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1. INTRODUCTION

Economic crime has managed to infiltrate virtually all spheres of life in South Africa. The public and private sectors not only testify to the existence of this economic challenge, but also bear the scars of the impact of economic crime in general.

Morality and ethical conduct, therefore, are paramount in complementing current legal efforts to curb fraud and corruption in the public and private sectors. This article sets out to investigate the possible moral issues associated with fraud, corruption and tax evasion in South Africa.

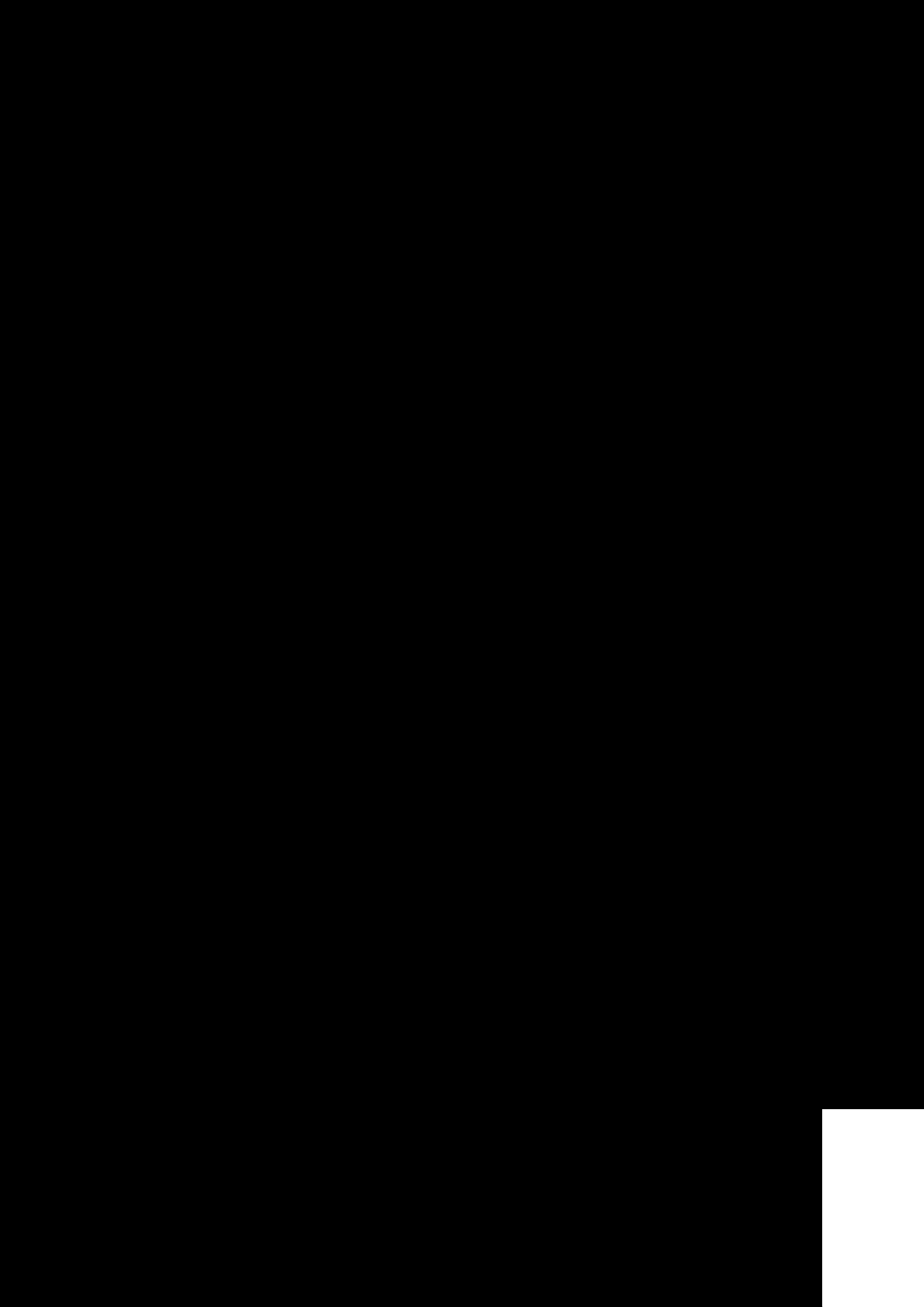
The remainder of this article is organised as follows: in section 2, the relevant literature on the morality associated with fraud, corruption and specifically tax evasion is discussed. This is followed in section 3 by a short description of the research methodology. In section 4, the empirical findings of this article are reported and discussed, followed finally in section 5 by a summary of the key findings and conclusion, as well as the implications of this research for the public and private sectors.

