Taxpayers' Perception towards Tax Non-Compliance in Kalutara District

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ABSTRACT

This study is aimed to identify the most influential factors on taxpayers' non-compliance and, to establish relationship between taxpayers' perception in-term of tax rate, tax education, tax morale, public governance quality and tax non-compliance behavior. Eight determinants namely, gender, age, education level, income level, tax rate, tax education, tax morale and public governance quality are included in this study. Convenience sampling procedure was used in this research based on the availability of respondents, studying the perception on tax non-compliance among taxpayers in Kalutara District. Data were collected from hundred individual income taxpayers and analyzed it using Descriptive statistics, Correlation analysis, Regression analysis and ANOVA and Independent sample T-test. The results show that there is positive significant relationship between taxpayers' perception and tax non-compliance and there are no differences in age and gender towards tax non-compliance. There are significant impact of tax rate and public governance quality towards tax non-compliance among individual income taxpayers; whilst tax education and tax morale affect tax non-compliance but the results are insignificant. Overall, the findings in this study are supported by other studies in literatures. The study provides insights both policy makers and tax administrators to gain better understanding of the key variables that are significantly associated with tax non-compliance and enable them to implement suitable strategies to minimize potential damaging factors and allow them to improve government revenue.

Keywords: Income Taxpayer, Tax Non-Compliance, Taxpayers' Perception, Tax Administrators

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1. Introduction

Fiscal and taxation system of the country is a major determinant of macro-economic for allocation, income distribution and economic stability. The objective of a tax system is to raise revenue for government activities. It encourages savings and promoting investment, maintenance of equity and efficiency which are the secondary objectives of a tax system. Any government of the world needs financial resources to achieve development goals which they set on Annual Budget of the Country. Taxation is the most important source of revenues for any government and typically it is more than 90% of their income. According to the Central Bank of Sri Lanka (2011), the remainder of the government revenues comes from borrowing and charging fees for service.

As Sri Lanka paves its way from a war economy to a peace economy there will be plenty of obstacles on the way. Overcoming these development challengers means the country entering a new era of development. Therefore, Government tries to increase the government revenues. Instead of the government, there are several departments and councils engaged in collecting tax. The Department of Inland Revenue mainly administrates the central government tax. Other Departments like Department of Customs and Department of Excise also collect some levies on behalf of the central government. In the provincial level, the provincial councils, municipal council and pradashiya saba also collect some tax in their areas. Currently the Department of Inland Revenue mainly administrated Income Tax, Value added Tax, Economic Service Charge, Stamp Duty, Withholding Tax and Responsible levy.

The taxpayers' perception is considered as the more powerful variables affected for the current practice of taxation in Sri Lanka. Taxpayers' perception is one of the major variables of making decisions about the current practice of taxation. It is with the help of taxpayers' perception that the current practice of taxation in Sri Lanka can be displayed more clearly and decisions made from such reviews. Sri Lanka has a different type of ethnic groups. It can categorize as religion, age and race. These different groups have differing perception about current tax practices in Sri Lanka. Taxpayers' perception also depends on some economic factors of the business such as number of years conducting the business, monthly income of the business and etc. (Senevirathne, 2016).

Furthermore, the people's behavior, attitudes and perception also decide the tax revenue of the government. Because of perception, behavior and attitudes are different from one person to another. In modern world, all taxpayers pay their tax in voluntarily and accordance with tax obligations. But, no one enjoys paying tax. At the end of the financial year some people try turn to how they can best arrange their affairs to pay as little tax (Murphy, 2004). Tax non-compliance has always been a problem to tax administrative system in any countries, either in developed countries or in emerging countries. According to the Wentworth and Rickel (1985), the problem of tax non-compliance is as old as the institute of tax system and it can be differentiated according to unintentionally and intentionally. In general, the government tries to collect money for series of purposes from the civilians through several legislations. People think 'tax' is an excess burden on them, which reduces their savings.

According to the Lewis (1984), increasing share of tax revenue in GDP is an instrumental objective of economic development policy. Tax to GDP means Total Tax Revenue as a percentage of GDP. According to the Pessimo and Fenochietto (2010), tax ratio has been 36%, 28.8%, 16.5% and 13.9% as the tax ratios for high-income, upper middle income, lower middle income and low-income countries respectively (Amirthalingam, 2013). But, in Sri Lanka it has been below 16.5% which is the average of lower middle-income countries.

