

The tax compliance behavior in curacao accounting essay

[Economics](#), [Tax](#)



Every citizen is considered since day of the month of birth an Income revenue enhancement remunerator. Once you start working, the income revenue enhancement return signifiers must be filed and paid within the period determined. Harmonizing to informations of the Inspectorate of Taxes Curacao, merely 63 % have complied with registering their revenue enhancement returns signifiers within the determined period. In this survey the chief focal point is to happen out why non all income taxpayers file and pay their revenue enhancements on clip. And why they do non register the revenue enhancement return signifiers right. Just like other developing states is the revenue enhancement conformity degree is low on the Island. A bad revenue enhancement conformity behaviour has effects for the Government revenue enhancement grosss and the financial shortage. In order to better the revenue enhancement conformity behaviour, a figure of factors, such as demographic variables, cultural variables, non-compliance attitude, the psychological variables and the revenue enhancement system are identified in the conceptual theoretical account that will be studied to happen out how those factors influence the conformity behaviour. This conceptual theoretical account serves as a point of going for the information to be provided in the ulterior chapters.

Literature that has been studied for this research shows that work forces, younger people, married twosomes, freelance workers and people with a high educational background are the 1s that normally evade revenue enhancements. In this survey the ATO theoretical account (Braithwaite, 2007) is used to categorise the local taxpayers ' attitude towards conformity. Harmonizing to this research, the bulk of the sample group

belongs to the committedness behaviour group, which means that they are willing to do the right thing.

The sentiments of the personal income taxpayers have been collected through questionnaires dwelling of structured and open-ended inquiries. The consequence of this research shows that 48.0 % of the respondents admit that they do not submit their income revenue enhancement on time and 52.0 % do it on time. Merely 9.6 % of the respondents are non cognizant that they have to register and pay their revenue enhancements annually, therefore 90.4 % of the taxpayers of this survey are cognizant that they have to pay their revenue enhancements. This makes it easier for the revenue enhancement section to better the conformity behaviour. In the questionnaire the respondents were besides asked what should be changed in the current revenue enhancement system or construction that could better the conformity and 60.0 % of the respondents answered that the communicating between the revenue enhancement section and the taxpayers should be changed and 81.8 % agreed that the taxpayers should be informed on a regular basis about revenue enhancement Torahs alterations with workshops on a regular footing.

In order to better the revenue enhancement conformity behaviour among the citizens it is recommended that the revenue enhancement section provided the taxpayers with regularly workshops about revenue enhancement Torahs and duties. This will better the communicating every bit good as the conformity behaviour. Another recommendation is to give the

revenue enhancement workshops in the linguistic communication that is easy to understand for the local revenue enhancement remunerators.

Foreword

My particular thanks go out to my MBA VII group members who motivated and supported each squad member. Besides, I would wish to thank all my friends and co-workers who helped me with the completion of my questionnaire, because without your aid, finalising this research was non possible. And last but non least, my household and close friends for their forbearance and support.

Introduction

In the Curacao the revenue enhancement system, to be more specific the personal income revenue enhancement is characterized as a voluntary coverage system. This group of taxpayers is the largest gross beginning for Curacao, because it includes both pay and non pay constituents. In fact, every citizen must register and pay their revenue enhancements at the minute they receive income.

Not surprisingly, non everyone does it. Presently there are about 30. 000 income revenue enhancement remunerators and to the day of the month of this research merely 73 % of these personal income taxpayers have filed their 2010 income revenue enhancements, harmonizing to recent information of the revenue enhancement office. This is a popular index of the size of a revenue enhancement spread ; therefore the difference between the Government gross (income revenue enhancements) and what the

families really ain and/or earn and what they report and voluntarily pay on a annual footing. Compared to last twelvemonth, the figures indicate that 75 % paid their income revenue enhancements. This per centum indicates that the non-compliance behaviour among income revenue enhancement remunerators needs to be researched and that there is a demand for higher revenue enhancement conformity. Before coming up with schemes how to undertake this revenue enhancement spread, research must be done first to happen out why people are non willing to pay revenue enhancements or why they evade it. Thus the influences on their revenue enhancement behaviour must be studied first.

In the following paragraph the background of this survey will be discussed, followed by the research inquiry with its bomber jobs. Next the intents of this research so the restrictions of the survey. Finally in the last paragraph of this chapter the set up of the survey.

Background of the survey

Harmonizing to the literature studied of Braithwaite (2004) , Hasseldine et Al. (2007) , James and Nobes (2003) , Slemrod (2004) , Pronk (2004) , the Island of Curacao 's revenue enhancement systems, where the impression relies on voluntary conformity by taxpayers, is about the same in the United States, the Netherlands, Canada and Australia. All these large states have the same low conformity jobs. Just like these states, the Curacao revenue enhancement bureau performs audits, levy appraisals and punishments and still non every taxpayer files their revenue enhancements on clip or right. As mentioned in the old paragraph, the current revenue

enhancement conformity behaviour must be stimulated. Harmonizing to Brown and Mazur (2003) , the word revenue enhancement conformity is a complex term to specify and it is a multi-faceted step. Theoretically, there are three types of conformity that can be distinguished: payment conformity, describing conformity and filing conformity. In Curacao, the payment and filing conformity play a large function.

There are different grounds why taxpayers are non or low revenue enhancement compliant. For illustration harmonizing to Hibbs et Al. (2010) , The American Journal of Political Science vol 1, " the high revenue enhancement conformity and positive perceptual experiences of financial exchange, see the revenue enhancement system, are possible when the system is just and if it response to the citizen penchants and if the Government delivers personal benefits the taxpayers approve of " (p. 18 - 19) . In Curacao for illustration, the current revenue enhancement Torahs and ordinances can non be easy accessed and are non easy to understand for all the taxpayers. All these facts about the current revenue enhancement system could besides act upon the revenue enhancement conformities. This could be the ground for a low conformity behaviour on the island and therefore it is an pressing demand for a revenue enhancement reform.

