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## Examination of Tax Culture, Tax Awareness, and Tax Compliance Through Video-Based Interviews

### *Vergi Kültürü, Vergi Bilinci ve Vergi Uyumunun Video Tabanlı Mülakatla İncelenmesi*

Hilal MOLA\*  
Serpil SUMER ADİN\*\*

#### Abstract

Recent studies have shown that individuals' economic decisions are influenced by psychological factors. The aim of this study is to reveal the socio-economic and psychological effects of taxes, which are particularly vital for states' financing of public service, on individuals. To this end, this study utilized the video-based interview method, which, at the time of writing, had not yet been used in the field of economics. With this method, the participants were shown a tax week, and the receipt of a public service announcement and were then asked questions regarding the content of the video and taxes. In accordance with the semi-structured interview method, the opinions expressed by individuals about taxes and what should be done to increase tax compliance were presented. Additionally, through the inclusion of cognitive biases, a factor that has gained a significant place in the branch of behavioral economics, the study addresses tax compliance within the scope of behavioral economics.

**Keywords:** Tax compliance, behavioral economics, video-based interview

**JEL Codes:** D9

#### Öz

Son zamanlarda yapılan çalışmalar, bireylerin ekonomik kararlarında psikolojik faktörlerden etkilendiğini göstermiştir. Bu çalışmanın amacı, özellikle devletlerin kamu hizmetlerinin finansmanında etkili olan vergilerin bireyler üzerindeki sosyo-ekonomik ve psikolojik etkilerini ortaya koymaktır. Bu amaçla, daha önce ekonomi alanında kullanılmamış olan video tabanlı görüşme yöntemi çalışmada kullanılmıştır. Bu yöntemle, katılımcılara bir vergi haftası, kamu hizmeti duyurusu makbuzu gösterilmiş ve ardından video içeriği ve vergi hakkında sorular sorulmuştur. Yarı yapılandırılmış görüşme yöntemiyle, bireylerin vergiler ve vergi uyumunu artırmak için ne yapılması gerektiği konusundaki görüşleri ortaya konulmuştur. Ayrıca çalışmada davranışsal iktisatta önemli bir yer edinmiş olan bilişsel önyargılara yer verilerek vergi uyumu davranışsal ekonomi kapsamında ele alınmıştır. Çalışma sonucunda devletin vergi ödemeleri ile ilgili denetimlerini arttırması gerektiği, vergi ödememe suçunun devlete karşı yapılan bir suç olarak görülerek, cezalarının daha ağır bir şekilde verilmesi gerektiği ve vergi ödememe cezasının bireyler tarafından net olarak bilinmediği belirlenmiştir.

**Anahtar Kelimeler:** Vergi uyumu, davranışsal ekonomi, video tabanlı görüşme

**JEL Kodları:** D9

\* Dr. Öğr. Üyesi., Atatürk Üniversitesi, Oltu Beşeri ve Sosyal Bilimler Fakültesi, Finans ve Bankacılık Bölümü, hilal.karatas@atauni.edu.tr, <https://orcid.org/0000-0002-2707-5577>

\*\* Doç. Dr., Atatürk Üniversitesi, Oltu Beşeri ve Sosyal Bilimler Fakültesi, Finans ve Bankacılık Bölümü, serpil.sumer@atauni.edu.tr, [orcid.org/ 0000-0001-8452-0393](https://orcid.org/0000-0001-8452-0393)

## 1. INTRODUCTION

Taxes are the economic value collected by the state and public legal entities from natural and legal persons, without compensation, and based on the powers of force and sovereignty, to meet public service expenses and public debts. Paying taxes is a requirement of being a member of a state (Çelebi, 2000, 3). While the primary goal of tax collection is the financing of public services, it is not the only objective. For instance, objectives such as encouraging the investments, and savings and fulfilling social justice, are among the other purposes of taxes. In order to fulfill the financial objectives of tax collection, concepts such as tax bases, subjects, and awareness must be clearly defined. Additionally, tax evasion and losses should be reduced by building tax culture and awareness (Yoyal, 2017:10).

An examination of the concept of taxes in terms of economics reveals that its foundations were laid by Adam Smith. In one of Adam Smith's important works, "The Wealth of Nations", which was published in the year 1776, Smith mentioned four basic principles related to taxation. These were fairness, certainty, economy, and convenience (Wagner, 2007, 140). The examination of the economic aspect of taxes further clarifies that the rational or irrational behaviors exhibited by individuals tends to attract attention. The concept of irrationality is gaining importance over the course of time in economic studies, and having knowledge of the psychological and cognitive processes of taxpayers is crucial in both ensuring tax compliance and in establishing tax policies. This is due to the fact that individuals face many cognitive biases while paying their taxes (Kitapçı, 2016:57).