In developed countries most of the people pay tax. But, in Sri Lanka there are few people pay and others are not in the taxation. Tax to GDP in 1990 was 19.5% in 2011 it has decreased up to 12.5% in 2016 tax to GDP is 12.4%. But, considering Sri Lanka, Per Capita GDP has been raising but the contribution of tax as ratio falling because of tax evasion, tax exemptions, complicated tax system and weaknesses in tax administration and its mechanism (Jayawardane, 2016).

Mainly the perception of taxpayers towards the current practices of taxation is affected by the different types of factors. Not only that but also contribution of Tax revenue to total revenue has decreased. During 1980-2011 the average contribution to GDP from tax revenues is 2.5% and 5.25% in 2017. Sri Lanka Taxes in Default in total amount is Rs.196,979,103,266 and highest default tax amount is represent in income tax defaults it's amount is Rs.117,663,779,978 in year 2017 (Dissanayake, 2017).

It has caused a reduction of the contribution of tax to GDP and Sri Lanka is ranked as a low-income country. Sri Lanka needs to increase the tax revenue to support the development process, to spend on public welfare while keeping the budget deficit and debt at a low level. Evidence showed that even though Country's Per capita GDP has raised contribution to GDP from tax is low. This remains a problem, why Tax to GDP Ratio decreased when Per Capita increased.

Previous researchers revealed the tax non-compliance using different methods and covered different areas. Unfortunately, these findings are not clear because most previous researchers only focus on examining and describing related tax non-compliance but do not focus on examining the perception towards tax non-compliance and still there are some unrevealed issues regarding the tax non-compliance relating with the taxpayers' perception and current study is carried out to taxpayers' perception towards tax non-compliance in Kalutara District. Therefore, reviewing the perception of tax non-compliance is an important area for a research study.

In this regard, it is very important to examine "**how Taxpayers' perception influences towards tax non-compliance in Kalutara District.**" Based on the problem statement, following objectives are set;

    i.   To identify the level of taxpayers' perception towards tax non-compliance in Kalutara District.

    ii.   To identify the level of tax non-compliance among taxpayers in Kalutara District.

    iii.   To identify the impact of taxpayers' perception on tax non-compliance in Kalutara District.

    iv.   To examine variance of tax non-compliance of taxpayers by demographic factors in Kalutara District.

2. Literature Review

A tax is a compulsory levy and those who are taxed have to pay the sums irrespective of any corresponding return of services or goods by the government" (Bhatia, 1979). Taxation is the most important subject in any government both developing and developed countries. Government needs financial resources to act as a government and play a role that is expected from it by the public. The tax payment received from taxpayers is one of the incomes to increase the government revenue. With these tax collections, government may upgrade and construct public goods and services such as national defense, infrastructures like roads and educations and also to meet any societal objectives and public welfares. Government has to be done obligations to its citizens as stabilizing national economy as well as redistributing the national wealth through achieving development goals, these goals require huge capital expenditure to be met from taxation. But, taxation can perform these functions efficiently where taxpayers are willing to comply with tax laws of a country.

Fiscal Psychology Theory explains that the taxpayers' perception of the government is an important factor. Fiscal Psychology Theory emphasizes the loss of motivation of the taxpayer to pay taxes because there is no real advantage of the benefits of tax payments (Hasseldine & Li, 1999).

In relation to taxation, taxpayers' perception may be defined as positive or negative views of tax compliance behavior. Non-compliance may happen due to their perception of justice that influences their action (Saad, 2012). Several studies examine the effect of tax rate and tax non-compliance. Most of the studies found that the high tax rate causes high tax non-compliance (Hai & See, 2011). By implication, the perception by taxpayers that pay high tax rate is that they can outweigh their overpayment through tax evasion. Similarly, it was also found that taxpayers' underreporting behavior is positively correlated with high tax rate (Joulfaian & Rider, 1998). More evidences show that the high tax rate is positively related to tax evasion and negatively related to tax compliance (Ali, et al., 2001).

According to the education level, the higher the education level ones possesses, the higher the respect ones would pay to the laws and more opposed to tax non-compliance and vice versa (Ross & McGee, 2011).

