

# Taxes and Ethics: Taxpayer Attitudes over Time

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Jeffrey D. Eicher, Thomas J. Stuhldreher and Wendy L. Stuhldreher compare and contrast taxpayer attitudes about income taxes and cheating.

## Attitudes Toward Income Taxes

The news reports today are filled with stories of misdeeds by corporate executives and individuals. Martha Stewart, Kenneth Lay (Enron), and Dennis Kozlowski (Tyco) are only a few of the names. Cheating, in business practices and on tax returns, has become all too commonplace. In recent years, Congress has enacted legislation aimed at improving ethical behavior in corporate America, the IRS has stepped up efforts to induce individuals to comply with the tax laws in the country, and colleges and universities are being encouraged on various fronts to teach ethics in the classroom.<sup>1</sup> Unfortunately, the cheating continues. The first winner of CBS' hit television show "Survivor," Richard Hatch, was found guilty in 2006 of failing to report his \$1 million winnings on his federal income tax return.<sup>2</sup> In February 2006, the IRS reported that \$345 billion of taxes owed for 2001 had not been collected.<sup>3</sup> How do people feel today about our federal income tax system? How likely are they to "bend the rules" when completing their own returns? How prevalent is cheating?

The IRS regularly attempts to assess the American public's opinions on the federal income tax system. In 1999 they commissioned Roper Starch Worldwide, Inc. ("Roper Starch") to conduct a survey of taxpayer attitudes about federal income tax laws. That survey

generated some very interesting observations. For instance, 87 percent of taxpayers surveyed by Roper Starch responded that taxes today were too high, and 89 percent agreed that the government wasted a lot of taxpayers' money. Also, 87 percent of respondents answered that it was totally unacceptable to cheat on an income tax return, while 79 percent indicated that their opinion of someone would be lowered if that person bragged about cheating on his income taxes.

The authors found these results to be somewhat surprising in light of the extent of tax cheating that appears to occur on a regular basis. Roper Starch reported that 87 percent of Americans felt it was unacceptable to cheat on income taxes, while 51 percent felt that minor tax cheats should be punished and 88 percent felt that major tax cheats should be punished. However, in a survey conducted in March 1997 for both Time and The Cable News Network (CNN), Yankelovich Partners, Inc. found that 38 percent of Americans felt that most people cheat on their taxes.<sup>4</sup> According to the DENVER POST, when Americans were asked to rank a number of potentially sinful activities, respondents picked tax cheating as 34th worst, just ahead of smoking tobacco.<sup>5</sup> The NEW YORK TIMES reported on March 26, 2002, that by IRS estimates, one to two million Americans might be evading taxes by using major credit cards to withdraw monies secretly deposited in tax havens like the Cayman Islands.<sup>6</sup>

In an attempt to corroborate Roper Starch's findings, the questions from their survey were incorporated into a new survey of college students at Clarion University of Pennsylvania and Slippery Rock University of Pennsylvania ("the 1999 CU/

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SRU survey")<sup>7</sup>. The respondent population also included a sampling of these same students' parents. The intent was to compare and contrast the results of the 1999 CU/SRU survey to the Roper Starch survey. A follow up survey was conducted at Clarion University of Pennsylvania in December 2005 ("the 2005 CUP survey"). The purpose of this most recent study is to compare and contrast taxpayer attitudes about income taxes and cheating now with the Roper Starch survey and to assess if any major shifts in attitudes have occurred since the 1999 CU/SRU survey.

**How do people feel today about our federal income tax system? How likely are they to "bend the rules" when completing their own returns? How prevalent is cheating?**

## Methodology

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The Roper Starch report was based on an omnibus nation-wide telephone survey of 1,000 adult Americans. Interviewing was conducted from May 20 to May 23, 1999. The margin of error for the entire sample was plus or minus three percentage points at the 95 percent confidence level.

