

LETTER OF INFORMATION AND CONSENT FORM

You are being asked to participate in a research study conducted by _____ of the School of _____, _____ University. The _____ Area, School of _____, _____ University has provided funding for this survey.

If you have any questions or concerns about the research, please feel free to contact Dr. _____ at _____.

PURPOSE OF THE SURVEY

This purpose of this study is to understand people's perceptions on tax evasion and tax compliance behavior.

PROCEDURES

If you volunteer to participate in this study, we would ask you to do the following things:

- During this session, you will be asked to do the following:
 - Provide some demographic data about yourself.
 - Complete a questionnaire on tax compliance decisions.
- All your responses will be recorded on paper by you.
- You will answer all questions in the questionnaire by yourself and will not be required to make decisions together with others in a group.

POTENTIAL RISKS AND DISCOMFORTS

There is no danger of your losing money from your pocket. Further, there is also no danger of physical, psychological, or social risk to you as a consequence of your participation in this survey. Your decision to participate or not to participate in this survey will in no way have an impact on your grades.

POTENTIAL BENEFITS TO PARTICIPANTS/AND OR SOCIETY

There are no direct benefits to the participants from their involvement in the project. However, the information obtained from the survey will have both academic and policy implications. The study will help provide a better understanding of how individuals make tax compliance decisions

PAYMENT FOR PARTICIPATION

There is no payment for completing this survey. However, there is a show-up fee for showing up on time for the subsequent experiment. Further, you will also be paid your earnings from the subsequent experiment. The amount of your earnings from the experiment will depend on the decisions made by you in the experiment. The show-up fee and your earnings will be paid in cash at the end of that session.

CONFIDENTIALITY

All information provided by you will be treated confidentially. Only the investigator(s) named above will have access to the information provided by you. The research findings may be published in a research paper in aggregate form. In no case will your identity be made known in the research paper. **Any**

information that is obtained in connection with this study and that can be identified with you will remain confidential and will be disclosed only with your permission or as required by law.

PARTICIPATION AND WITHDRAWAL

You can choose whether to be in this study or not. If you volunteer to be in this study, you may withdraw at any time without consequences of any kind. You may exercise the option of removing your data from the study. You may also refuse to answer any questions you don't want to answer and still remain in the study. The investigator may withdraw you from this research if circumstances arise which warrant doing so.

RIGHTS OF RESEARCH PARTICIPANTS

You may withdraw your consent at any time and discontinue participation without penalty. You are not waiving any legal claims, rights or remedies because of your participation in this research study. This study has been reviewed and received ethics clearance through the _____ Research Ethics Board. If you have questions regarding your rights as a research participant, contact:

SIGNATURE OF RESEARCH PARTICIPANT/LEGAL REPRESENTATIVE

I understand the information provided for the study "Perceptions on Tax Compliance" as described herein. My questions have been answered to my satisfaction, and I agree to participate in this study. I have been given a copy of this form.

Name of Participant

Signature of Participant or Legal Representative

Date

SIGNATURE OF INVESTIGATOR

In my judgement, the participant is voluntarily and knowingly giving informed consent and possesses the legal capacity to give informed consent to participate in this research study.

Signature of Investigator

Date

I. DEMOGRAPHIC AND PERSONAL DATA

The following questions ask you for information about your personal status. Your answers to these questions are confidential and will not be disclosed to anyone other than the principal researchers of this study.

1. Age _____

2. Nationality (circle one):

Canadian Landed-Immigrant Others, specify: _____

3. What is your marital status? (Please circle one) Married Single

4. What is your gender? (Please circle one) Male Female

5. Are you currently employed (Please circle one) Yes No

6. If employed, how many hours do you work each week? _____

7. Major Field of Study? (Please circle one)

Economics Commerce Sciences & Engineering Humanities

Other, please specify _____.

8. What is your highest educational level **achieved/completed**? (Please circle one)

12th Standard University 1st Year University 2nd Year University 3rd year

University 4th year Masters Other, please specify _____

9. What is your annual family income? If living with your parents or spouse, include their income. (Please circle one)

Under	\$30,000 to	\$ 50,001 to	\$ 75,001	Over
\$ 30,000	\$ 50,000	\$ 75,000	\$ 100,000	\$ 100,000

10. What is your family net worth/wealth? If living with your parents or spouse, include their net worth. (Please circle one)