According to Cummings et al. (2006), tax morale is considered as an "intrinsic motivation to pay tax" by taxpayers, where they believed that is their obligations to pay taxes and as a repayment to the community. Tax morale is considered as an important element in affecting tax compliance behavior. Income tax non-compliance is not desirable by any government as the ability of government to fund its programs largely depends on how much tax revenue it can mobilize. It then assumes a paradoxical dimension when the same government that needs tax revenue is suggested to be contributing to non-compliance by virtue of the quality of public governance it is providing (Umar, et al., 2016).

Hai and See (2011) confirmed that gender has a positive influence on non-compliance behaviour. Hai and See (2011) tested that age variable has a positive influence on non-compliance behaviour. Most of the researches have concluded that older taxpayers are more opposed to tax non-compliance than younger taxpayers. This may due to older taxpayers may be wealthier than younger taxpayers who are still struggling in accumulating their assets and strategizing to evade tax by underreporting income or overstating deduction (Ching, 2013).

Ross and McGee (2011) concluded that the higher the income level, the more ones opposed to tax non-compliance. They explained this phenomenon is due to if one has higher income, ones may have more respect to authority. Conversely, if one has lower income, then would have less respect to authority and eventually less averse to tax non-compliance. Ones rationalized this action by applying ability to pay principle. Tax non-compliance has always been a problem to tax administrative system in any countries, either in developed countries, or in emerging countries. The problem of tax non-compliance is as old as the institution of tax system (Wentworth & Rickel, 1985). Slemrod (2007) mentioned that, to determine the extent of tax non-compliance is not straightforward as respondents might not answering the survey questions about tax non-compliance honestly due to tax non-compliance is both personally sensitive and potentially incriminating.

Hypotheses Formulation

Based on the previous research arguments, following hypotheses are formulated within this research;

H1: There is a significant effect of tax rate on tax non-compliance among individual income taxpayers in Kalutara District.

H2: There is a significant effect of tax education on tax non-compliance among individual income taxpayers in Kalutara District.

H3: There is a significant effect of tax morale on tax non-compliance among individual income taxpayers in Kalutara District.

H4: There is a significant effect of public governance quality on tax non-compliance among individual income taxpayers in Kalutara District.

H5: There is a significant combined effect of tax rate, tax education, tax morale and public governance quality on tax non-compliance among individual income taxpayers in Kalutara District.

Researchers have tested whether there are any significant differences between demographic factors with tax non-compliance. Following hypotheses have formulated based on that;

H6: There is a significant difference in tax non-compliance between male and female among individual income taxpayers in Kalutara District.

H7: There is a significant difference in tax non-compliance between age group among individual taxpayers in Kalutara District.

H8: There is a significant difference in tax non-compliance between education levels among individual income taxpayers in Kalutara District.

H9: There is a significant difference in tax non-compliance between income levels among individual income taxpayers in Kalutara District.

3. Methodology

Philosophical base of the study was positivist perspective as facts were collected from observable social reality and researchers were not lived with tax noncompliance.

Population and Sample

Study population of this research was identified as individual income taxpayers in Kalutara District. Sample size was one hundred individual income taxpayers in Kalutara District. Convenient sampling was being chosen as the sampling procedure in this study, this was because of few reasons. No lists of taxpayers and researcher could not be able to collect the exact population throughout the taxpayers who were not compliant the researcher got her possible efforts to complete that task because such information was their internal confidential information. Also, respondents could not be given an equal chance to be randomly selected.

Data were collected by primary and secondary methods. Questionnaires were issued without any further deviation on each individual income taxpayers. The reasons why, difficult to gather data of total taxpayers according to each division. Department of Inland Revenue (IRD) who mainly administrates the central government tax did not consider the taxpayers division wises. Questionnaires were randomly issued to individual income taxpayers by directly visits the all division and randomly identified taxpayers through the interviewing them and questionnaires were distributed among the respondents and measure taxpayers' perception and tax non-compliance through Five- Point Likert Scale. Further, to measure tax non-compliance tax scenarios were introduced to mitigate the sensitive nature of the questions involved, so that respondents would be more likely to provide truthful responses (see Appendix). Six questions under the measures of Under reporting income, Over claiming expenses, Non-Compliance to counting, Registering Non-Compliance, Late filing of tax return and Paying Non-Compliance. All measurement scales followed relative literature reviews.