The 1999 CU/SRU and the 2005 CUP surveys were designed as cross-sectional surveys of college students with the survey instrument being a self-administered questionnaire. The surveys consisted of multiple choice questions and were administered during the Spring Semester 2000 and Fall Semester 2005. The respondents to the 1999 CU/SRU survey were students enrolled at Slippery Rock University of Pennsylvania and Clarion University of Pennsylvania, and their parents. The students from Slippery Rock University were enrolled in classes taught in the College of Health and Human Services. The students from Clarion University (1999) were enrolled in junior/senior level finance courses or a legal environment course which is required of all business majors but is typically taken during the freshman/sophomore years. The respondents to the 2005 CUP survey were students enrolled at Clarion University of Pennsylvania, and their parents. The students were enrolled in freshman through senior level business courses, the above mentioned legal environment class, or a basic biology course which is available to all undergraduate students regardless of major and is typically taken during the fresh-

man/sophomore years. The questionnaire answer sheets for both surveys were created as optical scanning forms which were electronically read into an Excel spreadsheet. The comparisons between Roper Starch data, the 1999 CU/SRU survey, and the 2005 CUP survey were done using Excel spreadsheets that were programmed to calculate Chi-square.

Other statistical analyses were conducted using Chi-square analysis from the Statistical Package for the Social Sciences Version 10 (SPSS Inc., Chicago, IL).

## Respondent Characteristics

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The 1999 CU/SRU respondents included 346 college students and 109 parents. The students consisted of 150 business majors, 147 nonbusiness majors and 48 students who were undecided as to their major. The gender splits were fairly even, with the student respondents being comprised of 49 percent males and 51 percent females. Parent respondents were also 49 percent male and 51 percent female. Student respondents included 16 percent (N=54) freshman, 12 percent (N=40) sophomores, 37 percent (N=127) juniors, 31 percent (N=108) seniors and 4 percent (N=16) post graduate students.

The 2005 CUP respondents included 348 college students and 120 parents. The gender splits were more heavily weighted toward females, with the student respondents being comprised of 148 males (43 percent) and 200 females (57 percent). This is reflective of the Clarion University student population, which is 62 percent female. Parent respondents were 39 percent male and 61 percent female. Of the total respondents 323, or 69 percent, were aged 18 to 24. This age group represents 92 percent of the student respondents. About half the parent respondents were aged less than 50 years old.

## Highlights

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In its report to the IRS, Roper Starch included several "highlights" of noteworthy findings from their survey. These are listed below and compared to results of the 1999 CU/SRU and 2005 CUP surveys.

- Almost nine in 10 Americans, 89 percent, responding to the Roper Starch survey in 1999 felt that it was “not at all acceptable” to cheat on income taxes.
  - The 2005 CUP survey reveals that only 66 percent of respondents currently feel that way, which is an increase from the responses to the 1999 CU/SRU survey in which 53 percent of respondents agreed with the statement.
- In 1999 Roper Starch reported that slightly over half (55 percent) of American taxpayers felt that someone caught cheating on taxes in a minor way should be punished, but that 91 percent felt that major tax indiscretions should be punished.
  - The 2005 CUP survey findings indicate that 95 percent of current respondents believe that major tax indiscretions should be punished, while 52 percent of those respondents feel that someone caught cheating in a minor way should be punished. This again represents an increase from the 1999 CU/SRU survey findings in which 88 percent of respondents stated that major tax indiscretions should be punished, but only 44 percent of those respondents felt that someone caught cheating in a minor way should be punished.
- Roper Starch reported that 79 percent of Americans felt that their opinion of someone would be lowered if that person bragged about cheating on his taxes, with 49 percent reporting that their opinion would be lowered “a lot.”
  - Of the 2005 CUP survey respondents, 74 percent report that their opinion would be lowered in this situation, with 30 percent reporting that their opinion would be lowered “a lot.” In 1999, only 64 percent of CU/SRU survey respondents reported that their opinion would be lowered in this situation, and only 24 percent reported that their opinion would be lowered “a lot.”
- 2005 CUP and 1999 CU/SRU survey findings both concurred with those of Roper Starch in that a majority of Americans felt that when someone cheats on his taxes, it increases their own taxes. Fifty-six percent of the Roper Starch respondents answered this way compared to 60 percent for 2005 CUP respondents and 58 percent for 1999 CU/SRU survey respondents.
- When it comes to types of cheating, Roper Starch reported that only 16 percent of Americans felt that it was at all acceptable to slightly overstate deductions on income taxes. By comparison, 55 percent of Americans thought that driving 10 miles per hour over the speed limit was somewhat or very acceptable.
  - In the 2005 CUP survey twice as many (33 percent) of the respondents state that it is at least somewhat acceptable to slightly overstate deductions, and 79 percent think that driving 10 miles an hour over the speed limit is somewhat or very acceptable. These findings are similar to the 1999 CU/SRU survey results.
- Roper Starch reported that Americans hold mixed views toward income taxes. They found that 96 percent agreed that “it is every American’s civic duty to pay their fair share of taxes,” but 89 percent felt that “the government wastes a lot of taxpayers money.”
  - Similarly, both the 2005 CUP (89 percent) and 1999 CU/SRU (88 percent) survey results agreed that Americans have a civic duty to pay taxes. They also agreed (86 percent and 90 percent respectively) that the government wastes a lot of money.

