors’. In the process of dealing with his or her tax affairs, the taxpayer deals with: (1) the laws and regulations relating to tax compliance, (2) the tax authority, (3) tax practitioners, and (4) the wider social network of the taxpayer (for example, co-workers, members of the same professional group, family and friends, etc.). We focus below on how all these ‘actors’ are reflected in the comments we analysed and on describing the relationship between the taxpayer and each of the ‘actors’.

<i>MAIN THEMES AND SUBTHEMES</i>	<i>OCCURENCES IN DATASET</i>
Laws and regulations	
Sense-making	345
Negotiation	233
Tax authority	
Use expertise	37
Arbitrate	31
Manage image	7
Tax practitioners	
Provide guidance	63
Social network	
Legal information	82
Best practice advice	77
Persuasion	17
Support	15
<i>OTHER TOPICS OF INTEREST</i>	
Audits	14
Penalties	16
Norms of professional group	35

Note: Each data point represents a contribution by a forum member. As such, each contribution may refer to several themes and be coded simultaneously as part of multiple categories.

Table 1. Occurrence of instances of themes in the dataset

Laws and regulations

The majority of comments (please see Table 1) included in the analysis referred to tax laws, rules, regulations, such as requirements to register with the tax authority when trading, deadlines for payment, types of taxes due, etc., as well as recent legal changes. One of the main concerns of taxpayers interacting on the online forums was to make sense of laws and regulations, receive uncomplicated explanations from other forum users and understand which rules apply to their particular situation. Others who are generally familiar with basic taxpaying rules may use online discussions to determine whether all general rules apply to their circumstances, or if they can make use of exemptions or even set up business structures that are tax-effective. Therefore, our dataset showed two main distinct ways for taxpayers to approach laws and regulations: (1) making sense of existing rules; or (2) negotiating the legal landscape by understanding if rules apply to their circumstance and how to follow rules that are in their favour. We briefly discuss these two types of approaching rules below.

Sense-making. Many of the online discussions analysed began with a user requesting advice in making sense of tax rules, as illustrated by the comment below.

I have ABSOLUTELY no clue when it comes to this sort of thing, I take it I have to register with [the tax authority] who will advise what I owe them. Can you guys give ANY advice on the matter or refer me to any books or articles.

Many comments stress that they find tax complicated, and the general information provided by the tax authority or by accountants, confusing.

The [tax authority] website is so complicated, I could not find any information relating to small items of equipment. [query regarding allowable expenses]

As such, a large number of comments are dedicated to laying out the rules in simple terms, sometimes discussing and debating the accuracy of information presented.

1. yes you have to pay tax - you have to register as if you are selling work.

2. V.A.T is not needed... in fact, it's likely you won't need to be V.A.T. registered for the future either.

3. How much you have to pay the taxman is immaterial, the non-declaration is a crime, whether for millions or a tenner. [responding to a debate regarding a minimal income for registration]

Negotiation. As outlined above, a large number of comments refer to the general rules of paying tax, typically income tax. A different category of comments about laws and rules discusses potential exemptions and ways of using existing rules to pay less tax.

The simplest of cases refers to discussing exemptions (e.g., not having to pay income tax for low earnings, etc.). Other discussions refer to the most advantageous ways to save tax, for instance by making sure all potential work-related expenses are claimed, as illustrated below:

You have to register as sole trader in order to claim expenses. Which is best to do if you're reporting income - otherwise you're handing them free tax money!

Or, as shown in the example below, finding the most tax-efficient business structure:

What is the optimal way to sort out my TAX? 1. Invoice to job agency for my contract jobs from my Company [...] 2. Register as employee with job agent [...] 3. Any other way?

The instances where people attempt to find ways to more be tax-efficient are placed on a continuum from the most common-place practices (e.g., making sure one claims all allowable expenses), to more complicated ways to minimise tax liability, some of which may even be considered tax avoidance, such as a number of comments about how to avoid paying taxes:

1. I just wondered whether artists need to pay tax on work they sell, if so are there good ways to avoid it (apart from not declaring income), as I know you agree we seem pay tax on pretty much everything. Thanks.