The aim of this study is to provide an approach to the factors affecting tax compliance within the framework of behavioral economics by revealing the thoughts and behaviors of taxpayers regarding tax culture and tax awareness. In order to clearly demonstrate this approach, which will be presented in terms of loss and gain, the video-based interview method was utilized in this study.

Participants were initially shown a public service announcement about collecting receipts and invoices, both of which are very important during the tax process, and were then asked questions regarding the content of the video as well as taxes. The aforementioned video was utilized due to the significant consequences of receipts and invoices throughout the tax process. As the state itself, which can be considered to be the ultimate tax payer, does not receive receipts or invoices for its expenditures, the habit of the general public to receive these two documents is wholly eliminated, while documentation regarding sales is produced solely by sellers, allowing them to retain the VAT from their sales for their own purposes, thereby depriving the state of the revenue. Undocumented sales result in not only the deprivation of the states' VAT revenues, but also in a significantly reduced income and corporate tax base for the taxpayers. In this regard, the method of receiving receipts and invoices is quite effective in increasing social welfare, the development and growth of countries, the development of the economic order, and business rights. Thus, increasing the general public's awareness regarding the receiving of receipts and invoices will increase tax revenues and social welfare (Özdemir and Ayvalı, 2007:52).

The questions given to the participants of this study were answered with the face-to-face semi-structured interview method. The analysis results have been depicted in the following sections of this study. The last section of the study involves the interpretation of the results and the provision of suggestions. In addition, this study remains unique in its field of economics, as it is the first to utilize video-based interviews. The study contributes to its field by addressing the concepts of tax culture, tax awareness, and tax compliance within the

framework of behavioral economics, as well as providing various suggestions regarding policies to increase tax awareness, a factor in individuals that holds great importance due to its ability to further the understanding of the general public in terms of taxes as a whole and to unearth deficiencies in the tax compliance process.

### **1.1. Conceptual Framework**

A state's right to collect taxes from its citizens is an indicator of its independence. If the history of states, both past and present, is examined, it can be seen that all states collect taxes from their citizens. Voluntary tax compliance and tax evasion, as well as the existence of taxation, have a long history and have been the subject of considerable interest and research. Today, the questions of why individuals pay taxes or why they do not want to do so are sought to be answered with the concept of tax compliance (Yurdadoğ et al., 2016:805). Tax compliance refers to the willingness of individuals and institutions to pay their taxes without searching for loopholes in the system. Tax compliance is particularly vital for developing countries' ability to generate resources in order to meet public expenditures (Gündem, 2022:1433). Developed countries cover roughly 90% of their expenditures from tax revenues. The ratio of expenditures to GDP is 28% in developing countries, 5% in underdeveloped countries, and 25-30% in developed countries. (Ahangar et al., 2011, 100). These values vary depending on the developmental status of a country, individuals avoidance of paying taxes or problems regarding tax compliance. Thus, it can be said that countries experiencing issues regarding tax evasion or avoidance require more revenue in order to cover public expenditures. The reasons why individuals do not pay taxes, especially in developing and underdeveloped countries, should be examined in detail and solutions should be put forward. The concept of behavioral economics, which has recently gained popularity, also explores the socio-psychological factors behind why individuals avoid paying taxes. In particular, the prospect theory put forward by Kahneman and Tversky, who are among the pioneers of behavioral economics and have made a significant contribution to the development process, is helpful in examining tax compliance.

Considering Kahneman and Tversky's prospect theory, viewing taxes as a gain rather than a loss will further increase tax compliance (Kornhauser, 2007:145). This theory explains how individuals evaluate risk, stating that they tend to avoid risks during losses and are likelier to take risks during gains. The framing of a decision presented to an individual influences their risk-taking behaviors. For example, income tax payments may be framed differently for families with children than it is for families without children. This situation affects the taxpayers attitude towards taxes (McCaffery and Baron, 2005). Another behavioral economics concept that should be taken into account in the tax compliance concept is cognitive biases.

