

E-CONOM

Online tudományos folyóirat | Online Scientific Journal

Főszerkesztő | Editor-in-Chief

JUHÁSZ Lajos

Kiadja | Publisher

Nyugat-magyarországi Egyetem Kiadó |
University of West Hungary Press

A szerkesztőség címe | Address

9400 Sopron, Erzsébet u. 9., Hungary
econom@ktk.nyme.hu

A kiadó címe | Address

9400 Sopron, Bajcsy-Zs. u. 4., Hungary

Szerkesztőbizottság | Editorial Board

CZEGLÉDY Tamás

JANKÓ Ferenc

KOLOSZÁR László

SZÓKA Károly

Technikai szerkesztő | Technical Editor

TAKÁCS Eszter

A szerkesztőség munkatársa | Editorial Assistant

TARRÓ Adrienn

ISSN 2063-644X



NYUGAT-MAGYARORSZÁGI EGYETEM
KIADÓ

Tartalomjegyzék | Table of Contents

CZEGLÉDI Pál

Szabadságjogok és gazdasági szabadság – a gazdasági növekedés két különböző tényezője?

Freedom Rights and Economic Freedom – Two Different Factors of the Economic Development?..... 2

TARRÓ Adrienn

A transznacionális vállalatok világgazdasági jelentősége: a megítélés és a szabályozás lehetőségei

The Interest of the Transnational Corporations to the Global Economic Trends: Facilities of the Judgement and Regulation 14

BORDÁS Eszter

Miért voltak képtelenek a hitelminősítő intézetek a 2008-as pénzügyi válság előrejelzésére?

Why were Credit Rating Agencies Unable to Predict the Global Financial Crisis in 2008? 28

ECKER Dóra Natália

Die Wirtschaftskrise 2007–2009 und deren Einfluss auf das Gold

*A 2007–2009-es gazdasági válság aranyra gyakorolt hatása
The Global Financial Crisis 2007–2009 and its Effect on Gold.....* 48

TÓTH Ákos

A fiskális- és kulturális föderalizmus szerepe Németország kultúrafinanszírozásában

The Role of Fiscal and Cultural Federalism in the Economic Performance of the Cultural Sector in Germany..... 58

GELENCSÉR Péter – BOKORNÉ KITANICS Tünde – NYÁRINÉ BUDVIG Anita – HARSÁNYI Csongor

Public and Corporate Attitudes towards Taxation: a Case Study from Hungary

Lakossági és vállalati adózási attitűdök: egy kérdőíves felmérés eredményei..... 75

BENEDEK Andrea

A hárompilléres fenntarthatósági modell környezeti és társadalmi aspektusának vizsgálata a vállalati gyakorlatban

Studying the Environmental and Social Aspects of the Three-pillar Sustainability Model in the Corporate Practice..... 90

KERESZTES Gábor

The Hungarian Innovational Potential and the R&D Sector

A magyar innovációs potenciál és a K+F szektor..... 106

KUNDI Viktória

Fesztiválok társadalmi és kulturális hatásainak mérése: módszertani áttekintés

Measuring the Social and Cultural Effects of Festivals: Methodical Overview..... 115

RESPERGER Richárd

A gyermekvédelmi szakellátás Magyarországon: a családközeli elhelyezés helyzete

Child-protecting Services in Hungary: the Situation of Family-near Hosting..... 130

**GELENCSÉR Péter¹ – BOKORNÉ KITANICS Tünde² – NYÁRINÉ BUDVIG Anita³
– HARSÁNYI Csongor⁴**

Public and Corporate Attitudes towards Taxation: a Case Study from Hungary⁵

In our research we investigated the taxation moral of the population and the enterprises, we researched if the people's knowledge in term of taxation was proper or they got into arrears simply because of financial reasons. As a result of our non-representative survey of 223 elements we concluded that the propensity for tax avoidance of population and enterprises was high, the majority accepted the ways of tax avoidance, the taxation moral was poor. Our base hypothesis got confirmed, the defaults in term of the taxation are induced by the lack of knowledge about the tax obligation and moral factors too besides the financial situation. Their surroundings, family and school play great role in the making of their relationship for taxation.

Keywords: taxation moral, propensity to pay tax, the efficiency of sanctions, moral factors.
JEL code: A130

Lakossági és vállalati adózási attitűdök: egy kérdőíves felmérés eredményei

Kutatásunkban megvizsgáltuk, milyen a lakosság és a vállalkozások adómorálja, megfelelők-e az emberek adózással kapcsolatos ismeretei, vagy csak egyszerű anyagi okok miatt kerülnek hátralékba? Nem reprezentatív, 223 mintaelemű kérdőíves kutatásunk eredményeként megállapítottuk, hogy a lakosság és a vállalkozások adóelkerülési hajlandósága is magas, az adóelkerülés módjaival kapcsolatban a többség elfogadó, az adómorál gyenge. Alaphipotézisünk igazolást nyert, mely szerint az adózással kapcsolatos mulasztásokat az anyagi helyzeten túl az adózási kötelezettségek ismeretének hiánya, és morális tényezők is befolyásolják. Adózáshoz való viszonyuk kialakításában jelentős szerepet játszik az őket körülvevő környezet, a család, iskola.

Kulcsszavak: adómorál, adófizetési hajlandóság, szankciók határfoka, morális tényezők
JEL kód: A130

¹ PhD-student, Kaposvár University Faculty of Economic Sciences Doctoral School for Management and Business Administration (geli AT digikabel.hu).

² College reader, Institution director, Dunaújvárosi College Institution of Economics (bokornekt AT gmail.com).

³ College reader, Department leader, Dunaújvárosi College Institution of Economics (nyariba AT freemail.hu).

⁴ PhD-student, Kaposvár University Faculty of Economic Sciences Doctoral School for Management and Business Administration (harsanyi.csongor AT gmail.com).

⁵ A tanulmány magyar nyelven megjelent "Adófizetési hajlandóság és adózással kapcsolatos attitűdök" címen. In: N. Szabó József et. al. (szerk.) (2012): Gazdasági és Társadalomtudományi Közlemények. 4 (1)

The basic information of the research

According to Jean-Baptiste Colbert „The art of taxation consists in so plucking the goose as to get the most feathers with the least hissing”. The French economic politician reformed the taxation system in the 17th century extending the circle of the tax-payers and in parallel way reducing the level of direct taxes and increasing the level of indirect tax, but stiffening the tax collecting, whereas he focused on the solidification of the kingdom’s finances.

So the problem is not recent and it is typical nowadays. Nobody likes paying tax whereas there is no „tangible” direct service to be expected from the state. Virtually there is no interest of the tax-payer in performance. The motivation power for the paying in better case it is the moral based social responsibility, in worse case they are the fear from forcing measures and sanctions. The everyday person takes it naturally if he or she does not get voucher at the hairdresser’s, at the dentist’s, and he or she will not ask for invoice from the plumber as well if he makes the reparation at a lower price this way. There are no ideas in most of the cases why they have to pay tax, while the others cheat wherever they can. They take the kickback, and it is not embarrassing to work blackleg. There is no objection against salary received in pocket.

