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## Exploring Tax Decision Factors: A Perspective from North Indian Tax Practitioners

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### ABSTRACT

Taxation policy constitutes a very important position in Government's focus on macro-economic management and development of the state. The lack of adequate financial resources has made economies especially developing ones to focus upon tax performance more vigorously. Compliance is not everything about enforcement for tax collections alone; it carries attempts of modern day states to build an obedient and self-policing society. In this context, tax practitioners play a crucial role in creating the same. Tax practitioners act as fundamental allies of taxpayers while they also carry a legal obligation to obey tax laws when professionally advising their clients. The present study attempts to explore the underlying factors behind tax professionals' ethics based decision making process. For the purpose of statistical analysis, a structured questionnaire was employed building upon a four-dimensional framework of tax ethics. The survey data has been collected from a sample of 316 individual tax practitioners from three major provinces of North India – Punjab, Haryana & Himachal Pradesh using non-probability snowball sampling technique during July-Dec. 2021. The statistical results revealed tax practitioners' ethics is indeed reflected by the postulated framework. Three of the postulated hypothesis namely stakeholder view, Machiavellian scale & compliance costs were found as significantly influencing tax ethics thereby signifying a relationship between practitioners ethics and these dimensions. The survey findings carry important managerial implications for improving the responsiveness of tax revenue performance under dynamic economic settings.

### KEYWORDS

public finance, tax ethics, fiscal policy, tax compliance, tax morale, income tax, tax practitioners

JEL E64; H24; H26; O50

УДК 336.22

## Изучение факторов принятия налоговых решений: точка зрения налоговых консультантов Северной Индии

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### АННОТАЦИЯ

Налоговая политика занимает очень важное место в фокусе внимания правительства в макроэкономическом управлении и развитии государства. Нехватка адекватных финансовых ресурсов вынуждает страны, особенно развивающиеся, уделять больше внимания налоговому консультированию. Соблюдение налогового законодательства – это не только правоприменение в отношении сбора налогов. Этот процесс несет в себе попытки современных государств построить послушное и самоконтролируемое общество. В этом контексте налоговые консультанты играют решающую роль в формировании данного процесса.

Налоговые консультанты выступают в качестве фундаментальных союзников налогоплательщиков, а также несут юридическое обязательство соблюдать налоговое законодательство при профессиональном консультировании своих клиентов. В настоящем исследовании делается попытка изучить основные факторы, лежащие в основе процесса принятия решений, основанного на этике налоговых консультантов. В целях статистического анализа был использован структурированный вопросник, основанный на четырехмерной системе налоговой этики. Данные опроса были собраны из выборки 316 индивидуальных налоговых консультантов из трех крупных провинций Северной Индии – Пенджаб, Харьяна и Химачал-Прадеш, с использованием метода невероятностного «снежного кома» в период с июля по декабрь 2021 г. Статистические результаты показали, что этика налоговых консультантов действительно отражена в постулируемой основе. Было обнаружено, что три из четырех тестируемых гипотез, а именно мнение заинтересованных сторон, шкала Макиавелли и издержки на соблюдение требований, значительно влияют на налоговую этику, что указывает на связь между этикой консультантов и этими аспектами. Результаты опроса несут важные управленческие последствия для повышения оперативности налоговых поступлений в динамичных экономических условиях.

#### КЛЮЧЕВЫЕ СЛОВА

государственные финансы, налоговая этика, фискальная политика, соблюдение налогового законодательства, налоговая мораль, подоходный налог, налоговые консультанты

### 1. Introduction

Taxation is considered as the principal mode of revenue generation for governments around the world. However, the problem of tax non-compliance and its evasion is as old as taxes themselves. Characterizing and explaining the observed patterns of tax non-compliance and ultimately finding ways to reduce it are important to every nation around the world [1]. Although non-compliance can be attributed to a number of factors, generally it is attributed to the willful attempts to evade tax payments.

