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**PUBLIC TRUST
IN TAX:
BUILDING TRUST
IN TAX FOR A
SUSTAINABLE
FUTURE
2023**

About ACCA

We are ACCA (the Association of Chartered Certified Accountants), a globally recognised professional accountancy body providing qualifications and advancing standards in accountancy worldwide.

Founded in 1904 to widen access to the accountancy profession, we've long championed inclusion and today proudly support a diverse community of over 247,000 members and 526,000 future members in 181 countries.

Our forward-looking qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to create, protect, and report the sustainable value delivered by organisations and economies.

Guided by our purpose and values, our vision is to develop the accountancy profession the world needs. Partnering with policymakers, standard setters, the donor community, educators and other accountancy bodies, we're strengthening and building a profession that drives a sustainable future for all.

Find out more at www.accaglobal.com

About IFAC

The International Federation of Accountants (IFAC) is the global voice for the accountancy profession. We serve the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC is comprised of 180 members and associates in more than 135 jurisdictions, representing millions of professional accountants in public practice, education, government service, industry, and commerce.

For almost 50 years, IFAC has represented the global profession and supported the development, adoption, and implementation of international standards that underpin the contributions of today's global accountancy profession. IFAC has maintained a long-term approach to building and strengthening a global accountancy profession that supports transparent, accountable, and sustainable organizations, financial markets, and economies.

More information is available on our website: www.ifac.org

About CA ANZ

Chartered Accountants Australia and New Zealand represents more than 128,000 financial professionals, supporting them to make a difference to the businesses, organisations and communities in which they work and live. We promote the CA designation and high ethical standards, deliver world-class services and life-long education to members and advocate for the public good.

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Foreword

The world in 2023 looks even more different from the world of 2021 than we could then have imagined. Beyond the reverberations of the COVID pandemic, the Russian invasion of Ukraine has delivered further shocks to the global economy. Successive summers of record-breaking temperatures in both southern and northern hemispheres have been accompanied by unprecedented wildfires, floods and other extreme weather events.

Climate change is arguably the greatest risk facing our world today. If governments are to rise to the challenges of global warming, tax systems will have a vital role to play. As more and more governments move towards Net Zero commitments, the costs of infrastructure change will need to be met, and taxes will have to fund the bulk of that. But there is more that taxes can do. As well as raising revenue, taxes can direct behaviour – and have been doing so for generations, whether designed for that or not.

As societies' expectations of business and governments evolve, so does the role accountants can play in building sustainable economies. New sustainability reporting and assurance standards will support a shift to more sustainable taxes as well as reinforcing the role that businesses play in society beyond simply paying taxes. A shift to circular economy models could offer the perfect opportunity to highlight the impact of tax contributions from all taxpayers, and to explore the scope for moving to a greater proportion of resource-use or consumption-based taxes.

As leaders in the global accountancy profession, we are proud to see the sustained high levels of trust in professional accountants. We look forward to continuing to engage with key stakeholders to drive trust in tax and trust in our profession - all in the public interest. Now, more than ever, the relationship between taxpayers and governments, and between businesses, society and tax systems, is fundamental to the survival of the economies that support us all in both the short and long terms.



Helen Brand OBE
Chief executive, ACCA



Ainslie van Onselen
Chief executive, CA ANZ



Kevin Dancey
Chief executive, IFAC

Key findings

This report covers the fourth joint ACCA, CAANZ and IFAC survey of public opinion on tax issues among residents of G20 countries and New Zealand.

Trust in key stakeholders has improved in most regions, but there are still significant variations

- Respondents continue to have the highest level of trust in professional tax accountants (59% trust/highly trust) and professional tax lawyers (54%) in relation to the tax system.
- Trust in government tax authorities is the third highest, with 43% saying they trust or highly trust the tax authorities. Even so, 29% said they distrust or highly distrust them (the third most-distrusted group), making them the most divisive profession in public opinion.
- Politicians' net trust deficit has remained static at 26% net distrust* although the overall trajectory remains upward. They remain the least trusted group overall.
- Net trust in media reports has returned to a net distrust position (negative 1.4%) after a net trust (positive 1.6%*) position in 2021, but this remains well ahead of the position in our 2017 and 2019 reports.
- Trust in the more recently introduced category of social media has improved since 2021, but remains the second least trusted category (40.5% distrust/highly distrust).
- Most people believe the role of professional accountants contributes to improving tax systems by making them more efficient (59%), more effective (57%), and fairer (55%).
- Across the G20 countries, respondents' satisfaction with their dealings with tax authorities has increased since 2021. The shift is driven more by an increase in positive responses, but negative sentiment has also decreased in every area.

People see tax systems as a mechanism for positive change, but are concerned about corruption

Support for incentives to target 'global megatrends' such as climate change and the ageing population remains high:

- 67.8% of respondents consider paying taxes to be linked with sustainable development; 12.4% see no link between them at all
- 43% of people would not be prepared to pay any extra taxes to support development goals; 42% would be prepared to pay a small amount extra and 15% a significant amount of extra tax
- 53.8% of respondents report corruption as being a major factor in their attitude to tax; 16.5% reported that it is not a factor affecting their attitude to tax
- support for international tax collaboration remains high, with 67% of respondents rating it as important or very important, virtually unchanged from 2021*
- the proportion of people who see tax competition between countries as important for attracting multinational business remains higher than the proportion seeing competition as important for increasing national revenues (49.2% compared with 34.1%).

People generally think that levels of taxes paid are reasonable

- Across the entire sample, respondents were more likely to agree than disagree that various taxpayer groups were paying a reasonable amount of tax. This applied to all the groups considered, encompassing average- or low-income individuals, high-income individuals, local companies and multinational companies.
- Respondents stated that local companies were the most likely group to be paying a reasonable amount of tax (41% agreed across the whole survey).
- On a country-by-country basis, multinationals were the most likely group to face hostility. In five countries, the net response was that multinationals are not paying a reasonable amount of tax.
- The amount of tax paid by average-income and low-income individuals had the lowest net score for 'reasonableness' at 23.8%. A number of respondents indicated in their further comments that they considered the tax burden on the lowest-wealth group to be too high.
- A number of comments highlighted the perceived injustice of higher-income individuals paying less tax. Nevertheless, more than half of respondents consider taxes paid by higher-income individuals to be reasonable.
- Nearly half (49.5%) of respondents think that tax is mainly about laws and regulations, whereas fewer than 1 in 20 (5%) think tax is primarily a matter of morals and fairness; 38% consider it to be an equal balance between the two.

*2023 results exclude Russia. All 2021 aggregate figures have been restated to exclude Russia so as to ensure comparability.

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About this study

This study is based on an online survey, conducted in the second quarter of 2023, of more than 7,700 individuals across all the G20 countries apart from Russia, plus New Zealand, representing the population in each country with a confidence level of 95% and confidence interval of 5%.

The sample in each country is balanced by demographics based on census data, including age (targeting individuals of taxpaying age), education, gender, ethnicity, household income levels, and geographic location within the country (see, for example, Figures 1 and 2). Comparative figures for aggregate figures to 2021 have been restated to remove Russia. The impact is not significant and falls well within the confidence interval for all results.

Respondents include more than 400 individuals residing in each of the following countries:

Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, New Zealand, Saudi Arabia, South Africa, Turkey, the United Kingdom, and the United States of America.

FIGURE 1: Respondents' level of education

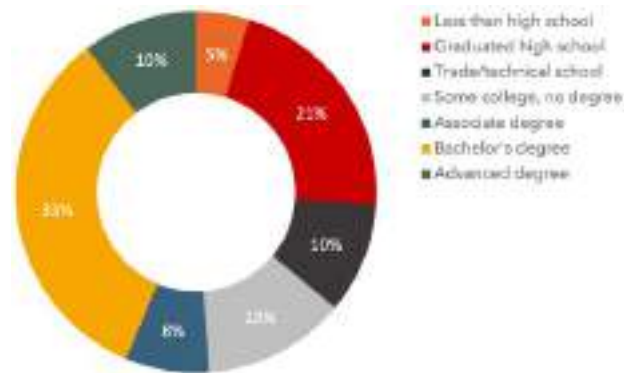
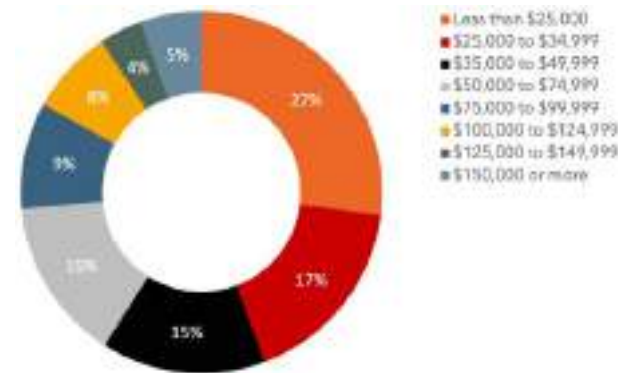


FIGURE 2: Respondents' household income in USD



Trust in the **system** and trust in **actors** in the system

Tax revenues will be central to funding a just transition to sustainable economies, and every stakeholder in the system will have a part to play in maintaining tax morale, ie the tendency of taxpayers to engage voluntarily and effectively with the tax system.