According to their opportunities people try to decrease their tax expenses, and optimize their taxes. The ones decreasing their taxes with legal instruments they simply utilize the opportunities provided by the tax system. Most of the people cannot make distinction between the legal and illegal methods, so the ones utilizing the „back-stairs” may fall into cases qualified as tax evasion not only the malicious tax avoiders. A part of the tax-payers can hide their income, so the other part of the tax-payers pays for them. The entrepreneurs can hold back higher rate or the total of their income than the employees earning the same amount. This will not affect the distortion of the common charge payment, but the inequality worsens the taxation moral. (*Krekó-Kiss, 2008. April, p. 24.*)

„The majority of the entrepreneurs utilizing all the back-stairs avoid the tax paying. Many of them even do not report their activities. In the Southern part of the country the 80% of the businesspeople do not pay VAT correctly. In other parts of the country the situation is not so bad, but the invoice issuance is not a national morality. The company sector soothes its conscience with “legal self-defence”, whereas the country is pressed by the highest taxes of Europe. The black economy makes the 25% of the whole economy, according to other estimates it is one third.” (*Stipsicz, 2009*)

According to the research carried out by Mr. Medgyesi Márton and Mr. Tóth István György for TÁRKI there is nothing extraordinary if the people would like to pay less tax. If we take the people as rational actors, it is natural that they expect the highest profit for the lowest costs. Does it become conscious that if they want bigger part from the state service and from the „public benefit” the state needs further incomes? (*Gábos–Keller–Medgyesi–Tóth 2007, p. 58.*)

Based on the NAV (National Tax and Duty Office) report from the fourth quarter of 2011, there was an increase in number of the private people and the private entrepreneurs, and there was a decrease in the number of companies, who owe the tax office long-term. The NAV publishes big debtors’ list quarterly, but there are no exact amounts on this list, so we can state only the minimum of the arrears. In December 2011 continuously, for more than 180 days 1771 enterprises owed the tax authority with more than 100 million HUF each (according to the data from September it was 2023 pcs), and 3581 of private people and private entrepreneurs each with more than 10 million HUF. Calculating with threshold of 10 million HUF the private people and the private entrepreneurs owe at least 35,8 billion HUF, and with threshold of 100 million HUF the companies owe 177,1 billion HUF, the total amount of these is at least 212,9 billion HUF. The real arrears can be even higher. Out of the list of 1771 companies there are 1322 companies which are under liquidation, 98 are under insolvency

and there are only 351 companies which are still working so the arrears are almost impossible to be levied. The most probable reason of the decrease in the number of the companies with long-term arrears could be that where the liquidation of the company was finished and the companies ended they were cancelled from the list. (www.mti.hu)

Theme and methodology

Based on the listed secondary data we concluded that the tax concealment and tax avoidance were significant both in case of enterprises and population. It would be easy to say that the propensity to pay tax worsened because of the economic events of the past years. The population's types of tax paying liabilities are different from the entrepreneurs' liabilities, so the defaults and the reasons' of them are different too. The base hypothesis of our research is that, knowledge of taxation and moral factors play great roles in propensity to pay tax besides the current financial status. Our taxation culture or uncultured approach is affected by the fear from the sanctions and the acquired knowledge similarly to the actual financial condition, or the exact knowledge of tax paying liability. In our analysis we compared the defaults of the tax paying at the entrepreneurs with the population's default practices searching for the relations among the reasons. Our research focuses mainly on these influential factors. We circulated the questionnaire created as a mean of research through fellowship sites and personal correspondence lists, so it is not representative for the whole population. We worked with a sample of 223 elements. The age of respondents was between 20 and 67 years, 57% was women, 51,6% was professional, 47% of them live in capital of county, and 10% of them in Budapest, 18% of them in other towns, 25% of them in other villages. The 11% of the respondents as private people are employed leader, 30% of them employed professional. The physical workers' rate is 9% and the pensioners' rate is 4%. From the aspect of the incomes the rate of the people with minimal salary is 17,5%, above the minimal salary and under 130 thousand HUF the rate is 28,3%. The 26,9% of group's income that was analyzed as private person is between 130-230 thousand HUF. From the aspect of their size the 48% of the enterprises is only self-employed and 42% of them employs no more than 5 people. There was no company among the respondents who employed more than 50 people. Nearly the half of the companies has annual income less than 5 million HUF, 13,3% of them has income of 5-10 million HUF, 20% of the respondent companies has income of 10-100 million HUF. Only 5,3% of them was over 100 million HUF, but non of them exceeded the 1 billion HUF of annual income.

Results

More than 28% of the respondents as private person defaulted at least once their administrative liabilities of taxation. As the main reason of the default was explained with forgetfulness in 40%, with lack of knowledge in 34,3%. The 61,9% of the respondents defaulted only in one case, 31,7% of them in several cases and 6,3% of them regularly. The ones who defaulted only once gave explanation with forgetfulness in four times greater rate than the ones who defaulted regularly. The ones who default regularly explain it with the lack of knowledge regarding the payment.

The bad financial condition and the interim liquidity problems were at the first place at 32% of the ones who defaults the tax paying (*Figure 1*). The second main reason is the forgetfulness of the payment default in 32,5%. The lack of knowledge about liabilities came to the third place, which can be explained by that the tax authority sends payment calls regarding the payment liability. The deliberateness in case of the administrative and paying defaults is approximately 4%. The 80,6% of arrears consists of local taxes, motor vehicle taxes.

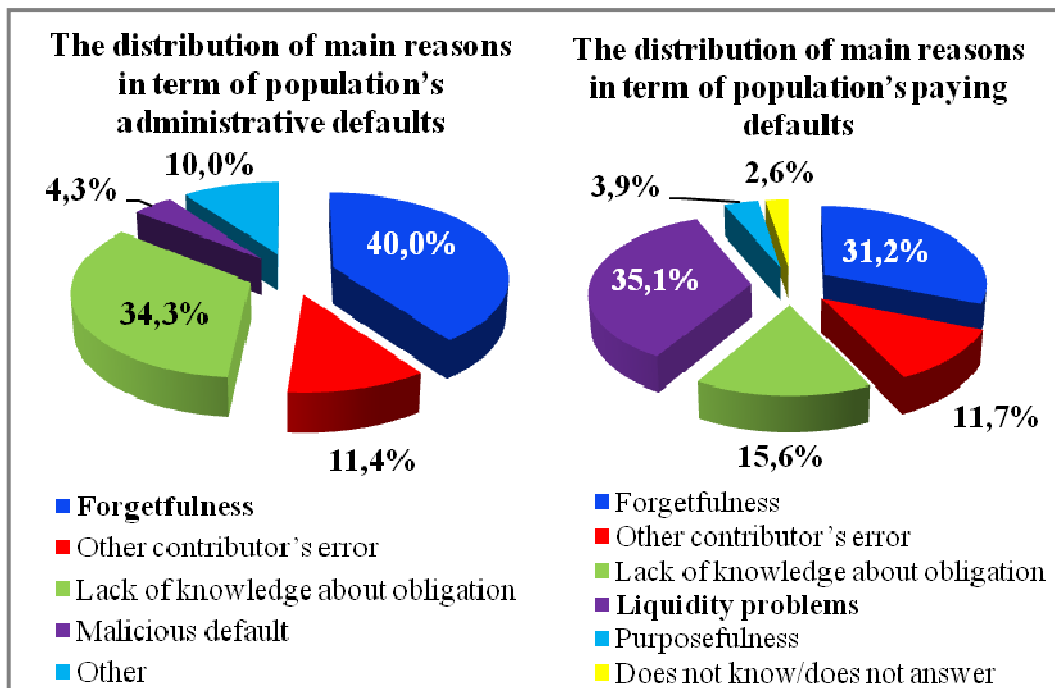


Figure 1.: The populations' tax paying administrative and paying defaults in term of the causing factors' distribution

Source: Own survey

The duration of arrears is less than three months at nearly two third of the research group, the ratio is similar regarding the amounts less than 50 thousand HUF (Figure 2.).