2. LITERATURE REVIEW

The Collins English Dictionary explains the word '*moral*' as 'being concerned with or relating to human behaviour, especially the distinction between good and bad or right and wrong behaviour'. The word '*moral*' is further explained as 'adhering to conventionally accepted standards of conduct, based on a sense of right and wrong according to conscience'. Synonyms for the word '*moral*' include good, right, principled, pure, decent, proper, noble, ethical, honourable, honest, righteous, blameless and incorruptible.

When an issue is recognised as involving ethical considerations, the ethical components should be evaluated (Fleischman, Valentine & Finn, 2007, p. 115). Moral judgment is exercised when determining whether actions are morally right or wrong, and can be affected by personal values (Hobson, Mellon & Stevens, 2011, p. 87). Bell et al. (2011, p. 1) observe that personal history and social traditions may become part of a person's philosophical and behavioural responses.

Burt (2009, p. 12) states that greed appears to have clouded the moral fibre of society. Unethical decision-making and behaviour within organisations have received increasing attention over the last decade in the popular press, especially with regard to moral turpitude (Bell et al., 2011, p. 2). In light of this, business ethics is described as a 'process of promoting moral principles and standards to guide business behaviour' (Rezaee, 2009, pp. 64-65). The violation of ethics, trust and responsibility may be at the heart of economic crimes (Rezaee & Riley, 2010, p. 26). For this reason, ethical



4. EMPIRICAL RESULTS AND FINDINGS

This study aims to establish people's perceptions of their own moral values regarding fraud, corruption and tax evasion. As such, the follow

4.2

4.3 People's attributes in morality issues

With the realisation of the new democratic South Africa, the Constitution of 1996 was

function without any moral values and only rely on official laws and regulations to maintain law and order.

It is noteworthy that 79 per cent of the respondents indicated that fraud, corruption and tax evasion could be minimised by dealing with the moral values of people. To the contrary, 14 per cent of the respondents opposed this statement. The respondents were in consensus that moral values can play a role in dealing with fraud, corruption and tax evasion in

Only 52 per cent of the respondents indicated that by levelling more severe penalties and other punitive measures against tax evasion, fraud and corruption would the current levels of these transgressions decrease. It is anticipated that by imposing more severe penalties and other punitive measures against tax evasion, fraud and corruption, it might have a positive effect on the levels of these transgressions. However, 37 per cent of the respondents believed that more stringent measures against tax evasion, fraud and corruption would have no impact on these transgressions. These respondents may therefore have affirmed their faith in existing punitive measures to deal with the aforementioned transgressions. It might also be interpreted as an indication of the effectiveness of existing measures and procedures to address tax evasion, fraud and corruption in general.

The general view of the respondents was that there are enough punitive measures in place to deal with fraud, corruption or tax evasion. Introducing additional penalties or punitive measures may, actually, affect law-abiding citizens more than offenders. Current measures in place may be sufficient, but should possibly be enforced more rigorously.

4.7 Morality in tax planning

With almost every transaction that a taxpayer concludes, taxation of some sort could come into play and would have to be considered by the taxpayer. One of the goals of taxation is the raising of revenue; tax law is used to achieve this goal (Dennis-Escoffier & Fortin, 2007, p. 3). In this regard, a taxpayer has the right to plan his or her tax affairs within the parameters of the tax laws in order to pay the least possible taxes. The respondents' answers to the questions relating to morality in tax planning are reflected in Table 7.

Table 7: Morality in Tax Planning

Question	Yes		No		Uncertain		Total	
	<i>N</i>	<i>% of Total</i>	<i>N</i>	<i>% of Total</i>	<i>N</i>	<i>% of Total</i>	<i>N</i>	<i>% of Total</i>

Do you think that taxpayers

position without considering it immoral and therefore could be willing to use tax evasion to address an adverse tax position to their satisfaction.

4.8 Reasons for perpetrating tax evasion, fraud and corruption

There must be something that triggers the need for tax evasion and the perpetration of fraud and corruption. In this regard, Hare (2007, p. 96) observes that a person has a natural inclination to seek an advantage despite their regard for justice.

The respondents were prompted to indicate why they thought people conducted tax evasion in general or committed fraud and corruption. They also had to supply a short justification in this regard. The following is a summary of some of most the notable justifications supplied by the respondents:

1. the respondents believed that people might distrust the government as they see no attempt to indicate how money is utilised, and may start paying tax in terms of what they perceive as service delivery;
- 2.