Figure 3 shows variations in public trust in a number of parties involved in or reporting on tax and Figure 4 shows changes over time. 'Neutral' responses are excluded from the charts so the overall length of the bars represents the proportion of respondents who expressed a clear opinion on each issue, giving an indication of the strength of feelings.

- As has been the case in all editions of the survey, the net balance reporting trust in professional tax accountants was greater than that of any other information source. The net balance increased to 44.6% in 2023, up slightly from 44.2% in 2021.
- The net balance of trust in all other sources apart from social media has declined slightly, reversing the trend of improvements shown by all groups across earlier surveys.
- Although the net balance of respondents reporting trust in social media has increased slightly it remains negative. Trust in media has also declined to a slightly net negative score (-1.4%, from 1.6% net positive in 2021).
- Politicians remain the least trusted group, returning -25.9% net distrust from -25.8% in 2021. This is still an overall upward trend having stood at -40.4% in 2018.

FIGURE 3: Who do people trust when it comes to the tax system?

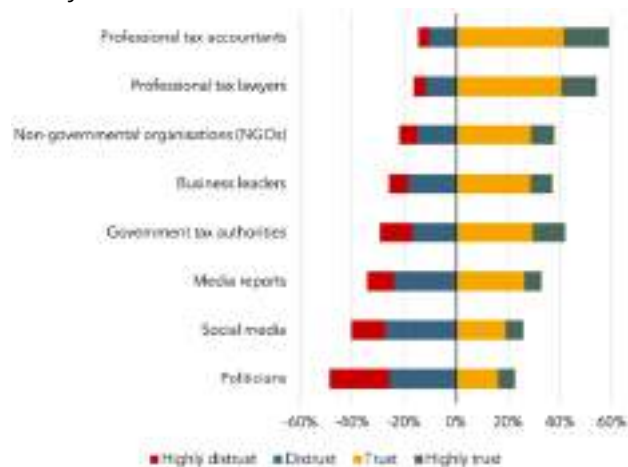


FIGURE 4: Public trust in tax over time – respondents’ reported trust/distrust in the tax system

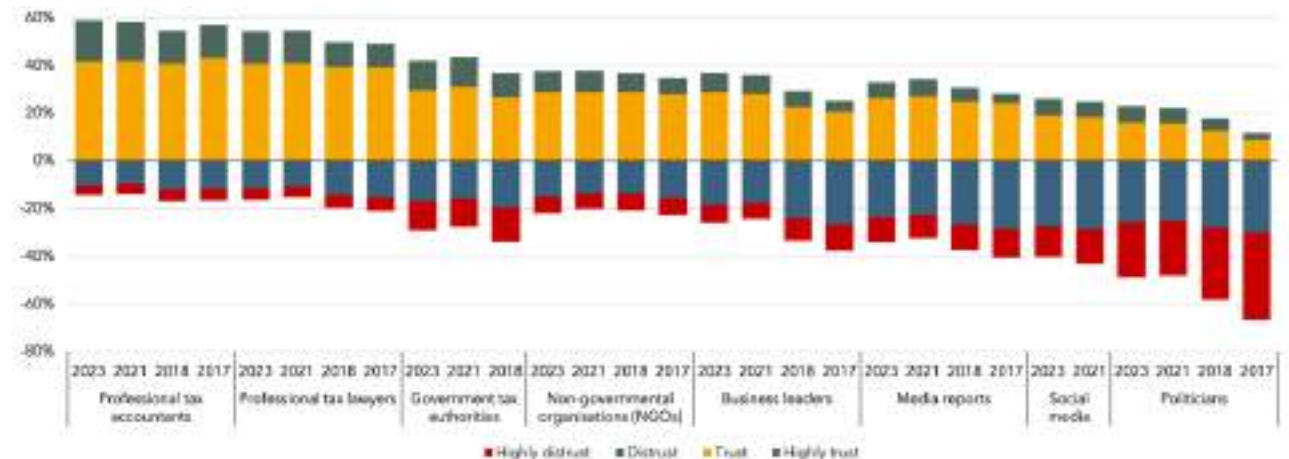


Chart shows perceived trust and distrust in these groups when it comes to the tax system.

Politicians

Trust in politicians, who are instrumental in directing the course of both how taxes are raised and how they are spent, has remained low throughout the course of the G20 surveys, although the long-term trend has been upwards (Figure 5).

- In 2023, as has been the case in all previous surveys, levels of trust in politicians were highest in China. Of respondents in China, 61.5% reported that they either trust or highly trust politicians.
- India saw the second largest share of respondents who stated that they trust or highly trust politicians, at 39.6%.
- Respondents in Argentina were the most likely to distrust or highly distrust politicians, with this applying to 69.7% of such respondents. This was closely followed by the Republic of Korea, where at least some level of distrust in politicians was reported by 67.3% of respondents.
- Only three countries, China, India and Saudi Arabia, reported net positive trust in politicians. ‘Highly distrust’ responses constituted more than 25% of the total in 11 countries, and this was the most common response in eight of those.

FIGURE 5: Trust and distrust in politicians
2023

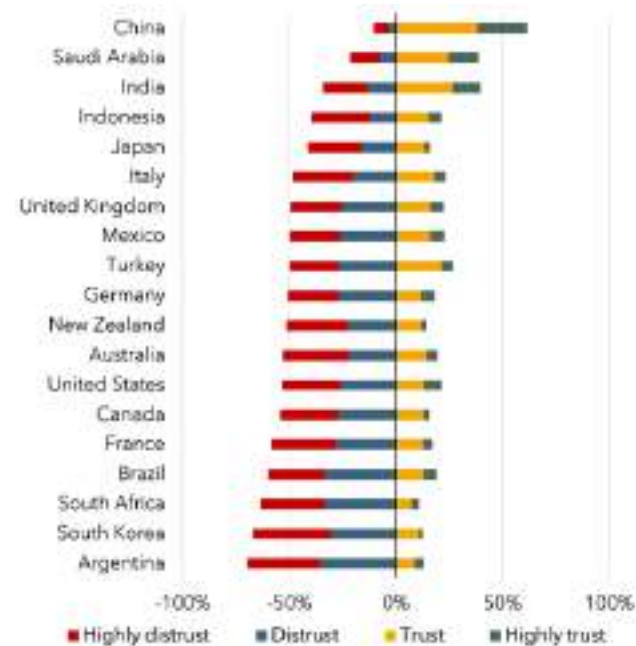


Chart shows perceived trust and distrust in politicians in these countries when it comes to the tax system.



‘DEVELOP TRANSPARENCY PROGRAMMES THAT SHOW WHERE TAX DOLLARS ARE BEING INVESTED, BE IT IN HEALTH, EDUCATION AND SUSTAINABLE DEVELOPMENT’.
SURVEY RESPONDENT, BRAZIL

Business leaders, NGOs and tax lawyers

Civil society groups have pushed tax issues to the top of the news agenda in many areas and are increasingly driving the political tax agenda alongside the more traditional politically influential groups of business leaders and lawyers (Figure 6).

Professional tax lawyers attract a net positive score in every country, although net trust in France is now barely positive, at 0.3%.

Trust in each category has increased over the life of the surveys, with business leaders seeing the strongest growth in net trust. Although this hides a wide range of results, from -19.8% net distrust (France) to +41.9% net trust (China), only five countries now show net negative results (down from 11 in 2017). Net distrust in France was -51% in 2017, with India, the highest positive result that year, at only +21.5%.

