

# **TAX EVASION IN ARMENIA: AN EMPIRICAL STUDY**

**Robert W. McGee**  
**Barry University**

**Tatyana B. Maranjyan**  
**Moscow State University of Economics, Statistics and Informatics, Yerevan Branch**

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## **ABSTRACT**

Tax evasion has probably existed ever since the first tax was imposed. But tax evasion – the illegal nonpayment of taxes – is not equally widespread. It is more prevalent in some countries than others. There are several reasons for this lack of homogeneity across time and cultures.

Many studies have been done on tax evasion over the years. The vast majority of these studies have taken an economic or public finance perspective. Very few studies have looked at the underlying ethical issues. But these issues are important, since they do much to explain why tax evasion is more rampant in some cultures and countries than others.

After a brief introduction the paper reviews the literature on tax evasion that was written from an ethical perspective. One of the most comprehensive twentieth century works in this area was undertaken by Martin Crowe, who published a doctoral dissertation on this subject in 1944. More recent comprehensive works on the philosophy of taxation and public finance were published by McGee in 1998 and 2004.

This paper reviews the literature that has been published on tax evasion in Armenia. Special attention is paid to a study by McGee (1999e), which consisted of a series of interviews with Armenian taxpayers.

The paper then presents the results of a survey of Armenian theology and business students that was conducted in 2005. The statements in the survey synthesize 500 years of theological and philosophical debate on the ethics of tax evasion. A seven-point Likert scale was used and participants were asked to insert a number in the space provided to indicate the extent of their agreement or disagreement with each statement. The statements were derived partly from the Crowe thesis (1944), which identified the most prevalent arguments that have been made for ethically evading taxes. Crowe’s research looked mostly at the Christian literature of the past 500 years. Crowe’s research was supplemented by some more recent research.

## INTRODUCTION

The vast majority of articles that have been written about tax evasion have been written from the perspective of public finance. They discuss technical aspects of tax evasion and the primary and secondary effects that tax evasion has on an economy. In many cases there is also a discussion about how to prevent or minimize tax evasion. Very few articles discuss ethical aspects of tax evasion. Thus, there is a need for further research, which the present study is intended to partially address.

As part of this study a survey instrument was developed based on the issues that have been discussed and the arguments that have been made in the tax evasion ethics literature over the last 500 years. Similar survey instruments were used to test sample populations in Romania (McGee, 2005b) and Guatemala (McGee & Lingle, 2005). The survey was also distributed to professors of international business (McGee, 2005a). The present study reports on the findings of a survey that was distributed to business and theology students in Yerevan, Armenia.

## REVIEW OF THE LITERATURE

Although many studies have been done on tax compliance, very few have examined compliance, or rather noncompliance, primarily from the perspective of ethics. Most studies on tax evasion look at the issue from a public finance or economics perspective, although ethical issues may be mentioned briefly, in passing. The most comprehensive twentieth century work on the ethics of tax evasion was a doctoral thesis written by Martin Crowe (1944), titled *The Moral Obligation of Paying Just Taxes*. This thesis reviewed the theological and philosophical debate that had been going on, mostly within the Catholic Church, over the previous 500 years. Some of the debate took place in the Latin language. Crowe introduced this debate to an English language readership. A more recent doctoral dissertation on the topic was written by Torgler (2003), who discussed tax evasion from the perspective of public finance but also touched on some psychological and philosophical aspects of the issue.

Walter Block (1989; 1993) sought in vain to find a justification for taxation in the public finance literature. He examined a number of textbooks but found all justifications for taxation to be inadequate. Leiker (1998) speculates on how Rousseau would have viewed the ethics of tax evasion. Alfonso Morales (1998) examined the views of Mexican immigrant street vendors and found that their loyalty to their families exceeded their loyalty to the government. McGraw and Scholz (1991) examined tax compliance from the perspective of self interest. Armstrong and Robison (1998) discuss tax evasion and tax avoidance from the perspective of an accounting practitioner and used Rawls' concept of two kinds of rules to analyze how accountants view the issue. Oliva (1998) looked at the issue from the perspective of a tax practitioner and commented on the schism that exists between a tax practitioner's ethical and legal obligations.