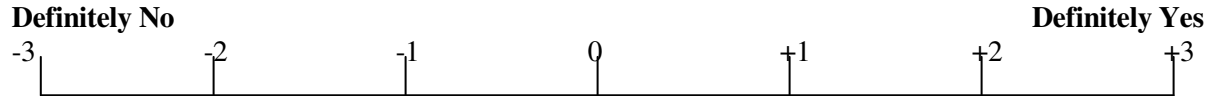
Under	\$ 50,000 to	\$ 100,001 to	\$ 250,001 to	Over
\$ 50,000	\$ 100,000	\$ 250,000	\$ 500,000	\$ 500,000

11. For how many years have you filed tax returns _____.

12. Who prepares your tax returns: Myself/Ourselves Tax Preparer

Please respond to the following question(s) on a seven-point scale with end-points labeled definitely no and definitely yes provided under each question:

1. My aim is to correctly report my income and deductions on this year's tax return even if I have an opportunity to understate my real income or overstate my true deductions:

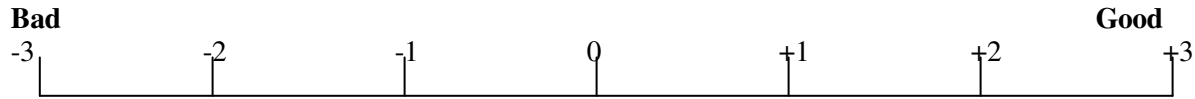


2. Assume that you have earned an income of \$2,500. The tax rate is 30 percent. There is a **25** percent chance that your tax return will be audited and the full extent of your unreported income will be detected by Revenue Canada. On detection, not only will you have to pay the taxes owed on the unreported tax, but you will also have to pay a penalty equal to 1.5 times such unpaid taxes. Please indicate below how much of the amount of \$2,500 earned by you that you will report to Revenue Canada.

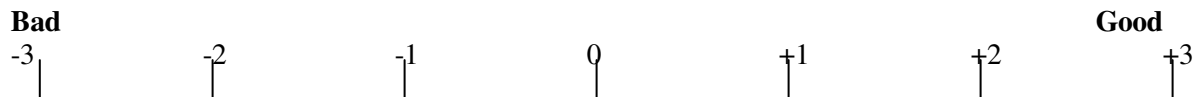
I will report \$ _____ on my annual tax return

Please evaluate the following possible consequences of **complying or not complying with the federal and provincial income tax laws**. Each outcome/consequence is rated on a seven-point scale with end-points labeled good and bad:

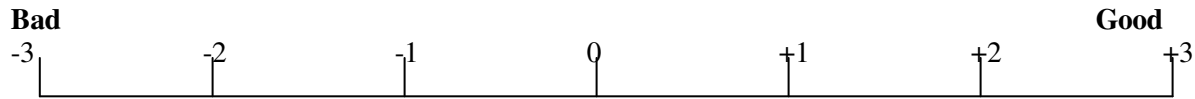
1. Recognition of my good ethics by the community as a consequence of my **Complying** with the federal and provincial income tax laws (correctly reporting my income and deductions on my tax return) is:



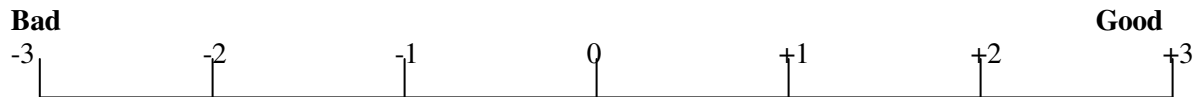
2. Fulfillment of my personal, moral, and ethical obligations as a consequence of my **Complying** with the federal and provincial income tax laws (correctly reporting my income and deductions on my tax return) is:



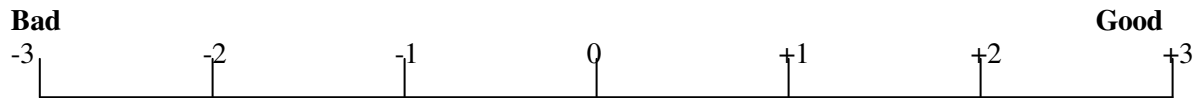
3. Saving on the effort required to prepare my tax return correctly by **Not Complying** with the federal and provincial income tax laws (incorrectly reporting my income and deductions on my tax return) is:



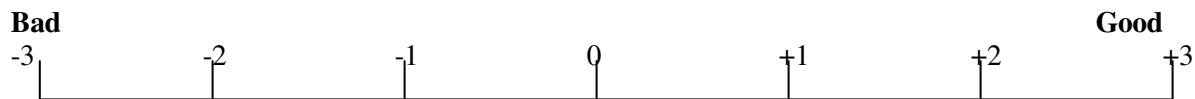
4. Fulfillment of my duty as a citizen as a consequence of my **Complying** with the federal and provincial income tax laws (correctly reporting my income and deductions on my tax return) is:



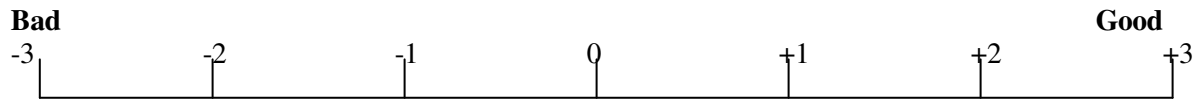
5. Feeling guilty as a consequence of **Not Complying** with the federal and provincial income tax laws (incorrectly reporting my income and deductions on my tax return) is:



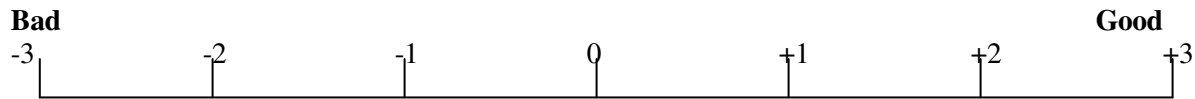
6. The ability to brag to others of noncompliance consequent to **Not Complying** with federal and provincial income tax laws (incorrectly reporting my income and deductions on my tax return) is:



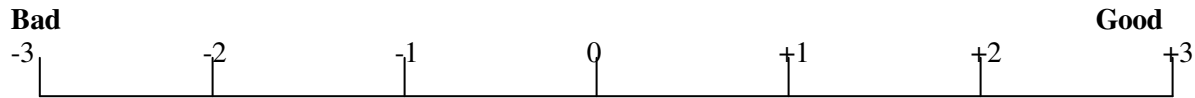
7. **Complying** with the federal and provincial income tax laws (correctly reporting my income and deductions on my tax return) consequent to the presence of records (e.g. computer records or receipts) is:



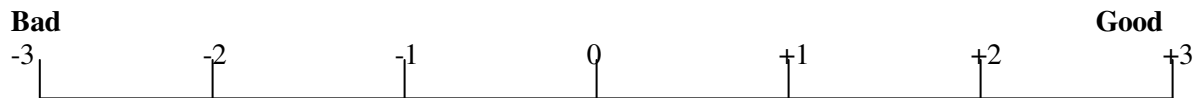
8. Paying a large percentage of extra earnings for taxes as a consequence of my **Complying** with the federal and provincial income tax laws (correctly reporting my income and deductions on my tax return) is:



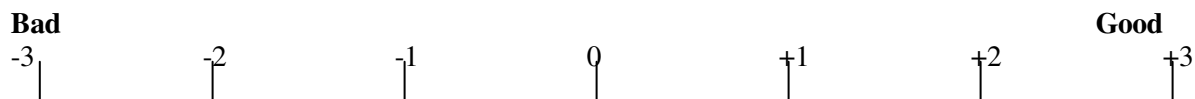
9. **Not Complying** with the federal and provincial income tax laws (correctly reporting my income and deductions on my tax return) consequent to knowledge of the income tax system is:



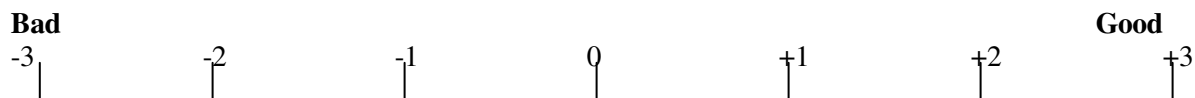
10. Feeling of having beat the "system" as a consequence of **Not Complying** with the federal and provincial income tax laws (incorrectly reporting my income and deductions on my tax return) is:



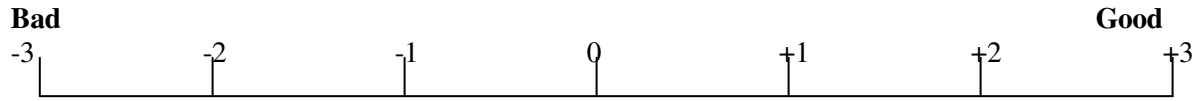
11. Having more cash available as a consequence of my **Not Complying** with the federal and provincial income tax laws (not correctly reporting my income and deductions on my tax return) is:



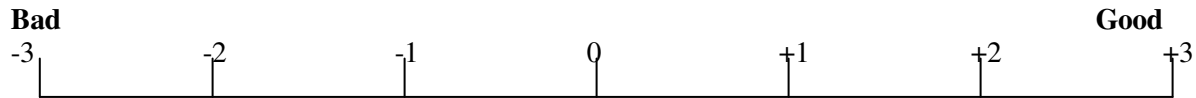
12. **Complying** with the federal and provincial income tax laws (correctly reporting my income and deductions on my tax return) consequent to reporting by third parties such as my employer or bank of my earnings or income to the tax authority is:



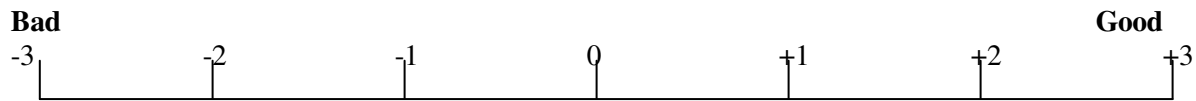
13. Paying penalties and fines to Revenue Canada as a consequence of my **Not Complying** with the tax laws (not correctly reporting my income and deductions on my tax return) is:



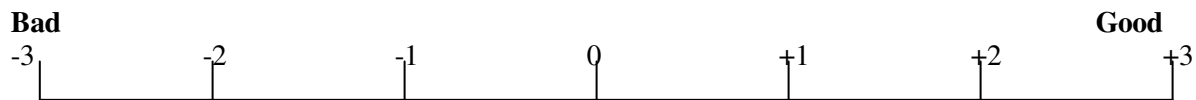
14. Making my friends feel awkward as a consequence of their discovery of my **Noncompliance** with the federal and provincial income tax law (not correctly reporting my income and deductions on my tax return) is:



15. Obtaining a larger tax refund as a consequence of my **Not Complying** with the federal and provincial tax laws (not correctly reporting my income and deductions on my tax return) is:



16. Providing money to the government for necessary services as a consequence of my **Complying** with the federal and provincial tax laws (correctly reporting my income and deductions on my tax return) is:

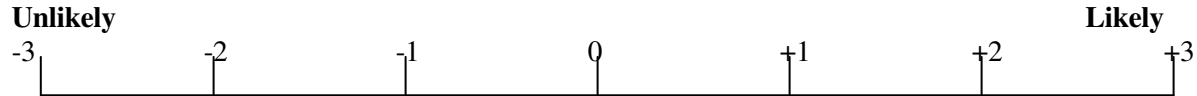


17. Avoiding an audit by Revenue Canada as a consequence of my **Complying** with tax laws (correctly reporting my income and deductions on my tax return) is:



Please respond to the following question on a seven-point scale with end-points labeled unlikely and likely provided below it:

1. I will try my best to correctly report my income and deductions on my current year's tax return even if an opportunity arises to understate income or overstate deductions:



2. Have you ever underreported income or reported unwarranted deductions on any previous year's tax return?

Yes

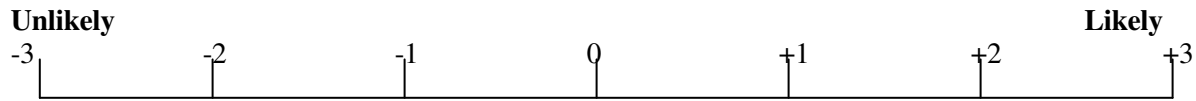
No

3. Assume that you have earned an income of \$2,500. The tax rate is 30 percent. There is a **0** (Zero) percent chance that your tax return will be audited and the full extent of your unreported income will be detected by Revenue Canada. Please indicate below how much of the amount of \$2,500 earned by you that you will report to Revenue Canada.

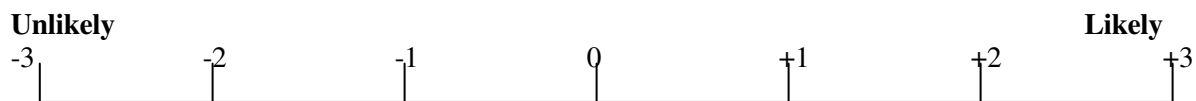
I will report \$ _____ on my annual tax return

Please indicate below your belief of how likely or unlikely each one of the following outcomes is of occurring consequent to your **complying or not complying with the federal and provincial income tax laws**. The likelihood of each outcome occurring is rated on a seven-point scale with end-points labeled likely and unlikely:

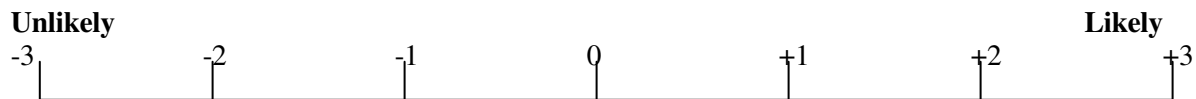
1. **Complying** with the federal and provincial income tax laws (correctly reporting my income and deductions on my tax return) will result in the recognition of my good ethics by the community:



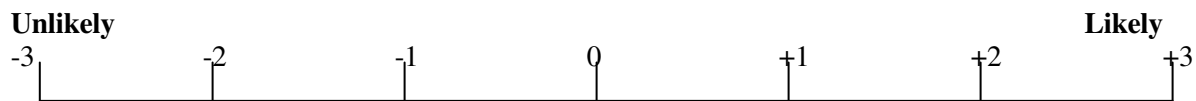
2. **Complying** with the federal and provincial income tax laws (correctly reporting my income and deductions on my tax return) will result in the fulfillment of my duty as a citizen:



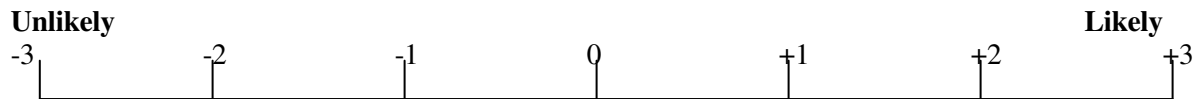
3. **Not Complying** with the federal and provincial income tax laws (incorrectly reporting my income and deductions on my tax return) will enable me to brag about such noncompliance to others:



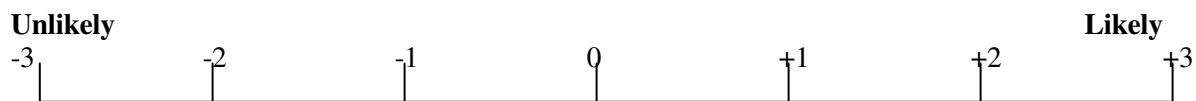
4. My **Complying** with the federal and provincial income tax laws (correctly reporting my income and deductions on my tax return) is consequent to the presence of records (e.g. computer records or receipts):



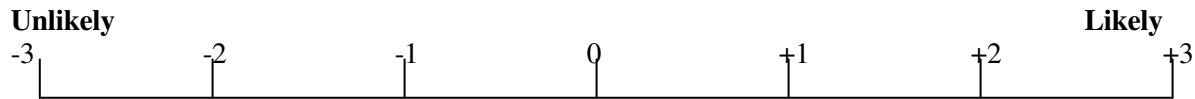
5. **Not Complying** with the federal and provincial income tax laws (incorrectly reporting my income and deductions on my tax return) will result in my feeling guilty:



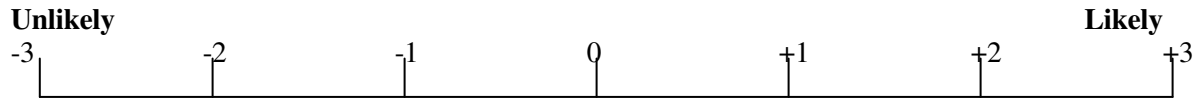
6. **Not Complying** with the federal and provincial income tax laws (incorrectly reporting my income and deductions on my tax return) is consequent to the effort required to prepare my tax return correctly:



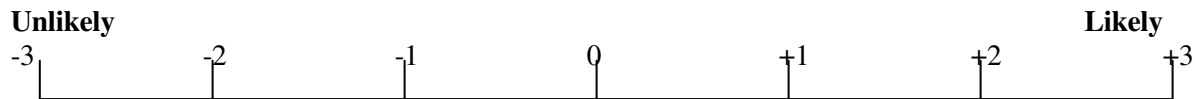
7. **Not Complying** with the federal and provincial income tax laws (incorrectly reporting my income and deductions on my tax return) will result in making my friends feel awkward when they discover that fact:



8. **Not Complying** with the federal and provincial income tax laws (incorrectly reporting my income and deductions on my tax return) will result in obtaining a larger tax refund:



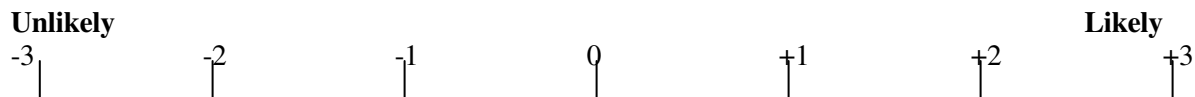
9. **Complying** with the income tax laws (correctly reporting my income and deductions on my tax return) will result in avoiding an audit by Revenue Canada:



10. **Complying** with the federal and provincial income tax laws (correctly reporting my income and deductions on my tax return) will result in providing money to the government for necessary services:



11. **Not Complying** with the income tax laws (incorrectly reporting my income and deductions on my tax return) will result in the payment of penalties and fines to Revenue Canada:



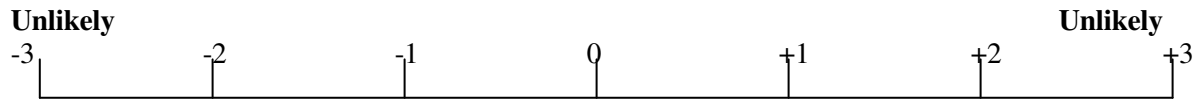
12. **Complying** with the federal and provincial income tax laws (correctly reporting my income and deductions on my tax return) will result in the fulfillment of my personal, moral, and ethical obligations:



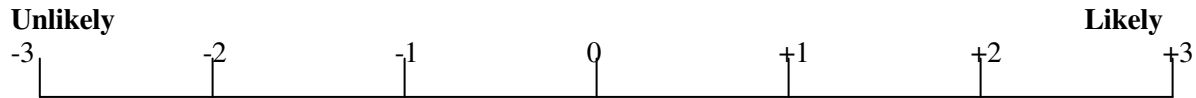
13. **Complying** with the federal and provincial income tax laws (correctly reporting my income and deductions on my tax return) will result in the payment of a large percentage of extra earnings for taxes:



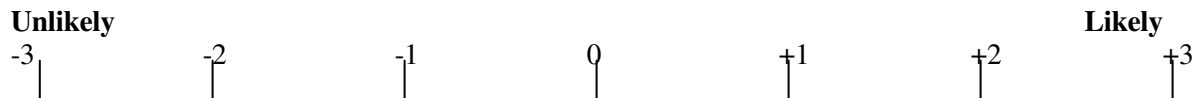
14. My **Not Complying** with the federal and provincial income tax laws (incorrectly report my income and deductions on my tax return) is consequent to my knowledge of the income tax system:



15. **Not Complying** with the federal and provincial income tax laws (incorrectly reporting my income and deductions on my tax return) will provide me with the feeling of having beat the “system”:



16. **Not Complying** with the federal and provincial income tax laws (incorrectly reporting my income and deductions on my tax return) will result in more cash available for use by me:

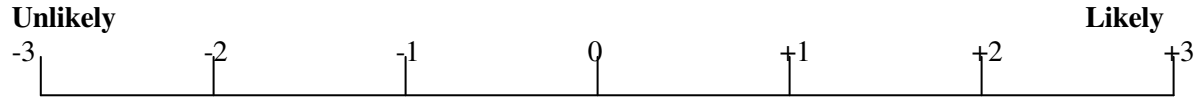


17. My **Complying** with the federal and provincial income tax laws (correctly reporting my income and deductions on my tax return) is consequent to reporting to the tax authority of my earnings and income by third parties such as my employer or bank:



Please respond to the following question on a seven-point scale with end-points labeled unlikely and likely provided after it:

1. I intend to correctly report my income and deductions on my current year's tax return even if an opportunity to underreport income or overstate deductions arises:



2. Please answer "Yes" or "No" to the following question(s):

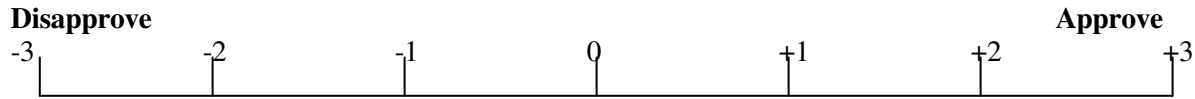
Did you, when filing last year's tax return, underreport your income or report unwarranted deductions?"