## Results

### General Cheating

The first question in the surveys asked how much the respondents felt was an acceptable amount to cheat on income taxes. As indicated in the highlights section above, and in Table 1 below, the Roper Starch survey found that 87 percent of Americans believed it was not at all acceptable to cheat on income taxes, with the age 18 to 24 subgroup conforming with 85 percent agreement. The 1999 CU/SRU survey showed significantly different results ( $p < 0.001$ ) with only 53 percent of the respondents indicating it was not at all acceptable to cheat on income taxes. Of parents responding, 63 percent felt that it was not at all acceptable to cheat. Only three percent of Roper Starch respondents felt that it was appropriate to cheat as much as possible on your income taxes, a response rate that was fairly consistent across age subgroups. The 1999 CU/SRU survey indicated that 14 percent of students felt it was appropriate to cheat as much as possible, while 10 percent of parents answered that way.

Although respondents to the 2005 CUP survey adopted a higher ethical stance than the 1999 CU/SRU respondents, they still fell short of the level of compliance evidenced in the Roper Starch survey. In the 2005 CUP survey 65 percent of respondents answered that it was not at all acceptable to cheat on

income taxes, nine percent felt it was acceptable to cheat as much as possible, while the remaining 25 percent felt it was acceptable to cheat a little here and there. Although more in line with the Roper Starch results, this still represents a very highly significant difference ( $p < 0.001$ ) between the two surveys. However, the improvement in ethical posture between the 1999 CU/SRU survey and the 2005 CUP survey is also highly significant ( $p < 0.01$ ). As might be expected, parents on the 2005 CUP survey were more likely than students to indicate that cheating is not at all acceptable, 83 percent to 60 percent. Conversely, only three percent of parents indicate that it is appropriate to cheat as much as possible compared to 11 percent of students.

57 percent to 51 percent. The percentage of parents who feel that a minor cheat should not be punished dropped from 49 percent to 39 percent. These results are summarized in Table 2 below.

Roper Starch next attempted to determine what kind of punishment their respondents felt minor tax cheats should receive. Almost half (47 percent) felt that a small fine would be most appropriate, while 23 percent chose community service. Much smaller groups chose jail and a steep fine (five percent), a steep fine without jail (12 percent) or probation (seven percent). In the 2005 CUP survey results differ significantly from the Roper Starch results ( $p < 0.001$ ), with 60 percent of respondents favoring a small fine, while 15 percent chose a steep fine without jail, 12 percent chose community service, eight percent chose probation, and five percent chose jail and steep fine. There was no significant change in the type of punishment observed between the 1999 CUP/SRU survey and the 2005 CUP survey.

**Table 1. How much, if any, do you think is an acceptable amount to cheat on your income taxes?**

	Roper Starch	1999 CU/SRU	1999 Students	1999 Parents	2005 CUP	2005 Students	2005 Parents
As much as possible	3%	13%	14%	10%	9%	11%	3%
A little here and there	8%	32%	35%	26%	25%	28%	13%
Not at all	87%	53%	51%	63%	65%	60%	83%
Don't know/not sure	2%	2%	0%	1%	1%	1%	1%

