



TAX MORALE AND TAX ADMINISTRATIONS

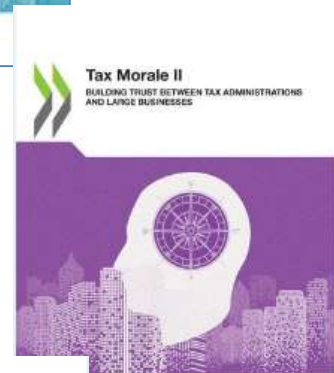
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Overview

OECD work on Tax Morale covers several dimensions:

- Individuals – using perceptions survey data from WVS, Afrobarometer etc.
 - [*Tax Morale: What drives people and businesses to pay tax*](#)
 - *Update due by end 2023 – new data confirming previous findings*
- Businesses – unique perceptions survey data collected by OECD from MNEs and Tax Admins
 - [*Tax Morale II: Building trust between tax administrations and large businesses*](#)
- Taxpayer education – created a typology of approaches to taxpayer education
 - [*Building Tax Culture, Compliance and Citizenship: A Global Source Book on Taxpayer Education, Second Edition*](#)

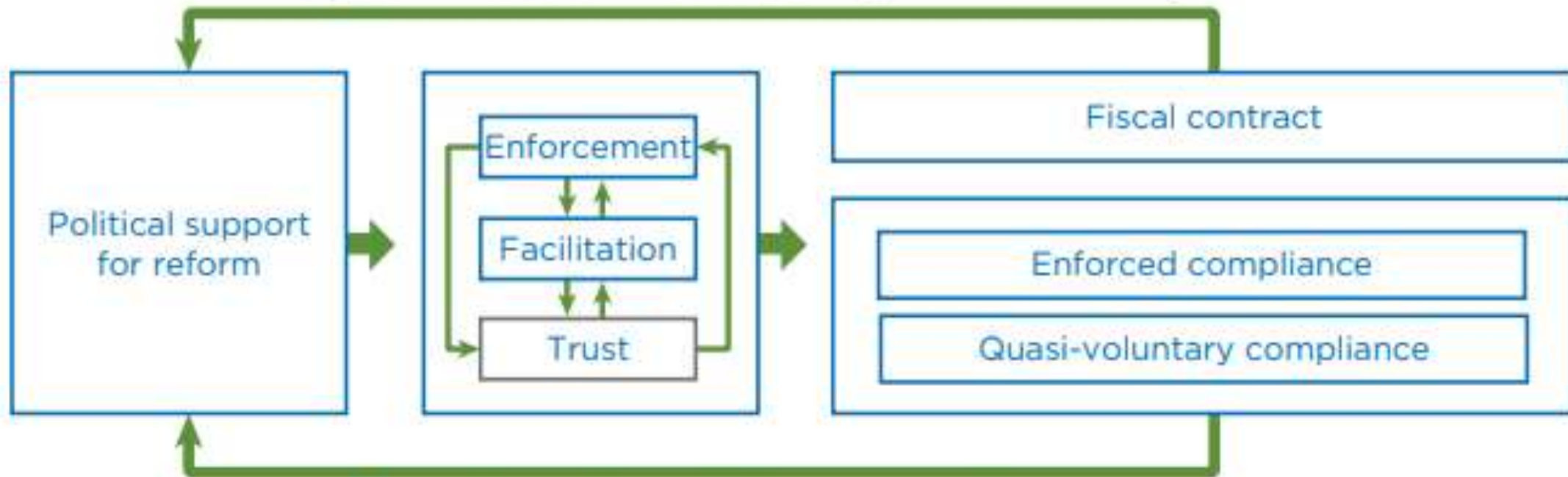




Tax morale and tax compliance

- Tax morale is a central part of compliance
 - Trust is at the heart of tax morale, but also aspects of facilitation, and to a lesser degree enforcement
- Tax morale also influences support for reforms

