

Personality, Values, and Propensity to Evade Taxes of the Self-employed: the Moderating Role of Social Context

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Abstract

Taxes play a significant role in supporting countries' economic and social activities. Nevertheless, tax evasion continues to be a concern of the government. Hence, countries need to increase individual motivation to voluntarily pay their taxes, particularly among the self-employed, because they contribute to countries' economic and social affluence. This study investigated the influence of individual personality and values on the self-employed's propensity to evade taxes. Moreover, the moderating effects of social context on the influence of personality and values on the inclination to evade taxes were explored. A multilevel moderation framework was designed to examine a social-psychological model of tax evasion. Data from 4,307 self-employed from 23 countries were analyzed using hierarchical linear modeling (HLM). Results indicate that the personality dimensions of agreeableness and conscientiousness, and the value of altruism, positively influenced the self-employed's propensity to evade taxes. Additionally, social context, including governance quality, education level, and social welfare, moderate the influence of individual personality and values on tax evasion. This study contributes to the literature by integrating individual and situational characteristics to understand tax evasion better. Alongside this contribution, this paper offers practical implications for the government in devising policies and programs to promote tax compliance among the self-employed.

Keywords: Individual values, Moderating effect, Personality, Social institutions, Tax evasion