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**TRP**  
TAX REFORM PROJECT



# TAXPAYER PERCEPTION SURVEY

## HOUSEHOLDS AND BUSINESSES

**May 7, 2014**  
**Yerevan**



## **OBJECTIVES**

- **Identify attitudes of general public and business community toward the tax authorities**
- **Facilitate an improved public-private discourse and help develop effective and efficient tax policies and tax administration**
- **Raise awareness of tax policy and tax administration related issues in Armenia**



## CONTENT

- Survey methodology
- What do Armenians know about taxes?
- Is the tax burden heavy in Armenia?
- Do Armenians comply with the Tax Laws?
- How willing are taxpayers to pay taxes?
- Do taxpayers trust state authorities?
- Corruption perceptions
- Is the Armenian tax system predictable?
- How useful are the activities of tax authorities?
- Are Armenians proud to pay taxes?



# SURVEY METHODOLOGY

## ➤ Households (HH)

### Sampling

- **Interviewed:** 1,448 households
- **Sampling method:** Multistage stratified clusterization by marz and type of settlement (Yerevan, other urban and rural), proportional to the number of households
- **Sampling frame:** List of household addresses provided by the “Armenian Electricity Network” CJSC

**Data collection tools:** Standardized face-to-face questionnaire and show cards

**Data collection mood:** Face-to-face interviews

**Field work period:** November-December, 2013



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## **SURVEY METHODOLOGY**

### ➤ **Tax paying organizations and sole proprietors survey (Businesses)**

#### **Sampling**

- **Sample size:** 400 tax paying organizations
- **Sampling method:** Stratification by marz and annual turnover
- **Sampling frame:** The list of tax paying organizations and sole proprietors provided by the State Revenue Committee – 63,625 legal and physical entities
- **Respondents:** Managers/owners

**Data collection tools:** Standardized questionnaire and show cards

**Data collection mode:** Face-to-face interviews

**Field work period:** November-December, 2013



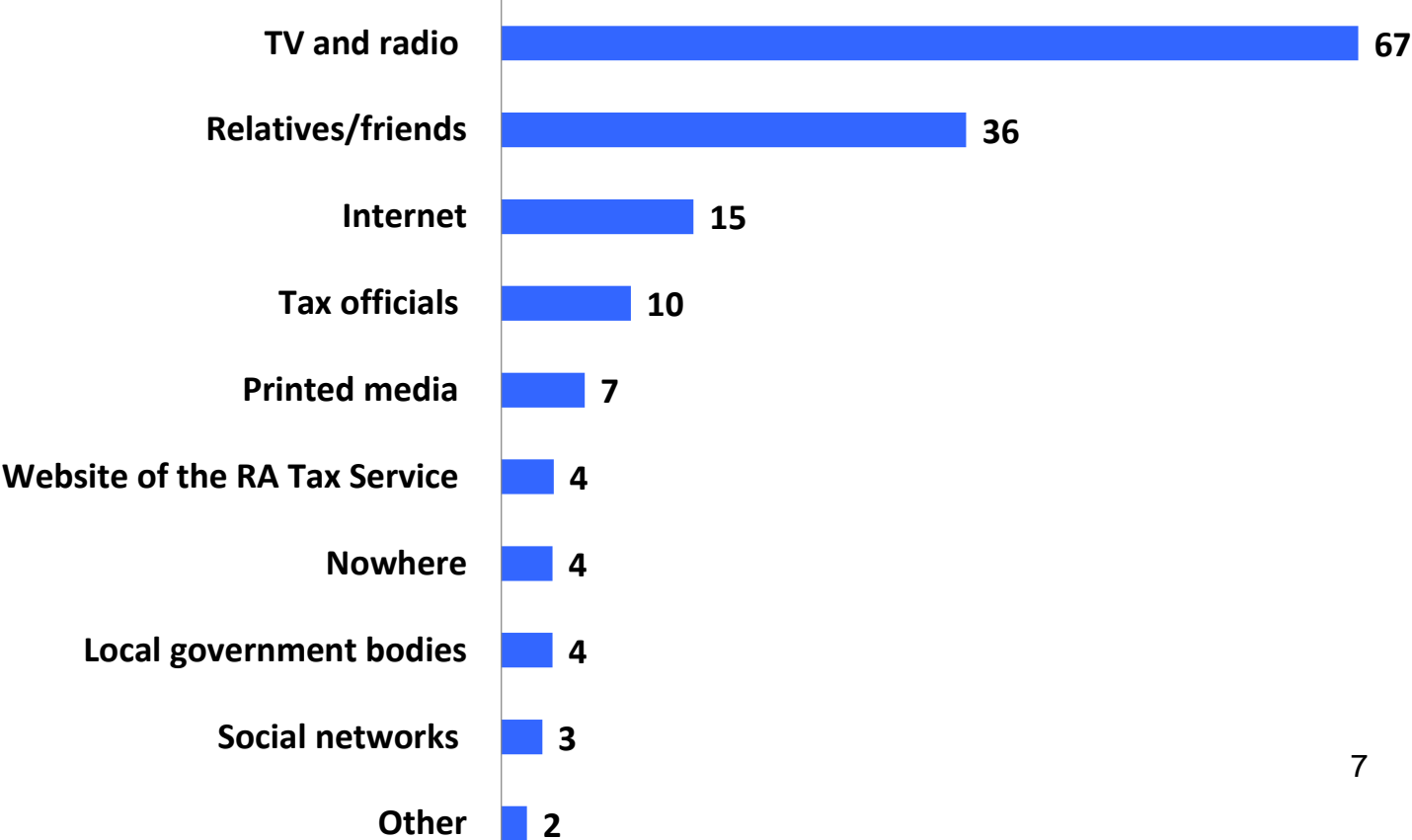
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# WHAT DO ARMENIANS KNOW ABOUT TAXES?



**HOUSEHOLDS**

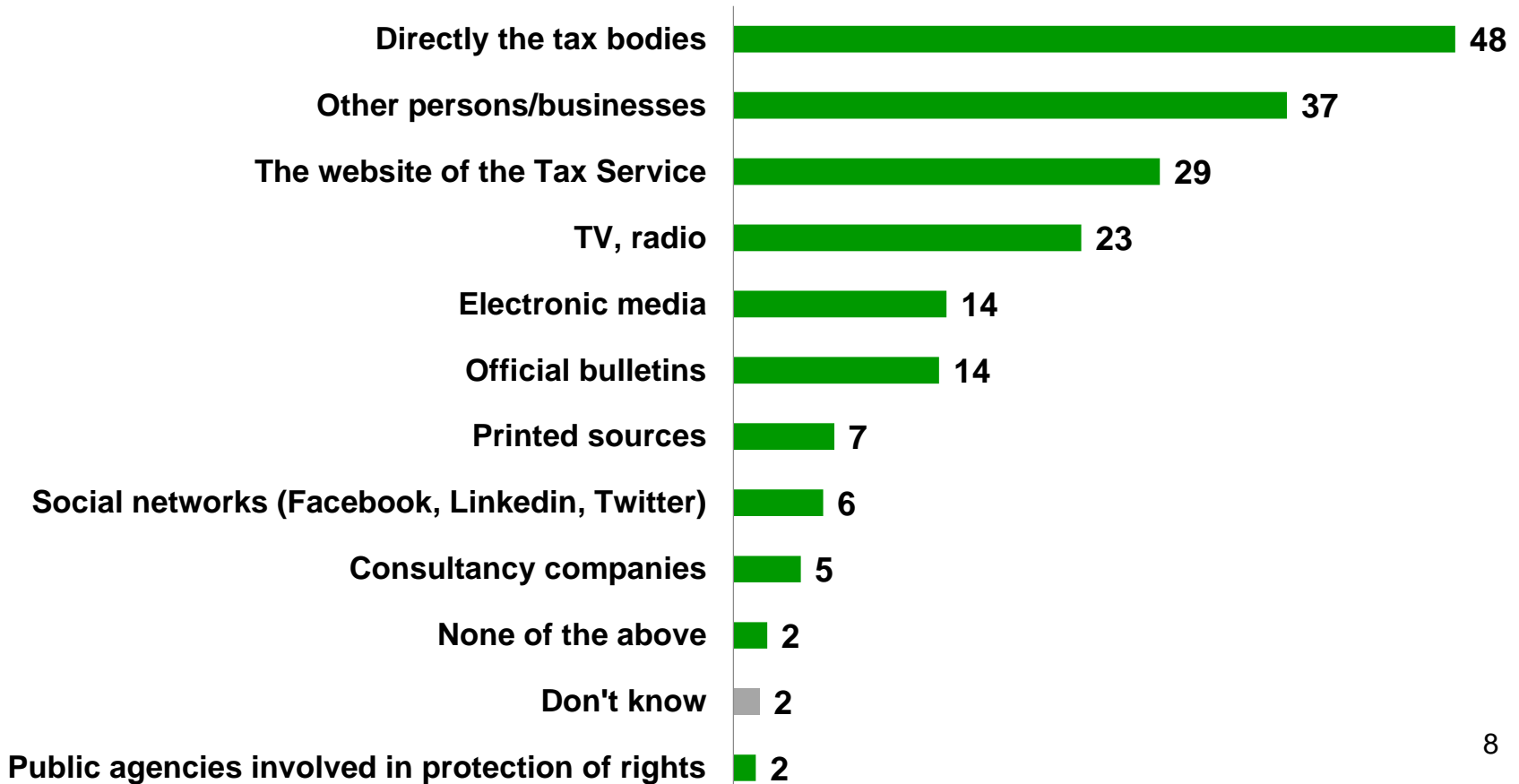
**Q1.18. Where do you get information about taxes (more than one answer allowed), %?**





**BUSINESSES**

**Q5.1. What are your main sources of receiving information about the changes in tax system/procedures (more than one answer allowed), %?**