As each individual processes information differently, they constantly experience their own form of cognitive biases throughout their lives. It has been observed that people, throughout their decision-making processes, tend to think in the short-term, settle for simpler solutions instead of evaluating all possible alternatives, and often do not know what they want. In addition, the tendency of individuals to make wrong decisions and insistently adhere to them leads to difficulties in their pursuit of achieving what they intend to achieve. These observations demonstrate that there are deviations from the assumptions put forward by the traditional understanding of rationality (Akin and Urhan, 2015:12). Cognitive biases can be quite effective in individuals' behaviors and attitudes regarding paying taxes. For instance, individuals may incorrectly assess risks and basetheir perceptions and behavioral responses on these false assumptions by thinking that audits are not directed at them. Additionally, some individuals may develop a belief that audits are directed only at other taxpayers and therefore

ignore their own tax situation. Individuals may also think that the total amount accumulated by the taxes they would pay is ultimately quite low and thus have less motivation to take action. Another concept that is thought to be effective in the tax compliance process is nudging.

The concept of nudging is defined as the elements of a choice that direct an individual's behavior in a predictable manner without prohibiting any possible options or making significant alterations to the financial incentives provided to the individual at hand (Thaler and Sunstein, 2008: 6). This guiding power of the concept of nudging is also frequently used by states. Countries adopt this approach by implementing nudging strategies that include warnings that utilize strategies such as deterrence, social norms, and moral messages directed to taxpayers who do not comply with tax rules (Alexander, 2020). An inspection of previously conducted studies reveals that Kirchler (2007) examined the economic and psychological dimensions of taxpayers' behavior as well as various factors, cognitive biases, social norms, and individuals' attitudes towards taxes that affect taxpayers' decision-making processes. Yüksek and Afşar (2021), on the other hand, examined the effects of nudging theories that are effective in the tax compliance concept.

In accordance with the information presented above, it is necessary to benefit from the policies suggested by behavioral economics for the purpose of positively affecting the tax compliance levels of individuals. However, in order to determine and present these policies, it is necessary to first clearly identify why individuals consider taxes to be a loss or a gain. This is because citizens who see the taxes they pay as a loss can be investigated alongside their reasons to instead consider this circumstance as a gain. This method aids in observing positive results in terms of tax compliance. When the literature is examined, it was found that very few studies have examined the tax compliance factor with the loss-gain approach. However, studies have been conducted to examine the tax compliance factor in a broader context within the scope of behavioral economics. Kornhauser (2007) examined the normative and cognitive aspects of tax compliance from the perspective of individual taxpayers in her study. In this study, tax compliance was analyzed in detail by separating it into two elements: voluntary and involuntary. She concluded that behavioral research would be very effective in improving voluntary tax compliance. Moreover, Kitapçı (2016) conducted a study addressing tax compliance with an emphasis on cognitive psychology. As a result of his study, Kitapçı reported that tax compliance models cannot be fully explained using classical economic methods and that including psychological factors in the examination of the tax compliance factor will lead to methods more effective in increasing it. Another study analyzing tax compliance by using the cognitive psychology aspect of behavioral economics was conducted by Tekin and Gürçam (2019). This study utilizes the rational expectations theory, which argues that tax compliance will increase alongside an increase in tax penalties, contributing a different perspective to the literature with their study. Cherukupalli (2010), on the other hand, discussed the taxation of tobacco within the scope of behavioral economics. As a result of the study, it was found that based on behavioral economics, how individuals choose to consume tobacco has a significant impact on whether tobacco taxes are set at the right levels. They additionally reported that higher taxes can supplement existing tobacco cessation measures in situations in which users significantly overvalue the preservation of their present circumstances over future costs, as awareness of the harm caused by its consumption may not result in successful avoidance. In his study, James (2012) examined the effects of behavioral economics on tax reforms in the United Kingdom. The study involved an analysis within the context of the value added tax (VAT) and local taxation reform, and reported that the introduction of value added tax allowed for more consideration of behavioral factors. The study arrived at the conclusion that the behavioral approach can have significant advantages

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in developing tax policies. Nar (2015), on the other hand, approached the taxation process of states from a different perspective and discussed tax amnesty by making use of behavioral economics. Didinmez (2018), who presented a study distinct from others in the literature, presented a hybrid design. She tested various hypotheses through the application of a hybrid model which simultaneously included components of the experimental and deterrence model. The results of the study revealed that socio-psychological circumstances are very effective in the tax compliance factor, and that individuals pay attention to the public services they receive rather than the rate and burden of the tax. Tak (2020), on the other hand, focused on tax morale within the scope of behavioral economics. In the study, behavioral economics was mentioned in depth and behavioral public finances were discussed. As a result of the study, it was suggested that increasing tax morale would be possible by examining socio-economic and psychological factors and that steps taken in this direction would increase tax compliance. Furthermore, she also stated that governments should implement policies to increase tax morale. If the concept of tax culture is inspected, it can be seen that the concept itself has been given many definitions in contemporary science (Reut, 2019:78). Taxpayers are defined as the set of a population that includes the government, national culture, and taxation laws (Khaerunnisa et al., 2016:62). On the other hand, tax culture can be defined as the attitudes held by those who are obligated to pay taxes towards tax compliance, tax evasion requests, and tax penalties (Abdiyeva et al., 2015: 46). Furthermore, an examination of the literature shows that tax culture has been studied from many different angles. Nerre (2001) examined all aspects of tax culture, while Gaber and Gruevski (2018) investigated the effects of tax culture on tax compliance. Ogorodnikova et al. (2020), on the other hand, discussed the effect of the level of trust in various public institutions on the shaping of tax culture.