In 2011, the `` Nieuwe Belasting Dienst " (NBC) concern program was presented to the Parliament. The NBC is an abbreviation in Dutch for the new revenue enhancement authorization on the island of Curacao. In this concern program, the needed alterations in the revenue enhancement system are written every bit good as the alterations in the construction and services of

the revenue enhancement office. This survey will measure if so the NBC will work out the identified non-compliance jobs with the new financial policy program.

The proposed revenue enhancement policy plan, which was presented to cardinal authorities functionaries on July 14, 2008, states that the income revenue enhancement is complex and complicated as for the legal portion every bit good as the revenue enhancement declaration itself for most taxpayers. The premiss of the New Tax Authority (NBC) is that all cardinal maps of the full revenue enhancement disposal are integrated in one entity. The new revenue enhancement system should be simple and easy to pull off for the taxpayers, less cumbrous and just to them. It is a fact that the service offered at the Tax office and besides the construction of the revenue enhancement system need to be improved in order to excite the revenue enhancement behaviour. As mentioned earlier, all these facts about the current revenue enhancement system and construction could act upon the revenue enhancement conformity. A high degree of voluntary revenue enhancement conformity by taxpayers can be achieved by re-structuring or redesigning this revenue enhancement system.

Harmonizing to the NBC-TRA Organization whitepaper papers, there are legion treating methods or plans based on successes in several states, what the NBC could seek to undertake the non-compliance. The output some states have is an norm of 1: 15, that means that for every gulden authorized for these methods or plans, 15 guldens have been collected in revenue enhancements. In other words, the conformity degree in Curacao can better.

As stated in the beginning of this chapter, merely 63 % of the personal income taxpayers have filed their income revenue enhancements, compared to last twelvemonth 's figures. This figure indicates that non everybody who is obligated to register their personal income revenue enhancement return signifiers is following. Not paying or registering the personal income revenue enhancements at all has effects for the Government revenue enhancement gross.

Harmonizing to the NBC financial whitepaper, the proposed reform of Curacao personal income revenue enhancement consists of the undermentioned alterations:

- tax write-off for occupation related costs to 50 % instead than 75 % ;
- unreported income of exiles ;
- revenue enhancement rate lessening on nonexempt income.

The aim of the proposed reforms in the NBC is to cut down the income revenue enhancement rates and broaden the revenue enhancement base, while keeping the revenue enhancement burdens to the income taxpayers. The decrease of the income revenue enhancement is one of the major reforms that are proposed in de Fiscal Policy Whitepaper (2008) . The basic alteration is cut downing the construction of the income revenue enhancement rate, which now ranges from 13 per centum for the lowest bracket to 49. 4 per centum for the top. Further, it is proposed the scope from 5 per centum to a top rate of 40 per centum in the short term and in the average term to 38 per centum. Harmonizing to the recommendations of the Fiscal Policy Whitepaper, the high rates of revenue enhancements are

the beginning of economic inefficiency ; low investments and they besides discourage revenue enhancement equivocation. This all could lead to hapless revenue enhancement conformity. The last one, hapless revenue enhancement conformity is the focal point of this survey. In this survey one of the conceptual theoretical accounts that will be used is the Fischer theoretical account. The Fischer theoretical account indicates that the high revenue enhancement rates are linked to less conformity harmonizing to a survey done by (Chau, 2009) .

As mentioned earlier, the revenue enhancement bureau dwelling of the receiving systems ' office, the Inspectorate of revenue enhancements (SIAH) and the Stichting Belastingaccountantsbureau (SBAB) , have assorted sorts of schemes to better or excite the conformity behaviour. The different scheme the revenue enhancement bureau uses to better conformity is, for illustration, the SIAH performs the desk audits and is now up-to-date to impose appraisals if the revenue enhancement remunerator does non register or pay its revenue enhancements on clip. It is now besides to make online turnover revenue enhancement filing. The scheme that SBAB uses to better conformity is increasing its desk audits and offers now assistance for exclusive owners who struggle with their clerking.

Furthermore, the SBAB now besides provides a guideline or an audit manual so that the revenue enhancement remunerator can be informed about the recommendations and revenue enhancement responsibilities. The receiving system 's office has changed the payment process to be more customer-friendly. It introduced a one-window policy to better its services for less waiting in lines. The word one-window means that the revenue enhancement

remunerator can travel to one teller to pay all relevant revenue enhancements. The revenue enhancement remunerator does not hold to travel to different tellers to pay the different revenue enhancements individually. Although there are some alterations within the revenue enhancement office, the conformity behaviour still needs to be improved. In order to come up with the different schemes, earlier researches will be studied and a conceptual revenue enhancement theoretical account will be used for this thesis to come up with recommendations.

As mentioned above, one of the revenue enhancement theoretical accounts which will be tested on the local taxpayers is the Fischer revenue enhancement conformity theoretical account. The Fischer revenue enhancement theoretical account provides a model for understanding the socio economic and psychological constituents that influence the revenue enhancement remunerators ' conformity determinations. The Fischer theoretical account is one of the few theoretical accounts which discussed these constituents and could be helpful as getting downing point in this thesis point of position of this thesis lies on alteration direction, where the attack is to switch persons and organisations from a current state of affairs to a desired state of affairs. `` This is an organisational procedure aimed at assisting alteration stakeholders to accept and encompass alterations in their concernenvironment" stated by Kotter (2011) .

Research inquiry and bomber inquiries

The thesis statement consists of the undermentioned research inquiry and the sub inquiries:

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To what extent do the demographic variables, cultural variables and psychological factors, positively act upon the conformity behaviour of the personal income taxpayers on the island of Curacao?

