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Contemporary Issues in Taxation Research: An Overview

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The chapters in this collection are based on papers presented at the 24th Annual Conference of the Tax Research Network (TRN) held at Hull University in September 2015, and the 25th Annual Conference of the TRN, held at Roehampton University in September 2016. The conferences were sponsored by the Chartered Institute of Taxation and the Centre for Business Performance of the Institute of Chartered Accountants in England and Wales.

The TRN is an interdisciplinary group of academics and practitioners from the UK and elsewhere with a shared commitment to pursuing and furthering academic research in taxation. The TRN held its first conference in 1991 and since then has gone from strength to strength, attracting scholars from all over the world and now incorporating a special workshop for early career academics as part of the commitment to capacity building.

Recent developments in the EU and elsewhere, continue to raise the profile of tax issues significantly, and in the case of the UK this has brought to the surface concerns about underinvestment in tax as an area of academic research. This volume serves as another reminder that tax research is, in fact, alive and well, if unfortunately, often lacking in visibility. The diversity of the topics covered in the ensuing chapters, including contributions by some early stage researchers and doctoral students is testament to a vibrant community of scholarship with wide ranging interests and approaches to research.

The chapters provide valuable insights into the rich diversity of contemporary tax research. They draw on a variety of perspectives including law, anthropology, social and public policy. Contributions come from a rich mix of scholars ranging from doctoral students through to more experienced tax researchers and cover a range of themes including taxpayer compliance, tax administration for large businesses, tax avoidance and tax policy. Contributions from a number of doctoral students are particularly welcome. This volume provides insights and inspiration for aspiring and experienced tax researchers and policy professionals alike.

Whilst this volume presents research and asks interesting questions across a broad range of tax matters, and the chapters are not thematically presented, a number of overlaps and connections between chapters are noteworthy:

- Two chapters (*Bjørklund Larsen, de Widt & Oats*) address Cooperative Compliance initiatives as introduced in various countries by tax authorities in an effort to improve how they deal with large businesses.

- The factors which influence individual tax compliance behaviour are considered both theoretically, focussing on the role of social norms (*Cheikh et al.*) and empirically focussing on the effect of religion (*Yucedogru*).
- Perhaps unsurprisingly, in the context of the ongoing challenge of dealing with international tax avoidance and evasion, two chapters (*Greggi* and *de Carolis*) look at the interface of EU law with domestic tax rules, focussing on anti-avoidance/anti abuse legislation in particular, and both authors examine the Italian case, with *de Carolis* also referencing the UK situation.
- Staying with the theme of anti-avoidance legislation, *Evi Suryani* and *Devos* explore the potential for introducing GAAR in Indonesia.
- Interestingly, the remaining chapters consider the interface and integration of tax with other areas of policy and practice, such as CSR (*Jallai* and *Gribnau*), alternative dispute resolution methods, (*Filipczyk*), technology in the working lives of tax executives (*van Werkhoven et al.*), and social policy (*Wijeratne et al.*). Such studies go some way perhaps to further lifting the lid of the black box of taxation.

The following overview gives a flavour of the content of each of the ensuing chapters.

Lotta Björklund Larsen examines a Cooperative Compliance initiative introduced by the Swedish Tax Agency in 2011 – an enhanced collaboration project – which notwithstanding being re-launched in 2014, was subsequently put ‘on hold’. Whilst similar projects have been introduced in various countries with a view to improving how tax authorities engage with and manage large corporates, with some claiming success, this paper provides interesting insights and perspectives on the Swedish experience. The study presented here applies an ethnographic approach, and following in-depth data collection and analysis, suggests eight concepts that made this attempt at Swedish collaboration/cooperation between large taxpayers and the tax agency problematic.

Ave-Geidi Jallai and *Hans Gribnau* adopt an interdisciplinary approach, to explore the possibility of integrating tax with corporate social responsibility, by combining insights from corporate law, taxation, and applied business ethics. Drawing on both shareholder and stakeholder theories of corporations, they argue that corporate directors enjoy sufficient discretion for making socially responsible decisions, with both theories allowing managers a choice to act with an interest beyond shareholder value maximisation, thereby avoiding corporate social irresponsibility.

Hanna Filipczyk highlights the difficulties of integrating alternative dispute resolution methods into the Polish tax procedure, focussing on the “Directional Assumptions of the New Tax Ordinance” adopted by its government in 2015. The author explains policy problems dealt with along the way to adopting the proposal, discusses normative objections that have been raised by stakeholders against the proposal, and points to possible practical difficulties which can hamper its implementation and operation. This chapter arguably offers the reader an opportunity to

critically reflect on their own attitudes towards “negotiating taxes”, when confronted with objections coming from the tradition of legal formalism, and on prospects for cross-fertilisation of differing legal cultures.