Individual income tax is one such important component of tax revenue that involves issues concerning problems of non-compliance. Tax compliance involves a complex interaction of deterrence tools and non-economic (psychological) contract between taxpayers and authorities [2; 3]. Franzoni [4] delineated the multiplicity of elements leading to non-compliance and concluded that not only enforcement, but social and moral attitude of people also tend to play a significant impact on tax compliance. The level of compliance has been observed to be influenced by non-economic factors with the extent of income tax evasion being mainly influenced by economic factors [5].

The concept of self-assessment compliance system, which has been adopted worldwide, calls for certain responsibilities on part of tax practitioners as well. When taxpayers are confused over disclosures to be reported – on account of complexities in tax law, sheer ignorance or due to existence of vague provisions and their discretionary interpretations – they resort to seek “professional advice”. Tax practitioners therefore hold a prominent place in the administration of tax system. There is no statutory description of what would constitute such professionals. They may take the form of tax accountants, certified tax professionals, tax lawyers or tax return preparers (TRPs) as well. Hence, the present study refers them as “Tax Practitioners” imbibing all such varied possibilities.

Tax practitioners act as fundamental allies of taxpayers while at the same time they carry a legal obligation to obey tax laws when professionally advising their clients [6–8]. Clients seek their assistance for removing ambiguity or seeking expert opinion on their tax management affairs. They seek varied expectations from tax practitioners in relation to their compliance problem. Their importance can be gauged from the fact that certain provisions in the Indian Income Tax Act, 1961

mandate furnishing of Tax Audit Certificates / Audit Reports for certain categories of assesses duly validated by such tax practitioners for compliance purposes.

Prior studies have noted that personal beliefs of ethical conduct and socio-economic environment indeed affect tax professionals' decisions [6; 10]. Alm & Torgler [11] argue that individuals are influenced not only by traditional economic dimensions, but tax ethics also significantly contribute in their tax compliance decisions. Therefore, it is not viable to understand tax compliance decision process completely without incorporating the "ethical" dimension into the discussion.

The study of tax ethics determinants among tax practitioners has been touched upon only by a limited number of studies empirically [12; 13]. Moreover, majority of previous attempts like Blanthorne & Kaplan [14], Bobek & Hatfield [15], Henderson & Kaplan [16], Shaub et al. [17] have focused upon only individual differences in personality traits such as ethical orientation (as outlined in [13]) and miss out equivalent important construct of broader "socioeconomic attitudes such as belief in the importance of corporate ethics and social responsibility".

"The pervasiveness of practitioner representation combined with the influence that practitioners have on reporting positions has profound implications for the management of the tax system. This makes tax practitioners and their preparation practices of considerable interest to tax authorities" [9]. Hence, it becomes imperative to understand the drivers behind compliance choices of tax practitioners to ensure their obligation towards tax law framework as well as their clients in totality. The intent for the present study is to achieve such an informed understanding. Accordingly, the present study attempts to contribute by enlightening how the tax practitioners' perspective of ethical conduct and its determinants influence the tax compliance framework.

Although a perusal of literature holds the level of efforts being put in by abundant studies in examining the issue of tax evasion and compliance in a holistic man-

ner, what has been found as missing is an equally important domain of what defines the relationship between state and its subjects in the tax practitioners' context.

*The purpose of the present study* is to address the aforementioned gap with an attempt aimed at gaining better insights into the underlying structure of determinants behind tax compliance attitude framework among tax practitioners in India.

For the said purpose, a four-dimensional theoretical structure has been designed encompassing external socio-dynamics coupled with practitioners' internal motivation to compliance. Based on the research model (Figure 1 below), the following *hypothesis* are postulated:

1. Professional commitments influence tax ethics (**H1**: There is a significant relationship between stockholder view and tax ethics).

2. Societal responsibility influence tax ethics (**H2**: There is a significant relationship between stakeholder view and tax ethics).

3. Compliance costs influence tax ethics (**H3**: There is a significant relationship between non-compliance attitude and tax ethics).

4. Personality traits influence tax ethics (**H4**: There is a significant relationship between Machiavellian scale and tax ethics).

These hypotheses were elaborated in the succeeding discussion.

