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CORE CONCEPTS OF TAX CULTURE

Abstract. *Though the taxes seem to be relatively studied, it is still necessary to conduct further research in this domain due to the fact that there is no clear-cut concept so far which would combine their social and economic significance and role in the social progress with the fiscal essence of the state strategy. Nowadays it is theoretically and empirically proved that fundamental correlation between progressiveness of taxation and maturity of society do exist. The study of taxation can obviously illuminate fundamental dynamics of modern societies, as well as a study of sociology can verify taxation system consistency or inadequacy. Apparently, historical background (such as wars, state regimes, religious traditions, mentality, and more) influences the cultural development of society drastically. Consequently, it influences taxation concepts, adopted in a particular environment. Nevertheless, though the connection between culture and taxation seems to be evident, from the standpoint of conceptual perception ‘tax culture’ phenomenon has not yet been found a field of practical implementation.*

Keywords: *taxation, tax culture, tax regimes, tax morale, tax discipline, tax mentality, society maturity.*

Problem statement. In light of the clash of different cultures and diverse tax systems caused by today’s progressive globalization, we might think national ‘tax culture’ to be a very popular topic of economics and particularly of taxation. Unfortunately, this is still not the case at all and the term ‘tax culture’ is rarely found in the economic literature.

Nevertheless, tax culture indicators are of great importance for efficient tax regime shaping. Thus, they should be taken into account beyond any doubt, as the consequences of any tax reform do depend on the tax-cultural coherence of the proposed measures.

Major objective – to examine the conceptual basis of ‘tax culture’ phenomenon.

Aims:

- to explore ‘tax culture’ at the intersection of economics, political study, sociology, and history;
- to analyze prerequisites for further research and degree of theme scrutiny;
- to present the findings of the theoretical studies that shed light upon particular elements of ‘tax culture’;
- to estimate ‘tax culture’ subordinate place in the overall system of national culture and adopted taxation system.

State of research in the field. It was more than 80 years ago that Schumpeter used the term ‘tax culture’ in his celebrated article ‘Economic and Sociology of the Income Tax’ [9]. Since then, different aspects of the tax culture problematic have been analyzed by the pleiad of outstanding scientists, in particular G. Boos [1], J.M. Buchanan [2], M. Camdesus [3], G. Hofstede [7], J. Martines-Vazquez [7], B. Nerre [8], V. Tanzi [10], etc. Though they did contribute to the field considerably, their studies were limited only to behavioral aspects of tax system participants (taxpayers, tax administrators, politicians, experts, and scientists). Moreover, not always all groups of tax system participants, whose actions provide a basis for the in-depth comprehension of tax culture, were included. However, indeed, the comprehensive study only will have practical benefit given that it is not the system but the person, who is the most important object of the tax culture investigation.

Further, as it comes to the Ukrainian studies overview, one will not find even the foundation laid

for this study, and that is what indicates clearly an utter need for the following consistent and extensive research. Therefore, to sum up, as the topic of tax culture is multifaceted, there is still a lot of room for reasoning and assessments.

Main research results. Deductive analysis conducted on the basis of the Classification of Science Fields, Areas, and Branches, valid in the EU, indicates that tax culture encompasses the disciplines of philosophy and management. This interdisciplinary approach emphasizes that cultural values and standards are important in the life of the state, including particularly tax system, under requirements of which massive flows of monetary resources of country's taxpayers are reallocated.

In existing scientific resources, the tax culture is also assigned to the area of psychology of finance. Thus, literature sources studying tax morality and tax mentality, which constitute the same object as tax culture, were analyzed as well. Research in this field was contributed by J. Martines-Vazquez [7] and B. Nerre [8] greatly. Some studies have also examined the role of equity norms of the tax structure and the ways in which the tax burden and public wealth are redistributed between different societal groups. For instance, some scientists have investigated how fairness norms regarding capital and labor equity determine a specific country's response to international tax competition.

The so-called 'classical' understanding of a 'tax culture', formulated by Schumpeter in 1929, was almost entirely restricted to the creators of the tax system [9]. In other words, taxpayers were not considered to be part of the 'tax culture'.

'Tax culture' term more recent interpretations, however, place emphasis primarily on the communication between the taxpayers and the tax authorities.

Nevertheless, the comprehensive look at the performance of those two groups of actors seems to be too narrow, as does the consideration of taxpayers only. The reason for this is that evolution aspects both of the tax system and the national culture remain overlooked. Thus, the concept of tax culture can best be explained from its conceptual parsing in the individual terms 'tax' and 'culture'.

From the viewpoint of 'taxes', the tax system, as well as the standard tax practice, are not the only elements forming a country's 'tax culture'. In this sense, we should also mention the particular relationships between the taxpayers and the tax authorities as they do matter.

However, to our conviction, the 'culture' element is far more important than the 'tax' element. From the standpoint of this lecture, the term 'culture' refers to national culture exclusively. Latter can be defined as 'the internal presentations that individual cognitive systems create to interpret the environment' [4] or as 'the collective programming of the mind' [5]. The evolutionary character of 'culture' cannot be overemphasized: cultural factors are continuously evolving in an ongoing transformation process steadily stimulated by internal and external inputs. Thus, only in case there are no any challenges, cultures may persist in their contemporary form. Consequently, culture itself should only be seen regarding the dynamic system of interactions, but in no way as a fixed number of various actors. The method to be used for such research is one that suits both thematic comparative and cross-sectional examination.

