

## **Abstract**

For tax systems which rely on voluntary self-reporting of tax obligations, the need to understand what drives taxpayer attitudes and behaviour is important in ensuring that taxes owed are declared and collected. An understanding of the motivations underlying taxpayer attitudes and behaviour is also beneficial to tax authorities through informing them of which strategies might be most appropriate and effective in achieving greater compliance. Inappropriate strategies are not only costly and ineffective, but may also be counterproductive. Contrary to the understanding of taxpayers as being motivated purely by personal self-interest, this paper argues that how taxpayers perceive themselves in relation to other taxpayers and tax revenue authorities is fundamental to understanding the motivations which underlie taxpayer behaviour. This paper illustrates, both theoretically and empirically, that taxpayers can think of themselves as members of broader social categories (for example, Pay as You Go (PAYG) versus non-PAYG) and that this qualitatively changes how they think about themselves and what drives their attitudes and behaviour. This has strong implications for compliance strategies currently employed by tax revenue authorities and these implications are discussed.