FLORIDA INTERNATIONAL UNIVERSITY

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FACTORS THAT AFFECT INDIVIDUALS' INTENTION TO CHEAT IN THEIR INCOME TAX IN THE UNITED STATES

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by

Dian Rodriguez

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To: Dean William G. Hardin
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This dissertation, written by Dian Rodriguez, and entitled Factors that affect individuals' intention to cheat in their income tax in the United States, has been approved in respect to style and intellectual content, is referred to you for judgment.

We have read this dissertation proposal and recommend that it be approved.

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DEDICATION

This dissertation is dedicated to my family, whose unconditional support, love, and encouragement have been the pillars upon which this journey was built. To my mother, who taught me the value of hard work and perseverance; to my partner, whose patience and belief in me never wavered; and to my daughter, I want you to know my love that with hard work and dedication you can achieve anything you want in life. Your sacrifices, understanding, and unwavering belief in me have made this achievement possible. This work is as much yours as it is mine.

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ABSTRACT OF THE DISSERTATION

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A notable research gap in the study of individuals' intentions to cheat on their income taxes lies in the exploration of the interplay between individual characteristics and contextual factors in shaping tax cheating behavior. While existing literature has extensively examined the influence of factors such as tax rates, enforcement measures, and social norms on tax compliance, there is limited research focusing on the psychological mechanisms underlying individuals' intentions to engage in tax evasion. Specifically, there is a need for more comprehensive studies that investigate how individual traits, such as personality traits, ethical beliefs, and risk preferences, interact with situational factors, such as peer influence and trust in government, to influence tax cheating behavior. Understanding the complex interplay between individual-level and contextual factors can provide valuable insights into the underlying motivations and decision-making processes driving tax evasion, thus informing the development of more effective interventions and policies aimed at promoting tax compliance. Further research in this area is essential for addressing this gap in the literature and advancing our understanding of tax cheating behavior.

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CHAPTER I

Introduction

According to an article published by the University of Chicago on 03/29/2023, most Americans want better public goods and governmental programs that improve the country's public education, public health care system, social security, and infrastructure (Hernandez, 2023). The question is: Are they willing to pay the price? In all societies we have people who love the fact to have and enjoy public goods, but do not want to pay for it, this is better known as "The Free Rider"[1]. According to the IRS chief, Charles Retting, the United States loses about $1 trillion every single year due to tax cheats (Rappeport, 2021). When looking at the 2023 Fiscal Data published by the US Department of Treasury, the total tax revenue raised by the US government for 2023 was $1.73 trillion, with 51% of all of it coming from Individuals income tax, and 36% coming from Social Security and Medicare taxes (Fiscal Data Explains Federal Revenue, n.d.). By considering that Social Security and Medicare are both paid mostly by individuals, if we combined them both we can notice that an astonishing 87% of all revenues raised by government in 2023 were somehow related to individuals' taxation. In an effort to estimate the amounts that should be paid in tax every year, the IRS has been using what they call the "Tax Gap Estimates[2]", a tool that provides the IRS with some insights about how much taxes should be collected, and how much were actually collected. To the IRS, tax compliance has a huge impact in the revenues raised by the government every year, as even small declines in tax compliance can cost the country

[1] A free rider is someone who wants others to pay for a public good but plans to use the good themselves; if many people act as free riders, the public good may never be provided.

[2] Difference between the estimated tax to be collected by the US government and the actual tax collected.

billions of dollars in lost revenues (The Tax Gap | Internal Revenue Service, n.d.). When this happens, the tax burden of those who don't pay or pay less of what they should, will be passed on to the ones that pay, a situation in which no country will want to be on.

Now, we must mention that Tax compliance can be violated both, deliberately and by mistake, either way will cost government billions of dollars in lost revenue (Gale & Gale, 2022). In this article, we focus on the deliberately portion of it, and we will call it "Tax Cheating". According to the Internal Revenue Service (IRS), United States, Tax Cheating is known as tax evasion, and it refers to the illegal act of intentionally underreporting income, inflating deductions, or engaging in other fraudulent activities to evade the payment of taxes owed to the government (Internal Revenue Service [IRS], n.d.).

It is also important to distinguish between Tax Avoidance [3] and Tax Evasion[4]. Examples of tax avoidance can be reporting your mortgage interest expense in your tax return to increase Itemized Deductions, something that is totally legal. Now when it comes to tax evasion the situation changes completely. Examples of tax evasion can be receiving payments in cash and not report them as income, including personal expenses as business expenses, overstating deductions to lower the tax liability, claiming credits that are not entitled to the individual, failing to report foreign income, or underreport cash transactions (Mastroeni, 2022b). To summarize tax evasion, we can say that it involves any illegal activity made in purpose to wrongfully decrease your tax liability. Now, notice I mentioned any illegal activity "made in purpose to wrongfully decrease your tax liability", this does not include errors and mistakes made by taxpayers that decrease their tax liability. Usually, mistakes

[3] Tax Avoidance: The use of legal and lawful methods to decrease tax liabilities.

[4] Tax Evasion: Illegal activities involving lying to the IRS to reduce tax liabilities.

are considered negligence by the IRS, and even though mistakes do affect government's income, mistakes can be solved if caught by paying the right amount, some interest, and a penalty (voidable at IRS manager's consideration) (Accuracy-Related Penalty | Internal Revenue Service, n.d.). Even though there are millions of us paying our taxes lawfully every year, there are others that like taking advantage of the system and the people who pay to not pay theirs, or pay less than what they owe.

To prevent and deter this bad behavior from happening, the IRS conducts tax audits every year, however, according to an article published by Syracuse University on January 4th, 2023, the IRS audited only 3.8 individual income returns out of every 1,000 filed during the physical year 2022, making the percentage of income tax returns audited well below 1%, in fact, 0.38% (IRS Audits Few Millionaires but Targeted Many Low-Income Families in FY 2022, n.d.). With this in mind, we can say that the probability of an individual who cheats in his/her tax return of being audited is far less than the probability of that same individual dying by falling, which is 0.46% (Risk of Death, 2022b). According to "The Economics-of-Crime Model of Tax Compliance (Fish & Rottenberg, 1974b)", the only one factor that makes individuals to pay their taxes, is the fear of being audited and punished (Alm, 2019d). If that was the case, and being the probability of being audited only 0.38%, it would be economically irrational for most individuals not to cheat in their tax returns.

As mentioned before, one of the main factors affecting tax compliance is the audits that government performs, however, over the years, the IRS has been losing employees and the number of audits has been declining, according to them, 1% of all individual income tax returns were audited in 2010, compared to only 0.2% in 2020 (Temkin, 2023). According to an article published by Joel Slemrod, governments should not rely on individuals to pay

their taxes voluntarily, because there is always going to be some people that will pay and others that will not, and when this happens, the few that do pay will eventually stop paying if they feel they have been taken advantage by the ones who don't pay (Slemrod, 2007). Tax compliance is fundamental for the US government to collect its taxes and keep the economy growing, however, the burden of complying with all tax regulations costs us about $313 billion a year (The Compliance Costs of IRS Regulations, 2023). With this in mind, we can see that tax compliance in the United States has become an issue, and several congress members, tax professionals, and individuals are calling for an important tax reform in our country, they are proposing to use a flat tax (anywhere between 20 to 30%) among all individuals in the United States (Growth & Opportunity Tax Plan: Details & Analysis, 2023).

Problem Statement:

One of the main issues the US Government must deal with is federal income tax cheating. We know that it is costing us about $313 Billion per year in average (The Compliance Costs of IRS Regulations, 2023), however, the IRS estimates that the tax gap is increasing in recent years (The Tax Gap | Internal Revenue Service, n.d.). According to the IRS, the tax gap for tax years 2014 through 2016 was about $496 billion, and the estimates for years 2017 through 2019 is to be about $540 billion (Associated Press, 2022). When taxpayers cheat in their taxes, most of the time it is to under pay their tax liabilities. This is a major issue for the US economy as it is costing us billions of dollars every single year in uncollected tax liabilities. Noncompliance in tax comes from several sources, however, individual income tax accounts for most of the tax gap in the United States today (Associated Press, 2022). (Tax Gap: Sources of Noncompliance and Strategies to Reduce It, n.d.).

According to the US Department of Treasury, it is estimated that tax cheating in the United States will cost the US Government about $7 Trillion in the next decade, which is an amount we can't afford to lose in tax revenues. To put this in perspective, this amount represents 3% of the country's GDP, and 100% of all income taxes paid by the bottom 90% of the US taxpayers. (The Case for a Robust Attack on the Tax Gap, 2023). The main issue behind this problem, is that uncollected taxes will cause the US Government to cut expenses in things that are important to the country, and to increase the amount of taxes on compliant taxpayers to make up for the tax gap difference.

Statement of Purpose and Research Gap.

The purpose of this research is to know what are the factors that affect intention to cheat in individuals' income taxes in the United States. A notable research gap in the study of individuals' intentions to cheat on their income taxes lies in the exploration of the interplay between individual characteristics and contextual factors in shaping tax cheating behavior. While existing literature has extensively examined the influence of factors such as tax rates, enforcement measures, and social norms on tax compliance, there is limited research focusing on the psychological mechanisms underlying individuals' intentions to engage in tax evasion. Specifically, there is a need for more comprehensive studies that investigate how individual traits, such as personality traits, ethical beliefs, and risk preferences, interact with situational factors, such as peer influence and trust in government, to influence tax cheating behavior. Understanding the complex interplay between individual-level and contextual factors can provide valuable insights into the underlying motivations and decision-making processes driving tax evasion, thus informing the development of more effective

interventions and policies aimed at promoting tax compliance. Further research in this area is essential for addressing this gap in the literature and advancing our understanding of tax cheating behavior.

Research Question:

What are the factors affecting individuals' intention to cheat in their income tax in the United States?

CHAPTER II LITERATURE REVIEW AND THEORY

Literature Review and Theory

First, we must define Taxes. Taxes are payments that businesses and individuals pay to the government to help fund governmental activities and operations (Gorton, 2023). One of the main issues when it comes to Taxation is tax cheating, as even small tax noncompliance activities can cost governments billions of dollars in uncollected taxes (The Tax Gap | Internal Revenue Service, n.d.). Based on previous research, there are several factors that influence intentional tax noncompliance, sometimes also called tax evasion (Sritharan et al., 2022). Tax evasion is not a unique process, basically, any unlawful activity or activities performed with the only aim of paying no tax or less taxes than the amount required would be considered tax evasion (Mastroeni, 2022b). Tax evasion is a problem that sometimes gets overlooked, and that can affect any country's GDP in a negative way (Kassa, 2021). As of right now, there are not so many articles and research focusing on individual income tax cheating, however, there are many more research articles that are focused on tax compliance in general. Now, among the factors that affect tax compliance, one of the most important ones is the socioeconomic status of the taxpayer. Recent research shows that tax

cheating increases when the economy weakens (Hartmann et al., 2022). In their study: "The economic crisis during the COVID-19 pandemic has a negative effect on tax compliance: Results from a scenario study in Austria", the authors research on tax compliance during the COVD 19 pandemic and compared among individuals who had suffered bad economic conditions and others who didn't, finding that those who had suffered negative economic conditions were less compliant with their taxes than those who did not suffer much economically (Hartmann et al., 2022). Previous research suggests that individuals who had experienced bad economic situations may be less compliant with their taxes, in fact, some of them may try to take advantage of their taxes to make up some of the economic losses suffered during bad economic times (Hartmann et al., 2022). Also, it has been studied that taxpayers who suffer during an economic down term and face the risk of bankruptcy, tend to be less compliant with the tax regulations as the fear of an economic crisis may be greater than the fear of being audited because of a violation of tax cheating (Brondolo, J. 2009). During economic recessions, the amounts of uncollected taxes increase, and the tax gap increases as well (Lesnik et al., 2014).

Risk aversion, a fundamental concept in economics and finance, plays a crucial role in decision-making under uncertainty. Individuals who exhibit risk-averse behavior prefer certainty over uncertainty and are willing to accept lower expected returns to avoid risk (Kahneman & Tversky, 1979). Prospect theory, proposed by Kahneman and Tversky, suggests that individuals weigh potential losses more heavily than equivalent gains, leading to risk-averse behavior in situations involving potential losses (Kahneman & Tversky, 1979). Empirical evidence supports the existence of risk aversion across various contexts and populations. Studies have found that risk aversion varies depending on factors such as age,

gender, and socioeconomic status (Dohmen et al., 2011; Barsky et al., 1997). For example, research by Dohmen et al. (2011) shows that older individuals tend to be more risk-averse than younger individuals, while Barsky et al. (1997) find that women are generally more risk-averse than men. Additionally, experimental studies have identified individual differences in risk preferences and risk attitudes, suggesting that risk aversion is influenced by both innate factors and environmental factors (Holt & Laury, 2002). Understanding risk aversion is essential for various fields, including finance, insurance, and public policy. In finance, risk aversion affects investment decisions, asset pricing, and portfolio allocation (Markowitz, 1952; Sharpe, 1964). In insurance, risk aversion influences individuals' decisions to purchase insurance coverage and insurers' pricing strategies (Arrow, 1963). Moreover, policymakers consider risk aversion when designing policies related to social insurance, retirement savings, and healthcare financing (Diamond & Mirrlees, 1971; Finkelstein & Poterba, 2004). Risk aversion also plays a crucial role in tax cheating behavior. Individuals who are risk-averse tend to prioritize avoiding potential losses over maximizing gains, influencing their decisions regarding tax evasion. Research by Cummings et al. (2009) suggests that risk aversion influences taxpayers' willingness to comply with tax laws, with risk-averse individuals being more likely to adhere to tax regulations to avoid the perceived negative consequences of non-compliance. Moreover, Kirchler et al. (2008) argue that risk aversion can act as a deterrent to tax cheating, as risk-averse individuals may perceive the potential penalties associated with tax evasion as too high a risk. The interplay between risk aversion and tax cheating is complex and multifaceted. While risk aversion may deter some individuals from engaging in tax evasion, others may still be willing to take the risk, particularly if they perceive the probability of detection and penalties as low. Feld and Frey

(2007) propose that the perceived likelihood of being audited and penalized for tax evasion moderates the relationship between risk aversion and tax cheating, with risk-averse individuals being less likely to evade taxes in contexts where enforcement is strong, and penalties are severe. Furthermore, Kleven et al. (2011) suggest that risk aversion may interact with other factors, such as income level and social norms, to shape individuals' decisions regarding tax cheating.

Another important factor that affects tax cheating is taxpayer's perception of fairness when it comes to taxation (Sritharan et al., 2022). Previous research suggests that taxpayer's compliance is positively affected by tax fairness (Kassa, 2021). Taxpayers are less likely to pay their taxes and being in full compliance when their perception of fairness decreases. Lack of trust in the fairness of a tax systems will increase the amounts of tax evasion and will negatively affect the governments when it comes to rise funds (Kamleitner et al., 2012). This is a non-economic factor that is crucial for governments to keep in mind when designing tax policies, as taxpayers tend to engage in tax evasion activities when they feel that the tax system is unfair to them (Kassa, 2021). (McGee, 2012) suggests that tax rates should not be so high because taxpayers will feel that the rates are not fair, and this will in fact incentivize them to perform tax evasion activities. High tax rates have long been recognized as a factor contributing to tax evasion (Slemrod & Yitzhaki, 2002). When tax rates are perceived as excessively burdensome, individuals and businesses may feel justified in seeking ways to evade taxes, viewing it as a means of mitigating their financial strain. Due the importance of tax fairness when it comes to tax collection, the US government is trying to introduce a new tax system in the United States aiming a more transparent, easier, and fairest tax system called "H.R.25 - FairTax Act of 2023" (Summary of H.R. 25: FairTax

Act of 2023 - GovTrack.us, n.d.). With this bill, congress is trying to improve taxpayers' perception of fairness when it comes to taxation in the United States, introducing a new consumption national flat tax of 23% for all taxpayers.

Tax rates play a pivotal role in shaping taxpayers' intentions to comply with income tax regulations. Economic theory posits that higher tax rates may incentivize individuals to engage in tax evasion as they seek to minimize their tax liabilities (Allingham & Sandmo, 1972). The prospect of facing higher tax burdens may induce individuals to explore avenues for evading taxes, particularly if they perceive tax rates as excessive or inequitable.

Empirical research corroborates the notion that tax rates influence taxpayers' compliance behaviors. A seminal study by Slemrod (2007) found that higher marginal tax rates were associated with increased levels of tax cheating. The study utilized data from the United States and other countries to demonstrate that taxpayers were more likely to underreport their income or engage in other forms of tax evasion when faced with higher tax rates. Furthermore, psychological theories such as deterrence theory provide insights into how tax rates impact taxpayers' intentions to cheat on their income taxes. Deterrence theory suggests that individuals weigh the potential costs and benefits of engaging in tax evasion, taking into account factors such as the probability of detection, the severity of penalties, and the perceived fairness of the tax system (Becker, 1968). Higher tax rates may heighten individuals' perceptions of the benefits of tax evasion, particularly if they believe that the likelihood of detection is low and the potential gains from tax evasion outweigh the risks.

Additionally, the relationship between tax rates and tax compliance is complex and multifaceted. While higher tax rates may incentivize tax evasion, other factors such as

enforcement mechanisms, social norms, and individual characteristics also play crucial roles in shaping taxpayers' compliance behaviors (Torgler, 2002).

Also, educated taxpayers can be aware of different opportunities to cheat in their tax returns and find noncompliance opportunities, however, their potential greater understanding of the tax system and higher levels of moral development encourage a more positive taxpayer's attitude towards not to cheat in their tax returns, and subsequently, greater tax compliance (Chan et al. 2012). According to (Cuccia 2013), people with higher levels of education are also more likely to be morally developed and to have higher attitudes toward tax compliance, which will lead them to cheat less in their tax returns. According to previous research, assuring that taxpayers have a certain level of qualifications, abilities, and confidence to exercise their tax responsibilities is one way to increase voluntary compliance (Mohani, 2012). Previous research shows that level of education is a significant factor that affects tax knowledge, and therefore, possibly tax compliance (Cuccia 2013). In a study conducted in Nigeria, the author found evidence that people with higher levels of education were able to better understand tax laws and regulations than people with lower levels of education, finding a positive relationship between levels of education and tax knowledge (Newman et al., 2018).

Another factor that influences tax cheat, and it has been seen as the most important one of all is Tax Audits (Alm et al., 1995). The fear of being audited by the IRS has a high impact on taxpayers' intention cheat and it has previously been considered as the main and only factor that affected tax compliance among taxpayers, however, resent research shows that even though tax audits have a huge impact on tax cheating, it is not the only factor that influences it (Phillips, M. D. 2011, June). According to a study published by the RS and

the University of Chicago, the probability of being audited has a direct deterrent effect on taxpayers' compliance, when they think about audits, penalties, and fines imposed by the IRS (Phillips, M. D. 2011, June). The effectiveness of enforcement measures and the perceived likelihood of detection play a crucial role in tax compliance (Kleven et al., 2011). Strong enforcement and severe penalties act as deterrents to tax evasion, whereas weak enforcement and low audit rates may embolden potential tax evaders. In a research study published by the IRS in 2018, they compared how individual taxpayers that had been audited by the agency felt about paying taxes with some others that had not experienced an audit before. According to them, those that had been audited expressed some kind of dissatisfaction with tax cheating and felt like the IRS was taking money from them instead of admitting that they were not in compliance and that was the reason they had to pay back (Erard et al., 2018). The IRS has two types of examinations, one of them is correspondence examination in which taxpayers receive a letter with a notice of deficiency they have to pay. This correspondence examinations just focus on unmatched information and send bills to taxpayers for them to pay. For example, an employer reports $100,000 income in the employee's W-2 and the employee reports $80,000 instead. In this case, the IRS will have unmatched information and will send taxpayer a letter with an adjustment to income for the amount of $20,000. The other type of audit is the field audit, in which a revenue agent has to go in person to the taxpayer's location and conduct a full audit examining all taxpayer's records. According to (Erard et al., 2018), taxpayers that have experienced a field audit tend to have more favorable sentiments towards the audit process than those who have experienced a correspondence audit. This is because the field audit usually involves a face-to-face process in which the revenue agent will not only assets more taxes on the

taxpayer but will also explain in detail the reasons why a tax assessment is being proposed. According to the data showed by the IRS, taxpayers that had been audited before tend to be more in compliance with tax regulations than those who have not (Erard et al., 2018). Previous research conducted by (Alm et al., 1995b) suggests that taxpayers that think they have a high probability of a tax audit in the near future tend to be more in compliance than those who do not. Also, they mentioned that the effect of the deterrence effect of the audits will be influenced by the outcome of the audit, those who have been audited before and had been charged with tax assessments and penalties tend to be more in compliance than those who did not (Erard et al., 2018). Tax audits play a crucial role in taxpayer's' compliance, and it is one of the most important factors that deter tax cheating among all taxpayers (Fuest & Li, 2009). Yes, fear of imprisonment can significantly influence individuals' intentions to cheat on their tax returns. Research has consistently shown that the perceived likelihood of detection and the severity of penalties for tax evasion are key factors affecting tax compliance behavior (Alm, 2012). The threat of imprisonment serves as a deterrent to tax evasion, as individuals may weigh the potential consequences of getting caught and face the prospect of legal repercussions, including fines, penalties, and incarceration.

Several studies have provided empirical evidence supporting the deterrent effect of the threat of imprisonment on tax cheating. For example, research by Erard and Feinstein (1994) found that the fear of criminal prosecution significantly increased taxpayers' compliance levels. Similarly, a study by Feld and Frey (2007) demonstrated that the perceived risk of detection and punishment for tax evasion influenced individuals' decisions regarding compliance.

Moreover, psychological theories such as deterrence theory and rational choice theory provide theoretical frameworks for understanding how fear of imprisonment affects intentions to cheat on tax returns. According to these theories, individuals weigh the potential costs and benefits of engaging in tax evasion, taking into account factors such as the probability of detection, the severity of penalties, and their own risk preferences (Becker, 1968). So, according to prior research, fear of imprisonment can serve as a powerful deterrent to tax evasion, influencing individuals' intentions to comply with tax laws and accurately report their income. Effective enforcement measures, including the threat of criminal prosecution, are essential for deterring tax cheating and promoting voluntary compliance with tax regulations.

Peer influence, a significant factor in various domains of human behavior, has also been identified as a determinant of tax cheating behavior. The influence of peers, colleagues, and social networks can shape individuals' attitudes, beliefs, and behaviors regarding tax cheating (Slemrod et al., 2001). Using data from a controlled experiment, Slemrod and colleagues found that individuals were more likely to evade taxes when they believed that others in their social circle were also engaging in tax evasion. This suggests that perceptions of social norms and peer influence regarding tax compliance can influence individual decisions to cheat on taxes. Furthermore, Kirchler and colleagues (2008) developed the "slippery slope" framework, which posits that exposure to tax evasion by peers can lead individuals to perceive tax cheating as more acceptable and gradually escalate their own tax evasion behavior. This social contagion effect can amplify tax cheating within social networks and contribute to the spread of non-compliance behavior. In addition to direct social influence, peer effects on tax cheating may also operate through indirect

mechanisms. For example, research by Torgler (2005) suggests that social capital, defined as the social networks and relationships individuals have, can influence tax cheating behavior. Individuals with stronger social ties to compliant peers may be more likely to conform to tax norms and resist the pressure to cheat on taxes. However, the impact of peer influence on tax cheating is not uniformly negative. Some studies have also found evidence of positive peer effects on tax compliance. For instance, Cummings et al. (2009) conducted an experiment that showed individuals were more likely to comply with tax laws when they perceived that their peers were also compliant, indicating the potential for peer influence to reinforce tax compliance norms. In conclusion, peer influence plays a significant role in shaping tax cheating behavior, with both direct and indirect effects on individuals' decisions regarding tax compliance. Understanding the mechanisms through which peer influence operates can inform the design of interventions and policies aimed at promoting tax compliance and combating tax evasion. Social norms and peer influence also shape tax cheating behavior, with perceptions of social acceptability differing across socioeconomic groups. Individuals with lower SES may be more likely to perceive tax evasion as justified if they believe that others in similar economic circumstances are also engaging in tax cheating (Cummings et al., 2009). Peer influence within social networks can reinforce these norms and contribute to a culture of non-compliance.

Taxpayer's ethics is another factor that influences taxpayers' intention to cheat in their taxes (AHMAD AL-ZAQEBA et al., 2018). Some people value morality but will act unethically if they find an opportunity to cheat, this is one of the main issues we are facing in society today (Gino, 2015). Previous research tells us that people will act unethically when they are under certain social and situational pressure, however, we must say that there are

unethical behaviors that are unintentional and others that are intentional (Gino, 2015). Also, previous research shows that people often engage in unethical behaviors when they can get a monetary reward, in other words, they lie when it pays (Mazar et al., 2008). According to (Ho & Wong, 2008), taxpayers ethics directly influence tax compliance, as individuals with low ethical standards tent to commit unethical acts. At the same time, they mentioned that individuals usually engage in unethical behaviors having in mind an expected gain from that act (Ho & Wong, 2008). Also, in their research (Thuc, 2013) compiled 130 articles and put together all of them to write a literature review about tax compliance, they found that almost all articles found that taxpayers' ethics influence their tax compliance. (Ang et al., 1993b) mentions that stronger ethical norms will positively influence tax compliance, this translates as less tax cheating.