Trust in NGOs has been the most stable category globally across the series of surveys but again this masks some significant local shifts. In 2017, Japan was least trusting at net -18.5% distrust and Argentina most trusting at +39%. Japan has improved by over 14% to net -4.2% distrust over the course of the surveys, while trust in Argentina has fallen by nearly 21% points but remains net 18.4% positive.

FIGURE 6: How much do respondents trust or distrust business leaders, tax lawyers and NGOs on tax matters?

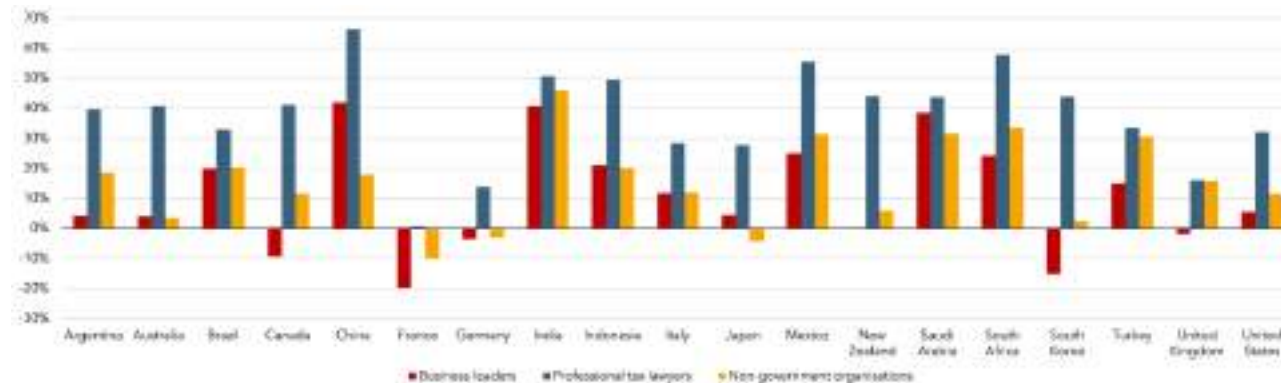


Chart shows net percentage, trust or highly trust less distrust or highly distrust.



Media and social media

Figures 7 and 8 show how trust in the media and social media, respectively, varies round the world.

- Trust in media is highest in China and India, where 53.3% and 52.5% of respondents, respectively, report some degree of trust.
- At the other end of the scale, the country with the lowest trust in the media is Japan, where just 19.3% of respondents reported a degree of trust.

- French respondents were the most likely to report distrust in the media, with this being the case for 57.0% of respondents. Indeed, France was the only country in which a majority of respondents reported distrust in the media.
- 33% of respondents report a neutral opinion of media, compared with 33.5% who are neutral about social media. Nonetheless, 40.7% of respondents distrust social media to some extent, against 34.3% who

distrust mainstream media. Conversely, positive trust rates for social media were around seven percentage points lower, at 25.8% of respondents, compared with 32.7% who express some degree of trust in media.

- Total trust in social media was the highest in India, with more than half (51.6%) of respondents reporting some degree of trust.
- This was followed by China, where trust in social media was reported by 49.9% of respondents.
- The lowest level of trust was observed in New Zealand, with this being reported by just 14.0% of respondents in the country.
- Respondents in France were most likely to report distrust of social media. This amounted to 56.8% of respondents in the country.
- In four other countries – Germany, Argentina, Australia, and Canada – a majority of respondents reported a degree of distrust in social media.

FIGURE 7: Trust and distrust in media

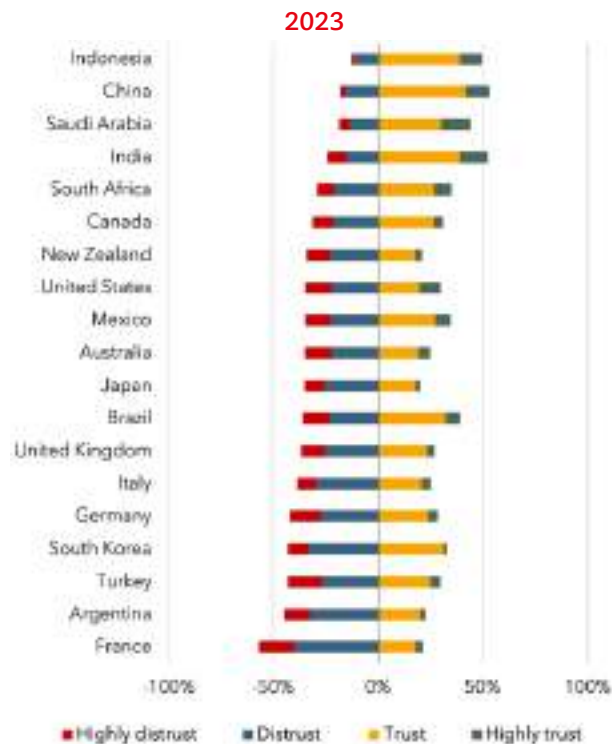
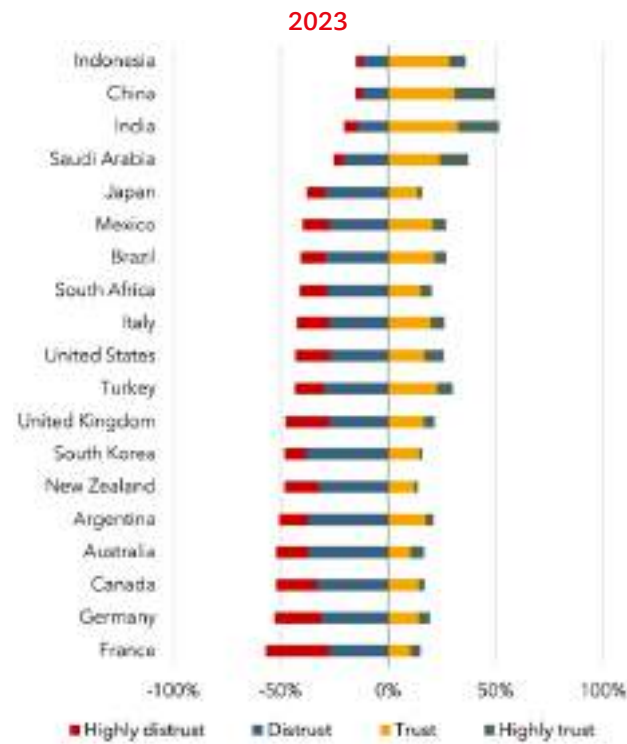


FIGURE 8: Trust and distrust in social media



Accountants

Professional accountants are an essential element of the global tax ecosystem, not only through their direct support of taxpayers and governments in developing and implementing tax policy and compliance mechanisms, but also in recording and verifying the measures of value on which tax systems rely. As taxes shift into measures beyond traditional financial bases, trust in the individuals who design, operate and report on the new mechanisms for holding businesses to account for the decisions they make will be important. Degrees of trust in accountants around the world are shown in Figure 9.

- South Africa has the highest levels of trust in accountants, with almost three-quarters (73.1%) of respondents responding 'trust' or 'highly trust'.
- This is followed by Indonesia and India, at 72.5% and 71.7% of respondents, respectively.
- After France (38.5%), respondents in Germany and Japan are the least likely to trust accountants, with this being reported by 42.6% of respondents in each country.
- In 2023, levels of distrust in accountants were lowest in Indonesia and China. Indonesian respondents reported a degree of distrust at a rate of 7.6%, while Chinese respondents reported a rate of 7.3%.
- Levels of distrust were highest in France, with this being reported by 32.0% of all French respondents.

FIGURE 9: Levels of trust and distrust in accountants 2023



Chart shows perceived trust and distrust in professional accountants in these countries when it comes to the tax system.

'ETHICS IS FUNDAMENTAL TO PUBLIC TRUST IN THE WORK OF ALL PROFESSIONAL ACCOUNTANTS AND IT MUST ALWAYS BE AT THE HEART OF THEIR JUDGEMENTS, DECISIONS, AND ACTIONS WHEN PERFORMING PROFESSIONAL ACTIVITIES OR SERVICES'.