## 2. DATA SET AND METHOD

In this study, it was aimed to reveal the thoughts of individuals regarding the use of receipts, tax culture, and tax awareness in order to raise awareness, present a behavioral approach to the factors affecting tax compliance, and find possible solutions. For these purposes, a video-based and semi-structured interview technique was used as the data collection tool. This method, in particular, was chosen as it provided participants with the opportunity to give more detailed and comprehensive answers. The studies included in the research were compiled from various others that were utilized in previously conducted studies on the subject, and were determined based on the opinions of experts. Participants were selected with consideration of their varying levels of education and income, as well as their age ranges. These different properties were specifically chosen in order to evaluate how related they were to individuals' levels of tax awareness. The participants were first shown an 89-second video named "tax week, receipt public service announcement", as sourced from the "Youtube" platform. After viewing of the video, participants' comments regarding what the video meant to them were collected. These opinions were further elaborated upon using the semi-structured interview technique. The purpose of using a published public service announcement was to increase the reliability of data collection. The convenience sampling method was chosen in the determination of the sample size. The selection of a readily accessible sample saved both cost and time. Moreover, all interviews were conducted face-to-face. In this study, an interpretive approach was utilized in order to reveal the nature of the research subject. The interpretive approach refers to comprehending individual events through any expression, meaning, or text, and interpreting these events through the meanings attributed by the individual (Keat and Urry, 2016:267). By using this approach, individuals' interpretations about taxes were obtained. Additionally, the study was carried out in

accordance with the ethics committee permission numbered E.88656144-000-220041518. This ethics committee approval was given by the Atatürk University Social and Human Sciences Ethics Committee Presidency for the study within the scope of "Investigation Of Individuals' Tax Compliance Processes With Video Clip Method Within The Scope Of Behavioral Economics"

## 2.1. Findings

In this study, which was conducted with a total of twenty-nine interviewees, the demographical information of the interviewees was first acquired. The demographic information of the interviewees has been presented in Table 1.

**Table 1:** Participants

Interviewees	Sex	Educational Level	Income	Age
Interviewee 1	Female	Postgraduate	10001-20000	31-40
Interviewee 2	Male	Postgraduate	10001-20000	20-30
Interviewee 3	Female	Postgraduate	10001-20000	20-30
Interviewee 4	Male	Postgraduate	10001-20000	20-30
Interviewee 5	Female	Postgraduate	10001-20000	31-40
Interviewee 6	Female	Postgraduate	20001 and above	41-50
Interviewee 7	Male	Postgraduate	20001 and above	41-50
Interviewee 8	Male	Postgraduate	10001-20000	20-30
Interviewee 9	Female	Postgraduate	20001 and above	31-40
Interviewee 10	Female	Undergraduate	10000 and below	31-40
Interviewee 11	Female	Postgraduate	20000 and above	31-40
Interviewee 12	Male	Undergraduate	10000 and below	20-30
Interviewee 13	Male	Postgraduate	20000 and above	41-50
Interviewee 14	Female	Postgraduate	10001-20000	31-40
Interviewee 15	Male	Undergraduate	10000 and below	20-30
Interviewee 16	Male	High School	10000 and below	41-50
Interviewee 17	Male	Middle School	10000 and below	51 and over
Interviewee 18	Female	Undergraduate	10000 and below	20-30
Interviewee 19	Female	Middle School	10000 and below	51 and over
Interviewee 20	Female	Undergraduate	10000 and below	20-30
Interviewee 21	Male	Middle School	10000 and below	51 and over
Interviewee 22	Male	Undergraduate	20000 and above	20-30
Interviewee 23	Male	High School	10000 and below	20-30
Interviewee 24	Male	Undergraduate	10001-20000	41-50
Interviewee 25	Female	High School	10001-20000	31-40
Interviewee 26	Male	High School	10000 and below	51 and over
Interviewee 27	Male	Middle School	10000 and below	51 and over
Interviewee 28	Female	Middle School	10000 and below	51 and over
Interviewee 29	Male	High School	10000 and below	31-40

An inspecting of Table 1 reveals that, 13 of the participants were women and 16 were men. While 12 of the participants hadve a postgraduate degree, 7 had an undergraduate degree, 5 were high school graduates, and 5 of them middle school graduates. When the income levels of the participants are examined, it can be seen that the income levels of six participants were 20001 TL and above, nine in the 10001-20000 TL range, and were in the 10000 TL and below range. Ten of the participants were between the ages of 20-30, while eight of them were between the ages of 31-40. Five participants were aged 41-50, and six others were aged 51 and over.

