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ACCA (the Association of Chartered Certified Accountants) is the global professional body for professional accountants.

We’re a thriving global community of 233,000 members and 536,000 future members based in 178 countries and regions, who work across a wide range of sectors and industries. We uphold the highest professional and ethical values.

We offer everyone everywhere the opportunity to experience a rewarding career in accountancy, finance and management. Our qualifications and learning opportunities develop strategic business leaders, forward-thinking professionals with the financial, business and digital expertise essential for the creation of sustainable organisations and flourishing societies.

Since 1904, being a force for public good has been embedded in our purpose. In December 2020, we made commitments to the UN Sustainable Development Goals which we are measuring and will report on in our annual integrated report.

We believe that accountancy is a cornerstone profession of society and is vital helping economies, organisations and individuals to grow and prosper. It does this by creating robust trusted financial and business management, combating corruption, ensuring organisations are managed ethically, driving sustainability, and providing rewarding career opportunities.

And through our cutting-edge research, we lead the profession by answering today’s questions and preparing for the future. We’re a not-for-profit organisation.

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About IFAC

The International Federation of Accountants (IFAC) is the global organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies.

Comprised of 180 members and associates in more than 130 countries and jurisdictions, IFAC represents more than 3 million accountants in public practice, education, government service, industry and commerce.

Over four decades, 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 here www.ifac.org
Since 2017, we have gathered data across the G20 on the attitudes and opinions of the general public towards their tax systems, and the actors involved in them. Five years on, this is our first survey to look beyond the world’s wealthiest economies; it comes at a time of uncertainty following the Covid-19 pandemic and the Russian invasion of Ukraine, each with huge implications for economies around the globe. Reflecting the views of over 5,600 people across 14 countries, the survey results give us an insight into whom they trust and what concerns them, backed up by expert opinion from professionals, academics and tax authority officials.

The importance of tax systems in building resilient economies cannot be overstated. We know from research by the International Monetary Fund (Gaspar et al) that economic growth goes hand in hand with a consistent stream of tax revenues. An efficient, effective and trusted tax administration is, however, just one building block in the sound structure of society. Yet in so many cases we hear that the problems lie not with the collecting of the tax, but with what happens to it after that. A lack of accountability in government spending fosters the perception – and all too often the reality – of corruption in government.

Uncertainty about rebuilding after the pandemic is falling behind concern about global food shortages, with the very real prospect of central support being needed to ensure basic human needs are met. Now, more than ever, the relationship between taxpayers and governments, and between businesses, society and tax systems, will be fundamental to the survival of the economies that support us all, in both the short and long terms.

Across the survey responses and our regional engagement, it has become clear that attitudes towards tax are largely driven by the population’s views on corruption. Trust in the system is lower when taxpayers perceive higher levels of corruption and diversion of public funds. Understanding the negative implications of corruption on trust, tax morale, and sustainable development more broadly, is one of the key reasons why fighting corruption is such a central priority for the global accountancy profession.
Key findings

The G20 countries account for 59% of the world’s population. By 2050, that proportion is forecast to fall to just 51% as 84% of the total population growth takes place in countries outside the G20. More than half of the projected increase in global population up to 2050 will be concentrated in just eight countries: the Democratic Republic of the Congo, Egypt, Ethiopia, India, Nigeria, Pakistan, the Philippines and the United Republic of Tanzania. Of these, only India is in the G20 (UN World Population Prospects 2022). The challenge for governments over the next 30 years will be to fund health and social care, infrastructure development and, in many cases, the needs of ageing populations against a backdrop of resource and environment challenges. While there are gains to be had through development of more effective and efficient collection methods, one of the simplest and most cost-effective options will be to raise ‘tax morale’, ie the propensity of taxpayers to voluntarily engage with the tax system.

Trust is a key component in tax morale, and understanding how taxpayers perceive the existing systems, and who is best trusted to help improve those perceptions, will be fundamental to building enhanced trust and, with it, engagement. This new edition of the Public Trust in Tax survey looks for the first time beyond the G20 and into the issues that will be most relevant for an increasing share of the global population.