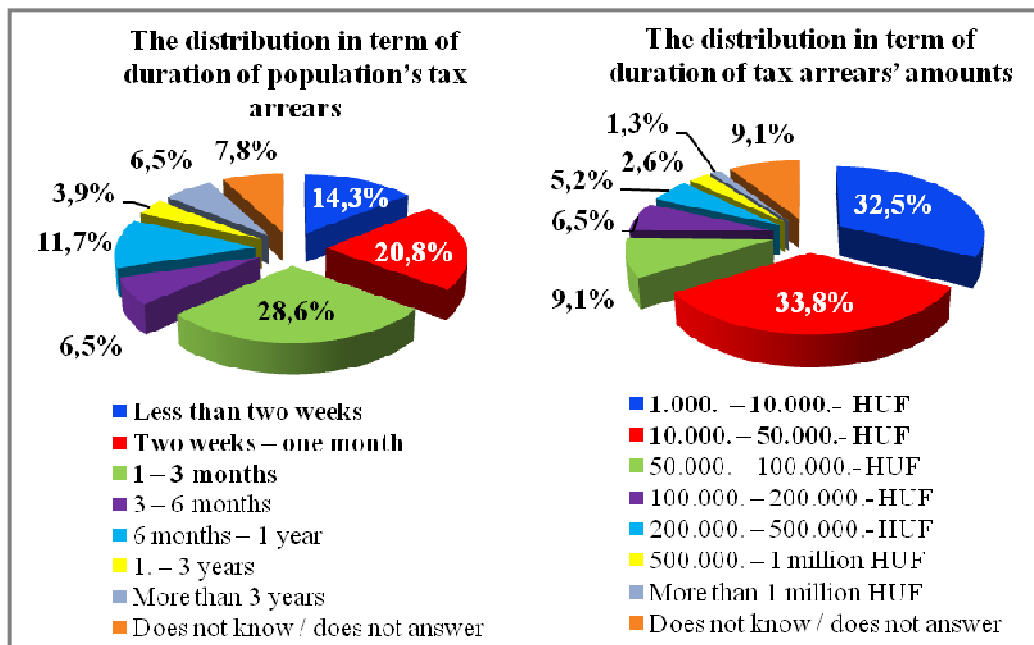


Figure 2.: The population's tax paying default in term of duration and amount distribution

Source: Own survey

The 26,9% of arrears less than 50 thousand HUF, the 68,4% of arrears above 50 thousand HUF were induced by liquidity problem, shortage of money. The main reason of the arrears less than 50 thousand HUF was the forgetfulness in 44,6%. There was no unpaid arrear

above 50 thousand HUF because of forgetfulness in the researched sample. Our cross table analysis showed that smaller arrears were typically with shorter duration, and at the smaller arrears the default was rather induced by forgetfulness, than in case of the bigger arrears where the defaults are typically induced by financial reasons. It was concluded that the arrears induced by forgetfulness and the amount less than 50 thousand HUF and duration with short term was the most typical for our research group.

Nearly half of the searched companies at least once did not fulfill its administrative (acknowledgement, report) liability in the past five years (*Figure 4.*). The number one reason of the administrative default is the „shortage of information, lack of knowledge about the liability” (32,4%), number two reason is the „forgetfulness” (29,7%). The number three main reason is „the other contributor’s error” (18,9%) which is usually the default of the person who is responsible for accounting and reporting (*Figure 3.*).

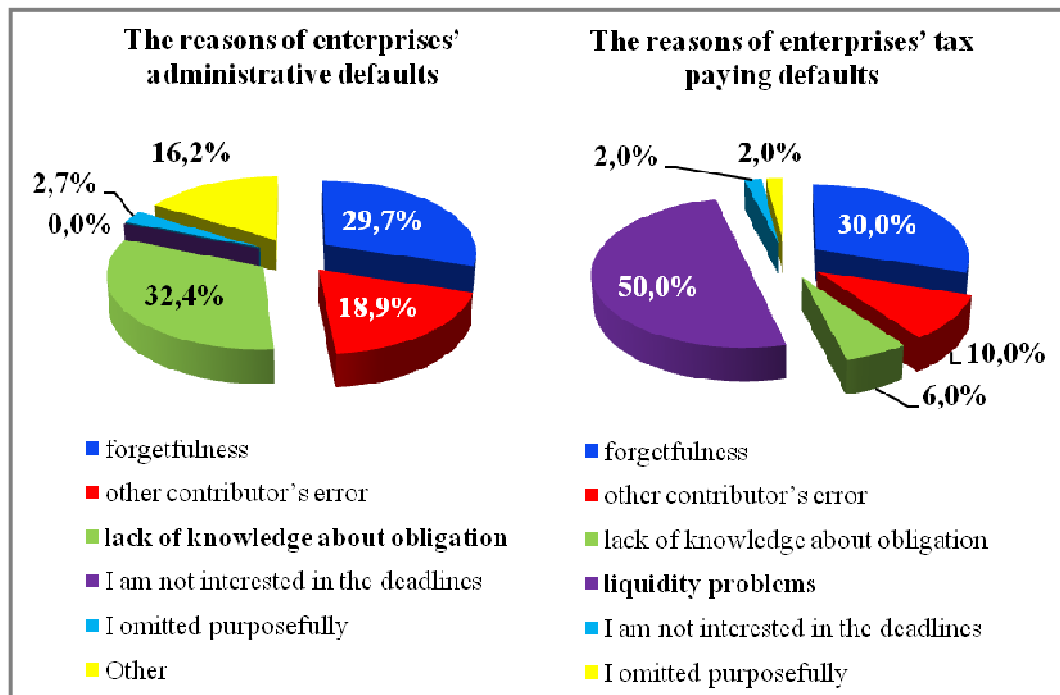


Figure 3.: The administrative and paying default in the distribution of the inducing reasons regarding the enterprises’ taxation

Source: Own survey

The two third of the respondents missed his or her paying liability at least once. The ratio is 78% of those who defaulted to pay their tax in time (this is 52% of the all respondents) (*Figure 4.*).

The ratio is 50% of those who referred to liquidity problems as the main reason of the default. The „forgetfulness” came to second position with 30% (*Figure 3.*).

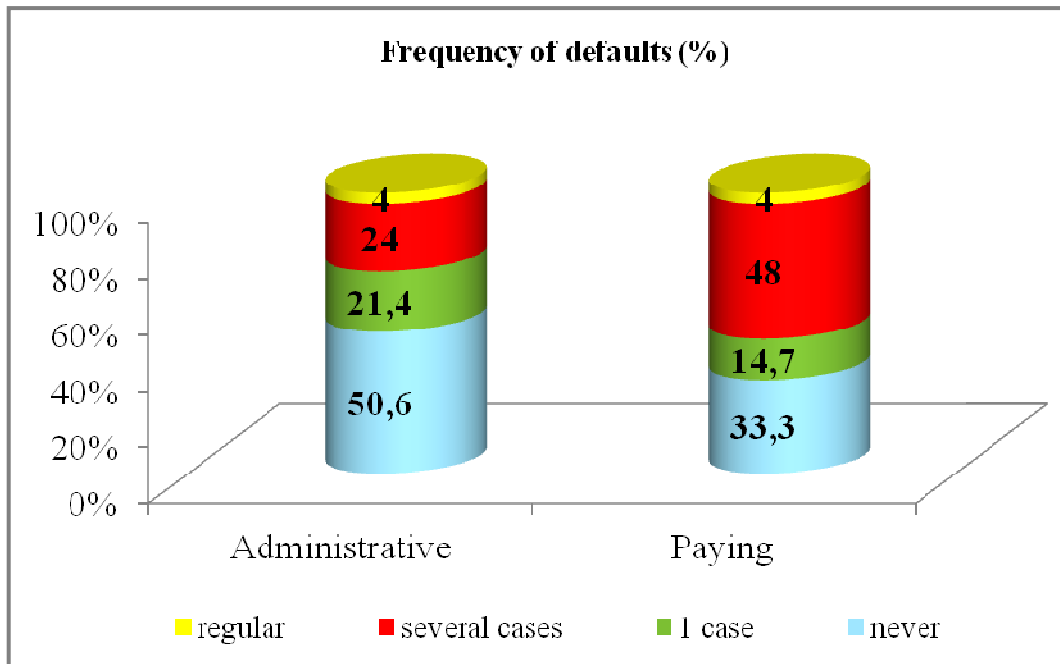


Figure 4.: The occurrence of administrative and paying defaults in term of the enterprises regarding the frequency distribution