2. Do I still have to pay the tax on work that I've picked up from overseas? Thinking if there is any clause whereby I can avoid paying as much tax (hope!).

Tax authority

A significant number of comments mention the tax authority. We categorised three ways that taxpayers talk about the tax authority: (1) as a source of expertise about laws and regulations; (2)

as an arbiter that people can contact to validate their interpretation of existing rules; and (3) as a subjective law enforcer in relation to which they manage their image as compliant taxpayers.

Use expertise. The tax authority is talked about as a source of knowledge about tax laws and regulations; for the most part, people report positive experiences receiving expertise and guidance from the tax authority, and encourage others to seek assistance.

1. [...], went to the local tax office and asked them for help. They were fantastically helpful. [...] They helped me go through any and all tax liabilities, [...]. I mean, it was obvious I wasn't a tax evader or avoider - I just didn't have a clue.
2. I'd highly recommend going through the [tax authority] site, or calling if you need help (the sole trader people are very helpful and friendly)

Arbitrate. When regulations are unclear or taxpayers feel these can be interpreted in a number of ways, they also relate to the tax authority as an arbiter that can rule whether it regards a certain practice as compliant or noncompliant, such as in the example below.

No, seriously, logically thinking it should be fine but the cynicism of the taxman should not be underestimated. I think you should write to them, make your best case, then if they don't take it as a joke & reply in writing to give you the go ahead you're covered.

Manage image. Finally, a number of comments refer to managing one's image in relation to the tax authority, acknowledging that decisions that a taxpayers is or not compliant are in many cases subjective. There is the concern with what one's actions may 'look like' to the tax authority.

1. Also, consider the sum of the claim versus your total self-employment income or expenses. If it's small, it's likely to be more acceptable. [For instance, all my trips are] only 6% of my total annual expenses. So it doesn't seem like I'm trying to pull a fast one.
2. Then, when they get back to you I would be honest with them, [...]. Be as proactive as possible and you might convince them you've goofed and you were not deliberately avoiding them.

Tax practitioners

It should be noted that although a significant number of comments mention accountants and tax practitioners, many of these question the need for self-employed individuals to employ the service of an accountant.

1. My first year as a freelancer just ended and I made no profit. [...] Do I need an accountant or will I be able to fill in the online form without one?
2. No, you don't need an accountant. You've got it right – sum up the total sales, subtract the expenses and then the result is the profit for taxing.

This second comment reflects the fragility of advice in this arena; it is not actually correct. Of those that stress the need for an accountant, however, the primary relationship with the taxpayer is to **provide guidance**, both in understanding the law and in finding tax savings.

BUT it is not legal accounting advice. If in doubt, get some proper advice. Even a small local accountant might give you a consultation cheaply.

Social network

Finally, a significant number of comments refer to communication and interaction within the taxpayer's social network that is relevant to tax compliance. Taxpayers share information specific to their network, share own experiences and advice about how to best deal with taxes, and may also try to influence other taxpayers to be compliant, and generally offer support to those who feel anxious.

Legal information.

As outlined above, most comments refer to tax rules. However, there is an important aspect of how rules are communicated in specific social groups, such as the occupational group. Many taxpayers want to receive information from those in the same occupation and to follow the practice of the occupation – this denotes a role for the norms in the professional group for tax compliance.

I guess I should go and talk to the tax office nearer the time but I wanted to speak to other artists first and see what they do.

Best practice advice. Through interacting with others, taxpayers do not just learn about tax laws, but receive advice from those more experienced, for example how to keep track of their expenses, how to find a suitable accountant, and so on.

Get an accountant – Switch to part time, or get a night job while you start things up – Don't assume a good April will mean a good May, things are quite seasonal - Mates rates don't exist – [etc.]