GABRIELA FIGUEIREDO DIAS, CHAIR OF THE INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS



The role of professional accountants

- The view that accountants contribute to a fairer tax system has increased with each iteration of the Trust in Tax Report: 55.3% of respondents agreed with this statement in 2023, up from 54.8% in 2021, 50.8% in 2018 and 48.6% in 2017 (Figure 10).
- Positive attitudes towards accountants' contributions to the effectiveness and efficiency of tax systems remain strongly positive, but have decreased very slightly since 2021, from 45.9% to 44.5% net positive and 49.4% to 47.7% net positive, respectively.
- The country with the highest net balance of respondents agreeing that professional accountants contribute to a more effective tax system is Indonesia. Indonesia saw the second-largest net balance when asked whether accountants contribute to a fairer tax system (Figure 11).
- The net balance of respondents believing accountants contribute to a more efficient tax system is negative in only two countries: Argentina and Japan. Of these, a lower value is witnessed in Japan, with a net balance of -21.9% (Figure 11).
- While scores for fairer and more effective tax systems are universally a net positive, the aggregated balances (Figure 10) disguise significant variations in views on efficiency, around the world (Figure 11).

FIGURE 10: Do professional accountants contribute to a fairer, more effective and efficient tax system?

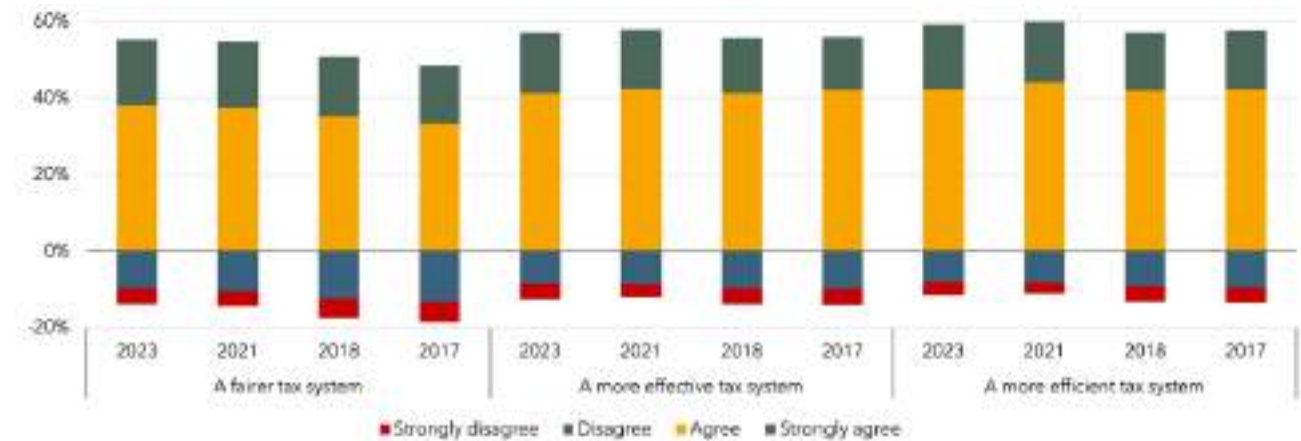


Chart shows level of agreement/disagreement that professional accountants contribute to a fairer, more effective, and more efficient tax system.

FIGURE 11: Does the work of professional accountants contribute to a fairer, more effective and efficient tax system? (By country)

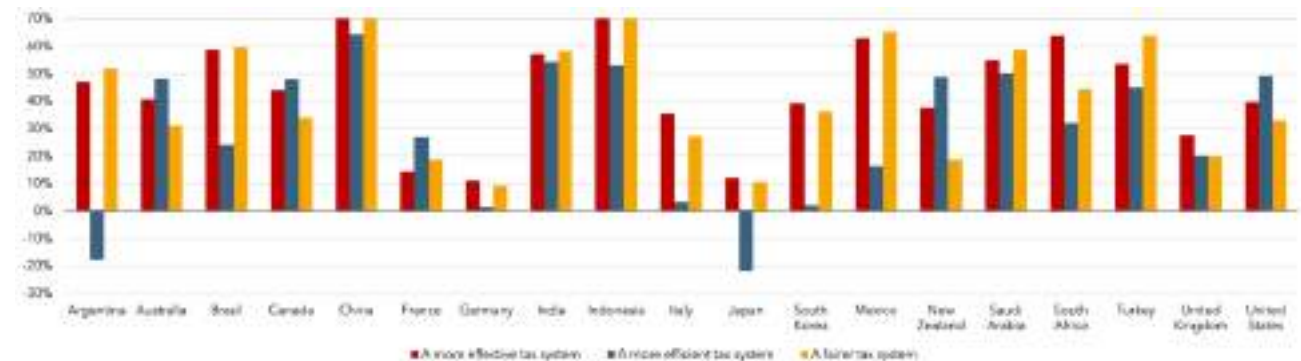


Chart shows net percentage, agree or strongly agree less disagree or strongly disagree.

Tax authorities

Tax authorities are the most polarising group, with 71.2% of respondents expressing a non-neutral opinion of their experience (Figure 12).

FIGURE 12: Levels of trust and distrust in tax authorities 2023



Chart shows perceived trust and distrust in government tax authorities in these countries when it comes to the tax system.

- Overall, net levels of trust in tax authorities fell slightly between 2021 and 2023, although the proportion of respondents who highly trust their local tax authority has risen steadily since 2018.
- China, Indonesia, Saudi Arabia and India continue to occupy the top four positions as most trusted authorities.
- At the opposite end of the scale, Argentina, France, South Africa, Brazil and the United States all show net negative trust in the tax authority.
- Analysed by income level, distrust is greatest among those on lowest incomes (net 9.2% distrust for reported income levels below \$25,000 in the G7) with trust levels generally improving with increased incomes.

'Politicians and government employees seem to make the tax code/laws as difficult to understand as possible. And when there are time frames involved (like having to submit documentation within 14 days) the taxpayer [is] nailed when they do not keep within the time frame but the tax authority does not hold themselves to the same [standards].... This causes taxpayers to become fed-up and to then try to avoid paying tax at all'.
Survey respondent, South Africa



Barriers to trust

'IF AMOUNTS PAID TOWARDS TAX WENT MORE TOWARDS MAINTAINING AND IMPROVING INFRASTRUCTURE IN THIRD WORLD COUNTRIES (SUCH AS THEY DO IN CANADA AND SCANDINAVIAN COUNTRIES), I WOULD LIKELY HAVE A MORE POSITIVE VIEW OF TAXATION. WHEN GOVERNMENTS ARE CORRUPT, TAXATION IS LEGALISED THEFT'.

SURVEY RESPONDENT, SOUTH AFRICA

Throughout the course of these surveys, public unease about how tax moneys are sometimes spent has been a constant theme in respondents' comments. Perceptions of corruption are a clear barrier to engagement with the tax system. The concern about how tax revenues are spent correlates strongly with levels of distrust in politicians.

Individuals for whom corruption is a significant factor in their perception of taxes still have net positive trust in government tax authorities – but at only half the level shown across the survey population as a whole. For politicians, the level of net distrust among those who rate corruption as a major factor in their views runs at net minus 39%, more than 50% greater than the net level of mistrust among the G20 population as a whole.

Accountants have a central role to play in countering corruption, bringing transparency and accountability to the collection and spending of taxes across both public and private sectors. Beyond the direct link with taxation, in that corrupt individuals will almost invariably seek to evade taxes on the proceeds of their crime in order to avoid detection, tax authorities will often be the best central source of records and information to help law enforcement identify patterns of criminal behaviour that are likely to be linked to corruption. While there can be privacy implications for innocent taxpayers

when information supplied to the tax authorities for tax compliance reasons is used for some other purpose, the power and sophistication of modern modelling technology allows for use of anonymised data to create 'normal' profiles, with only exceptions to those patterns meriting investigation.

Corruption comes from a Latin root meaning 'broken'. Legal definitions of corruption usually equate very closely to bribery, involving elements of abuse of public office and unjust enrichment. Most of the comments expressing concern about misappropriation of tax receipts, or discomfort with government spending, focus on politicians and tax authorities. However, there is another aspect of a broken system that often crops up – the perception that large businesses, and sometimes wealthy individuals, are able to engage with the system in a way that gives them an unfair advantage and enables them to pay less tax than they should.