Taxpayers trust professional advice and tax authorities, but are less certain of politicians and the press

- In relation to the tax system, people have the highest level of trust in professional tax accountants (67.1% trust/highly trust) and professional tax lawyers (64.6%).
- Overall, people trust tax authorities, though opinions are polarised and a significant minority (27.9%) either distrust or highly distrust their tax authority.
- Politicians are the least trusted actors in respect of tax systems, with a net trust deficit of –25.7%.
- Social media reports are the only other category showing a net trust deficit (–8.6%) and while media reports show a small net positive balance (8.1%), 9.4% highly distrust media reports, and a further 22.2% distrust them.
- Across the entire sample, online services ranked as the most commonly used service in managing tax affairs, being selected by 42.2% of respondents. This compares with 36.9% of respondents among the G20 countries surveyed last year.
- Across the sample, 41.2% of respondents reported using the services of a professional accountant to manage their tax affairs.
- Respondents show a clear belief that accountants play a positive role, contributing to a more efficient (71.9%), more effective (70.2%) and fairer (67.4%) tax system.

People want to see tax systems used to target specific positive outcomes

- People strongly support the use of tax incentives to target ‘global megatrends’ such as climate change (73.8%) and the ageing population (72.8%).
- We found that 73.9% of respondents support the use of tax incentives to attract multinational business while 69.3% support cooperation between countries to create a more coherent international tax system.

People generally think that taxpayers are paying a reasonable amount of tax

- Across the entire sample, respondents were more likely to agree than disagree that specific 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.
- Almost half of our respondents said that multinational companies were most likely to be paying a reasonable amount of tax (46.4% agreed across the whole survey). This is a contrast to the G20 position. In seven of the G20 countries, more respondents disagreed than agreed that multinationals are paying a reasonable amount of tax. Across the wealthier countries as a whole we saw a net positive balance across the survey of only 22.4%.
- Attitudes towards tax minimisation are more relaxed than in the G20 surveys, with only minimisation by low- or average-income individuals attracting a net negative score in more than one country.
- Respondents expressed strongly net positive sentiment for tax minimisation measures taken by high-income individuals (27.8%), local companies (34.3%) and multinational companies (38.8%). The attitude towards tax minimisation by low-income individuals was the most deeply split category, with strongly negative scores in six countries almost equal to the aggregate positive scores in the other eight.
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This study is based on an online survey of 5,958 individuals from the following countries: Angola, Colombia, Cote D’Ivoire, Dominican Republic, Egypt, Guatemala, Kazakhstan, Kenya, Malaysia, Nigeria, Pakistan, Peru, Philippines, and Vietnam. The countries surveyed were selected based on a range of economic, political, geographic and cultural factors.

Economic factors included the Gross Domestic Product (“GDP”) of the countries, the estimated level of informal economic activity and the GDP per capita at purchasing power parity. The current estimated population of the surveyed countries is 1.057bn, including five of the seven largest non-G20 countries and representing 13.3% of the world population. Their combined population is projected to rise to 1.755bn and 16.3% of world population by 2050 (UN World Population Prospects 2022).

Nearly half (48.0%) of respondents reported household income of less than $25,000 per year (Figure 1). Each subsequent income bracket saw a smaller proportion of overall respondents, with the exception of those earning $150,000 or more, a trend also witnessed among the G20 countries last year. In educational attainment (Figure 2), the modal category was Bachelor’s degree, as was also the case in last year’s Trust in Tax survey, covering the G20. Across this new sample of countries, 34.1% of respondents cited a Bachelor’s degree as their highest level of educational attainment; 81.0% had undertaken some amount of tertiary education.

The survey population was demographically balanced for age and gender, but as the survey was conducted online, access was restricted to those with an internet connection.
Internet penetration levels (Figure 3) across the survey countries range from 25% (Pakistan) to 90% (Malaysia) and the income and education levels reported by respondents are consistent with a bias to urbanised higher-income respondents, which is also reflected in the locations of respondents’ internet protocol (IP) addresses and reported levels of engagement with tax authorities. The proportion of respondents indicating no direct engagement with tax authorities is consistent with proportions in the G20 survey work (although slight differences in methodology preclude a direct comparison), suggesting stronger response rates from within the formal economy, which reflects a varying proportion of overall economic activity between countries.

While the results offer a 95% confidence interval for internet users in each country, the proportion of internet users in some countries and correlations with response patterns from G20 surveys suggest that the results will be more reflective of those who are (or should be) engaged with the tax systems as currently set up. Hence, the results will be of particular use to tax authorities in consolidating existing relationships and focusing targeted taxpayer interventions.