Persuasion. Social networks do not only serve to transmit information – some people actively try to influence others' actions, especially when compliance decisions are involved.

If you are not paying tax, as you previously said, then it is only a matter of time before they get to you and recover what is owed.

Support. Finally, social networks serve as support through the often stressful taxpaying process, as illustrated by the comment below.

However, I really wouldn't worry that much about it. I am sure that it happens a lot. I don't know the answer but there are lots of people on here who know about this type of thing so one of them should be able to help.

Assumptions in the Tax Compliance Literature

We set out with the intention to see whether and how our findings match the broad assumptions researchers often make in the tax compliance literature. As outlined in the introductory section, we are not the first to question these assumptions, but we attempt to provide empirical support based on analysing naturally-occurring data. We discuss each assumption in turn.

1. Regarding tax behaviour, people's chief concern is deciding whether to comply or not.

Although the overwhelming majority of studies looking at tax behaviour have focused on tax compliance and the compliance decision, the main concern of taxpayers in our dataset is to find out *how* to comply, to understand and navigate the complex legal landscape. Their chief concern is to make sure they are compliant, rather than to understand how to evade taxes. A relatively small number of cases do discuss practices that may be considered tax avoidance (see also “creative compliance”, McBarnet, 2004), the concern being to make sure one is compliant with legislation but significantly minimises his or her liability.

Regarding all taxpayers as potential evaders has been described as a bias in the tax behaviour literature (Kirchler, 2007). The focus on tax compliance decisions is also reflected by the few studies that look at tax communication, which propose that taxpayers who talk about tax exchange information about ways to evade tax and avoid detection (Stalans, Kinsey, & Smith, 1991), about the frequency of audits and other people's evasion behaviour (Hashimzade, Myles, Page, & Rablen, 2013), and who has been audited in one's social network (Rincke & Traxler, 2009), all of which are topics that feed directly into compliance decisions. While we accept that taxpayers may communicate about these topics, our dataset suggests that their overwhelming concern is to make sense of the rules of tax compliance in order to make sure they are compliant, rather than request information that will help them evade without detection or penalty. Our dataset suggests that the acquisition of tax knowledge is more central than the compliance decision to the tax behaviour of the majority of taxpayers – a majority who are motivated to be compliant and not concerned with ways to evade taxes.

2. Compliance is a binary variable.

In relation to the compliance decision, the tax compliance literature has widely regarded tax compliance as a binary variable with two potential outcomes: compliant and noncompliant (Kirchler & Wahl, 2010; McBarnet, 2004). Considering compliance as a binary decision has important advantages for its measurement; however, compliance behaviour is in reality much more complex than a decision between evasion and full compliance (Braithwaite, 2009). As discussed above, compliance in our dataset takes a number of forms, including finding ways to drastically minimise tax liability while complying with the law. In this respect, our dataset echoes other authors in that compliance and noncompliance can take many qualitatively-different forms and that studying taxpaying decisions as a binary choice between compliance and evasion does not reflect the complex reality of behaviour (e.g., Braithwaite, 2009; Kirchler & Wahl, 2010).

Not only does compliance take many forms, tax evasion is also much less clear in reality than the way it is measured in tax experiments. Since evasion relates to a person's conscious intention to

evade taxes, this personal intention is difficult to assess and distinguish from simple calculation error. As such, assigning to a taxpayer who has filled in a tax return the intention to evade may constitute a subjective decision of tax inspectors (Boll, 2013). This concern with the subjectivity of tax evasion judgements is apparent in the online discussions, where people comment on how to make sure honest mistakes are not interpreted as intentional evasion by tax inspectors.

It becomes apparent that research looking at compliance as a binary outcome (full compliance versus evasion) may lack relevance for the way that compliance plays out in reality, in its many forms shaped by the interaction of taxpayers, tax practitioners, and the tax authority. We hope that future research addresses this gap by looking at the many forms of compliance, including tax avoidance, and also looking at distinguishing between honest error and evasion intention.