Whether their objection is to the politicians who have designed the rules, the officials who implement them, or the other taxpayers who don't make what's seen as a fair contribution, these are problems to be addressed. And the accountancy profession has a part to play here too. Experience and prosecutions tell us that there are qualified tax professionals who are prepared to go beyond



acceptable limits in reducing their client's contribution to society via the tax system. As well as educating our members on law and ethics, the profession must have mechanisms for identifying and excluding those who breach those limits.

People believe that paying taxes is about following the rules. If those rules are resulting in unreasonably low bills for higher-income taxpayers and unreasonably high ones for lower-income taxpayers then a change to the rule-making system is needed. It is important that changes to the tax regime do not have unintended consequences for business activity or individuals. The OECD has convened a number of meetings between business groups and tax authorities as part of an initiative to build trust between

them, not in order to benefit one group or the other but to benefit society as a whole through improving the operation and ultimately the design of tax systems.

Transparency and accountability in the policymaking process are essential. Building those relationships is at an early stage, but it's vital that public trust lies at the heart of what they do. Poorly designed taxes will hamper legitimate activity while raising little revenue, redistributing nothing and influencing behaviours in unintended and potentially undesirable ways. But for public trust in tax to be maintained, these two groups need not only to open up to each other, but also to ensure that they retain the trust of the public in what they are doing, through transparency and education.

'I don't think it is fair that [the tax authority] does deals with multinational companies if they don't pay their tax, while the little man gets prosecuted to the full extent of the law. Why are multinational companies above the law?'

'We should abolish the [tax authority], there is corruption going on where [the former President] got away with not paying taxes yet I still have to'.

'As long as corruption, collusion and gratuities are still rampant in my country, most people, including me, are not very enthusiastic about paying taxes'.



Experience of the tax system:

Transparency, complexity and inequality

The administration of tax systems can be as important to taxpayers as the policy design behind them in determining individual experiences.

Many tax authorities faced additional responsibilities during the COVID pandemic, as governments turned to them to administer grants and support programmes. Many respondents found digital services easy to use, but a number of respondents expressed concern about their accessibility or reliability. The difference between ease of paying taxes and ease of reclaiming overpayments was also a common cause of complaint (Figures 13 and 14).

FIGURE 13: Overall views on dealing with the tax authorities in G20 countries

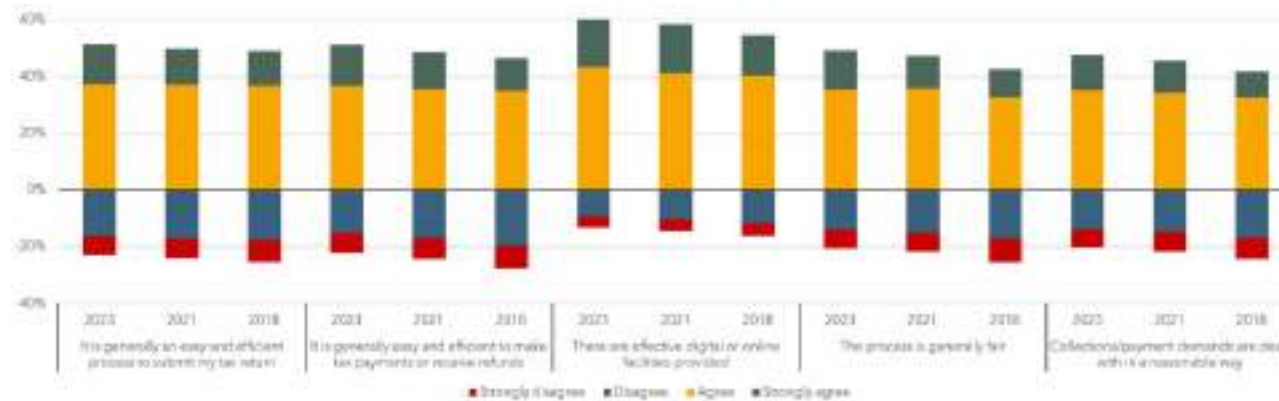


Chart shows level of agreement/disagreement with these statements regarding dealing with government tax authorities.



- On all five of the measures outlined above, the proportion of respondents who agreed with each statement increased from 2021 to 2023. The largest increase was observed in the proportion of respondents believing that ‘it is generally easy and efficient to make tax payments or receive funds’, up by 2.7 percentage points in 2023 from 2021.
- A greater proportion of respondents in 2023 believe that ‘the tax process is generally fair’ than was the case in 2021 and 2018: 49.0% agreed with that statement in 2023, compared with 47.3% in 2021 and 42.5% in 2018.
- Respondents in four countries, Japan, South Korea, Argentina and Germany, responded with net disagreement to the statement that filing taxes is generally an easy and efficient process (Figure 14).
- Respondents in Japan and Argentina disagree on balance with the statement that dealing with tax authorities is generally fair (Figure 15).

ON ALL FIVE OF THE MEASURES OUTLINED ABOVE, THE PROPORTION OF RESPONDENTS WHO AGREED WITH EACH STATEMENT INCREASED FROM 2021 TO 2023.

FIGURE 14: Respondents’ views on the ease and efficiency of filing taxes

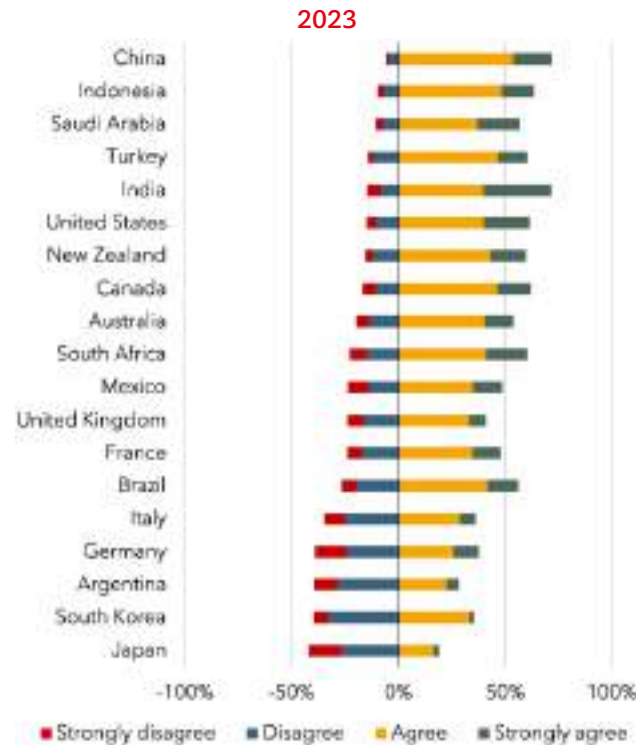


Chart shows extent of agreement that submitting tax returns to the authorities is generally an easy and efficient process.

FIGURE 15: Respondents’ views on the overall fairness of the process of dealing with the tax authorities



Chart shows extent of agreement that the process of dealing with tax authorities is generally fair.

Attitudes towards the tax system

Is tax mainly about laws and regulation, or morals and fairness? (Figure 16)

- Across the G20, respondents who considered that tax is mainly about laws and regulations outnumbered those who consider tax to be a matter of morals and fairness by almost four to one (49.4% to 12.9%).
- In Japan, Italy and France the view that tax is equally a matter of laws and morals was most prevalent, with laws and regulation being the most popular response in all other countries.

Attitudes towards tax minimisation

- In Italy and the Republic of Korea, attitudes towards tax minimisation were unanimously negative across all taxpayer groups (Figure 17).
- In three out of the four categories (high-income individuals, local companies, and multinationals), favourable attitudes towards tax minimisation were most prevalent in Indonesia.
- In Canada, a net balance of 54.1% of respondents thought it was appropriate for average-income or low-income individuals to arrange their affairs to minimise their taxes. This was the highest net balance, in this category, for any country.

FIGURE 16: Respondents' views – is tax mainly a matter of laws and regulation, or morals and fairness?