Tax governance outcomes: reciprocity and accountability



Tax system outcomes: fairness and equity

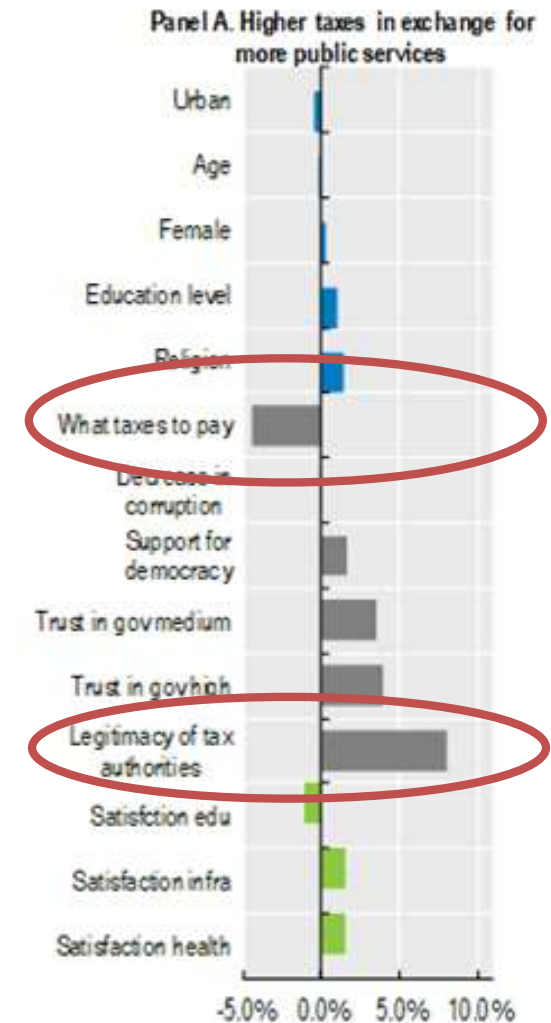
Source: [World Bank](#)



Tax administration can have a big impact on tax morale

- Perception of the tax authorities has the highest impact on willingness to pay more taxes in Africa
- Difficulty in paying taxes most likely to reduce willingness to pay more taxes in Africa

Source – OECD analysis of Afrobarometer data(forthcoming)





Tools to build tax morale - Compliance and audit strategies

- Move towards co-operative and risk-based approaches
 - Co-operative compliance is spreading globally
 - 60% of the 165 countries participating in ISORA report co-operative compliance programmes for large taxpayers (14% for HNWI and 37% other taxpayers)
 - Can be resource intensive to implement fully
 - Needs a certain level of pre-existing trust from both taxpayers and administrations to work
 - Risk based audits should increase tax morale
 - Taxpayers see low-risk behaviour ‘rewarded’



Tools to build tax morale – Expectations/Accountability of behaviour

- Clear expectations are useful, even better when combined with accountability mechanisms
- Objectives/targets need to be appropriate to building tax morale
 - Avoid solely targeting revenues – e.g. combine with service standards
- Guidelines appear to improve relationship between taxpayers and tax admin – but not always used
- Taxpayers charters/ombudsmen
- Reduce opportunities for inappropriate behaviour



Tools to build tax morale – Transparency, communication and education

- Poor communication reduces taxpayer transparency
- Two-way dialogue is vital
 - Allowing taxpayers input into changes, and to provide feedback
 - Stakeholder forums can be useful (e.g. KRA VAT refunds formula)
- Focus requests on information rather than data
 - Reduces admin burden
 - Enables taxpayers to see the intention of requests
- Invest in skills and processes to manage relationships
- Provide clarity and transparency around lobbying



Tools to build tax morale – Transparency, communication and education

- Taxpayer education programmes are widely used
 - Three main types of programme
 - Teaching tax – in-depth traditional teaching of tax
 - Communicating tax – closer to advertising – high-level awareness raising often reducing fear of tax administration
 - Assisting in tax – practical learning-by-doing support
 - Key challenges in taxpayer education
 - Reaching the target audience – partners may be needed
 - Balancing short-term funding with long-term objectives
 - Effective monitoring and evaluation



Tools to build tax morale – Capacity building

- Trained staff are vital to building tax morale
 - Technical skills
 - IT/data analytical skills increasingly valuable
 - MNEs identify lack of expertise in international taxation as a higher priority problem in Africa than any other region
 - Range of programmes available from OECD (TIWB, Global Relations Training Programme), as well as others including ATAF
 - Professional competencies
 - Communication skills
 - Relationship management



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