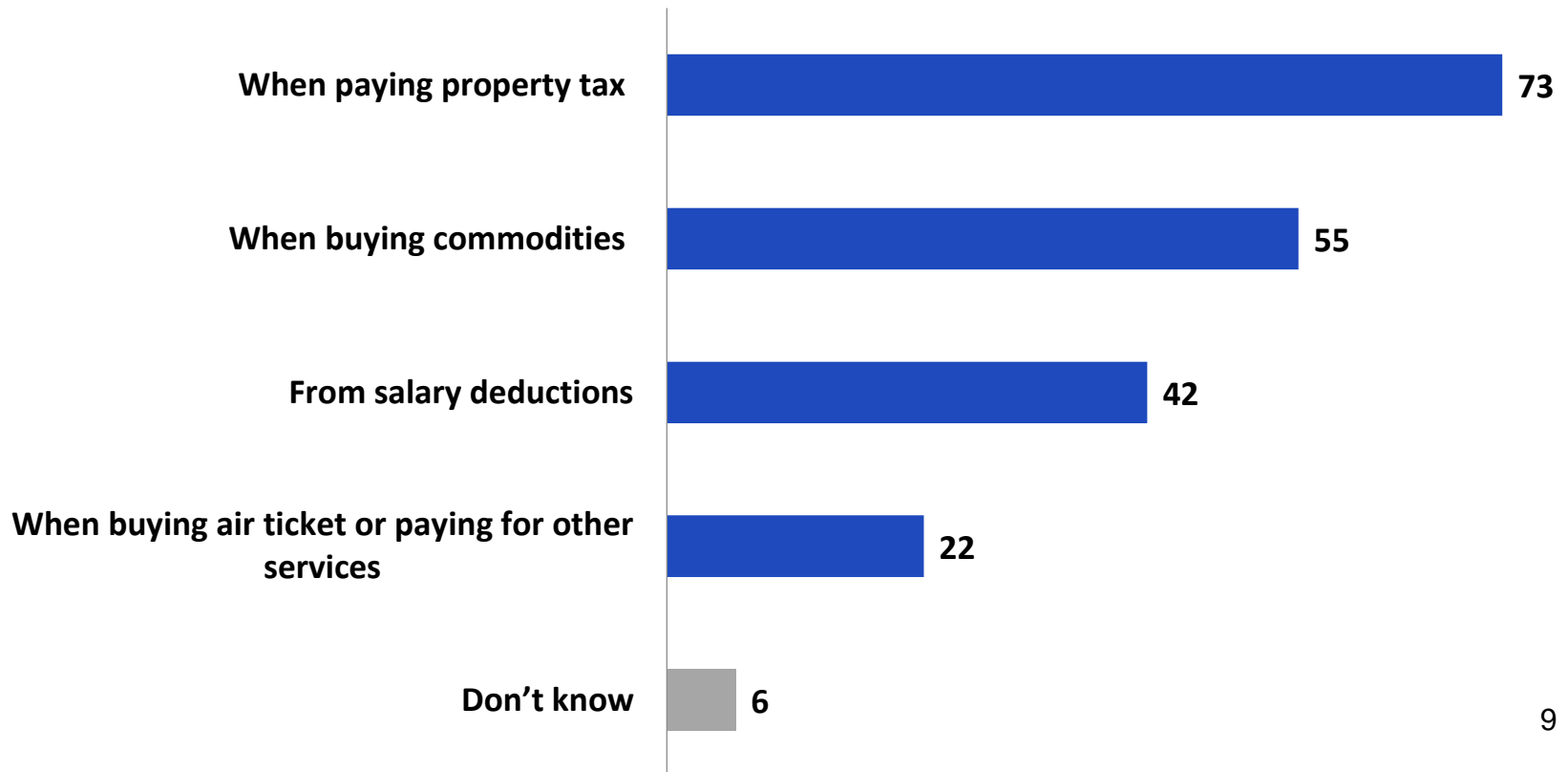






**HOUSEHOLDS**

**Q1.28. In which circumstances do you become aware of paying taxes (more than one answer allowed), %?**

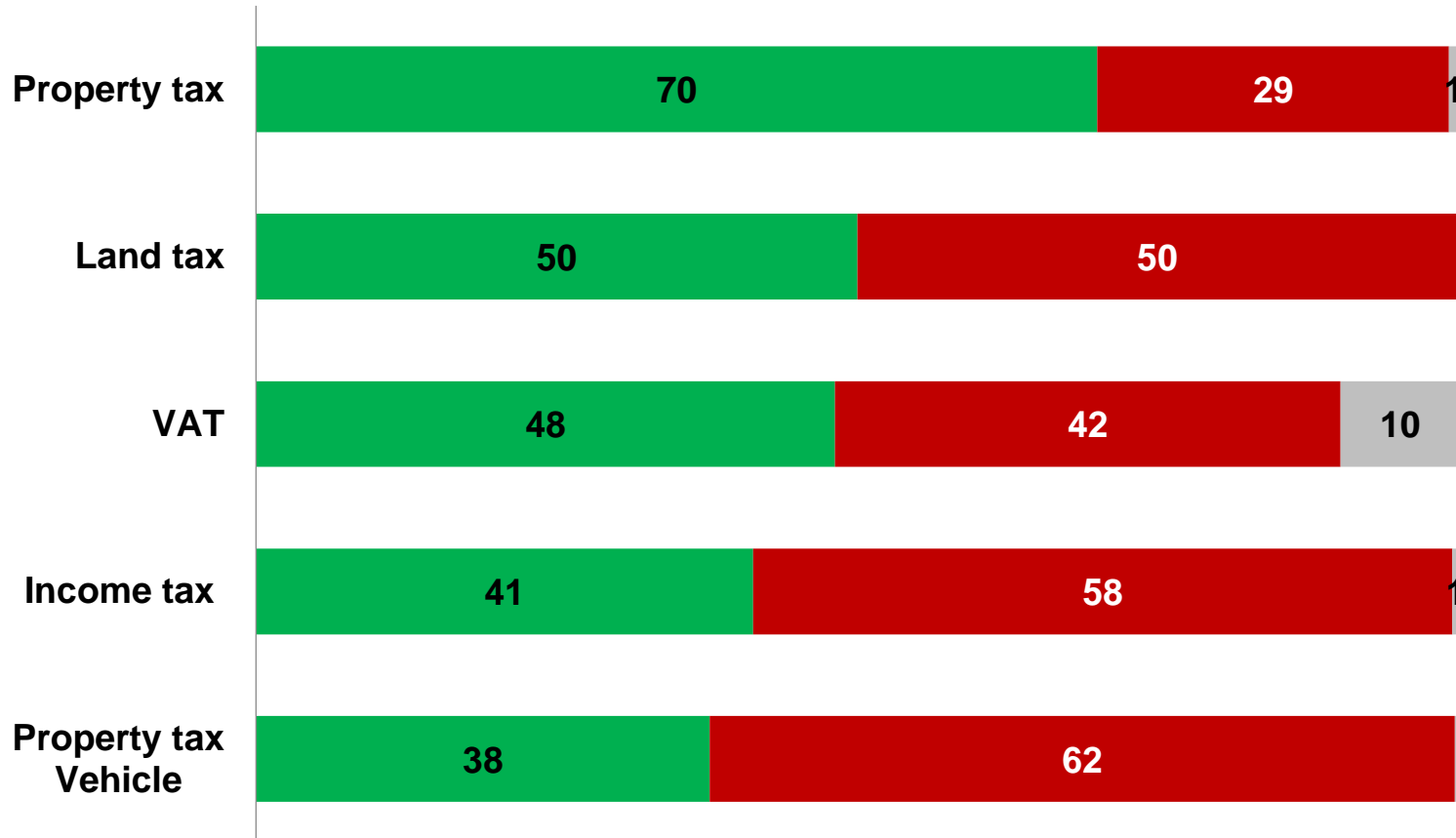




**HOUSEHOLDS**

**Q1.2. What kinds of taxes are you (your family) exposed to, %?**

■ Yes ■ No ■ Don't know what it is

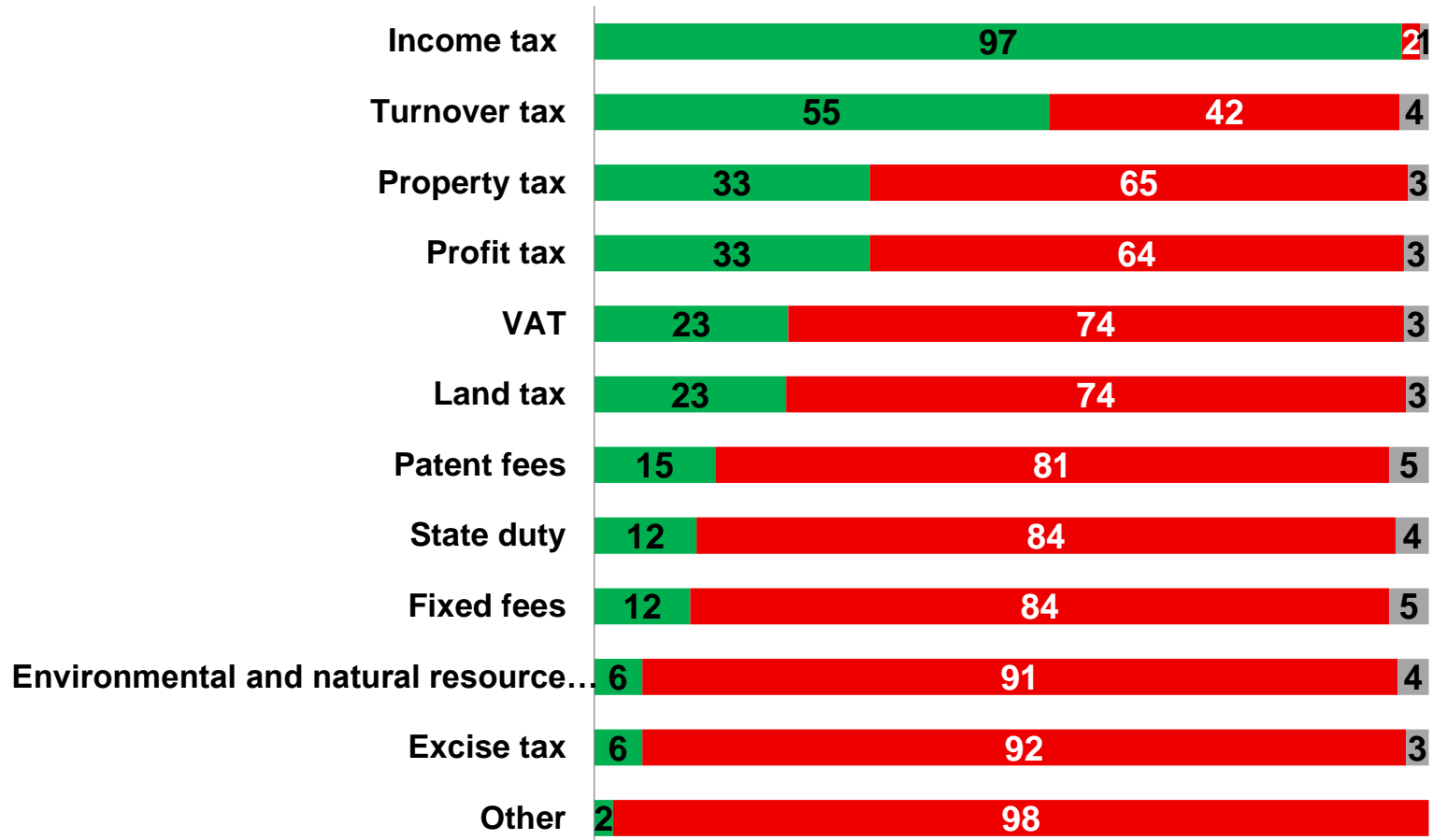




**BUSINESSES**

**Q2.1. Which of the following kinds of taxes are paid by your business, %?**

■ Yes ■ No ■ Don't know





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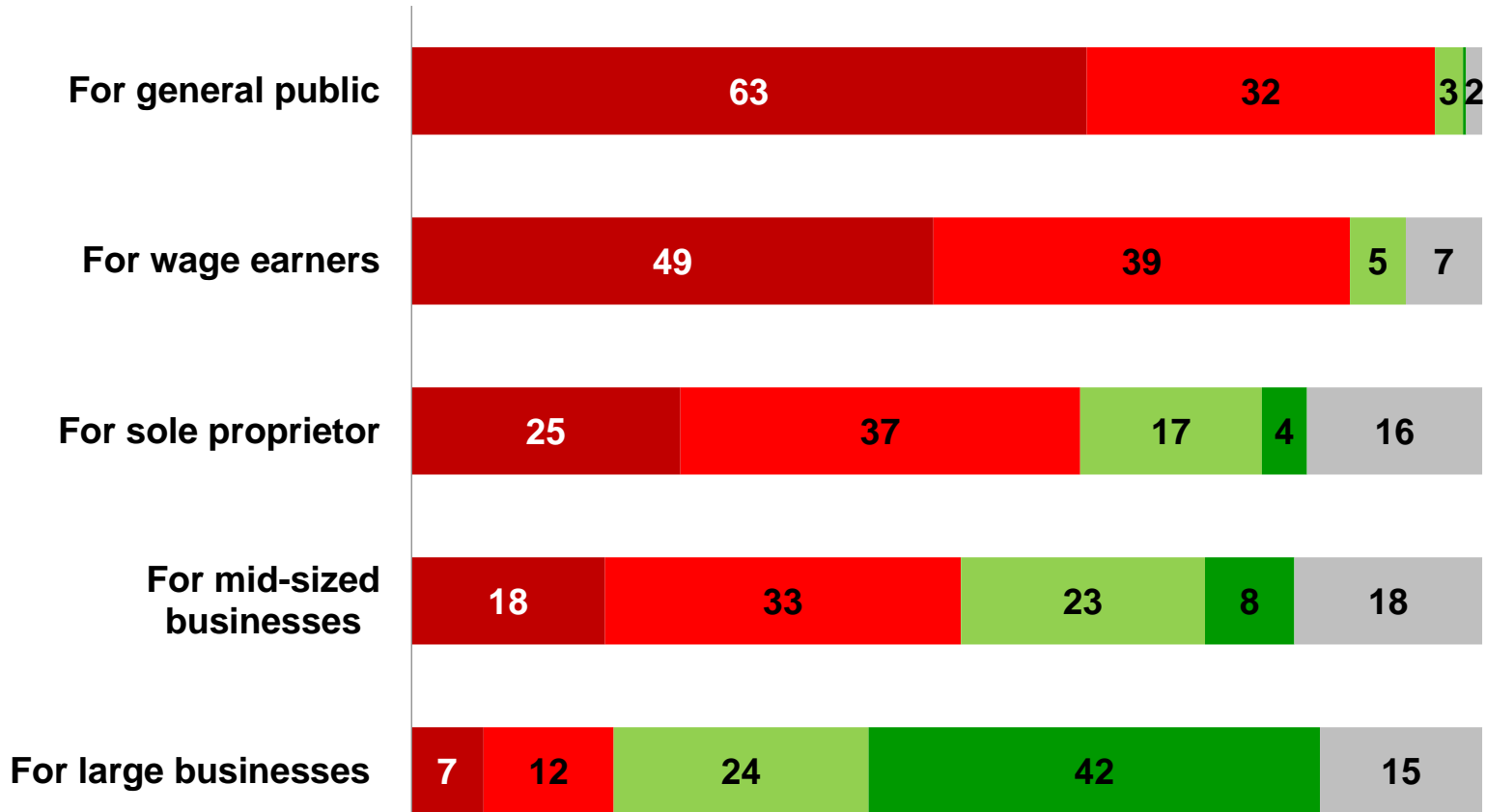
# IS THE TAX BURDEN HEAVY IN ARMENIA?



**HOUSEHOLDS**

**Q1.27. How heavy is the tax burden (the amount of income tax and other taxes levied on an individual and business), %?**

■ Very heavy ■ Heavy ■ Not heavy ■ Not heavy at all ■ Don't know

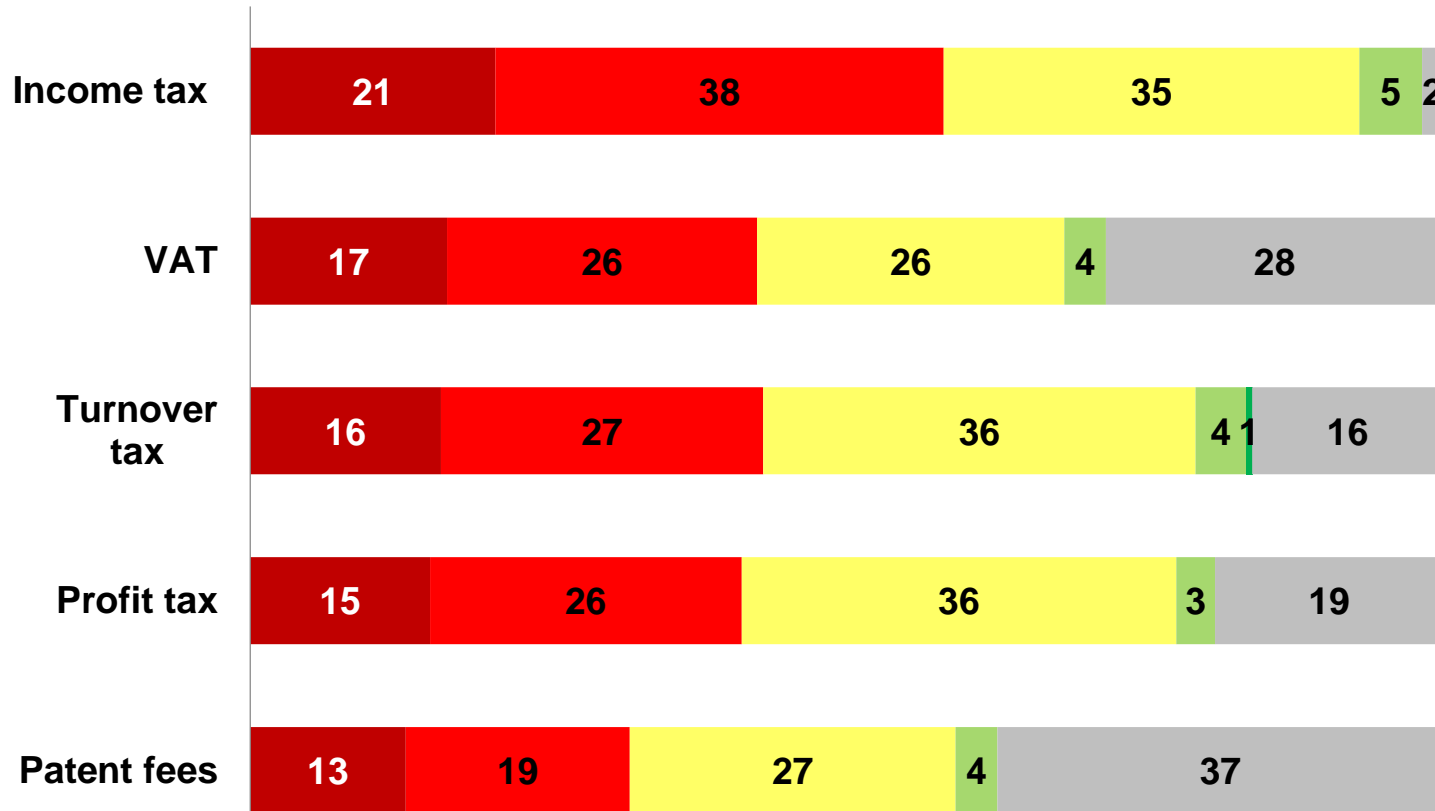




**BUSINESSES**

**Q2.2. How heavy is the tax burden (the amount of income tax and other taxes levied on an individual and businesses), %?**