### - Interviewees' Opinions on the Public Service Announcement and Taxes

Public service announcements are defined in the public service announcements directive of the Radio and Television Supreme Council as films, sounds, and sub-bands that are

informative and educational, prepared or commissioned by public institutions and organizations as well as non-governmental organizations (such as associations and foundations), and broadcast with the permission of the Supreme Council for Public Interest (Yaman, 2015, 56). Public service announcements are designed to inform citizens and raise awareness about the specific issue they target.

- **Opinions on the public service announcement video**

Based on the video-based interviews, it was observed that some of the interviewees knew the relationship between receiving receipts or invoices and taxes, while some did not. One of the interviewees (I2) commented, "I did not understand anything from the public service announcement I watched", while another interviewee stated that the public service announcement was not fully understood by them, saying that "it was not clearly explained how taxes are collected from receipts or invoices, but I knew it beforehand" (I4). Furthermore, an interviewee indicated that the public service announcement was not clear and revealed that she did not have sufficient knowledge about taxes by stating, "The public service announcement explained taxes, but I did not understand what taxes have to do with receiving a receipt" (I19). One of the interviewees (I5), who was familiar with the relationship between getting receipts and taxes said, "The public service announcement I watched explains the importance of getting a receipt and shows which investments the taxes paid go to", and another interviewee stated that "The public service announcement tells us that paying taxes is not money that comes out of our pockets, but services that return to us" (I8), and both associated the payment of taxes with public services provided to society. One interviewee, who looked at the public service announcement from a different perspective, said, "I understood from the public service announcement that there should be no tax evasion" (I24), and another said, "It talks about preventing tax evasion" (I26). It is worth noting that they did not mention the importance of receiving a receipt or invoice, but the situation that would result from not receiving one.

- **Did the public service announcement raise awareness?**

When asked whether the public service announcement raised awareness or not, they replied that the public service announcement video raised awareness in them by saying "Yes, I will pay attention to getting more receipts or invoices in my future purchases" (I1), and "Yes, I'm supposed to get receipts" (I17). In addition, the interviewee who said, "It did not raise awareness in me because I am someone who receives receipts" (I27) emphasized that he was conscious about receiving receipts or invoices during his purchases. Moreover, one interviewee, who stated that she had knowledge about receiving receipts and invoices, gave a different perspective by saying "I evaluate the video positively because these are things I know, but it would be good if such public service announcements were made available to children; they do not know such concepts" (I5) and highlighted that such public service announcements should be shown to children rather than adults and that children should be taught such concepts. This circumstance, in actuality, emphasizes that informative public service announcements can be prepared for younger children and consequently, help raise conscious individuals from a young age.

- **Receiving receipts and invoices for every purchase**

One of the interviewees (I3) who is careful to receive receipts or invoices for their purchases said, "Yes, they give it to me automatically anyway. Since I pay by card, there may be personal information on the receipt; that is why I take it" associating receiving receipts and invoices with the confidentiality of her personal information, while another interviewee

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associated receiving receipts or invoices during purchases with tracking product prices, “yes, I pay as much attention as possible; but I take them in order to track product prices, I do not take them for tax purposes” (I9). Another interviewee mentioned getting receipts or invoices from jewelers and said, “I usually take the receipts, but I do not take them from those who do not give them directly. In fact, it should be taken from jewelers because they do not give it directly” (I10), drawing attention to the act of receiving receipts or invoices from jewelers in particular. Another interviewee who pays attention to receiving receipts and invoices expressed that he is a conscious citizen by stating “I always take them, even if they do not give me a receipt, I insist on it” (I13). An interviewee who stated that she received receipts for tax purposes said, “Yes, I am careful to receive receipts because I know the tax dimension, and I also take them to review my payments” (I14). Some interviewees mentioned that they ignored the act of receiving receipts or invoices. “I don't take it; in other words, if they give me the receipt, I take it, if they don't give it, I don't take it” (I1). Another interviewee said, “I don't take it because it's too much paper” (I4). An interviewee who had not paid attention to receiving receipts or invoices before conveyed that he would act in accordance with the awareness raised by the public service announcement by saying “No, I wasn't taking them, but I will be careful to take them from now on”. When all the interviewees were evaluated in a broader sense, it was seen that most of them requested to receive receipts or invoices in line with their personal preferences, not for tax purposes.