There have been a few studies that focus on tax evasion in a particular country. Ethics are sometimes discussed but, more often than not, the focus of the discussion is on government corruption and the reasons why the citizenry does not feel any moral duty to pay taxes to such a

government. Ballas and Tsoukas (1998) discuss the situation in Greece. Smatrakalev (1998) discusses the Bulgarian case. Vaguine (1998) discusses Russia, as do Preobragenskaya and McGee (2004) to a lesser extent. A study of tax evasion in Armenia (McGee, 1999e) found the two main reasons for evasion to be the lack of a mechanism in place to collect taxes and the widespread opinion that the government does not deserve a portion of a worker's income.

A number of articles have been written from various religious perspectives. Cohn (1998) and Tamari (1998) discuss the Jewish literature on tax evasion, and on ethics in general. Much of this literature is in Hebrew or a language other than English. McGee (1998d; 1999a) comments on these two articles from a secular perspective.

A few articles have been written on the ethics of tax evasion from various Christian viewpoints. Gronbacher (1998) addresses the issue from the perspectives of Catholic social thought and classical liberalism. Schansberg (1998) looks at the Biblical literature for guidance. Pennock (1998) discusses just war theory in connection with the moral obligation to pay just taxes, and not to pay unjust or immoral taxes. Smith and Kimball (1998) provide a Mormon perspective. McGee (1998c; 1999a) comments on the various Christian views from a secular perspective.

The Christian Bible discusses tax evasion and the duty of the citizenry to support the government in several places. Schansberg (1998) and McGee (1994; 1998a) discuss the biblical literature on this point. When Jesus is asked whether people should pay taxes to Caesar, Jesus replied that we should give to Caesar the things that are Caesar's and give God the things that are God's [Matthew 22:17, 21]. But Jesus did not elaborate on the point. He did not say that we are only obligated to give government 10 percent or 5 percent or any particular percent of our income.

There are passages in the Bible that seemingly take an absolutist position. Romans 13, 1-2 supports the Divine Right of Kings, which basically holds that whoever is in charge of government is there with God's approval and anyone who disputes that fact or who fails to obey is subject to damnation. It is a sin against God to break any law. Thus, Mao, Stalin and Hitler must all be obeyed according to this view, even though they were the biggest monsters of the twentieth century, because they are there with God's approval.

A few other religious views are also addressed in the literature. Murtuza and Ghazanfar (1998) discuss the ethics of tax evasion from the Muslim perspective. McGee (1998b, 1999a) comments on their article and also discusses the ethics of tax evasion under Islam citing Islamic business ethics literature (1997). DeMoville (1998) discusses the Baha'i perspective and cites the relevant literature to buttress his arguments. McGee (1999a) commented on the DeMoville article.

A few studies have applied utilitarian ethics and rights theory to particular taxes or particular arguments found to justify certain tax policies in the public finance literature. Tax policies examined in the literature include an examination of whether the ability to pay principle is ethically bankrupt (McGee 1998f) and the related argument of whether discriminatory tax rates are ethically justifiable (McGee 1998g). Both of these arguments seemingly violate the Kantian prescription that individuals should always be treated as ends in themselves, not as a means to an end (Kant 1952abc; 1983). The "paying your fair share" argument is also examined (McGee, 1999c). McGee (2004) also addresses these issues in a book that discusses the various philosophies of taxation.

If one begins with the premise that people should get something in return for their taxes, the argument could be made that there is nothing unethical about evading the estate tax (McGee

1999b), since the government cannot possibly provide any services to the dead. It is interesting to speculate what Kant would say on this issue, since Kant favors a strong rule of law, yet views the use of individuals as means rather than ends to be unethical. Yet the estate tax does precisely that, since it sees dead people as a source of tax revenue and cannot promise them anything in return for their “contributions.”