Source: Own survey

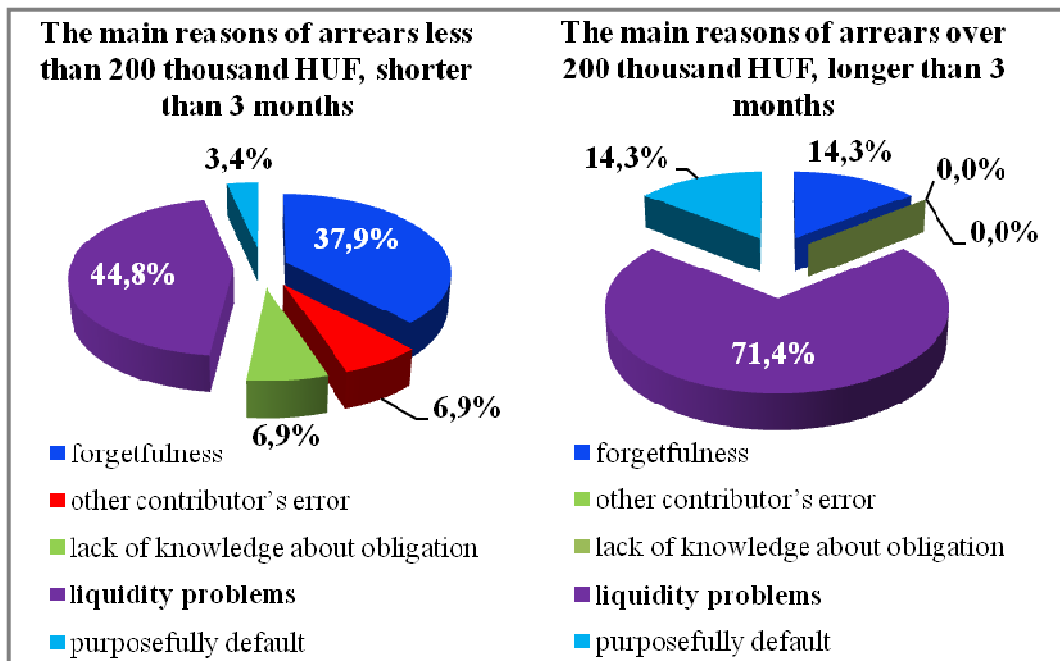


Figure 5.: Comparison of the entrepreneurial tax paying default's main reasons of arrears less than 200 000HUF, shorter than 3 months and above 200 000HUF shorter than 3 months.

Source: Own survey

The 74% of our respondents had arrears with duration of shorter than three months, and 66% was with amount less than 200 thousand HUF. The three quarter of arrears less than 50 thousand HUF lasted shorter than 1 month. We stated that the smaller arrears last typically for shorter time, and the bigger arrears stay for longer on the debtors' list. The second main reason of the smaller arrears is the forgetfulness (Figure 5.). The arrears above 200 thousand

HUF with duration longer than three months are rather induced by the liquidity problem than the forgetfulness, and the ones with these arrears default to pay their tax paying liabilities several times. It was proved through our cross table that the ones with small arrears default less frequent than in case of the amounts above 200 thousand HUF.

The enquiry of the entrepreneurs' moral attitude

According to our questions to the entrepreneurs regarding the taxation moral 24% of the questioned answered that they did not know any chance for tax decrease at his or her company. The result is interesting because in the questionnaire among the listed answer options there were legal tax decreasing methods, so we originated this 24% as the lack of knowledge. The entrepreneurs who know at least one method for tax reduction, they admitted in 26,3% that they did not use such instruments, so nearly three quarter of them uses at least one legal and one illegal tax reduction method, which is 56% of the total sample elements. The ones have chosen *only one legal* chance (43,1% of the all respondents), they used illegal tax reducing method too in 60%.

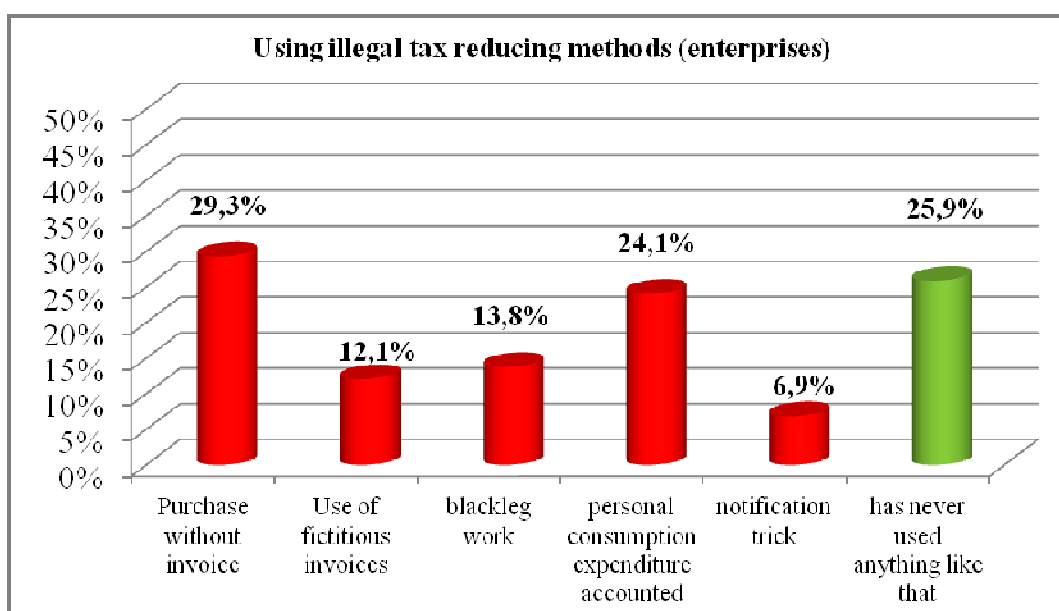


Figure 6.: Occurrence based on the usage of illegal tax reducing methods

Source: Own survey

The 37,3% of the sample elements uses at least one of the illegal methods. The most popular tax avoidance method is the selling and purchasing without invoice and voucher (the tax reducing method is used in 29,3%, it is the 16,4% of the total sample elements), this is followed by the accounting of personal consumption as costs, this option was utilized by 24,1%. To the question 13,8% of the respondents employed blackleg work force, and in the same ratio held back their income. The 12% has used consciously fictive invoice (*Figure 6.*).

The 11% of our entrepreneurs judged paying less tax than the legal level as normal economic activity, and 18% of them judged as wangle. So the ratio of the ones who accept the tax avoidance is totally 30%. We concluded during our cross table analysis that the 50% of the ones using illegal tax avoidance accept paying the tax less than the legal level, and only 7% took it as tax cheating. The three quarter of the ones, who have employed blackleg workers take it as legal wangle, only 10% of them admitted that it was real tax cheat. The 11,7% of the ones reducing their taxes with trade without invoices take this method as a normal economic activity, and 41% of them take it as legal wangle. Only 6% of this group admitted that their activity was tax cheating. The 43% of the entrepreneurs implementing fictive invoice take

their activity as legal wangle, the ratio of the professionals in this group is approximately two third. These data show the extremely low level of moral.