In addition to the quantitative survey results, online discussions were held with senior tax figures from across Latin America and Africa, including academics, tax officials and practitioners. The events were held under the Chatham House Rule, and insights from respondents are reproduced accordingly to add depth to the analysis of the survey results and their context.
Trust in the system and trust in actors in the system

Public trust is central to tax morale, the tendency for individuals and businesses to pay their tax voluntarily and without intervention by tax authorities. For countries with a large informal economy, encouraging individuals and businesses to engage with the tax system can be the first step towards increased economic growth and political stability (Figure 4).

IMF research (Gaspar et al. 2016) has shown a clear correlation between tax to GDP ratios in excess of 12.75% and sustained economic growth yet, among the countries surveyed, nine fall below that level (World DataBank 2022, OECD iLibrary 2022 and CEIC 2022), with Nigeria recording just 6% for 2019, the most recent year for which figures are available (OECD 2021). Only Colombia, Vietnam and Kenya reached the 15% mark generally accepted as the threshold for minimum effective state functioning in 2019, the last year before Covid-19 affected GDP and tax levels (OECD iLibrary 2022).

As was also the case with the G20 countries, the net balance reporting trust in professional tax accountants was greater than that of any other information source. For the new sample of countries, 67.1% of respondents reported a degree of trust in professional tax accountants.

As with the G20 countries, the weakest degree of trust was seen for politicians. Just 24.9% of respondents reported a degree of trust in this group.

Men were more likely than women to report trust for seven of the above sources. Only in the case of politicians were women more likely to report trust.

Younger age groups tended to be less trusting than their elders of all the above sources. For all the above sources, the prevalence of reported trust was lowest among those with an income of less than $25,000.

‘TAXES SHOULD BE FOR NATION BUILDING’.
SURVEY RESPONDENT, NIGERIA

FIGURE 4: Whom do people trust in relation to the tax system?
Politicians

Politicians are central to the decision-making process in tax policy, while their personal behaviour can drive public perceptions of, and engagement with, the tax system (Figure 5).

Respondents in Vietnam were the most likely to report trust in politicians: 69.2% of respondents in the country reported that they either trust or highly trust this source. This far outweighed the next strongest country, Egypt, which saw 41.4% of respondents reporting some degree of trust in politicians.

Egypt and Vietnam were the only countries in which the number of respondents reporting a degree of trust outweighed the number reporting distrust.

Women were more likely to report trust in politicians. This was the case for 24.6% of women across the entire sample, compared with 24.3% of men. Older age groups were most likely to report trust in politicians. This was the case for 30.5% of those aged 55 to 64 and 29.6% of those aged 65 to 74.

Those on the highest incomes were most likely to report trust in politicians, while there was a negative correlation (coefficient –0.56) between the proportion of individuals reporting trust and the size of the economy classed as informal. Conversely, there was a positive correlation (coefficient +0.29) between trust in politicians and countries’ Human Capital Index, suggesting that more educated populations exhibit trust to a greater extent. All these findings are consistent with the OECD 2019 report ‘Tax Morale: What drives people and businesses to pay tax?’ (OECD iLibrary 2022)

As with the G20 surveys, the very broad cultural trend is for trust to be highest in Asian countries, and lowest in Latin and South America, with Anglophone common law system countries showing broadly similar results to each other.

Lack of trust in politicians is perceived as a major barrier to taxpayer engagement with systems. A specific challenge raised by roundtable participants and reflected in survey respondents’ comments is that it is not the payment of taxes to which citizens object, but rather the misappropriation of the taxes collected.

‘THE APATHY OF TAXPAYERS IS DRIVEN BY CORRUPTION ACROSS THE PUBLIC SECTOR, WHICH IN TURN DRIVES POOR SERVICE DELIVERY’. ROUNDTABLE PARTICIPANT; PERMISSION TO IDENTIFY SOURCE TO BE SOUGHT
Regardless of the actual reasons behind poor delivery of public services, if public perception is that the root cause is political corruption then this will discourage otherwise compliant taxpayers from engaging with the tax system properly. Fairness, both horizontal between members of the same taxpaying group and vertical between different classes of taxpayer, is a major motivator of compliant behaviour.