Univariate Analysis – Mean, Standard Deviation

Each and every variable in the research model was analyzed by using Descriptive Statistical method (Mean, Standard Deviation). Decision criteria are as follow;

Table 1: Decision Rule

Range	$1 < X \leq 2.5$	$2.5 < X \leq 3.5$	$3.5 < X \leq 5$
Decision attributes	Low level of Non-compliance	Moderate level of Non-compliance	High level of Non-compliance

Bivariate Analysis – Correlation Analysis

The correlation coefficient quantifies the strength of the linear relationship between two ranked or quantify variables. Pearson correlation analysis was performed in order to obtain an understanding of the relationship independent variables and dependent variables in the study were computed to determine the strength and direction of the relationship between two variables.

Bivariate Analysis – Simple Regression Analysis and Multiple Regression Analysis

Simple Regression Analysis was used to examine how two or more variables act together to affect the dependent variable and it is an equation that represents the best prediction of a dependent variable from several independent variables and multiple regression analysis was used to provide pattern of relationship between the set of predictors and the outcome.

ANOVA test and Independent Sample T test

One-way ANOVA (Analysis of Variance) examines the differences between more than two independent samples. In this survey ANOVA test was used to analyze Gender, Age, Educational Level and Monthly Income Level.

Table 2: Cronbach's Alpha Test

Instruments	Cronbach's Alpha
Tax Non-Compliance	0.754
Taxpayers' Perception	0.922
Tax Rate	0.755
Tax Education	0.721
Tax Morale	0.803
Public Governance Quality	0.779

Source: Survey Data, 2019

According to the research objectives one and two, researchers have tested means and standard deviations of each and every variable to formulate levels respectively. All variables present high level and Public Governance Quality has higher mean value comparatively to other dimensions. That means that the taxpayers who are in Kalutara District perceive mean of the Public Governance Quality are held in high level and it is almost "Strongly Agree". The Standard Deviation of all variable is smallest that is showed the smallest dispersion with close relationship. Results are formulated according to the decision rule which is presented in Table 1 and it is shown in the below Table 3.

Table 3: Mean and Standard Deviation for Variables

Variables	Mean	Std. Deviation
Tax Rate	4.22	0.61
Tax Education	4.20	0.59
Tax Morale	4.22	0.72
Public Governance Quality	4.35	0.59
Overall Perception	4.24	0.56
Tax Non-Compliance	4.01	0.56

Source: Survey Data, 2019

The respondents who participated in this survey perceived Sri Lankan tax system quite negatively, where mostly chose that, the income tax system is not fair, the system of tax administration is not efficient and effective, the nation is characterized as political instability, the corruption is high, government wasted a lot of

money, they think citizens are not enlightened on how tax revenues are being utilized by government and also they perceived that it is not so wrong if they declared less on taxable income since the government spend so much on extravagant projects.

Third objective attempts to find the impact between taxpayers' perception and tax non-compliance. For that researchers have used Correlation, simple regression and multiple regression analysis. According to the results of the Pearson correlation shown in the Table 4, there is a positive significant correlation between the Perception of the Taxpayers and Tax Non-Compliance. The correlation is significant at 0.01 (2 – tailed) and as the Coefficient (r) of is more than 0.5, it is found as a positive correlation and it is strong.

Table 4: Correlation between Taxpayers' Perception and Tax Non-Compliance

	Tax Rate	Tax Education	Tax Morale	Public Governance Quality	Overall Perception
Pearson Correlation (r)	0.724	0.672	0.553	0.718	0.745
Significance Level (P)	0.000	0.000	0.000	0.000	0.000

Source: Survey Data, 2019

Simple regression analysis is used to provide pattern of relationship between the set of predictors and the outcome factor (tax non-compliance). All results show p values are less than 0.05 (p<0.05) and it indicates that first five alternative hypotheses are accepted. Results are show in the Table 5.

Table 5: Statistics of Regression between Perception and Tax Non-Compliance

Method	Tax Rate	Tax Education	Tax Morale	Public Governance Quality
R	0.724	0.672	0.553	0.718
R Square	0.525	0.452	0.305	0.515
Sig. T	0.000	0.000	0.000	0.000
b- Constant	1.202	1.337	2.194	1.078
b-	0.665	0.637	0.431	0.675
Beta	0.724	0.672	0.553	0.718

Source: Survey Data, 2019

According to the multiple regression analysis, R^2 and adjusted R^2 values of 0.589 and 0.572 respectively both indicated that there is a high degree of goodness of fit of the regression model. It also means that over 59% of variance in the dependent variable (tax non-compliance) can be explained by the regression model. Conclude

above result tax rate, public governance quality significant value not more than 0.05, but tax education and tax morale significant value more than 0.05. Results are shown in the below Tables.