Social cohesion is a desire for every society around the world, but some studies indicate that it is decreasing among individuals (Schiefer & Van Der Noll, 2017). Communities are maintained and supported by different connections and relationships among its members. Social cohesiveness is essentially the existence of structural and psychological systems that promote cooperation, exchange, and solidarity among members of a society (Schiefer & Van Der Noll, 2017). Economic health and prosperity are just two of many social outcomes that social cohesion affects, and this state of economic health depends heavily on taxpayers' compliance, especially the wealthy (Stanley, D. 2003), (Gangl, K., & Torgler, B. 2020).. In his study, (Torgler, 2002) conducted research and made some key findings when it comes to tax compliance, among them, he concluded that people who comply with their taxes tend to view tax cheating as immoral, that compliance is higher if moral appeals are made to the taxpayer, that people who surround themselves with tax evaders are more likely to engage

in tax cheating as well, and that compliance is higher (less cheating) in societies with a stronger sense of social cohesion. Now, it is also good to mention that immigration affects social cohesion. Previous research found that movements of global migration and globalization are being a threat to social cohesiveness, as migration increases ethnocultural diversities among societies (Schiefer & Van Der Noll, 2017).

Ethnicity has been found to be a factor that affects tax cheating as well (Kasipillai et al., 2006), and according to (Shoichet, 2023), the US houses more than 45 million immigrants and that number counts for an astonishing 13.6% of the entire population. Having mentioned this, we have to also mention that "ethnic diversity undermines social cohesion" (Van Der Meer & Tolsma, 2014). Ethnic diversity is increasing around the world due to massive immigration, and previous research suggest that immigration affects ethnic diversity, and this, affects social cohesion by reducing social solidarity and social capital among societies (Putnam, 2007). This is due to our human natural biases reaction to be reluctant to accept people that are different than us. Ethnic diversity can be seen as people who live in the same areas, but share different cultures, codes of ethics, moral standards, backgrounds, beliefs and sometimes speak different languages (Putnam, 2007).

Also, we have to mention that according to the Federal Bureau of Investigation (FBI), 72.5% of all people arrested for all different kind of crimes committed in the United States in 2019 were men, while 27.5 were women (FBI table 42). The statistics for 2021 were similar, where men committed more cremes than women (FBI Releases 2020 Incident-Based (NIBRS) Data, 2022). In 2020, 9,880 law enforcement agencies, whose jurisdictions included more than 177.5 million Americans reported a total of 8,879,728 incidents. Among all the known offenders, 38.2% of all of them were between 21 and 35 years of

age. Majority of them being men, accounting for 62.1% of the total offenders. Women accounted for 24.2% and the other 13.7% was unknown. Based on these facts, it appears that gender and age are two factors that affect crime, being men more propense to commit crime than women, and it is likely that more crime will be committed by individuals between 21 and 35 years of age. Because of these facts, it is expected to see more male than women in not following tax regulations. It has also been studied that age and crime are strongly correlated, and that young people are more likely to be crime offenders than older people (Sweeten et al., 2013).

Socioeconomic status (SES) is a multidimensional construct that encompasses individuals' economic and social position within society. This literature review explores the various dimensions of SES and its implications across different domains. Income and wealth are fundamental components of SES, reflecting individuals' financial resources and economic well-being. Higher income and wealth are associated with greater access to opportunities, better living conditions, and improved health outcomes (Adler & Stewart, 2007). Research has shown that individuals with higher SES tend to have higher levels of education, occupational prestige, and social status (Duncan & Magnuson, 2012). Education is a key determinant of SES, shaping individuals' employment opportunities, earning potential, and social mobility. Higher levels of education are associated with better job prospects, higher wages, and increased access to resources and opportunities (Sirin, 2005). Educational attainment also influences health outcomes, with higher levels of education associated with lower rates of chronic diseases and mortality (Cutler & Lleras-Muney, 2010). Occupational status is another factor that reflects individuals' positions within the labor market hierarchy and is closely linked to SES. Occupations vary in terms of skill level, income potential,

and job security, with higher-status occupations typically associated with higher SES (Ganzeboom & Treiman, 1996). Occupational prestige and job satisfaction are important determinants of individuals' overall well-being and quality of life (Faragher, Cass, & Cooper, 2005). SES influences individuals' social networks and support systems, which play a crucial role in buffering against stress and adversity. Higher SES is associated with larger social networks, greater social capital, and increased access to social resources and support (Lin, 1999). Social support networks contribute to individuals' resilience and well-being, particularly during times of hardship or crisis (Thoits, 2011). Socioeconomic status is a complex and multifaceted construct that encompasses individuals' economic resources, educational attainment, occupational status, and social standing within society. SES has far-reaching implications for individuals' opportunities, well-being, and life outcomes across various domains. Understanding the dynamics of SES is essential for addressing social inequalities and promoting equitable access to resources and opportunities for all members of society. Cummings, Martinez-Vazquez, McKee, and Torgler (2009) provide insights into the role of financial pressure in tax cheating behavior. Individuals with lower SES may experience greater financial strain, increasing the temptation to cheat on taxes as a means of alleviating economic hardship or meeting financial obligations. This financial pressure can promote tax cheating and contribute to higher rates of tax evasion among disadvantaged groups.

Perceptions of fairness in the tax system also play a crucial role in influencing tax cheating behavior. Kirchler, Hoelzl, and Wahl (2008) developed the "slippery slope" framework, which suggests that exposure to tax evasion by peers can lead individuals to perceive tax cheating as more acceptable. This perception of unfairness can erode tax morale and

increase the likelihood of tax evasion, particularly among individuals with lower SES who may feel disproportionately burdened by taxes compared to those with higher SES (Slemrod, Blumenthal, & Christian, 2001).

Access to resources and information about tax laws and compliance requirements varies across socioeconomic groups. Individuals with higher SES may have greater access to financial advisors, accountants, and tax planning services, facilitating compliance and reducing the likelihood of cheating (Feld & Frey, 2007). Conversely, individuals with lower SES may lack access to such resources, making them more vulnerable to inadvertent errors or intentional evasion.

Finally, SES can influence individuals' perceptions of the likelihood of detection and the severity of penalties for tax evasion. Those with lower SES may perceive enforcement efforts to be less stringent or effective, leading to a greater willingness to take the risk of cheating on taxes (Torgler, 2005). Conversely, individuals with higher SES may be more deterred by the potential consequences of getting caught, such as reputational damage or legal repercussions.

Personality is defined as the characteristic patterns of thoughts, feelings, and behaviors that distinguish individuals from one another (Costa & McCrae, 1992). This is a topic that has been subject of interest in psychology for many years. According to prior research, there are five big personality traits. Using The Big Five model, also known as the Five-Factor Model (FFM), which is one of the most widely accepted frameworks for understanding personality, we can identify five broad dimensions of personality: Openness to Experience, Conscientiousness, Extraversion, Agreeableness, and Neuroticism (Costa & McCrae,

1992). Research has consistently demonstrated the robustness of these dimensions across cultures and age groups (McCrae & Costa, 1999).

Openness to Experience: Individuals high in Openness to Experience are characterized by curiosity, imagination, and a willingness to engage in novel and unconventional ideas and experiences (John & Srivastava, 1999). They tend to be intellectually curious, creative, and open-minded, and are more likely to seek out new experiences and challenges.

Conscientiousness: Conscientiousness reflects traits such as self-discipline, organization, and goal-directed behavior (Roberts et al., 2007). Individuals high in Conscientiousness are reliable, responsible, and diligent in their work and personal endeavors. They are more likely to set and achieve long-term goals and exhibit high levels of self-control and perseverance.

Extraversion: Extraversion encompasses traits such as sociability, assertiveness, and positive emotionality (Costa & McCrae, 1992). Extraverted individuals are outgoing, energetic, and socially confident, and tend to seek out social interactions and stimulation. They are more likely to be assertive and adventurous in their pursuits.

Agreeableness: Agreeableness reflects traits such as warmth, empathy, and cooperation (McCrae & Costa, 1999). Individuals high in Agreeableness are compassionate, trusting, and altruistic, and value harmonious relationships and interpersonal connections. They are more likely to prioritize the needs of others and engage in prosocial behaviors.

Neuroticism: Neuroticism, also known as Emotional Stability, encompasses traits such as anxiety, depression, and emotional instability (Costa & McCrae, 1992). Individuals high in Neuroticism are prone to experiencing negative emotions such as worry, sadness, and anger, and may exhibit heightened sensitivity to stress and adversity. Personality represents a

complex and multifaceted construct that shapes individuals' thoughts, feelings, and behaviors across various contexts. The Big Five model provides a comprehensive framework for understanding personality traits and their implications for human behavior and well-being. Based on prior research, we expect that personality traits play a significant role in shaping individuals' intentions to engage in tax cheating behaviors (Almlund et al., 2011).

Conscientiousness, characterized by traits such as self-discipline, organization, and goal-directed behavior, has been consistently linked to lower levels of tax cheating (Gerardi & Goette, 2013). Individuals high in Conscientiousness are more likely to adhere to societal norms, including tax laws, and exhibit greater self-control and integrity in their financial dealings (Roberts et al., 2005). They are less prone to engaging in unethical or illegal behaviors, including tax evasion, due to their strong sense of duty and responsibility. On the other hand, Neuroticism, that has been marked by traits such as anxiety, depression, and emotional instability, has been associated with higher levels of tax cheating (Kirchler et al., 2008). Individuals high in Neuroticism are more likely to experience negative emotions and stress, which may lead them to engage in maladaptive coping strategies such as tax evasion (Torgler et al., 2008). They may perceive tax cheating as a way to alleviate financial strain or mitigate feelings of anxiety and insecurity. Agreeableness, characterized by traits such as warmth, empathy, and cooperation, has been found to have mixed effects on tax cheating behavior. While individuals high in Agreeableness may value social harmony and cooperation, which could deter them from engaging in tax evasion, they may also be more susceptible to external pressures and social influence (Kastlunger et al., 2010). In some cases, Agreeableness may lead individuals to comply with tax laws to maintain positive social relationships and avoid conflict. Based on prior research, the influence of

Openness to Experience and Extraversion on tax cheating behavior is less clear and warrants further investigation. Openness to Experience, characterized by traits such as curiosity and creativity, may lead individuals to question authority and conventional norms, potentially increasing the likelihood of tax evasion (Perez-Truglia & Troiano, 2015). Extraversion, marked by traits such as sociability and assertiveness, may influence tax cheating behavior through its effects on risk-taking and impulsivity, although empirical evidence is limited (Braithwaite & Reinhart, 2019).

Trust in government is a crucial factor influencing tax compliance behavior, as individuals' perceptions of government integrity and fairness directly impact their willingness to comply with tax laws (Torgler, 2002). Research by Alm et al. (2010) suggests that higher levels of trust in government institutions are associated with greater tax compliance, as taxpayers believe that their contributions will be used effectively and equitably for public goods and services. Conversely, lower levels of trust in government are linked to higher rates of tax evasion, as individuals may perceive tax payments as futile or unjustified if they lack confidence in government institutions (Torgler, 2005). Empirical studies have consistently demonstrated the negative relationship between trust in government and tax cheating behavior. For example, a study by Feld and Frey (2007) found that individuals with lower levels of trust in government were more likely to engage in tax evasion, even after controlling for other factors such as tax rates and enforcement measures. Similarly, research by Torgler (2007) revealed that trust in government significantly predicted tax compliance levels across a sample of European countries, with higher levels of trust associated with higher levels of tax compliance. The impact of trust in government on tax cheating behavior extends beyond individual attitudes and beliefs to broader societal norms and perceptions

of fairness. Torgler and Schneider (2009) argue that trust in government serves as a social norm that shapes individuals' expectations of tax compliance within their communities. When trust in government is high, individuals are more likely to perceive tax evasion as socially unacceptable and are therefore less inclined to engage in tax cheating behaviors. Conversely, when trust in government is low, individuals may feel justified in evading taxes as a form of protest or resistance against perceived government corruption or inefficiency.

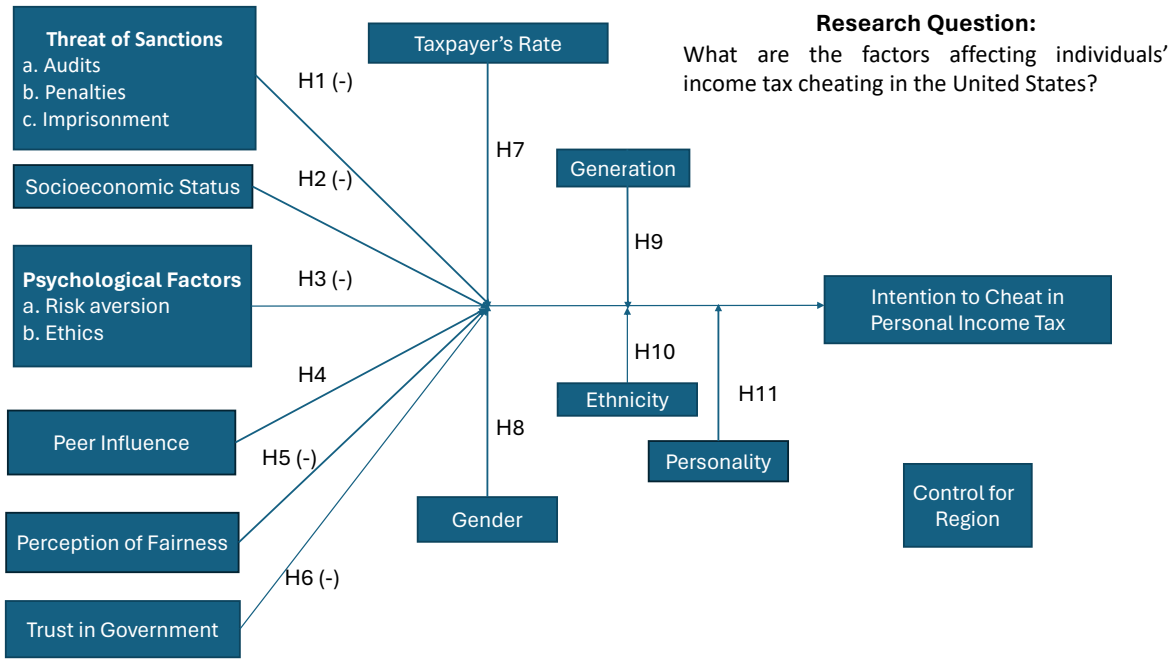
Contribution to Business:

Tax cheating has always been a concern in several countries around the world. This is because income tax is the main source of income for governments and without taxation it would not be possible for any country to succeed. There are several issues that we have to face when it comes to tax cheating, because even small deviations from full compliance can cause governments billions in lost revenues (The Tax Gap | Internal Revenue Service, n.d.). Also, a bigger problem can arise when societies start practicing what we call “The Free Rider”, which is basically when people stop being in full compliance with tax laws, expecting others to pay for the public goods and services they use; when this happens, the public goods and services can’t be provided by government, because the under collected tax will cause the government to defund some of its operations. It also causes other people who comply to stop paying their fair portion as they get tired of others taking advantage of them. The ability of the US to raise funds and carry out its economic and social policies can be affected by tax fraud and tax evasion. Since it costs the public billions every year, it causes the government to reduce public services, which most of the time affects the ones who need them the most. Tax fraud and tax evasion can be considered fundamentally unfair, as tax evasion increases the tax burden on those who do comply, as Governments

usually rise taxes on the ones who do comply to try reducing the tax gap. We believe this is a serious issue and finding out the factors that affect tax cheating among individuals in the United States, could give us a better understanding on how to improve tax compliance in the country by addressing the issue directly. Knowing where the risk of tax cheating is higher, can give us all better approach when it comes to audit selections.

CHAPTER III RESEARCH DESIGN

Research Model:



Model Definitions:

Threat of Sanctions

- Audits: Tax audits involve official examinations or investigations conducted by tax authorities to assess and verify the accuracy and completeness of taxpayers' financial information, including income, deductions, and credits, for compliance with tax laws and regulations. Alm, J. (2012).

- Penalties: Tax penalties refer to financial sanctions or punitive measures imposed by tax authorities on taxpayers for non-compliance with tax laws, including late filing, underpayment of taxes, or fraudulent activities such as tax evasion. Torgler, B. (2005).
- Imprisonment: refers to the legal punishment of restricting individuals' freedom by confining them to a correctional facility for a specified duration due to committing a crime, such as tax evasion. Tonry, M. (2001).

  Socioeconomic Status: **"**Socioeconomic status is usually described as low, medium, and high. People with a lower socioeconomic status usually have less access to financial, educational, social, and health resources than those with a higher socioeconomic status". (*NCI Dictionary of Cancer Terms*, n.d.)

  Tax Rates: Tax rates refer to the percentage of income, goods, or services that individuals or businesses are required to pay to the government as taxes, typically based on their taxable income, consumption, or transactions. Piketty, T., & Saez, E. (2013).

  Phycological Factors:

- Risk Aversion: Risk aversion describes individuals' preferences for certainty over uncertainty when making decisions under conditions of risk, where they prioritize avoiding potential losses and are willing to accept lower expected returns to mitigate risk. Kahneman, D., & Tversky, A. (1979).
- Ethics: Taxpayer's "rational justification for his/her moral judgments; it involves what they think is morally right or wrong, just or unjust" (Secretariat, 2015).

  Personality: Personality refers to individual differences in characteristic patterns of thinking, feeling, and behaving that are relatively stable over time and across situations,

encompassing traits such as Conscientiousness, Neuroticism, Extraversion, Openness to Experience, and Agreeableness. McCrae, R. R., & Costa, P. T. (1999).

Peer Influence: Peer influence refers to the “impact that individuals' social contacts, such as friends, colleagues, or acquaintances, have on shaping their attitudes, beliefs, and behaviors, including decisions related to tax compliance or evasion”. Slemrod, J., & Yitzhaki, S. (2002).

Perception of fairness refers to an individual's subjective judgment of the fairness and impartiality of tax policies, procedures, and outcomes. It involves assessing whether one is being treated fairly by tax authorities and the perceived equity in the distribution of tax burdens within society. Torgler, B. (2005).

Trust in Government: Trust in government reflects individuals' confidence, belief, or faith in the effectiveness, fairness, and integrity of governmental institutions and authorities, including tax administrations, to perform their duties and uphold the rule of law. (Rothstein, B., & Uslaner, E. M. (2005).

Intentions to Cheat in Tax Returns: Intentions to cheat in tax returns refer to “individuals' deliberate plans or inclinations to engage in fraudulent or deceptive practices to evade taxes owed to the government. Cummings, R. G., Martinez-Vazquez, J., McKee, M., & Torgler, B. (2009).

Ethnicity: Ethnicity refers to shared cultural characteristics, ancestry, heritage, or identity that distinguish one group of people from another, often based on factors such as nationality, language, religion, customs, or traditions. Alba, R., & Nee, V. (2003).

Gender: Refers to the social, cultural, and psychological attributes, roles, and behaviors that a society considers appropriate for individuals based on their sex. It encompasses the

characteristics, norms, and expectations associated with being male, female, or non-binary, as well as the ways in which individuals identify and express their gender identity. American Psychological Association (APA). (2021).

Generation: Refers to a cohort of individuals who share similar birth years and experiences, typically spanning a range of around 15-20 years. Generations are often defined by significant historical events, cultural trends, technological advancements, and social changes that shape their worldview and influence their values, attitudes, and behaviors. Pew Research Center. (2021).

Hypothesis:

The literature review provided above, highlights the multifaceted influence of tax audits on taxpayers' compliance behaviors. While tax audits have traditionally been considered the primary deterrent to tax cheating, recent research suggests that they are not the sole factor influencing compliance (Phillips, 2011). Nevertheless, tax audits play a crucial role in shaping taxpayers' perceptions and behaviors regarding tax compliance. Studies have shown that the fear of being audited by the IRS has a direct deterrent effect on taxpayers' intentions to cheat on their tax returns (Kleven et al., 2011). This deterrent effect is attributed to the perceived likelihood of detection and the severity of penalties imposed by the IRS (Erard & Feinstein, 1994). Furthermore, the type of audit experience, whether correspondence or field audit, can impact taxpayers' sentiments towards the audit process and their compliance behaviors (Erard et al., 2018). Based on the literature review, the following hypotheses are proposed: Tax audits significantly influence taxpayers' intentions to cheat on their tax returns. Individuals who perceive a high probability of being audited in the near future are more likely to be in compliance with tax regulations compared to those

who do not (Alm et al., 1995). Additionally, the outcome of the audit, particularly if taxpayers have been charged with tax assessments and penalties, influences their compliance behaviors (Erard et al., 2018). The severity of penalties imposed by tax authorities has a deterrent effect on taxpayers' intentions to cheat on their tax returns. Individuals are more likely to comply with tax regulations when they perceive the penalties for non-compliance as significant and enforceable (Fuest & Li, 2009). Fear of imprisonment significantly influences individuals' intentions to cheat on their tax returns. Research has consistently shown that the perceived likelihood of detection and the severity of penalties for tax evasion are key factors affecting tax compliance behavior (Alm, 2012). The threat of imprisonment serves as a powerful deterrent to tax evasion, influencing individuals' intentions to comply with tax laws.

- H1: As the threat of sanctions increases, a taxpayer's intention to cheat on their income tax will decrease.
- H1a**:** As the threat of tax audit increases, a taxpayer's intention to cheat on their tax returns will decrease.
- H1b: As the threat of tax penalties increases, a taxpayer's intention to cheat on their tax returns will decrease.
- H1c: As the fear of imprisonment for tax cheating increases, a taxpayer's intention to cheat on their tax returns will decrease.

Individuals' socioeconomic status (SES) influences their intentions to cheat on taxes. Research suggests that lower SES individuals may experience greater financial pressure, increasing the temptation to cheat on taxes as a means of alleviating economic hardship or meeting financial obligations (Cummings et al., 2009). Therefore, individuals with lower

SES are more likely to engage in tax cheating behaviors compared to those with higher SES.

- H2: As a taxpayer's socioeconomic status increases, their intention to cheat on their tax returns will decrease.

Psychological Factors:

Taxpayer ethics and risk aversion are critical factors influencing individuals' intentions to engage in tax cheating behaviors. Taxpayer ethics reflect individuals' moral values and ethical standards, which play a significant role in determining their willingness to comply with tax laws. Previous research has shown that individuals may act unethically when presented with opportunities to cheat on taxes, especially when there are perceived social or situational pressures (AHMAD AL-ZAQEBA et al., 2018; Gino, 2015). Moreover, the expectation of monetary rewards has been linked to increased unethical behavior, indicating that financial incentives can override ethical considerations (Mazar et al., 2008). Risk aversion, on the other hand, refers to individuals' preference for certainty over uncertainty and their willingness to accept lower expected returns to avoid risk (Kahneman & Tversky, 1979). Empirical evidence supports the existence of risk aversion across various populations, with older individuals and women generally exhibiting higher levels of risk aversion (Dohmen et al., 2011; Barsky et al., 1997). Personality traits, as defined by the Big Five model, encompass dimensions such as openness to experience, conscientiousness, extraversion, agreeableness, and neuroticism, which influence individuals' thoughts, feelings, and behaviors (Costa & McCrae, 1992). Conscientiousness has been associated with lower levels of tax cheating, while neuroticism has been linked to higher levels of tax evasion. However,

the effects of traits such as openness to experience and extraversion on tax cheating behavior remain unclear and require further investigation. Based on this literature review, individuals who exhibit higher levels of risk aversion will be less likely to engage in tax cheating behaviors compared to those with lower levels of risk aversion. This hypothesis is based on the premise that risk-averse individuals prioritize avoiding potential losses over maximizing gains, influencing their decisions regarding tax evasion (Kahneman & Tversky, 1979). Moreover, risk aversion may act as a deterrent to tax cheating by increasing individuals' perceived costs associated with non-compliance (Cummings et al., 2009; Kirchler et al., 2008). Individuals with stronger ethical norms and moral values will be less inclined to engage in tax cheating behaviors compared to those with weaker ethical standards. This hypothesis is supported by previous research indicating that taxpayer ethics directly influence tax compliance, with individuals exhibiting low ethical standards being more likely to commit unethical acts such as tax evasion (Ho & Wong, 2008; Ang et al., 1993b). Moreover, ethical considerations play a significant role in shaping individuals' decisions regarding tax compliance, with stronger ethical norms positively influencing tax compliance behavior (Thuc, 2013). Certain personality traits, such as conscientiousness and neuroticism, will predict individuals' likelihood of engaging in tax cheating behaviors. Specifically, individuals high in conscientiousness are expected to exhibit lower levels of tax cheating due to their greater sense of duty, responsibility, and self-control (Roberts et al., 2005). Conversely, individuals high in neuroticism, characterized by traits such as anxiety and emotional instability, are expected to engage in higher levels of tax cheating as a maladaptive coping mechanism (Kirchler et al., 2008; Torgler et al., 2008). The influence of other

personality traits, such as openness to experience and extraversion, on tax cheating behavior remains uncertain and requires further investigation.

