

Attitudes, Behavior, and Information

2017 TAX RESEARCH FLAGSHIP REPORT

World Bank Global Tax Program

This note outlines the motivation and parameters of the 2017 Tax Flagship Report of the World Bank Global Tax Program (GTP) entitled Attitudes, Behavior, and Information. The objective of the GTP's annual Flagship — of which this will be the first edition — is to ask how the World Bank and client governments can design better projects by (i) pushing the research frontier in operationally relevant areas of the tax literature and (ii) translating this into practical solutions that will feed directly into country tax programs.

Towards these ends, the first theme of the 2017 Report will explore the interplay between taxpayer Attitudes and Behavior for tax administration and enforcement in developing countries. As low and middle income economies shift towards direct taxes, factors influencing voluntary compliance become increasingly important in the face of tax administrations' challenges to detect evasion and enforce legal sanctions. Despite the increasing amount of academic research and attention of policymakers being dedicated to issues of attitudes and behavior as drivers of tax compliance—causal evidence linking interventions targeting tax morale to increased compliance remains mixed at best.

From this starting point, the Flagship will draw together the various and disparate strands of work to-date and develop a conceptual model with taxpayer attitudes at its center which explores i) how the underlying mechanisms driving tax morale can be expanded (and adapted) to different strata of taxpayers in a developing country setting and ii) considers the different types of “higher stakes” interventions that can be considered to lever the World Bank's lending operations and access to client revenue administrations.

The second theme of the Report, Information, recognizes that tax administration is also a business of information management. Taxpayer morale and compliance is also shaped to a large degree by access to information that reveals (a) whether or not they believe that other taxpayers are paying, (b) how effectively they believe that revenue is being used, and (c) whether or not they believe tax administration is honest and fair. It has historically been close to impossible for the public to access even basic information about tax collection. The Flagship will practically explore how new tools such as improved IT systems, data collection and exchange mechanisms, and data analytics give tax administrations around the world the opportunity to close the revenue gap—and understand how it can be packaged to affect taxpayer attitudes and compliance.

Immediately following the 2016 World Bank / IMF Annual Meetings, a workshop will be held from October 11 & 12 to refine the research agenda of the Flagship and explore possible contributions to the report. This meeting will bring together a small group of academics, practitioners, and Bank operational staff to (i) review the state of ongoing research in this space, (ii) debate its practical overlap with the challenges facing Bank tax operations, and (iii) explore opportunities between these two groups to lay the foundation for a prospective research agenda embedded in operations under preparation.