

Abstract WP 67

This paper investigates the relationship between making additional payments to the state for student loan (via the Higher Education Contribution Scheme) and child support (via the Child Support Scheme) and compliance with tax law. Data are taken from the Community Hopes, Fears, and Actions Survey based on a random sample of 2040 individuals. Additional payments were found to pose a compliance problem for tax authorities. At the same time, this study demonstrated that perceived deterrence, moral obligation and possible trustworthiness play significant roles in reducing tax evasion. An important finding to emerge from this study is that tax evasion is more likely to accompany additional payments when personal income and belief in trust norms are low. The finding of greater tax evasion among economically marginalized groups has been demonstrated in other contexts, but the adverse effects of becoming irreconcilably socially marginalized from legal authority has tended to be both undervalued and under-theorized in the taxation compliance literature.