- H3: As the levels of psychological factors increases, a taxpayer's intention to cheat on their tax returns will decrease.
- H3a: Individuals who exhibit higher levels of risk aversion will be less likely to engage in tax cheating behaviors.
- H3b: As taxpayer's ethics increase, it will negatively impact individual's intention to cheat in their tax returns.

The literature review highlights the significant role of peer influence in shaping tax cheating behavior. Slemrod et al. (2001) demonstrated that individuals are more likely to engage in tax evasion when they perceive that others in their social circle are also doing so, indicating the influence of social norms and peer behavior on tax compliance decisions. Kirchler et al. (2008) introduced the "slippery slope" framework, suggesting that exposure to tax evasion by peers can lead individuals to perceive tax cheating as more acceptable and gradually escalate their own tax evasion behavior, thereby amplifying tax cheating within social networks. Additionally, Torgler (2005) proposed that social capital, such as social networks and relationships, can influence tax cheating behavior, with individuals having stronger social ties to compliant peers being more likely to conform to tax norms. However, Cummings et al. (2009) found evidence of positive peer effects on tax compliance, indicating the potential for peer influence to reinforce tax compliance norms. Overall, peer influence plays a significant role in shaping tax cheating behavior, with both direct and indirect effects on individuals' decisions regarding tax compliance.

- H4: Individuals who perceive tax evasion as socially acceptable due to peer influence, are more likely to engage in tax cheating behaviors.

  The perception of fairness among taxpayers toward taxation is a significant factor that influences tax compliance (Sritharan et al., 2022). It is being studied tax fairness to has a positive impact on taxpayers' compliance among individuals (Kassa, 2021). Previous research conducted by (Kamleitner et al., 2012) shows that taxpayers are less likely to pay their taxes and comply with tax regulations when they feel that the system is not fair to them, at the same time, tax evasion increases when people lose their faith in the fairness of tax system.

- H5: As perception of tax fairness increases, it will negatively impact individual's intention to cheat in their tax returns.

  The literature suggests that trust in government significantly influences tax cheating behavior, with higher levels of trust associated with greater tax compliance and lower rates of tax evasion. Research by Torgler (2002) and Alm et al. (2010) indicates that individuals who trust government institutions are more likely to believe that their tax contributions will be used effectively and fairly for public goods and services, leading to higher levels of compliance. Conversely, lower levels of trust in government are linked to higher rates of tax evasion, as individuals may perceive tax payments as unjustified or futile if they lack confidence in government integrity (Torgler, 2005). Studies by Feld and Frey (2007) and Torgler (2007) have demonstrated a negative relationship between trust in government and tax cheating behavior across various contexts, with trust serving as a social norm that

influences individuals' attitudes towards tax compliance within their communities (Torgler & Schneider, 2009).

- H6: Higher levels of trust in government institutions will negatively impact individual's intention to cheat in their tax returns.

  Tax rates can act as a moderator between individual taxpayers and their intention to engage in tax evasion, such that higher perceived tax rates amplify the likelihood of individuals considering or committing tax evasion due to increased perceptions of unfairness and financial burden. Prior research suggests that higher tax rates are commonly associated with increased tax evasion behavior. When tax rates are perceived as excessively high or unfair, individuals may feel justified in evading taxes as a way to alleviate their financial strain. This perception of unfairness and burden potentially increases the perceived benefits of tax evasion, especially if taxpayers believe there is a low probability of detection and minimal penalties. Consequently, tax rates can intensify or reduce the likelihood of tax evasion based on how they are perceived by taxpayers.

- H7: Tax rates will moderate the relationship between threat of sanctions, socioeconomic status, psychological factors, peer influence, perception of fairness, trust in government, and individual taxpayers' intention to cheat on their tax returns such that as the tax rate increases, the strength of the relationship will decrease.
- H7a: Tax rates will moderate the relationship between threat of sanctions and individual taxpayers' intention to cheat on their tax returns such that as the tax rate increases, the strength of the relationship will decrease.

- H7b: Tax rates will moderate the relationship between socioeconomic status and individual taxpayers' intention to cheat on their tax returns such that as the tax rate increases, the strength of the relationship will decrease.
- H7c: Tax rates will moderate the relationship between psychological factors and individual taxpayers' intention to cheat on their tax returns such that as the tax rate increases, the strength of the relationship will decrease.
- H7d: Tax rates will moderate the relationship between peer influence and individual taxpayers' intention to cheat on their tax returns such that as the tax rate increases, the strength of the relationship will decrease.
- H7e: Tax rates will moderate the relationship between perception of fairness and individual taxpayers' intention to cheat on their tax returns such that as the tax rate increases, the strength of the relationship will decrease.
- H7f: Tax rates will moderate the relationship between trust in government and individual taxpayers' intention to cheat on their tax returns such that as the tax rate increases, the strength of the relationship will decrease.

Based on the FBI data published for the years 2019 and 2020, men are more likely to be offenders in all kinds of crime than women. Men counted for 72.5% of all arrests (counting all types of arrests) for all types of crimes in the US for 2019 (FBI table 42). We can also find in the same statistics that out of all these men that committed some kind of crime, 38.2% of all of them were between 21 and 35 years of age. Based on this data, we expect to see more men than women not being in compliance with tax regulations, and a great percentage of all of the ones that are not in compliance with tax regulations to be between

21 and 35 years of Age. It is expected that gender and age will moderate taxpayers' intention to cheat in their income taxes.

- H8: Gender will moderate the relationship between threat of sanctions, socioeconomic status, psychological factors, peer influence, perception of fairness, trust in government, and individual taxpayers' intention to cheat on their tax returns, such that the relationship will be stronger for men compared to women, indicating that men are more likely to cheat on their taxes than women.
- H8a: Gender will moderate the relationship between threat of sanctions and individual taxpayers' intention to cheat on their tax returns, such that the relationship will be stronger for men compared to women, indicating that men are more likely to cheat on their taxes than women.
- H8b: Gender will moderate the relationship between socioeconomic status and individual taxpayers' intention to cheat on their tax returns, such that the relationship will be stronger for men compared to women, indicating that men are more likely to cheat on their taxes than women.
- H8c: Gender will moderate the relationship between psychological factors and individual taxpayers' intention to cheat on their tax returns, such that the relationship will be stronger for men compared to women, indicating that men are more likely to cheat on their taxes than women.
- H8d: Gender will moderate the relationship between peer influence and individual taxpayers' intention to cheat on their tax returns, such that the relationship will be stronger for men compared to women, indicating that men are more likely to cheat on their taxes than women.

- H8e: Gender will moderate the relationship between perception of fairness and individual taxpayers' intention to cheat on their tax returns, such that the relationship will be stronger for men compared to women, indicating that men are more likely to cheat on their taxes than women.
- H8f: Gender will moderate the relationship between trust in government and individual taxpayers' intention to cheat on their tax returns, such that the relationship will be stronger for men compared to women, indicating that men are more likely to cheat on their taxes than women.
- H9: Generation will moderate the relationship between threat of sanctions, socioeconomic status, psychological factors, peer influence, perception of fairness, trust in government, and individual taxpayers' intention to cheat on their tax returns, such that the relationship will be stronger for younger generations compared to older generations, indicating that younger generations are more likely to cheat on their taxes than older generations.
- H9a: Generation will moderate the relationship between threat of sanctions and individual taxpayers' intention to cheat on their tax returns, such that the relationship will be stronger for younger generations compared to older generations, indicating that younger generations are more likely to cheat on their taxes than older generations.
- H9b: Generation will moderate the relationship between socioeconomic status and individual taxpayers' intention to cheat on their tax returns, such that the relationship will be stronger for younger generations compared to older generations, indicating that younger generations are more likely to cheat on their taxes than older generations.
- H9c: Generation will moderate the relationship between psychological factors and individual taxpayers' intention to cheat on their tax returns, such that the relationship will be

stronger for younger generations compared to older generations, indicating that younger generations are more likely to cheat on their taxes than older generations.

- H9d: Generation will moderate the relationship between peer influence and individual taxpayers' intention to cheat on their tax returns, such that the relationship will be stronger for younger generations compared to older generations, indicating that younger generations are more likely to cheat on their taxes than older generations.
- H9e: Generation will moderate the relationship between perception of fairness and individual taxpayers' intention to cheat on their tax returns, such that the relationship will be stronger for younger generations compared to older generations, indicating that younger generations are more likely to cheat on their taxes than older generations.
- H9f: Generation will moderate the relationship between trust in government and individual taxpayers' intention to cheat on their tax returns, such that the relationship will be stronger for younger generations compared to older generations, indicating that younger generations are more likely to cheat on their taxes than older generations.

According to (Kasipillai et al., 2006), ethnicity has been found to be a factor that influences people's intentions to cheat in their income tax. The US has more than 45 million immigrants living in the country, and that can influence tax cheating among different ethnicities (Van Der Meer & Tolsma, 2014). Prior research shows that immigration causes ethnic diversity, and this has a direct impact on social cohesion (Putnam, 2007). Different ethnic groups that reside in same areas of a city or country can be defined as having diverse backgrounds, cultures, moral codes, religions, and languages (Putnam, 2007). This diversity is expected to moderate the relationship between taxpayers and their intentions to cheat in their income taxes.

- H10: Ethnicity will moderate the relationship between threat of sanctions, socioeconomic status, psychological factors, peer influence, perception of fairness, trust in government, and individual taxpayers' intention to cheat on their tax returns, such that the relationship will be stronger for individuals born outside the United States compared to those born within the United States, indicating that individuals born outside the United States are more likely to cheat on their taxes.
- H10a: Ethnicity will moderate the relationship between threat of sanctions and individual taxpayers' intention to cheat on their tax returns, such that the relationship will be stronger for individuals born outside the United States compared to those born within the United States, indicating that individuals born outside the United States are more likely to cheat on their taxes.
- H10b: Ethnicity will moderate the relationship between socioeconomic status and individual taxpayers' intention to cheat on their tax returns, such that the relationship will be stronger for individuals born outside the United States compared to those born within the United States, indicating that individuals born outside the United States are more likely to cheat on their taxes.
- H10c: Ethnicity will moderate the relationship between psychological factors and individual taxpayers' intention to cheat on their tax returns, such that the relationship will be stronger for individuals born outside the United States compared to those born within the United States, indicating that individuals born outside the United States are more likely to cheat on their taxes.
- H10d: Ethnicity will moderate the relationship between peer influence and individual taxpayers' intention to cheat on their tax returns, such that the relationship will be stronger for

individuals born outside the United States compared to those born within the United States, indicating that individuals born outside the United States are more likely to cheat on their taxes.

- H10e: Ethnicity will moderate the relationship between perception of fairness and individual taxpayers' intention to cheat on their tax returns, such that the relationship will be stronger for individuals born outside the United States compared to those born within the United States, indicating that individuals born outside the United States are more likely to cheat on their taxes.
- H10f: Ethnicity will moderate the relationship between trust in government and individual taxpayers' intention to cheat on their tax returns, such that the relationship will be stronger for individuals born outside the United States compared to those born within the United States, indicating that individuals born outside the United States are more likely to cheat on their taxes.

Personality, as defined by the Big Five model, includes five key traits: Openness to Experience, Conscientiousness, Extraversion, Agreeableness, and Neuroticism. These traits influence individuals' behaviors in various contexts, including their intentions to engage in tax cheating. Research suggests that Conscientiousness is associated with lower levels of tax cheating due to traits like self-discipline and responsibility. Conversely, Neuroticism is linked to higher levels of tax cheating, potentially as a maladaptive coping strategy for stress. The effects of Agreeableness on tax cheating are mixed, depending on social influences. The impact of Openness to Experience and Extraversion on tax cheating is less clear and requires further research. Personality traits are believed to moderate the relationship between individuals and their intentions to cheat on tax returns, with Conscientiousness

reducing the likelihood of tax evasion, and Neuroticism increasing it. The influence of Agreeableness, Openness to Experience, and Extraversion on tax cheating is less straightforward and may vary depending on external factors and individual circumstances.

- H11: Personality will moderate the relationship between threat of sanctions, socioeconomic status, psychological factors, peer influence, perception of fairness, trust in government, and individual taxpayers' intention to cheat on their tax returns, such that the nature and strength of the relationship will vary across different personality types.
- H11a: Personality will moderate the relationship between threat of sanctions and individual taxpayers' intention to cheat on their tax returns, such that the nature and strength of the relationship will vary across different personality types.
- H11b: Personality will moderate the relationship between socioeconomic status and individual taxpayers' intention to cheat on their tax returns, such that the nature and strength of the relationship will vary across different personality types.
- H11c: Personality will moderate the relationship between psychological factors and individual taxpayers' intention to cheat on their tax returns, such that the nature and strength of the relationship will vary across different personality types.
- H11d: Personality will moderate the relationship between peer influence and individual taxpayers' intention to cheat on their tax returns, such that the nature and strength of the relationship will vary across different personality types.
- H11e: Personality will moderate the relationship between perception of fairness and individual taxpayers' intention to cheat on their tax returns, such that the nature and strength of the relationship will vary across different personality types.

- H11f: Personality will moderate the relationship between trust in government and individual taxpayers' intention to cheat on their tax returns, such that the nature and strength of the relationship will vary across different personality types.

CHAPTER IV

Research Design and Pilot Testing

The survey was developed by utilizing pre-established, validated tools designed to measure the constructs of interest, along with several original questions specifically created for this study. A thorough process was carried out to ensure the relevance and quality of the final survey questions, which included pilot testing and exploratory factor analysis (EFA), further explained below.

To evaluate the research design's feasibility and ensure the validity of the measurement tools, a pilot study was conducted using Qualtrics software and deployed on the Connect Cloud Research platform. The pilot aimed to identify potential issues with the survey questions, such as ambiguous wording, multiple interpretations, or correlations with other constructs, and to select the most robust indicators for measuring each variable. Another goal was to confirm variability among participants by including a diverse group representative of the target population to enhance generalizability.

The Qualtrics survey commenced with a consent form for participation and screening questions to assess eligibility. Subsequently, several questions were used to evaluate each of the study's variables, followed by demographic questions for descriptive statistical purposes. Additionally, several attention-check questions were incorporated to maintain data integrity and ensure participant reliability.

To qualify for participation, demographic criteria were established, requiring participants to be living in the United States and be paying taxes. For the pilot study, a random sample of 120 participants participated in my survey. The survey was administered online using Qualtrics Software and distributed using the Connect Cloud Research platform. From the 120 participants, 18 participants failed to answer attention check questions correctly, so their answers were excluded from the study to ensure answers' reliability. All participants received a cover letter with detailed instructions, which included a summary of the research, potential areas for evaluation, and a voluntary participation statement. A set of questions for each construct was also provided. All 120 individuals agreed to answer the questions in my survey.

From the 102 participants used in the pilot, 55 (54%) of them were men and 47 (46%) were women, and 94 (92.2%) of them were born in the United States while eight (7.8%) of them were not. Educational backgrounds varied, with ten (9.8%) participants holding high school diplomas, 25 (24.5%) having some college, 55 (53.9%) holding a bachelor's degree, and 12 (11.8%) holding master's or doctorate degree.

Age ranges varied from 18 to more than 65 years of age. From the total 102 participants, 24 (23.5%) of them were between 18 and 25 years of age, 38 (37.3%) were between 26 and 34 years of age, 15 (14.7%) were between 35 and 41 years of age, 10 (9.8) between

42 and 48 years of age, seven (6.9%) between 49 and 56 years of age, five (4.9%) between 57 and 64 years of age and three (2.9%) were 65 or older. (See table 1)

Table 1 Demographic Statistics – Pilot

Ethnicity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	94	92.2	92.2	92.2
	2	8	7.8	7.8	100.0
	Total	102	100.0	100.0	

Level of Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	10	9.8	9.8	9.8
	3	25	24.5	24.5	34.3
	4	55	53.9	53.9	88.2
	5	12	11.8	11.8	100.0
	Total	102	100.0	100.0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	24	23.5	23.5	23.5
	2	38	37.3	37.3	60.8
	3	15	14.7	14.7	75.5
	4	10	9.8	9.8	85.3
	5	7	6.9	6.9	92.2
	6	5	4.9	4.9	97.1
	7	3	2.9	2.9	100.0
	Total	102	100.0	100.0	

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	55	53.9	53.9	53.9
	2	47	46.1	46.1	100.0
	Total	102	100.0	100.0	

Using SPSS statistical software, a principal axis factor analysis (FA) with oblique rotation (direct oblimin) was performed on all items. The Kaiser-Meyer-Olkin (KMO) measure confirmed the sampling adequacy for the analysis, with an overall KMO value of .703, see below:

Table 2 KMO Value

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.703
Bartlett's Test of Sphericity	Approx. Chi-Square	5238.331
	df	2016
	Sig.	<.001

Additionally, all individual item KMO values exceeded .649, surpassing the acceptable threshold of .50. An initial analysis was conducted to determine eigenvalues for each factor. Seventeen factors had eigenvalues exceeding Kaiser's criterion of 1, collectively accounting for 72.39% of the variance (See table 3). The scree plot was inconclusive,

showing inflections that supported retaining either thirteen or seventeen factors. Ultimately, fifteen factors were retained based on the large sample size, the scree plot's convergence, and adherence to Kaiser's criterion. The table below presents the factor loadings after rotation, with items grouped by their associated factors. The items grouped under each factor indicate that factor 1 reflects Threat of Sanctions, having three subfactors which are Audits, Penalties and Imprisonment, factor 2 captures Socioeconomic Status, factor 3 represents psychological factors, having two subfactors named Risk Aversion and Ethics, factor 4 corresponds to peer influence, factor 5 pertains to perception of fairness, factor 6 reflects trust in government, factor 7 measures taxpayer's rates, factor 8 relates to gender, factor 9 relates to generation, factor 10 relates to ethnicity, factor 11 relates to personality, and factor 12 relates to intention to cheat.

All construct subscales demonstrated high reliability. Specifically, trust in government Cronbach's alpha value of 0.97 and personality with 0.909. Peer influence, perception of fairness, threat of sanctions, psychological factors and taxpayer's rates exhibited good Cronbach's alphas above .800, Intention to cheat had acceptable Cronbach's alpha value of .799.

Table 3 Reliability Statistics

Scale	**Cronbach's Alpha**	**N of Items**
Threat of Sanctions	.809	15
Psychological Factors	.801	14
Peer Influence	.802	3
Perception of Fairness	.805	3
Trust in government	.970	10
Taxpayer's Rate	.800	3
Personality	.909	24
Intention to Cheat	.799	7

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.703
Approx. Chi-Square	4354.835
df	143
Sig.	<.001

Table 4 total Variance Explained

Total Variance Explained

Component	Initial Eigenvalues Total	% of Variance	Cumulative %	Extraction Sums of Squared Loadings Total	% of Variance	Cumulative %
1	16.293	23.276	23.276	16.293	23.276	23.276
2	7.395	10.564	33.840	7.395	10.564	33.840
3	5.120	7.314	41.154	5.120	7.314	41.154
4	4.510	6.443	47.597	4.510	6.443	47.597
5	3.465	4.950	52.547	3.465	4.950	52.547
6	2.296	3.280	55.826	2.296	3.280	55.826
7	2.018	2.883	58.709	2.018	2.883	58.709
8	1.886	2.695	61.404	1.886	2.695	61.404
9	1.666	2.380	63.784	1.666	2.380	63.784
10	1.509	2.156	65.940	1.509	2.156	65.940
11	1.465	2.093	68.032	1.465	2.093	68.032
12	1.409	2.013	70.045	1.409	2.013	70.045
13	1.336	1.909	71.954	1.336	1.909	71.954
14	1.248	1.782	73.736	1.248	1.782	73.736
15	1.114	1.591	75.327	1.114	1.591	75.327
16	1.095	1.564	76.892			
17	1.004	1.434	78.326			
18	.963	1.376	79.702			
19	.903	1.290	80.992			
20	.827	1.181	82.173			
21	.749	1.070	83.243			
22	.741	1.058	84.301			
23	.690	.986	85.287			
24	.651	.930	86.217			
25	.622	.889	87.105			
26	.584	.834	87.939			
27	.557	.795	88.735			
28	.529	.756	89.491			
29	.454	.649	90.139			
30	.443	.633	90.773			
31	.393	.561	91.334			
32	.390	.557	91.891			
33	.354	.506	92.397			
34	.345	.492	92.889			
35	.341	.488	93.376			
36	.326	.466	93.842			
37	.296	.423	94.265			
38	.289	.412	94.677			
39	.285	.407	95.085			
40	.271	.387	95.472			
41	.262	.374	95.846			
42	.240	.343	96.189			
43	.219	.312	96.501			
44	.211	.302	96.803			

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.921	.925	144

ANOVA with Friedman's Test

		Sum of Squares	df	Mean Square	Friedman's Chi-Square	Sig
Between People		1564.983	101	15.495		
Within People	Between Items	7546.389[a]	143	52.772	4354.835	<.001
	Residual	17729.340	14443	1.228		
	Total	25275.729	14586	1.733		
Total		26840.712	14687	1.828		

Grand Mean = 3.18

a. Kendall's coefficient of concordance W = .281.

CHAPTER V

Main Study

Based on the findings from the pilot test and exploratory factor analysis, several questions were removed. These included items related to all constructs. The finalized survey comprised 90 items assessing nine latent variables, along with qualifying questions and demographic data. As with the pilot, the survey was hosted on Qualtrics and distributed via Connect Cloud Research.

A total of 411 responses were collected, but only 341 were valid and accurate. We eliminated responses that did not pass the six attention check questions that were placed within the survey. Ethnicity:

Out of the 341 valid respondents, 302 (88.6% of total respondents) individuals were born in the United States, with the remaining 39 (11.4%) of the respondents were born outside the United States.

Education:

Out of the 341 respondents, only two of them (0.6%) had not a high school degree, a total of 42 individuals (12.3%) had a high school degree, 94 (27.6%) had some college, 152 (44.6%) had a bachelor's degree, and 51 (15%) had a master's or higher degree.

Age:

Also, 59 (17.3%) of the 341 that participated in the survey are between 18 and 25 years of age, 95 (27.9%) are between 26 and 34 years of age, 67 (19.6%) are between 35 and 41 years of age, 48 (14.1%) are between 42 and 48 years of age, 35 (10.3%) are between 49 and 56 years of age, 16 (4.7%) are between 57 and 64 years of age, and 21 (6.2%) are 65 and above years of age.

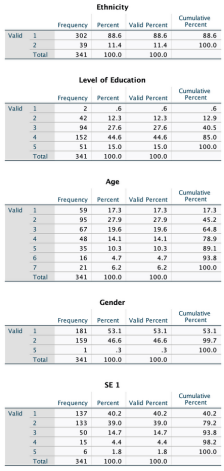
Gender:

Out of the 341 participants, 181(53.1%) were men and 160 (46.9%) were women.

Socioeconomic Status:

Out of the 341 valid responses,137 (40.2%) out of the 341make $0 t0 $50,000 a year, 133 (39%) are making $50,000 to $100,000, 50 (14.7%) are making between $100,001 to $150,000, 15 (4.4%) are making between $150,001 to $200,000, and 6 (1.8%) of them are making above $200,000.

Table 5 frequencies



Ethnicity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	302	88.6	88.6	88.6
	2	39	11.4	11.4	100.0
	Total	341	100.0	100.0	

Level of Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	.6	.6	.6
	2	42	12.3	12.3	12.9
	3	94	27.6	27.6	40.5
	4	152	44.6	44.6	85.0
	5	51	15.0	15.0	100.0
	Total	341	100.0	100.0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	59	17.3	17.3	17.3
	2	95	27.9	27.9	45.2
	3	67	19.6	19.6	64.8
	4	48	14.1	14.1	78.9
	5	35	10.3	10.3	89.1
	6	16	4.7	4.7	93.8
	7	21	6.2	6.2	100.0
	Total	341	100.0	100.0	

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	181	53.1	53.1	53.1
	2	159	46.6	46.6	99.7
	5	1	.3	.3	100.0
	Total	341	100.0	100.0	

SE 1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	137	40.2	40.2	40.2
	2	133	39.0	39.0	79.2
	3	50	14.7	14.7	93.8
	4	15	4.4	4.4	98.2
	5	6	1.8	1.8	100.0
	Total	341	100.0	100.0	

Threat of sanctions:

Threat of sanctions, which is a factor that contains three subfactors. The three subfactors are Audits, Penalties and Imprisonment. Threat of sanctions was measured using a scale that containing eight constructs measuring audits, five constructs measuring penalties, and four constructs measuring imprisonment. This scale combined a modified version of the IRS Survey Audit, by IRS, and a modified version of Perceived Severity of Legal Penalties Scale, by Department of Justice. Reliability was tested having strong Cronbach alpha value of .949.

Psychological factors:

Psychological factor is a factor that contains two subfactors which are Risk adverse and Ethics. Psychological factor was measured using an original scale containing a 15 items instrument. This scale used the Ethical Position Questionnaire (EPQ) by Donelson R. Forsyth, and a modified version of the Risk Aversion and Incentive Effect by *Charles A. Holt and Susan K. Laury.* Reliability was tested for psychological factor having a .757 Cronbach alpha value.

Peer Influence:

Peer influence was measured using the "Teen court Peer Influence Scale" by Scott Smith, and Jill M. Chonody. Reliability was tested having a .759 Cronbach alpha value.