Attitudes in term of the partners with arrears

Only the 8% of the questioned would cancel the business connection with his or her business partner if the business partner's tax arrear became known, 72% would become more cautious. The 20% is not interested in their partner's tax arrear they consider it as the partner's private thing. Following our cross table analysis we concluded that those questioned who use only legal tax reducing methods or even none of them, only 7% of them would cancel the relationship with their business partner, so the 80% of our so called „the more correct” respondents would be more cautious, 13% of them would not change his or her relationship with his or her business partner having tax arrear. Based on these it can be concluded that those reducing their tax with illegal instruments think in higher ratio that the tax arrear is the private issue of the enterprise. We received interesting result among the „less correct people”, 10% of them would cancel immediately the relationship with his or her „guilty” partner, 30% of them would not change, 60% of them would keep their relations bit in a more cautious way.

The analysis of the population's moral attitude

The 65,5% of the questioned private people knows some kind of illegal tax reducing method. Out of the ones who know at least one illegal tax reduction method 69,1% used such instrument, it is 45,3% of the total sample elements. In case of the enterprises this ratio was „only” 37,3%. These data assume that the private people use illegal methods to reduce their taxes in higher ratio than the enterprises at least in our sample. Actually our result can be explained with the lack of knowledge. From the results of our questionnaires in term of the knowledge of the taxation it was concluded that the 20,3% of the respondents could give exact answer regarding the rate of the „super gross”. The 16,8% of our respondents could give answer approaching the reality to the question of super gross salary's ratio that goes into the state budget.

If we compare these data with that the 40,3% of the respondents consider it as legal, and further 9,5% of them treats it as an everyday, normal the illegal tax cheating acts listed in the questionnaire, we may think that the people who do it like this they do not cheat in a conscious way. If we cheat in a way that it is induced by the ignorance, it is not induced by the lack of moral. More than half of our respondents has diploma, and those without diploma knew that cheating with invoice issuance was illegal. In this approach the methods of illegal way tax cheating can be explained with the lack of proper moral.

The VAT as main tax income represents influential amount in the state budget. Although its collectors and payers are the enterprises, the tax charge is charged onto the end-users. The 35,9% of our sample has purchased without invoice to make the traders dismiss a part or the whole of the VAT (*Figure 7*).

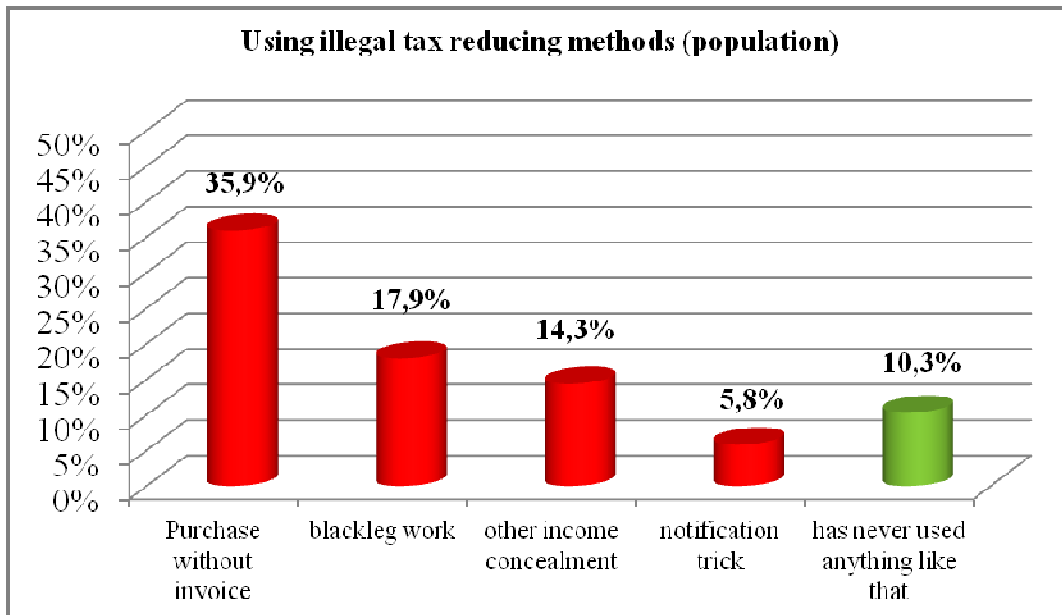


Figure 7.: Occurrence of the usage of illegal tax reducing methods at the population

Source: Own survey

Using services without invoices and the associated „price discount” with it is taken by only 25,2% as unacceptable, and 30% of them as partly, 20% of them thinks it is totally acceptable.

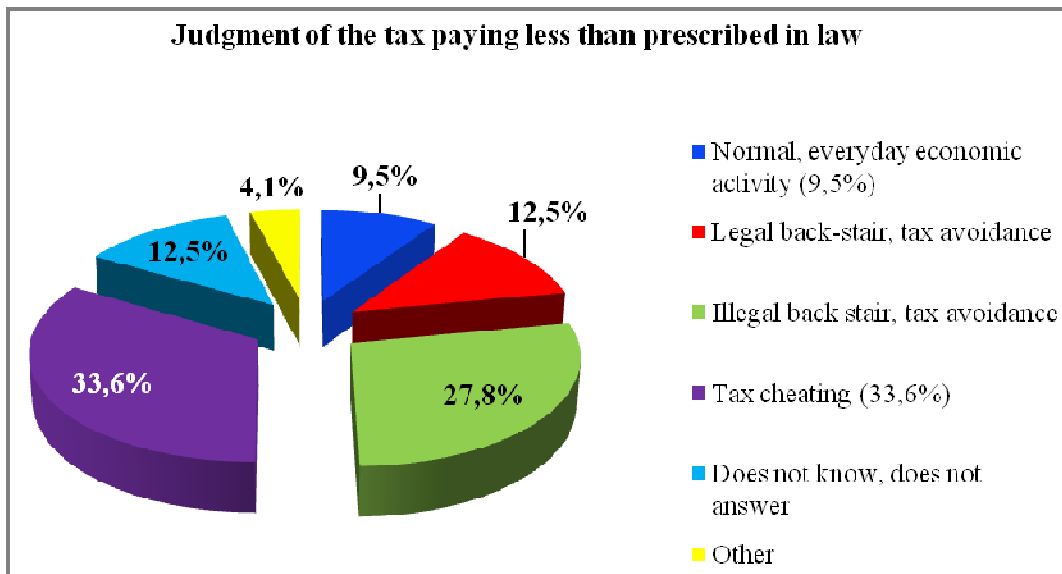


Figure 8.: The judgment of paying tax less than it is prescribed in the law.

Source: Own survey

Only 22,4% of the ones who filled our questionnaire takes it as unacceptable if someone buys something for him- or herself, but asks the invoice to be issued to his or her relative's of friend's enterprise, this is taken as partly acceptably by 30% and totally acceptable by the 25%! The 17,9% of the respondents got into connection with blackleg work, and 14,3% of the questioned held back a part of their income to reduce their tax partly or avoid it totally. The 41,2% takes it as acceptable if a certain proportion of their salary gets into their pocket. Regarding the number three biggest tax income the excise tax our respondents were a little bit more strict, only 43,5% takes the trade of cigarettes and alcohol without tax stamp as accept-

able. The 22% of our respondents takes paying less tax than it is prescribed in the law as legal wangle, and only 33,6% takes it as tax cheating (Figure 8.).

The majority of the „other” answers cover the people who accept the illegal way of tax reduction. Based on the answers which were given to the questions in term of the moral it can be seen the majority of the population accepts the illegitimacy for the tax reduction, and they are not afraid of using them to achieve financial benefit. Paying less tax, or delayed payment would cause moral problem for the 34,5% of the respondents. The 79,2% of them typically has never used any illegal methods to reduce their tax, and 77% of them has never had arrears. The rate is only 1,3% of those within the group who had arrears several times and has already used illegal tax reduction options as well. We can make the conclusion that 27,3% of the total sample has ideal taxation moral example that should be followed.