#### - Interviewees' evaluations of taxes

Tax is defined as the money compulsorily collected by administrations from individuals or institutions within the scope of a certain law, in order to cover public expenditures, and not in return for a specific service (Güleç, 2014, 3). Taxes create a strong bond between citizens and the state. States continue their existence and the people become a political community through taxes, which are an important source of income that the state cannot give up (Kayan, access date: 01.02.2023). The significance of taxes for states demonstrates the significance of tax culture and awareness.

In the interviewees' assessments related to taxes, the expressions “our debt to the state” and “it is necessary for the state to provide opportunities to the public” stand out. Additionally, the interviewees emphasize “social state” when defining taxes.

“The price of living in a social state” (I4) and “a requirement of the social state understanding” (I8).

(I14) “in my opinion, taxes areis our citizenship debt, it provides us with both social, health and cultural opportunities” and “taxes are a civic duty” (I13), were statements of those who emphasized the expression “citizenship debt” when defining tax. Moreover, one interviewee expressed her feelings towards taxes rather than defining them by stating “taxes do not have a positive connotation for me” (I20).

#### - Does everyone pay their taxes?

Many of the interviewees stated that, especially those working in public institutions and organizations, “always” pay their taxes, while the private sector or companies are more likely evade taxes. “I think those who work in public institutions pay all the time, because it is a public institution” (I20), while another interviewee associated the weakness of the auditing system with not paying taxes and drew attention to the auditing system in the tax process by stating “I think not everyone pays because the auditing system of the states is weak” (I22). Another interviewee linked individuals' lack of awareness with not paying taxes and expressed her opinion as “I think people do not pay because they are not conscious” (I28).



Another interviewee said, “they don’t pay because I hear there are tax evaders”. She also included the expression “tax avoidance” in addition to the expression “tax evasion” in her answers by stating “there are also people who know how to avoid taxes, so I do not think everyone pays their taxes” (I14).

- **Crimes and penalties in tax payments**

The failure of individuals or institutions obligated to pay taxes to fulfill the duties assigned to them or to act in accordance with the law constitutes a crime, and penalties are imposed in return (Saban, 2009:211). Tax crimes are within the scope of crimes against the state, and fines as well as imprisonment for varying periods can be applied. In our country, it is aimed to prevent people from committing crimes, to create a deterrent effect, and to keep them away from the idea of tax evasion again with prison sentences ranging from 18 months to 5 years (Koşar, 2020:243).

The interviewees were asked whether they had any information about tax evasion penalties and it was observed that they especially focused on the concept of “fines” in their statements.

“They are financial crimes, fines are imposed” (I4)

“I don't have detailed information, but I think there would be a very high fine” (I5)

One of the interviewees stated that even though he did not have much information about tax evasion penalties, he did not think that an effective penalty was applied by saying “I do not have much information, but I do not see it as an effective penalty” (I13). Another interviewee associated tax evasion with conscience by saying “I think it is primarily a crime of conscience, but I don't know its legal dimension” (I16). Some interviewees said;

“I don't know exactly, but I know there is a penalty for those who do not pay” (I17)

“I know there is a penalty, but I don't know what penalty is given” (I1) and shared the information they obtained only by hearing about tax penalties.

In addition, another interviewee emphasized that the scope of the public service announcement could be broader by stating “I don’t have any information about tax evasion penalties, but it would be nice to include this in the public service announcement” (I12).

- **Deterrence through penalties**

Tax penalties crucial for ensuring that taxpayers make their payments in full and on time. In this context, they aim to prevent tax losses and evasion through the deterrent effect of penalties (Çiftçi, 2020:95). When the interviews were analyzed, only one (I21) stated that tax penalties are deterrents, while the others stated that tax penalties are not deterrents.

“They are not a deterrent, we still hear about tax evaders” (I12),

“It is not a deterrent, evident from the fact that there is tax evasion.” (I25)

“No it is not a deterrent, I think inspections are not enough, penalties should be reconsidered” (I22)

- **Why do they avoid paying taxes?**

Taxpayers, who are deprived of a certain part of their income, are also the financiers of the state's mandatory expenses. Those among the taxpaying portion of the public who demonstrate a certain reaction against taxes due to the deprivation of their income, may engage in behaviors such as adopting and complying with taxes, avoiding taxes entirely,

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evading taxes, or not paying taxes with the effect of social, economic, and political structures (Çataloluk, 2008: 214). The interviewees, by stating “financial gain, earning more income, and gaining benefits” (I26) and “no one wants to reduce their income” (I10), explained what they believed to be the reasons why citizens do not want to pay taxes only in an economic context. Another interviewee stated, “we should not leave any door open to create weakness in people due to the gap in religious knowledge” (I2), and associated the reasons for avoiding paying taxes with the religious dimension and tax amnesties.