## 2. Background Literature & Hypothesis Framework

Empirical research suggests that individuals exhibit diverse behaviour under comparable situations. However, what still remains a mystery are the possible determinants behind such varying behavioural tendencies. A host of variables cast an impact over an individual's ethical perspective. Such variations are usually defined across two forms namely an economic perspective [1;18] to a behavioural, psychological or social perspective [19; 20].

The inspiration for the study has been inspired by Shafer et al. [13], Shafer & Simmons [21], Sharma et al. [22]. Marshall et al. [23] observed the perceived level of tax

ethics among the tax practitioners in western Australia related to the ethical environment in which they operate. Failure to make reasonable enquiries in case of inaccurate or improper documents followed by technical competence were found to be the high and frequently occurring ethical problem, whereas confidentiality in relation to client dealings followed by technical competence were observed as the most important ethical issues. Even et al. [24] held that improving the level of tax ethics is an important dynamic influencing the level of shadow economy and impacting tax compliance.

Sakurai & Braithwaite [25] identified the dimensions concerning Australian taxpayer's perception about their tax practitioners and found that a majority of Australian taxpayers were aware of the tax laws and looked for practitioners for guidance or expert support. A comparative analysis of ideal and currently engaged practitioners provided that the taxpayers looked for the ones that matched their objectives or needs and high on honesty attribute.

Benk et al. [26] investigated the tax fairness dimensions in Turkey. Through a sample survey of 180 tax professionals, six dimensions concerning tax fairness in Turkey were identified "namely general fairness, middle income earners tax share and tax burden, exchange with the government, tax rate structure, special provisions, tax system equality and inequality". Hence, both economic and non-economic factors influence tax compliance with non-economic factors like a more corrupt government or increased irregular payments besides efficiency of government spending and political freedom playing a vital role in determining level of tax compliance [9]. The four-dimensional hypothetical framework has been framed as under.

### 2.1. Professional Commitments & Tax Ethics

Tomasic & Pentony [27] critically evaluated the role played by tax professionals in Australia in supporting tax compliance and observed that the principal motivation behind paying taxes is fear and shame of publicly labeling as a "bludger" rather than a sense of community responsibility or patriotism. Moreover, tax professionals

reported certain issues like complexity in tax law, uncertainty associated and frequent changes in tax laws as the principal concerns facing tax compliance efforts.

Taxpayers seek help of tax advisors primarily due to uncertainty associated with the tax laws and associated administrative complexities rather than seeking tax burden reduction [28].

Muhrta & Ogundejí [29] conducted a survey of 160 tax professionals to examine the factors responsible for tax evasion in Nigeria. The study found tax evasion to be significantly influenced by complexity in tax structure, lack of trust in government regarding tax proceeds utilization, expected benefits with evasion and administrative issues.

*H1: There is a significant relationship between stockholder view and tax ethics.*

### 2.2. Societal Responsibility & Tax Ethics

Man is a social animal and enjoys both social rights as well as societal responsibilities. Such, social responsibilities of individuals also extend to their tax behavior. The crises that the world has repeatedly faced, both economic and social like the covid one recently has made economies think over the revaluation of the present principles of societal engagement based on achieving profits alone. Socially responsible behaviour is being seen as a means of furthering societal goals. Social responsibility, both individual as well as corporate one, tends to enhance transparency which brings in greater governance and compliance [23; 30; 31].

Zeng [32] illustrated the inverse relationship between corporate social responsibility and tax avoidance practices in an international setting. The study also noted that weak governance structures in countries tend to lead to avoidance incidences and governance act as proxies to the CSR in evaluating the impact of avoidance-social responsibility relationship.

David & Gallego [33] noted the interrelationship among corporate income tax and social responsibility framework within the European Union (EU). By evaluating the impact of economic and social decisions taken by corporate in relation

to corporate income tax, study found that adoption of the social responsibility improves accountability and positively contrive tax regime among EU countries.