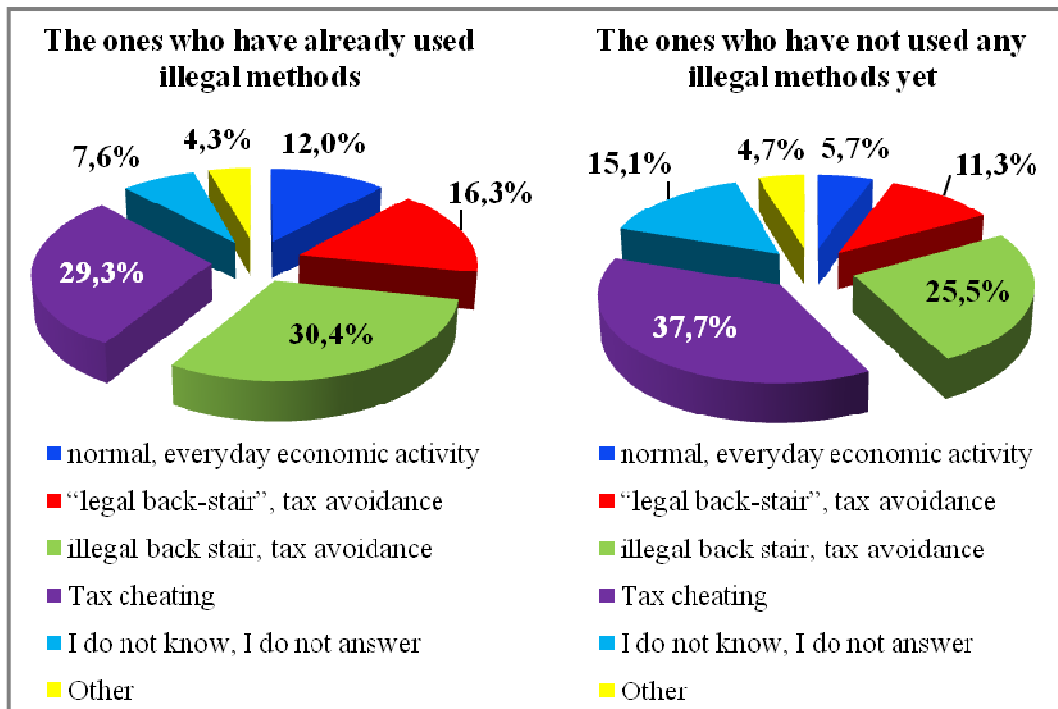


Figure 9.: Judgment about paying less tax than it is prescribed legally in the distribution of the ones using illegal tax reducing methods and the ones who does not

Source: Own survey

As we experienced it during our analysis of the enterprises too, the method of trading without invoice to reduce tax is a common, and the level of the method’s acceptance is high too. Our research did not analyze the amount of this that is lost as tax income for the budget, but if we take the planned value added tax income of 2697,7 billion HUF into consideration (Hungarian Parliament, 2012), we can see that this lost can be of 1% and in billion HUF.

Within our detailed research we saw that higher proportion of those using illegal tax reduction options considered their acts as normal, everyday activity or as legal maneuver, than those who do not use such options (Figure 9.). Analyzing the results in opposite relation we can see that those who treat the illegal tax reducing methods as normal or legal, they use these instruments one and half times more than those who take these methods illegal.

The examination of the enterprises in term of the sanctions

The 99,1% of entrepreneur respondents are aware of the sanctions, and nearly two third of them was sanctioned with one of the penalties. The most common of these is the delay complement; the second is the default punishment. Looking at the amounts 48% of the sanctions

is less than 50 thousand HUF, and 14,6% is 100 thousand HUF, and 12,5% is 200 thousand HUF. The 6,2% of the questioned faced with execution on personal property, bank getting back was implemented nearly at the half of the respondents for the arrangement of the arrears.

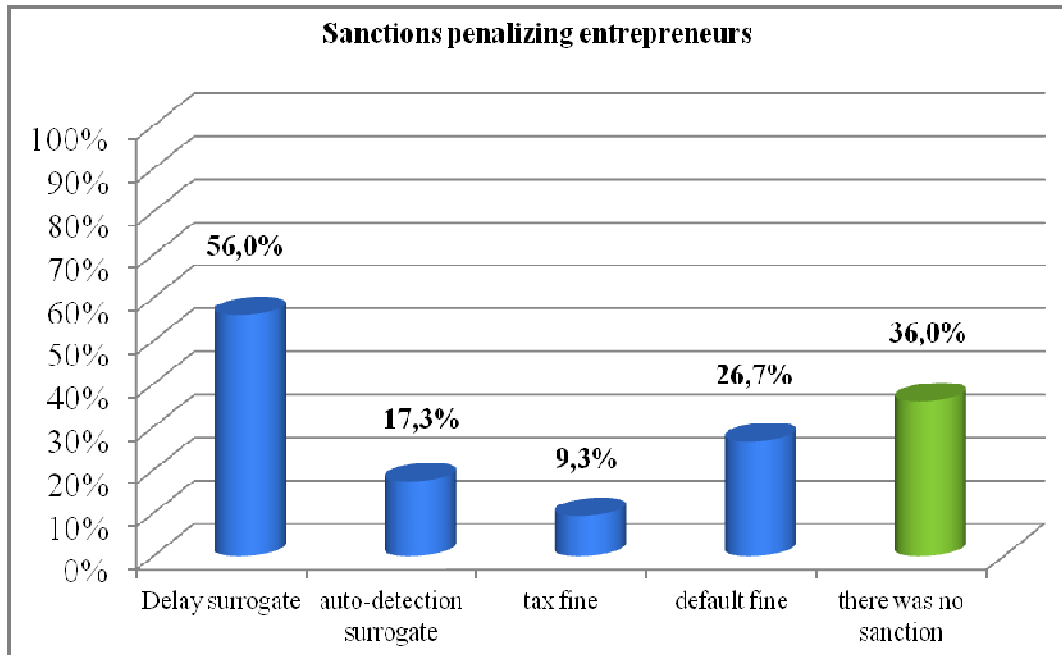


Figure 10.: The occurrence of the sanctions which the entrepreneurs face with

Source: Own survey

Out of the entrepreneurs who answered to the question about the highest amount of penalty and they had penalty less than one hundred thousand HUF, 56,7% of them admitted that they would change because of the effect of the fine, while those who had two hundred thousand HUF or even more of penalty only one third of them said so (*Figures 11. and 12.*).

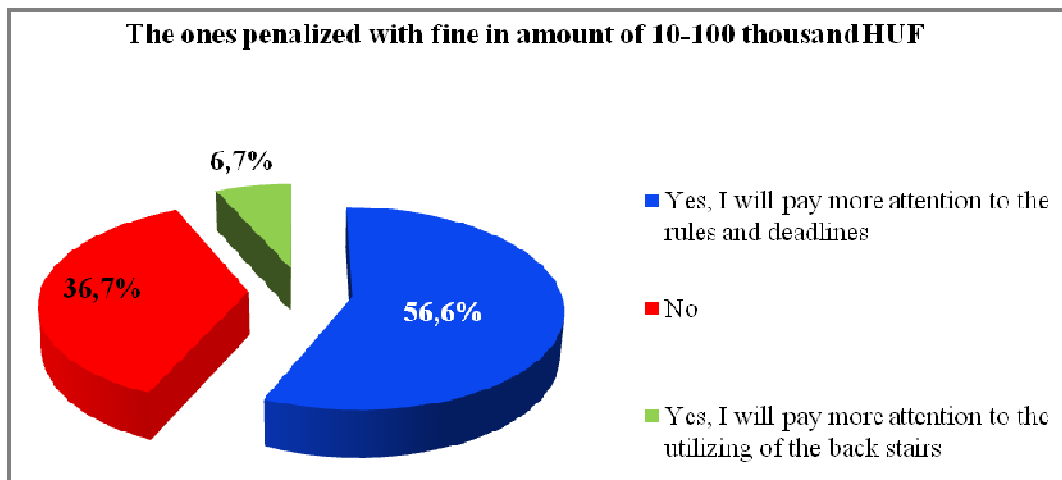


Figure 11.: The propensity to change the tax paying practice among the enterprises which had penalty less than 100 thousand HUF