#### - **Thoughts regarding tax amnesty**

With tax amnesty, governments give up their powers to punish. This circumstance continues to evolve and is applied not only to tax penalties, but also to the original taxes. By including taxpayers who do not pay their taxes in taxation, the state acts with the idea that the more taxes they collect, the more profit they make, and provides income to the budget. Tax amnesties are retroactive in this respect. Tax amnesties are unfair to taxpayers who pay their taxes on time and in full, and may lead conscious taxpayers not to pay (Keskin, 2018:67). When the statements of the interviewees about tax amnesty were analyzed, it was observed that almost all of them are against tax amnesty. It is also noteworthy that the interviewees emphasized the concept of “injustice” especially in tax amnesty.

“There should be no amnesty, as it could further deepen the deficits in the state budget” (I3),

“It creates injustice in tax collection, I think there should be no amnesty” (I6),

“It is not a very fair situation, it is unfair to those who pay their taxes regularly” (I9)

“I don't think tax amnesty is fair, so there should be no tax amnesty” (I18)

An interviewee stated that he had never heard of the concept of tax amnesty before: “it's a concept I've heard for the first time, so I can't comment on it” (I2). Another interviewee viewed tax amnesty from a different perspective and said “I think tax amnesty should only be intended to support companies that are in the stage of bankruptcy” (I4), approaching tax amnesty from the perspective of companies rather than individuals. Another interviewee associated tax amnesty with the effect of rules and laws set by the state, stating that “tax amnesties reduce the severity of the rules” (I27).

#### - **Tax according to income level**

After examining the statements of the interviewees, it was seen that the concept of “minimum wage” was mentioned frequently. One interviewee highlighted the taxes levied on consumer goods by saying, “I think it is not proportional to the income level, because a minimum wage earner pays the same tax when he/she buys a product, and a rich person pays the same tax” (I26). Additionally, some interviewees stated that taxes are not levied in direct proportion to income with the words “taxes are high when our income level is low” (I29), and “I think taxes should not be levied on those who have no income; even in basic foods, someone who has no income pays taxes” (I23). Another interviewee, provided a more detailed answer: “I think only income tax is directly proportional, the others are the same for the middle-income earner and the rich” (I22).

#### - **Loss-gain approach to taxes**

This study previously stated that individuals' perception of the taxes they pay as a gain will increase tax compliance. However, no study has been found that reveals why individuals see the taxes they pay as a loss or as a gain. For this reason, answers to these questions were

sought within the scope of the semi-structured interview method with the interviewees and the reasons were tried to be determined in the study. While some of the interviewees said they saw it as a loss and some said they saw it as a gain, others answered that they view them as both a loss and a gain.

One interviewee stated that “I think the tax I pay is both a loss and a gain for me, because as long as there are tax evaders, the taxes I pay are a loss for me, but when I see the services provided to us and the increase in our welfare level, I see it as a gain” (I9), associating loss with tax evasion and gain with services. Another stated, “I cannot comment on whether it is a loss or a gain since the money is deducted directly from my salary before I receive it” (I3) adding “I would probably consider it a loss if they took it from me after my salary was paid” (I3). Some interviewees stated their reasons for seeing it as a gain by saying: “I see it as a gain as long as the state reflects the taxes we pay back to us” (I13), “The state needs to collect taxes to make investments, so I do not see it as a loss, but I think these taxes can be reduced a little” (I12), “I know that the tax I pay will return to me, so it is a gain” (I16), and “I think it is not a loss, it is a guarantee for our children to live in better conditions in the future” (I29). Some of the interviewees who viewed the taxes as a loss linked this perception to reduced income, stating, “I see it as a loss because my salary is decreased” (I19) and “it is a loss because my purchasing power decreases with taxes” (I22).

