Taxpayers’ Multiple Social Identities and Tax Compliance

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Presentation Outline

• Theoretical Background
  Social Identity Theory
• Research questions
• Method
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• Conclusion
• Implications
### Social Identity Approach

<table>
<thead>
<tr>
<th>Theoretical Background</th>
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<tbody>
<tr>
<td>Social identities are self-definitions in terms of social categories (e.g., nation, age group, occupation, gender) that are internalised and emotionally significant (Turner, 1982; Tajfel &amp; Turner, 1986).</td>
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<td>If a social identity is salient for people and they identify with that category, the criterial characteristics of that category are considered as their own characteristics (Turner, 1982).</td>
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### Social Identity Approach

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<td>People strive for positively valued social identities (Tajfel &amp; Turner, 1986).</td>
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<td>Therefore, they favour their own group relative to an outgroup in attitudes (<em>prejudices</em>), cognitions (<em>stereotypes</em>) and behaviour (<em>discrimination</em>) (Hewstone, Rubin, &amp; Willis, 2002).</td>
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<td>Some indication that identification with the nation has a positive influence on tax compliance (Schmölders, 1964; Wenzel, 2002).</td>
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For Deaux (1992) social identity consists of:
- degree to which an individual claims an identity
- content or meaning associated with an identity

Research Questions

1) Which social categories are relevant for taxpayers in addition to the nation?
   - income group
   - employment group
   - occupational group
   - EUrope

2) What are the contents associated with these social identities?
Sample

Participants 26 participants

Experience with taxes: 19 participants liable to pay taxes

<table>
<thead>
<tr>
<th>Age</th>
<th>20-30 ys.</th>
<th>31-40 ys.</th>
<th>41-50 ys.</th>
<th>51-60 ys.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>16</td>
<td>7</td>
<td>2</td>
<td>1</td>
</tr>
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</table>

Sex: 14 female, 12 male

Family: 19 single, 4 married, 3 parents

Income:

<table>
<thead>
<tr>
<th>Income</th>
<th>&lt; 1000 €</th>
<th>1000-2000 €</th>
<th>2000-3000 €</th>
<th>&gt; 3000 €</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6</td>
<td>4</td>
<td>8</td>
<td>3</td>
</tr>
</tbody>
</table>

Focusgroups

Questions

a) „Think about a group that is relevant for you in the context of taxation.“

b) „What comes to your mind when you think of
   - this group
   - Austria
   - Europe
   in the tax context?“
Qualitative Content Analysis (Mayring, 2003)

- **Transcription** of recorded tapes (147 pages)
- **Paraphrasing**
- **Selecting, Deleting & Integrating**
- **Inductive Creation of Categories**
- **Revision of the category system**
- **Categorisation** by 2 independent raters (Cohen’s kappa = .83)
- **Interpretation of categories** with reference to the research question

**Results and Discussion**

1) Which social categories are relevant for taxpayers?
   - employment group
   - occupational group
   - Austria
   - EUrope

**Discussion:**
- income group was not relevant
- few statements about the situation of occupational groups were mentioned
System of Categories

- 9 main categories
- 49 sub categories
- Frequency ranges from 0.43 % to 4.97 %

Personal identity

Group identity

Austrian identity

European identity

Dual identity

Facts regarding Taxes

Evaluations of Taxes

Legal or illegal Reduction of Taxes

Justification of Tax Evasion

System of Categories

Theoretical Background

Research question

Method

Results & Discussion

Implications
Group Identity – Abstract of transcript

"I work as a project manager for a telecommunication company."

"Taxes are just a fixed sum that is withheld."
Group Identity – Abstract of transcript

- Identification with the group
- Situation of the employed in the tax context
- Situation of the self-employed in the tax context
- Taxes are not an issue
- No identification with the group
- Employment versus self-employment

Austrian Identity – Abstract of Transcript

- Austria in comparison with other countries
- Neutral or positive attitudes towards the Austrian welfare state
- Characteristics of Austria and Austrians
- Economic situation in Austria
- Critical attitude towards the Austrian welfare state
- Private versus governmental insurance
- Identification with Austria

"My boyfriend has got two bank accounts and he transfers 40 percent right away."

"[…] in comparison to other countries it is quite clear that we have high as well as many taxes."
Austrian Identity – Abstract of Transcript

Austria in comparison with other countries
neutral or positive attitudes towards the Austrian welfare state
characteristics of Austria and Austrians
economic situation in Austria
critical attitude towards the Austrian welfare state
private versus governmental insurance
identification with Austria

"I accept that it might be only second-class medical care, if I survive an accident."

"(...) the Austrian is constantly moaning about something"
“(...) when I think of the EU I think of too many regulations. A lot is regulated by the EU that doesn´t suit the separate countries.”

“In agriculture we receive much in return; the structural funds, the EUropean social funds, etc.”
EUropean Identity – Abstract of Transcript

Critical attitude towards the EU: 0.00%
Subsidies from the EU: 1.00%
Neutral or positive attitude towards the EU: 2.00%
Payments to the EU: 3.00%
Meaning of EUROpe: 4.00%

"(…) that poorer people pay less taxes and those who earn more pay more. Why should this be different at the EUropean level, if there are richer countries?"

Conclusion

Different social categories are relevant for taxpayers to identify with in the tax context.

Taxpayers associate different contents with these social identities.

A thorough understanding of tax compliance requires the investigation of the contents of social identities in addition to the extent of identification.

Further research based on this qualitative study is needed to study the influence of the contents found here on tax compliance.
Implications for further studies

Priming the contents of social identities in a way that may foster tax compliance for the highly identified:
- „Austria is a welfare state“
- „the Austrian tax system is fair“

or that may inhibit tax compliance for the highly identified:
- „tax evasion is only a minor offence in Austria“
- „all self-employed workers reduce their taxes by legal or illegal means“

and assessing levels of tax compliance.

Politicians may use these findings to favourably influence the contents of social identities in order to improve tax compliance.

Thank you very much for your attention!
Literature