Recep Yucesdogru presents a study which examines the effect of religion, Islam in this case, on tax compliance decisions. A qualitative research approach was adopted by the author, who conducted interviews with SME owner-managers in Turkey. Findings shed light on critical issues for Muslim taxpayers including effects of their Islamic stance on tax compliance; rightful due concerns of tax evasion behaviour; comparison of Zakat with taxes; and the intervention of Islamic scholars on the tax compliance decisions of Muslims.

Menno van Werkhoven, Reinout Kok and Feliene Hermans present findings from their study on how IT is used in practice by tax professionals – non-IT technical specialists. This study is set against a context of the increasing role of technology in the lives of professionals. The focus is on the perspectives of tax professionals employed by multinationals. Evidence is presented from semi-structured interviews on educational background and experience with IT, daily usage of IT programs, and issues with IT experienced by these professionals. Educational requirements from an IT perspective are also discussed.

Riad Cheikh, Emer Mulligan and Breda Sweeney address the importance of the role of social norms in tax compliance decision making at the individual level. They argue that tax authorities are required to go beyond the traditional approach of ensuring tax compliance through enforcement and deterrence systems. In the absence of a consensus regarding the precise definition of social norms, or how to operationalise these norms in tax compliance studies, this chapter examines the definition and underlying dimensions of social norms by presenting a review of the relevant literature on the theory of social norms and on ethical behaviour (specifically moral intensity). By drawing together these different strands of literature, the authors unpack the dimensions of social norms and their role in tax compliance decision making and identify the need for further research in this area.

Dinali Wijeratne, Emer Mulligan and Michelle Maher, in light of increasing pressure on pension systems across the globe, take a timely look at pension systems, focussing on how taxation and social policy are interlinked. Drawing on the trajectory of pension reform in Ireland, insights are provided on the gendered impact of the current pensions system and current drivers of reform, which include sustainability, coverage, the European Union, as well as concerns over security of income. The emerging trend of governments moving towards encouraging individual responsibility for income security in old age via private saving is highlighted. The authors set the stage here for future research in this area, to include evaluating the appropriateness, role, and effectiveness of tax reliefs as used in the pensions context.

Daniele de Carolis posits how the metaphor of ‘reverberation’ can effectively be used to explain the impact of the EU notion of abuse of law on the Italian tax legal system and the horizontal interaction of this latter system with other Member States’ legislations. Specifically, the author attempts a comparison between Italian and English anti-abuse provisions to demonstrate an example of possible horizontal interaction between the two national systems.

Marco Greggi, in the context of the struggle against international tax avoidance and evasion, examines the EU Directive against Tax Avoidance (ATAD-1), comparing the solutions adopted by the EU in the Directive with the domestic provisions already in force in some member states, including Italy and the UK. Such domestic provisions include General Anti-Abuse Rules and Diverted profits Tax. Whilst this comparative analysis points to uncertainty around compatibility of DPT with OECD recommendations and EU law, the national GAARs looked at appear to already be compliant with the new European standards. In the latter case, however, the author argues the influence of EU law will be essential in terms of interpretation of the rules, and the widening or narrowing of its scope, together with the need to counterbalance the power of the tax administration with the protection of the fundamental rights of the taxpayer, rights that some administrations are reluctant to grant while making use of GAARs.

Niken Evi Suryani and *Ken Devos* address the issue of whether a General Anti-Avoidance Rule (GAAR) should be introduced in tackling aggressive tax planning in Indonesia. Prior studies have concluded that the Specific Anti-Avoidance Rules (SAARs) in Indonesia have been inadequate in dealing with inappropriate tax-related practices. The authors employed a qualitative research methodology carrying out interviews with key informants from the Indonesian tax authority, Tax Court judges, taxpayers, and tax advisors, and argue their evidence supports the introduction of GAAR in Indonesia.

Dennis de Widt and *Lynne Oats* also address Cooperative Compliance (CC) initiatives and in this chapter provide a UK/Dutch comparison. Whilst there is no universal cooperative compliance model, they identify common features across different cooperative compliance initiatives introduced in various countries, in the areas of risk assessment procedures, real-time working, and the spirit of mutual understanding. An historical perspective on the development of these initiatives across various countries and the role of institutional players such as the OECD and IFA in this trajectory is provided and this comparative study is set and analysed in this context. Interesting questions are raised here about looking at CC as risk-based regulation. At a time when large corporates are increasingly under public scrutiny, the role, viability and benefits of CC initiatives needs further consideration. Whilst the chapters demonstrate methodological diversity, the increasing use of qualitative methodologies, including interviews in particular, is notable. As with previous volumes the geographical spread of the work presented here continues to underscore how the TRN brings together tax scholars from around the world: Italy, The Netherlands, Sweden, Ireland, Poland, Indonesia, Turkey, Algeria and the UK.

We hope that these chapters will serve as inspiration for future research work. We must continue to celebrate, and make visible, the rich and diverse perspectives that can be brought to bear on tax issues, particularly in light of growing public interest in tax matters.

Finally, we would like to acknowledge and thank the contributors of these chapters for their commitment to this volume and for the patience they have shown in its preparation and publication.

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