### 3. DISCUSSION

A review of prior studies in the literature reveals that some findings align with this study, whereas others reached differing conclusions. Christiansen (1980) stated that increasing the penalty rates constituted an important deterrent element in the fight against tax evasion, provided that the expected penalty rate remained constant. Gencil and Kuru (2012) analyzed the evolution of tax culture over a specific period and concluded that the policies that increased tax culture, especially in 2002-2010, were insufficient. Witte and Woodbury (1985), on the other hand, took the progressive tax tariff into consideration and demonstrated that increased audit rates would increase tax compliance on a more effective level than monetary fines. Gözübüyük (2023), on the other hand, reported that control experiments conducted as part of the study for the accrual and collection of taxes yielded significant increases in terms of the aforementioned factors. Seçilmiş and Didinmez (2016) demonstrated that legislators take the principles of behavioral economics in account in order to create fiscal illusions, but they do not exhibit a similar sensitivity regarding tax compliance. An overall examination of the literature demonstrates that the necessity of increasing deterrence through inspections and penalties is a common finding, one that is in line with the conclusions of this study.

### 4. CONCLUSION

Since the taxes used by states to finance public services have a very important place in state budgets, researchers have begun conducting research in this field. Researchers have sought to uncover all factors individuals are impacted by in terms of their tax compliance. This study, aims to demonstrate individuals’ level of knowledge about taxes and ways to increase tax compliance through the use of a public service announcement on taxes, by using the video-based interview method, which has never been used in the field of economics before.

It was observed that taxes are generally expressed by the interviewees as “the debt that the state has to collect and that we have to pay to the state”. However, in our study, it was observed that individuals do not actually have detailed information about taxes. In the questions asked to the interviewees about the “tax week, receipt public service

announcement” video, it was observed that they could not establish any connection between receipts and taxes and that they could not understand the video. Especially when the factor of participants’ levels of education is taken into consideration, it was noted that there were interviewees with graduate and undergraduate education levels who could not make sense of the relationship between receiving receipts in the purchases they make and the taxes they pay. It was additionally observed that there were, interviewees with secondary education levels who had sufficient knowledge about taxes in terms of receiving receipts. This circumstance demonstrates that the level of an individual’s education is not effective in their tax culture or awareness. It can be seen that the concept of taxes, which are encountered in many places during the day, are not fully comprehended by member of the general public. Thus, it is concluded that there should be public service announcements that aim to explain what taxes are exactly levied for and to express the significance of collecting receipts in an in-depth and comprehensible manner.

Another aspect of missing knowledge relates to the penalties imposed by the state for not paying taxes. In particular, nearly all participants stated they had no knowledge of the penalties imposed for non-payment of taxes. Penalties, which play an effective role in paying taxes at the required time and in the required amount, are not fully understood by citizens, which may negatively impact individuals’ tax compliance and lead them to evade taxes. Considering these circumstances, it is believed that tax penalties can also be added to the public service announcements made by the state so that citizens can be more informed and individuals intending to commit tax evasion or tax avoidance can be deterred. Another issue stressed by the interviewees was that the penalties imposed did not function as deterrents. The interviewees, who did not have clear knowledge of the imposed penalties associated deterrence with the continuity of tax evasion by saying “if tax evasion is still possible, it means that deterrent penalties are not given”. Furthermore, taxpayers overwhelmingly oppose tax amnesties. The participants perceived tax amnesties as an injustice against citizens who pay their taxes regularly, emphasizing that tax amnesties encourage taxpayers not to pay their taxes and adding that there should definitely be no tax amnesty.

In particular, the majority of the interviewees suggested that the state should increase its inspections on tax payments, the crime of not paying taxes should be considered as a crime against the state, and the penalties should be made more severe. This circumstance indicates that tax crimes and penalties should be conveyed to citizens in detail through public service announcements and more deterrent penalties should be imposed. Citizens who pay their taxes on time and in the required amount, in particular, have demands in this direction. Moreover, as a result of the semi-structured interviews conducted with the interviewees, it was found that the most important reason why individuals see the taxes they pay as a loss is that they believe not everyone pays their taxes. As we mentioned earlier in our study, the necessity of individuals to view the taxes they pay as a net gain demonstrates the level of cruciality of the state’s intervention in this regard. With the prevention of tax evasion, many individuals will not think that the taxes they pay is a loss and will instead view them as a gain by paying attention to the services provided for the public benefit through the use of after the taxes. Thus, individuals will not seek a loophole to avoid paying their taxes and will make their payments on time. Additionally, advertisements and public service announcements emphasizing that public buildings, bridges, roads, and many other public services are built with the taxes paid by citizens will reinforce the idea that taxes are a net gain for citizens who pay them, while changing the opinions of individuals who view them as losses. To summarize, our study finds that tax compliance could be increased through the elimination of tax amnesty, through ensuring that the penalties imposed on those not paying are sufficiently deterrent, and

through clearly and comprehensively explaining the purposes of taxes to citizens through public service announcements.

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