*H2: There is a significant relationship between stakeholder view and tax ethics.*

### 2.3. Compliance Costs & Tax Ethics

People turn underground not to avoid the official tax burden, but to reduce the regulatory burden in terms of bureaucratic controls and corruption [34]. Tax evasion is considered more acceptable in cases where government is found to be corrupt as also when tax system is perceived to be unfair in treatment among people [8].

Whereas et al. [35] have noted that tax ethics across countries is indeed shaped by “socio demographic characteristics, personal financial experiences and political attitudes”. The fiscal management of the exchequer being one of the most important determinants across all sampled countries. Indeed, the role of financial condition was found to be moderating the relationship between perception of public governance quality and tax compliance behavior [36].

Studies have also found study found a significant role of individual’s financial satisfaction and trust in others in stimulating compliance behavior [37; 38].

*H3: There is a significant relationship between non-compliance attitude and tax ethics.*

### 2.4. Personality Traits & Tax Ethics

Leonardo & Martinez-Vazquez [39] analysed the factors shaping tax compliance attitude of people and noted that government organizations having interactions with individuals (in terms of public service delivery) significantly impact the level of tax ethics.

Even, studies like Alm & Torgler [40]; Bobek et al. [41]; Damayanti et al. [42]; Torgler [43] have noted that high level of social norms act as the principal reason for high tax compliance.

Green [44] analyzed the framework of a tax system in terms of ethical values like fairness and justice and concluded that while certain traditional solutions to tax issues may be relevant and effective in the short run, gaining fruitful insights into human

motivation (to pay taxes) and their social behavior will certainly contribute further to the long run. This dimension has been employed by Shafer et al. [13] using the connotation ‘ethical judgment’ interpreting it as a composite measure that incorporates both elements of relativism and moral equity.

*H4: There is a significant relationship between Machiavellian scale and tax ethics.*

## 3. Methodology

For the purpose of statistical analysis, a structured questionnaire was employed to elicit tax practitioners’ responsiveness towards tax ethics. The proposed structure builds upon a four-dimensional framework casting an impact on tax ethics based on Shafer et al. [13] & Sharma et al. [22; 46]. As a preliminary check, the three-step instrument development process comprising of “item generation, pre-testing cum item refinement, and scale validation phases” was performed to validate the conceptual framework [45; 46] (Figure 1).

A total of 44 variables encompassing stakeholder view, stockholder view, non-compliance attitude and Machiavellian scale dimensions were factor analysed to identify the underlying determinants for tax ethics. The stakeholder view, stockholder view and Machiavellian scale dimensions were derived from Shafer & Simmons [21], who have derived the same based upon Singhapakdi et al. [47] PRESOR’s Scale designed to “measure the perceived role of ethics and social responsibility” among organizational contexts, while the non-compliance attitude dimension was formulated from empirical literature review [22].

The research instrument was tested for content validity based upon a thorough discussion of the conceptual framework with 3 academicians and 5 tax practitioners working in the tax compliance domain. Based on the aforesaid discussions, a total of eight statements depicting vague posturing and not defining the domain explicitly were removed from the scale. The final survey instrument with 36 items was measured using a five-point Likert scale. The sample survey was conducted during the period: July-December 2021 (Table 1).