■ Very heavy ■ Heavy ■ Neutral ■ Not heavy ■ Not heavy at all ■ Don't know



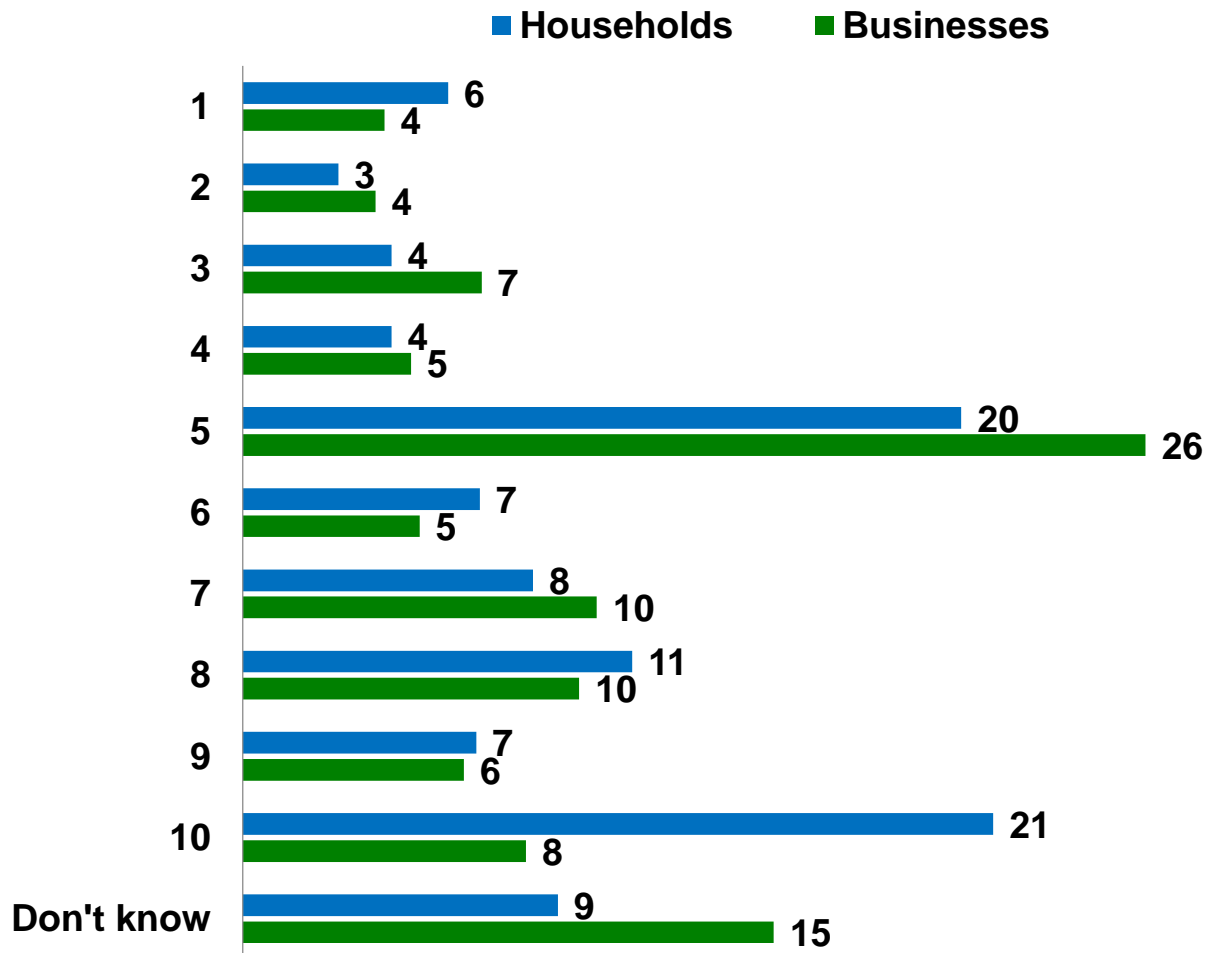


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# DO ARMENIANS COMPLY WITH TAX LAWS?



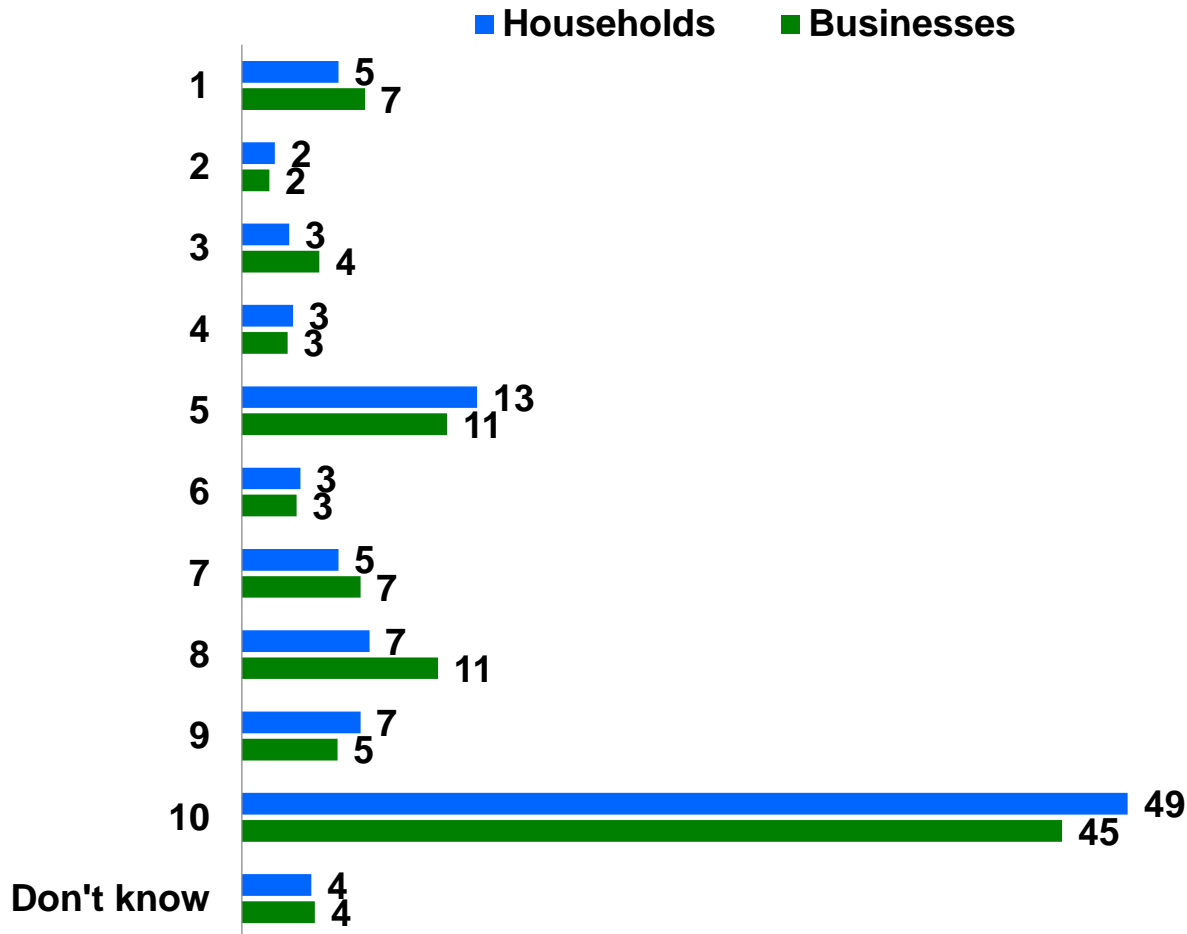
**Q1.9 - Q4.3. Do you think that people/businesses avoid or evade tax payments (in the scale of 1-10, where '1' means "Nearly no one" and 10 means "Nearly everyone"), %?**





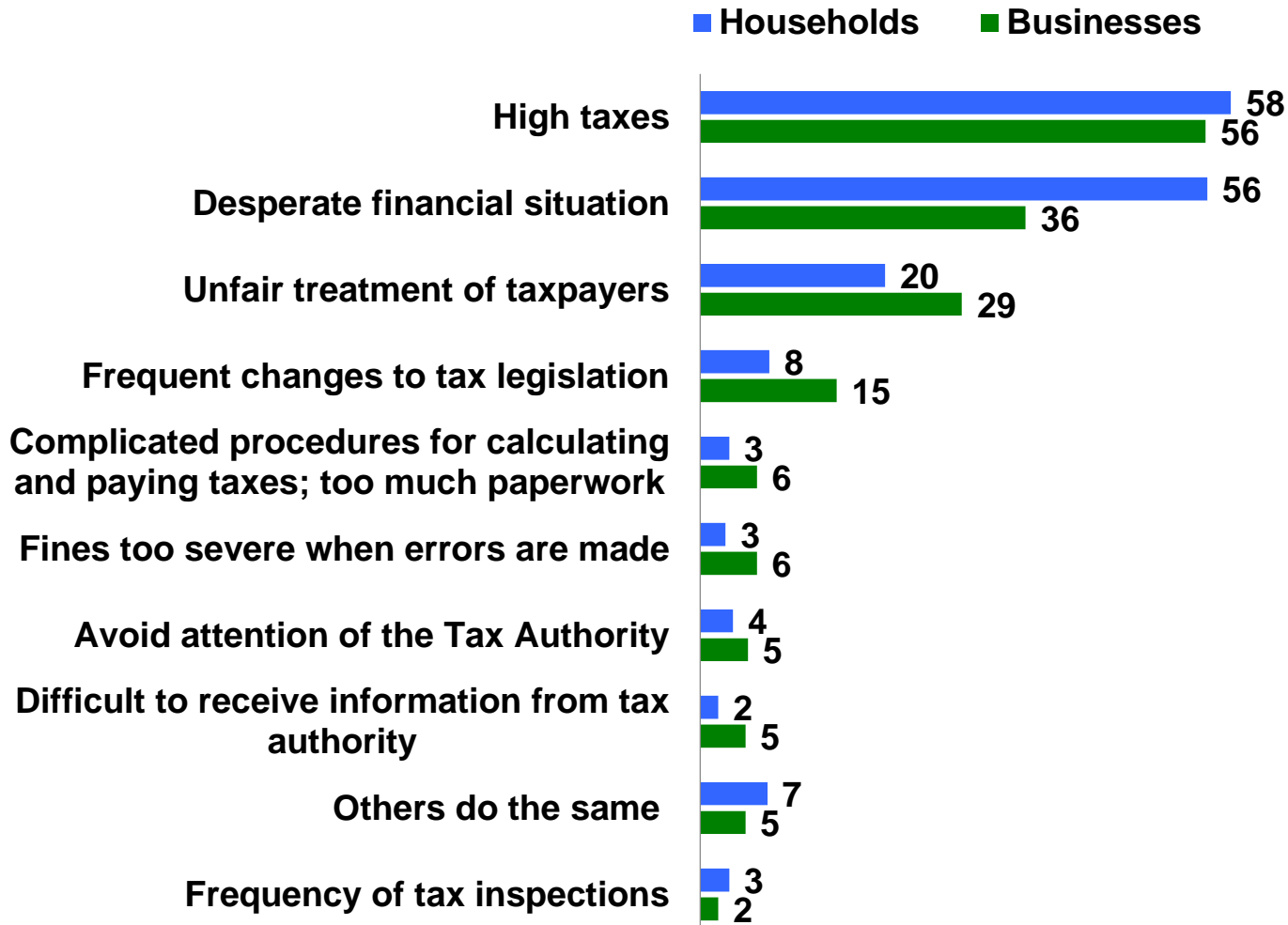


**Q1.8 - Q4.2. How justified is it to avoid or evade tax payments (in the scale of 1-10, where '1' means "Fully justified" and 10 means "Not justified at all"), %?**