### Major Cheating and Punishment

The next two questions in the Roper Starch survey dealt with punishing taxpayers caught cheating on their taxes in a major way, such as greatly overestimating the amount of itemized deductions. Roper Starch reported that 88 percent of those surveyed felt that such a person should be punished, while 90 percent of the 1999 CU/SRU students and 84 percent of adults surveyed agreed. As to how these individuals should be punished, 48 percent of Roper Starch respondents chose a steep fine without jail; 24 percent chose jail and a steep fine; 11 percent chose a small fine; 13 percent chose community service; and four percent chose probation. 1999 CU/SRU student respondents had much stronger feelings about punishing such individuals with 52 percent recommending a steep fine without jail; 27 percent recommending jail and a steep fine; 12 percent recommending a small fine; six percent recommending community service; and four percent recommending probation. Adult responses were more in line with the Roper Starch results with the exception that 21 percent still felt a small fine was an appropriate punishment.

### Minor Cheating and Punishment

The next Roper Starch question asked respondents if they believed a person should be punished if they are caught cheating on taxes in a minor way, such as not reporting a small amount of income. As shown in Table 2, about half of the Roper Starch respondents said that minor cheats should be punished, while 57 percent of the 18-to-24-year-old age group answered affirmatively. The 1999 CU/SRU survey arrived at similar results. However, the 2005 CUP survey shows significant differences when comparing student results to Roper Starch and when comparing overall responses to the 1999 CU/SRU survey responses. In the most recent survey students who feel that a minor cheat should not be punished dropped from

57 percent to 51 percent. The percentage of parents who feel that a minor cheat should not be punished dropped from 49 percent to 39 percent. These results are summarized in Table 2 below.

**Table 2. If a person is caught cheating on their taxes in a minor way, such as not reporting a small amount of income, do you believe this person should be punished?**

	Roper Starch	1999 CU/SRU Total	1999 Students	1999 Parents	2005 CUP Total	2005 Students	2005 Parents
Yes	51%	44%	42%	50%	51%	48%	61%
No	42%	55%	57%	49%	48%	51%	39%
Don't know/not sure	7%	1%	1%	1%	1%	1%	0%

major tax cheats should be punished. Adult responses, however, show a significant difference ( $p < 0.05$ ) with the percentage of respondents who feel that major tax cheats should be punished rising from 84 percent to 96 percent. The greatest differences, however, occur in how the 2005 respondents feel major tax cheats should be punished. As illustrated in Table 3 below, 54 percent of current respondents would punish major tax cheats with a steep fine without jail, 31 percent would choose jail and a steep fine, nine percent would choose a small fine, three percent would choose community service, and only two percent would choose probation. This represents a significant difference from the Roper Starch results ( $p < 0.001$ ) and from the 1999 CUP/SRU results ( $p < 0.01$ ).

### Opinions of Cheaters

As for cheating and its effect on others, Roper Starch reported that 79 percent of their respondents would have a lower opinion of someone who brags about cheating on his taxes (see Table 4). This differed significantly from the 1999 CU/SRU survey results, where only 62 percent of students and 73 percent of adults indicated that their opinions would be lowered. Of those respondents, four percent of students and eight percent of adults actually indicated that their opinion of someone who brags about cheating on his taxes would improve. Of the students surveyed, 34 percent indicated that their opinion would not change at all, a significantly higher percentage than Roper Starch's 16 percent and still higher than the 27 percent response they obtained within the 18-to-24-year-old age group. These differences between student responses compared to Roper Starch, parent responses compared to Roper Starch and even student versus parent responses within the 1999 CU/SRU survey were all very highly significant ( $p < 0.001$ ).

2005 CUP responses show less tolerance for cheating than the 1999 CU/SRU survey, with 73 percent of respondents indicating that their opinion of someone would decrease if they bragged about cheating on their income taxes as compared to 64 percent in 1999. 84 percent of parents currently express this opinion. The greatest change between the 1999 and

**Table 3. In what way do you believe they (taxpayers) should be punished for cheating on their taxes in a major way?**

	Roper Starch	1999 CU/SRU	1999 Students	1999 Parents	2005 CUP	2005 Students	2005 Parents
Jail and a steep fine	24%	25%	27%	18%	31%	37%	16%
A steep fine without jail	48%	50%	52%	47%	54%	51%	62%
A small fine	11%	14%	12%	21%	9%	8%	14%
Community Service	13%	6%	6%	9%	3%	2%	7%
Probation	4%	4%	4%	6%	2%	2%	2%

2005 surveys is in the adult responses ( $p < 0.05$ ). Although student responses have moved more in line with Roper Starch's original findings, the differences are still very highly significant ( $p < 0.001$ ).