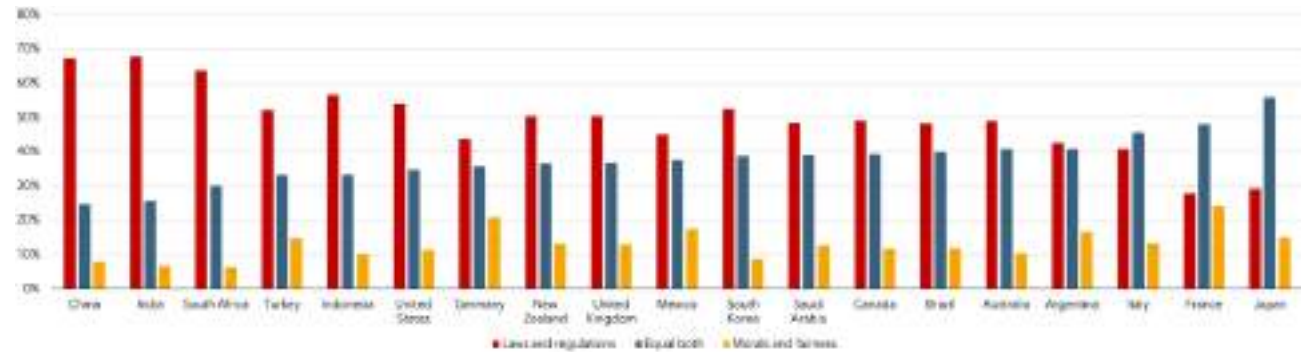


Chart shows the share of respondents who indicated they believe paying tax is more a matter of either laws and regulations, morals and fairness, or equally both, in these countries.

FIGURE 17: How appropriate is it for different taxpayer groups to arrange their affairs to minimise taxes?

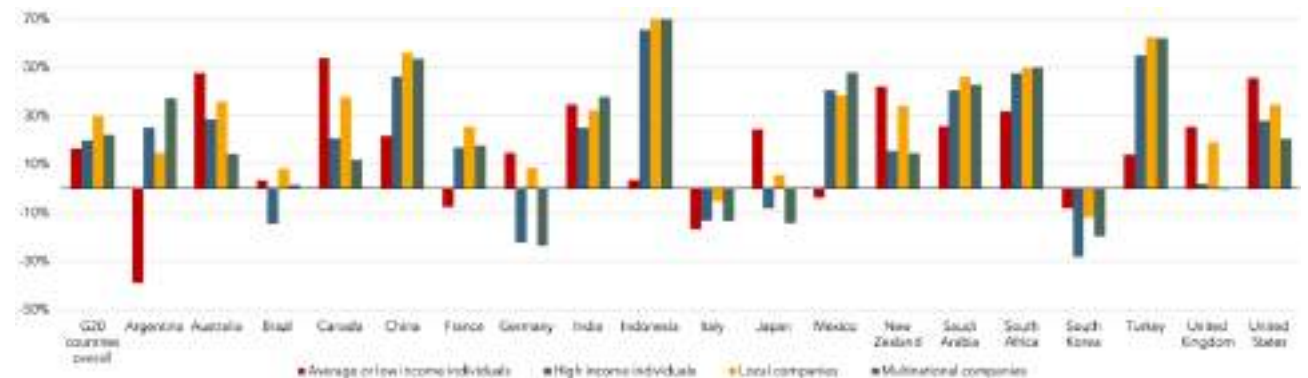


Chart shows net percentage appropriate/very appropriate minus inappropriate/very inappropriate for these taxpayer groups to arrange their affairs in order to minimize taxes.

Reasonableness of contribution

- Across the entire sample, respondents were more likely to agree than disagree that taxpayer groups were paying a reasonable amount of tax. This applied to all of the groups considered, encompassing average-income or low-income individuals, high-income individuals, local companies, and multinational companies (Figure 18).
- On a country-by-country basis, multinationals were the most likely to face hostility. In five countries, respondents were more likely to disagree that multinationals are paying a reasonable amount of tax.
- In four countries (Australia, Canada, Japan and New Zealand), respondents were more likely to disagree that high-income individuals are paying a reasonable amount of tax.
- In several countries, the amount of tax paid by average-income or low-income individuals was not considered to be reasonable. It is clear from respondents' comments that taxes on lower-income groups were regarded as too high, whereas those who commented considered taxes on high-income individuals and multinational businesses to be unreasonably low.

- 'Taxation should be transparent and understandable to common people'. **Survey respondent, South Africa**
- 'The rich should be taxed much higher, those who hardly earn anything, less taxes, much less'. **Survey respondent, Germany**
- 'Multinational companies making huge profits should be forced to comply with tax laws and not hide money in shell companies and offshore institutions to shirk or minimise their obligations. If they do this, they should be fined significantly'. **Survey respondent, Australia**
- 'Be honest – we all know that the rich pay an enormous amount of tax. Maybe concentrate more on how our governments waste so much of the taxes they collect'. **Survey respondent, Australia**

FIGURE 18: Which taxpayer groups do respondents think are paying a reasonable amount of tax?

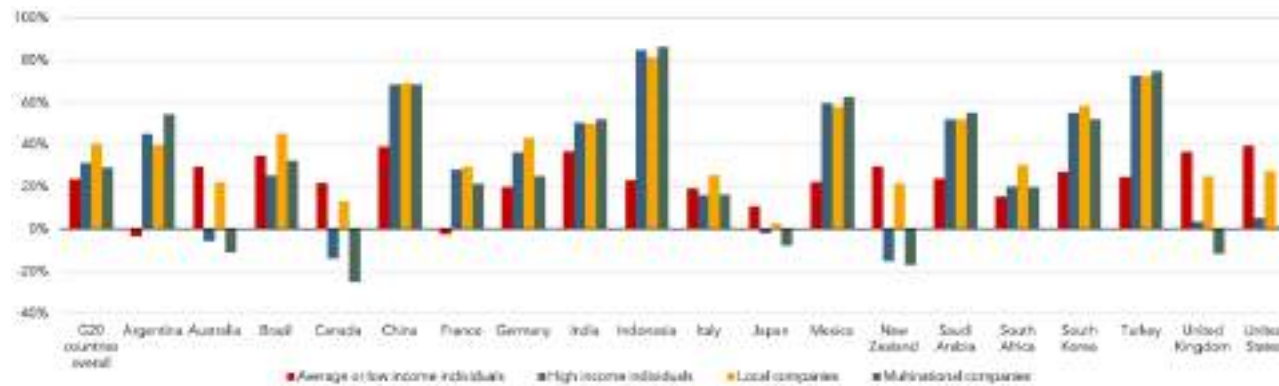
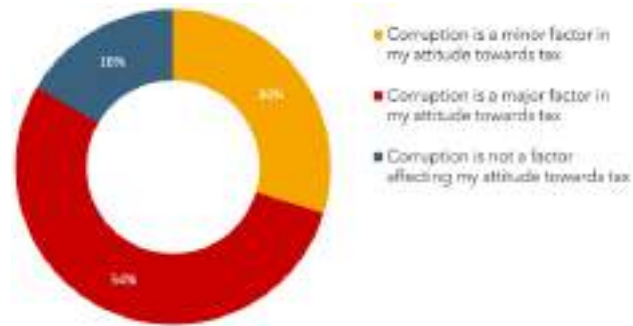


Chart shows net percentage agreeing/strongly agreeing minus disagreeing/strongly disagreeing that these taxpayer groups are paying a reasonable amount of tax in respondents' countries.

Perceptions of corruption

This year, for the first time, respondents were asked about the impact of corruption on their attitude towards tax. A clear majority, 53.8%, consider it a major factor (Figure 19).