The sub inquiries are as follows:

- Sub inquiry 1. How do the demographic variables such as age, gender and instruction relate to the psychological variables such taxpayers ' attitude and perceptual experiences?
- Sub inquiry 2. What is the impact of the cultural variables, such as societal norms and ethical values on the psychological variables?
- Sub inquiry 3. What are the influences of the revenue enhancement system on the revenue enhancement conformity behaviour?
- Sub inquiry 4. How do the non-compliance chance variables such as income, business and matrimonial position relate to the revenue enhancement conformity behaviour?
- Sub inquiry 5. To what extent are the psychological variables related to the revenue enhancement conformity behaviour?

The replies to these five bomber inquiries will take to the concluding decision and recommendations for the new revenue enhancement system, which will do the new system more effectual, in order to better the conformity behaviour of the taxpayers on the island.

Purpose of the survey

In this survey the accent of the research lies on how to better the revenue enhancement conformity behaviour on the island, and its recommendations

must intend a major part to the revenue enhancement disposal office which consists of the undermentioned entities: Servisio di Impuesto Antillas Hulandes (SIAH) , the Receivers ' Office, Stichting Belastingaccountants Bureau (SBAB) and its stakeholders, in order to increase the revenue enhancement grosss and revenue enhancement conformities on the island.

The primary aim of this survey is happening out why revenue enhancement remunerators are non ever compliant and besides to reexamine the revenue enhancement conformity theoretical accounts that are used in this thesis, to see if so these theoretical accounts could advance the revenue enhancement conformity. As mentioned earlier, revenue enhancement remunerators are non compliant - they do non pay or declare all their income revenue enhancements - which will take to lower revenue enhancement grosss for the Government. In order to better the authorities revenue enhancement grosss, the ground for a non-compliance revenue enhancement behaviour must be studied first to come with recommendations and schemes that will better and excite the revenue enhancement conformity behaviour.

This research involves little concern income earners (exclusive owner) who are obligated to register the personal income revenue enhancement return signifiers and the income they received of their concern and personal income taxpayers and the income taxpayer who do non have their ain concern.

Restriction

This survey has some restrictions. To bespeak what will be excluded in this paper, the focal point will be limited to the undermentioned points:

Literature before the old ages 1998 is non used ;

The corporate income taxpayers ' (net income taxpayers) will be excluded, merely as all the other revenue enhancements such as: Employee turnover revenue enhancement, Inheritance and Gift Tax (successie belasting) that are levied ;

The revenue enhancement conformity behaviour of corporations (NV and BV) will non be discussed ;

The participants in this survey will non be younger than 17 old ages ;

Finally, the non - resident income revenue enhancement remunerators are besides excluded in this research.

Set up of the thesis

The lineation of this thesis is as follows. In chapter 2 the literature reviewed will be discussed. Besides the different revenue enhancement conformity theoretical accounts, the conceptual manner land the international best patterns of revenue enhancement reforms will be analyzed in this chapter. In chapter 3 the lineation of the methodological analysis will be discussed, therefore how the information will be analyzed. The consequences of the information analyses will be used to better the conformities. The quantitative analysis will be analyzed in this chapter 4, by analyzing the compliant

behaviours of income taxpayers, which could be used as recommendation in the last chapter. Finally, in the last chapter of this thesis, chapter 5, the decision is drawn and the range of the rating is based on the fact if the schemes of the revenue enhancement disposal, so will work out the identified non-compliance behaviour. Besides, the recommendations for the revenue enhancement disposal will be presented in order to accommodate their schemes to better the revenue enhancement conformity attitude.

The first portion of the survey undertakes an extended reappraisal of the existing literature on conformity and morals in revenue enhancement. This is done to understand why people are non willing to pay or register their revenue enhancements, or what researches have done referring revenue enhancement conformity, or what revenue enhancement theoretical accounts have been used in the old researches. This and comparing existing literature aid structuring the research inquiry of this thesis.

Literature about the revenue enhancement system of the Netherlands Antilles, the Netherlands and internationally have besides been studied. Besides diaries available from the electronic hunt engines like Emerald, Googlebookman and Ebsco have been used for this research.

The 2nd portion reviews the recommendation on best patterns in the part, harmonizing to (the InterAmerica Development Bank, 2009) . Tax turning away and revenue enhancement equivocation are a load for modern societies (Braithwaite, 2003) . It is a challenge for the revenue enhancement disposal all over the part and in the universe, to keep or better

the conformity behaviour of taxpayers. The revenue enhancement lesson of the development states is besides a lesson from experience (Cummings et al. , 2009) . `` Tax morale is an intrinsic motive for persons to pay revenue enhancements, which are influenced by cultural norms and values " , harmonizing to Alm and Chandler (2012) .

On July 14, 2008 a reform plan is presented to cardinal authorities functionaries, by Bearingpoint direction andTechnologyConsultants. This financial reform plan is besides called the Fiscal Policy White paper. The full reform plan has been through empiricalobservationdoing usage of theoretical accounts and databases developed to imitate the impact of alterations in each revenue enhancement jurisprudence. There are non many surveies that explain the behaviour of revenue enhancement conformity of the local taxpayers, so most of the information used for the literature reviewed is from the Fiscal Policy Whitepaper. Further, surveies about this subject are the assorted revenue enhancement conformity surveies done in the states in the part and all over the universe, for illustration, Cummings et Al (2001) and Hyun (2005) . The revenue enhancement morale of the development states is besides a lesson from experience (Cummings et al. , 2009) . These lessons must be taken into consideration when using a new revenue enhancement theoretical account in the financial reform plan. Other literature studied is on revenue enhancement moral and revenue enhancement conformity from the house 's position by Alm et Al. (2010) and Hasseldine (2007) . All these resources are used to be able to supply comparings with and recommendations for the result of this survey.