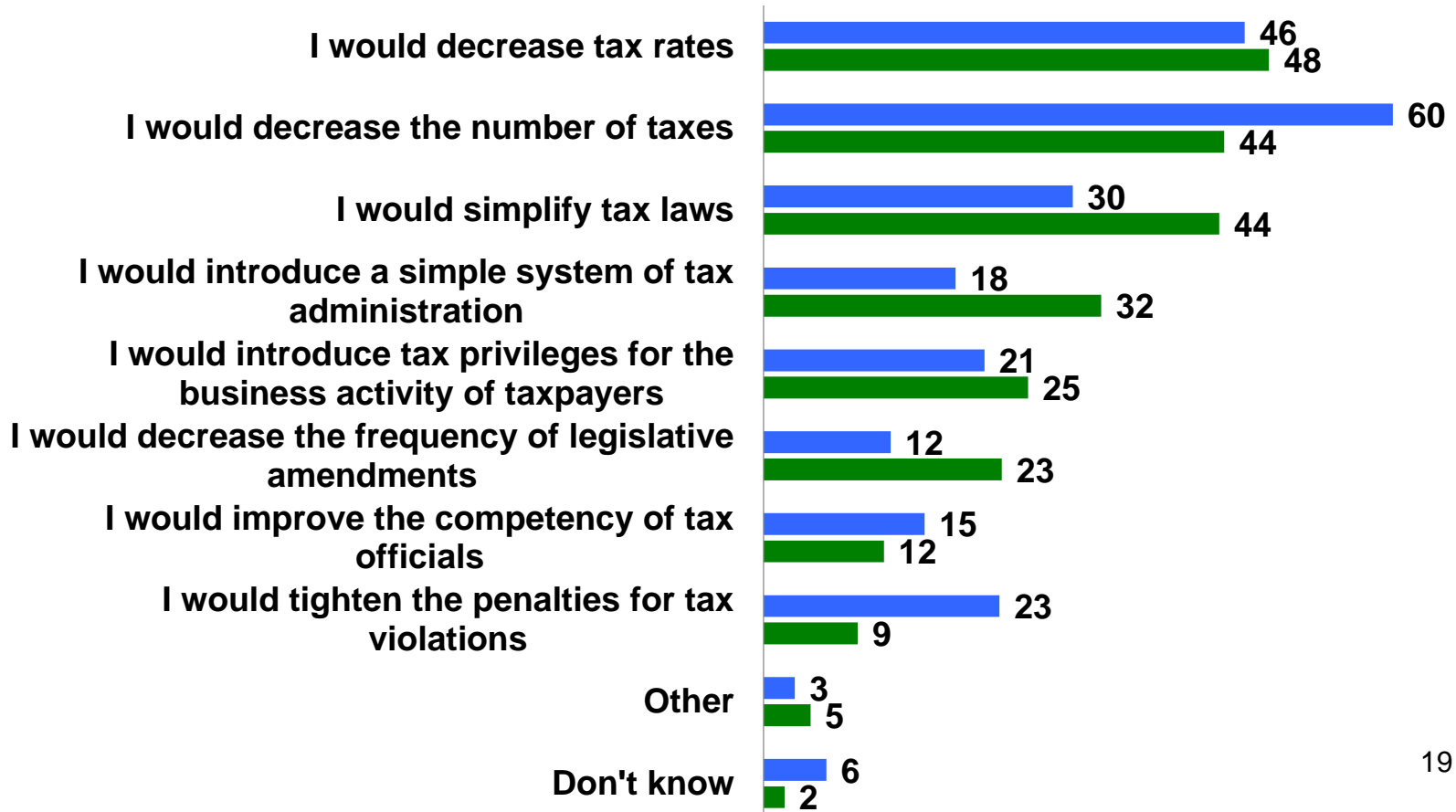
**Q1.13 - Q4.4. What are the main reasons for avoiding or evading tax payments (more than one answer allowed), %?**





**Q1.16 - Q.4.10. If you were a decision maker at a state agency, which your three primary actions would be to improve the tax system (more than one answer allowed), %?**

■ Households ■ Businesses



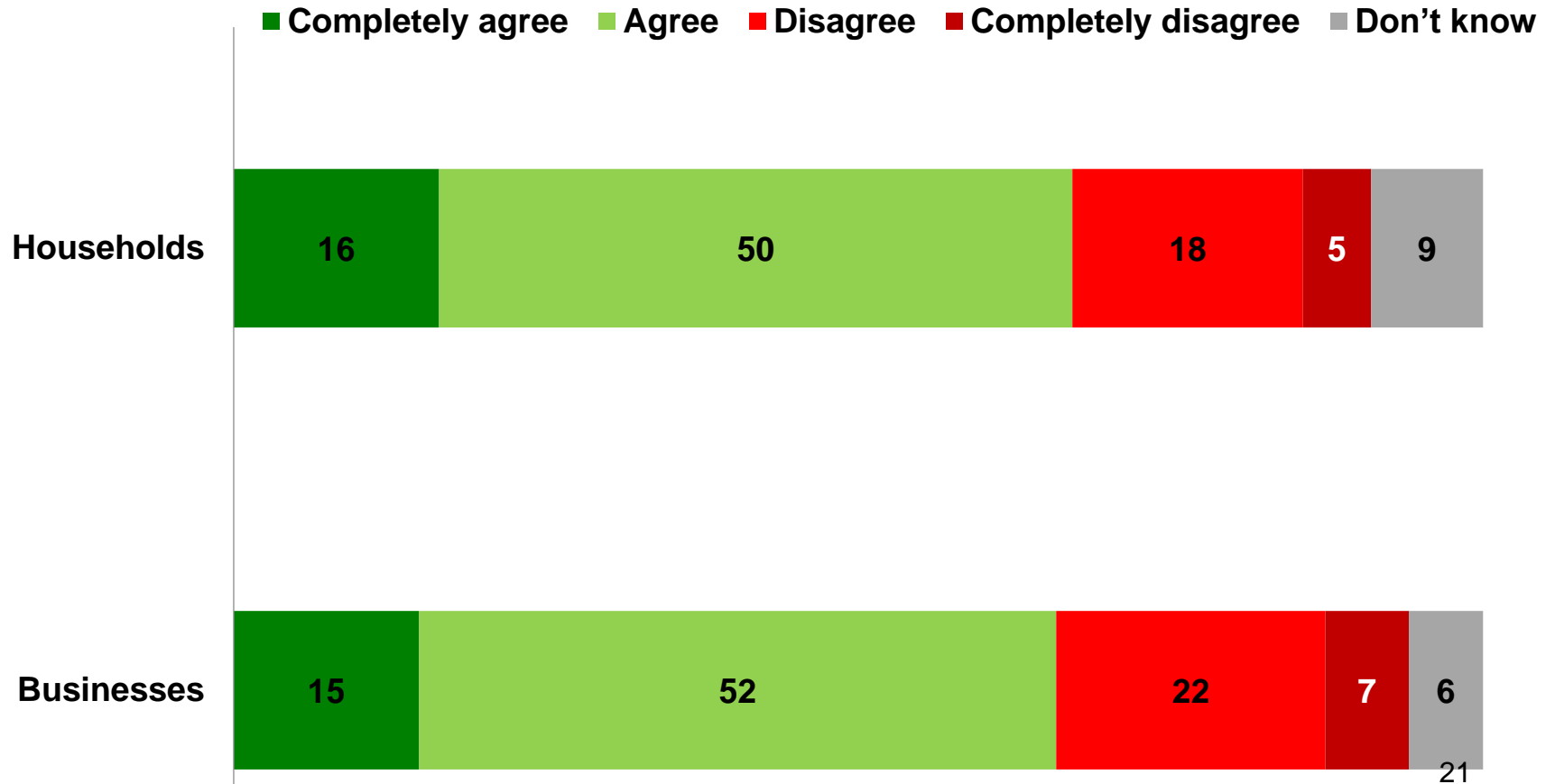


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# HOW WILLING ARE TAXPAYERS TO PAY TAXES?

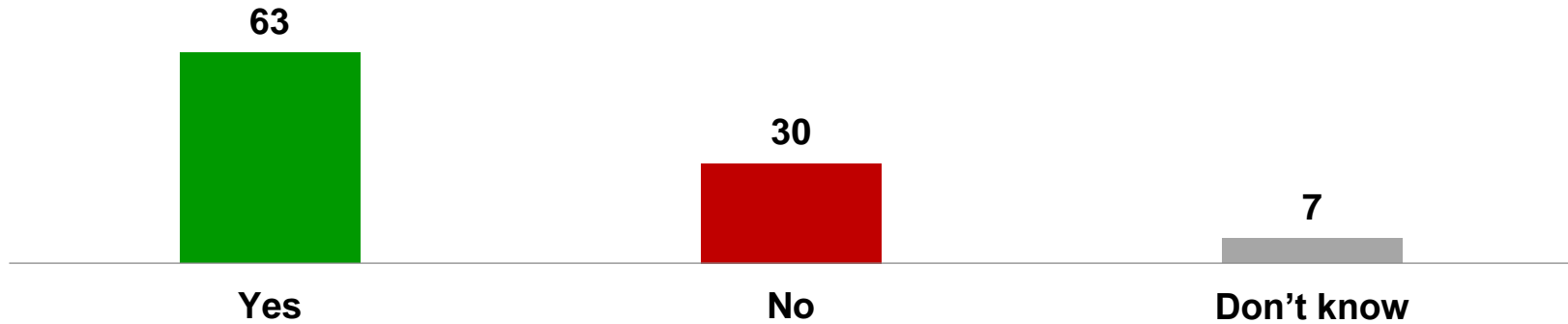


**Q1.17.7 - Q4.11.6. Agree/Disagree: If paying tax were easy and less time-consuming, people would be more willing to pay, %.**



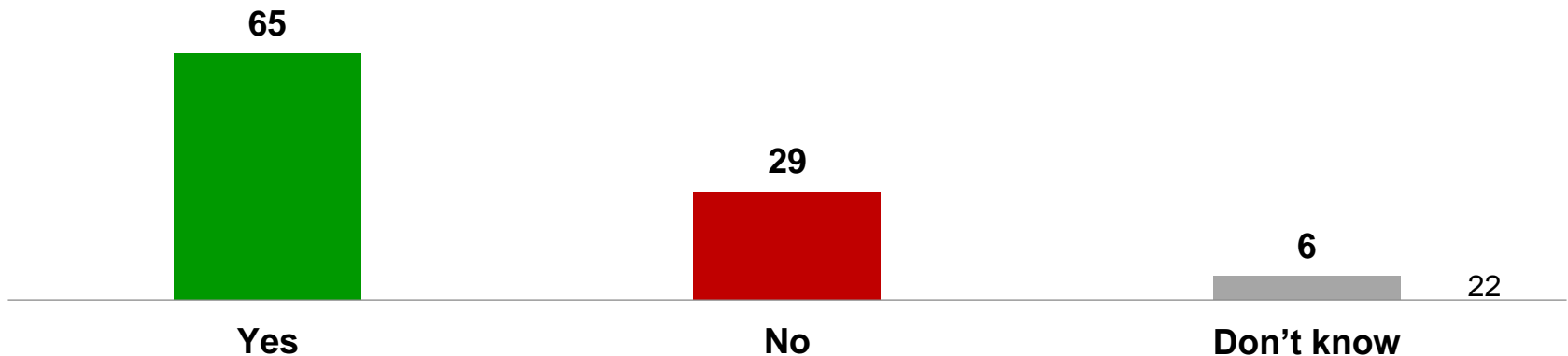


**Q1.19. Do you think each citizen should independently calculate and pay his/her taxes, %?**



**HOUSEHOLDS**

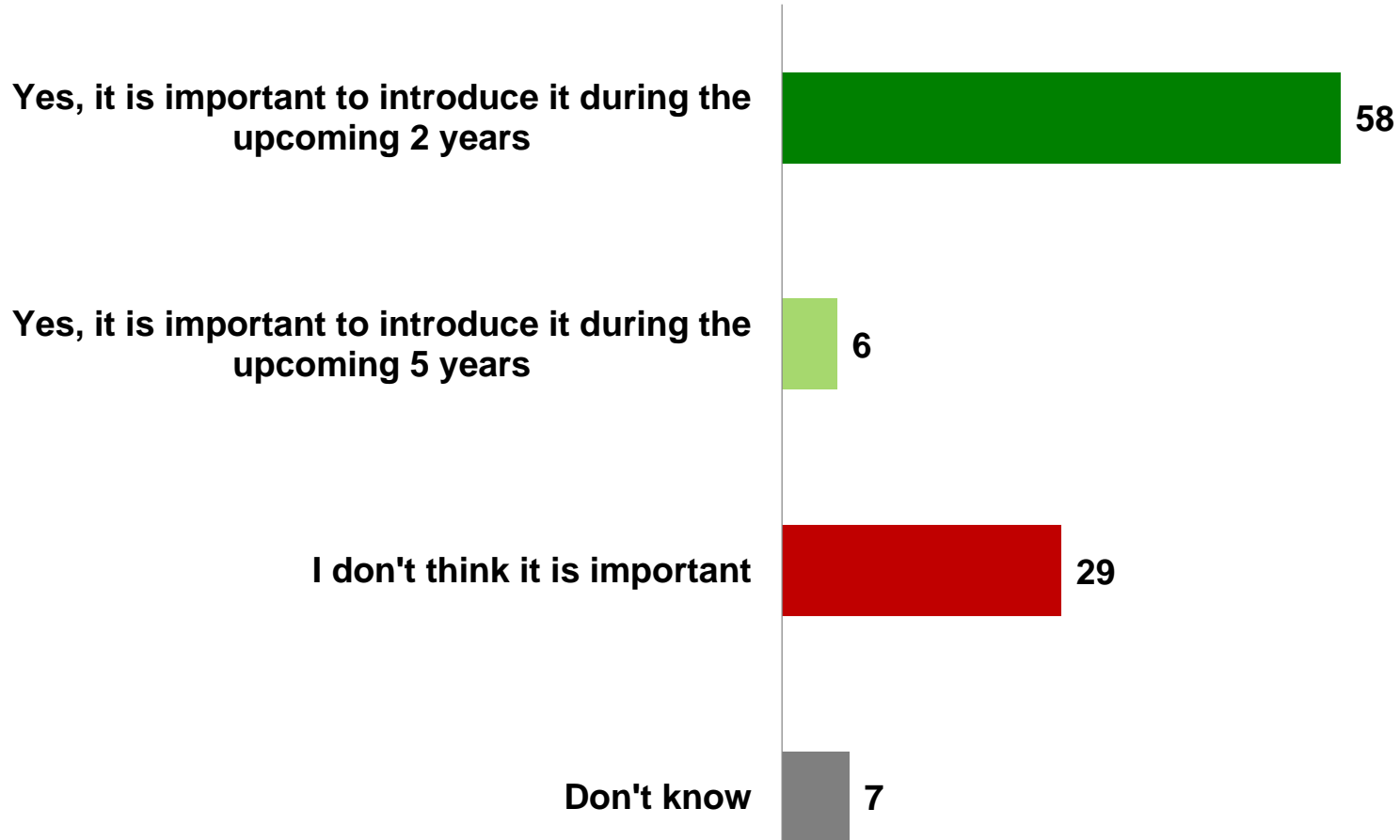
**Q1.20. Would you like to calculate (state) your own income and pay your taxes, %?**





**BUSINESSES**

**Q2.6. Do you value the contribution of the Tax Code in unification (simplification) of the tax legislation, %?**





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# DO TAXPAYERS TRUST STATE AUTHORITIES?