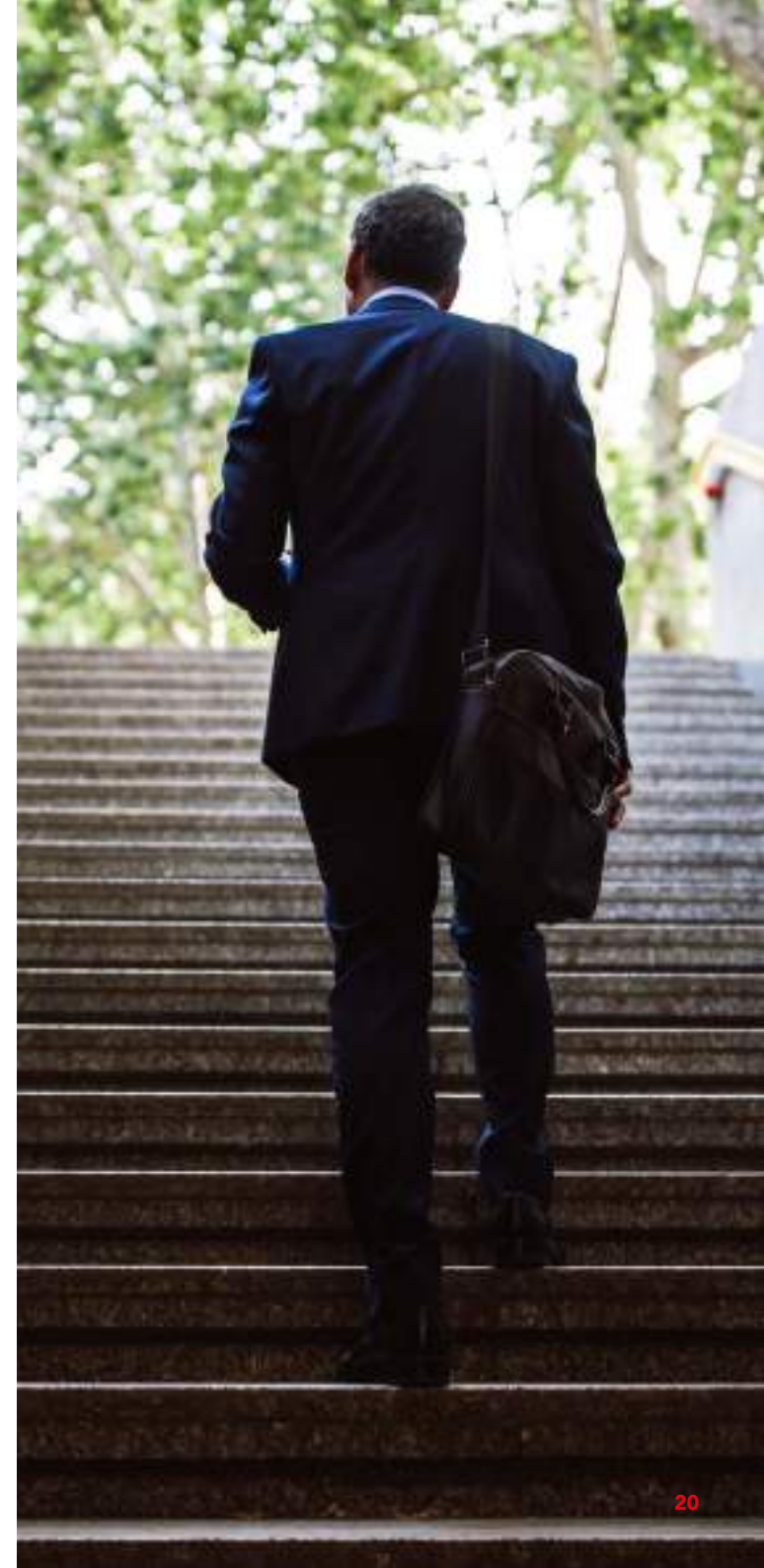
FIGURE 19: How perceptions of corruption affect attitudes to tax



- People for whom corruption is a major issue also tend to hold stronger opinions on other questions.
- Individuals for whom corruption is a major factor tend to be less trusting than other respondents of actors, and in particular politicians and tax authorities.
- Nonetheless, they are also slightly more trusting of accountants and lawyers than those with less concern about corruption.
- Overall, individuals for whom corruption is a concern are more in favour of tax incentives of all types.
- This was most pronounced in respect of green energy projects, infrastructure projects and retirement provision.

'IT IS NOT POSSIBLE TO ASK FOR THE PAYMENT OF MORE TAXES WHEN WHAT IS ALREADY BEING CHARGED IS BEING MISAPPLIED AND THERE IS SO MUCH CORRUPTION'.

SURVEY RESPONDENT, MEXICO



The future of the tax system

Previous years' surveys have indicated respondents' desire for governments to use tax systems to incentivise positive outcomes. New questions this year exploring the link between tax and sustainable development reinforce the perception of a link between tax and environmental concerns, but it seems (perhaps unsurprisingly) that incentives are significantly more popular than increasing taxes specifically for sustainable development initiatives.

- As was also the case in 2021 and 2018, respondents were more likely to be in favour of, rather than against, tax incentives across all categories shown in Figure 20.
- Green energy projects remain the most popular form of incentive, at a net positive score for appropriateness of 59.9%.
- Despite this, the proportion of respondents who said tax incentives were appropriate decreased for five of the seven categories between 2021 and 2023.
- The largest decrease between 2021 and 2023 was for key sectors worst hit by COVID-19. With the pandemic now over, respondents see incentives for these sectors as less appropriate than in 2021.
- Nonetheless, a majority of respondents (59.0% in 2023 vs. 68.5% in 2021) continue to believe that these key sectors should be offered government tax incentives.

FIGURE 20: How appropriate are government incentives?

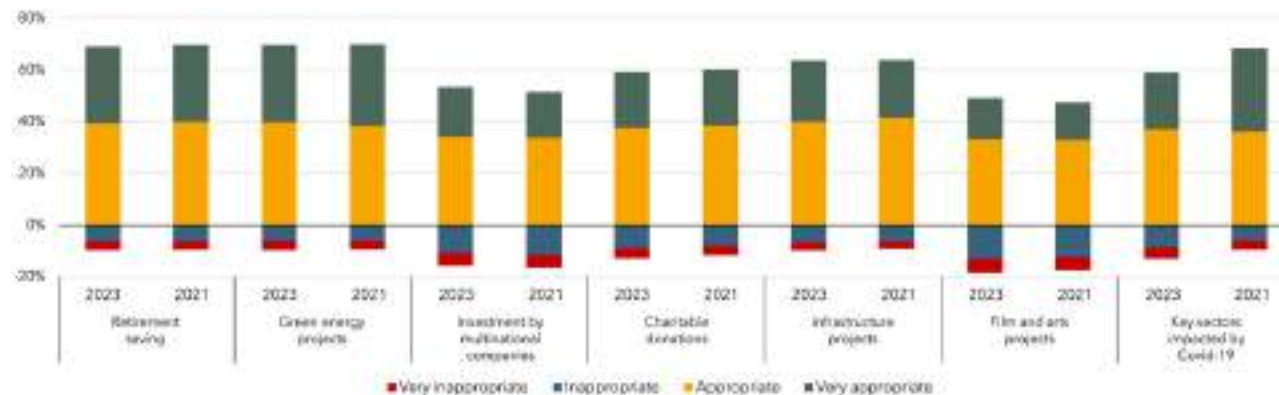


Chart shows respondents' views on the appropriateness of government tax incentives for various areas of the economy.



Perceived importance of collaboration for a more coherent international tax system

- Individuals in Turkey were most likely to see tax collaboration between governments as important: 82.8% of respondents in the country held this view (Figure 21).
- The country placing the least importance on collaboration with other governments was Japan. Just 49.4% of respondents in the country thought that inter-government collaboration was important (Figure 21).
- Respondents in France were the most likely to consider tax collaboration to be unimportant (Figure 21).

Figure 22 shows the percentages of respondents who believe in the importance of competition between their government and other governments on tax policy, either focusing on the purpose of increasing national tax revenues or on attracting multinational business.

- China and the Republic of Korea stand out as having the greatest proportion of respondents who believe tax competition is important for both purposes.
- At the other end of the scale, respondents in New Zealand were least likely to believe in the importance of inter-government competition for both of these purposes.

Argentina saw the largest disparity between the two differing perspectives of tax policy competition. 49.0% believe in the importance of competition on tax policy for the purpose of attracting multinational business, while 15.9% stated that competition is important when considering national tax revenue.

FIGURE 21: Respondents' perceptions of collaboration for a more coherent international tax system

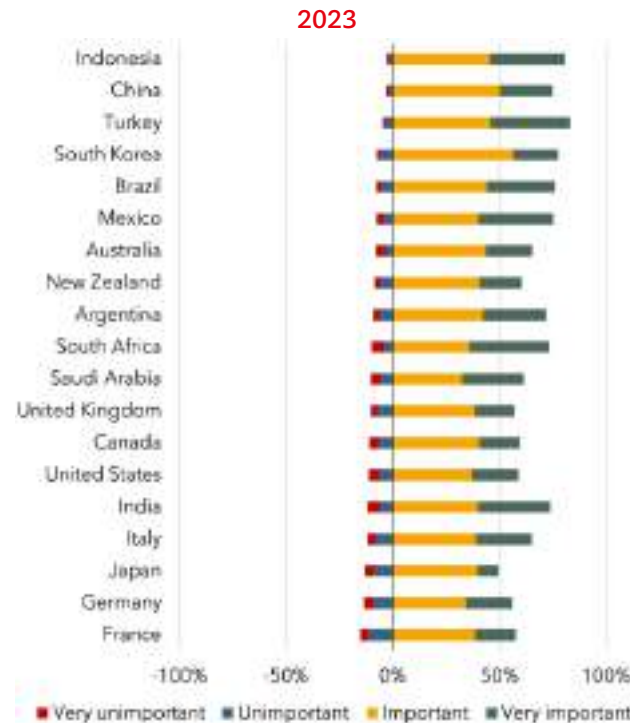


Chart shows respondents' perceived importance of inter-governmental cooperation on tax policy to create a more coherent international tax system.