For this research, the findings of the sub inquiries 1, 2, 3, 4 and 5 will be analyzed and compared with the current revenue enhancement system. The financial reform program will be evaluated to happen out if so the revenue enhancement disposal will work out the revenue enhancement conformity job. Besides, for this job, analyzing the different whitepaper studies from BearingPoint and CIAT (Centro Interamericano de Administraciones Tributarias) , which regard topics about the revenue enhancement disposal, the financial policies, revenue enhancement conformity and revenue enhancement reforms in the NBC.

This chapter has the undermentioned construction. In the following paragraph the reappraisals of the theoretical revenue enhancement theoretical account are presented to explicate the revenue enhancement conformity behaviour such as the ATO. This is followed by the conceptual theoretical account (Fischer revenue enhancement conformity theoretical account) and eventually by the decision in the last paragraph.

Tax conformity theoretical accounts

The taxpayers ' attitude towards conformity may be influenced by many factors which will finally act upon taxpayers ' attitude harmonizing to Barbuta-Misu (2011) . Those factors which influence revenue enhancement conformity or non-compliance behaviour differ from one state to another and besides from one person to another (Kirchler, 2007) .

A more structured manner to understand and better the revenue enhancement conformity behaviour is the usage of a revenue enhancement

conformity theoretical account. The first revenue enhancement conformity theoretical account was developed by Allingham and Sandmo in 1972 and subsequently in the 1980s more research workers began to develop multi-period game theoretic theoretical accounts, such as Reinganum and Wilde (1985) , Greenberg (1984) , Landberger and Melijson (1982) . However, in this survey the three major revenue enhancement conformity theoretical accounts such as the Fischer, ATO and BISEP theoretical accounts will be used and compared with the local state of affairs, to come up with recommendations and schemes. The Fischer theoretical account will be used as from the earlier researches done by Chau (2009) . Before traveling in deepness with the Fischer Model and the other two theoretical accounts, the basic theoretical accounts of taxpayers ' conformity or the standard portfolio theoretical account of single conformity implies that conformities is low or seldom falls to a degree predicted by the criterions of theory. Therefore, the two basic theoretical accounts of taxpayers ' conformity behaviour are harmonizing to Alm and Mc Chellan (2012) :

The theories of revenue enhancement conformity

The standard theory of revenue enhancement conformity, which is based on the work of Allingham and Sandmo (1972) .

The other theoretical accounts that are studied in this paper are the ATO theoretical account and BISEP theoretical account (Braithwaite, 2007) . The Australian Taxation Office (ATO) has developed a conformity theoretical account in 1996. The ground for developing this theoretical account was that

big companies in Australia did not pay or really small company revenue enhancements. The Australian Taxation Office conformity theoretical account is presented as a pyramid with three characteristics, which will be used to propose regulative schemes. The first characteristic is on the left side of the pyramid, which can be seen in the figure below where the options are for covering with conformity. At this side of the pyramid are the motivational positions (BISEP). The 2nd characteristic of the pyramid is on the right side. Getting down at the base to the top is the scope from learning, educating and carrying the taxpayer. In between the sides of the pyramid, at the base or front side of the pyramid, all conformity activities are self-regulative. If the countenances get higher, the ego ordinance will besides increase.

Figure 1 ATO pyramid Braithwaite (2007)

There are different classes and attitudes towards conformities which could be detected with the ATO theoretical account. The 3 degrees into which the conformity is divided are as follows:

High attitude to conformity: Have decided not to follow or make not desire to follow ;

Medium attitude to conformity: Try to follow, but do not ever win ;

Low attitude to conformity: Volition to make the right thing.

Further, Braithwaite (2007) developed a theory that describes 5 behaviours towards conformity. These 5 chief behaviours or attitudes are outlined as follows:

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1. Commitment behaviour: willing to make the right thing ;
2. Capture behaviour: attempt to follow, but do non ever win ;
3. Resistance behaviour: do non desire to follow ;
4. Disengagement behaviour: have decided non to follow ;
5. Game participants ' behaviour: belong anyplace along the left side of the theoretical account.

One of the chief intents of the ATO theoretical account is to (I) introduce inducements to better conformity, and (II) to implement conformity with more and flexible countenances harmonizing to Braithwaite (2003) . In other words, this theoretical account determines the appropriate scheme to better the conformity of each class or degree and the influence attitude towards conformity must foremost be understood. Once this is understood, it allows doing better schemes. For illustration, if the bulk of the revenue enhancement conformity is grouped as captured conformity group, so the scheme is to promote the revenue enhancement remunerators by increasing the Numberss of consultative offices or bettering the information about revenue enhancements to the taxpayers. The BISEP theoretical account is closely linked with the ATO theoretical account and it has a motivational position. It helps to understand the different factors that influence the taxpayers ' behaviour, such as the concern industry, sociological, economic, and psychological factors. The BISEP conformity theoretical account shows the different external factors that influence taxpayers ' attitude towards conformity behaviour. This theoretical account is a structured manner of bettering and understanding the conformity behaviour of taxpayers. This theoretical account addresses the different revenue enhancement

determinations that frequently depend on the state of affairs. Indeed, the behaviour of revenue enhancement conformity may be clear about why people pay revenue enhancements, but non why they evade revenue enhancements. Because of that, research workers introduced revenue enhancement morale, for illustration in the conceptual theoretical account, the Fischer theoretical account used by Chau (2009) . In that model the cultural norms and ethical values determine the revenue enhancement behaviour and this theoretical account will be the conceptual theoretical account of this thesis.