Source: Own survey

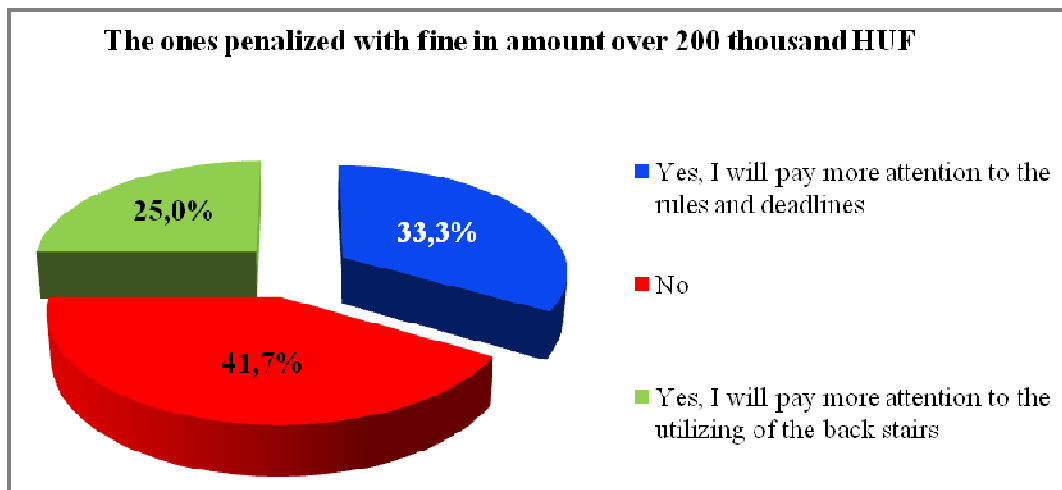


Figure 12.: The propensity to change tax paying practices among the enterprises which had penalty at least 200 thousand HUF

Source: Own survey

The 36,7% of those who had penalty over the amount of 100 thousand HUF are not open for any change on their tax paying practices, this ratio is 41,7% of the people who had fine in amount over 200 thousand HUF. The ratio is three times higher of those who decided to focus on the backstairs out of those who were fined with high amounts. It is visible that the higher fines does not improve the propensity to pay tax in a linear way, so the amounts of penalties have no positive effect on the propensity to pay tax, and the tax paying moral.

Nevertheless the ration of the ones who had been punished with fine, complement at least once is high, only a low ratio of the questioned gave correct answer to the question about the amount of fines which can be levied in exact cases. The entrepreneurs do not know the upper limits of the punishment, but they can experience the harsh effect of it. If we compare that the arrears between the amounts of 100 thousand HUF and 200 thousand HUF is mainly induced by the shortage of money in 78%, and the ratio was 21,7% of those who were punished in amount of 200 thousand HUF, so we can state that if the enterprises are punished in amounts that amount causes liquidity problem, it has significant effect on them. The punishment in these amounts should have holding back effect, but it has not. We examined with cross table analysis the companies who had been sanctioned already and who answered yes regarding the question about the fear from sanctions, if they were ready to change their taxation discipline based on the effect of the sanctions. According to the result of the analysis although the majority is afraid of the sanctions, this does not cause greater taxation discipline.

The examination of the population regarding the sanctions

We examined the frequency of population's tax paying defaults and their main reasons. The 17% of the respondents defaults paying liability at least once, 13,5% does it several times and 1,4% does it regularly. Analyzing the occurrence of the frequency from the aspect of the ones who default the one time defaulter is 49%. The ones who have defaulted at least once explained their inaccurate payment with liquidity problem, shortage of money as main reason in 35% and, in 31% is the forgetfulness. The shortage of knowledge was stated in 15,6%. At *the ones who defaulted only once* the main reason was the forgetfulness. The two third of the ones who has defaulted several times explained it with liquidity problems.

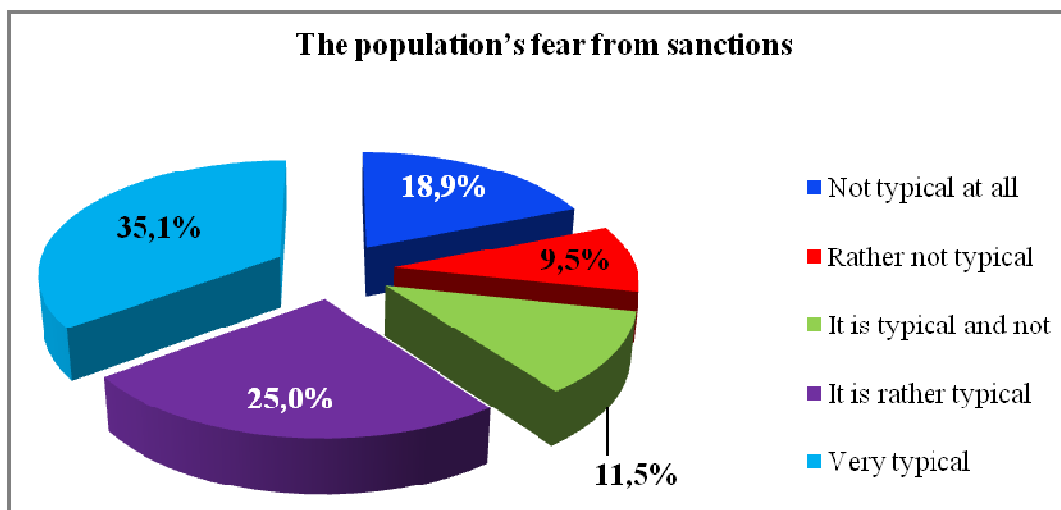


Figure 13.: Distribution of the population's fear

Source: Own survey

The 48,1% of the arrears were paid voluntarily, but 31,2% of it was paid only following the warning. The 38,6% of the population was punished with complement and 13,5% with fine. The 52,9% of the sanctioned ones declared that they would change their tax paying practice based on the effect of the complement or fine, but 6,9% of them would rather pay attention to the back stairs, 39,1% of them is not willing to change their tax paying practice. The 1,1% has given the answer that they do not care about the penalty, they will not pay it. The 60% of the questioned is afraid of the sanctions (*Figure 13.*). The 28,4% of the respondents said that the fear from the sanctions was rather no or absolutely not typical for them.

Within the cross table analysis we checked if the fear from the sanctions was typical rather among those who had already been fined or rather those who had never been fined before. The 33,4% of the ones who had already been fined said that they had no fear from sanctions, and this ratio was only 20% of those who had already been sanctioned. Regarding the question about the level of fear - if it is significant or not – they have, both group had the same answer in 60%, the difference is induced by the respondents giving intermediate answers.

Based on our results up to now we could conclude that the sanctions have holding back power whereas more than half of the respondents are afraid of the sanctions. The 39,1% of the sanctioned is not open for the change of their tax paying practices, 6,9% of the would rather pay more attention to the backstairs and 1,1% of them declared that they were not interested in the fines because they would not pay them. Only 52,9% of them declared that they would change their tax paying practices following the effect of the complement.

We analyzed how the propensity to change was shaping of those private people who are afraid of sanctions. The 54,5% of them claimed that in spite of their fears would not change their taxation practices (*Figure 14.*).