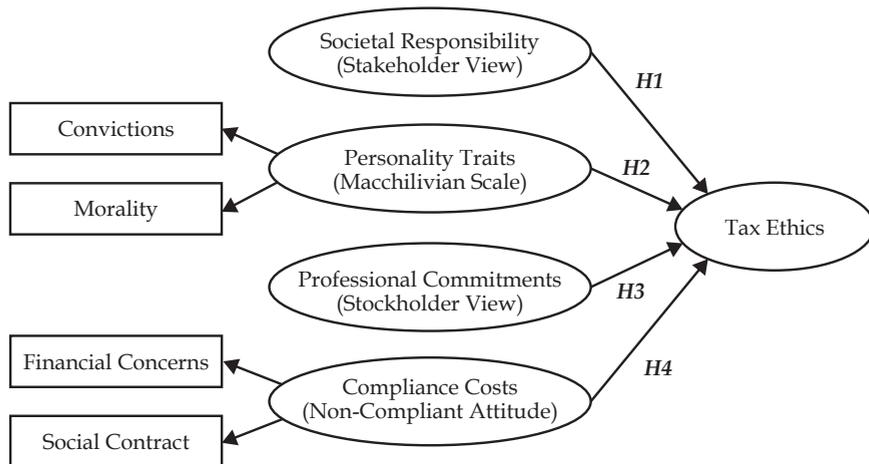


Figure 1. Research Model

Source: Theoretical framework based on previous literature

Table 1

Respondents Profiling		
	Per cent	Count Frequency
<b>Gender</b>		
Male	86.70	274
Female	13.30	42
<b>Age</b>		
20–30 yrs	44.94	142
30–40 yrs.	38.92	123
40–50 yrs.	16.14	51
<b>Income</b>		
< ₹ 2.5 lakh	04.11	13
₹ 2.5 – ₹ 5 lakh	30.70	97
₹ 5 – ₹ 10 lakh	46.84	148
> ₹ 10 lakh	18.35	58

Source: Survey data

The survey data has been collected out of a sample of 400 individual tax practitioners as survey respondents. Non-probability snowball sampling technique has been used to select the respondents since no official list of such tax practitioners registered across the sampled region was available in the public domain. To begin with, directories of chartered accountants and income tax practitioners that are published region wise were accessed.

From the said list, a proportionate number of tax professionals for each city (based on the data collected about indi-

vidual income-tax assesses filing tax returns in north-west region of India) was approached. The tax practitioners were asked to refer their peers who would be willing to participate in the study. The 316 participating sampled respondents included tax practitioners with a minimum working experience of three years. The respondents were selected from three major provinces of Northern India – Punjab, Haryana, Himachal Pradesh & Union Territory of Chandigarh (Table 2).

**4. Analytic Results: Exploratory Factor Analysis & Confirmatory Analysis**

Exploratory factor analysis has been applied to validate the underlying four-factoral structure followed by confirmatory factor analysis. One important consideration in using factor analytic technique calls for validating the reliability and content validity of the scale. Various parameters to confirm the same (outlined in Table 3) have been examined that ensured the appropriateness of the methodology. Through the application of Principal Component Analysis, exploratory factor solution with four extracted factors (based on eigen values greater than 1) alongside cumulative variance explained accounting for percent of the total variation of the index has been extracted (Table 2). Furthermore, psychometric properties of the scale

stands testified thereby establishing the reliability and validity of the model structure. Furthermore, CFA has been applied through AMOS 20.0 allowing us to validate the postulated structure.

All the important measures of model fitness namely goodness of fit (CFI, GFI, IFI etc.) and badness of fit indices (RMSEA, RMR) were found to be within the tolerable/prescribed limits (Table 3). Scale validity has been established using the three prominent measures— content validity, convergent validity and discriminant validity. Content validity stands established during the process of item generation stage itself

by ensuring the relevance of items through a consultative exercise with domain experts.

Setting the factor extraction criteria (eigen value > 1) and factor loading (> 0.5) in both EFA and CFA ensures convergence among correlated items. The discriminant validity has been established through examination of square root of AVE being greater than the phi coefficient among scale constructs. Finally, the CFA model was tested for hypothesis validation and the model statistics (Table 3) found stakeholder view, Machiavellianism construct along with compliance costs to be significantly effecting the conceptual framework.