Conceptual theoretical account

The primary aim of this survey is to reexamine the Fischer revenue enhancement conformity theoretical account and happen out if so the effectivity of the revenue enhancement system is affected by complexness of the revenue enhancement system, or by the cultural norms and ethical values. It is besides to happen out if so this theoretical account promotes revenue enhancement conformity. However, foremost of the account and the purpose of this conceptual theoretical account must be discussed. This theoretical account provides a model for understanding the socio-economic (demographic variables, income degree and beginning) and psychological constituents (equals, equity of the revenue enhancement system and civilization) that influence a taxpayer 's conformity determinations. In the old chapter it was mentioned that the SBAB increased its desk audits. That means that if there are more audits, the audit chances and terrible punishments will promote conformity. Harmonizing to the Fischer theoretical account theory, nevertheless, is this merely effectual if the punishments that

are applied quickly and forcefully. So raising the chance of observing persons that evade their revenue enhancements is an of import factor that affects revenue enhancement conformity. Further, the demographic variables are portion of the socio-economic constituents that influence the conformity behaviour harmonizing to Chau (2009) . The following theoretical account is the conceptual theoretical account that will be used for this thesis.

- Disobedience
- Opportunity:
- Income Level, Income
- Beginning, Occupation, Marital Status
- Psychological variables:
- Fairness of the Tax System, Peer Influence. Attitude and perceptual experiences
- Demographic Variables:
- Age, Gender, Education

Tax System/Structure:

- Complexity of the revenue enhancement system, Probability of Detection and
- Punishments, Tax Rates
- CultureVariables:
- Social norms & A ; Ethical values

Figure 2. Tax conformity conceptual theoretical account Fischer et Al. (1992) .

The first parts of the Fischer Model are the socio-economic constituents, which consist of the followers:

- demographic variables
- cultural variables and
- non-compliance chance (Income beginning)
- revenue enhancement construction

The 2nd portion of the theoretical account (treating) consists of the psychological constituents:

- equal influences, like the attitude of the taxpayers and perceptual experiences
- equity of the revenue enhancement system

The factors that determine the effectivity of the revenue enhancement system construction of any state include chance of sensing, punishment, revenue enhancement rate and complexness of revenue enhancement system (Fischer et al. , 1992) . Empirical grounds have linked these factors to compliance behavior harmonizing to Alm (2005) ; Chan et Al. (2000) ; Deskin and McKee (2004) ; Martinez-Vazquez and Rider (2005) ; O'Bryan (2000) and have besides demonstrated it.

The `` Tax equity seems to affect at least two different dimensions (Jackson and Milliron, 1986) : the first relates to the benefits one receives for the revenue enhancement given ; the 2nd dimension involves the sensed equity of the taxpayers ' load in mention to that of other persons. This 2nd dimension relates to taxpayers ' perceptual experiences of the perpendicular

equity of the revenue enhancement system. If a taxpayer were to experience that they pay more than their just portion of revenue enhancement when comparing themselves to affluent taxpayers, they are more likely to see paying revenue enhancement as a load than a taxpayer non concerned about these issues. " harmonizing to Barbuta-Misu (2011, p. 75) .

Demographic constituents

Gender is portion of the demographic constituent and has influence on the conformity behaviour harmonizing to the earlier research done by Chau (2009) . Females are more revenue enhancement compliant than males. On the other manus, the survey by Houston and Tran (2001) shows that more adult females than work forces evade revenue enhancement. Another variable that is portion of the demographic constituent is age. Harmonizing to old research, age has influences on revenue enhancement conformity behaviour. Younger taxpayers are less complaint and the factor for knowing evaders is higher harmonizing to Ritsema et Al. (2003) . This group is besides willing to take hazards and is less afraid for countenances. Education is besides a demographic variable. Survey shows that those with more financial cognition are considered to hold a more positive attitude than those with lower fiscal cognition harmonizing to Groenland and Veldhoven (1983) . Chan et Al. (2000) finds that the higher the instruction, the higher the revenue enhancement conformity is, but in add-on to that, the survey of Richardson (2006) finds that the general instruction degree significantly related is to the grade of revenue enhancement equivocation. In the survey of Torgler et Al. (2007) shows that married people evade revenue

enhancements significantly more than singles. Further, Torgler and Schneider (2002) that married twosomes have a stronger societal web and hold higher revenue enhancement morale than singles.

Cultural variables

Social norms and ethical beliefs have influences on conformity harmonizing to Blanthorne and Kaplan (2008) and are besides taken into consideration in the Fischer revenue enhancement conformity theoretical account.

Harmonizing to the Fischer 's theoretical account, the revenue enhancement system construction is considered as major determiner of revenue enhancement conformity behaviour and the revenue enhancement gross mobilisation in a state depends on the effectivity and efficiency of the revenue enhancement system (Fischer et al. , 1992) . Hyun (2005) explains in his survey that revenue enhancement civilization is hard to mensurate, because revenue enhancement civilization has non been conceptually organized yet, so there are different looks what revenue enhancement civilization consists of. In the instance survey of Torgler and Schneider (2002) they observed Switzerland, Belgium and Spain to happen out if cultural differences and assortment have an impact on revenue enhancement lesson within each state. They argued that for each state, pride and trust in the legal system have a positive impact on revenue enhancement lesson. What is besides singular in their survey is that in Spain, contrary to Switzerland, more liberty does non take to more support for Government revenue enhancement. In another fluctuation of cultural statement, Pryadilnikov (2009) argued that negative attitudes held toward

revenue enhancement conformity by the Russian citizens were mirrored by the negative attitudes that were held towards the revenue enhancement officers. Therefore in other words, this revenue enhancement job lies besides on the revenue enhancement functionaries who are responsible for the revenue enhancement aggregation. Pryadilnikov besides states that the revenue enhancement conformity job does non so much related to the cultural or regional factors, but to the incapacity that is afflicting the Russian province and the failing of the revenue enhancement decision maker to undertake challenges of revenue enhancement aggregation in a big and diversified economic system.