Perception of Fairness:

Perception of fairness was measured using an original scale containing a four items instrument. Reliability was tested for the perception of fairness items having a .785 Cronbach alpha value.

Trust in Government:

Trust in government was measured using the "Trust in Government Survey QMI, used and developed by the UK Government. Reliability was tested for trust in government item having a .967 Cronbach alpha value.

Taxpayer's Rate:

Tax rate was measured using an original scale containing a three items instrument. Reliability was tested for tax rate items having a .800 Cronbach alpha value.

Personality:

Personality was measured using “The Big Five personality test” which has been vastly used over the years in different research. Reliability was tested having a .829 Cronbach alpha value.

Intention to Cheat:

Intention to cheat was measured using an original scale containing a seven items instrument. Reliability was tested for Intention to cheat having a .920 Cronbach alpha value.

CHAPTER VI

Main Study Findings

The constructs in this study are latent variables, meaning they cannot be measured directly. Instead, patterns among observable characteristics are analyzed to represent or infer the underlying concepts. Structural equation modeling (SEM) is a statistical approach commonly used to assess the complex relationships between latent variables. This method quantifies the connections between observable indicators and unobservable constructs. For this study, SmartPLS version 4 software was utilized to calculate construct reliability, validity, discriminant validity, and path coefficients. SmartPLS is particularly effective for analyzing latent variable models with smaller sample sizes (Hair et al., 2021). Figure 2 presents the graphical representation of the research model. The path diagram illustrates the direction of relationships, the loading weights of observable indicators associated with latent variables, and the path coefficients between variables. Collectively, this provides a visual summary of the data.

Figure 1: SEM Graphical Output

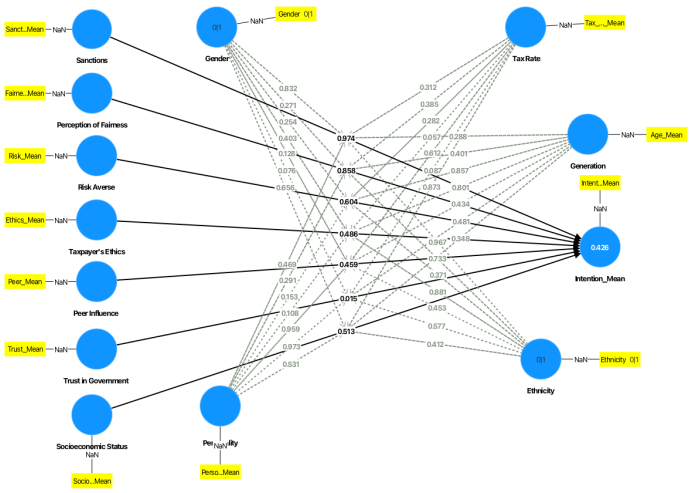


Table 6 summarizes the construct reliability and validity results for the study. Construct reliability assesses how consistently individual indicators measure a latent construct. This is evaluated using Cronbach's alpha and two forms of composite reliability, rho_a and rho_c, all of which are widely recognized metrics. A value of 0.70 or higher is considered the standard for internal consistency (Hair et al., 2021).

Construct validity, on the other hand, examines how accurately a latent variable measures its intended concept. It is evaluated in two ways:

1. Convergent validity, which assesses the degree to which the observable indicators of a latent variable are related. This is measured using the Average Variance Extracted (AVE), with values above 0.50 indicating acceptable validity (Fornell & Larcker, 1981).

As shown in Table 5, all constructs exceeded the reliability threshold of 0.70 across Cronbach's alpha and composite reliability metrics (rho_a and rho_c). These results confirm that the latent variables and their indicators were internally consistent and effectively measured their intended constructs.

Table 7 Construct Reliability and Validity - Overview

	Cronbach's alpha (Standard-ized)	Compo-site relia-bility (rho_a)	Compo-site relia-bility (rho_c)	Average variance extracted (AVE)
Threat of Sanctions	.948	.949	.950	.526
Psychological Factors	.793	.785	.818	.579
Peer Influence	.759	.762	.765	.582
Perception of Fairness	.793	.785	.818	.579
Trust in Government	.968	.967	.967	.751
Taxpayer's Rate	.735	.734	.740	.543
Personality	.920	.920	.920	.622

CHAPTER VII

Hypothesis Testing:

For the hypothesis testing, we performed ANOVA tests for all the relationships as well as Pearson Correlation tests. The ANOVA (Analysis of Variance) is a statistical method used to determine whether there are significant differences between the means of three or more independent groups. It is particularly useful when testing hypotheses involving multiple groups or factors. The Pearson Correlation tests allowed us to test the Correlation between the variables. This correlation refers to a measure that describes the strength and direction of a relationship between two variables. It quantifies how changes in one variable are associated with changes in another. Correlation does not imply causation; it merely indicates whether and how strongly two variables are related. P values were analyzed to determine statistical significance. P-values assess statistical significance, where low P Values provide evidence against the null hypothesis. P-values of less than 0.005 were used to determine hypothesis testing results.

Hypothesis 1:

Hypothesis 1 examined the relationship between sanctions and individual's intention to cheat in tax returns. More specifically, it proposed that sanctions would negatively affect an individual's intention to cheat in his/her personal tax returns. This means, that the stronger the sanctions, the less likely an individual will be tempted to cheat in his/her tax returns. The results show a negative and significant relationship between the two variables ($b = -0.516$, $p < .001$), supporting the proposed hypothesis. These findings demonstrate that individuals who see sanctions as severe and strong are less likely to cheat in his/ her tax returns.

Hypothesis 1a:

Hypothesis 1a examined the relationship between audits and individual's intention to cheat in their tax returns. More specifically, it proposed that audits would negatively affect an individual's intention to cheat in his/her personal tax returns. This means than the stronger the audits, the less likely an individual will be tempted to cheat in his/her tax returns. The results show a negative and significant relationships between the two variables ($b= -.477$, $p < .001$), supporting the proposed hypothesis. These findings demonstrate that individuals who see tax audits as severe and more likely to happen are less likely to cheat in his/her tax returns.

Hypothesis 1b:

Hypothesis 1b examined the relationship between penalties and individual's intention to cheat in tax returns. More specifically, it proposed that tax penalties would negatively affect an individual's intention to cheat in his/her personal tax returns. This means, that the

stronger the tax penalties, the less likely an individual will be tempted to cheat in his/her tax returns. The results show a negative and significant relationship between the two variables ($b = -.420$, $p < .001$), supporting the proposed hypothesis. These findings demonstrate that individuals who see tax penalties as severe and strong are less likely to cheat in his/ her tax returns.

Hypothesis 1c:

Hypothesis 1c examined the relationship between imprisonment and individual's intention to cheat in tax returns. More specifically, it proposed that imprisonment would negatively affect an individual's intention to cheat in his/her personal tax returns. This means, that the stronger the sanctions, like imprisonment, the less likely an individual will be tempted to cheat in his/her tax returns. The results show a negative and significant relationship between the two variables ($b = -.440$, $p < .001$), supporting the proposed hypothesis. These findings demonstrate that individuals who see imprisonment as a consequence of tax cheating are less likely to cheat in his/ her tax returns.

Hypothesis 2:

Hypothesis 2 examined the relationship between socioeconomic status and individual's intention to cheat in tax returns. More specifically, it proposed that socioeconomic status would negatively affect an individual's intention to cheat in his/her personal tax returns. This means, that the higher the socioeconomic status, the less likely an individual will be tempted to cheat in his/her tax returns. The results show a negative but not significant relationship between the two variables ($b = -.043$, $p = .428$), failing to support the proposed hypothesis.

Hypothesis 3:

Hypothesis 3 examined the relationship between psychological factors and individual's intention to cheat in tax returns. More specifically, it proposed that psychological factors would negatively affect an individual's intention to cheat in his/her personal tax returns. This means, that the stronger the psychological factors (Ethics and Risk Adverse), the less likely an individual will be tempted to cheat in his/her tax returns. The results show a negative and significant relationship between the two variables ($b = -.129$, $p = .003$), supporting the proposed hypothesis. These findings demonstrate that individuals who have strong ethics and are risk adverse are less likely to cheat in his/ her tax returns.

Hypothesis 3a

Hypothesis 3a examined the relationship between risk adverse and individual's intention to cheat in tax returns. More specifically, it proposed that individuals with high risk adverse will be less likely to cheat in his/her personal tax returns. This means, that the stronger the psychological factors (Ethics and Risk Adverse), the less likely an individual will be tempted to cheat in his/her tax returns. The results show a negative and significant relationship between the two variables ($b = -.198$, $p < .001$), supporting the proposed hypothesis. These findings demonstrate that individuals who have strong risk adverse are less likely to cheat in his/ her tax returns.

Hypothesis 3b:

Hypothesis 3b examined the relationship between ethics and individual's intention to cheat in tax returns. More specifically, it proposed that individuals with high standards of ethics would negatively affect an individual's intention to cheat in his/her personal tax

returns. This means, that the stronger the taxpayer's ethics the less likely an individual will be tempted to cheat in his/her tax returns. The results show a negative and significant relationship between the two variables ($b = -.397$, $p < .001$), supporting the proposed hypothesis. These findings demonstrate that individuals who have strong ethics are less likely to cheat in his/ her tax returns.

Hypothesis 4:

Hypothesis 4 examined the relationship between peer influence and individual's intention to cheat in tax returns. More specifically, it proposed that peer influence would negatively affect an individual's intention to cheat in his/her personal tax returns. This means, that the stronger the positive peer influence on individuals the less likely an individual will be tempted to cheat in his/her tax returns. The results show a negative but not significant relationship between the two variables ($b = -.036$, $p = .513$), failing to support the proposed hypothesis.

Hypothesis 5:

Hypothesis 5 examined the relationship between perception of fairness and individual's intention to cheat in tax returns. More specifically, it proposed that perception of fairness would negatively affect an individual's intention to cheat in his/her personal tax returns. This means, that the stronger the perception of fairness, the less likely an individual will be tempted to cheat in his/her tax returns. The results show a negative and significant relationship between the two variables ($b = -.282$, $p < .001$), supporting the proposed hypothesis. These findings demonstrate that individuals who have strong perception of fairness are less likely to cheat in his/ her tax returns.

Hypothesis 6:

Hypothesis 6 examined the relationship between trust in government and individual's intention to cheat in tax returns. More specifically, it proposed that trust in government would negatively affect an individual's intention to cheat in his/her personal tax returns. This means, that the stronger the trust in government, the less likely an individual will be tempted to cheat in his/her tax returns. The results show a negative and significant relationship between the two variables ($b = -.406$, $p < .001$), supporting the proposed hypothesis. These findings demonstrate that individuals who have strong trust in government are less likely to cheat in his/ her tax returns.

Hypothesis 7:

Hypothesis 7 examines the moderation effects of taxpayer's tax rate between threat of sanctions, psychological factors, perception of fairness and trust in government with individuals' intention to cheat in his/her tax returns. More specifically, it proposes that taxpayer's tax rate will play a moderating effect between the factors that affect individuals' intention to cheat in his/her tax returns. It proposes that individuals that have higher tax rates will be more likely to cheat in their tax returns than those who have lower tax rates. **Hypothesis 7a** examines the moderation effect of tax rates between threat of sanctions and individual's intention to cheat in their tax returns. The results show that Tax Rates play a negative and significant moderating effect between threat of sanctions and individual's intention to cheat in their personal tax returns ($b = -.470$, $p < .001$). This analysis shows that tax rates significantly moderate the relationship between sanctions and individuals' intentions to cheat on their tax returns. Specifically, higher tax rates reduce the deterrent effect of sanctions, making individuals more likely to cheat despite the presence

of sanctions. This could imply that when tax rates are perceived as burdensome, the deterrent power of sanctions is less effective.

Hypothesis 7ab examines the moderation effect of tax rates between audits and individual's intention to cheat in their tax returns. The results indicate a statistically significant negative moderating effect of tax rates on the relationship between audits and individuals' intentions to cheat on their tax returns ($b = -0.30$, $p < .001$). The negative coefficient suggests that higher tax rates weaken the relationship between audits and the intention to cheat. In other words, as tax rates increase, the effect of audits on reducing individuals' intention to cheat diminishes.

Hypothesis 7ac examines the moderation effect of tax rates between penalties and individual's intention to cheat in their tax returns. The results indicate that tax rates significantly moderate the relationship between penalties and individuals' intentions to cheat on their tax returns ($b = -0.519$, $p < .001$). The negative sign suggests an inverse relationship, so as tax rates increase, the deterrent effect of penalties on intentions to cheat becomes weaker. Higher tax rates are associated with a reduced effectiveness of penalties in deterring tax cheating. This implies that when tax rates are higher, individuals may feel more burdened and may be more inclined to cheat regardless of the severity of penalties. In contrast, at lower tax rates, penalties may be a more effective deterrent because taxpayers might not feel the same financial pressure to cheat.

Hypothesis 7ad examines the moderation effect of tax rates between imprisonment and individual's intention to cheat in their tax returns. The results of the linear regression analysis indicate that tax rates significantly moderate the relationship between the perception of imprisonment and individuals' intentions to engage in tax evasion ($b = -0.623$, $p <$

.001). Specifically, the negative coefficient for the interaction term (imprisonment × tax rates) suggests that higher tax rates weaken the deterrent effect of imprisonment on tax evasion intentions. This implies that as tax rates increase, the influence of imprisonment on reducing the intention to evade taxes becomes less pronounced. The significance level ($p < .001$) indicates strong evidence supporting the moderating role of tax rates. These findings suggest that under conditions of higher tax rates, individuals may perceive the tax system as overly burdensome or unfair, thereby diminishing the deterrent effect typically associated with the threat of imprisonment. Conversely, when tax rates are lower, the fear of imprisonment appears to exert a stronger influence on compliance behavior, reducing intentions to engage in tax evasion.

This interaction highlights the complexity of tax compliance behavior and suggests that policymakers should consider the combined effects of enforcement measures and tax rate structures when designing strategies to reduce tax evasion.

Hypothesis 7b examines the moderation effect of tax rates between psychological factors and individual's intention to cheat in their tax returns. The results reveal that tax rates significantly moderate the relationship between psychological factors and individuals' intentions to engage in tax evasion ($b = -0.129$, $p = .017$). The negative coefficient for the interaction term (psychological factors × tax rates) indicates that higher tax rates reduce the strength of the relationship between psychological factors and tax evasion intentions. This suggests that under conditions of higher tax rates, the influence of psychological factors on tax evasion intentions diminishes. Conversely, when tax rates are lower, psychological factors exert a stronger influence on individuals' intentions to cheat on their tax returns. The statistically significant interaction ($p = .017$) underscores the relevance of tax

rate levels in shaping how psychological factors affect compliance behavior. These findings highlight the importance of considering both economic and psychological dimensions when addressing tax compliance issues. Specifically, the interaction effect suggests that tax rate structures can either amplify or mitigate the impact of psychological determinants on tax evasion intentions, which has important implications for the development of comprehensive tax enforcement and education strategies.

Hypothesis 7ba examines the moderation effect of tax rates between risk adverse and individual's intention to cheat in their tax returns. The results of the linear regression analysis indicate that tax rates significantly moderate the relationship between risk aversion and individuals' intentions to engage in tax evasion ($b = -0.082$, $p < .001$). The negative coefficient for the interaction term (risk aversion × tax rates) suggests that higher tax rates weaken the inverse relationship between risk aversion and tax evasion intentions. In practical terms, individuals who are generally more risk-averse are less likely to engage in tax evasion. However, as tax rates increase, the deterrent effect of risk aversion on tax evasion intentions becomes less pronounced. This significant interaction ($p < .001$) suggests that even risk-averse individuals may be more willing to consider evasion at higher tax rates, possibly due to increased perceptions of unfairness or heightened financial pressure. These findings emphasize that tax rates not only influence economic calculations but also interact with individual psychological traits such as risk aversion in shaping compliance behavior. Policymakers should account for the moderating role of tax rates when designing interventions, as higher tax rates may reduce the protective effect of risk aversion on compliance, potentially increasing the likelihood of evasion among typically risk-averse individuals.

Hypothesis 7bb examines the moderation effect of tax rates between ethics and individual's intention to cheat in their tax returns. The results of the linear regression analysis demonstrate that tax rates significantly moderate the relationship between ethics and individuals' intentions to engage in tax evasion ($b = -0.037$, $p < .001$). The negative coefficient for the interaction term (ethics × tax rates) indicates that higher tax rates reduce the strength of the relationship between ethical considerations and tax evasion intentions. This suggests that individuals with higher ethical standards are generally less likely to engage in tax evasion. However, as tax rates increase, the protective effect of ethical values on compliance behavior diminishes. Even ethically inclined individuals may experience greater pressure or rationalize noncompliance under high tax conditions. The statistically significant interaction ($p < .001$) highlights the importance of considering how external economic factors, such as tax rates, can influence the role of intrinsic ethical values in shaping tax compliance decisions. These findings suggest that while ethics play a crucial role in promoting tax compliance, their impact is context-dependent. Policymakers should recognize that under high tax conditions, even strong ethical norms may weaken, increasing the risk of noncompliance. Efforts to foster ethical behavior should be complemented by policies aimed at creating a fair and balanced tax environment to sustain long-term compliance.

Hypothesis 7c examines the moderation effect of tax rates between perception of fairness and individual's intention to cheat in their tax returns. The results of the linear regression analysis indicate that tax rates significantly moderate the relationship between individuals' perception of fairness and their intentions to engage in tax evasion ($b = -0.252$, $p < .001$). The negative coefficient for the interaction term (perception of fairness × tax rates)

suggests that higher tax rates weaken the effect of perceived fairness on tax evasion intentions. This implies that when individuals perceive the tax system as unfair, their intention to cheat on their tax returns is stronger. However, as tax rates increase, the negative effect of perceived unfairness on compliance diminishes. The statistically significant interaction ($p < .001$) highlights that, under higher tax rates, individuals may become more willing to evade taxes, perceiving the burden as disproportionately high or unjust. Even if they view the system as unfair, they may be less influenced by their ethical concerns and more likely to rationalize their actions due to financial pressures. These findings underscore the complex interplay between perceived fairness and tax rate structures in shaping compliance behavior. They suggest that the impact of fairness on tax evasion is contingent upon the economic environment, particularly tax rates. Policymakers should consider that high tax rates could exacerbate feelings of injustice, potentially diminishing the role of fairness in promoting compliance. A fair and equitable tax system, therefore, should aim to balance rates to maintain public trust and encourage voluntary compliance.

Hypothesis 7d examines the moderation effect of tax rates between trust in government and individual's intention to cheat in their tax returns. The results of the linear regression analysis indicate that tax rates significantly moderate the relationship between trust in government and individuals' intentions to engage in tax evasion ($b = -0.134$, $p < .001$). The negative coefficient for the interaction term (trust in government × tax rates) suggests that higher tax rates reduce the impact of trust in government on tax evasion intentions. In other words, individuals who trust the government are generally less inclined to cheat on their tax returns. However, as tax rates increase, the influence of trust in government on reducing tax evasion intentions diminishes. This significant interaction ($p <$

.001) suggests that when tax rates are high, even individuals with a strong trust in government may become more willing to evade taxes, possibly due to feelings of being overburdened by the tax system or perceiving that the government is not adequately using their tax contributions. These findings highlight the crucial role of tax rates in shaping the relationship between trust in government and tax compliance behavior. While trust in government is typically a strong predictor of compliance, its effectiveness may be eroded in high-tax environments. Policymakers should recognize that maintaining public trust is vital for fostering voluntary compliance, and they must balance tax rates to avoid diminishing the positive effects of trust on tax compliance.

Hypothesis 8:

Hypothesis 8 investigates the moderating effect of gender on the relationship between various determinants and individuals' intention to cheat on their tax returns. More specifically, it proposes that gender will play a moderating role in influencing how factors such as threat of sanctions, psychological factors, perception of fairness, and trust in government affect tax evasion intentions. The hypothesis suggests that men will be more likely to cheat on their tax returns than women, with gender influencing the strength and direction of these relationships.

Hypothesis H8a – examines the moderation effect of gender between threat of sanctions and individual's intention to cheat in their tax returns. The results reveal a negative and significant moderating effect of gender on the relationship between the threat of sanctions and the intention to cheat on tax returns ($b = -0.423$, $p < .001$). This suggests that the deterrent effect of sanctions on tax evasion is stronger for women than for men. Men are more likely to cheat on their tax returns, regardless of the threat of sanctions, whereas

women are more influenced by the prospect of sanctions and, therefore, less likely to cheat.

Hypothesis H8ab – examines the moderation effect of gender between audits and individual's intention to cheat in their tax returns. The results of the linear regression analysis reveal a negative and significant moderating effect of gender on the relationship between audits and individuals' intention to cheat on their tax returns ($b = -0.097$, $p < .001$). This suggests that gender plays a significant role in shaping the impact of audits on tax evasion intentions, with the effect being stronger for women than for men. More specifically, the negative coefficient indicates that the deterrent effect of audits on tax evasion is stronger for women. Women appear to be more likely to adjust their intentions to evade taxes in response to the threat of an audit, making them less likely to cheat when they perceive the risk of being audited. In contrast, men show less sensitivity to the threat of audits, and their intention to cheat on their tax returns remains relatively unaffected by the prospect of an audit.

Hypothesis H8ac – examines the moderation effect of gender between penalties and individual's intention to cheat in their tax returns. The results of the linear regression analysis indicate a negative and significant moderating effect of gender on the relationship between penalties and individuals' intention to cheat on their tax returns ($b = -0.119$, $p < .001$). This suggests that gender moderates the impact of penalties on tax evasion intentions, with the effect being more pronounced for women than for men. The negative coefficient indicates that penalties are more effective at deterring tax evasion for women compared to men. Women are more likely to be deterred from cheating on their tax returns when they perceive the risk of penalties, implying that they are more sensitive to the

consequences of noncompliance. In contrast, men appear to be less influenced by the potential penalties, as their intention to cheat remains relatively unaffected by the severity of the penalties.

Hypothesis H8ad – examines the moderation effect of gender between imprisonment and individual's intention to cheat in their tax returns. The results of the linear regression analysis indicate a negative and significant moderating effect of gender on the relationship between imprisonment and individuals' intention to cheat on their tax returns ($b = -0.176$, $p < .001$). This suggests that gender moderates the deterrent effect of imprisonment on tax evasion intentions, with the effect being stronger for women than for men. The negative coefficient indicates that imprisonment serves as a stronger deterrent for women compared to men. Women are more likely to be deterred from tax evasion when they perceive the threat of imprisonment, showing a greater sensitivity to the potential consequences of being incarcerated. In contrast, men appear to be less influenced by the threat of imprisonment, as their intention to cheat on their tax returns remains relatively unaffected by the possibility of being imprisoned.

Hypothesis H8b examines the moderation effect of gender between psychological factors and individual's intention to cheat in their tax returns. A negative and significant moderating effect was found between psychological factors and tax evasion intentions ($b = -0.232$, $p < .001$). This result indicates that psychological factors exert a stronger influence on women's intentions to cheat on their tax returns than on men's. Women may be more likely to internalize these factors, resulting in a lower likelihood of evading taxes compared to men, who appear less influenced by such psychological determinants.

Hypothesis H8ba examines the moderation effect of gender between risk adverse and individual's intention to cheat in their tax returns. The results of the linear regression analysis indicate a negative and significant moderating effect of gender on the relationship between risk aversion and individuals' intention to cheat on their tax returns ($b = -0.095$, $p < .001$). This suggests that gender moderates the influence of risk aversion on tax evasion intentions, with the effect being stronger for women than for men. The negative coefficient indicates that risk aversion has a stronger deterrent effect on women's intention to cheat compared to men. Women who are more risk-averse are less likely to engage in tax evasion, as their aversion to risk influences their compliance behavior more significantly. In contrast, men who exhibit the same level of risk aversion are less affected by this factor, showing a relatively lower sensitivity to the potential risks associated with cheating on their tax returns.

Hypothesis H8bb examines the moderation effect of gender between ethics and individual's intention to cheat in their tax returns. The results of the linear regression analysis indicate a negative and significant moderating effect of gender on the relationship between ethics and individuals' intention to cheat on their tax returns ($b = -0.094$, $p < .001$). This suggests that gender moderates the influence of ethical considerations on tax evasion intentions, with the effect being stronger for women than for men. The negative coefficient indicates that ethical considerations have a stronger deterrent effect on women's intention to cheat on their tax returns compared to men. Women are more likely to be influenced by their ethical values and are less likely to engage in tax evasion when they hold strong ethical beliefs. In contrast, men appear less influenced by ethical considerations, and their

intention to cheat remains relatively unaffected by their moral or ethical stance on tax compliance.

Hypothesis H8c examines the moderation effect of gender between perception of fairness and individual's intention to cheat in their tax returns. The results of the linear regression analysis indicate a negative and significant moderating effect of gender on the relationship between perception of fairness and individuals' intention to cheat on their tax returns ($b = -0.187$, $p < .001$). This suggests that gender moderates the influence of perceived fairness on tax evasion intentions, with the effect being more pronounced for women than for men. The negative coefficient indicates that perceived fairness has a stronger impact on reducing women's intention to cheat compared to men. Women are more likely to adhere to tax compliance when they perceive the tax system as fair, demonstrating a greater sensitivity to the fairness of the system in shaping their behavior. In contrast, men appear less influenced by perceptions of fairness, and their intention to cheat remains relatively unaffected, even when they view the system as unfair.

