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A psychometric investigation of the personality traits underlying individual tax morale

Summary of TARC working paper by Nicolas Jacquemet, Stéphane Luchini, Antoine Malézieux, and Jason Shogren

The generic term "tax morale" implies that there are aspects of the personality that can predispose or restrain an individual from evading. The traditional economic analysis of tax evasion leaves little room for personality. However, in different models, the focus has been on individual determinants that could take on this role, mainly related to emotions, morality and norm submission. A growing field within psychology - moral psychology - aims to understand why people behave well and behave badly. Using its insights, can we capture these personality traits in a lab experiment simulating a tax setting?

To answer this question, we run a first experiment where we focus on personality traits related to guilt and shame predisposition (measured using the *Guilt And Shame Proneness* questionnaire), norm submission (*Concern For Appropriateness* questionnaire), and the level of empathy (*Questionnaire For Cognitive And Affective Empathy*).
In a second experiment, we collect measures of moral judgment through three different questionnaires: the attachment to ethical principles, (*Ethics Position Questionnaire*),

integrity (*Integrity Scale*), and the moralization of everyday life (*Moralization of Everyday Life Scale*).

We correlate these questionnaires' answers with tax declaration in the simulation. In this simulation, participants first earn a gross income through simple tasks (sorting nine digits as quickly as possible) and are then asked to declare this amount of gross income, which will be taxed at a preannounced rate of 35%.

Two personality traits turn out significant: **the propensity to feel affective and cognitive empathy increases tax compliance**, and this result underlines the social dimension of behaviour related to tax morale - the psychological ability to foresee the effect of one's own actions on the situation and the feelings of others plays an important role in this type of situation. In line with the existing literature, we also find a positive correlation between **withdrawing after committing a transgression and tax evasion**.

Above all, although these personality traits have a significant effect on observed evasion decisions, their explanatory power remains weak. We conclude with the following observation: **tax evasion behaviour probably depends more on context-specific decisions rather than personality traits**.

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