Current revenue enhancement system

The revenue enhancement system is based on a figure of revenue enhancement Torahs. Some of these Torahs are dating back many old ages. The current revenue enhancement system of Curacao is from before the disintegration on October 10th, 2010, and still is complicated. For illustration, the current revenue enhancement Torahs and ordinances can non be easy accessible and are non easy to understand. Furthermore, the taxpayer is obliged to supply the revenue enhancement Inspector with the necessary revenue enhancement information. Just like the employees have the same duties in regard of the paysheet revenue enhancement. The freelance individual or broad profession besides have the duty to subject histories and papers to provide all information to the revenue enhancement Inspector, which may be of import for the finding of revenue enhancement liability of 3rd parties. On the other manus, the revenue enhancement jurisprudence

allows some attorneys, notaries, members of medical professions to decline information on the footing of their professional secretiveness regulations harmonizing to Spence and de Vries (2011) . They besides stated that revenue enhancement functionaries may non print or go through on any information sing taxpayer personal business.

This revenue enhancement construction and the disobedience chance are factors identified in the conceptual theoretical account, which have direct influence on taxpayers ' conformity behaviour. Besides, the best patterns in the part show that in states such as Peru, Colombia and Jamaica, that there is a comparatively high degree of non-compliance (Bird and Jantscher, 1992) . Several other Latin American states, such as Mexico, use different methods of roll uping revenue enhancements, observing unregistered taxpayers and revenue enhancement evaders. In the survey of Hyun (2005) , in which two developed states, Korea and Japan with the same cultural facet, near geographical location and similar historical background, but with different revenue enhancement conformity attitude were studied, defines that the revenue enhancement policy about the revenue enhancement information revelation plays a important function in the taxpayers ' conformity. For case, in Korea, there is no formal information available about the size of revenue enhancement equivocation after revenue enhancement audit by the revenue enhancement governments available, but in Japan there is a complete revenue enhancement information revelation policy. Thus private information about revenue enhancements for the group rich of persons or concerns can be released to the populace under their legal

footing. Harmonizing to this survey of Hyun (2005) , the revenue enhancement conformity behaviour in Japan is better than in Korea, because they do not desire their names publicized for revenue enhancement equivocation. Another comment of the same research worker is that if the people distrust the Government, they will easily rip off the revenue enhancement. Harmonizing to Lu et al. , (2009) , the services offered (frontline service forces) and the service requested by taxpayers besides influence the revenue enhancement conformity behaviour. In the survey of Barbuta-Misu (2011) is explained that judging the equity of the revenue enhancement system, requires comprehensive cognition and right reading of the revenue enhancement Torahs. She besides states that complex revenue enhancement rate constructions are not absolutely understood by taxpayers and that lead to lower revenue enhancement conformity.

Non-compliance chance

The non-compliance chances are the economic factors that influence the revenue enhancement conformity. In this class the income degree, income beginning and business are related to the attitudes toward revenue enhancements. Harmonizing to Barbuta-Misu (2011) research, because of the degree of existent income, freelance taxpayers have more possibilities to avoid revenue enhancements than employed taxpayers. Yet, the freelance taxpayers have more chances for revenue enhancement equivocation and those chances might farther increase with the figure of different income beginnings. Another survey done by Kirchler et Al. (2007) is that in their research the participants were less compliant when they reported income

earned by low attempt, compared to the taxpayers that reported difficult earned income. Harmonizing to the Fischer theoretical account, the income degree, income beginning and business affect the taxpayer straight. Get downing first with the degree of income, this is one of the economic factors which influence taxpayers ' conformity straight. In their survey Houston and Tran (2001) indicate that taxpayers from a lower income group tend to hold lower revenue enhancement conformity compared to the revenue enhancement remunerators with a higher income who have high revenue enhancement conformity. They under report their revenue enhancements or over claiming their disbursements, because they have to pay higher revenue enhancements. In the survey of Barbuta - Misu (2011) besides indicates that Another factor is the income beginning. In this same survey that is mentioned above, the revenue enhancement equivocation among taxpayers who are freelance (exclusive owners) taxpayers is higher than non-sole owners (employees) . Another survey done by Richardson (2006) indicates that the income beginning is an of import factor ; it reports that the income beginning is linked to revenue enhancement equivocation. Largely, the income beginning that is non subjected to keep backing revenue enhancements has influence on the revenue enhancement behaviour. The type of business is besides considered as an influence factor for revenue enhancement conformity. In add-on to the income beginning, the business harmonizing to the TCMP information indicates that the exclusive owners involved in gross revenues such as in shops and eating houses, are the 1s who under-reports their revenue enhancements. Besides in the Fischer 's theoretical account, beginning of income, degree of income and business are

factors impacting the relationship between disobedience chance and revenue enhancement conformity behaviour. The direct relationship between conformity behaviour and the revenue enhancement system construction, taxpayers ' attitude, disobedience chance are non reported in this survey as findings on such relationships that had been reported in other old surveies Chan et Al (2000) as a consequence these variables served as control variables similar to what was done by (Chau and Leung, 2010) .

Psychological influences

In the research of Chau and Leung (2009) they considered that the taxpayers ' attitudes and perceptual experiences have influenced the non-compliance behaviour. They argued that the equal influence, like that of friends, relations and co-workers, reflects on the single outlooks in relation to O. K. ing or disapproving the non-compliance attitude. The equity of the revenue enhancement system besides discussed by Chau and Leung (2009) plays a important function for increasing the in non-compliance behaviour ; like for case the benefits the taxpayer receives from the Government compared to the revenue enhancements they paid. If the taxpayers believe that the revenue enhancement system is unjust, or if they do non cognize how the Government spends their revenue enhancement money, they are more likely to be non-compliant.