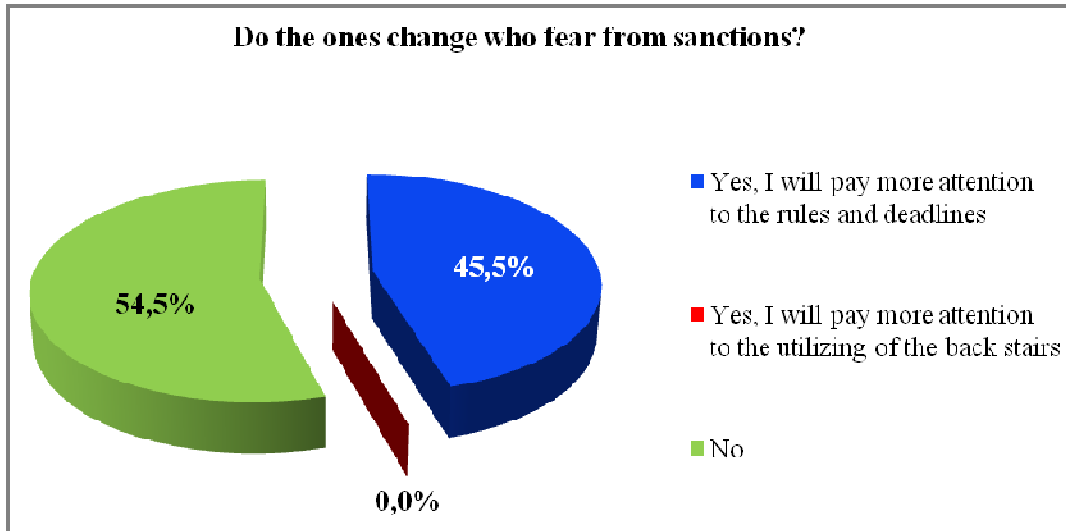


Figure 14.: Propensity to change of the population who has fear

Source: Own survey

The method of strictness, control and penalty was considered as proper instrument by the 34%, it was treated as not proper by the 35,5% and 30,5% took it as both proper and not proper. The majority of those who considered the strictness as a proper way to improve the propensity to pay tax had never met the sanctions of tax paying, they had not faced with counteracts. Their ratio is 65,8% within the group. The 9,2% of the ones who support the strictness admitted that they were not ready to change their tax paying practices following the effects of the sanctions.

The 39,7% of those who have already received sanction, they treat it inadequate to amend the taxation moral. The ratio is only 32,3% of those who have never received sanctions (Figure 15.). So those who has received sanctions in connection with taxation, they consider the strictness as a less proper instrument to improve the discipline of the tax paying.

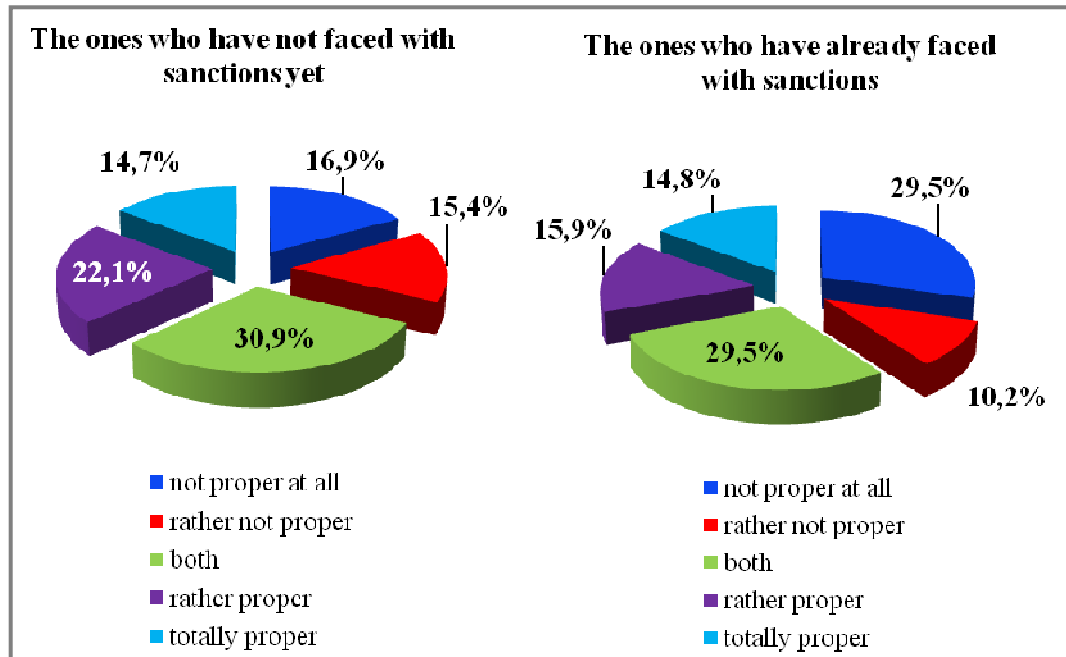


Figure 15.: The judgment of sanctions' adequacy among those who have already been sanctioned and who has not been

Source: Own survey

Conclusion

As a summary we can conclude that both the private people's and entrepreneurs' propensity to pay tax is mainly influenced by their liquidity condition, the greater the problem of the arrears is, the greater the amount of arrear is. The effect of the moral factors in the induction of the arrears is significant. Through our analysis we concluded that one of the main reasons of the administrative defaults was the lack of knowledge about the liabilities, but the forgetfulness and other factors were also influential. It is difficult to follow up the tax law which may change even within a year. To decrease the arrears induced by the lack of knowledge about the liabilities we suggest that the rules should be simpler and more stable and the improvement of the information. To eliminate the moral factors – such as the forgetfulness – the increase of the fines are not obviously the only way of proper solution, whereas the other important main reason of the default of tax paying is the bad financial condition. Where there is not enough money to pay the tax, there will be no money to pay the fine too. If we take it to consideration that 74% of the arrears based on the NAV data in 2010. could not be levied (www.kalkulator.hu), we can see that further increase in fines will cause further increase in the financial costs at the entrepreneurs, but increase at the state income side is not guaranteed. To eliminate the moral factors the proper way of communication can be a better solution. With the detailed information of the usage about the amounts which was paid as tax, the information about the importance of the taxation, proper school and family education the tax paying moral and discipline can be improved, that may reduce the arrears induced by moral reasons. In line with this the facilitation of the tax rates the taxation controls can be made more strict, and these may reduce the risk premium of the cheating, and with this the propensity to pay tax can be improved. We concluded that improvement could be achieved only with the reduction of the collective factors of the low propensity to pay tax and with the improvement of the taxation moral. If the tax-payers understand that all the tax HUFs what is not paid has to be paid by the fair tax-payers instead of the defaulters and cheaters, then the acceptance of the tax cheating can decrease improving the taxation discipline and increasing the income of the budget. Putting more emphasis on the communication, information, education the young people may become conscious tax-payers.

References

- Gábos A. – Keller T. – Medgyesi M. – Tóth I. Gy.: Adótudatosság, fiskális illúziók és az állami újraelosztással kapcsolatos preferenciák 2007-ben Magyarországon. TÁRKI, Budapest, 2007, p. 58.
- Krekó J. – P. Kiss G.: Adóelkerülés és adóváltoztatások Magyarországon. Magyar Nemzeti Bank MNB-Szemle, 2008. április, p. 24.
- MTI Budapest, 2012. január 28.
<http://www.mti.hu/Pages/Default.aspx?lang=hun&menuid=1>, letöltés dátuma: 2012.02.11.
- Stipsicz K.: Szeret-e bárki is adózni? Haszon.hu 2009. december 01.
<http://www.haszon.hu/hatter/1496-szeret-e-barki-is-adozni.html>,
letöltés dátuma: 2011. 10. 10.
- Hungarian Parliament (2012): <http://www.parlament.hu/irom39/04365/adatok/fejezetek/42.pdf> (p.4.),
letöltés dátuma: 2012.02.11.
- <http://www.kalkulator.hu/?fejezet=5&cid=83432&fromemail=1>, letöltés dátuma: 2011.08.17.