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.762	0.581	0.572	0.36752

Source: Survey Data, 2019

Table 7: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.416	4	4.604	34.055	0.000
	Residual	12.844	95	0.135		
	Total	31.260	99			

Source: Survey Data, 2019

Table 8: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.739	0.285		2.588	0.011
Tax Rate	0.379	0.105	0.412	3.610	0.000
Tax Education	0.022	0.136	0.023	0.164	0.870
Tax Morale	0.090	0.078	0.115	1.153	0.252
Public Governance Quality	0.276	0.129	0.294	2.149	0.034

Source: Survey Data, 2019

Last objective of this research is to identify whether there is any variation between demographic factors with the tax non-compliance. ANOVA testing and independent sample T test are used to investigate how the tax non-compliance varies with demography of the taxpayers in Kalutara District. According to the results gender and age have no significant difference in level of tax non-compliance but education levels and income levels have significant variance towards tax non-compliance. Results are shown in the Table 9.

Table 9: Results of the ANOVA testing and Independent Sample T test

	Demographic Factors	Mean	Std. Deviation
Gender	Male	3.97	0.54
	Female	4.19	0.63
	F value (P)		0.075 (0.132)
Age Level	18 – 27	3.97	0.67
	28 – 37	4.11	0.53
	38 – 47	3.85	0.65
	48 – 57	4.02	0.42
	58 – 67	3.96	0.43
	Above 67	4.16	0.77
	F value (P)		0.579 (0.716)
Education Level	Below GCE O/L	4.39	0.27
	GCE O/L	4.15	0.48
	GCE A/L	4.02	0.49
	Degree	3.81	0.56
	Postgraduate	3.78	0.61
	Other	3.33	0.84
	F value (P)		4.373 (0.001)
Income Level	Less than 50000	3.81	0.61
	50001 – 75000	4.23	0.49
	75001 – 100000	3.88	0.49
	100001 – 125000	4.47	0.27
	125001 - 150000	4.00	0.33
	Above 150000	4.04	0.34
	F value (P)		3.340 (0.008)

Source: Survey Data, 2019

4. Discussion

The level of tax non-compliance among individual income taxpayers in Kalutara District is discussed here. Around 84% respondents have high level of non-compliance. It indicates most of taxpayers are not comply with tax system. Public Governance Quality has the highest mean value of 4.35 and Tax Education and Tax Morale are the lowest mean value of 4.20 and 4.22, respectively. The influence of Public Governance Quality in the dimension of perception indicates as high.

A significant relationship is found between tax rate and tax non-compliance. As per results of simple regression analysis between these two variables, tax rate is found to have a significant positive impact on tax

non-compliance. This finding is similar with other studies, either empirically or theoretically, like Clotflter (1999), Crane and Nourzad (1987), Obid (2004), Ho et al. (2006), Bayer (2006) and Ahangar et al. (2011), who agreed that tax rate does influence tax non-compliance positively.

As mentioned earlier, high tax rates leads to higher level of tax non-compliance. This phenomenon is explained by Obid (2004) that, an increase in tax rate definitely will reduce the usable income, and taxpayers have to pay higher tax in relation to higher income, therefore, it can be more profitable if taxpayers choose to engage in tax non-compliance activities.

A significant relationship is found between tax education and tax non-compliance. Since the relationship is positive, it also means that, the higher the tax education, there would be a higher level of tax non-compliance. This result is contradicted with the findings found by Fallan (1999), Obid (2004) and Roshidi et al. (2007) that tax knowledge influences tax compliance significantly and positively. But according to the multiple regressions it seems to be insignificant with tax non-compliance. Kirchler (2014) observed that general educational level is significantly related to tax compliance. In general, the higher the education level ones possess, the higher the respect ones would pay to the laws and more opposed to tax non-compliance, and vice versa (Ross and McGee, 2011).