3. The taxpayer and the tax authority are the main actors.

As Pickhardt and Prinz (2013) argue in their review of tax compliance literature, the main interaction studied in the literature concerns the private relationship between the taxpayer and the tax authority; however, other actors may be as important or even more important for understanding tax behaviour, such as tax practitioners or the taxpayer's social network. Indeed, more comments in our dataset referred to communication with people in one's professional group or friends and family, and the involvement of tax practitioners, than comments that referred to the tax authority. Although there has been some interest in the role of tax practitioners (Gracia & Oats, 2012; Hite & Hasseldine, 2003; Roberts, 1998; Stephenson, 2010) and taxpayer social networks (e.g., Beers, Nestor, & San Juan, 2013; Hashimzade, Myles, Page, et al., 2013; Ashby & Webley, 2008), more research is needed to understand the role of practitioners and of other taxpayers in taxpayer behaviour.

4. Taxpayers are concerned with audit rates and penalty levels.

Given the classic model of tax compliance decisions based on appraisals of audit probability and penalty levels (Allingham & Sandmo, 1972), we would expect high concern in the online discussions with these variables. While audits and penalties may be of interest to taxpayers, they

are usually unknown; tax authorities do not usually disclose the number of audits carried out, and while penalty levels are public, they are unknown to many taxpayers (Barham & Fox, 2011). As such, in order to estimate the likelihood of audits, people may seek information about recent audits in their social network (Hashimzade, Myles, Page, et al., 2013). If penalty levels and audit likelihoods were essential to tax behaviour, we would expect people to also seek information online from peers about audits and penalties. However, comments that mention audits are relatively few; of these, for the most part, audits are mentioned as a general deterrent, with no reference to likelihood (see Table 1).

The biggest risk if you don't declare fully is that the taxman will assume you have been earning a certain amount (usually based on similar businesses) and hit you with the bill, plus penalties and fines.

No comments mention people discussing having been audited or others' experience of audits. Only a very small number are concerned with the cost-benefit analysis of evasion:

It depends on the risk you want to take! In my opinion, it's not worth the risk if your earnings are small.

It is interesting to observe the term 'risk' used in this context. While there is much debate about tax risk management in the context of large business taxpayers, there is no research dealing with this aspect of individual compliance. Importantly, although some people mention penalties in general as deterrent, only one instance discusses the actual penalty level, and this is a late-filing penalty.

5. Alternatively, taxpayers base their decisions on social norms.

An alternative to the view that people comply due to existing deterrents is that people comply due to existing norms against evasion, being motivated to conform to what other people like themselves do (Wenzel, 2004). People may be influenced by a multitude of norms, such as national norms, family norms, workplace norms, etc. Since we sourced data from discussion forums for particular professions, the most relevant norms are those in the professional groups (e.g., norms in the hairdressing industry, norms in the IT industry, etc.). A number of comments

in the dataset refer to the professional group as relevant for tax behaviour, in particular as a source of specialised knowledge about practice in the profession (Ashby, Webley, & Haslam, 2009). There is very little indication in our dataset that people discuss norms in terms of approval/disapproval of evasion (i.e., injunctive norms, Cialdini & Trost, 1998), but only of norms understood as current practice in the profession (i.e., descriptive norms).

Any UK artists who know the answer? How do you enter small items of equipment in your accounts?

Although we cannot tell from analysing the comments whether discussions about current norms in the profession influence behaviour, these types of norms are most likely to influence people when tax rules are ambiguous (Cialdini & Trost, 1998).