Hypothesis H8d examines the moderation effect of gender between trust in government and individual's intention to cheat in their tax returns. The results of the linear regression analysis indicate a negative and significant moderating effect of gender on the relationship between trust in government and individuals' intention to cheat on their tax returns ($b = -0.160$, $p < .001$). This suggests that gender moderates the influence of trust in government on tax evasion intentions, with the effect being stronger for women than for men. The negative coefficient indicates that trust in government has a stronger impact on reducing women's intention to cheat compared to men. Women who trust the government are more likely to comply with tax laws, as their trust in the government influences their

behavior in a positive direction. In contrast, men appear less influenced by trust in government, and their intention to cheat remains less affected by the level of trust they place in government institutions.

Hypothesis 9:

Hypothesis 9a examines the moderation effects of generation between threat of sanctions and individuals' intention to cheat in their tax returns. The results of the linear regression analysis indicate a negative and significant moderating effect of generation on the relationship between threat of sanctions and individuals' intention to cheat on their tax returns ($b = -0.390$, $p < .001$). This suggests that generation moderates the deterrent effect of threat of sanctions on tax cheating intentions, with the effect being stronger among older generations compared to younger ones. The negative coefficient indicates that older individuals are more strongly deterred by the threat of sanctions, such as audits, penalties and imprisonment are less likely to engage in tax evasion when faced with such threats. In contrast, younger individuals appear to be less influenced by the potential consequences of sanctions, and their intention to cheat on their tax returns is less affected by these deterrence measures. This could be due to differences in life priorities, risk tolerance, or perceptions of authority between generations.

Hypothesis 9ab examines the moderation effects of generation between audits and individuals' intention to cheat in their tax returns. The results of the linear regression analysis indicate a negative and significant moderating effect of generation on the relationship between audits and individuals' intention to cheat on their tax returns ($b = -0.409$, $p < .001$). This suggests that generation moderates the impact of audit likelihood on tax evasion intentions**,** with the deterrent effect being stronger for older generations compared to

younger generations. The negative coefficient indicates that older individuals are more strongly deterred by the risk of audits**,** meaning that their intention to cheat on tax returns decreases significantly when they perceive a higher likelihood of being audited. In contrast, younger individuals appear less concerned about the risk of an audit, and their intention to cheat is less affected by audit likelihood. This generational difference could be attributed to older individuals' greater aversion to risk and heightened concern about the reputational, financial, and legal consequences of audits compared to younger individuals, who may underestimate the actual risk or consequences.

Hypothesis 9ac examines the moderation effects of generation between penalties and individuals' intention to cheat in their tax returns. The results of the linear regression analysis indicate a negative and significant moderating effect of generation on the relationship between penalties and individuals' intention to cheat on their tax returns ($b = -0.391$, $p < .001$). This suggests that generation moderates the impact of penalties on tax evasion intentions, with the deterrent effect being stronger for older generations compared to younger generations. The negative coefficient indicates that older individuals are more strongly deterred by financial penalties, meaning that the threat of monetary punishment significantly reduces their intention to cheat on tax returns. In contrast, younger individuals appear less affected by the possibility of penalties, and their intention to cheat is relatively less influenced by the severity or likelihood of financial sanctions. This generational difference may be due to older individuals' greater financial stability and higher concern for preserving assets, whereas younger individuals may perceive penalties as less threatening or more manageable.

Hypothesis 9ad examines the moderation effects of generation between imprisonment and individuals' intention to cheat in their tax returns. The results of the linear regression analysis indicate a negative and significant moderating effect of generation on the relationship between penalties and individuals' intention to cheat on their tax returns ($b = -0.391$, $p < .001$). This suggests that generation moderates the impact of penalties on tax evasion intentions, with the deterrent effect being stronger for older generations compared to younger generations. The negative coefficient indicates that older individuals are more strongly deterred by financial penalties, meaning that the threat of monetary punishment significantly reduces their intention to cheat on tax returns. In contrast, younger individuals appear less affected by the possibility of penalties, and their intention to cheat is relatively less influenced by the severity or likelihood of financial sanctions. This generational difference may be due to older individuals' greater financial stability and higher concern for preserving assets, whereas younger individuals may perceive penalties as less threatening or more manageable.

Hypothesis 9b examines the moderation effects of generation between psychological factors and individuals' intention to cheat in their tax returns. The results of the linear regression analysis indicate a negative and significant moderating effect of generation on the relationship between psychological factors (such as guilt, fear of consequences, and personal moral standards) and individuals' intention to cheat on their tax returns ($b = -0.385$, $p < .001$). This suggests that generation moderates the influence of psychological factors on tax evasion intentions, with the deterrent effect being stronger for older generations compared to younger generations. The negative coefficient indicates that older individuals are more strongly influenced by psychological factors, meaning their internal moral

compass, feelings of guilt, and fear of consequences significantly reduce their intention to cheat. In contrast, younger individuals are less affected by these psychological factors, and their intention to cheat remains relatively higher, even when experiencing similar moral or emotional cues. This generational difference may stem from older individuals more deeply ingrained ethical beliefs and life experiences that promote greater sensitivity to moral and psychological deterrents, while younger individuals might be more influenced by external factors like social norms or peer behavior.

Hypothesis 9ba examines the moderation effects of generation between risk adverse and individuals' intention to cheat in their tax returns. The results of the linear regression analysis indicate a negative and significant moderating effect of generation on the relationship between risk aversion and individuals' intention to cheat on their tax returns ($b = -0.290$, $p < .001$). This suggests that generation moderates the influence of risk aversion on tax evasion intentions, with the deterrent effect being stronger for older generations compared to younger generations. The negative coefficient indicates that older individuals are more strongly influenced by risk aversion, meaning that those who are risk-averse are significantly less likely to cheat on their tax returns. In contrast, younger individuals are less affected by their level of risk aversion, and their intention to cheat remains relatively high even when they recognize the risks involved. This generational difference may arise because older individuals tend to be more cautious and sensitive to potential consequences, while younger individuals may perceive tax evasion as a lower-risk activity or be more willing to take risks.

Hypothesis 9bb examines the moderation effects of generation between ethics and individuals' intention to cheat in their tax returns. The results of the linear regression analysis

indicate a negative and significant moderating effect of generation on the relationship between ethics and individuals' intention to cheat on their tax returns ($b = -0.288$, $p < .001$). This suggests that generation moderates the influence of ethical beliefs on tax evasion intentions, with the deterrent effect of strong ethical values being more pronounced among older generations compared to younger generations. The negative coefficient indicates that older individuals are more strongly influenced by their ethical beliefs, meaning that those with strong ethical values are significantly less likely to cheat on their tax returns. In contrast, younger individuals are less affected by their ethical convictions, and their intention to cheat remains relatively higher even when they express ethical concerns about dishonesty. This generational difference could be attributed to older individuals deeply rooted moral standards and life experiences that emphasize the importance of honesty and personal responsibility, while younger individuals may be more prone to rationalizing unethical behavior in certain situations.

Hypothesis 9c examines the moderation effects of generation between perception of fairness and individuals' intention to cheat in their tax returns. The results of the linear regression analysis indicate a negative and significant moderating effect of generation on the relationship between perception of fairness and individuals' intention to cheat on their tax returns ($b = -0.417$, $p < .001$). This suggests that generation moderates the influence of fairness perceptions on tax evasion intentions, with the deterrent effect of perceived fairness being stronger among older generations compared to younger generations. The negative coefficient indicates that older individuals are more strongly influenced by their perception of fairness in the tax system. When they perceive the tax system as fair, they are significantly less likely to cheat on their tax returns. In contrast, younger individuals

are less affected by fairness perceptions, and their intention to cheat remains relatively unchanged regardless of whether they view the system as fair or unfair. This generational difference may arise because older generations place greater emphasis on justice and fairness in institutional systems, whereas younger individuals may be more skeptical of authority or view fairness as less relevant to their personal tax behavior.

Hypothesis 9d examines the moderation effects of generation between trust in government and individuals' intention to cheat in their tax returns. The results of the linear regression analysis indicate a negative and significant moderating effect of generation on the relationship between trust in government and individuals' intention to cheat on their tax returns ($b = -0.436$, $p < .001$). This suggests that generation moderates the impact of trust in government on tax evasion intentions, with the deterrent effect of trust being stronger for older generations compared to younger generations. The negative coefficient indicates that older individuals are more strongly influenced by their level of trust in government. When they trust the government and its institutions, they are significantly less likely to cheat on their tax returns. In contrast, younger individuals are less responsive to variations in their trust in government, and their intention to cheat remains relatively high regardless of their trust level. This generational difference may be explained by older individuals' stronger connection to institutional legitimacy and greater belief in the social contract, whereas younger individuals may be more cynical about government performance and less likely to base their compliance behavior on trust.

Hypothesis 10:

Hypothesis 10 examines the moderation effects of ethnicity between threat of sanctions, psychological factors, perception of fairness and trust in government with individuals'

intention to cheat in his/her tax returns. More specifically, it proposes that ethnicity will play a moderating effect between the factors that affect individuals' intention to cheat in his/her tax returns. It proposes that individuals that were born outside the United States will be more likely to cheat in their tax returns.

Hypothesis 10a examines the moderation effects of ethnicity between threat of sanctions and individuals' intention to cheat in their tax returns. The results of the linear regression analysis indicate a positive and significant moderating effect of ethnicity on the relationship between threat of sanctions and individuals' intention to cheat on their tax returns ($b = 0.094$, $p < .001$). This suggests that ethnicity moderates the influence of the threat of sanctions on tax evasion intentions, with the deterrent effect being stronger for individuals born outside the United States compared to those born in the United States. The positive coefficient indicates that individuals born outside the United States are more strongly deterred by the threat of sanctions. They are significantly less likely to cheat on their tax returns when they perceive the risk of sanctions, as they may have a heightened awareness of the legal and financial consequences of noncompliance. In contrast, individuals born in the United States are less affected by the threat of sanctions, and their intention to cheat remains relatively high despite the perceived risk of penalties. This may reflect that individuals born in the United States are more likely to rationalize noncompliance or may feel less threatened by sanctions, potentially due to greater familiarity with the tax system or a perceived leniency in enforcement.

Hypothesis 10ab examines the moderation effects of ethnicity between audits and individuals' intention to cheat in their tax returns. The results of the linear regression analysis indicate a negative and significant moderating effect of ethnicity on the relationship

between audits and individuals' intention to cheat on their tax returns ($b = -0.036$, $p < .001$). This suggests that ethnicity moderates the influence of audits on tax evasion intentions, with individuals born outside the United States being less affected by the threat of audits compared to those born in the United States. The negative coefficient indicates that the dampening effect of audits is stronger for individuals born in the United States. That is, U.S.-born individuals are more likely to be deterred by the threat of an audit and thus less likely to cheat. In contrast, individuals born outside the United States are less responsive to the threat of audits and may be more willing to cheat despite the potential for an audit. This could reflect differences in perceptions of audit risks or a more lenient view of audit enforcement for non-U.S.-born individuals.

Hypothesis 10ac examines the moderation effects of ethnicity between penalties and individuals' intention to cheat in their tax returns. The analysis shows a negative and significant moderating effect of ethnicity on the relationship between penalties and individuals' intention to cheat on their tax returns ($b = -0.100$, $p < .001$). This suggests that ethnicity moderates the impact of penalties on tax evasion intentions, with individuals born in the United States being more responsive to the threat of penalties compared to those born outside the United States. The negative coefficient indicates that individuals born in the United States are more likely to be deterred by the threat of financial penalties, reducing their intention to cheat. In contrast, individuals born outside the United States are less influenced by the threat of penalties, and their intention to cheat remains relatively high despite potential consequences. This could suggest cultural differences in how penalties are perceived or a lower sense of immediate risk for non-U.S.-born individuals.

Hypothesis 10ad examines the moderation effects of ethnicity between imprisonment and individuals' intention to cheat in their tax returns. The results show a positive and significant moderating effect of ethnicity on the relationship between imprisonment and individuals' intention to cheat on their tax returns ($b = 0.051$, $p < .001$). This suggests that ethnicity moderates the influence of the threat of imprisonment on tax evasion intentions, with individuals born outside the United States being more responsive to the threat of imprisonment compared to those born in the United States. The positive coefficient indicates that individuals born outside the United States are more strongly deterred by the potential for imprisonment, meaning they are less likely to cheat when faced with the possibility of imprisonment. In contrast, individuals born in the United States are less responsive to the threat of imprisonment, and their intention to cheat remains relatively high even with the risk of imprisonment. This may reflect differences in how imprisonment is viewed across cultures or a sense of perceived leniency in enforcement among U.S.-born individuals.

Hypothesis 10b examines the moderation effects of ethnicity between psychological factors and individuals' intention to cheat in their tax returns. The results of the linear regression analysis indicate a negative and significant moderating effect of ethnicity on the relationship between psychological factors and individuals' intention to cheat on their tax returns ($b = -0.021$, $p < .001$). This suggests that ethnicity moderates the influence of psychological factors (e.g., individual moral values, risk tolerance, or perceptions of fairness) on tax evasion intentions, with the effect being stronger for individuals born in the United States compared to those born outside the United States. The negative coefficient indicates that individuals born in the United States are more influenced by psychological

factors (e.g., their internal moral compass or perceptions of right and wrong) when making decisions about cheating on their tax returns.

Hypothesis 10ba examines the moderation effects of ethnicity between risk adverse and individuals' intention to cheat in their tax returns. The results indicate a positive and significant moderating effect of ethnicity on the relationship between risk aversion and individuals' intention to cheat on their tax returns ($b = 0.209$, $p < .001$). This suggests that ethnicity moderates the influence of risk aversion on tax evasion intentions, with the effect being stronger for individuals born outside the United States compared to U.S.-born individuals. The positive coefficient indicates that individuals born outside the United States are more influenced by risk aversion in reducing their intention to cheat on tax returns. In other words, individuals who are more risk-averse, or those who are concerned about the potential legal and financial consequences of evasion are significantly less likely to cheat, especially when they perceive the risks of getting caught as high. On the other hand, U.S.-born individuals are less affected by risk aversion and may be more willing to take the risk of evading taxes, suggesting that risk concerns are less of a deterrent for them. This difference could be related to cultural factors that influence how risk is perceived or managed across different ethnic groups.

Hypothesis 10bb examines the moderation effects of ethnicity between risk adverse and individuals' intention to cheat in their tax returns. The results also show a negative and significant moderating effect of ethnicity on the relationship between ethics and individuals' intention to cheat on their tax returns ($b = -0.156$, $p < .001$). This suggests that ethnicity moderates the influence of ethical considerations (e.g., moral values, social responsibility) on tax evasion intentions, with the effect being stronger for individuals born in the

United States compared to those born outside the United States. The negative coefficient indicates that U.S.-born individuals are more strongly influenced by their ethical beliefs, such as their sense of duty and moral responsibility, when deciding whether to cheat on their tax returns. They are more likely to reduce their intention to cheat when they feel an ethical obligation to comply with tax laws. In contrast, individuals born outside the United States are less influenced by ethical considerations when making their decision to cheat on tax returns. This may reflect differences in how ethical values are internalized across different cultures or a lower weight placed on ethics in tax-related decisions among individuals born outside the United States.

Hypothesis 10c examines the moderation effects of ethnicity between perception of fairness and individuals' intention to cheat in their tax returns. The results of the analysis indicate a negative and significant moderating effect of ethnicity on the relationship between perception of fairness and individuals' intention to cheat on their tax returns ($b = -0.074$, $p < .001$). This suggests that ethnicity moderates the influence of individuals' perception of fairness in the tax system on their intention to cheat, with the effect being stronger for individuals born in the United States compared to those born outside the United States. The negative coefficient indicates that individuals born in the United States are more likely to reduce their intention to cheat when they perceive the tax system as fair. In other words, a positive perception of fairness (e.g., belief that the tax system is equitable and that everyone is treated equally) leads U.S.-born individuals to be more compliant, thus reducing their likelihood of tax evasion. This suggests that for U.S.-born individuals, the fairness of the tax system plays a crucial role in their decision-making, and when fairness is perceived, they are more inclined to comply with tax laws. In contrast,

individuals born outside the United States are less influenced by perceptions of fairness in their decision to cheat on their tax returns. This indicates that perceptions of fairness have a weaker effect on the tax evasion intentions of non-U.S.-born individuals. They may be more likely to cheat on their taxes despite the perceived fairness or unfairness of the tax system. This could reflect different cultural or social perceptions of fairness or varying levels of trust in the fairness of tax enforcement, which may not significantly alter the likelihood of tax evasion for individuals born outside the United States.

Hypothesis 10d examines the moderation effects of ethnicity between trust in government and individuals' intention to cheat in their tax returns. The results of the analysis indicate a negative and significant moderating effect of ethnicity on the relationship between trust in government and individuals' intention to cheat on their tax returns ($b = -0.044$, $p < .001$). This suggests that ethnicity moderates the influence of trust in government on tax evasion intentions, with the effect being stronger for individuals born in the United States compared to those born outside the United States. The negative coefficient indicates that individuals born in the United States are more likely to reduce their intention to cheat when they have higher trust in the government. That is, U.S.-born individuals are more inclined to comply with tax laws and avoid evading taxes when they believe that the government is trustworthy, transparent, and acting in their best interests. This highlights the importance of government legitimacy and public trust in promoting voluntary tax compliance among U.S.-born individuals. In contrast, individuals born outside the United States are less influenced by trust in government when deciding whether to cheat on their tax returns. Despite their level of trust in the government, their intention to cheat remains relatively unaffected. This could suggest that cultural differences or experiences with

government institutions may shape how individuals from different ethnic backgrounds perceive and respond to trust in government. For non-U.S.-born individuals, factors such as prior experiences with government systems or a lack of trust in government institutions might play a more significant role in shaping their tax evasion behavior.

Hypothesis 11:

Hypothesis 11 examines the moderation effects of different personalities between threat of sanctions, psychological factors, perception of fairness and trust in government with individuals' intention to cheat in his/her tax returns. More specifically, it proposes that personality will play a moderating effect between the factors that affect individuals' intention to cheat in his/her tax returns.

Hypothesis 11a examines the moderation effects of different personalities between threat of sanctions and individuals' intention to cheat in his/her tax returns. The overall analysis shows a positive and significant moderating effect of personality on the relationship between the threat of sanctions (audits, penalties, and imprisonment) and individuals' intention to cheat on their tax returns ($b = 0.157$, $p < .001$). This suggests that individual differences in personality significantly moderate how the threat of sanctions impacts tax evasion intentions. Specifically, personality traits influence how individuals respond to the potential consequences of audits, penalties, and imprisonment, either increasing or decreasing their likelihood to cheat on taxes depending on their personality profile.

Hypothesis 11ab examines the moderation effects of Openness to experience between audits and individuals' intention to cheat in their tax returns. The moderating effect of Openness to experience between Audits and individuals' intention to cheat in their tax returns show the following coefficients: ($b = .154$, $p < .001$). The positive and significant

coefficient indicates that individuals high in openness to experience are more likely to cheat when they face the threat of an audit. Individuals with this trait tend to be creative and curious, often more willing to explore unconventional solutions. As a result, they may be more inclined to risk evasion, as they may view the audit process with greater flexibility or as a challenge, rather than a deterrent.

Hypothesis 11ac examines the moderation effects of Conscientiousness between audits and individuals' intention to cheat in their tax returns. The moderating effect of Conscientiousness between Audits and individuals' intention to cheat in their tax returns show the following coefficients: ($b = -.197$, $p < .001$). The negative and significant coefficient suggests that individuals high in conscientiousness are less likely to cheat when facing the threat of audits. Conscientious individuals are detail-oriented, responsible, and diligent, meaning they are more likely to avoid evading taxes due to their preference for following rules and minimizing risks, including the potential consequences of an audit.

Hypothesis 11ad examines the moderation effects of Extraversion between audits and individuals' intention to cheat in their tax returns. The moderating effect of Extraversion between Audits and individuals' intention to cheat in their tax returns show the following coefficients: ($b = -.033$, $p < .001$). The negative but very small coefficient indicates that extraversion has a minimal moderating effect on the relationship between audits and tax evasion intentions. Extraverts tend to be social, energetic, and assertive, but their response to audits does not significantly alter their likelihood of cheating. Their social orientation might make them less focused on the fear of individual audits, although their overall response to sanctions appears limited.

Hypothesis 11ae examines the moderation effects of Agreeableness between audits and individuals' intention to cheat in their tax returns. The moderating effect of Agreeableness between Audits and individuals' intention to cheat in their tax returns show the following coefficients: ($b = .229$, $p < .001$). The positive and significant coefficient suggests that individuals high in agreeableness are more likely to cheat when audits are a threat.

Hypothesis 11af examines the moderation effects of Neuroticism between audits and individuals' intention to cheat in their tax returns. The moderating effect of Neuroticism between Audits and individuals' intention to cheat in their tax returns show the following coefficients: ($b = -.059$, $p < .001$). The negative and significant coefficient suggests that individuals high in neuroticism are less likely to cheat when penalties are a threat.

Hypothesis 11ag examines the moderation effects of Openness to experience between penalties and individuals' intention to cheat in their tax returns. The moderating effect of Openness to experience between penalties and individuals' intention to cheat in their tax returns show the following coefficients: ($b = -.091$, $p < .001$). The negative and significant coefficient indicates that individuals high in openness to experience are less likely to cheat when facing the threat of penalties. These individuals are generally curious, creative, and willing to explore new ideas, but in the context of penalties, their openness may cause them to reconsider the risks associated with cheating.

Hypothesis 11ah examines the moderation effects of Conscientiousness between penalties and individuals' intention to cheat in their tax returns. The moderating effect of Conscientiousness between penalties and individuals' intention to cheat in their tax returns show the following coefficients: ($b = -.213$, $p < .001$). The negative and significant coefficient shows that individuals high in conscientiousness are less likely to cheat when facing

penalties. Conscientious individuals tend to be responsible, careful, and rule-abiding, meaning that the threat of penalties strongly discourages them from engaging in tax evasion. Their strong sense of duty and desire to follow rules make them more likely to comply with tax laws and avoid the risk of penalties.

Hypothesis 11ai examines the moderation effects of Extraversion between penalties and individuals' intention to cheat in their tax returns. The moderating effect of Extraversion between penalties and individuals' intention to cheat in their tax returns show the following coefficients: ($b = -.106$, $p < .001$). The negative and significant coefficient suggests that individuals high in extraversion are less likely to cheat when penalties are a threat.

Hypothesis 11aj examines the moderation effects of Agreeableness between penalties and individuals' intention to cheat in their tax returns. The moderating effect of Agreeableness between penalties and individuals' intention to cheat in their tax returns show the following coefficients: ($b = -.061$, $p < .001$). The negative but smaller coefficient suggests that individuals high in agreeableness are slightly less likely to cheat when penalties are a threat.

Hypothesis 11ak examines the moderation effects of Neuroticism between penalties and individuals' intention to cheat in their tax returns. The moderating effect of Neuroticism between penalties and individuals' intention to cheat in their tax returns show the following coefficients: ($b = -.059$, $p < .001$). The negative and significant coefficient suggests that individuals high in neuroticism are less likely to cheat when penalties are a threat.

Hypothesis 11al examines the moderation effects of Openness to Experience between imprisonment and individuals' intention to cheat in their tax returns. The moderating effect of Openness to Experience between imprisonment and individuals' intention to cheat in

their tax returns show the following coefficients: (b = .233, p < .001). The positive and significant coefficient suggests that individuals high in openness to experience are more likely to cheat when faced with the threat of imprisonment.

Hypothesis 11am examines the moderation effects of Conscientiousness between imprisonment and individuals' intention to cheat in their tax returns. The moderating effect of Conscientiousness between imprisonment and individuals' intention to cheat in their tax returns show the following coefficients: (b = -.514, p < .001). The negative and significant coefficient indicates that individuals high in conscientiousness are less likely to cheat when facing the threat of imprisonment.

Hypothesis 11an examines the moderation effects of Extraversion between imprisonment and individuals' intention to cheat in their tax returns. The moderating effect of Extraversion between imprisonment and individuals' intention to cheat in their tax returns show the following coefficients: (b = .001, p < .001). The very small coefficient suggests that extraversion has little to no effect on the relationship between imprisonment and tax evasion.

Hypothesis 11ao examines the moderation effects of Agreeableness between imprisonment and individuals' intention to cheat in their tax returns. The moderating effect of Agreeableness between imprisonment and individuals' intention to cheat in their tax returns show the following coefficients: (b = .214, p < .001). The positive and significant coefficient indicates that individuals high in agreeableness are more likely to cheat when faced with the threat of imprisonment.

Hypothesis 11ap examines the moderation effects of Neuroticism between imprisonment and individuals' intention to cheat in their tax returns. The moderating effect of

Neuroticism between imprisonment and individuals' intention to cheat in their tax returns show the following coefficients: ($b = .232$, $p < .001$). The positive and significant coefficient suggests that individuals high in neuroticism are more likely to cheat in their tax returns even when facing the threat of imprisonment.