'Tax culture' definition. We can succeed researching 'tax culture' concept via the above mentioned evolutionary process only through synthesis of its components: 'tax' and 'culture'. Namely, both subject areas are continuously weaving through national historical events.

In this regard, Schumpeter found earlier that 'every tax ideal has got own historical, economic and sociological boundaries' [9]. So, we can easily assume that there is no need to expect for a 'right' taxation, primarily independent of time and territory.

Thus, a 'tax culture' adopted in a particular country can be interpreted as the interaction of actors and their cultural values (such as honesty, justice, trust, confidence, and sense of duty) on the one side, and by the state fiscal tradition on the contrary.

To sum up, a country's tax culture can be defined as the integrity of all relevant formal and informal establishments of the national tax system, which are historically formed within the broader country's culture super-system, including the relations caused by their current interaction.

Tax culture in a system of national culture. Accordingly to above discussed, tax culture contains even more than 'culture of taxation' and 'tax-paying culture'. A simplified overview shows the interrelation between the actors both on the level of national culture in general and tax culture in

particular. Historically developed cultural norms and institutions both determine the tax code and tax mentality (namely tax moral and tax discipline). The latter sets tax game rules, i.e. the environment and the constraints. Players include (among others) taxpayers, politicians, tax officials, experts (e.g. tax advisors), and academics.

The number of interactions between the different groups of players as well as between the members of one and the same group is continuously taking place. By the ongoing interaction, social relations are developed over time [8].

Thus, cultural history differences and deviations must be exerted in behavioral consequences. Therefore, institutional conflicts are inevitable during the attempt to transfer particular tax system into a different 'tax culture'.

Summary. The concept of a country's national tax culture has been ignored by economists, politicians and even sociologists for a pretty long time. Only recently, both scientists and officials have rediscovered the importance of tax culture for a successful tax reform implementation. Still, when using the 'tax culture' expression in public discussion or dispute, a useful and standard definition has not been drawn for yet. Thus, we can suggest that a national tax culture should comprehensively be defined as the integrity of all relevant formal and informal establishments of the national tax system, which are historically formed within the broader country's culture super-system, including the relations caused by their ongoing interaction. From the standpoint of this formalization, it becomes evident that a definite state's tax culture understanding requires advanced research, as a variety of economic and social units, actors, and institutions has to be scrutinized as well as the procedures and processes of their interplay. This conclusion also points at the fruitfulness of the 'tax culture' as interdisciplinary study, exposing its phenomenon that could not be apprehended in any other way.

Hopefully, we will witness tax culture theory moving beyond pure hypothetical political, economic, and social study in the nearest future. Furthermore, sensible recommendations can be derived from the concept of tax culture, which in the long run will lead to higher and more sustainable tax revenues and a more legitimate tax state as well as a more transparent tax regime.

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КЛЮЧОВІ КОНЦЕПЦІЇ ПОДАТКОВОЇ КУЛЬТУРИ

Анотація. Незважаючи на велику кількість досліджень, проведених у царині податків, у даній галузі знань і досі існують прогалини для подальшого вивчення. На сьогоднішній день не існує єдиної чіткої концепції, яка б поєднала соціально-економічну значущість податків для суспільного прогресу із їх фіскальною сутністю в системі державної стратегії та політики. Як теоретичні надбання, так і практичний досвід доводять,

що фундаментальний зв'язок між прогресивністю оподаткування й рівнем зрілості суспільства дійсно існує. Дослідження індикаторів оподаткування може висвітлити динаміку розвитку суспільства; аналогічно, дослідження соціологічних показників може підтвердити або спростувати дієдатність або неспроможність податкової системи держави. Вочевидь, історичне минуле (як то війни, політичні режими, сформовані релігійні традиції та ментальність тощо) впливає на культурний рівень суспільства великою мірою. Відповідно, воно впливає і на підходи до оподаткування, прийняті в конкретному суспільстві. Тим не менше, хоча зв'язок між культурою і оподаткуванням видається очевидним, з точки зору концептуального сприйняття феномен «податкова культура» й досі не знайшов сфери практичного застосування.

Ключові слова: оподаткування, податкова культура, податкові режими, податкова мораль, податкова дисципліна, податкова ментальність, зрілість суспільства.

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Аннотация. Несмотря на значительное количество исследований, проведённых в сфере налогов, в данной области науки до сих пор остаются пробелы для дальнейшего изучения. На сегодняшний день не существует единой чёткой концепции, которая соединила бы социально-экономическую значимость налогов для общественного прогресса с их фискальной сущностью в системе государственной стратегии и политики. Как теоретические достижения, так и практический опыт доказывают, что фундаментальная связь между прогрессивностью налогообложения и уровнем зрелости общества действительно существует. Исследование индикаторов налогообложения может охарактеризовать динамику развития общества; аналогично, исследование социологических показателей может подтвердить или опровергнуть дееспособность или непригодность налоговой системы государства. Очевидно, историческое прошлое (как то войны, политические режимы, сформированные религиозные традиции, менталитет и т.п.) влияет на культурный уровень общества в значительной степени. Соответственно, оно влияет и на подходы к налогообложению, принятые в конкретном обществе. Тем не менее, хотя связь между культурой и налогообложением оказывается очевидной, с точки зрения концептуального восприятия феномен «налоговая культура» до сих пор не нашёл практического применения.

Ключевые слова: налогообложение, налоговая культура, налоговые режимы, налоговая мораль, налоговая дисциплина, налоговая ментальность, зрелость общества.