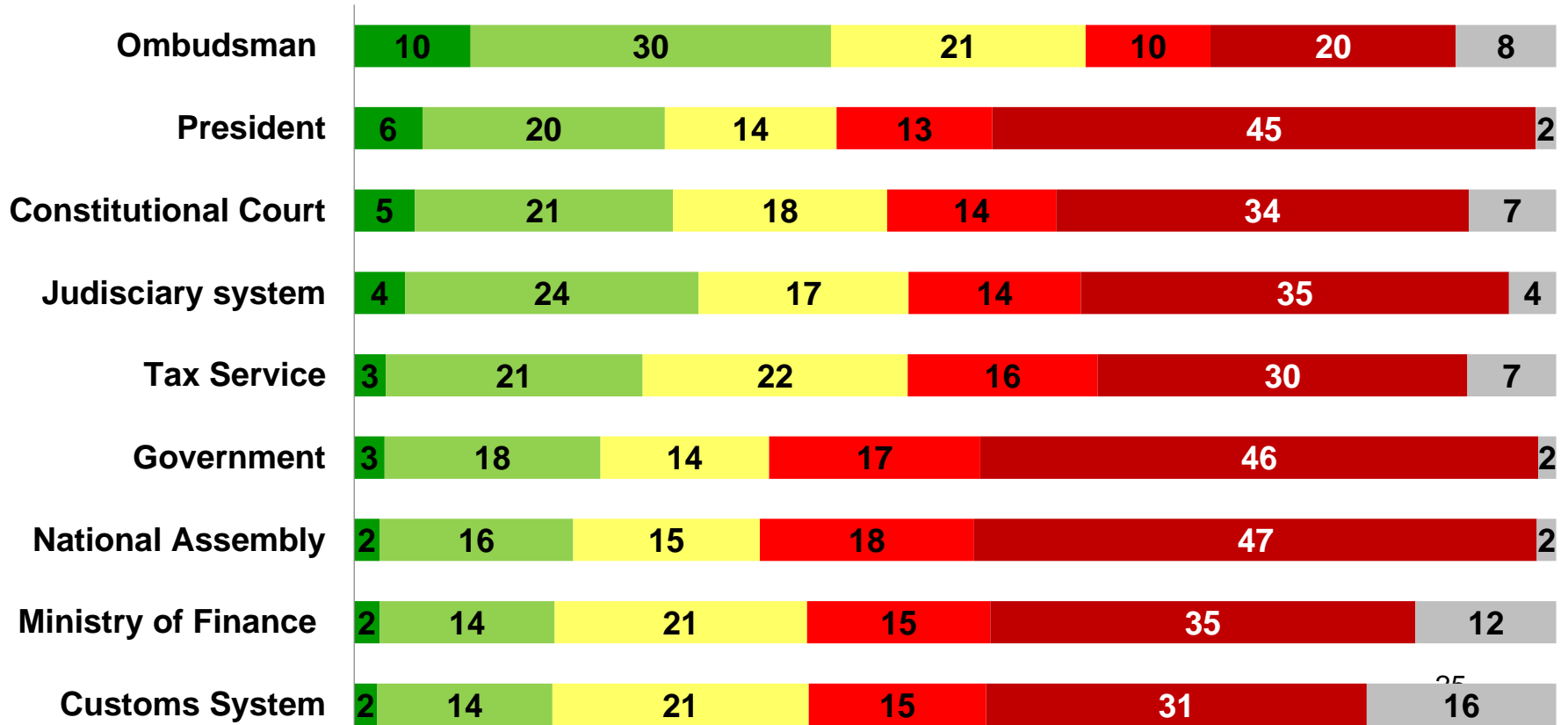




## HOUSEHOLDS

### Q1.26. To what extent do you trust the following institutions, % ?

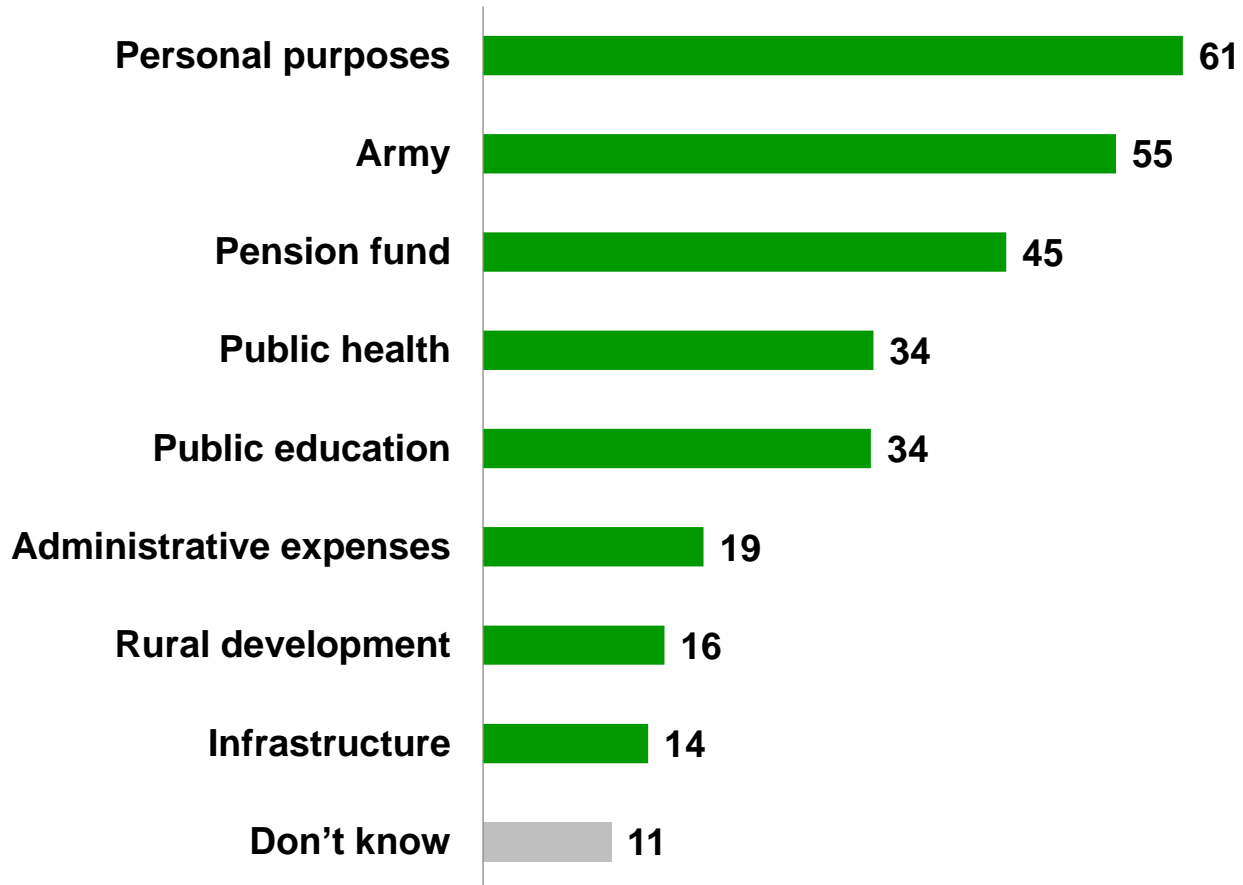
- Fully trust
- Somewhat trust
- Neither trust, nor distrust
- Somewhat distrust
- Fully distrust
- Don't know





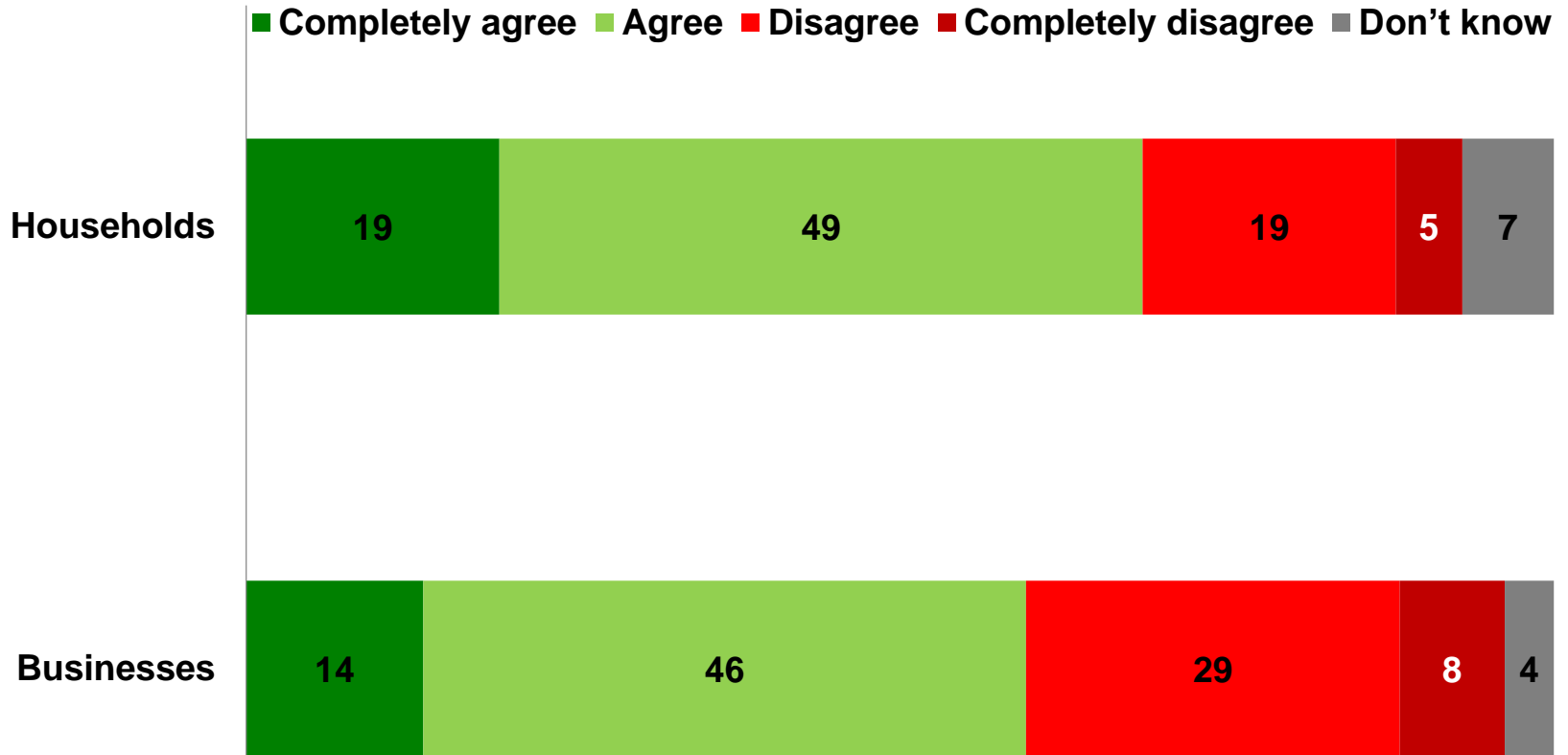
**HOUSEHOLDS**

**Q1.22. How does the Government currently use the income generated from taxes (more than one answer allowed), %?**





**Q1.17.1 - Q4.11.1. Agree/Disagree: If you see more useful social and other services, e.g., police, army, health, education, etc., you would be willing to pay more taxes, %.**