‘Paying taxes is not the problem, but what you are paying the taxes for?’ Survey respondent, Africa

‘The use of the money collected from taxpayers should be accounted for and put into budgeted usage. Misuse of public funds discourages taxpayers who will end up evading tax’. Survey respondent, Africa

‘My other view in my country is that the government has to rearrange the way taxes are being collected because the funds collected by the tax officials are not being remitted to the appropriate organisation’. Survey respondent, Africa

‘Tax for politicians should be increased since they like to hide from paying tax’. Survey respondent, Asia

‘Taxes must be collected fairly also from politicians, too’. Survey respondent, Asia

‘I just hate … how [my country has] lots of corrupt officials’. Survey respondent, Asia

‘A key element, I think – and it is not something new in a country like ours – is the issue of corruption, transparency in the use of resources. There is often a perception among the general population that resources are not properly used. Unfortunately, in [my country] we have had very strong cases of corruption in recent years, and that generates a total disincentive to formal compliance’. Roundtable participant, Latin America

‘What is the role of the profession – it needs to demand accountability from the authorities. There were big problems with procurement corruption during Covid; there is need to hold the institutions accountable’. Dr Winnie Nyamute, IFAC Board of Directors
Business leaders, NGOs and tax lawyers

Public perception of the integrity of the tax system depends upon all the relevant stakeholders. Business leaders and professional tax lawyers represent two of the groups with a significant influence on how much tax is collected, while NGOs have been increasingly vocal in efforts to drive public opinion and policymakers’ decision making.

Although there is a degree of national variation, professional tax lawyers and business leaders attract a net positive score in every country, with lawyers the most trusted of the three in every country but Angola (Figure 6).
Media and social media

Trust in media (Figure 7) is highest in Vietnam and Nigeria, where 61.3% and 59.4% of respondents, respectively, reported some degree of trust. A majority of respondents in Kenya, 53.9% also reported a degree of trust in the media.

At the other end of the scale, Angola reported the lowest degree of trust, at just 20.3% of respondents. Angola was also the country reporting the highest level of distrust, at 54.1%. Other countries to see a majority of respondents reporting distrust in the media were Guatemala and Cote D’Ivoire, at 52.4% and 52.0%, respectively.

There was a negative correlation between the share of respondents reporting trust in media and GDP per capita, at –0.44. Another negative correlation was seen between the proportion of respondents reporting trust in media and the relative size of the informal economy. This coefficient was slightly weaker, at –0.39.

Trust in media was stronger among men than women, with 41.1% of the former reporting trust compared to 38.0% of the latter. Among age groups, those aged 45 to 54 were most likely to report trust in media, with this being the case for 46.9% of these respondents.

Trust in social media (Figure 8) was highest in Vietnam, where 47.2% of respondents reported that they trust or highly trust this source for information on tax affairs. This was closely followed by Nigeria, for which the equivalent figure was 46.3%.

Trust in social media was lowest in Cote D’Ivoire, where just 15.8% reported that they trust or highly trust this source. This was also the country with the highest prevalence of distrust, amounting to 65.8% of respondents. In four other countries – Guatemala, Colombia, Angola, and Dominican Republic – a majority of respondents stated that they distrust social media.

There was a negative correlation between GDP per capita and the share of respondents reporting trust, with a coefficient of –0.50. Among age groups, those aged 55 to 64 were the most likely to report trust in social media, with this being the case for 46.9% of such respondents. Those aged 25 to 34 were the least likely to report trust, at 27.0%.

Trust in media was stronger among men than women, with 41.1% of the former reporting trust compared to 38.0% of the latter. Among age groups, those aged 45 to 54 were most likely to report trust in media, with this being the case for 46.9% of these respondents.

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Accountants

Professional accountants support taxpayers in their interaction with tax systems the world over. They also play a vital role in helping governments to formulate evidence-based tax policy. Across every country in the survey, trust in accountants was highest of any stakeholder group (Figure 9a), replicating the picture for every country in each edition of the G20 surveys (Figure 9b).

The highest prevalence of trust in accountants was seen in Nigeria. Here, 80.4% of respondents stated that they trust or highly trust the profession when dealing with the tax system. The lowest prevalence of distrust was seen in Vietnam, as was also the case when considering attitudes towards politicians. Just 3.6% of respondents in the country stated that they distrust or highly distrust professional tax accountants.

The lowest prevalence of reported trust in accountants was seen in Angola. Nevertheless, a majority of respondents, 53.0%, still reported that they trust or highly trust the profession. In all countries, the number of respondents reporting a degree of trust in accountants exceeded the number reporting a degree of distrust.