Table 2

## Factor Structure

Factor (s) (% variance explained/ Eigen value)	Constituent Variables	Factor Loadings	
		EFA	CFA
Stakeholder view (13.30%/6.48)	Paying more tax would not change the amount of benefits that I receive from the government	0.815	0.963
	Good ethics is often good business	0.794	0.944
	The ethics and social responsibility of an individual is essential to its long-term profitability	0.723	0.543
	Social responsibility and profitability can be compatible	0.708	0.527
	The overall effectiveness of a business can be determined to a great extent by the degree to which it is ethical and socially responsible	0.708	0.559
	Being ethical and socially responsible is the most important thing an individual can do	0.660	0.633
	Business has a social responsibility beyond making a profit	0.658	0.584
	Business ethics and social responsibility are critical to the survival of a business enterprise	0.550	0.411
Compliance costs (Financial concerns) (26.01%/4.66)	One Should pay tax honestly even if it does not benefit us	0.953	0.909
	Willingness to pay tax depends largely on how government spends the collected revenue	0.933	0.984
	If in doubt whether to report a particular income or not, people prefer not to report it	0.931	0.762
	One cannot carry his/her occupation successfully by paying tax honestly	0.906	0.962
	People cheat on taxes when they are not satisfied with their financial condition	0.887	0.718
Compliance costs (Social contract) (48.44%/3.93)	When people trust their government, willingness to pay increases	0.828	0.969
	People are less likely to cheat if they find others behaving honestly	0.823	0.927
	Tax cheating is acceptable if chances of strict punishment are rare	0.807	0.917
	The opportunities to evade tax are freely available	0.803	0.745
	If the tax system is unfair, cheating is justified	0.715	0.564

Table 2 (End)

Factor (s) (% variance explained/ Eigen value)	Constituent Variables	Factor Loadings	
		EFA	CFA
Machiavellianism Scale (Convictions) (37.87%/4.26)	It is hard to get ahead without cutting corners here and there	0.875	0.885
	The biggest difference between most criminals and other people is that the criminals are stupid enough to get caught	0.847	0.845
	Never tell anyone the real reason you did something unless it is useful to do so	0.801	0.767
	All in all, it is better to be humble and honest than to be important and dishonest	0.790	0.717
	The best way to handle people is to tell them what they want to hear	0.780	0.698
	Generally speaking, people won't work hard unless they're forced to do so	0.745	0.667
Machiavellianism Scale (Morality) (58.80%/1.72)	Anyone who completely trusts anyone else is asking for trouble	0.805	0.726
	One should take action only when sure it is morally right	0.797	0.730
	Most people who get ahead in the world lead moral lives	0.796	0.785
	It is safest to assume that all people have a vicious streak, and it will come out when they are given a chance	0.711	0.707
	Honesty is the best policy in all cases	0.645	0.606
	There is no excuse for lying to someone else	0.606	0.614
Stockholder view (65.97%/1.35)	If survival of business is at stake, then one must forget about ethics and social responsibility	0.793	0.760
	If the stockholders are unhappy, nothing else matters	0.740	0.680
	The most important concern for a firm is making profit, even if it means bending or breaking the rules	0.704	0.637
	Efficiency is much more important to a firm than whether or not the firm is seen as ethical or socially responsible	0.684	0.697

Total variance explained = 65.97%; KMO = .838; Bartlett's Test of Sphericity = 7647.48 (.000)\*; No of items = 36; Alpha = 0.7 ; Source: Compiled from SPSS 21.0

Table 3

Confirmatory Factor Structure						
Construct	CR	AVE	CMIN/DF	IFI	CFI	RMSEA
Stakeholder View	0.788	0.493	1784.70/512 (3.48)	0.85	0.85	0.08
Stockholder view	0.859	0.542				
Machiavellian Scale	0.895	0.589				
Convictions	0.849	0.487				
Morality	0.941	0.763				
Compliance costs	0.919	0.702				
Financial concerns						
Social contract						
Hypothesis Testing	β	p-value	(Dependent Variable: Tax ethics)			
H1: β <sub>1</sub> = 0	0.23	< 0.001	H1: Stakeholder View does not impact tax ethics			
H2: β <sub>2</sub> = 0	0.08	< 0.05	H2: Stockholder View does not impact tax ethics			
H3: β <sub>3</sub> = 0	0.21	< 0.001	H3: Machiavellian scale does not impact tax ethics			
H4: β <sub>4</sub> = 0	0.11	< 0.001	H4: Compliance costs does not impact tax ethics			

## 5. Discussion & Implications for Practice

Tax practitioners have for long been considered as a principal stakeholder in the domain of taxation. The growing complexities in the tax system coupled with the statutory requirement to maintaining voluminous records have increased their role in the tax system exponentially. Furthermore, the encouragement of voluntary compliance system worldwide also calls for a crucial role to be played by the tax practitioners in enforcing tax compliance.