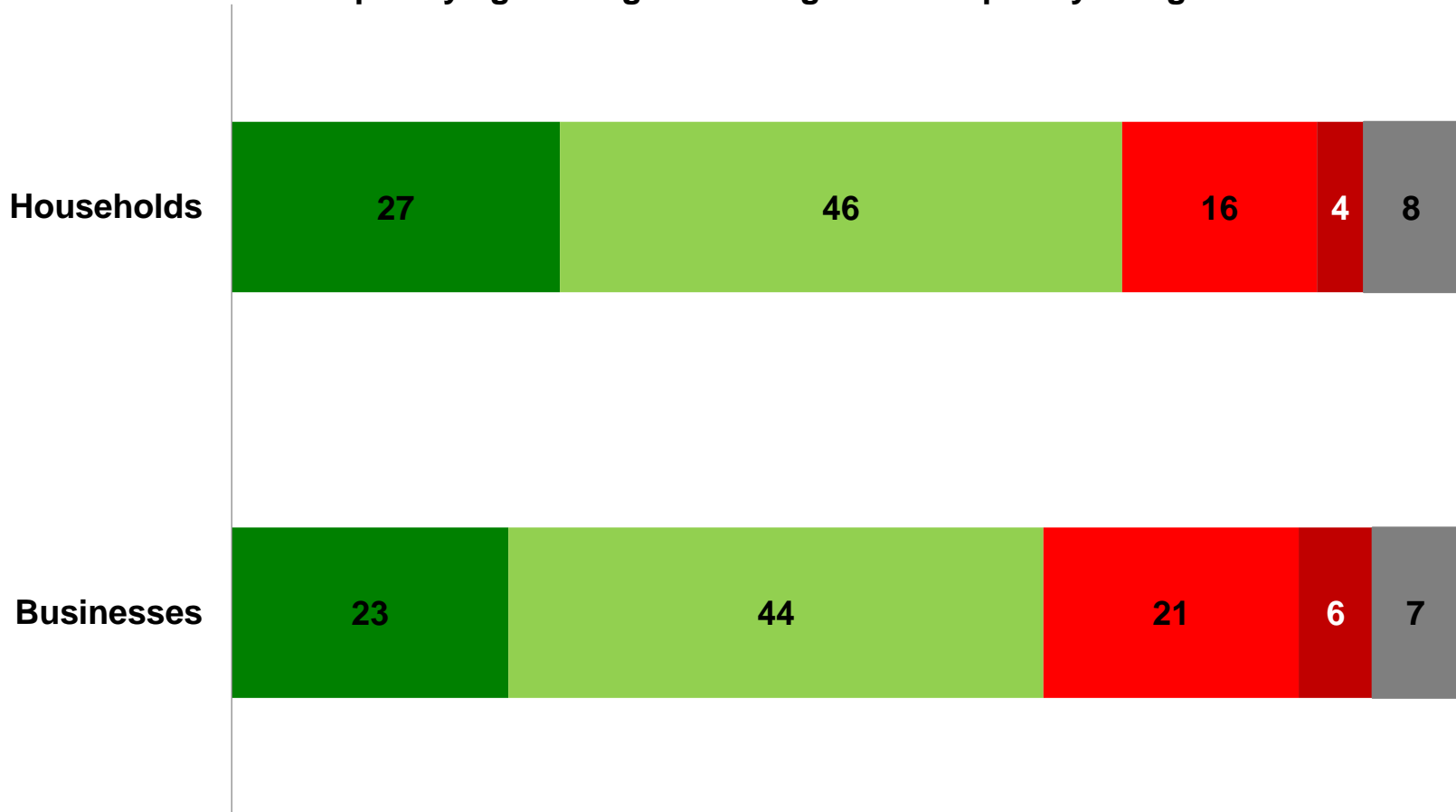
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# CORRUPTION PERCEPTIONS



### Q1.17.11 - Q4.11.12. Agree/Disagree: If you see less corruption, would you be willing to pay more taxes, %?

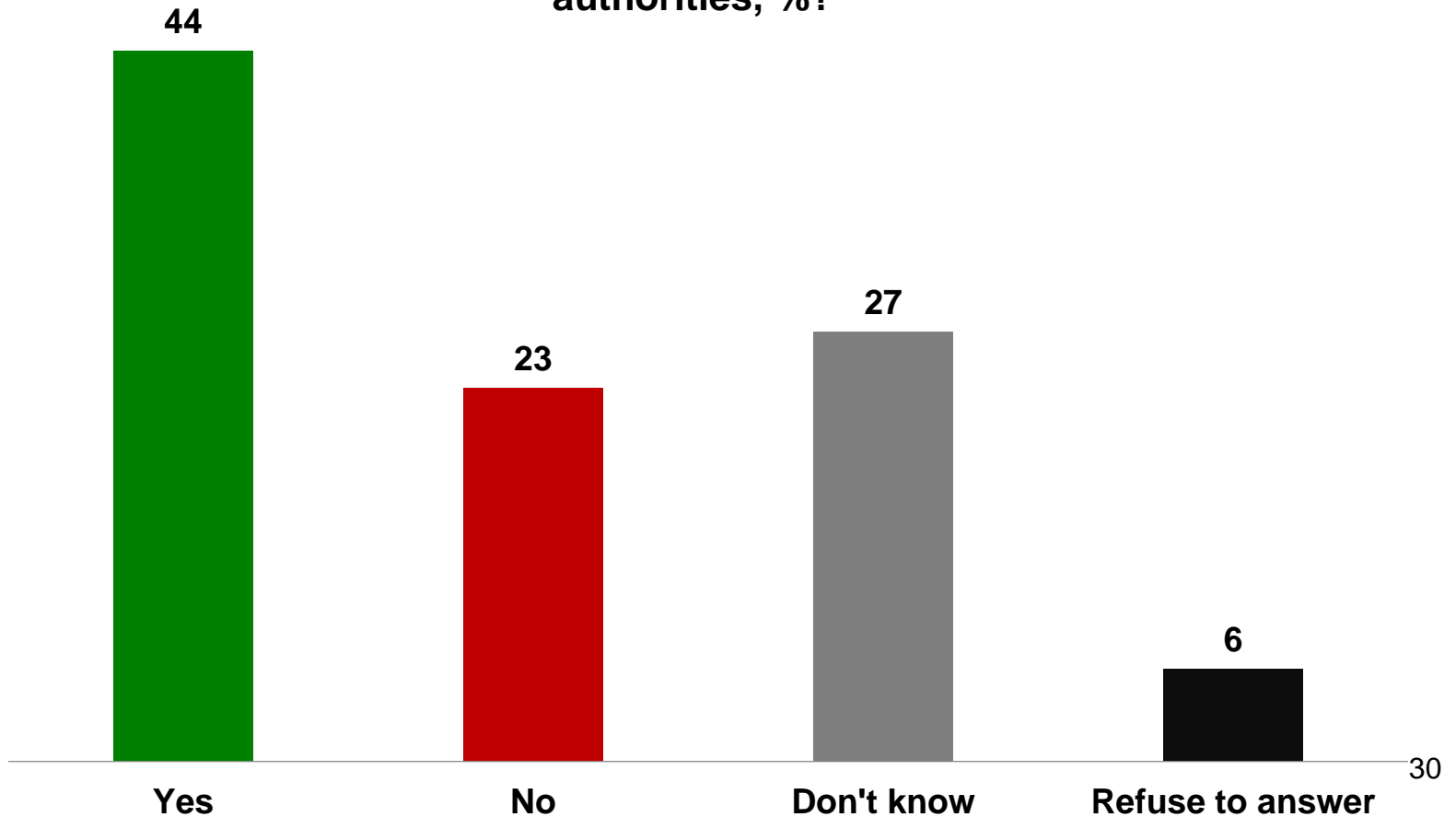
■ Completely agree ■ Agree ■ Disagree ■ Completely disagree ■ Don't know





**BUSINESSES**

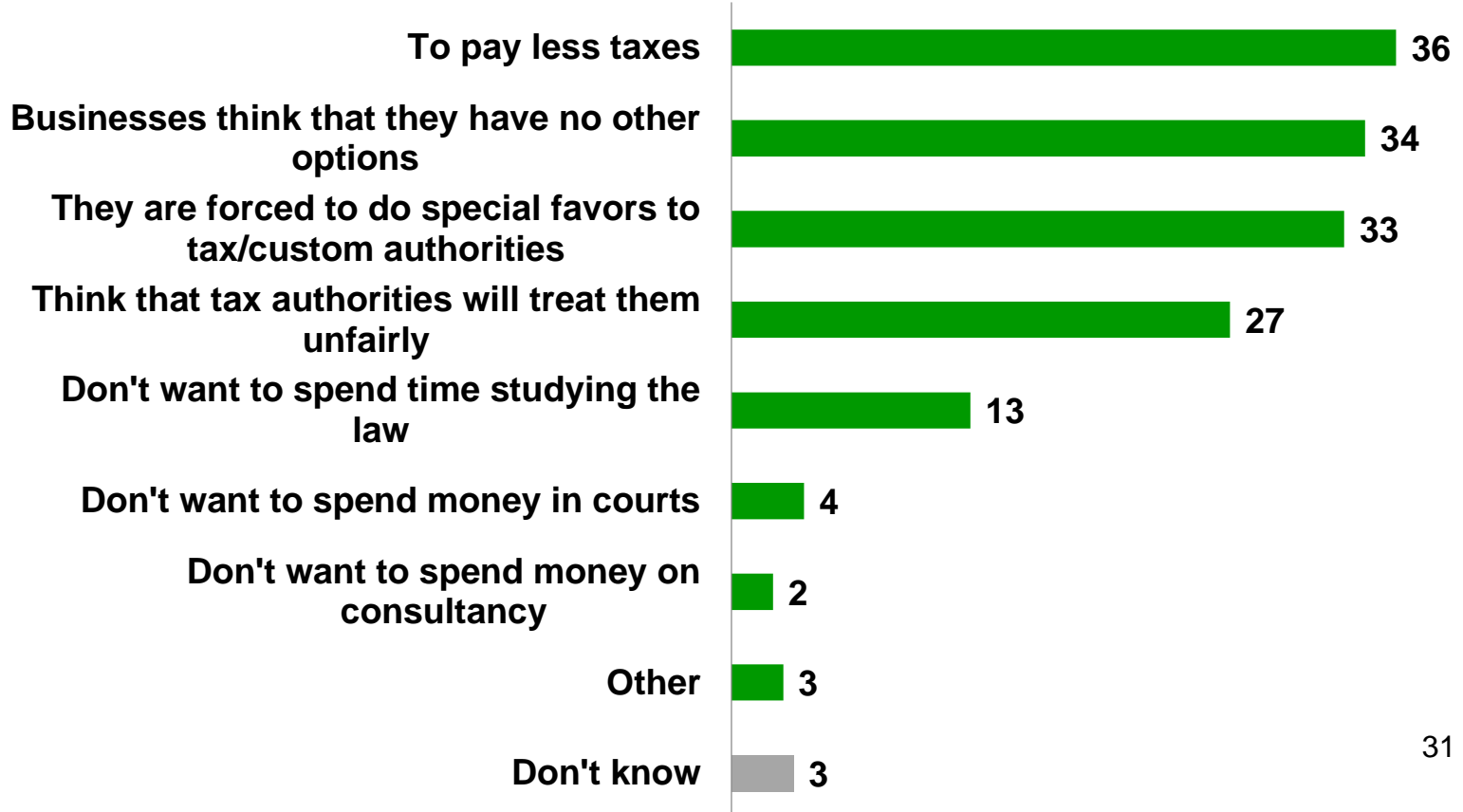
**Q2.13. Do you think businesses pay bribes to tax/customs authorities, %?**





**BUSINESSES**

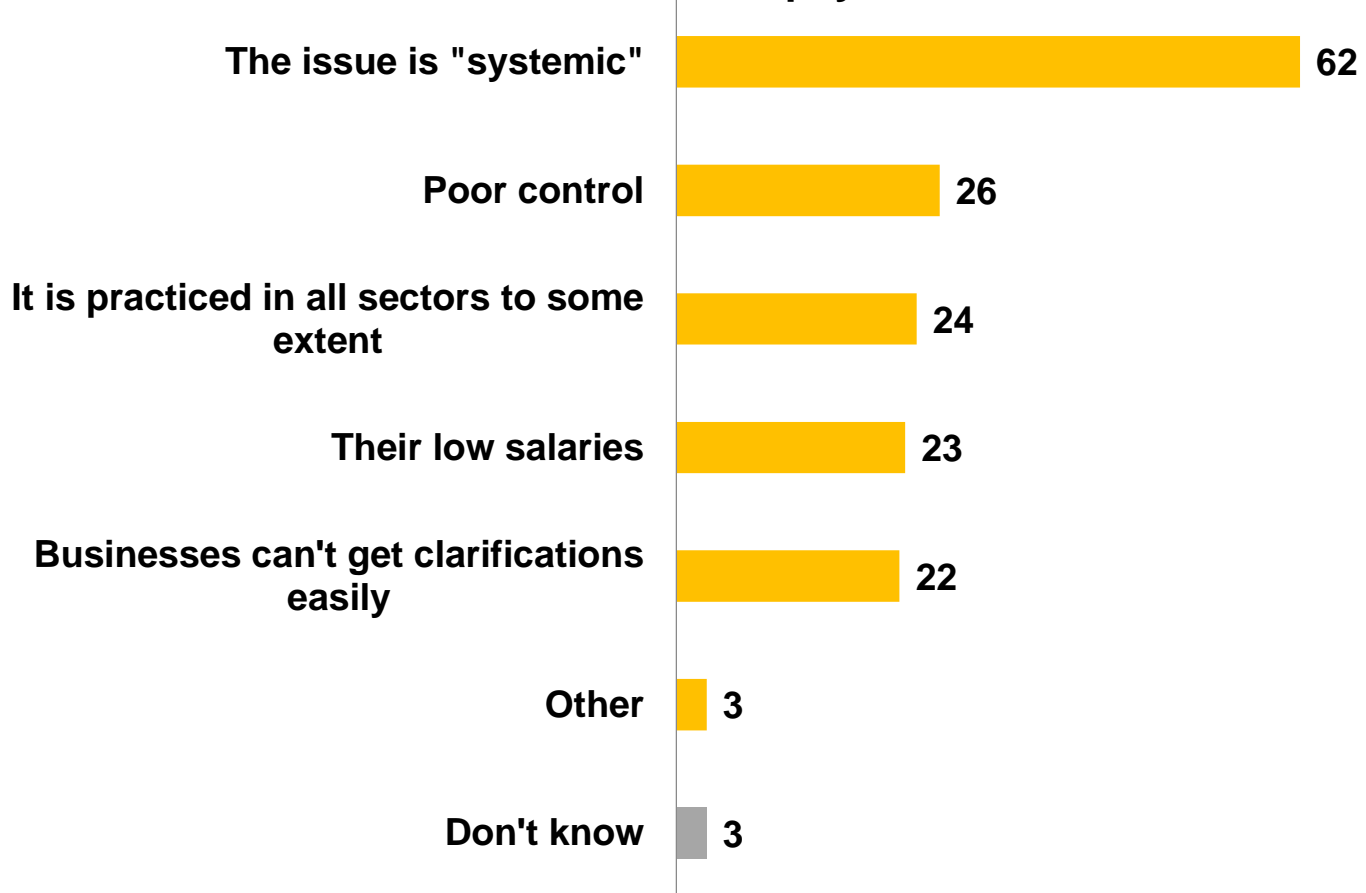
**Q2.14. Why do you think businesses pay bribes to tax/customs authorities (more than one answer allowed), %?  
This question was asked only to those who think that businesses pay bribes.**