Among men, 67.6% reported trust in accountants; this compares with 66.9% of women.

Those on the highest incomes were the most likely to report trust in accountants. There was a negative correlation between the proportion of individuals reporting trust and GDP per capita, with a coefficient of −0.41.

Across every country in the survey, trust in accountants was highest of any stakeholder group, replicating the picture for every country in each edition of the G20 surveys.
The role of professional accountants
Attitudes towards the role of accountants (Figure 10) were positive across the whole sample and largely similar across observation categories. For instance, 71.9% of respondents stated that accountants contribute to a more efficient tax system. This was close to the 70.2% of respondents who stated that accountants contribute to a more effective tax system and the 67.4% reporting that accountants contribute to a fairer tax system (Figure 11).

Although only a small minority of respondents disagreed that accountants promote well-functioning tax systems, there are clear challenges for the profession to address. One roundtable participant raised the issue of the professional ‘enablers’ – knowledgeable advisers who use their expertise to assist taxpayers to avoid or evade their responsibilities. While the survey results indicate that this small minority have not significantly swayed public opinion there is no room for complacency. Such advisers by their nature work with high-net-worth clients and businesses, and so can cause disproportionate harm to revenue collection efforts.

**FIGURE 10:** Perceptions of the role of professional accountants

71.9% OF RESPONDENTS STATED THAT ACCOUNTANTS CONTRIBUTE TO A MORE EFFICIENT TAX SYSTEM.

**FIGURE 11:** Do you agree that the work of professional accountants contributes to a better tax system?
Tax authorities

The highest prevalence of trust in tax authorities (Figure 12) was seen in Vietnam, where 79.2% of respondents stated that they trust or highly trust tax authorities. Vietnam also saw the lowest prevalence of distrust, at just 3.2%. At the other end of the scale, Guatemala saw both the lowest prevalence of trust and the highest prevalence of distrust, at 20.2% and 61.5%, respectively.

In five countries – Guatemala, Angola, Dominican Republic, Peru and Colombia – the number of respondents reporting trust in tax authorities was outweighed by the number reporting distrust.

There was a negative correlation (coefficient –0.33) between the share of respondents reporting trust in tax authorities and GDP per capita. Another negative correlation (coefficient –0.55) was seen between the share of respondents reporting trust in tax authorities and the relative size of the informal economy.

Among male respondents, 48.9% reported trust in tax authorities. This compares with 46.8% of female respondents. Among the age groups, 77.6% of respondents aged 65 to 74 reported trust in tax authorities, the highest share of any age group.

The lack of trust in tax authorities is potentially a significant barrier to increased taxpayer engagement, as well as to efficient and effective collection of tax from those who are engaged. If it is to grow and yield positive results, trust needs to be a mutual relationship between the parties. It is a matter of potential concern that the low levels of trust shown by taxpayers in the authorities across Latin America are apparently reflected by low levels of trust in taxpayers and their advisers on the part of the tax authorities (OECD 2022).

Although corruption in tax administrations is less of a concern than corruption in the economy as a whole, the risk that taxpayers might attempt to bribe officials is reflected in the small but worrying proportion of respondents to an OECD survey of tax officials who reported that most or almost all large/MNE businesses attempt to bribe tax officials (OECD 2022).

Various options are open to reduce the risk, and perception of the risk, of bribery, including use of automated or digitalised processes, formal reviews and transparency initiatives.

‘The distrust in the authorities comes from the fact that they face the pressure of the historical economic situation, with significant pressure for increasing revenue collection, which forced them, in many instances, to apply discretionary decisions, which may even overlook issues of technical application’.

Roundtable participant, Latin America

‘The tax authorities are [the] main hurdle in digitalizing returns as their share will vanish’.

Survey respondent, Asia

‘I experience fair and neutral treatment in terms of collecting taxes but there are some [who feel that there are] entitled persons who avoid or [are] evading paying their taxes, and it is very unfair to us as a faithful taxpayers’.

Survey respondent, Philippines
Experience of the tax system

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

Many respondents found digital services easy to use, but a number of responses included comments expressing concern about their accessibility or reliability (Figure 13). The difference between ease of paying taxes and ease of reclaiming overpayments was also a common cause of complaint.