Yes

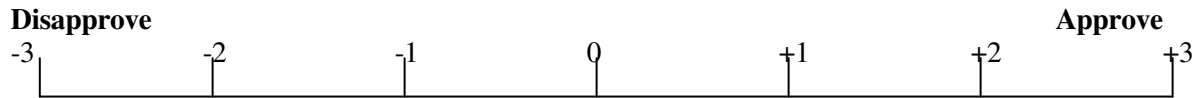
No

Please indicate below your belief of whether the following groups of people related to you would approve or disapprove of your complying with the federal and provincial income tax laws (correctly reporting income and deductions on your tax return). Approval or disapproval is rated on a seven-point scale with end-points labeled approve and disapprove:

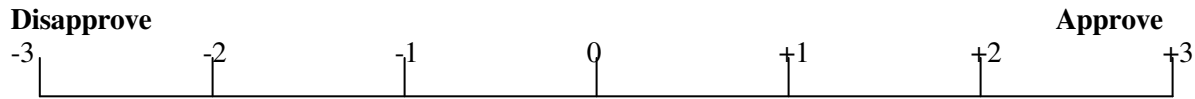
1. If I **complied** with the federal and provincial income taxes (if I correctly reported my income and deductions on my tax return), my **current or future employer** would:



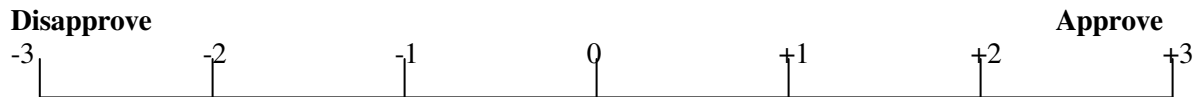
2. If I **complied** with the federal and provincial income taxes (if I correctly reported my income and deductions on my tax return), **my family (other than my significant other)** would:



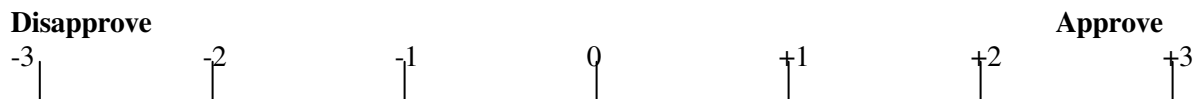
3. If I **complied** with the federal and provincial income taxes (if I correctly reported my income and deductions on my tax return), **my friends** would:



4. If I **complied** with the federal and provincial income taxes (if I correctly reported my income and deductions on my tax return), **my significant other** would:



5. If I **complied** with the federal and provincial income taxes (if I correctly reported my income and deductions on my tax return), my **Tax-return Preparer** would:

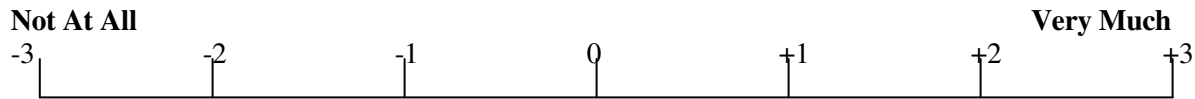


6. If I **complied** with the federal and provincial income taxes (if I correctly reported my income and deductions on my tax return), my **Business Contacts/Peers** would:

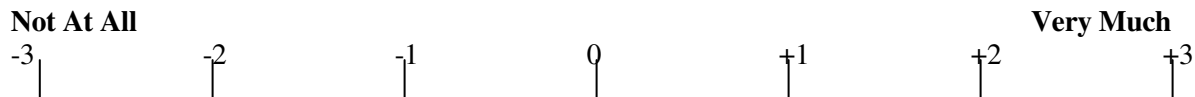


Please indicate below the extent to which you care about the following groups of people, related to you, approving or disapproving of your complying with the federal and provincial income tax laws (correctly reporting income and deductions on your tax return). Rate the extent to which you care on a seven-point scale with end-points labeled not at all and very much:

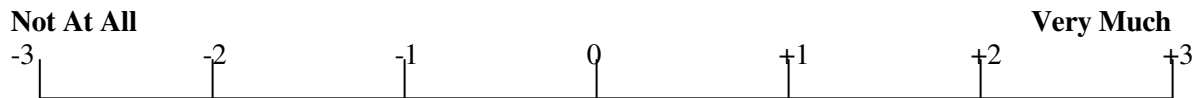
1. How much do you care whether your **current or future employer** approves or disapproves of your correct reporting of your income and deductions on your tax return?



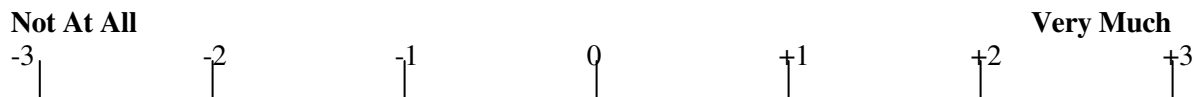
2. How much do you care whether **your family (other than your significant other)** approve or disapprove of your correct reporting of your income and deductions on your tax return?