The Social Security tax in the United States might be attacked on utilitarian grounds, since it is a very poor investment compared to the alternatives (McGee, 1999g). The capital gains tax might be criticized on efficiency grounds, since some studies have found that the distortion to the economy that results – what economists call negative externalities – sometimes more than offsets the amount of taxes that are actually collected (McGee, 1999f). If a particular tax actually reduces welfare in society, the argument could be made that evading the tax, and thus reducing the amount of welfare reduction that would otherwise occur, might actually be an ethical act, from a utilitarian perspective. Evading a tariff would be one example (McGee, 1999d), since tariffs are generally viewed by economists as a negative sum game, a tax measure that is not so much intended to raise revenue as to prevent foreign competition, which feathers the nest of domestic producers at the expense of the general public (McGee, 1994b; 2003).

The present study has been replicated and will be replicated several more times using different groups of respondents. A survey of international business professors found that some arguments justifying tax evasion are stronger than others but none of the arguments were very strong, since most of the professors who responded to the survey were strongly against tax evasion. This survey also found that women were significantly more opposed to tax evasion than were the men (McGee, 2005a). A survey of business and law students in Guatemala reached a similar result. However, the law students felt less strongly about condemning tax evasion on ethical grounds than did the business students and female students were more opposed to tax evasion than were male students (McGee & Lingle, 2005). A survey of Romanian business students (McGee, 2005b) found that respondents often felt tax evasion was ethically justified. Males were slightly more opposed to tax evasion than were women. A survey of German business students also found that respondents were strongly against tax evasion, although some arguments were stronger than others. A comparison of male to female responses was inconclusive, in the sense that it could not be clearly determined which group of respondents was more opposed to tax evasion (McGee, Nickerson & Fees, 2005).

### **THREE VIEWS ON THE ETHICS OF TAX EVASION**

Over the centuries, three basic views have emerged on the ethics of tax evasion.

#### **View One**

View One takes the position that tax evasion is always, or almost always unethical. There are basically three underlying rationales for this belief. One reason is the belief that individuals have a duty to the state to pay whatever taxes the state demands (Cohn, 1998; DeMerville, 1998; Smith & Kimball, 1998; Tamari, 1998). This view is especially prevalent in democracies, where there is a strong belief that individuals should conform to majority rule.

The second rationale for an ethical duty to pay taxes is because the individual has a duty to other members of the community (Crowe, 1944; Cohn, 1998; Tamari, 1998). This view holds that individuals should not be freeloaders by taking advantage of the services the state provides

while not contributing to the payment of those services. A corollary of this belief is the view that if tax dodgers do not pay their fair share, then law abiding taxpayers must pay more than their fair share.

The third rationale is that we owe a duty to God to pay taxes, or, stated differently, God has commanded us to pay our taxes (Cohn, 1998; DeMerville, 1998; Smith & Kimball, 1998; Tamari, 1998). This view holds no water among atheists, of course, but the view is strongly held in some religious circles.

## **View Two**

View Two might be labeled the anarchist view. This view holds that there is never any duty to pay taxes because the state is illegitimate, a mere thief that has no moral authority to take anything from anyone (Block, 1989; 1993). The state is no more than a mafia that, under democracy, has its leaders chosen by the people.

The anarchist literature does not address the ethics of tax evasion directly but rather discusses the relationship of the individual to the state. The issue of tax evasion is merely one aspect of that relationship (Spooner, 1870).

There is no such thing as a social contract according to this position. Where there is no explicit agreement to pay taxes there also is no duty. All taxation necessarily involves the taking of property by force or the threat of force, without the owner's permission. Thus, it meets the definition of theft. Stated as an equation, TAXATION = THEFT. A corollary equation is that FAIR SHARE = 0.

## **View Three**

View Three holds that tax evasion may be ethical under some circumstances and unethical under other circumstances. This view is the prevalent view, both in the literature (Ballas & Tsoukas, 1998; Crowe, 1944; Gronbacher, 1998; McGee, 1998a, 1999e) and according to the results of some of the surveys (McGee, 2005a&b; McGee & Lingle, 2005).