FIGURE 13: Overall views on dealing with the tax authorities

[Diagram showing overall views on dealing with the tax authorities]

Chart shows level of agreement/disagreement with these statements regarding dealing with government tax authorities.
When considering interactions with government tax authorities, a majority of respondents, 58.0%, agreed that there are effective digital or online facilities provided. A majority, 52.3%, agreed that submitting a tax return is generally an easy and efficient process.

26.1% of respondents disagreed or strongly disagreed that making tax payments or receiving refunds is generally an easy and efficient process, the highest share of any of the response categories.

On all five of the measures outlined above, more respondents agree than disagree, suggesting a degree of positivity when it comes to interaction with authorities.

The low proportion of respondents who selected ‘not applicable’, especially in countries with large informal economies, is consistent with the online survey method reflecting the views of higher-income individuals within the formal economy. A comparison with the results for ‘Time spent on tax affairs’ and the same questions in the G20 surveys suggests that a proportion of those responding ‘neutral’ do not have direct dealings with their tax authority.

When considering interactions with government tax authorities, a majority of respondents, 58.0%, agreed that there are effective digital or online facilities provided. A majority, 52.3%, agreed that submitting a tax return is generally an easy and efficient process.

By comparison, 26.1% of respondents disagreed or strongly disagreed that making tax payments or receiving refunds is generally an easy and efficient process, the highest share of any of the five statements.

Time spent managing one’s tax affairs varies both between and within countries (Figure 14). The least burdensome tax filing processes were found in Kenya, where 74.4% of respondents reported spending less than a week on their tax affairs each year. This includes 33.6% who reported spending less than a day on their tax affairs. Kenya also reported the highest use of online tools, at 81.5% of respondents.

This was followed by Egypt, for which 64.8% of respondents reported spending less than a week on their tax affairs each year. The proportion reporting spending less than a day on their tax affairs was much lower than in Kenya, however, at 13.0%. Only 28% of respondents in Egypt report using online tax services.

At the other end of the scale, just 33.8% of respondents in Vietnam reported spending less than one week per year on their tax affairs. Use of online tax services was reported at 42.8%.

Across the entire sample, the most common response category for time spent on managing tax affairs was between one and seven days. Proportions were quite similar for both male and female respondents. Those aged 65 to 75 were the most likely age group to spend less than one day on their tax affairs, this being the case for 23.5% of such respondents. This probably reflects their lower labour market exposure.

By income bracket, the highest earning respondents were the most likely to report spending more than one month on their tax affairs. This was the case for 21.5% of such respondents.
Figure 15 shows the percentage of respondents reporting use of certain services in managing their tax affairs. Multiple responses per respondent were possible.

Across the entire sample, online services ranked as the most commonly used service in managing tax affairs, being selected by 42.2% of respondents. This compares with 36.9% of respondents among the G20 countries surveyed last year. This was closely followed by the use of professional tax accountants, which was reported by 41.2% of respondents in this year’s sample.

It is clear from the percentages that at least 10% of taxpayers in Kenya are using at least two services to manage their tax affairs, possibly three or more. Similarly in Vietnam it is not uncommon for taxpayers to use two or more services. Use of professional tax accountants was also most common in Vietnam, at 59.4%.
Making a fair contribution

In addition to the 14 countries surveyed for this report, the Figure 16 includes data for France, Mexico, Brazil and the United Kingdom from the 2021 G20 Survey. The ‘All respondents’ column reflects only the 14 countries surveyed in 2022.

The countries have been loosely grouped into clusters of Lusophone, Hispanophone, Francophone, Muslim-majority and Anglophone countries, recognising factors that might influence the underlying legislative framework of the local tax system, and accordingly taxpayers’ responses to it.

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 the groups considered, encompassing average- or low-income individuals, high-income individuals, local companies, and MNEs.

The highest earners were the most likely to agree that MNEs were paying a reasonable amount of tax. This was the case for 79.1% of respondents with a household income of $150,000 or more. Unsurprisingly, this group was also the most likely to agree that high-income individuals pay a reasonable amount of tax.

While the absolute amounts vary, there are similarities in the order in which groups are ranked: eg respondents in Hispanophone countries are the most likely to rate high-income individuals proportionately better than local companies.