### Tax Cheating vs. Other Unacceptable Behaviors

The next series of questions presented six socially unacceptable, arguably unethical, behaviors:

- (1) Driving 10 miles per hour over the speed limit
- (2) Slightly overstating deductions on income taxes
- (3) Driving a car after having a little too much to drink

**Table 4. If someone brags about cheating on his or her taxes, does your opinion of that person ...**

	Roper Starch	1999 CU/SRU Total	1999 Students	1999 Parents	2005 CUP Total	2005 Students	2005 Parents
Improve a lot	1%	3%	2%	4%	2%	3%	0%
Improve a little	1%	2%	2%	4%	2%	2%	0%
Not change	16%	30%	34%	19%	22%	25%	16%
Lower a little	30%	40%	42%	33%	44%	44%	42%
Lower a lot	49%	24%	20%	40%	29%	25%	42%
Don't know/not sure	3%	1%	0%	0%	1%	1%	0%

- (4) Cheating on a spouse or partner
- (5) Running a red light
- (6) Eating a piece of fruit while shopping and not paying for it

In this listing of behaviors, the one that most Americans felt was somewhat or very acceptable was driving 10 miles per hour over the speed limit. Fifty-five percent of the Roper Starch respondents felt this way, with the 18-to-24-year-old age group seeing this activity as the most acceptable (71 percent). On the 1999 CU/SRU survey 79

percent of respondents felt that this behavior was somewhat or very acceptable, with positive responses stated by 84 percent of college students and 63 percent of parents ( $p < 0.001$ ). The higher level of acceptance by the respondents to the 1999 CU/SRU survey created a highly significant difference between student responses and Roper Starch, as well as overall responses and Roper Starch ( $p < 0.001$ ). Even the difference between the Roper Starch answers and the 1999 CU/SRU parent responses was significant ( $p < 0.05$ ).

Student responses in the 2005 CUP survey also show a very highly significant difference compared to Roper

percent of parents answered that slightly overstating deductions was somewhat or very acceptable, with 33 percent of total respondents agreeing with the statement compared to Roper Starch's 16 percent. The difference between the 2005 student responses and Roper Starch continues to be very highly significant ( $p < 0.001$ ), while the 2005 parent to Roper Starch differences are not.

The last four examples of unethical behavior in the Roper Starch survey resulted in the following percentage of responses in the somewhat or very acceptable ranges:

Eating a piece of fruit while shopping at the grocery store and not paying for it: Roper Starch, 11 percent; 1999 CU/SRU survey, 16 percent; 2005 CUP survey, 14 percent  
 Running a red light: Roper Starch, eight percent; 1999 CU/SRU survey, 15 percent; 2005 CUP

**Table 5. How acceptable do you think it is to slightly overstate deductions on income taxes?**

	Roper Starch	Roper Starch 18-24 year age group	1999 CU/SRU Total	1999 Students	1999 Parents	2005 CUP Total	2005 Students	2005 Parents
Not at all acceptable	53%	39%	24%	21%	39%	27%	21%	44%
Not too acceptable	29%	35%	35%	36%	32%	39%	40%	35%
Somewhat acceptable	15%	24%	35%	38%	24%	29%	32%	19%
Very acceptable	1%	1%	5%	5%	6%	4%	4%	2%

Starch ( $p < 0.001$ ) with 86 percent of respondents indicating that driving 10 miles per hour over the speed limit is somewhat or very acceptable. This increased risk tolerance represents a significant difference ( $p < 0.05$ ) in student responses between 1999 and 2005.