Hence, the role of tax professionals in ensuring compliance with the tax system has increased manifold. Taxpayers approach tax practitioners due to numerous reasons being tax complexity inherent in the tax law and also to seek “expert opinion” for ensuring correct tax returns or circumventing payments of taxes at all. So, the present study has made an attempt to identify the underlying domain behind tax ethics of such professionals.

The statistical results revealed that tax practitioners’ ethics is indeed reflected by the postulated framework. The application of factor analysis revealed the underlying domain to be a function of four-dimensional structure – stakeholder view, Stockholder view, Machiavellianism construct (morality and convictions) along with compliance costs (financial concerns and social contract). The issue concerning these dimensions finds its prominence in the literature as well [28; 48–50].

Based on the CFA results, three of the hypothesis – *H1* (stakeholder view does not impact tax ethics), *H3* (Machiavellian scale does not impact tax ethics) and *H4* (compliance costs does not impact tax ethics) have been found to be statistically insignificant, i.e. both the null hypothesis have been accepted at 1% level of significance. Accordingly, there exists a relationship between the tax practitioner’s ethics and these dimensions of the postulated structure.

The scale so developed intends to make exclusive contribution to the body of literature in at least two different means. First, the tax ethics dimension which has been treated as the black box of late has

been explored as a multi-dimensional phenomenon. Secondly, we have attempted to include the elements of socio-macro-economic concerns having a bearing on tax compliance attitude of individuals as outlined by Shafer et al. [13], Sharma et al. [46], Wurth [51]. Past research efforts have tended to identify the causal drivers of shadow economy or why people participate in underground economy.

However, the impact of such drivers on tax professionals’ compliance attitude has not been effectively incorporated. So, while there has been an over emphasis on economic determinants other aspects especially the non-economic dimensions like tax ethics and dynamics of shadow economy participation/intention had been under-represented. The present study thus makes an attempt to delve into the unexplored domain. To sum up, the scale intends to contribute to in depths of tax compliance theory and probably the relationship between the state and the subjects via intermediaries like tax professionals in the contemporary settings.

## 6. Conclusion

Soliciting enhanced tax compliance has always been an inspiring domain for the exchequer. The developing world especially, still expects the state to play a major role in the economic development and social welfare. For discharging such responsibilities, state needs sufficient revenue resources being channelized through tax collections. Long before, United Nations Expert Group on Tax Reform Planning observed that “Tax evasion is not only a function of tax rates alone, but also a matter of attitude among taxpayer’s community”.

The present study marked an attempt to study the dynamics from an intermediary’s perspective. The role of such intermediaries namely tax practitioners in stimulating tax compliance has been empirically validated.

Hence, such an understanding provides vital help in future tax policy initiatives to induce tax compliance effectively. The relevance of tax ethics which came up with the Cologne School of Tax psychology in the 1960s is said to provide

valuable information relating to possible tax compliance and evasion perception. The present study presents us with some interesting avenues on the front of soliciting enhanced tax compliance. If societal values and customs do not treat evasion of tax as a “forbidden sin”, tax compliance more or less becomes a function of administrative efficiency and deterrence. Multi-disciplinary research examining issues involving dynamics of unaccounted incomes or what is called “black money” in common parlance along with identification of determinants of tax ethics of the stakeholders can also provide further insights into the underlying reasons for low level of compliance.

The present study has been conducted in relation to tax professionals which is considered as highly sophisticated and somewhat tech savvy segment. The nature of present study being the primary one can be another constraint as the perception of the respondents towards the tax system platform and may change in terms of longitudinal studies. Since the results pertain to sampled respondents conducted in a dedicated sample region only, results cannot be generalized for all the spheres. Future studies shall be conducted to validate the revised model in varied contexts which can further strengthen the relationship dynamics among the underlying constructs.

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