The strongly negative sentiment towards MNEs shown in the UK was replicated across all Anglophone common law-based countries in the G20 survey but the level of this sentiment is not replicated in Nigeria or Kenya. One possible explanation for the belief that the taxes paid are ‘reasonable’ is that respondents also considered tax minimisation on the part of MNEs to be appropriate. While the amounts paid may not be as high as other stakeholders might want, they are at a reasonable level given the other factors in play.

We can infer from respondents’ comments that where taxes paid by low- or average-income individuals are seen as unreasonable this is because they are seen as too high, whereas the concern with MNEs is that the taxes paid were too low.

**FIGURE 16:** Do you agree the following groups are paying a reasonable amount of tax in your country?

![Bar chart showing net percentage agreeing/strongly agreeing minus disagreeing/strongly disagreeing that these taxpayer groups are paying a reasonable amount of tax in respondents’ countries](chart-image-url)

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.
Respondents were least likely to believe it appropriate for average- or low-income individuals to arrange their affairs in order to minimise their taxes. This was the case for 36.4% of the whole sample. Those aged 18 to 24 were the least likely to believe this to be appropriate, being the case for only 28.3% of such respondents.

Respondents were most likely to believe it appropriate for multinationals to arrange their affairs in order to minimise their taxes, this being the case for 60.6% of the total sample. Those aged 18 to 24 were again the least likely to believe this to be appropriate, however, at 51.4% of these respondents.

In three of the five groups there is a clear pattern of similar proportions indicating similar responses to the prevailing local features of each system. Although it is not clear whether there are specific French influences in the Vietnamese tax system, local attitudes do correlate most closely with other countries whose underlying model is based on historic French models.

The UK shows a very different picture to Kenya and Nigeria, but is representative of all the Anglophone countries with common-law-based tax systems in the G20. The strong aversion to tax planning by MNEs seen in the G20 corresponds with a belief that the level of tax paid by them is unreasonable, whereas in Kenya and Nigeria the amount of tax paid by them is seen as reasonable.

Possible reasons for this divergence are the lack of hostile press coverage in Africa, or potentially the reliance of less developed economies generally on MNEs. In addition to the direct tax take (typically around twice as large as a proportion of overall revenues) from large corporates, there is an added benefit of formalisation as MNE employees and subcontractors will typically be drawn into the formal economy in a way that local businesses and their partners might not. In G20 economies by contrast, the comparative benefits of MNEs do not exist as local and small businesses tend to be similarly integrated into the formal economy.

Although Angola and Brazil show very different responses, this is likely to be driven by other economic and social factors, as the size and composition of the two economies are very different.
Across the 14 countries surveyed, as across the G20, there is strong public support for using tax incentives to encourage beneficial behaviours. All such incentives, also known as tax expenditures, have an opportunity cost of tax revenues forgone. Once enacted, tax incentives are notoriously ‘sticky’, so an appropriate choice and design of such incentives is considered important.

When the 2021 survey was designed, governments were coming to terms with the implications of Covid-19, both for short-term economic support and long-term structural changes. Shortly after the survey work for this report, Public Trust in Tax: Global Perspectives 2022, was completed, Russian forces invaded Ukraine and the resulting disruption to global supply chains, in particular for food, look set to have even more profound implications for countries reliant on Ukrainian grain supplies.

Against such a backdrop, governments face an acute presentation of the perennial dilemma:

‘What is urgent versus what is important’. Roundtable participant

‘Covid-19 has forced the entire state sector to spend more resources on health and subsidies. With the war in Ukraine and Russia, [prices for] oil, fertilisers, [and] herbicides, [and] food shortages, have skyrocketed. Also, Covid-19 still has [resulted in] very expensive logistics and shipping’. Roundtable participant

Incentives, especially to attract international investment, have a fundamental impact on the character of a tax system, and on a country’s relations with other tax jurisdictions with which they may be in competition. For countries with a large informal sector, attracting inward investment from MNEs pays dividends not only in the direct boost to GDP and wages, but also in the longer term through increased acceptance of formalisation in the economy.
When considering the provision of government tax incentives (Figure 18), favourable responses were most likely for green energy projects. Here, 73.8% of respondents across the entire sample stated that tax incentives were either appropriate or very appropriate for this purpose. This was closely followed by retirement saving, for which 72.8% of respondents stated that tax incentives were appropriate or very appropriate.

At the lower end of the scale, 63.2% of respondents stated that tax incentives for charitable donations were appropriate or very appropriate, while the equivalent figure for film and arts projects was lower, at 57.1%.