The next most acceptable type of behavior according to the Roper Starch survey was overstating deductions on income taxes, with 16 percent of the respondents answering that this was somewhat or very acceptable. This level of acceptance was 25 percent for those in the 18-to-24-year-old age group, but only 13 percent for those in older age groups (see Table 5). The 1999 CU/SRU survey also indicated that slightly overstating deductions on income taxes was the second most acceptable behavior, with 43 percent of college students and 30 percent of parents stating that this conduct was somewhat or very acceptable. Again, these results represented a highly significant difference between the two surveys ( $p < 0.001$ ).

The 2005 CUP survey again found this to be the second most acceptable of the listed behaviors, more than twice as acceptable as eating a piece of fruit without paying for it. Although tolerance for cheating dropped relative to the 1999 survey, it remains at a higher level than reported by Roper Starch. In the 2005 survey, 36 percent of students and 21

- survey, 13 percent
- Cheating on a spouse or partner: Roper Starch, three percent; 1999 CU/SRU survey, five percent; 2005 CUP survey, five percent
- Driving a car while having had a little too much to drink: Roper Starch, two percent; 1999 CU/SRU survey, seven percent; 2005 CUP survey, six percent

The 1999 CU/SRU and 2005 CUP survey responses did not differ significantly from each other on these four questions, but they were significantly different when compared to the Roper Starch results, with the exception of "cheating on a spouse or partner" where the surveys generally agreed.

### Attitudes About Taxes

The final series of questions attempted to measure taxpayer attitudes about paying taxes. Roper Starch observed that the vast majority of Americans felt that "it is every American's civic duty to pay their fair share of taxes" (95 percent agreed somewhat or completely with this statement as shown in Table 6). The 1999 CU/SRU survey found a highly significant difference with these results ( $p < 0.001$ ) as only 88 percent of respondents agreed somewhat or completely with this statement. Most tellingly, 81 percent of the Roper Starch respondents agreed completely with

this statement. Only 50 percent of 1999 CU/SRU survey respondents completely agreed, 46 percent of college students and 63 percent of parents. This also contrasts markedly with the Roper Starch findings

that 73 percent of the 18-to-24-year-old age group agreed completely with the statement ( $p < 0.001$ ).

2005 results were similar to those in 1999 with 89 percent of respondents to the 2005 CUP survey agreeing somewhat or completely that it is every American's civic duty to pay their fair share of taxes. However, this continues to represent a very highly significant difference compared to the Roper Starch survey ( $p < 0.001$ ). Again, only 53 percent of total respondents to the 2005 survey agreed completely with the statement, 47 percent of students and 68 percent of their parents.

When Roper Starch asked whether taxes today are too high, 87 percent of their respondents, both overall and within the 18-to-24-year-old age group, agreed either somewhat or completely. However, 59 percent of the overall Roper Starch respondents agreed completely with this statement, while only 42 percent of their 18-to-24-year-old age group agreed completely, perhaps reflecting the fact that the younger respondents were not paying in the higher tax brackets at this point in their lives. In the 2005 CUP survey 85 percent of students and 88 percent of parents agreed somewhat or completely that taxes are too high, reflecting very similar results to the 1999 survey. Of these respondents slightly less of the 2005 students (35 percent compared to 37 percent in 1999) completely agreed with the statement, while more (57 percent in 2005 compared to 46 percent in 1999) of adults agreed. This places present day adults in relative agreement with the Roper Starch findings, while current student responses reflect very highly significant differences ( $p < 0.001$ ).

When asked whether they thought taxpayers should just pay what they feel is a fair amount in taxes, 73 percent of the Roper Starch respondents disagreed somewhat or completely. Seventy-six

**Table 6. It is every American's civic duty to pay their fair share of taxes.**

	Roper Starch	Roper Starch 18-24 year age group	1999 CU/SRU Total	1999 Students	1999 Parents	2005 CUP Total	2005 Students	2005 Parents
Disagree Completely	2%	2%	4%	3%	6%	3%	4%	3%
Disagree Somewhat	2%	2%	8%	9%	6%	7%	9%	3%
Agree Somewhat	14%	23%	38%	42%	42%	36%	39%	27%
Agree Completely	81%	73%	50%	46%	63%	53%	47%	68%