Tax morale has a significant relationship on tax non-compliance. But, the multiple regression analysis is conveying that it is insignificant variable. Prevalently, tax morale and tax compliance sometimes was misinterpreted as coequal; in fact, tax morale is an attitude whilst tax compliance is an action (Kirchgässner, 2010). Unfortunately, the relationship between both is not straightforward and one dimensional (Henderson and Kaplan, 2005), which means, tax non-compliance is not only affected by one reason at a time, but many other factors at a same time, therefore, a high tax morale does not certainly come with low tax non-compliance, which this also apply to other variables in affecting tax non-compliance. Public governance quality has a significant impact and relationship towards tax non-compliance. When government's rectitude is lower, there will be a throng of taxpayers rationalized their non-compliance (Torgler, 2003). Poor public governance quality impoverishes and alienate citizens who also react by failing to pay tax thereby leading to inadequate funding for public programs.

According to demographic factor of the taxpayers, age and gender are not significant varying the tax non-compliance and income and education are significantly varying the non-compliance. Based on the literature reviews, the influence of gender towards tax non-compliance is not absolute. Kasipillai and Jabbar (2006) and Roshidi et al. (2007), both also tested gender as a factor towards tax non-compliance in Malaysia context. In sum, gender may not be a factor in affecting tax non-compliance. However, Obid (1994), Dubin and Wilde (1988) and Ritsema et al. (2003) found relationship between education level and tax non-compliance. Moreover, Young (1994) and Ross and McGee (2011) shows that income levels do matter in affecting tax non-compliance.

6. Conclusions and Recommendations

As per the findings of the research, it is concluded that all variables (tax rate, tax education, tax morale, public governance quality) are high level while public governance quality has higher mean value comparatively to other dimensions. Tax Non-Compliance is also higher level. This study confirms that public governance quality is an important determinant of individual taxpayer non-compliance. There is a positive significant correlation between the Perception of the Taxpayers and Tax Non-Compliance. Further, over 59% of variance in the tax non-compliance (dependent variable) is explained by the independent variables. The study also concludes that higher tax rate and low quality of public governance generally affect tax non-compliance decision. Tax education and tax morale are not significantly affected the tax non-compliance. Finally, tax non-compliance is not significantly differed in terms of gender and age whereas tax non-compliance is varied according to education levels and income levels.

The following recommendations are importance to reduce the level of tax non-compliance to IRD that tax process and related law must be simplified in order to easily understand. Awareness and training program must be conducted for officers of the tax department (IRD) to detect non-compliers. In order to effectively combat the issue of tax non-compliance, there must be cooperation between three parties, which includes government, tax authority and taxpayers. A triangular relationship must be formed intimately. The Department of Inland Revenue, Sri Lanka should revamp and revitalize the taxpayer award scheme. Current tax system had covered only few people. Therefore, change this current tax system to cover all the public enter into the tax net.

The results of this study also provide implications for the government that specific insights should allow policy makers to gain a better understanding of the key variables that are significantly associated with tax non-compliance and enable them to implement suitable strategies to minimize potentially damaging factors and should also allow them to improve a government's tax revenue collections.

The study was conducted from the perspective of tax payers in Kalutara district. However, future study could be conducted covering all districts with more samples. Further, qualitative in-depth study could be undertaken to gain more insight for tax non-compliance in Sri Lanka.

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APPENDIX

Part of the questionnaire: Tax Non-Compliance

Q1. Read the following and kindly indicate your opinion (by way of a tick) to the following scenario based on your experience:

> Mr B, a self-employed businessman, had incurred Rs.10, 000 to repair his personal van. In preparing his 2018 tax return, he is thinking about claiming the costs of repair as if the van was used in his business. Legally, such claim is not allowable, but he is almost certain that he will not be audited and that the tax authority would not be able to detect the deduction.

Taking into account all known and likely business circumstances, to what extent do you agree with Mr. B's possible action of claiming Rs.10, 000 as his business deduction?

Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree

Please mark (√) your level of agreement as per the below five-point scale in respect of each statement from Q2-Q6.

1. Strongly Disagree	2. Disagree	3. Moderate	4. Agree	5. Strongly Agree

Q2	The job is paid in cash basis and then it is alright not to report it in tax return.	1	2	3	4	5
Q3	I believe that omitting or understating my taxable income is not wrong.	1	2	3	4	5
Q4	I have not registered voluntarily the tax identification number to the tax office.	1	2	3	4	5
Q5	I submitted late the annual tax return.	1	2	3	4	5
Q6	The penalty due to not paying tax is lower than my tax saving.	1	2	3	4	5