**BUSINESSES**

**Q2.15. What are the main reasons that tax/customs authorities take bribes (more than one answer allowed), %?  
This question was asked only to those who think that businesses pay bribes.**







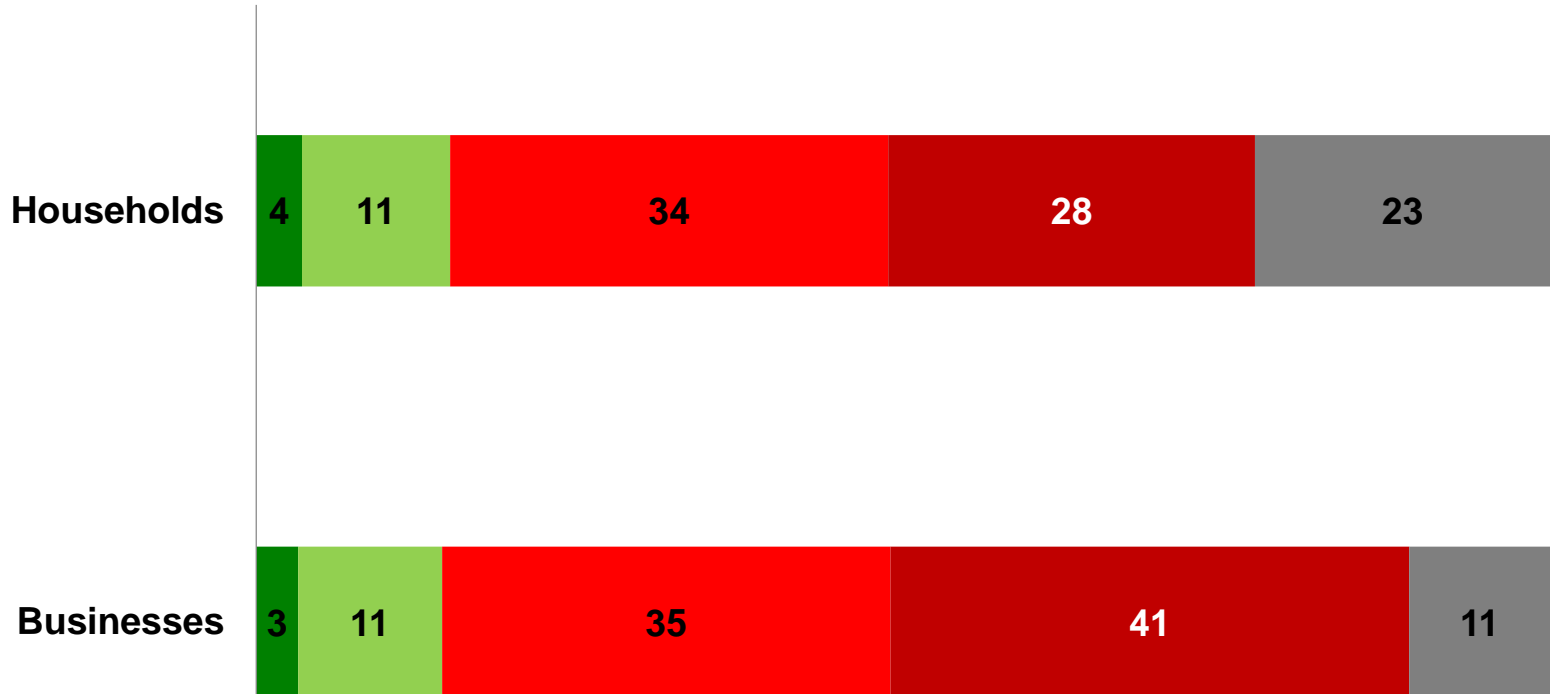
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# IS THE ARMENIAN TAX SYSTEM PREDICTABLE?



**Q1.17.8 - Q4.11.7. Agree/Disagree: The tax system in Armenia is predictable. We can forecast how much the tax charge will be next year, %.**

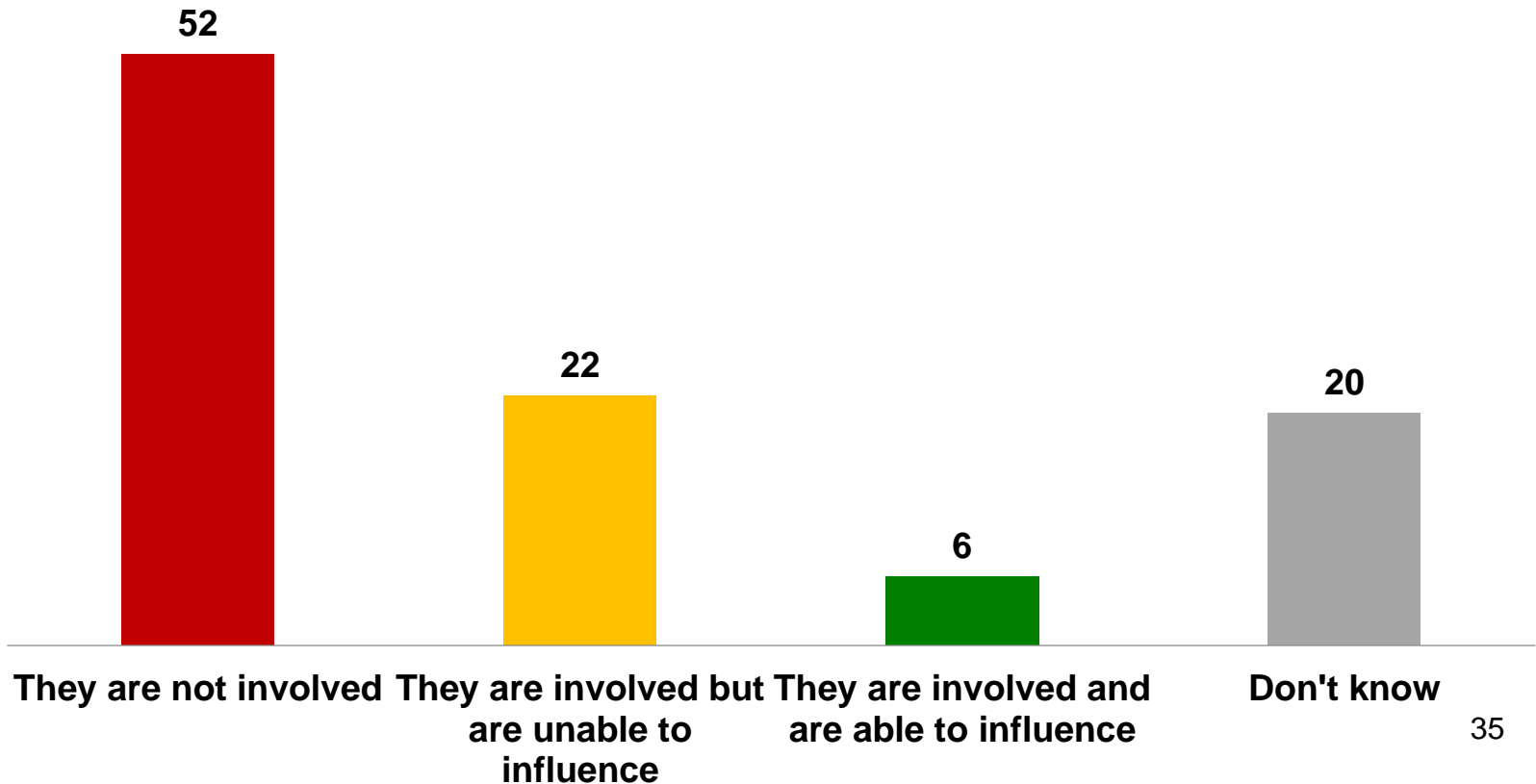
■ Completely agree ■ Agree ■ Disagree ■ Completely disagree ■ Don't know





**BUSINESSES**

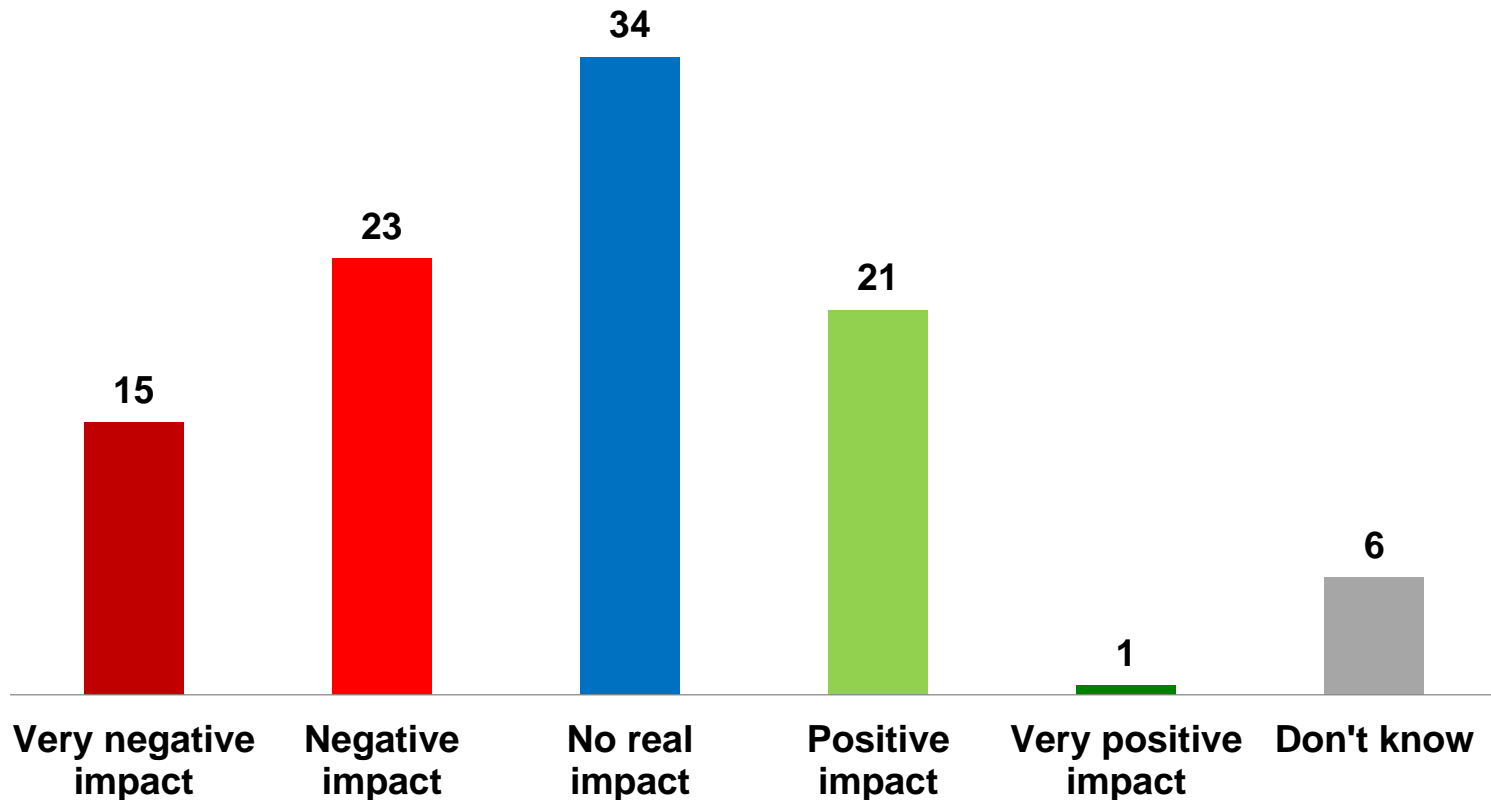
**Q1.11. To what extent are economic entities involved in discussions of initiatives to amend tax legislation, %?**





**BUSINESSES**

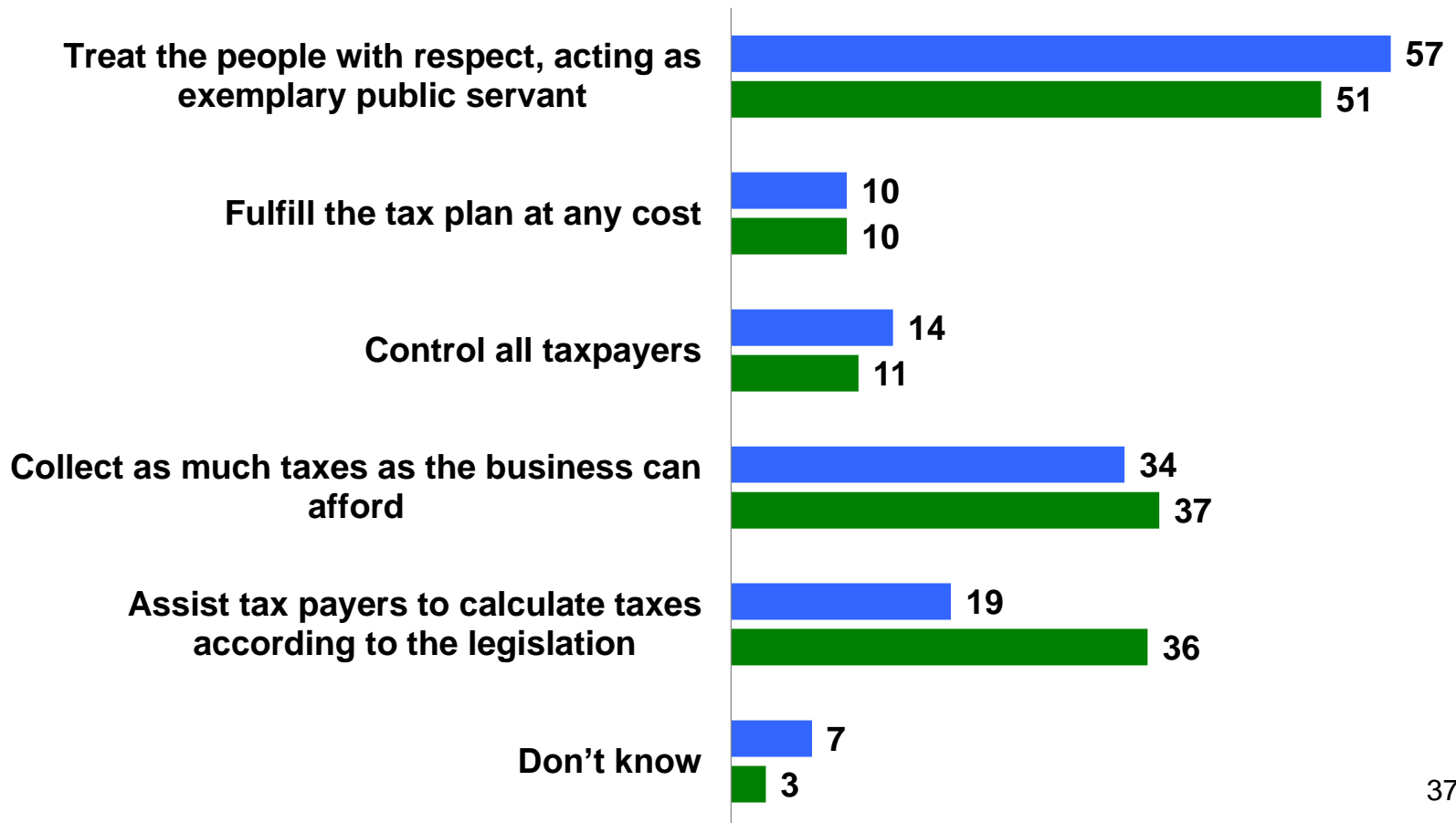
**Q1.12. What is the impact of recent measures taken by the Government towards improvement of tax legislation and administration on business activity and environment, %?**





**Q1.7 - Q4.1. Which of the following definitions should serve as a main goal of tax authority (more than one answer allowed), %?**

■ Households ■ Businesses





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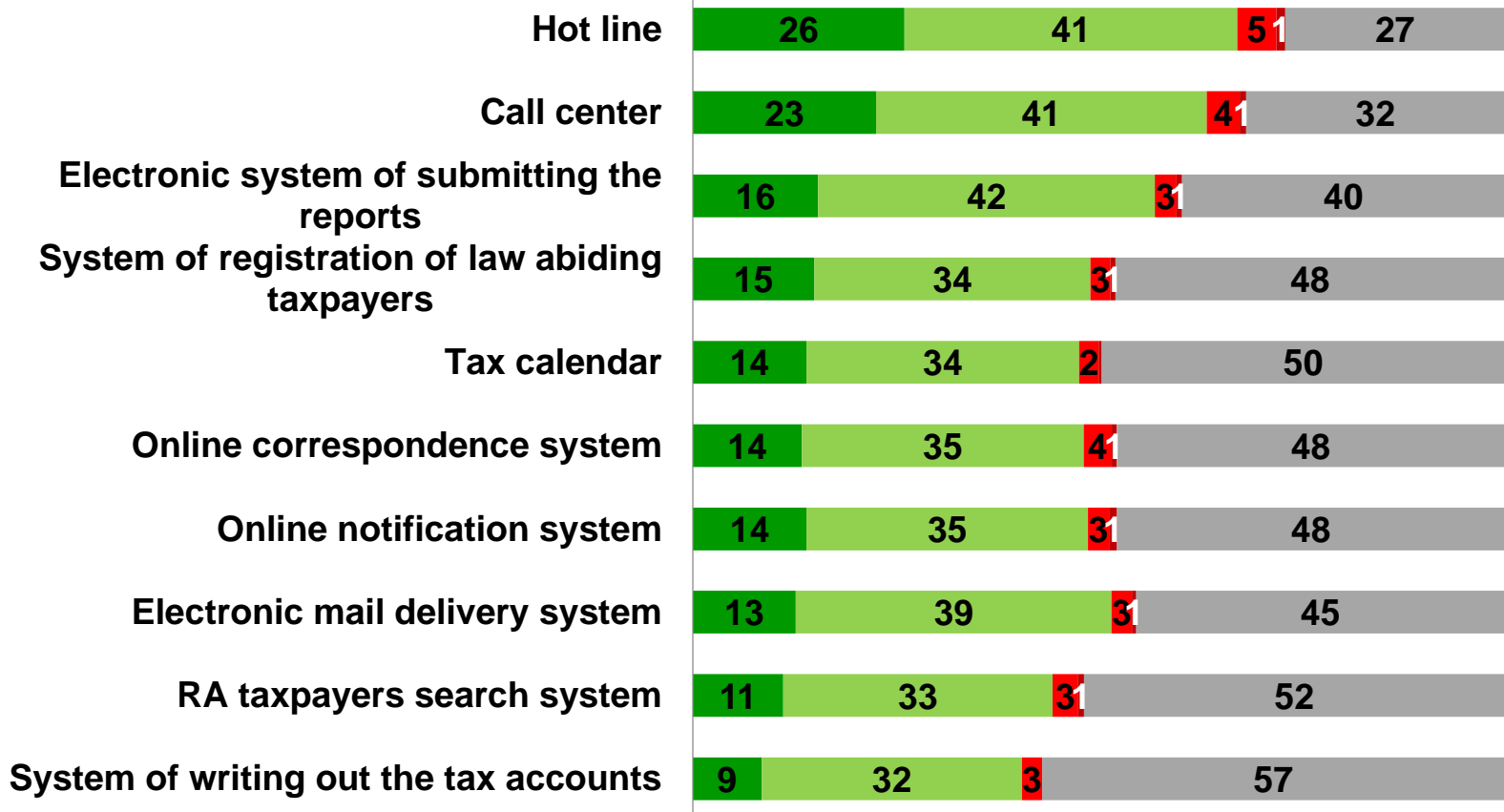
# HOW USEFUL ARE THE ACTIVITIES OF TAX AUTHORITIES?



**HOUSEHOLDS**

**Q1.23. How would you assess the following services delivered by the RA Tax Service, %?**

■ Very useful   
 ■ Useful   
 ■ Useless   
 ■ Completely useless   
 ■ Don't know

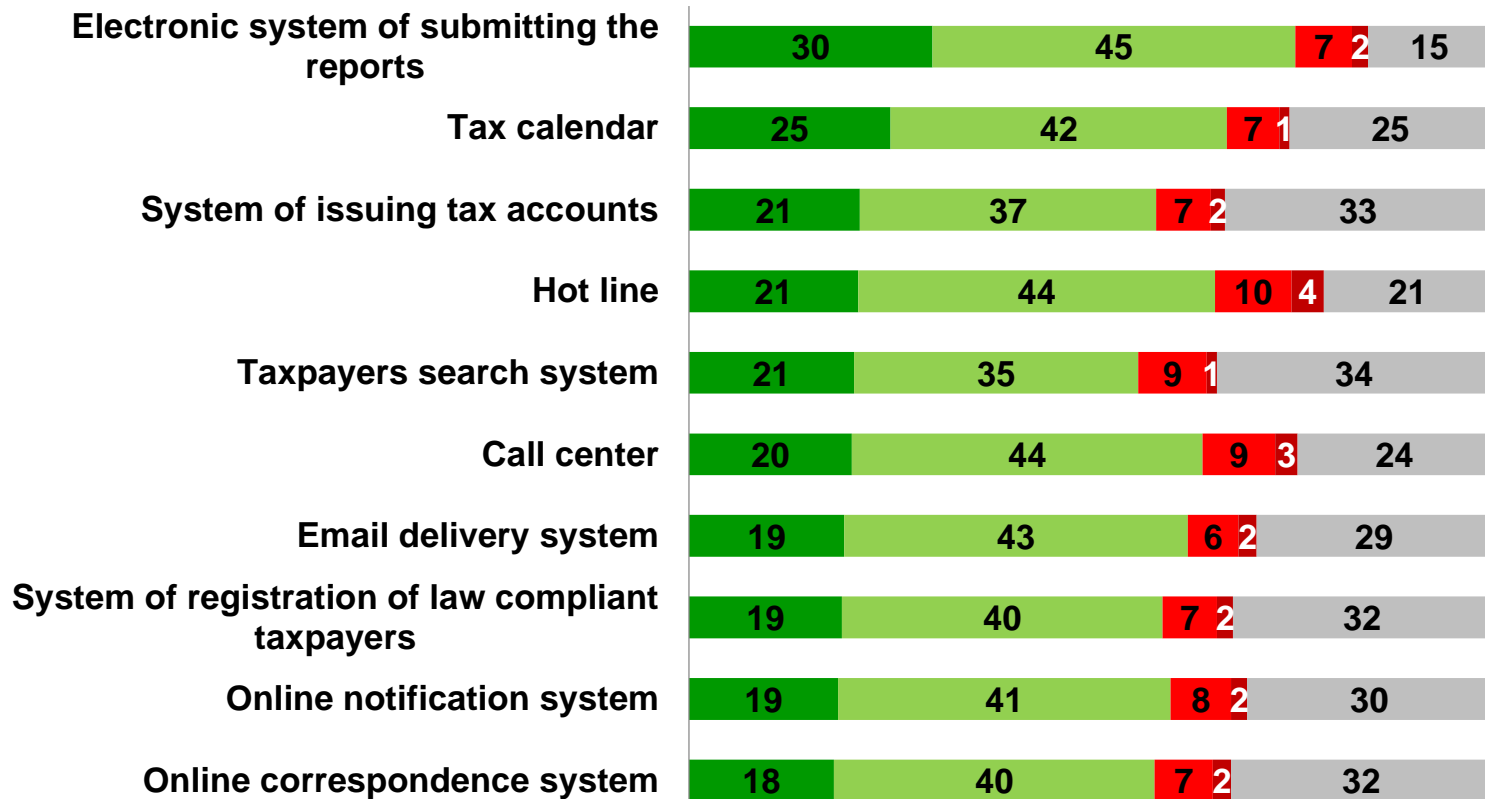




**BUSINESSES**

**Q5.3. How would you assess the following services delivered by the Tax Service, %?**

■ Very useful   ■ Useful   ■ Useless   ■ Completely useless   ■ Don't know







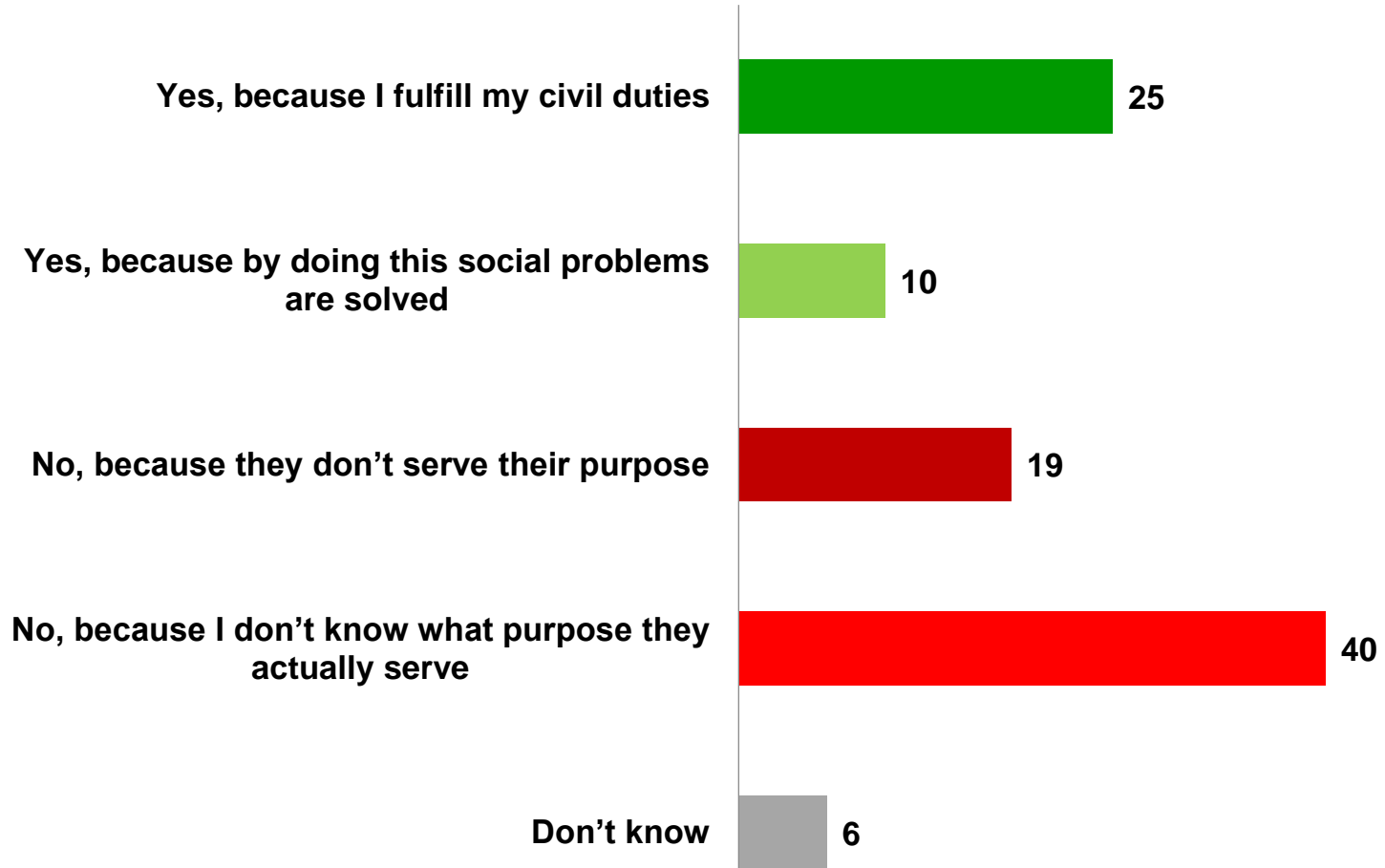
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# ARE ARMENIANS PROUD TO PAY TAXES?



**HOUSEHOLDS**

**Q1.29. Are you proud to pay taxes, %?**





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# THANK YOU

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