## **TAX EVASION IN ARMENIA**

A few studies have examined taxation in Armenia. Joulfaian and Melikyan (2004) discussed taxes, investment incentives and the cost of capital in Armenia. McGee (2000) discussed taxation in Armenia from the perspectives of law, economics and ethics.

Tumanyan (2003) cites the following main reasons for tax evasion in Armenia:

- The existence of a shadow economy,
- Corruption,
- Low level of legislative performance (legislative discipline),
- Insufficient tax database accounting,
- Insufficient financial, professional, technical and technological equipment for the administration of taxes.

He goes on to say that, according to some estimates, the shadow economy constitutes 50 to 70 percent of Armenia's total economy. Low government salaries contribute to the corruption problem. Corruption in the tax and customs offices is widespread. Voskanyan (2000, p. 49) lists

low salaries as the main reason for corruption, followed closely by lack of punishment mechanisms. Tunyan (2005) cites a study that estimates the size of Armenia's shadow economy to be about 29 percent.

A joint White Paper by the American and European Union Chambers of Commerce in Armenia (2003) also mentions corruption, inefficiency and the feeling of unfairness as problems faced by the Armenian tax system. Many respondents to their survey said they do not request tax refunds for fear of being audited.

McGee (1999e) conducted a series of interviews with Armenian taxpayers to learn what their thoughts were on tax evasion. He was unable to find anyone who rigorously supported strict punishment for evaders. Most of the individuals he spoke to either were evading taxes or would evade them if they could. The two main reasons for evasion according to this study were the lack of a mechanism in place to collect taxes and the widespread feeling that there was no moral duty to pay taxes to a government that is corrupt and does nothing for the people.

People fear the Tax Inspectorate, even within the Finance Ministry, which is nominally in charge of the Tax Inspectorate. It seemingly reports to no one and is viewed as corrupt and full of bribe takers.

The author heard several stories of major bribe taking and shakedowns of taxpayers. In one case, a young man paid several thousand dollars to a general in order to purchase a lifetime exemption from the army. On another occasion, some soldiers kidnapped the mother of someone who was of military age so they could shake down the son for a bribe in return for not being taken into the army, even though the son was legally exempt. One middle aged woman had to pay a bribe to some government officials in order to keep her home. The officials threatened to move another family into her house because they deemed it to be too large for just one family. They went away when she paid the bribe.

One of the more visible signs of corruption is traffic police, who waive people over to the side of the road on a routine basis, not because they broke a law or for traffic control purposes, but merely so they can solicit a small bribe.

With government corruption like this going on it is no wonder that the citizenry does not feel morally compelled to pay taxes. This situation will not change as long as the government continues to engage in corrupt practices.

## **SURVEY RESULTS**

### **Methodology**

A survey instrument using a seven-point Likert scale was translated into Armenian and distributed to groups of business and philosophy students in Yerevan, Armenia, the capital city. The survey consisted of 14 statements, which included the main issues regarding the ethics of tax evasion that have been debated in the theological and philosophical literature over the last 500 years (Crowe, 1944). Participants were instructed to place a number from 1 to 7 in the space provided to indicate the extent of their agreement or disagreement with each statement.

This kind of survey research is relatively new in Armenia. It was at times difficult to get approval to distribute the survey instrument. One administrator accused the person collecting the data of being a CIA agent who wanted to show the people of Armenia in a bad light. Permission to distribute was sometimes denied. However, it was possible to get a total of 85 responses, 52 from business students and 33 from theology students. The following hypotheses were made:

- H1: Both groups will fall into the category that believes tax evasion is *sometimes* ethical. *Sometimes*, for purposes of this hypothesis, is defined as having an average score that is more than 2 but less than 6. Tax evasion is considered to be *always or almost always ethical* for scores that are 2.00 or less. Tax evasion is considered to be *never or almost never ethical* for scores that are 6.00 or higher.
- H2: The scores for the theology students will be higher [theology students will be more opposed to tax evasion] than the scores for the business students.
- H3: Theology students will be more opposed to tax evasion [will have higher scores for at least 8 of the 14 statements] than will business students.
- H4: The responses of the two groups will be significantly different at the 5% level for at least 7 of the 14 statements.
- H5: Statements that allege corruption or unfairness will have lower scores [evasion will be more acceptable] than questions that have a selfish motive.

Table 1 shows the sources of the data.

**Table 1**  
**Participant Profiles**

Finance and Banking College	15
Moscow State University of Economics, Statistics and Informatics, Yerevan Branch	31
Members of the Association of Accountants and Auditors of Armenia	6
Total Business	52
Theology students, Yerevan State University	33
Total	85

### Findings

- H1: Both groups will fall into the category that believes tax evasion is *sometimes* ethical. *Sometimes*, for purposes of this hypothesis, is defined as having an average score that is more than 2 but less than 6. Tax evasion is considered to be *always or almost always ethical* for scores that are 2.00 or less. Tax evasion is considered to be *never or almost never ethical* for scores that are 6.00 or higher.
- H1: Accepted. Of the 28 scores summarized in Table 2, 25 fell into the category of *sometimes ethical*; 3 scores were in the *never or almost never* category. The overall average (4.54) and the averages for both the theology students (4.40) and business students (4.64) were more than 2.00 but less than 6.00.

For some reason, business people are considered to be less moral than people in other occupations and professions. They are often depicted negatively in films and novels, more so than are members of other occupations and professions. Very seldom is a medical doctor, pharmacist, scientist or teacher put on the defensive and asked to defend his or her moral standing in the community. Yet business people are put on the defensive constantly. Various philosophers over the years have suggested that it is improper to view business people as less

moral than other members of the community (Chester & Machan, 1999; Rand, 1967), yet the perception remains.

If one begins with the presumption that tax evasion is unethical at least sometimes, then, given this bias against business people, one would expect that business people would view tax evasion more favorably than would other groups. Theologians are generally considered to be more moral than the average member of the community. Thus, one would expect theologians to be more strongly opposed to tax evasion than are other groups. If we use business students as surrogates for business people and theology students as surrogates for theologians, we can test this hypothesis.

H2: The scores for the theology students will be higher [theology students will be more opposed to tax evasion] than the scores for the business students.

H2: Rejected. The average score for theology students (4.40) was lower than the average score for business students (4.64), indicating that business students, and perhaps business people in general, are more ethical than theology students and, presumably, theologians.

Table 2 shows the average scores, both overall and for each group.

**Table 2**  
**Average Scores**  
**(1 = strong agreement; 7 = strong disagreement)**

S#		Overall	Theology (Sample Size 33)	Business (Sample Size 52)
1	Tax evasion is ethical if tax rates are too high.	3.71	3.67	3.73
2	Tax evasion is ethical even if tax rates are not too high.	5.64	5.03	6.02
3	Tax evasion is ethical if the tax system is unfair.	2.75	2.69	2.79
4	Tax evasion is ethical if a large portion of the money collected is wasted.	3.51	3.42	3.56
5	Tax evasion is ethical even if most of the money collected is spent wisely.	5.65	5.55	5.71
6	Tax evasion is ethical if a large portion of the money collected is spent on projects that I morally disapprove of.	3.80	3.78	3.81
7	Tax evasion is ethical even if a large portion of the money collected is spent on worthy projects.	5.29	5.30	5.29
8	Tax evasion is ethical if a large portion of the money collected is spent on projects that do not benefit me.	5.41	5.00	5.67
9	Tax evasion is ethical even if a large portion of the money collected is spent on projects that do benefit me.	4.80	4.18	5.19
10	Tax evasion is ethical if everyone is doing it.	4.99	4.76	5.13
11	Tax evasion is ethical if a significant portion of the money collected winds up in the pockets of	3.01	3.12	2.94



	corrupt politicians or their families and friends.			
12	Tax evasion is ethical if the probability of getting caught is low.	4.65	4.44	4.79
13	Tax evasion is ethical if I can't afford to pay.	4.33	4.55	4.19
14	Tax evasion is ethical even if it means that if I pay less, others will have to pay more.	6.06	6.06	6.06
	Average score for all 14 Statements	4.54	4.40	4.64

Another way to test the relative views of the two groups would be to compare individual scores for each statement. Table 3 makes that comparison.

H3: Theology students will be more opposed to tax evasion [will have higher scores for at least 8 of the 14 statements] than will business students.

H3: Rejected. As can be seen from Table 3, scores for the business students were higher for 10 of the 14 statements. Theology students had higher scores on only 3 occasions. Scores were the same for S14. Not only were the business scores generally higher, indicating stronger opposition to tax evasion, but the degree of difference was also more for the business students, who scored an average of 0.39 points higher, compared to only 0.18 points in cases where the theology scores were higher.

**Table 3**  
**Intergroup Comparison of Scores**  
**(1 = strong agreement; 7 = strong disagreement)**

S#		Score		Score Larger by	
		Theology	Business	Theology	Business
1	Tax evasion is ethical if tax rates are too high.	3.67	3.73		0.06
2	Tax evasion is ethical even if tax rates are not too high.	5.03	6.02		0.99
3	Tax evasion is ethical if the tax system is unfair.	2.69	2.79		0.10
4	Tax evasion is ethical if a large portion of the money collected is wasted.	3.42	3.56		0.14
5	Tax evasion is ethical even if most of the money collected is spent wisely.	5.55	5.71		0.16
6	Tax evasion is ethical if a large portion of the money collected is spent on projects that I morally disapprove of.	3.78	3.81		0.03
7	Tax evasion is ethical even if a large portion of the money collected is spent on worthy projects.	5.30	5.29	0.01	
8	Tax evasion is ethical if a large portion of the money collected is spent on projects that do not benefit me.	5.00	5.67		0.67
9	Tax evasion is ethical even if a large	4.18	5.19		1.01

	portion of the money collected is spent on projects that do benefit me.				
10	Tax evasion is ethical if everyone is doing it.	4.76	5.13		0.37
11	Tax evasion is ethical if a significant portion of the money collected winds up in the pockets of corrupt politicians or their families and friends.	3.12	2.94	0.18	
12	Tax evasion is ethical if the probability of getting caught is low.	4.44	4.79		0.35
13	Tax evasion is ethical if I can't afford to pay.	4.55	4.19	0.36	
14	Tax evasion is ethical even if it means that if I pay less, others will have to pay more.	6.06	6.06		
	Average score for all 14 Statements	4.40	4.64		
	Larger on average by			0.18	0.39

While the difference between the business and theology students is significant, based on the definition of significance that was chosen [higher scores for 8 out of 14 statements], there are other ways to measure significance. Although statistical techniques have been criticized as being based on questionable assumptions, like the unproven but assumed existence of a bell shaped curve (Raimondo, 2000, pp. 35-36), they are frequently used to determine significance. We therefore decided to use an unpaired t-test to measure significance. The results are summarized in Table 4.

H4: The responses of the two groups will be significantly different at the 5% level for at least 7 of the 14 statements.

H4: Rejected.

As can be seen from Table 4, most responses were not statistically significant at the 5 percent level. S2 was the most statistically significant, followed by S9 and S8. The Probability column figure determines the extent of significance. The smaller the number the higher the significance. For example, S2 is significant at the 2 percent level.

**Table 4**  
**Statistical Data**

S#		Probability, assuming null hypothesis	t	SD
1	Tax evasion is ethical if tax rates are too high.	0.904	0.121	2.38
2	Tax evasion is ethical even if tax rates are not too high.	0.024	2.30	1.93
3	Tax evasion is ethical if the tax system is unfair.	0.849	0.191	2.36
4	Tax evasion is ethical if a large portion of the	0.790	0.268	2.24

	money collected is wasted.			
5	Tax evasion is ethical even if most of the money collected is spent wisely.	0.726	0.351	2.13
6	Tax evasion is ethical if a large portion of the money collected is spent on projects that I morally disapprove of.	0.960	0.497E-01	2.37
7	Tax evasion is ethical even if a large portion of the money collected is spent on worthy projects.	0.975	-0.309E-01	2.12
8	Tax evasion is ethical if a large portion of the money collected is spent on projects that do not benefit me.	0.114	1.60	1.89
9	Tax evasion is ethical even if a large portion of the money collected is spent on projects that do benefit me.	0.054	1.95	2.33
10	Tax evasion is ethical if everyone is doing it.	0.466	0.732	2.31
11	Tax evasion is ethical if a significant portion of the money collected winds up in the pockets of corrupt politicians or their families and friends.	0.740	-0.333	2.42
12	Tax evasion is ethical if the probability of getting caught is low.	0.462	0.739	2.11
13	Tax evasion is ethical if I can't afford to pay.	0.508	-0.665	2.39
14	Tax evasion is ethical even if it means that if I pay less, others will have to pay more.	0.993	-0.882E-02	1.48

Table 5 ranks the statements, from strongest arguments favoring tax evasion to weakest.

H5: Statements that allege corruption or unfairness will have lower scores [evasion will be more acceptable] than questions that have a selfish motive.

H5: Accepted. The statement that directly addresses corruption was ranked #2. S4 (R#3) could also be considered to be a corrupt reason, or perhaps an unfair reason. Other statements expressing unfairness were ranked 1, 4, 5 and 6. Statements expressing a selfish motive were ranked 8, 10, 11, 12, 13 and 14.

**Table 5**  
**Ranking of the Arguments**  
**(1 = strong agreement; 7 = strong disagreement)**

Rank		Score
1	Tax evasion is ethical if the tax system is unfair. (S3)	2.75
2	Tax evasion is ethical if a significant portion of the money collected winds up in the pockets of corrupt politicians or their families and friends. (S11)	3.01
3	Tax evasion is ethical if a large portion of the money collected is wasted. (S4)	3.51
4	Tax evasion is ethical if tax rates are too high. (S1)	3.71
5	Tax evasion is ethical if a large portion of the money collected is spent on projects that I morally disapprove of. (S6)	3.80
6	Tax evasion is ethical if I can't afford to pay. (S13)	4.33

7	Tax evasion is ethical if the probability of getting caught is low. (S12)	4.65
8	Tax evasion is ethical even if a large portion of the money collected is spent on projects that do benefit me. (S9)	4.80
9	Tax evasion is ethical if everyone is doing it. (S10)	4.99
10	Tax evasion is ethical even if a large portion of the money collected is spent on worthy projects. (S7)	5.29
11	Tax evasion is ethical if a large portion of the money collected is spent on projects that do not benefit me. (S8)	5.41
12	Tax evasion is ethical even if tax rates are not too high. (S2)	5.64
13	Tax evasion is ethical even if most of the money collected is spent wisely. (S5)	5.65
14	Tax evasion is ethical even if it means that if I pay less, others will have to pay more. (S14)	6.06

### CONCLUDING COMMENTS

This paper surveyed the opinions of business and theology students in Armenia's capital city. The main finding was that there is widespread moral support for tax evasion, although some reasons were stronger than others, as indicated by the scores. Business students seemed to be slightly more opposed to tax evasion than were theology students, which was surprising, since the usual perception is that theologians are more moral than business people.

Prior studies have identified the main reasons for widespread tax evasion. Until those underlying causes are addressed, tax evasion will continue to be widespread.

There are a number of ways the present study may be replicated. Other constituencies within Armenian society might be polled. Law student opinions would be interesting to learn. Presumably, individuals who are going to law school have a great deal of respect for the law, and thus would be hesitant to break it. But on the other hand, some people go to law school so they can learn how to assist clients who break the law.

Another constituency to poll would be individual business owners. Comparisons could be made between their views on tax evasion and the views of business or theology students. A comparative study of business owners and employees would also be interesting.

Distributing the survey to various groups in some of the 14 other former Soviet republics would also be fruitful, as would distribution to the transition economies of Central and Eastern Europe, and China.

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