Hypothesis 11b examines the moderation effects of personality between psychological factors and individuals' intention to cheat in their tax returns. Results show the following coefficients: ($b = -.018$, $p < .017$). The linear regression analysis indicates that personality significantly moderates the relationship between psychological factors (composed of risk aversion and ethics) and individuals' intention to cheat on their tax returns ($b = -0.018$, $p = 0.017$). The negative coefficient suggests that personality reduces the strength of the relationship between psychological factors and tax evasion intentions. Specifically, individuals with certain personality traits are less likely to act on their psychological predispositions (risk aversion and ethical beliefs) when deciding whether to cheat.

Hypothesis 11ba examines the moderation effects of Openness to experience between risk adverse and individuals' intention to cheat in their tax returns. Results show the following coefficients: ($b = -.062$, $p < .001$). The negative coefficient suggests that individuals high in openness experience a weaker relationship between risk aversion and tax compliance, meaning their willingness to experiment and embrace new experiences may reduce the protective effect of risk aversion. These individuals are more likely to engage in risky behavior, including tax evasion, even if they are naturally risk averse.

Hypothesis 11bb examines the moderation effects of Consciousness between risk adverse and individuals' intention to cheat in their tax returns. Results show the following coefficients: ($b = -.337$, $p < .001$). We can interpret that Conscientiousness significantly

strengthens the negative relationship between risk aversion and tax evasion intentions. This means that conscientious individuals, who are typically disciplined and cautious, are even more unlikely to cheat on their tax returns when they are also risk averse. This trait reinforces responsible behavior, making tax evasion highly unlikely on these types of individuals.

Hypothesis 11bc examines the moderation effects of Extraversion between risk adverse and individuals' intention to cheat in their tax returns. Results show the following coefficients: ($b = .016$, $p < .001$). The positive coefficient indicates that extraversion weakens the effect of risk aversion, meaning that extraverted individuals are less influenced by their risk-averse tendencies. Their social and impulsive nature may override their natural caution, making them more likely to take risks, including engaging in tax evasion.

Hypothesis 11bd examines the moderation effects of Agreeableness between risk adverse and individuals' intention to cheat in their tax returns. Results show the following coefficients: ($b = .0288$, $p < .001$). The positive and significant coefficient suggests that agreeable individuals are more likely to cheat, even if they are risk averse. This could be explained by their desire to maintain harmony or avoid conflict, which might lead them to engage in tax evasion under certain pressures or social influences.

Hypothesis 11be examines the moderation effects of Neuroticism between risk adverse and individuals' intention to cheat in their tax returns. Results show the following coefficients: ($b = .0328$, $p < .001$). The positive coefficient indicates that neuroticism completely disrupts the protective effect of risk aversion, making neurotic individuals more likely to cheat on their tax returns despite being naturally cautious. Their emotional

instability and heightened anxiety may cause them to act impulsively, especially when faced with financial stress or perceived threats.

Hypothesis 11bf examines the moderation effects of Openness to experience between ethics and individuals' intention to cheat in their tax returns. Results show the following coefficients: ($b = .075$, $p < .001$). The positive coefficient indicates that individuals high in openness are less likely to follow their ethical standards when it comes to tax compliance. Their openness to new ideas and unconventional thinking may lead them to rationalize or justify cheating on their tax returns, even if they typically have strong ethical beliefs.

Hypothesis 11bg examines the moderation effects of Consciousness between ethics and individuals' intention to cheat in their tax returns. Results show the following coefficients: ($b = -.013$, $p < .001$). The negative coefficient suggests that conscientiousness strengthens the relationship between ethics and tax compliance, reinforcing ethical behavior. Conscientious individuals are more likely to adhere to their moral principles and are highly unlikely to cheat on their taxes, as their sense of duty and self-discipline aligns with ethical behavior.

Hypothesis 11bh examines the moderation effects of Extraversion between ethics and individuals' intention to cheat in their tax returns. Results show the following coefficients: ($b = .001$, $p < .001$). The negative coefficient indicates that extraversion also reinforces the relationship between ethics and tax compliance. While extraverts are generally more sociable and impulsive, this result implies that their ethical values still guide their behavior, reducing the likelihood of tax evasion.

Hypothesis 11bi examines the moderation effects of Agreeableness between ethics and individuals' intention to cheat in their tax returns. The results show the following

coefficients: (b = .214, p < .001). The positive and significant coefficient suggests that agreeable individuals are more likely to cheat, even if they have strong ethical beliefs. This counterintuitive finding may be because agreeable people, who prioritize harmony and avoiding conflict, could engage in unethical behaviors to maintain relationships or meet social expectations.

Hypothesis 11bj examines the moderation effects of Neuroticism between ethics and individuals' intention to cheat in their tax returns. Results show the following coefficients: (b = .232, p < .001). The positive coefficient indicates that neurotic individuals are more likely to cheat, despite their ethical beliefs. Their emotional instability, anxiety, and impulsivity may lead them to compromise their ethics under stress or pressure, increasing the likelihood of tax evasion.

Hypothesis 11c examines the moderation effect of personality between perception of fairness and individuals' intention to cheat in their tax returns. Results show the following coefficients (b=-.165, p<001). The linear regression analysis shows that personality moderates the relationship between perception of fairness and individuals' intention to cheat on their tax returns with a negative and significant coefficient (b = -0.165, p < 0.001). This negative coefficient suggests that, overall, personality traits reduce the likelihood of cheating when individuals perceive the tax system as unfair. However, this moderating effect is not uniform across all personality types and can manifest differently depending on specific traits.

Hypothesis 11ca examines the moderation effects of Openness to experience between perception of fairness and individuals' intention to cheat in their tax returns. Results show the following coefficients: (b = .165, p < .001). The positive coefficient indicates that

individuals high in openness are more likely to cheat on their taxes when they perceive the tax system as unfair. These individuals tend to be curious and open to new experiences, which may lead them to justify bending rules when they believe the system is unjust.

Hypothesis 11cb examines the moderation effects of Conscientiousness between perception of fairness and individuals' intention to cheat in their tax returns. Results show the following coefficients: ($b = -.450$, $p < .001$). The negative coefficient suggests that conscientious individuals are less likely to cheat, even when they perceive the tax system as unfair. Their sense of responsibility and adherence to rules helps them remain compliant regardless of their fairness perceptions.

Hypothesis 11cc examines the moderation effects of Extraversion between perception of fairness and individuals' intention to cheat in their tax returns. Results show the following coefficients: ($b = -.0084$, $p < .001$). The negative coefficient indicates that extraverts are less likely to cheat when they perceive unfairness in the tax system. This finding may reflect the social and status-conscious nature of extraverts, who prefer to avoid actions that could damage their reputation.

Hypothesis 11cc examines the moderation effects of Agreeableness between perception of fairness and individuals' intention to cheat in their tax returns. Results show the following coefficients: ($b = .276$, $p < .001$). The positive and significant coefficient shows that agreeable individuals are more likely to cheat when they perceive the tax system as unfair. Despite their cooperative and trusting nature, they may feel justified in engaging in tax evasion as a form of passive resistance to perceived injustice.

Hypothesis 11cd examines the moderation effects of Neuroticism between perception of fairness and individuals' intention to cheat in their tax returns. Results show the following coefficients: ($b = .203$, $p < .001$). The positive coefficient suggests that neurotic individuals are more likely to cheat when they perceive unfairness. Their emotional instability and tendency to experience anxiety and frustration may lead to impulsive decisions and non-compliance in response to perceived inequities.

Hypothesis 11d examines the moderation effects of Personality between trust in government and individuals' intention to cheat in their tax returns. Results show the following coefficients: ($b = .065$, $p < .001$). The linear regression analysis shows that personality moderates the relationship between trust in government and individuals' intention to cheat on their tax returns with a negative and significant coefficient ($b = -0.065$, $p < 0.001$). This negative coefficient suggests that personality traits tend to reduce the likelihood of cheating on taxes when individuals have trust in the government. Essentially, the more an individual trusts the government, the less likely they are to cheat on their taxes, and this effect is moderated by personality traits.

Hypothesis 11da examines the moderation effects of Openness to experience between trust in government and individuals' intention to cheat in their tax returns. Results show the following coefficients: ($b = .065$, $p < .001$). The positive coefficient indicates that individuals with higher openness to experience are more likely to cheat on their taxes when they lack trust in the government. This suggests that individuals who are more open-minded and unconventional may be more willing to break rules, especially if they perceive the government as untrustworthy or flawed.

Hypothesis 11db examines the moderation effects of Conscientiousness between trust in government and individuals' intention to cheat in their tax returns. Results show the following coefficients: ($b = -.388$, $p < .001$). The negative coefficient shows that individuals high in conscientiousness are less likely to cheat on their taxes, even when they do not trust the government. Conscientious individuals tend to be rule-abiding and ethical, meaning they will likely continue to follow the law regardless of their trust in government institutions.

Hypothesis 11dc examines the moderation effects of Extraversion between trust in government and individuals' intention to cheat in their tax returns. Results show the following coefficients: ($b = .076$, $p < .001$). The positive coefficient suggests that extraverted individuals are more likely to cheat on their taxes when they lack trust in the government. Extraverts may be more socially motivated and prone to taking risks, which could lead to tax evasion, especially when they question the fairness or effectiveness of government institutions.

Hypothesis 11dd examines the moderation effects of Agreeableness between trust in government and individuals' intention to cheat in their tax returns. Results show the following coefficients: ($b = .252$, $p < .001$). The positive coefficient indicates that agreeable individuals are more likely to cheat on their taxes when they lack trust in the government. Despite their cooperative and trusting nature, agreeable individuals might justify tax evasion if they believe the government is not fair or trustworthy, thus aligning their behavior with their emotional responses to government institutions.

Hypothesis 11de examines the moderation effects of Neuroticism between trust in government and individuals' intention to cheat in their tax returns. Results show the

following coefficients: (b = .146, p < .001). The positive coefficient shows that neurotic individuals are more likely to cheat on their taxes when they lack trust in the government. Neurotic individuals may experience anxiety, stress, or distrust towards government institutions, which could motivate them to cheat as a way of coping or rebelling against what they perceive as unfair or incompetent.

Table 8 Hypothesis P Values and Findings:

Hypothesis	Description	P Value	Findings
H1	Threat of sanctions will have a negative effect on individuals' intention to cheat in their tax returns	p < .001	Supported
H1a	Audits will have a negative effect on individuals' intention to cheat in their tax returns	p < .001	Supported
H1b	Penalties will have a negative effect on individuals' intention to cheat in their tax returns	p < .001	Supported
H1c	Imprisonment will have a negative effect on individuals' intention to cheat in their tax returns	p < .001	Supported
H2	Socioeconomic Status will have a negative effect on individuals' intention to cheat in their tax returns	p = .428	Not Supported
H3	Psychological factors will have a negative effect on individuals' intention to cheat in their tax returns	p = .003	Supported
H3a	High levels of risk adverse will have a negative effect on individuals' intention to cheat in their tax returns	p < .001	Supported
H3b	High levels of taxpayer's ethics will have a negative effect on individuals' intention to cheat in their tax returns	p < .001	Supported
H4	Peer influence will have a negative effect on individuals' intention to cheat in their tax returns	p = .513	Not Supported
H5	Perception of fairness will have a negative effect on individuals' intention to cheat in their tax returns	p < .001	Supported

H6	Trust in government will have a negative effect on individuals' intention to cheat in their tax returns	$p < .001$	Supported
H7	Tax rate will have a moderating effect between threat of sanctions, socioeconomic status, psychological factors, peer influence, perception of fairness, trust in government and individuals' intention to cheat in their tax returns.	$p < .001$	Partially Supported
H7a	Tax rates will have a moderating effect between threat of sanctions and individuals' intention to cheat in their tax returns, so that when tax rates increase, the deterrence effect of the threat of sanctions weakens.	$p < .001$	Supported
H7ab	Tax rates will have a moderating effect between audits and individuals' intention to cheat in their tax returns, so that when tax rates increase, the deterrence effect of tax audits weakens.	$p < .001$	Supported
H7ac	Tax rates will have a moderating effect between penalties and individuals' intention to cheat in their tax returns, so that when tax rates increase, the deterrence effect of tax penalties weakens.	$p < .001$	Supported
H7ad	Tax rates will have a moderating effect between imprisonment and individuals' intention to cheat in their tax returns, so that when tax rates increase, the deterrence effect of imprisonment weakens.	$p < .001$	Supported
H7b	Tax rates will have a moderating effect between psychological factors and individuals' intention to cheat in their tax returns so that when tax rates increase, the effect of psychological factors on intention to cheat weakens.	P=.017	Supported
H7ba	Tax rates will have a moderating effect between risk adverse and individuals' intention to cheat in their tax returns, so that when tax rates increase, even individuals with high risk adverse will be more inclined to cheat in their tax returns.	$p < .001$	Supported
H7bb	Tax rates will have a moderating effect between ethics and individuals' intention to cheat in their tax returns, so that when tax rates increase, even individuals with high	$p < .001$	Supported

	ethical standards will be more inclined to cheat in their tax returns.		
H7c	Tax rates will have a moderating effect between perception of fairness and individuals' intention to cheat in their tax returns, so when tax rates increase, perception of fairness decreases and individuals will be more inclined to cheat in their tax returns.	$p < .001$	Supported
H7d	Tax rates will have a moderating effect between trust in government and individuals' intention to cheat in their tax returns, so when tax rates increase, trust in government decreases and individuals will be more inclined to cheat in their tax returns.	$p < .001$	Supported
H8	Gender will have a moderating effect between threat of sanctions, socioeconomic status, psychological factors, peer influence, perception of fairness, trust in government and individuals' intention to cheat in their tax returns.	$p < .001$	Partially Supported
H8a	Gender will have a moderating effect between threat of sanctions and individuals' intention to cheat in their tax returns so the deterrence effects of the sanctions will be weaker for men than for women, making men more incline to cheat in their tax returns.	$p < .001$	Supported
H8ab	Gender will have a moderating effect between audits and individuals' intention to cheat in their tax returns so the deterrence effects of the audits will be weaker for men than for women, making men more incline to cheat in their tax returns.	$p < .001$	Supported
H8ac	Gender will have a moderating effect between penalties and individuals' intention to cheat in their tax returns so the deterrence effects of the penalties will be weaker for men than for women, making men more incline to cheat in their tax returns.	$p < .001$	Supported
H8ad	Gender will have a moderating effect between imprisonment and individuals' intention to cheat in their tax returns so the deterrence effects of the imprisonment will be weaker for men than for women,	$p < .001$	Supported

	making men more incline to cheat in their tax returns.		
H8b	Gender will have a moderating effect between psychological factors and individuals' intention to cheat in their tax returns so the effects of psychological factors will be weaker for men than for women, making men more incline to cheat in their tax returns.	$p < .001$	Supported
H8ba	Gender will moderate the relationship between risk adverse and individuals' intention to cheat on their tax returns, such that even when both men and women have high risk adverse, men will be more likely to engage in tax cheating.	$p < .001$	Supported
H8bb	Gender will moderate the relationship between ethics and individuals' intention to cheat on their tax returns, such that even when both men and women have high ethical standards, men will be more likely to engage in tax cheating.	$p < .001$	Supported
H8c	Gender will moderate the relationship between perception of fairness and individuals' intention to cheat on their tax returns, such that men will be more likely to engage in tax cheating compared to women, particularly when their perception of fairness is low.	$p < .001$	Supported
H8d	Gender will moderate the relationship between trust in government and individuals' intention to cheat on their tax returns, such that men will be more likely to engage in tax cheating compared to women, particularly when their trust in government is low.	$p < .001$	Supported
H9	Generation will have a moderating effect between threat of sanctions, socioeconomic status, psychological factors, peer influence, perception of fairness, trust in government and individuals' intention to cheat in their tax returns.	$p < .001$	Partially Supported
H9a	Generation will moderate the relationship between threat of sanctions and individuals' intention to cheat on their tax returns, such that younger generations will be more likely to engage in tax evasion	$p < .001$	Supported

	compared to older generations, even when the perceived threat of sanctions is high.		
H9ab	Generation will moderate the relationship between audits and individuals' intention to cheat on their tax returns, such that younger generations will be more likely to engage in tax evasion compared to older generations, even when the risk of audits is high.	$p < .001$	Supported
H9ac	Generation will moderate the relationship between penalties and individuals' intention to cheat on their tax returns, such that younger generations will be more likely to engage in tax evasion compared to older generations, even when the risk of penalties is high.	$p < .001$	Supported
H9ad	Generation will moderate the relationship between imprisonment and individuals' intention to cheat on their tax returns, such that younger generations will be more likely to engage in tax evasion compared to older generations, even when the risk of imprisonment is high.	$p < .001$	Supported
H9b	Generation will moderate the relationship between psychological factors and individuals' intention to cheat on their tax returns, such that younger generations will be more likely to engage in tax evasion compared to older generations, even when they exhibit high risk aversion and strong ethical standards.	$p < .001$	Supported
H9ba	Generation will moderate the relationship between risk aversion and individuals' intention to cheat on their tax returns, such that younger generations will be more likely to engage in tax evasion compared to older generations, even when their level of risk aversion is high.	$p < .001$	Supported
H9bb	Generation will moderate the relationship between ethics and individuals' intention to cheat on their tax returns, such that younger generations will be more likely to engage in tax evasion compared to older generations, even when they adhere to strong ethical principles.	$p < .001$	Supported

H9c	Generation will moderate the relationship between perception of fairness and individuals' intention to cheat on their tax returns, such that younger generations will be more likely to engage in tax evasion compared to older generations, particularly when their perception of fairness is low.	$p < .001$	Supported
H9d	Generation will moderate the relationship between trust in government and individuals' intention to cheat on their tax returns, such that younger generations will be more likely to engage in tax evasion compared to older generations, particularly when their trust in government is low.	$p < .001$	Supported
H10	Ethnicity will have a moderating effect between threat of sanctions, socioeconomic status, psychological factors, peer influence, perception of fairness, trust in government and individuals' intention to cheat in their tax returns.	$p < .001$	Partially Supported
H10a	Ethnicity will moderate the relationship between the threat of sanctions and individuals' intention to cheat on their tax returns, such that foreign-born individuals will be more likely to engage in tax evasion compared to U.S.-born individuals, even when the perceived threat of sanctions is high.	$p < .001$	Not supported, the results showed that individuals born outside the US are more likely to comply with tax regulations when threat of sanctions is high.
H10ab	Ethnicity will moderate the relationship between audits and individuals' intention to cheat on their tax returns, such that foreign-born individuals will be more likely to engage in tax evasion compared to U.S.-born individuals.	$p < .001$	Supported
H10ac	Ethnicity will moderate the relationship between penalties and individuals' intention to cheat on their tax returns, such that foreign-born individuals will be more likely to engage in tax evasion compared to U.S.-born individuals.	$p < .001$	Supported
H10ad	Ethnicity will moderate the relationship between imprisonment and individuals' intention to cheat on their tax returns,	$p < .001$	Not supported, the results showed that

	such that foreign-born individuals will be more likely to engage in tax evasion compared to U.S.-born individuals.		individuals born outside the US are more likely to comply with tax regulations when the threat of imprisonment is high.
H10b	Ethnicity will moderate the relationship between psychological factors and individuals' intention to cheat on their tax returns, such that foreign-born individuals will be more likely to engage in tax evasion compared to U.S.-born individuals.	$p < .001$	Supported
H10ba	Ethnicity will moderate the relationship between risk aversion and individuals' intention to cheat on their tax returns, such that foreign-born individuals will be more likely to engage in tax evasion compared to U.S.-born individuals, even at high levels of risk aversion.	$p < .001$	Not supported, the results showed that individuals born outside the US are more likely to comply with tax regulations when they have high risk aversion.
H10bb	Ethnicity will moderate the relationship between ethics and individuals' intention to cheat on their tax returns, such that foreign-born individuals will be more likely to engage in tax evasion compared to U.S.-born individuals, even when they exhibit strong ethical principles.	$p < .001$	Supported
H10c	Ethnicity will moderate the relationship between perception of fairness and individuals' intention to cheat on their tax returns, such that foreign-born individuals will be more likely to engage in tax evasion compared to U.S.-born individuals, particularly when their perception of fairness is low.	$p < .001$	Supported
H10d	Ethnicity will moderate the relationship between trust in government and individuals' intention to cheat on their tax returns, such that foreign-born individuals will be more likely to engage in tax evasion compared to U.S.-born individuals, especially when their trust in government is low.	$p < .001$	Supported

H11	Personality will have a moderating effect between threat of sanctions, socioeconomic status, psychological factors, peer influence, perception of fairness, trust in government and individuals' intention to cheat in their tax returns.	$p < .001$	Partially Supported
H11a	Personality will moderate the relationship between the threat of sanctions (audits, penalties, and imprisonment) and individuals' intention to cheat on their tax returns.	$p < .001$	Supported
H11ab	Openness to Experience will positively moderate the relationship between audits and individuals' intention to cheat on their tax returns, such that individuals high in Openness will be more likely to cheat.	$p < .001$	Supported
H11ac	Conscientiousness will negatively moderate the relationship between audits and individuals' intention to cheat on their tax returns, such that individuals high in Conscientiousness will be less likely to cheat.	$p < .001$	Supported
H11ad	Extraversion will negatively moderate the relationship between audits and individuals' intention to cheat on their tax returns, such that individuals high in Extraversion will be less likely to cheat.	$p < .001$	Supported
H11ae	Agreeableness will positively moderate the relationship between audits and individuals' intention to cheat on their tax returns, such that individuals high in Agreeableness will be more likely to cheat.	$p < .001$	Supported
H11af	Neuroticism will positively moderate the relationship between audits and individuals' intention to cheat on their tax returns, such that individuals high in Neuroticism will be more likely to cheat.	$p < .001$	Not Supported, the relationship is positive
H11ag	Openness to Experience will positively moderate the relationship between penalties and individuals' intention to cheat on their tax returns, such that individuals high in Openness will be more likely to cheat.	$p < .001$	Not Supported, the relationship is negative
H11ah	Conscientiousness will negatively moderate the relationship between penalties and individuals' intention to cheat on their tax	$p < .001$	Supported

	returns, such that individuals high in Conscientiousness will be less likely to cheat.		
H11ai	Extraversion will negatively moderate the relationship between penalties and individuals' intention to cheat on their tax returns, such that individuals high in Extraversion will be less likely to cheat.	$p < .001$	Supported
H11aj	Agreeableness will positively moderate the relationship between penalties and individuals' intention to cheat on their tax returns, such that individuals high in Agreeableness will be more likely to cheat.	$p < .001$	Not Supported, the relationship is negative
H11ak	Neuroticism will positively moderate the relationship between penalties and individuals' intention to cheat on their tax returns, such that individuals high in Neuroticism will be more likely to cheat.	$p < .001$	Supported
H11al	Openness to Experience will positively moderate the relationship between imprisonment and individuals' intention to cheat on their tax returns, such that individuals high in Openness will be more likely to cheat.	$p < .001$	Supported
H11am	Conscientiousness will negatively moderate the relationship between imprisonment and individuals' intention to cheat on their tax returns, such that individuals high in Conscientiousness will be less likely to cheat.	$p < .001$	Supported
H11an	Extraversion will negatively moderate the relationship between imprisonment and individuals' intention to cheat on their tax returns, such that individuals high in Extraversion will be less likely to cheat.	$p < .001$	Not Supported, the relationship is negative
H11ao	Agreeableness will positively moderate the relationship between imprisonment and individuals' intention to cheat on their tax returns, such that individuals high in Agreeableness will be more likely to cheat.	$p < .001$	Supported
H11ap	Neuroticism will positively moderate the relationship between imprisonment and individuals' intention to cheat on their tax returns, such that individuals high in Neuroticism will be more likely to cheat.	$p < .001$	Supported

H11ba	Openness to Experience will negatively moderate the relationship between risk aversion and individuals' intention to cheat on their tax returns, such that individuals high in Openness will be less likely to cheat.	$p < .001$	Supported
H11bb	Conscientiousness will negatively moderate the relationship between risk aversion and individuals' intention to cheat on their tax returns, such that individuals high in Conscientiousness will be less likely to cheat.	$p < .001$	Supported
H11bc	Extraversion will positively moderate the relationship between risk aversion and individuals' intention to cheat on their tax returns, such that individuals high in Extraversion will be more likely to cheat.	$p < .001$	Supported
H11bd	Agreeableness will positively moderate the relationship between risk aversion and individuals' intention to cheat on their tax returns, such that individuals high in Agreeableness will be more likely to cheat.	$p < .001$	Supported
H11be	Neuroticism will positively moderate the relationship between risk aversion and individuals' intention to cheat on their tax returns, such that individuals high in Neuroticism will be more likely to cheat.	$p < .001$	Supported
H11bf	Openness to Experience will positively moderate the relationship between ethics and individuals' intention to cheat on their tax returns, such that individuals high in Openness will be more likely to cheat.	$p < .001$	Supported
H11bg	Conscientiousness will negatively moderate the relationship between ethics and individuals' intention to cheat on their tax returns, such that individuals high in Conscientiousness will be less likely to cheat.	$p < .001$	Supported
H11bh	Extraversion will negatively moderate the relationship between ethics and individuals' intention to cheat on their tax returns, such that individuals high in Extraversion will be less likely to cheat.	$p < .001$	Not Supported, the relationship is positive
H11bi	Agreeableness will positively moderate the relationship between ethics and individuals' intention to cheat on their tax	$p < .001$	Supported

	returns, such that individuals high in Agreeableness will be more likely to cheat.		
H11bj	Neuroticism will positively moderate the relationship between ethics and individuals' intention to cheat on their tax returns, such that individuals high in Neuroticism will be more likely to cheat.	$p < .001$	Supported
H11c	Personality will moderate the relationship between perception of fairness and individuals' intention to cheat on their tax returns.	$p < .001$	Supported
H11ca	Openness to Experience will positively moderate the relationship between perception of fairness and individuals' intention to cheat on their tax returns, such that individuals high in Openness will be more likely to cheat.	$p < .001$	Supported
H11cb	Conscientiousness will negatively moderate the relationship between perception of fairness and individuals' intention to cheat on their tax returns, such that individuals high in Conscientiousness will be less likely to cheat.	$p < .001$	Supported
H11cc	Extraversion will negatively moderate the relationship between perception of fairness and individuals' intention to cheat on their tax returns, such that individuals high in Extraversion will be less likely to cheat.	$p < .001$	Supported
H11cd	Agreeableness will positively moderate the relationship between perception of fairness and individuals' intention to cheat on their tax returns, such that individuals high in Agreeableness will be more likely to cheat.	$p < .001$	Supported
H11ce	Neuroticism will positively moderate the relationship between perception of fairness and individuals' intention to cheat on their tax returns, such that individuals high in Neuroticism will be more likely to cheat.	$p < .001$	Supported
H11d	Personality will moderate the relationship between trust in government and individuals' intention to cheat on their tax returns.	$p < .001$	Supported

H11da	Openness to Experience will positively moderate the relationship between trust in government and individuals' intention to cheat on their tax returns, such that individuals high in Openness will be more likely to cheat when trust in government is low.	$p < .001$	Supported
H11db	Conscientiousness will negatively moderate the relationship between trust in government and individuals' intention to cheat on their tax returns, such that individuals high in Conscientiousness will be less likely to cheat when trust in government is low.	$p < .001$	Supported
H11dc	Extraversion will positively moderate the relationship between trust in government and individuals' intention to cheat on their tax returns, such that individuals high in Extraversion will be more likely to cheat when trust in government is low.	$p < .001$	Supported
H11dd	Agreeableness will positively moderate the relationship between trust in government and individuals' intention to cheat on their tax returns, such that individuals high in Agreeableness will be more likely to cheat when trust in government is low.	$p < .001$	Supported
H11de	Neuroticism will positively moderate the relationship between trust in government and individuals' intention to cheat on their tax returns, such that individuals high in Neuroticism will be more likely to cheat when trust in government is low.	$p < .001$	Supported

CHAPTER VIII

Summary of Results:

The United States' complex tax regulations contribute to billions of dollars in tax revenue losses each year due to tax evasion by individuals and corporations. Tax evasion significantly widens the tax gap, which is the difference between taxes owed and those paid voluntarily and on time. According to the most recent IRS estimates, the gross tax gap for

Tax Year 2022 was approximately $688 billion, with a net tax gap of $606 billion after accounting for enforcement and late payments.