Decision

All the literature studied referring the thesis outlines the relevancy of regulations to understand revenue enhancement morale and shows that the same revenue enhancement regulations can hold different revenue

enhancement effects. In this thesis the Fischer theoretical account will be applied on the revenue enhancement system and services offered by the revenue enhancement office of the island and the result will be compared.

The Fischer revenue enhancement theoretical account provides a model for understanding the influences of the socio-economic and psychological constituents on taxpayers ' conformity determination. The basic theoretical account of Fischer serves as a point of going for the analyses of revenue enhancement conformity behaviour in the ulterior chapters. Furthermore the accent of the research lies on how to better the conformity behaviour in the new revenue enhancement system. These are some of the non-economic factors for conformity: age, gender, income, equals and penalty. These factors have indirect influences on the non-compliant behaviour of the taxpayer. In the ulterior chapters these dealings are discussed.

The conceptual theoretical theoretical account of revenue enhancement conformity suggests the revenue enhancement disposal has the ability to act upon taxpayer behaviour through the responses and interaction. Thus the first major happening from literature reappraisal is that the civilization and other powerful environmental factors, societal norms and ethical values, affect the taxpayers ' conformity. Yet, there is still much to learn about the taxpayers ' motive.

The 2nd survey investigates the equity of the revenue enhancement system, taking into consideration the effectual factors of the revenue enhancement reforms in the NBC, which impact the revenue enhancement conformities

harmonizing the different whitepaper studies from BearingPoint (2008) and CIAT (Centro Interamericano de Administraciones Tributarias) that are studied. Existing research documents that focus on single non-compliance on the island are non available ; there is small research on corporate revenue enhancement non-compliance, so greater attending should be paid in this paper to income revenue enhancement conformity on the Island.

In this chapter the methodological analysis that will be applied are based on a combination of a qualitative analysis and quantitative analysis research method. This thesis is by and large more a quantitative analysis research, because more field and desk research is done to roll up more elaborate information about revenue enhancement conformity behaviour of the local income revenue enhancement remunerators. This is done by a study for which the taxpayers have indiscriminately been selected, to happen out what motivates them non to pay or register the revenue enhancements or what their societal norms are and how their ethical behaviour and beliefs are about revenue enhancement equivocation. Besides the socioeconomic background of each participant will be analyzed. In exhibit 1, the questionnaire is presented ; it is used for this portion of the information analysis.

To get better cognition of the subject for this research, a sum of 4 interviews are held with different revenue enhancement experts, referring the revenue enhancement conformity. These interviews consist of open-ended inquiries (narrative information) , that are answered by the respondents.

For this research the descriptive research type is used harmonizing to Zikmund (2003, pp 54) . It means that " descriptive research seeks to find the reply to who, what, when and how inquiries " . The instruments used for finishing the descriptive research are questionnaires, structured interviews and secondary informations available from theacademicdiaries from several databases like Ebsco and Emerald and how the conceptual theoretical account is interpreted in the current state of affairs of the local income taxpayers. For the processing and analyzing of the primary informations, generated through the study, the SPSS package is used.

The set-up of this chapter is as follows: in the following paragraph, the process of garnering information ; followed by the account of the choice of the participants in paragraph 3. 3 ; the instruments used for the collection of the informations in paragraph 3. 4 and the cogency in paragraph 3. 5. In paragraph 3. 6 the representativeness will be discussed as will the decision in the last paragraph.

Procedure

The process for the information aggregation stage are as follows: foremost the generating of primary informations by studies, utilizing questionnaires. This is done by reaching the letter writers personally, by phone or electronic mail. Before get downing with the questionnaire, merely as mentioned above, a pilot survey had been done to look into if the questionnaire had been formulated right. For the pilot survey 5 respondents were used for a try-out (pre-testing stage) to minimise mistakes due to improper design of the questionnaire or to larn if the questionnaire was excessively long. After

that phase the information aggregation process started. When the information was collected, all information was classified and analyzed and the research inquiries were answered based on statistical methods.

The 2nd method to garner the information is to interact with an interviewer. There is a list with structured inquiries to be asked. This gathered information consists of narrative information and observations. The reading of the questionnaire appropriate for this survey is done with open-ended inquiries, referring revenue enhancement conformities. The revenue enhancement experts were interviewed about their revenue enhancement conformity points of position and so the questionnaire was formulated. All interviews taken were one-on-one.

Another method used to garner information about the conformity behaviour is the usage of research articles and diaries on the cyberspace. Harmonizing to the findings, the conformity behaviour and features of the taxpayers will be analyzed. All the preliminary information were computerized through information coding procedure for analysis. The SPSS plan was used for the information cryptography procedure for this research analysis.

Participants

The population of the survey is the income taxpayers in Curacao. As of January 1st 2010 the figure of taxpayers has been 142, 180 harmonizing to the recent nose count informations of Central Bureau of Statistics Netherlands Antilles (CBS) . The sample size is determined utilizing a tabular array to find it and is carried out in a period of 2 or 3 hebdomads, in

order to show how the latest taxpayers ' attitude influences revenue enhancement conformity.

The sample size of the mark population is 150, with a assurance interval of 8 and the assurance degree of 95 % .

The participants are the income taxpayers who may besides hold their ain little concern and may be between the ages of 18 and 65 old ages. These participants will be chosen indiscriminately and are divided into 12 different age groups. The questionnaire will be taken at the revenue enhancement office waiting hall in order to research the group that complies with its revenue enhancement responsibilities. This group decidedly files and pays its revenue enhancements. Possibly non right or on clip, but at least this group could be categorized as the group, harmonizing to the ATO theoretical account, as the `` low attitude " class group, therefore the group that is willing to make the right thing.