73.8% OF RESPONDENTS ACROSS THE ENTIRE SAMPLE STATED THAT TAX INCENTIVES WERE EITHER APPROPRIATE OR VERY APPROPRIATE FOR GREEN ENERGY PROJECTS.

Support for key sectors affected by Covid-19 was in the middle of the table for this survey, at 69.1% positive responses. In last year’s G20 survey, Covid-19-related incentives were the single most popular category. It is not clear whether the difference is due to the passage of time or it’s related to differing priorities between the jurisdictions.

‘Looking at different incentives – governments should try to focus on areas which would make an impact. Teach someone how to fish, don’t give them fish. So same with tax incentives; focus on the poorest, exempt some of their businesses, so that they can produce and expand.’ Dr Winnie Nyamute, IFAC Board of Directors

FIGURE 18: How appropriate are government tax incentives?
Figures 19, 20 and 21 show the perceived importance of tax incentives, tax policy competition and intergovernment collaboration for a more coherent international tax system.

Respondents in Vietnam were most likely to believe in the importance of tax competition between governments. This was the case in relation to two different end goals: increasing national tax revenue and attracting multinational business. This result should be interpreted with caution, given that Vietnam also exhibited the highest proportion of respondents who believe tax collaboration between governments to be important.

Similarly, respondents in Kazakhstan were the least likely to believe in the importance of tax competition between governments, with this being the case for both the specified end goals. Again, this result should be interpreted with caution, given that Kazakhstan was also the country where respondents were least likely to believe in the importance of tax collaboration.

In fact, these are not entirely inconsistent findings: they could reflect a more general desire to remain independent of international trends when considering the nation’s tax affairs.

Those in Vietnam were the most likely to see tax collaboration between governments as important, with this being cited by 84.7% of respondents in the country. This was closely followed by Kenya, where 84.4% of respondents saw this as important. Respondents in Kazakhstan were least likely to agree that collaboration on tax policy is important. This was the case for 60.9% of respondents. Meanwhile, the country with the highest rate of disagreement with intergovernmental tax cooperation was Côte D’Ivoire, where 15.5% of respondents stated that this was unimportant or very unimportant.
From a development perspective, attracting international investment has a number of important functions. In addition to the direct benefits for GDP and employment, the business will pay taxes on its own activities, and will also typically remit a significant proportion of withholding taxes. These will be for its own employees’ income taxes, and often consumption taxes too. A further benefit is that the increased level of formalisation in the economy will boost compliance levels generally.

Nonetheless, there are risks related to over-reliance on large corporate taxpayers. Experts speaking at the Latin American roundtable noted that in several jurisdictions in the region a small handful of taxpayers are responsible for remitting a significant proportion of revenues:

- ‘In Peru... 17,000 companies out of three and a half million... pay 80% of the tax revenue’
- ‘In Mexico... there are more or less 60.5 million taxpayers... large taxpayers make up on average 12,000 taxpayers. That represents 0.2% of the total base... However, these large taxpayers contribute 50% of the revenue’
- ‘In Guatemala... 6,010 taxpayers... pay 77% of the taxes’.

Despite the well-recognised importance of these large taxpayers, relations between MNEs and the tax authorities are worse across Latin America than in any other region (OECD 2022).

When considering the tax affairs of MNEs (Figure 22), 74.2% of respondents in Kenya stated that such information should have to be made publicly available. This was by far the largest proportion of respondents among all the countries, with the next highest being seen in Kazakhstan, at 47.8%. In eight of the 14 countries considered in this analysis, the most common response to this question was that this information should have to be made publicly available.

The highest proportion of respondents stating that MNEs should not have to disclose their tax information at all was seen in Pakistan, at 19.3% of respondents.

When compared with the G20 results, Brazil sits alongside Angola as the country where most respondents believe in making information available to the authorities only.
Conclusion

This edition of the Public Trust in Tax survey has revealed common ground between taxpayers the world over in some areas, and highlighted differences in perception in others. Set within the growing international literature on tax morale, the comparative data here can form the basis of conversations between tax stakeholders to improve the operation of tax systems across the globe. IFAC and ACCA, along with our other partners, look forward to continuing to explore trust in tax as societies around the world face the challenges of new economic, social and physical environments.
Data analysis by the Centre for Economics and Business Research
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References