This research investigates the factors influencing individuals' intentions to cheat on their tax returns in the United States. Collecting data on this clandestine activity poses significant challenges due to its secretive nature, individuals' reluctance to disclose illegal behavior, and the complexity of tax systems. To overcome these challenges, we employed an indirect measurement instrument that avoided making respondents uncomfortable when answering questions about tax evasion.

Our findings indicate that several factors significantly influence individuals' intentions to cheat on their tax returns. The threat of sanctions, which included tax audits, penalties, and imprisonment emerged as a critical deterrent. Additionally, psychological factors, such as risk aversion and ethics, as well as perceptions of fairness and trust in government, play pivotal roles in shaping compliance intentions.

We also found that gender, generation, tax rates, ethnicity, and personality moderate the relationships between these factors and individuals' intentions to cheat. For example, when it comes to Gender and Generation: Men are more likely to engage in tax cheating than women, and younger individuals are more likely to cheat compared to older individuals. These findings align with broader trends in criminal behavior.

Ethnicity: Cultural differences likely contribute to how individuals perceive fairness, trust, and enforcement, affecting their compliance behaviors.

When it comes to Personality, individuals with neuroticism are more inclined to engage in tax evasion compared to those with conscientiousness and high tax rates amplify the

financial benefits of cheating, potentially increasing the likelihood of evasion, while lower rates reduce the temptation.

The research also supported our hypotheses regarding perception of fairness and trust in government as critical factors that influence individual's intentions to cheat in their tax returns. Taxpayers who perceive the tax system as unjust or disproportionate may justify cheating, especially if they feel the wealthy or others are not paying their fair share. Similarly, higher trust in government fostered by the belief that tax dollars are used effectively encourages compliance, while perceptions of corruption or waste erode trust and increase the likelihood of cheating.

However, not all hypotheses were supported. Socioeconomic status and peer influence were not found to significantly affect individuals' intentions to cheat on their tax returns. This suggests that while these factors may shape other aspects of behavior, they do not directly predict tax compliance intentions in the context of our study. This research underscores the multifaceted nature of tax compliance behavior. It integrates deterrence, psychological, and relational factors while highlighting the moderating roles of demographic and individual differences. The findings contribute valuable insights for policymakers seeking to design equitable and effective strategies to reduce tax evasion and close the tax gap.

Theoretical Implications and Contributions:

This research makes significant contributions to the theoretical understanding of tax compliance behavior by identifying and integrating key determinants and moderators that influence individuals' intentions to cheat on their tax returns. Specifically, the findings offer nuanced insights into how threat of sanctions (containing tax audits, tax penalties,

imprisonment), psychological factors (containing taxpayer ethics and risk aversion) , perception of fairness, and trust in government shape compliance decisions. Furthermore, the identification of gender, generation, tax rates, ethnicity, and personality as moderating variables enrich existing tax compliance theories, providing a multidimensional perspective on taxpayer behavior.

This research extends existing tax compliance frameworks, such as the Slippery Slope Framework (Kirchler et al., 2008) and the Deterrence Theory (Allingham & Sandmo, 1972) by incorporating perception of fairness and trust in government as critical factors, this study highlights the importance of voluntary compliance driven by moral and relational dynamics, alongside enforced compliance mechanisms. At the same time, the inclusion of psychological factors like taxpayer ethics and risk aversion broadens the focus from purely economic deterrence factors to psychological and behavioral drivers.

The identification of gender, generation, tax rates, ethnicity, and personality as moderators contributes to the understanding of individual differences in tax compliance behavior. This demonstrates that the relationship between deterrence factors and compliance intentions is not uniform but varies across demographic, cultural, and psychological contexts. Gender and Generation underline how socialization and life experiences influence ethical and risk-related decision-making processes in tax compliance. Also, highlighting tax rates as a moderator reveals the interplay between financial incentives and psychological deterrents in shaping compliance intentions.

The moderating role of ethnicity emphasizes the socio-cultural context, reflecting diverse perceptions of fairness, trust in government, and responses to enforcement mechanisms.

Also, by identifying personality traits as moderators, this study integrates insights from behavioral psychology, demonstrating that intrinsic factors, such as risk tolerance or moral predisposition, can amplify or mitigate compliance behaviors.

Interdisciplinary Contributions:

This research bridges disciplinary gaps by integrating perspectives from economics, psychology, sociology, and public administration. For instance, the role of trust in government connects tax compliance research to broader studies of institutional trust and governance. The inclusion of perception of fairness and ethics aligns with moral psychology and behavioral ethics frameworks, offering a more comprehensive understanding of voluntary compliance among individuals in the United States when it comes to tax compliance.

From a theoretical standpoint, the study underscores the importance of adopting a multifaceted approach to enhance tax compliance. It provides a rationale for policymakers to focus not only on punitive measures, such as audits and penalties, but also on fostering fairness and trust to encourage voluntary compliance. The moderating effects emphasize the need for tailored tax policies that account for demographic and individual differences, moving toward more equitable and effective enforcement strategies.

Future Research Directions:

The theoretical contributions of this study pave the way for further research:

Future studies could explore the interactions among the identified moderators (e.g., how tax rates and gender jointly influence compliance) and examine their effects in cross-cultural contexts. Longitudinal research could assess how shifts in societal trust or fairness perceptions impact compliance over time.

By identifying key factors and moderators influencing tax compliance intentions, this research significantly advances theoretical frameworks in the domain of tax compliance. It underscores the complex interplay between deterrence, ethics, fairness, trust, and individual differences, offering a robust foundation for future theoretical and empirical work. This multidimensional approach not only enhances scholarly understanding but also informs the design of more effective and equitable tax compliance policies globally.

Practical Implications and Contributions:

This research provides valuable practical insights for policymakers, tax authorities, and public administrators by highlighting the key factors that influence taxpayers' intentions to cheat and the moderating effects of individual differences. These findings have the potential to inform the design and implementation of targeted strategies to enhance tax compliance, reduce evasion, and foster a culture of voluntary compliance. The findings underscore the importance of tailoring tax audits, penalties, and imprisonment policies to specific taxpayer profiles. For instance, Gender and Generational Differences. Tax authorities could develop compliance campaigns that resonate with distinct ethical and risk perceptions of different demographic groups, such as younger taxpayers or women. Identifying individuals with high risk-tolerance or low ethical predispositions allows for targeted interventions, such as heightened monitoring or educational programs on tax ethics. While penalties and audits are effective deterrents, over-reliance on punitive measures may erode trust in government. Policies should strike a balance between enforcement and fostering trust and fairness. Addressing the trust deficit requires visible efforts by governments to demonstrate transparency in tax revenue usage and to combat corruption. For example, tax authorities could publish detailed reports on how tax revenues are allocated

to essential public services, fostering a sense of reciprocal fairness. Perceptions of fairness can be improved by addressing horizontal and vertical inequities, ensuring that all taxpayers, including corporations and high-income earners, pay their fair share.

Educating taxpayers about the societal benefits of tax compliance and the ethical dimensions of taxpaying can reduce reliance on enforcement. Such campaigns could be tailored based on demographic and cultural factors, such as ethnicity or generational differences. Providing tangible incentives for honest reporting, such as tax rebates or recognition programs, can leverage trust and fairness to enhance voluntary compliance.

Recognizing the moderating role of ethnicity, tax authorities should consider the sociocultural context when designing compliance measures. For instance, outreach programs in diverse communities should address unique perceptions of fairness or mistrust in government. Also, younger generations may respond more positively to digital tools and gamified tax education, whereas older taxpayers may benefit from traditional informational campaigns and personalized support.

As tax rates were identified as a moderator, policymakers should consider how changes in tax rates affect compliance intentions across different segments. For example, lower rates combined with visible improvements in public services may enhance compliance, while high rates could require additional trust-building measures to mitigate evasion. Tax authorities should invest in behavioral analysis tools to identify high-risk groups based on ethics, risk aversion, or personality traits. Using artificial intelligence and data analytics can help detect patterns of non-compliance and implement preemptive strategies for high-risk taxpayers. The insights from this study can inform not only national tax policies but also international collaborations to combat tax evasion. Sharing best practices for

building trust and fostering fairness across jurisdictions could lead to more harmonized compliance frameworks. Engaging taxpayers in discussions about tax policies and public spending priorities can enhance trust and foster a sense of shared responsibility.

By identifying and addressing the factors and moderators influencing tax compliance intentions, this research offers actionable guidance for policymakers and tax authorities. A balanced approach combining enforcement, trust-building, and fairness promotion can significantly enhance compliance rates. Furthermore, by recognizing the diverse needs and behaviors of taxpayers, authorities can implement more equitable and effective policies that reduce evasion and strengthen the social contract between governments and citizens.

Limitations and Future Research:

While this research provides valuable insights into the factors influencing individuals' intentions to cheat on their tax returns, it is important to acknowledge certain limitations that may impact the generalizability and robustness of the findings:

1. Incomplete Data on Ethnicity.

   The study incorporated ethnicity as a moderator but lacked detailed information about respondents' specific ethnic backgrounds, countries of origin, and the duration of their residence in the United States. These nuances are critical, as cultural and migratory experiences can shape perceptions of fairness, trust in government, and compliance behavior. The absence of such details limits the ability to fully understand the socio-cultural dimensions of tax evasion intentions.

2. Potential Response Bias

Given the sensitive nature of tax evasion, respondents may have provided socially desirable answers rather than truthful responses. Fear of judgment or legal repercussions may have led some participants to underreport their evasion intentions, potentially skewing the data. Even though we tried to minimize this behavior due to the difficulty of the topic, we know that research on illicit or unethical behaviors often encounters this challenge, and while efforts were made to ensure anonymity, this limitation cannot be entirely mitigated.

3. Cross-Sectional Design

The research employed a cross-sectional design, capturing a snapshot of respondents' intentions at a specific point in time. This limits the ability to observe changes in behavior or attitudes over time, particularly in response to evolving policies, economic conditions, or trust levels in government.

The sample may not fully represent the broader population, particularly in terms of demographic diversity, socioeconomic status, or geographic distribution. These factors could influence the applicability of the findings across different regions or contexts. Additionally, the reliance on self-reported data introduces inherent subjectivity, as individuals interpret questions based on their unique perspectives and experiences.

Future Research Directions

To address these limitations and further advance the understanding of tax compliance behavior, future research should consider the following:

1- Detailed Ethnicity and Migration Context

Collecting more granular data on respondents' ethnic backgrounds, countries of origin, and length of residence in the United States can provide deeper insights into the cultural

and migratory factors that influence tax compliance intentions. This would allow for more robust analysis of how socio-cultural contexts interact with factors like fairness and trust in government.

2- Longitudinal Studies

Future studies should adopt longitudinal designs to track changes in compliance intentions over time. This would help assess the long-term impact of evolving perceptions of fairness, trust in government, and enforcement mechanisms on tax compliance behavior.

3- Enhanced Methodologies for Sensitive Topics

To reduce response bias, future research could utilize indirect questioning techniques, such as randomized response methods, or implicit association tests to gather more reliable data on sensitive topics like tax evasion. Incorporating qualitative methods, such as interviews or focus groups, might also provide deeper insights into the motivations and justifications behind tax evasion.

4- Cultural and Cross-National Comparisons

Conducting comparative studies across different countries and cultural settings would enrich the understanding of how global and regional differences in governance, tax systems, and social norms influence compliance behavior.

5- Intersectional Analysis of Moderators

Future research should explore the interplay between moderators, such as how gender and ethnicity jointly affect perceptions of fairness and trust. Similarly, analyzing the interaction between tax rates and personality traits could reveal unique patterns in evasion intentions.

By addressing these limitations and exploring the proposed future research directions, scholars can deepen the understanding of tax compliance behavior and the complex interplay of individual, cultural, and institutional factors. These efforts will enhance the theoretical foundations of tax compliance research and inform the development of more effective and equitable tax policies.

Testing Moderation effects.

Our study highlights the moderating roles of gender, generation, tax rates, ethnicity, and personality in the relationship between these key factors and taxpayers' intentions to cheat. These moderators demonstrate that demographic and individual differences play a significant role in shaping how individuals perceive and respond to deterrent and relational influences on compliance. A series of hypotheses were formulated and tested using regression analyses, with an emphasis on understanding how these moderators influence the relationship between deterrence measures (such as threat of sanctions) and psychological factors (including ethics, risk aversion, and perceptions of fairness), and tax evasion. The findings of the present study provide significant insights into the ways in which demographic and personality variables moderate the relationship between deterrence measures and individuals' intention to cheat on their tax returns. The analyses revealed several key patterns and effects, which are summarized below:

1. Testing Gender as a Moderator

   The results consistently demonstrated that gender plays a significant moderating role in the relationship between various factors (such as threat of sanctions, psychological factors, and trust in government) and tax evasion intentions. Specifically, the findings indicated that men are more likely to cheat on their tax returns compared to women, as

gender moderated the impact of threat of sanctions (audits, penalties, imprisonment), perception of fairness, psychological factors (ethics and risk aversion), and trust in government on individuals' intentions to cheat. These findings support the hypothesis that men, despite having similar ethical standards or risk aversion as women, are more inclined to engage in tax evasion when these factors are present.

2. Testing Generation as a Moderator

Generation was found to significantly moderate the relationship between threat of sanctions and tax evasion intentions, with younger generations being more likely to engage in tax evasion compared to older generations. This moderating effect was observed across various deterrence measures, such as audits, penalties, and imprisonment. Further, generation also moderated the relationship between psychological factors (risk aversion and ethics) and intention to cheat, reinforcing the finding that younger individuals are more inclined to commit tax evasion maybe due to factors like lower ethical standards and a greater risk appetite.

3. Testing Ethnicity as a Moderator

Ethnicity, particularly the distinction between individuals born in the United States and those born outside, was found to have a notable moderating effect on the relationship between threat of sanctions (such as audits and penalties) and tax evasion intentions. The results indicated that U.S.-born individuals were less likely to cheat on their tax returns than individuals born outside the U.S when facing the risk of tax audits and penalties. However, individuals born outside the U.S are less likely to engage in tax evasion when imprisonment is probable. This finding suggests that cultural factors related to ethics,

trust in government, and perceptions of fairness may contribute to the differences in tax evasion behavior across ethnic groups.

4. Testing Personality as a Moderator

   Personality traits, such as Openness to Experience, Conscientiousness, Extraversion, Agreeableness, and Neuroticism, were found to play crucial roles as moderators in the relationship between various factors (including threat of sanctions, psychological factors, and perceptions of fairness) and individuals' intention to cheat on their tax returns.

   Openness to Experience was generally found to have mixed effects, with individuals high in Openness being more likely to cheat in certain contexts (e.g., with audits, penalties, and imprisonment).

   Conscientiousness was consistently found to have a negative moderating effect across all testing performed. In fact, individuals with high Conscientiousness were found to be the ones that reported the lower tax cheating intentions.

   Extraversion showed minimal effects on moderating the relationship between the studied factors and tax evasion intentions, with results varying depending on the context.

   Agreeableness had a more complex impact, with individuals high in Agreeableness being more likely to cheat when faced with audits and penalties, possibly due to a higher tendency to justify non-compliance in the face of perceived fairness issues.

   Neuroticism generally had a positive moderating effect, indicating that individuals high in Neuroticism were more likely to cheat, particularly when facing audits and perceptions of unfairness.

5. Testing Psychological Factors and Trust in Government

The study also examined the moderating effects of personality on the relationship between psychological factors (e.g., ethics and risk aversion) and individuals' intention to cheat. Results suggested that individuals high in Neuroticism, Extraversion, and Agreeableness were more likely to cheat under certain psychological conditions, such as low ethical standards or risk-taking tendencies. Additionally, the moderating role of personality was evident in how trust in government influenced tax evasion behaviors, with individuals low in trust being more likely to cheat, particularly if they had high levels of Extraversion or Neuroticism.

Several of the hypotheses were supported, particularly those involving the moderating role of gender, generation, and personality in shaping individuals' tax evasion intentions. However, some hypotheses related to the moderating effect of ethnicity on psychological factors (such as risk aversion and ethics) did not show consistent support, suggesting that ethnicity might interact more significantly with specific deterrence measures (e.g., audits and penalties) rather than general psychological traits.

The findings of this study contribute to the growing body of literature on tax evasion by highlighting the importance of individual characteristics—such as gender, generation, ethnicity, and personality traits—in moderating individuals' likelihood to cheat on their tax returns. Understanding these moderating factors can help policymakers and tax authorities design more effective deterrence measures that are tailored to different demographic groups and personality types. For example, younger generations and individuals with lower trust in government might require different approaches compared to older or more conscientious individuals.

Additionally, the study provides valuable insights into how psychological factors like ethics and risk aversion influence tax evasion behavior, emphasizing the importance of incorporating psychological considerations into tax compliance strategies. For instance, individuals high in

Agreeableness or Neuroticism might benefit from interventions aimed at fostering a stronger sense of personal responsibility and ethical behavior. While the results of this study offer important insights into the moderating effects of demographic and personality factors on tax evasion, there are several limitations that warrant consideration. First, the study primarily relied on self-reported data, which may introduce biases related to social desirability and subjective perceptions of tax evasion. Future research could employ more objective measures of tax compliance behavior, such as actual tax filing data, to further validate these findings.

Furthermore, the study did not explore potential interactions between different moderating factors. For example, future research could investigate how combinations of demographic traits (e.g., gender and generation) or personality types (e.g., Conscientiousness and Agreeableness) might jointly affect tax evasion intentions.

Conclusion

This research contributes to a deeper understanding of the factors influencing individuals' intentions to cheat on their tax returns. Our findings reveal that the threat of sanctions, including tax audits, penalties, and imprisonment significantly influences taxpayer intention to cheat in their individual tax returns. Furthermore, trust in government, perception of fairness, and psychological factors, such as taxpayer ethics and risk aversion, were identified as critical determinants of tax cheating intentions. These results reinforce the

importance of both deterrent and relational factors in shaping tax compliance behavior. In conclusion, this research provides a comprehensive framework for understanding tax compliance behavior by integrating deterrence, trust, fairness, and individual differences. The findings have both theoretical and practical implications, emphasizing the importance of fostering trust and fairness alongside enforcement mechanisms to enhance compliance. Future studies should explore these relationships further, particularly the nuanced roles of moderators, and address the limitations in this research to deepen the understanding of taxpayer behavior across diverse contexts.

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Appendix

Individual KMOs

A:

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.793
Bartlett's Test of Sphericity	Approx. Chi-Square	394.416
	df	28
	Sig.	<.001

P:

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.803
Bartlett's Test of Sphericity	Approx. Chi-Square	333.915
	df	36
	Sig.	<.001

I:

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.812
Bartlett's Test of Sphericity	Approx. Chi-Square	272.387
	df	10
	Sig.	<.001

PF:

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.753
Bartlett's Test of Sphericity	Approx. Chi-Square	226.276
	df	10
	Sig.	<.001

TR:

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.677
Bartlett's Test of Sphericity	Approx. Chi-Square	110.678
	df	6
	Sig.	<.001

RA:

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.920
Bartlett's Test of Sphericity	Approx. Chi-Square	605.241
	df	45
	Sig.	<.001

E

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.878
Bartlett's Test of Sphericity	Approx. Chi-Square	501.246
	df	36
	Sig.	<.001

OE

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.866
Bartlett's Test of Sphericity	Approx. Chi-Square	434.534
	df	45
	Sig.	<.001

CO

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.854
Bartlett's Test of Sphericity	Approx. Chi-Square	474.782
	df	45
	Sig.	<.001

OE

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.920
Bartlett's Test of Sphericity	Approx. Chi-Square	846.041
	df	45
	Sig.	<.001

AG

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.717
Bartlett's Test of Sphericity	Approx. Chi-Square	211.003
	df	45
	Sig.	<.001

NE

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.717
Bartlett's Test of Sphericity	Approx. Chi-Square	211.003
	df	45
	Sig.	<.001

PE

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.649
Bartlett's Test of Sphericity	Approx. Chi-Square	74.437
	df	36
	Sig.	<.001

TG

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.955
Bartlett's Test of Sphericity	Approx. Chi-Square	1184.590
	df	45
	Sig.	<.001

INT

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.842
Bartlett's Test of Sphericity	Approx. Chi-Square	189.187
	df	21
	Sig.	<.001

Total Variance

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	16.474	21.120	21.120	16.474	21.120	21.120
2	7.782	9.977	31.097	7.782	9.977	31.097
3	5.714	7.326	38.422	5.714	7.326	38.422
4	4.907	6.291	44.713	4.907	6.291	44.713
5	3.404	4.365	49.078	3.404	4.365	49.078
6	3.015	3.865	52.943	3.015	3.865	52.943
7	2.329	2.985	55.928	2.329	2.985	55.928
8	2.058	2.638	58.566	2.058	2.638	58.566
9	1.845	2.366	60.932	1.845	2.366	60.932
10	1.702	2.182	63.114	1.702	2.182	63.114
11	1.549	1.987	65.101	1.549	1.987	65.101
12	1.532	1.964	67.065	1.532	1.964	67.065
13	1.520	1.949	69.014	1.520	1.949	69.014
14	1.348	1.728	70.742	1.348	1.728	70.742
15	1.286	1.648	72.390	1.286	1.648	72.390

Appendix II Hypothesis testing:

Independent Variable 1

Sanctions:

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.846	1	21.846	29.953	<.001[b]
	Residual	247.245	339	.729		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Sanctions_Mean

Subfactors:

a. Audits:

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.840	1	11.840	15.603	<.001[b]
	Residual	257.251	339	.759		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Audit_Mean

b. Penalties:

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.360	1	23.360	32.227	<.001[b]
	Residual	245.730	339	.725		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Penalties_Mean

c. Imprisonment:

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.912	1	13.912	18.482	<.001[b]
	Residual	255.179	339	.753		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Imprisonment_Mean

IV 2:

Socioeconomic Status

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.946	1	.946	1.195	.275[b]
	Residual	268.145	339	.791		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Socioeconomic_Mean

IV 3:

Perception of Fairness:

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.686	1	34.686	50.163	<.001[b]
	Residual	234.405	339	.691		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Fairness_Mean

IV 4:

Risk Adverse:

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.880	1	7.880	10.227	.002[b]
	Residual	261.211	339	.771		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Risk_Mean

IV5:

Ethics

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.377	1	22.377	30.747	<.001[b]
	Residual	246.714	339	.728		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Ethics_Mean

IV 6:

Peer Influence

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.301	1	7.301	9.454	.002[b]
	Residual	261.790	339	.772		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Peer_Mean

IV 7:

Trust In Government

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.738	1	33.738	48.596	<.001[b]
	Residual	235.352	339	.694		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Trust_Mean

Testing Moderation Effects:

Sanctions and Taxpayer's Rate:

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.846	1	21.846	29.953	<.001[b]
	Residual	247.245	339	.729		
	Total	269.091	340			
2	Regression	21.938	2	10.969	15.001	<.001[c]
	Residual	247.153	338	.731		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Sanctions_Mean

c. Predictors: (Constant), Sanctions_Mean, Sanctions_X_Rate

a. Audits and taxpayer's rate

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.840	1	11.840	15.603	<.001[b]
	Residual	257.251	339	.759		
	Total	269.091	340			
2	Regression	13.322	2	6.661	8.803	<.001[c]
	Residual	255.769	338	.757		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Audit_Mean

c. Predictors: (Constant), Audit_Mean, Audit_X_Rate

b. Penalties and taxpayer's rate

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.360	1	23.360	32.227	<.001[b]
	Residual	245.730	339	.725		
	Total	269.091	340			
2	Regression	23.498	2	11.749	16.170	<.001[c]
	Residual	245.593	338	.727		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Penalties_Mean

c. Predictors: (Constant), Penalties_Mean, Penalties_X_Rate

c. Imprisonment and Rates

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.912	1	13.912	18.482	<.001[b]
	Residual	255.179	339	.753		
	Total	269.091	340			
2	Regression	15.557	2	7.779	10.370	<.001[c]
	Residual	253.534	338	.750		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Imprisonment_Mean

c. Predictors: (Constant), Imprisonment_Mean, Imprisonment_X_Rate

Risk Aversion and Taxpayer's Rate

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.880	1	7.880	10.227	.002[b]
	Residual	261.211	339	.771		
	Total	269.091	340			
2	Regression	9.104	2	4.552	5.918	.003[c]
	Residual	259.987	338	.769		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Risk_Mean

c. Predictors: (Constant), Risk_Mean, Risk_X_Rate

Ethics and Taxpayer's Rate

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.377	1	22.377	30.747	<.001[b]
	Residual	246.714	339	.728		
	Total	269.091	340			
2	Regression	22.581	2	11.290	15.481	<.001[c]
	Residual	246.510	338	.729		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Ethics_Mean

c. Predictors: (Constant), Ethics_Mean, Ethics_X_Rate

Peer Influence and Taxpayer's Rate

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.301	1	7.301	9.454	.002[b]
	Residual	261.790	339	.772		
	Total	269.091	340			
2	Regression	9.393	2	4.696	6.112	.002[c]
	Residual	259.698	338	.768		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Peer_Mean

c. Predictors: (Constant), Peer_Mean, Peer_X_Rate

Perception of Fairness and Taxpayer's Rate

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.686	1	34.686	50.163	<.001[b]
	Residual	234.405	339	.691		
	Total	269.091	340			
2	Regression	35.380	2	17.690	25.584	<.001[c]
	Residual	233.711	338	.691		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Fairness_Mean

c. Predictors: (Constant), Fairness_Mean, Fairness_X_Rate

Trust in Government and Taxpayer's rate

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.738	1	33.738	48.596	<.001[b]
	Residual	235.352	339	.694		
	Total	269.091	340			
2	Regression	34.078	2	17.039	24.506	<.001[c]
	Residual	235.013	338	.695		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Trust_Mean

c. Predictors: (Constant), Trust_Mean, Trust_X_Rate

Testing Generations as a Moderator:

Sanctions and Generation

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.846	1	21.846	29.953	<.001[b]
	Residual	247.245	339	.729		
	Total	269.091	340			
2	Regression	46.866	2	23.433	35.641	<.001[c]
	Residual	222.225	338	.657		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Sanctions_Mean

c. Predictors: (Constant), Sanctions_Mean, Sanctions_X_Age

a. Audits and Generations

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.840	1	11.840	15.603	<.001[b]
	Residual	257.251	339	.759		
	Total	269.091	340			
2	Regression	45.817	2	22.908	34.680	<.001[c]
	Residual	223.274	338	.661		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Audit_Mean

c. Predictors: (Constant), Audit_Mean, Audit_X_Age

b. Penalties and Generation

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.360	1	23.360	32.227	<.001[b]
	Residual	245.730	339	.725		
	Total	269.091	340			
2	Regression	45.118	2	22.559	34.044	<.001[c]
	Residual	223.973	338	.663		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Penalties_Mean

c. Predictors: (Constant), Penalties_Mean, Penalties_X_Age

c. Imprisonment and Generations

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.912	1	13.912	18.482	<.001[b]
	Residual	255.179	339	.753		
	Total	269.091	340			
2	Regression	51.490	2	25.745	39.990	<.001[c]
	Residual	217.601	338	.644		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Imprisonment_Mean

c. Predictors: (Constant), Imprisonment_Mean, Imprisonmnet_X_Age

Risk Aversion and Generations

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.880	1	7.880	10.227	.002[b]
	Residual	261.211	339	.771		
	Total	269.091	340			
2	Regression	24.416	2	12.208	16.864	<.001[c]
	Residual	244.675	338	.724		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Risk_Mean

c. Predictors: (Constant), Risk_Mean, Risk_X_Age

Ethics and Generations

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.377	1	22.377	30.747	<.001[b]
	Residual	246.714	339	.728		
	Total	269.091	340			
2	Regression	34.993	2	17.497	25.262	<.001[c]
	Residual	234.097	338	.693		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Ethics_Mean

c. Predictors: (Constant), Ethics_Mean, Ethics_X_Age

Peer Influence and Generations

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.301	1	7.301	9.454	.002[b]
	Residual	261.790	339	.772		
	Total	269.091	340			
2	Regression	26.285	2	13.143	18.295	<.001[c]
	Residual	242.805	338	.718		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Peer_Mean

c. Predictors: (Constant), Peer_Mean, Peer_X_Age

Perception of Fairness and Generations

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.686	1	34.686	50.163	<.001[b]
	Residual	234.405	339	.691		
	Total	269.091	340			
2	Regression	54.971	2	27.486	43.388	<.001[c]
	Residual	214.119	338	.633		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Fairness_Mean

c. Predictors: (Constant), Fairness_Mean, Fairness_X_Age

Trust in Government and Generations

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.738	1	33.738	48.596	<.001[b]
	Residual	235.352	339	.694		
	Total	269.091	340			
2	Regression	61.185	2	30.592	49.735	<.001[c]
	Residual	207.906	338	.615		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Trust_Mean

c. Predictors: (Constant), Trust_Mean, Trust_X_Age

Testing Ethnicity

Sanctions and Ethnicity

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.846	1	21.846	29.953	<.001[b]
	Residual	247.245	339	.729		
	Total	269.091	340			
2	Regression	22.178	2	11.089	15.180	<.001[c]
	Residual	246.912	338	.731		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Sanctions_Mean

c. Predictors: (Constant), Sanctions_Mean, Sanctions_X_Ethnicity

a. Audits and Ethnicity

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.840	1	11.840	15.603	<.001[b]
	Residual	257.251	339	.759		
	Total	269.091	340			
2	Regression	13.939	2	6.969	9.232	<.001[c]
	Residual	255.152	338	.755		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Audit_Mean

c. Predictors: (Constant), Audit_Mean, Audit_X_Etnicity

b. Penalties and Ethnicity

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.360	1	23.360	32.227	<.001[b]
	Residual	245.730	339	.725		
	Total	269.091	340			
2	Regression	23.408	2	11.704	16.102	<.001[c]
	Residual	245.682	338	.727		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Penalties_Mean

c. Predictors: (Constant), Penalties_Mean, Penalties_X_Etnicity

c. Imprisonment and Ethnicity

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.912	1	13.912	18.482	<.001[b]
	Residual	255.179	339	.753		
	Total	269.091	340			
2	Regression	14.098	2	7.049	9.343	<.001[c]
	Residual	254.993	338	.754		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Imprisonment_Mean

c. Predictors: (Constant), Imprisonment_Mean, Imprisonment_X_Etnicity

Risk Adverse and Ethnicity

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.880	1	7.880	10.227	.002[b]
	Residual	261.211	339	.771		
	Total	269.091	340			
2	Regression	11.595	2	5.797	7.610	<.001[c]
	Residual	257.496	338	.762		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Risk_Mean

c. Predictors: (Constant), Risk_Mean, Risk_X_Ethnicity

Ethics and Ethnicity

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.377	1	22.377	30.747	<.001[b]
	Residual	246.714	339	.728		
	Total	269.091	340			
2	Regression	22.529	2	11.265	15.442	<.001[c]
	Residual	246.561	338	.729		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Ethics_Mean

c. Predictors: (Constant), Ethics_Mean, Ethics_X_Etnicity

Peer Influence and Ethnicity

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.301	1	7.301	9.454	.002[b]
	Residual	261.790	339	.772		
	Total	269.091	340			
2	Regression	11.639	2	5.820	7.640	<.001[c]
	Residual	257.452	338	.762		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Peer_Mean

c. Predictors: (Constant), Peer_Mean, Peer_X_Etnicity

Perception of Fairness and Ethnicity

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.686	1	34.686	50.163	<.001[b]
	Residual	234.405	339	.691		
	Total	269.091	340			
2	Regression	35.074	2	17.537	25.330	<.001[c]
	Residual	234.016	338	.692		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Fairness_Mean

c. Predictors: (Constant), Fairness_Mean, Fairness_X_Etnicity

Trust in Government and Ethnicity

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.738	1	33.738	48.596	<.001[b]
	Residual	235.352	339	.694		
	Total	269.091	340			
2	Regression	34.507	2	17.254	24.860	<.001[c]
	Residual	234.583	338	.694		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Trust_Mean

c. Predictors: (Constant), Trust_Mean, Trust_X_Etnicity

Testing Personality

Sanctions and Personality

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.846	1	21.846	29.953	<.001[b]
	Residual	247.245	339	.729		
	Total	269.091	340			
2	Regression	22.005	2	11.002	15.050	<.001[c]
	Residual	247.086	338	.731		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Sanctions_Mean

c. Predictors: (Constant), Sanctions_Mean, Sanctions_X_Personality

a. Sanctions and Openness to Experience.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.846	1	21.846	29.953	<.001[b]
	Residual	247.245	339	.729		
	Total	269.091	340			
2	Regression	22.820	2	11.410	15.660	<.001[c]
	Residual	246.270	338	.729		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Sanctions_Mean

c. Predictors: (Constant), Sanctions_Mean, Sanctions_X_OE

b. Sanctions and Extraversion

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.846	1	21.846	29.953	<.001[b]
	Residual	247.245	339	.729		
	Total	269.091	340			
2	Regression	22.109	2	11.055	15.129	<.001[c]
	Residual	246.981	338	.731		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Sanctions_Mean

c. Predictors: (Constant), Sanctions_Mean, Sanctions_X_EX

c. Sanctions and Agreeableness

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.846	1	21.846	29.953	<.001[b]
	Residual	247.245	339	.729		
	Total	269.091	340			
2	Regression	22.789	2	11.394	15.637	<.001[c]
	Residual	246.302	338	.729		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Sanctions_Mean

c. Predictors: (Constant), Sanctions_Mean, Sanctions_X_AG

d. Sanctions and Conscientiousness

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.846	1	21.846	29.953	<.001[b]
	Residual	247.245	339	.729		
	Total	269.091	340			
2	Regression	21.855	2	10.927	14.939	<.001[c]
	Residual	247.236	338	.731		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Sanctions_Mean

c. Predictors: (Constant), Sanctions_Mean, Sanctions_X_CO

e. Sanctions and Neuroticism

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.846	1	21.846	29.953	<.001[b]
	Residual	247.245	339	.729		
	Total	269.091	340			
2	Regression	21.961	2	10.981	15.018	<.001[c]
	Residual	247.129	338	.731		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Sanctions_Mean

c. Predictors: (Constant), Sanctions_Mean, Sanctions_X_NE

Risk Adverse and Personality

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.880	1	7.880	10.227	.002[b]
	Residual	261.211	339	.771		
	Total	269.091	340			
2	Regression	9.951	2	4.976	6.490	.002[c]
	Residual	259.139	338	.767		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Risk_Mean

c. Predictors: (Constant), Risk_Mean, Risk_X_Personality

Risk Adverse and Openness to Experience

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.880	1	7.880	10.227	.002[b]
	Residual	261.211	339	.771		
	Total	269.091	340			
2	Regression	8.063	2	4.031	5.220	.006[c]
	Residual	261.028	338	.772		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Risk_Mean

c. Predictors: (Constant), Risk_Mean, Risk_X_OE

Risk Adverse and Conscientiousness

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.880	1	7.880	10.227	.002[b]
	Residual	261.211	339	.771		
	Total	269.091	340			
2	Regression	9.119	2	4.559	5.928	.003[c]
	Residual	259.972	338	.769		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Risk_Mean

c. Predictors: (Constant), Risk_Mean, Risk_X_CO

Risk Adverse and Neuroticism

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.880	1	7.880	10.227	.002[b]
	Residual	261.211	339	.771		
	Total	269.091	340			
2	Regression	10.523	2	5.262	6.878	.001[c]
	Residual	258.567	338	.765		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Risk_Mean

c. Predictors: (Constant), Risk_Mean, Risk_X_NE

Risk Adverse and Agreeableness

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.880	1	7.880	10.227	.002[b]
	Residual	261.211	339	.771		
	Total	269.091	340			
2	Regression	10.128	2	5.064	6.609	.002[c]
	Residual	258.963	338	.766		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Risk_Mean

c. Predictors: (Constant), Risk_Mean, Risk_X_Ag

Risk Adverse and Neuroticism

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.880	1	7.880	10.227	.002[b]
	Residual	261.211	339	.771		
	Total	269.091	340			
2	Regression	10.523	2	5.262	6.878	.001[c]
	Residual	258.567	338	.765		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Risk_Mean

c. Predictors: (Constant), Risk_Mean, Risk_X_NE

Ethics and Personality

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.880	1	7.880	10.227	.002[b]
	Residual	261.211	339	.771		
	Total	269.091	340			
2	Regression	20.267	2	10.133	13.765	<.001[c]
	Residual	248.824	338	.736		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Risk_Mean

c. Predictors: (Constant), Risk_Mean, Ethics_X_Personality

Ethics and Openness to Experience

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.880	1	7.880	10.227	.002[b]
	Residual	261.211	339	.771		
	Total	269.091	340			
2	Regression	13.172	2	6.586	8.698	<.001[c]
	Residual	255.919	338	.757		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Risk_Mean

c. Predictors: (Constant), Risk_Mean, Ethics_X_OE

Ethics and Conscientiousness

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.880	1	7.880	10.227	.002[b]
	Residual	261.211	339	.771		
	Total	269.091	340			
2	Regression	14.769	2	7.384	9.814	<.001[c]
	Residual	254.322	338	.752		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Risk_Mean

c. Predictors: (Constant), Risk_Mean, Ethics_X_CO

Ethics and Neuroticism

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.880	1	7.880	10.227	.002[b]
	Residual	261.211	339	.771		
	Total	269.091	340			
2	Regression	13.204	2	6.602	8.720	<.001[c]
	Residual	255.887	338	.757		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Risk_Mean

c. Predictors: (Constant), Risk_Mean, Ethics_X_NE

Ethics and Agreeableness

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.880	1	7.880	10.227	.002[b]
	Residual	261.211	339	.771		
	Total	269.091	340			
2	Regression	13.927	2	6.964	9.224	<.001[c]
	Residual	255.164	338	.755		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Risk_Mean

c. Predictors: (Constant), Risk_Mean, Ethics_X_Ag

Ethics and Neuroticism

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.880	1	7.880	10.227	.002[b]
	Residual	261.211	339	.771		
	Total	269.091	340			
2	Regression	13.204	2	6.602	8.720	<.001[c]
	Residual	255.887	338	.757		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Risk_Mean

c. Predictors: (Constant), Risk_Mean, Ethics_X_NE

Peer Influence and Personality

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.301	1	7.301	9.454	.002[b]
	Residual	261.790	339	.772		
	Total	269.091	340			
2	Regression	9.106	2	4.553	5.919	.003[c]
	Residual	259.985	338	.769		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Peer_Mean

c. Predictors: (Constant), Peer_Mean, Peer_X_Personality

Peer Influence and Openness to Experience

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.301	1	7.301	9.454	.002[b]
	Residual	261.790	339	.772		
	Total	269.091	340			
2	Regression	7.322	2	3.661	4.727	.009[c]
	Residual	261.768	338	.774		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Peer_Mean

c. Predictors: (Constant), Peer_Mean, Peer_X_OE

Peer Influence and Conscientiousness

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.301	1	7.301	9.454	.002[b]
	Residual	261.790	339	.772		
	Total	269.091	340			
2	Regression	7.963	2	3.982	5.154	.006[c]
	Residual	261.127	338	.773		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Peer_Mean

c. Predictors: (Constant), Peer_Mean, Peer_X_CO

Peer Influence and Neuroticism

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.301	1	7.301	9.454	.002[b]
	Residual	261.790	339	.772		
	Total	269.091	340			
2	Regression	11.012	2	5.506	7.211	<.001[c]
	Residual	258.079	338	.764		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Peer_Mean

c. Predictors: (Constant), Peer_Mean, Peer_X_NE

Peer Influence and Agreeableness

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.301	1	7.301	9.454	.002[b]
	Residual	261.790	339	.772		
	Total	269.091	340			
2	Regression	11.443	2	5.722	7.506	<.001[c]
	Residual	257.647	338	.762		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Peer_Mean

c. Predictors: (Constant), Peer_Mean, Peer_X_Ag

Peer Influence and Neuroticism

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.301	1	7.301	9.454	.002[b]
	Residual	261.790	339	.772		
	Total	269.091	340			
2	Regression	11.012	2	5.506	7.211	<.001[c]
	Residual	258.079	338	.764		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Peer_Mean

c. Predictors: (Constant), Peer_Mean, Peer_X_NE

Perception of Fairness and Personality

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.686	1	34.686	50.163	<.001[b]
	Residual	234.405	339	.691		
	Total	269.091	340			
2	Regression	34.686	2	17.343	25.008	<.001[c]
	Residual	234.405	338	.694		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Fairness_Mean

c. Predictors: (Constant), Fairness_Mean, Fairness_X_Personality

Perception of Fairness and Neuroticism

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.686	1	34.686	50.163	<.001[b]
	Residual	234.405	339	.691		
	Total	269.091	340			
2	Regression	37.396	2	18.698	27.277	<.001[c]
	Residual	231.695	338	.685		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Fairness_Mean

c. Predictors: (Constant), Fairness_Mean, Fairness_X_NE

Perception of Fairness and Agreeableness

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.686	1	34.686	50.163	<.001[b]
	Residual	234.405	339	.691		
	Total	269.091	340			
2	Regression	35.264	2	17.632	25.488	<.001[c]
	Residual	233.826	338	.692		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Fairness_Mean

c. Predictors: (Constant), Fairness_Mean, Fairness_X_Ag

Perception of Fairness and Conscientiousness

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.686	1	34.686	50.163	<.001[b]
	Residual	234.405	339	.691		
	Total	269.091	340			
2	Regression	34.687	2	17.343	25.008	<.001[c]
	Residual	234.404	338	.694		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Fairness_Mean

c. Predictors: (Constant), Fairness_Mean, Fairness_X_CO

Perception of Fairness and Openness to Experience

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.686	1	34.686	50.163	<.001[b]
	Residual	234.405	339	.691		
	Total	269.091	340			
2	Regression	35.666	2	17.833	25.822	<.001[c]
	Residual	233.425	338	.691		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Fairness_Mean

c. Predictors: (Constant), Fairness_Mean, Fairness_X_OE

Perception of Fairness and Neuroticism

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.686	1	34.686	50.163	<.001[b]
	Residual	234.405	339	.691		
	Total	269.091	340			
2	Regression	34.687	2	17.343	25.008	<.001[c]
	Residual	234.404	338	.694		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Fairness_Mean

c. Predictors: (Constant), Fairness_Mean, Fairness_X_CO

Trust in Government and Personality

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.738	1	33.738	48.596	<.001[b]
	Residual	235.352	339	.694		
	Total	269.091	340			
2	Regression	34.067	2	17.034	24.497	<.001[c]
	Residual	235.023	338	.695		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Trust_Mean

c. Predictors: (Constant), Trust_Mean, Trust_X_Personality

Trust in Government and Openness to Experience

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.738	1	33.738	48.596	<.001[b]
	Residual	235.352	339	.694		
	Total	269.091	340			
2	Regression	35.700	2	17.850	25.850	<.001[c]
	Residual	233.391	338	.691		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Trust_Mean

c. Predictors: (Constant), Trust_Mean, Trust_X_OE

Trust in Government and Conscientiousness

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.738	1	33.738	48.596	<.001[b]
	Residual	235.352	339	.694		
	Total	269.091	340			
2	Regression	33.743	2	16.872	24.231	<.001[c]
	Residual	235.347	338	.696		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Trust_Mean

c. Predictors: (Constant), Trust_Mean, Trust_X_CO

Trust in Government and Extraversion

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.738	1	33.738	48.596	<.001[b]
	Residual	235.352	339	.694		
	Total	269.091	340			
2	Regression	35.163	2	17.582	25.403	<.001[c]
	Residual	233.928	338	.692		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Trust_Mean

c. Predictors: (Constant), Trust_Mean, Trust_X_EX

Trust in Government and Agreeableness

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.738	1	33.738	48.596	<.001[b]
	Residual	235.352	339	.694		
	Total	269.091	340			
2	Regression	34.858	2	17.429	25.151	<.001[c]
	Residual	234.232	338	.693		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Trust_Mean

c. Predictors: (Constant), Trust_Mean, Trust_X_Ag

Trust in Government and Neuroticism

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.738	1	33.738	48.596	<.001[b]
	Residual	235.352	339	.694		
	Total	269.091	340			
2	Regression	35.920	2	17.960	26.035	<.001[c]
	Residual	233.170	338	.690		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Trust_Mean

c. Predictors: (Constant), Trust_Mean, Trust_X_NE

Testing Gender as a moderator:

Sanctions and Gender:

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.846	1	21.846	29.953	<.001[b]
	Residual	247.245	339	.729		
	Total	269.091	340			
2	Regression	21.910	2	10.955	14.980	<.001[c]
	Residual	247.181	338	.731		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Sanctions_Mean

c. Predictors: (Constant), Sanctions_Mean, Gender

Audits and Gender

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.840	1	11.840	15.603	<.001[b]
	Residual	257.251	339	.759		
	Total	269.091	340			
2	Regression	12.795	2	6.397	8.437	<.001[c]
	Residual	256.296	338	.758		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Audit_Mean

c. Predictors: (Constant), Audit_Mean, Audits_X_Gender

Penalties and Gender

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.840	1	11.840	15.603	<.001[b]
	Residual	257.251	339	.759		
	Total	269.091	340			
2	Regression	11.850	2	5.925	7.785	<.001[c]
	Residual	257.240	338	.761		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Audit_Mean

c. Predictors: (Constant), Audit_Mean, Penalties_X_Gender

Imprisonment and Gender

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.840	1	11.840	15.603	<.001[b]
	Residual	257.251	339	.759		
	Total	269.091	340			
2	Regression	12.387	2	6.194	8.155	<.001[c]
	Residual	256.704	338	.759		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Audit_Mean

c. Predictors: (Constant), Audit_Mean, Imprisonment_X_Gender

Taxpayer's Risk Aversion and Gender

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.880	1	7.880	10.227	.002[b]
	Residual	261.211	339	.771		
	Total	269.091	340			
2	Regression	7.952	2	3.976	5.146	.006[c]
	Residual	261.139	338	.773		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Risk_Mean

c. Predictors: (Constant), Risk_Mean, Risk_X_Gender

Ethics and Gender

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.377	1	22.377	30.747	<.001[b]
	Residual	246.714	339	.728		
	Total	269.091	340			
2	Regression	22.701	2	11.351	15.571	<.001[c]
	Residual	246.389	338	.729		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Ethics_Mean

c. Predictors: (Constant), Ethics_Mean, Ethics_X_Gender

Peer Influence and Gender

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.301	1	7.301	9.454	.002[b]
	Residual	261.790	339	.772		
	Total	269.091	340			
2	Regression	7.346	2	3.673	4.743	.009[c]
	Residual	261.744	338	.774		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Peer_Mean

c. Predictors: (Constant), Peer_Mean, Peer_X_Gender

Trust in Government and Gender

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.738	1	33.738	48.596	<.001[b]
	Residual	235.352	339	.694		
	Total	269.091	340			
2	Regression	33.803	2	16.902	24.280	<.001[c]
	Residual	235.287	338	.696		
	Total	269.091	340			

a. Dependent Variable: Intention_Mean

b. Predictors: (Constant), Trust_Mean

c. Predictors: (Constant), Trust_Mean, Trust_X_Gender