Another location where the research workers will near their participants is in Marshe , the local market place, where sellers come to sell their goods. All respondents involved for this research will stay anon. and are selected indiscriminately. To acquire at least 150 completed questionnaires, respondents will besides be selected by telephone. The Inspectorate of revenue enhancements provides a list with all phone Numbers of all exclusive owners registered at the revenue enhancement office. Every 8 th income taxpayer on the list will be called, until 150 respondents have reached.

In order to reply the research inquiry and the other 5sub inquiries, 4 interviews were conducted with experts in the field of revenue enhancements. The interviews are with the caput of Inspectorate of revenue enhancements Mrs. Jamila Isenia, and with the caput of Fiscal Affairs, Mrs. Clarion Taylor. From the SBAB, Mr. Reijmie de Leeuw, the squad leader of the auditing section who is in charge of choosing the audits. Mr. Edsel Jansen, caput of the aggregation section Receivers office was interviewed. The interviews were held face-to-face or by phone or electronic mail, utilizing open-ended inquiries. All inquiries were prepared in front, so the interviews were structured. In exhibit 2 the inquiry list used for the interviews will be attached.

Instruments

For this portion of the thesis the conceptual theoretical account that is mentioned in chapter two, is closely linked with the instruments that are used for the information aggregation. In this instance a structured questionnaire is distributed to the income taxpayers.

As shown in table 1 below, a sum of 150 study instruments were distributed.

This study contains a wide scope of steps, such as demographic steps, societal norms, conformity steps and the revenue enhancement civilization steps. The questionnaire consists of Likert graduated table comprising of 5 responses, closed-ended and eventuality (nominal and ordinal graduated table) inquiries. The questionnaire was divided into the undermentioned subdivisions harmonizing to the conceptual theoretical account:

- Disobedience
- Opportunity.

In the tabular array below the steps of each independent variable harmonizing to the conceptual theoretical account are presented with the type of measurement graduated table.

The open-ended inquiries gave the respondents the chance to dig more into the replies. The inquiry signifier used for this study is attached in exhibit 1. The questionnaire was pre-tested for mensurating cogency, representativeness and pertinence before its concluding usage. For the qualitative analysis, the instruments that will be used for this portion are information and statistics obtained from the SIAH, CBS and the Chamber of Commerce (KvK) . Another instrument used is the questionnaire list with unfastened inquiries used for the interviews.

Validity

To find the cogency of the information in this research, all the research articles are compared to other similar surveies. These surveies about revenue enhancement conformity behaviour will assist to find the cogency of the overall information about the research inquiry. First of all, before roll uping the information, the questionnaire must be approved by the thesis wise man. The questionnaire is divided into five different parts conform the conceptual theoretical account. In the undermentioned four tabular arraies, the inquiries and related literature are presented. The set-up of the questionnaire is as follows:

In the tabular array above the demographic and non-compliance chances are presented together. Monthly income is besides an index of the non-compliance chance, but in this questionnaire, this conformity index (income) is placed as the last inquiry. Harmonizing to O ' Rourke (2002) , that income is a extremely sensitive topic and is related to many behaviours and sentiments. That is the ground why it is placed at the terminal of the questionnaire and non at the beginning of it.

The following tabular array shows how the taxpayer 's conformity attitude is measured. In this portion the inquiries are given in 12statements. These statements cover issues that are expected to correlate with revenue enhancement conformity. The respondents have to bespeak whether each statement is true or false.

This portion of the questionnaire consists of three statements that are related to self under coverage and revenue enhancement equivocation. The steps of under describing morals are shown below.

Dependability and cogency are indispensable tools in a thesis. The dependability of the questionnaire is that the variable scope is the same as the one used in the nose count done by the CBS. All the Likert -type graduated table inquiries will be replaced with other similar inquiries, in the study. Therefore to mensurate the beliefs about underreporting or revenue enhancement equivocation by the taxpayers, some of the inquiries are coded in contrary. That is one of the trials that the study is valid and dependable. Finally, the representativeness trial is done to mensurate the

dependability of the replies. The replies of each of the 5 instruments will be measured by the Cronbach 's alpha tool, which is a numerical coefficient of dependability. The scope of each instrument that will be measured must be at least between 0. 7 and 1. 0. Every inquiry with the result that is below 0. 7 will be excluded. Thus for all the independent variable, all the responses will be tested with a Cronbach 's Alpha tool with at least a value of 0. 7 boulder clay 1. To mensurate the Cronbach 's Alpha or internal consistence the undermentioned consequences are calculated for each independent variable.

As the consequences in the above tabular array show, the overall alpha for cultural variables is 0. 806. The result is above 0. 7 and has a really good strength of association, harmonizing the regulation of Cronbach 's alpha coefficient size (Hair et al. , 2003) . The psychological variable is 0. 616 and there is a moderate strength of association. The internal consistence of the revenue enhancement system variable is 0. 165 the result and is below 0. 7. These inquiries should be excluded from the questionnaire. However, these inquiries are indispensable to mensurate the revenue enhancement system variables and will stay in this research. The demographic and non-compliance chance variables are non tested, because merely 1 inquiry of the questionnaire measures the variable and the minimal figure of inquiries in a graduated table to mensurate should be at least 3.

To analyse the sub inquiries mentioned in chapter 2, the correlativities of these are applied. The correlativity applied is the spearman rank order correlativity because the information used in the questionnaire are dwelling of ordinal graduated table steps. Another trial that is used for this research is

the analysis of the chi-square trial for goodness of tantrum, which allows proving for significance. The chi-square trial is