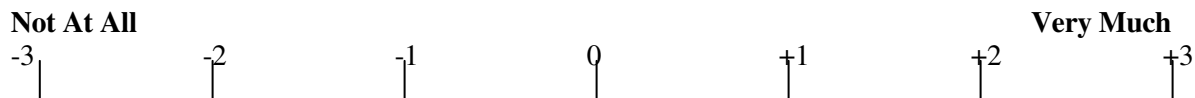
3. How much do you care whether **your friends** approve or disapprove of your correct reporting of your income and deductions on your tax return?



4. How much do you care whether **your significant other** approves or disapproves of your correct reporting of your income and deductions on your tax return?



5. How much do you care whether your **Tax return Preparer** approves or disapproves of your correct reporting of your income and deductions on your tax return?

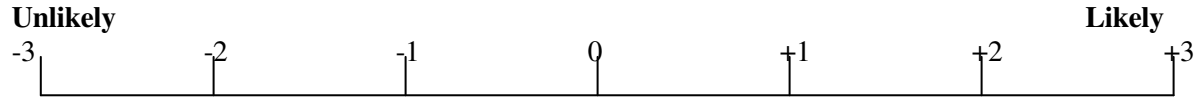


6. How much do you care whether **your Business Contacts/Peers** approve or disapprove of your correct reporting of your income and deductions on your tax return?

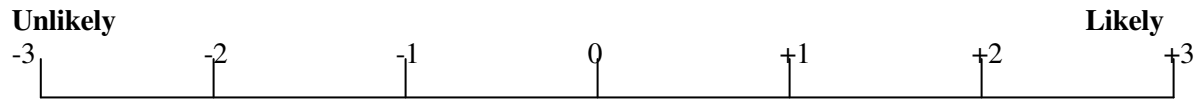


Please respond to the following statements using the seven-point scale with end-points labeled unlikely and likely provided under each question:

If I received cash income that I knew **would not** be reported to Revenue Canada, I would **report** the income on my tax return



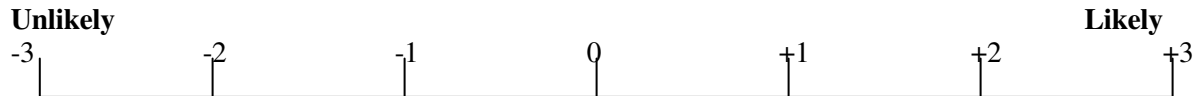
I **would** claim an unauthorized deduction to reduce my tax liability if I knew Revenue Canada did not and will not receive independent verification of that particular deduction from a third-party.



Please read through the following scenarios and answer the related question following it:

1. Julie a university student is a waiter at a popular local restaurant located near her residence. Julie's income from the restaurant helps Julie finance her university education. In addition to her salary income, Julie receives a significant amount of income by way of tips. Neither does Julie keep a record of the tip income nor does she report it on her annual tax return.

Please indicate below the likelihood of you choosing to do the same using the seven-point scale with end-points labeled unlikely and likely below:



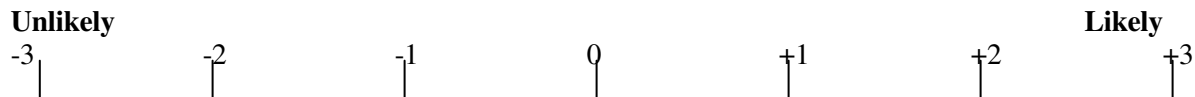
2. Carl holds a steady and a relatively well paying job in a local business. Carl is good with computers and is an expert at building and repairing them. Word of his expertise has spread and as a consequence, Carl has built up a nice business on the side building and repairing computers. Carl is paid in cash for all his services. Carl considers the income received from this business, though considerable, as "hobby income," and does not report the same on his annual tax return.

Please indicate below the likelihood of you choosing to do the same using the seven-point scale with end-points labeled unlikely and likely below:



3. Alice is an avid amateur painter. Her paintings are admired by her acquaintances, who end up often purchasing them. In most cases Alice is paid in cash. Alice has never reported this income on her annual tax return.

Please indicate below the likelihood of you choosing to do the same using the seven-point scale with end-points labeled unlikely and likely below:



4. Gordon holds the position of a technician at one of the industrial plants in town. He is married with four children. His wife has chosen to stay at home to look after the kids. With a relatively large family to feed, extra income is always welcome. To supplement his salary income from his job, Gordon performs the task of a handy-man in his neighborhood during the weekends. Gordon insists that he be paid in cash. Gordon does not report the income he earns as a handy-man on his annual tax return.

Please indicate below the likelihood of you choosing to do the same using the seven-point scale with end-points labeled unlikely and likely below:

