

The Effect of Deontology and Ethics on Tax Evasion

Chelsie Marion

Missouri Southern State University

Faculty Mentor: Dr. David Smith

Abstract

This study focuses on how ethics and deontology play a role in tax evasion. Deontology is the study of the nature of duty and obligation. Past research showed that tax practitioners use a deontological theory more heavily than other theories when making ethical decisions; however, research does not show which theory is used more for non-tax practitioners. I conducted a survey so that I could compare participants' ethics scores. I presented them with a tax scenario and participants responded by saying they believe the actions (i.e. tax evasion) were just or unjust based on a 1-7 multidimensional scale. The multidimensional ethics scale looks at five different modes including justice, relativism, egoism, utilitarianism, and deontology. However, this study only focuses on deontology. To examine participant's ethics and to see how ethics relates to tax evasion, I used surveys from 137 business and non-business students at Missouri Southern State University. This study compared the results between the different majors (accounting, other business, and non-business). The first hypothesis states that students using higher levels of deontological ethical reasoning will have a higher ethical score in the scenario. The second hypothesis states that women will score higher than men on the ethics survey. The third hypothesis states that accounting majors will score higher on the ethics survey than other business and non-business majors. This study used an ordinal logit regression to analyze the results. I then compared my results to past research and reviewed my limitations of the study and discussed future implications. I concluded by presenting my results and stating how my hypothesis is or is not supported.

Keywords: Deontology, ethics, tax, evasion