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### **“Culture and Tax Evasion”**

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Topic: M. Government Finance

#### **Abstract**

The purpose of this paper is to study the non-economic determinants of tax evasion. We aim to highlight that the phenomenon of tax evasion is influenced by non-economic factors as well, which are indeed derived directly from Civilization, Culture and “Pedia” (“Παιδεία”, the original Hellenic term). The tool of the analysis is literature review. First, we summarize the most important of the determinants by dividing them into economic and non-economic. Next, we focus on six non-economic determinants of tax evasion, namely on, (1) the justice of a country’s tax system, (2) the taxpayers’ trust in the state, (3) the quality of public governance, (4) the manner in which public money, and especially the product of taxation, is managed by the state, (5) the level of tax morale of the citizens, and (6) the average educational and cultural level of a country’s citizens. We also critically analyze these determinants. We concluded that the extent of tax evasion depends significantly on non-economic factors as well. These are directly linked to the level of civilization, which produces the necessary institutions of the country, and especially to the culture, “Pedia” and educational level of its taxpayers. We believe that the results of this comprehensive literature review could be useful scientific knowledge for policy makers, and help them to realize, both, the crucial role of culture in the multidimensional phenomenon of tax evasion, and the priority of per capita culture against per capita income, as the first forms of an alternative set of human needs, since it changes their attitude. We do not know any other work with such a comprehensive review of the literature, and indeed, by focusing on the effects of non-economic determinants. We believe that this paper contributes to the research on this phenomenon and, furthermore, recommends for quantitative measurement of its characteristics.

Keywords: Tax Evasion, Tax Compliance, Economic and Non-Economic Determinants of Tax Evasion, “Pedia”, Civilization, Institutions, Culture, Education.

Paper type: Literature Review Paper.

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