Conclusion

Our study introduces the analysis of naturally-occurring online discussions to the study of tax behaviour. We found that the ‘universe’ of tax behaviour as reflected in discussions among freelancers is dominated by the need to acquire knowledge about tax laws and regulations, knowledge that will help taxpayers be compliant, but that may also allow them to organise their tax affairs in the most efficient way. Several actors play an important role – the tax authority, tax practitioners, and the wider social network of the taxpayer. The tax authority provides expertise but also arbitrates where rules are ambiguous. Tax practitioners guide taxpayers. The wider social network plays multiple roles, from providing knowledge to sharing their own experience, advising on best practices of financial management, as well as giving support.

We set out to compare how this description of the ‘universe’ of taxpayers’ concerns as they appear in spontaneous discussions compares to the focus of the tax behaviour literature. Our primary finding is that most taxpayers seem to be unconcerned with the compliance decision; they are highly motivated to comply and their main concern is to seek information about how to be compliant. However, the focus of the literature on tax behaviour has overwhelmingly been on

tax compliance decisions (for a review, see Kirchler, 2007). We do not aim to question the validity of research into tax compliance decisions, but rather to question that taking a compliance decision is relevant to most taxpayers. When compliance is actually discussed, it appears far from a straight-forward binary decision between full compliance and evasion. People may be motivated to be compliant but may misunderstand their obligations or make errors; although they may have not had the intention to evade, they discuss the subjective nature of judgements made by tax inspectors regarding their intentions. People also discuss ways to minimise their tax liability, including practices that could be considered tax avoidance. Our analysis of comments not only suggests that most taxpayers are concerned with being compliant, but that there are many qualitatively different forms of compliance. For the most part, the tax compliance literature has focused on the dichotomy between compliance and evasion. Our analysis, however, suggests that this might be overly reductionist if we are to explain compliance in ‘the real world’, and supports calls for understanding the multiple types of compliance (see also Boll, 2013; Braithwaite, 2009; Kirchler & Wahl, 2010).

We also looked at whether people are concerned with finding out about audits and penalties, or social norms regarding evasion, as suggested by the compliance literature (see Allingham & Sandmo, 1972; and Wenzel, 2004, respectively). We found little evidence of people being concerned with finding out about audit probabilities or penalty levels. There was also little evidence of people discussing their approval or disapproval (i.e., injunctive norm) of tax evasion. However, some people did discuss what others do (descriptive norm, Bobek et al., 2007) in relation to their tax affairs. It is important note that our research also does not aim to question the validity of previous research on the effect of deterrence factors on tax behaviour on those people who do indeed consider evading, but to question whether many people consider evasion at all. Our aim is thus to question the focus of research on tax behaviour on evasion decisions and propose that other topics may be essential to understanding the experience of the majority of compliant taxpayers. Such avenues include further research into people’s acquisition and

understanding of complex tax regulations, and the role of taxpayers' social networks and their tax practitioners in this process. Also, a deeper understanding of the different manifestations of compliance is desirable to focusing on the dichotomy of compliance-evasion.

The focus of research on tax behaviour has important practical implications for informing tax authority activities. A research field focused on the evasion decision will advise tax administrations to focus on audits, publicising large penalties, or 'naming and shaming' evaders, and support an 'enforcement' paradigm in dealing with taxpayers (Alm et al., 2010). However, the academic focus on deterring evasion will bring little contribution to all those areas of tax administration that affect the large majority of compliant taxpayers, areas such as educating people about their tax obligations, making sure they are confident enough to approach authorities, that they find it easy to comply. Despite the fact that 'the service approach' is increasingly at the core of tax administrations around the world, few academic researchers conducted research to inform how to support compliant taxpayers (for an exception, see for example Alm et al., 2010).

We hope other researchers will seek to analyse naturally-occurring data to investigate tax behaviour. The online environment provides vast opportunities for collecting such data, but other sources can be included, such as transcripts of boardroom discussions, media programme transcripts, letters to editors of news outlets, and others. The great advantage of such data is that they are produced with no interference from the researcher, not having been elicited by survey questions or an experimental design, and provide the opportunity to explore the topics that are most important and relevant to the people we study.

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