FIGURE 22: Respondents' views on tax competition

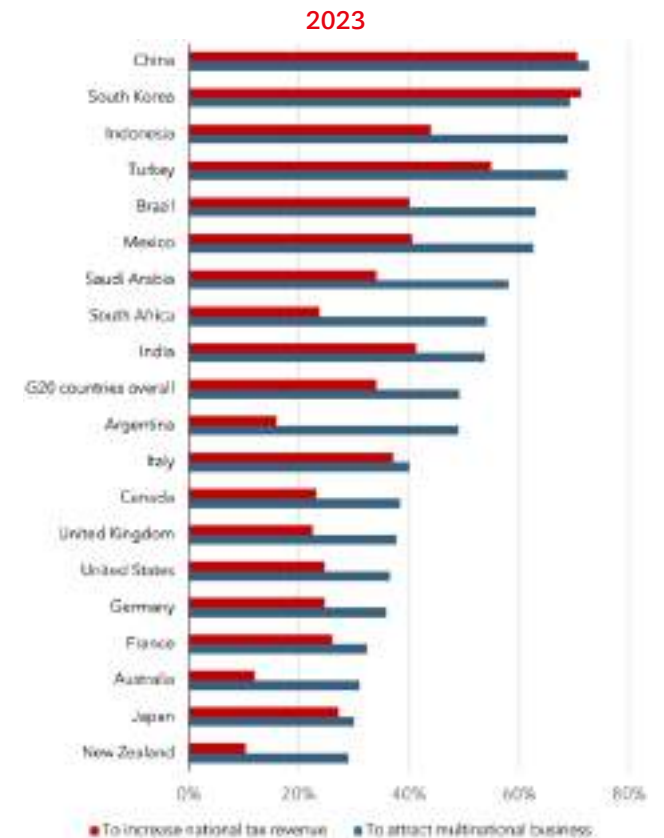


Chart shows the percentages of respondents who believe in the importance of competition between their government and other governments on tax policy, either focused on the purpose of increasing national tax revenues or attracting multinational business.

Tax and sustainable development

Taxes are inextricably linked to sustainable development – and not just through the sorts of measures usually identified as ‘environmental taxes’. Taxes have traditionally performed three functions – revenue raising, redistribution and regulation of behaviour, with the focus for environmental taxes typically being the third function.

From the 1980s onwards, growing concern about the impact of human activity on the environment started to drive an intensified focus on taxation as a way of managing related issues. Environmental taxes have been defined as those using as their base a physical unit causing environmental harm, or a proxy thereof¹ and have included energy, pollution, transport and resource taxes. The tension between effective behaviour modification and revenue collection has been raised as a potential issue threatening the long-term future of environmental taxes as a viable tax base.

A growing awareness of the impacts of business activities on society has also driven an intensified focus on wider accountability, through both long-term concerns such as climate change and relatively short-term impacts such as the Global Financial Crisis. Increasingly, business stakeholders are seeking to hold businesses to account on more than financial grounds, as environmental impacts, in particular, become a more pressing concern.

Business impacts have historically been measured in purely financial terms. This aligns well with taxation,

which is also measured and applied in financial terms (even if the policy intention behind the tax is to change behaviour rather than transfer wealth). Developments in reporting standards are designed to give a clear and comprehensive picture of a business’s ability to create sustainable value over time – not just to provide a snapshot of its finances.

We know from this and prior surveys that there is public support for using taxation to support environmental projects (eg, see data on green energy projects on p21), but it’s equally clear that there is no widespread support for significant increases in taxation overall to support those goals.

But do tax bills have to rise to improve the environment? For example, research by the Ex-Tax project has set out models for tax to support a shift to circular economy models without any increase in the overall levels of tax paid. According to the study, such alternative tax models may even lead to increases in GDP and employment levels while reducing carbon emissions².



1 2.2 Definition of Environmental Taxes, <<https://ec.europa.eu/eurostat/documents/3859598/5936129/KS-GQ-13-005-EN.PDF>>.

2 New study: The Taxshift | The Ex-Tax Project (ex-tax.com), accessed 23 July 2023.

Any fundamental shift in tax bases will take time though, and however compelling the logical arguments, tax does not exist in a vacuum. The costs and compromises of radical reform equate to enormous long-term political costs, which few governments have the scope to contemplate.

But the link between sustainable development and tax is not restricted to what we tax: how we tax can be just as important, and far easier to address in the short term. Increased tax morale³ will go hand in hand with reduced tax gaps (the difference between taxes nominally due and taxes actually collected).

Improving taxpayers' experience of the tax authority can improve morale and revenue levels, and frequently this also aligns with improvements to the wider reporting ecosystem. Digitalisation of tax and banking systems has a huge role to play in domestic resource mobilisation and the enhancing of existing revenue sources. One impact of the COVID-19 pandemic has been to move much economic and administrative activity online, reducing the need for resource-intensive manual paper handling as well as improving data capture.

Equally, simplification of tax regimes and better resourcing of tax administrations are both linked with improved taxpayer engagement, driving stable government revenues. Taxes are relevant to every aspect of modern society, and as society becomes increasingly focused on sustainable value creation, there will be a stronger link between the two.

'TAX BUILDS A BETTER COUNTRY IN THE FUTURE'.
SURVEY RESPONDENT, INDIA



³ Tax morale is the tendency for individuals and businesses to pay their tax voluntarily and without intervention by tax authorities.

- Perhaps surprisingly, respondents for whom corruption is a major concern were more likely than average to be prepared to pay a significant amount of extra tax to support sustainable development goals
- Respondents unconcerned about corruption were less likely than average to be prepared to pay a significant amount of extra tax to support sustainable development, and more likely than average not to be prepared to pay any extra tax.

'TAXES MUST BE UTILISED FOR THE BENEFIT OF THE PEOPLE AND DEVELOPMENT'.
SURVEY RESPONDENT, INDONESIA

FIGURE 23: Connections respondents see between taxes and sustainable development

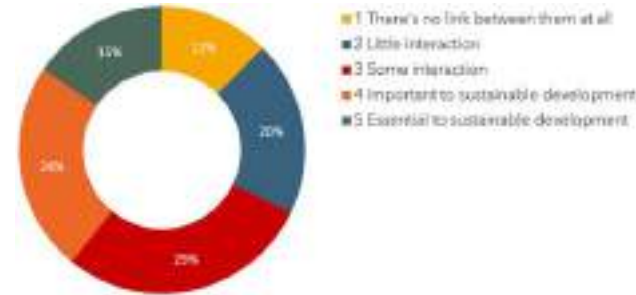


Chart shows the extent to which respondents consider taxes as being connected with sustainable development.

FIGURE 24: Respondents' willingness to pay tax to support sustainable development

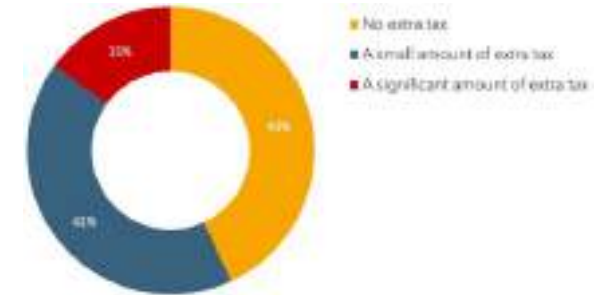


Chart shows the extent to which respondents would be prepared to pay more taxes in order to support sustainable development goals.



'TAXES SHOULD BE APPLIED FOR SUSTAINABLE DEVELOPMENT'.
SURVEY RESPONDENT, INDIA

Acknowledgements

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