

# Dealing with taxes and emotions: relief, anger, fear, and self-blame

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Taxpayers fulfilling their tax obligations, need to deal with preparatory accounting tasks, they interact with the tax authorities asking for advice or experience an audit, they may receive feedback from them about a balance or get an audit announcement. The actual experience may elicit specific emotions, such as relief, feeling secure, and happiness or stress, anger, fear, uncertainty, shame and guilt. Depending on experiences and emotions, future tax compliance may be affected positively or negatively.

We replicated a study conducted in Austria (self-employed:  $N=248$ ) with a representative sample of self-employed taxpayers from Italy ( $N=258$ ) and discuss similarities and differences of emotions experienced in different tax related situations in the two countries and their impact on tax compliance intentions. The comparison of Austrian and Italian results is relevant as tax behavior differs notably between the two countries; moreover, the replication provides information about the robustness of the relationship between experiences, emotions and intended compliance found in Austria.

We presented participants with seven scenarios describing either a positive or negative experience during (1) preparatory accounting tasks, (2) filing taxes, (3) contacts with the tax authorities with a question, (4) receiving feedback from the tax authorities about a balance, or (5) receiving an audit announcement, (6) experiencing an audit, or (7) evading taxes by

claiming a false deduction. After reading each scenario, participants were asked to indicate their emotions. Multidimensional scaling of emotions elicited by the scenarios revealed a category of positive feelings (relieve, feeling secure, hopeful, satisfied, and happy), and three categories of negative emotions: anger-related emotions (stressed, annoyed, nervous, angry, and dissatisfied), fear-related emotions (insecure, sad, helpless, and fearful), and self-blame emotions (guilty, regretful, and ashamed). Compliance intentions were assessed by items that captured honest intentions, intentions to evade, and intentions to procrastinate. These items were presented after scenario (3) contacts with the tax authorities with a question, (6) experiencing an audit, and (7) evading taxes.

We found that specific emotion patterns depend on the content and valence of the scenarios. Unsurprisingly, positive emotions were related to positive experiences, especially when accounting tasks and filing were perceived as successful. Also, interaction with the authorities elicited positive emotions if advice was useful or a face-to-face audit was perceived as fair. Anger was most likely if the quality of interaction with the authorities was perceived as negative. Fear was highest in case of an announced or experienced audit, and self-blame was observed if taxes were evaded, independent of whether evasion was detected or not. While anger seems to play a more important role in Austria than in Italy, positive emotions and emotions related to feelings of self-blame were found to have a similar impact in both countries. Future compliance intentions were higher if experiences with the tax authorities were described as positive rather than negative. This effect was partly mediated by specific emotions. Especially emotions related to anger and self-blame seem to shape compliance intentions.