Table 8: Associations between Moral Issues and the Church/Community/Society

Comparison between questions	Chi-square value	DF	P-value	Result
<p>Base question: Do you think the churches/community/ society should take a more open or firm public stance against fraud, corruption and tax evasion?</p>				

Comparison between questions		Chi-square value	DF	P-value	Result
Base question: Do you think the churches/community/ society should take a more open or firm public stance against fraud, corruption and tax evasion?					
14	Do you think that materialism; greed and self-enrichment have become more important to people than old-fashioned moral values?	15.882	4	0.0032	Significant
15	Do you think that people comply with tax rules and regulations because they respect the law or simply because they are afraid of being caught for perpetrating non-compliance?	3.195	4	0.5258	Insignificant
16	Do you think that by adding more severe penalties and other punitive measures against tax evasion, fraud and corruption, the current levels of these transgressions would decrease?	17.467	4	0.0016	Significant

The null hypothesis of no association relating to comparison 4 in Table 8 may be

firmer and more open stance on the matter could possibly curb fraud, corruption, and

fraud, corruption and tax evasion could be minimised by addressing the moral values of people (section 4.4);

5. the majority of the respondents were of the opinion that the morality in taxpayer conduct should be to act fairly towards SARS in declaring the correct income for past tax years and the current tax year, to rectify any misdeclaration in this regard, and to report any known tax evasion to SARS (section 4.5);
6. there cannot be any morality in tax evasion. Tax evasion remains immoral regardless of the reason for it (section 4.6);
7. the majority of the respondents were of the opinion that taxpayers are entitled to use tax planning, but that tax planning may become a moral issue when it becomes aggressive, leading to immoral behaviour such as tax evasion (section 4.7);
8. of note were the main reasons identified by the respondents for committing economic crimes. Financial stress, economic pressures, needs, greed or simply the thrill and opportunity were some of most the notable justifications (section 4.8).

The Chi-Square test dependency results in section 4.9 indicate a highly significant association between the church/community/society playing a role in society by taking a firmer public stance against fraud corruptions and tax evasion, and:

1. taxpayers' non-compliance with tax rules and regulations in order to save an amount of taxation;
2. whether tax evaders have any concerns about their tax evasive actions;
3. whether fraud, corruption and tax evasion can be minimised by addressing the moral values of people;
4. whether materialism, greed and self-enrichment have become more important to people than old-fashioned moral values;
5. that adding more severe penalties and other punitive measures against tax evasion, fraud and corruption could reduce the current levels of these transgressions.

4.11 Limitations and possible future research

The sample of 185 respondents selected for this research project may create certain limitations due to the research methodology followed in this project. The sample may not be completely representative of a typical South African society or community. Care has been taken to include the widest possible spectrum of community le

7. APPENDIX

7.1 Questionnaire

General information

The purpose of this questionnaire is to investigate the general perception of leaders in communities regarding the moral issues associated with fraud, corruption and tax evasion in South Africa. Similar studies and research have been undertaken around the globe. It is therefore important to research the moral issues associated with fraud, corruption and tax evasion in the South African context.

Selected community leaders from different social, political and religious perspectives will be interviewed personally to complement this questionnaire.

The input of each respondent is very important for the purpose of this research project. The participation of each respondent is highly valued and will make a difference.

The information supplied by you will be treated as **strictly confidential**. Your responses together with those of other respondents will be used to obtain a complete view.

Any additional comments may be written on a separate sheet of paper, if insufficient space has been provided in the questionnaire.

Please answer every question in the space provided in each question by marking the applicable section with an "X" or write down your answer where required.

For the purpose of this research, the concepts of fraud, corruption, tax evasion and SARS will mean the following:

1. Fraud - The Collins English Dictionary & Thesaurus (2006:474) describes fraud as deliberate deception, trickery, or cheating intended to gain an advantage.
2. Corruption – The Collins English Dictionary & Thesaurus (2006:260) describes corruption as the act of corrupting or a state of being corrupt. It may include depravity, dishonesty like bribery or even an altered form of a word. To be corrupt a person should be open to or be involved in bribery or other dishonest practices.
3. Tax evasion – Stiglingh *et al* (2009:657) describes tax evasion as the illegal activities deliberately undertaken by a taxpayer to free himself from a tax burden. One example of simple tax evasion would occur where taxpayers omit income from their annual tax returns.
4. SARS – South African Revenue Service.

Question 8	YES	NO	UNCERTAIN
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