percent of students, and 78 percent of parents, shared this opinion on the 1999 CU/SRU survey. Only 10 percent of the Roper Starch respondents felt that an individual who cheats on his taxes should not be held accountable, as shown in Table 7. Results remained fairly consistent on the 2005 CUP survey with 78 percent of students, and 72 percent of their parents, disagreeing somewhat or completely. As for the question on tax cheats being held accountable, the 2005 results fall between the Roper Starch results and those from the 1999 survey. 12 percent of respondents to the 2005 survey disagree completely or somewhat with the idea that tax cheats should be held accountable, compared to 10 percent in the Roper Starch survey and 18 percent in the 1999 CU/SRU survey. Although the 2005 results appear to be similar to the Roper Starch responses, there is actually a very highly significant difference ( $p < 0.001$ ) because of the spread over the remaining responses, as shown on Table 7. For instance, 64 percent of the Roper Starch respondents completely agree that cheats should be held accountable, compared to only 46 percent of 2005 respondents and 57 percent of 2005 adult respondents.

As to the government wasting a lot of taxpayers' money, respondents to the Roper Starch and 1999 CU/SRU surveys displayed a relatively high level of unanimity. Here, 89 percent of the Roper Starch respondents, both overall and within the 18-to-24-year-old age group, agreed somewhat or completely with this statement. Likewise, 89 percent of 1999 CU/SRU parents, and 92 percent of students, agreed. Feelings on this question

**Table 7. Everyone who cheats on their taxes should be held accountable.**

	Roper Starch	Roper Starch 18-24 year age group	1999 CU/SRU Total	1999 Students	1999 Parents	2005 CUP Total	2005 Students	2005 Parents
Disagree Completely	3%	2%	4%	3%	6%	3%	3%	3%
Disagree Somewhat	7%	6%	14%	16%	16%	9%	10%	8%
Agree Somewhat	25%	24%	42%	47%	28%	41%	43%	33%
Agree Completely	64%	67%	39%	35%	55%	46%	42%	57%

**Table 8. It is everyone’s personal responsibility to report anyone who cheats on their taxes.**

	Roper Starch	Roper Starch 18-24 year age group	1999 CU/SRU Total	1999 Students	1999 Parents	2005 CUP Total	2005 Students	2005 Parents
Disagree Completely	24%	13%	31%	32%	30%	22%	18%	32%
Disagree Somewhat	25%	27%	35%	37%	28%	35%	36%	34%
Agree Somewhat	30%	37%	27%	26%	32%	33%	36%	23%
Agree Completely	18%	21%	6%	5%	11%	10%	9%	11%

have apparently changed somewhat over the past six years as only 83 percent of students agreed somewhat or completely with this statement on the 2005 survey, as opposed to 96 percent of parents. Of these respondents, significantly less students (39 percent compared to 50 percent) and significantly more parents (72 percent compared to 61 percent) agree completely that the government wastes a lot of money. Six years ago our conclusion was that the older generation obviously felt much more strongly than college-age taxpayers that government spending was wasteful. That spread has widened considerably over the past six years.

A different type of ethical question was posed when respondents were asked whether they agreed with the statement that it is everyone’s personal responsibility to report tax cheats. As shown in Table 8, 48 percent of Roper

**Table 9. If someone you know cheats on his/her taxes, how do you think it affects YOUR taxes?**

	Roper Starch	1999 CU/SRU Total	1999 Students	1999 Parents	2005 CUP Total	2005 Students	2005 Parents
Increase them a lot	20%	10%	9%	15%	12%	13%	11%
Increase them a little	41%	49%	49%	48%	48%	47%	50%
No effect	35%	38%	39%	35%	38%	37%	39%
Lower them a little	3%	2%	3%	1%	2%	3%	0%
Lower them a lot	2%	1%	0%	2%	0%	0%	0%

Starch respondents agreed somewhat or completely, compared to only 33 percent for 1999 CU/SRU respondents ( $p < 0.001$ ). Of these respondents, 58 percent of the Roper Starch 18-to-24-year-old age group agreed with the statement, compared to 31 percent of the 1999 CU/SRU student respondents, obviously a very highly significant difference ( $p < 0.001$ ). On the 1999 CU/SRU survey, 43 percent of parents agreed somewhat or completely. While 2005 CUP respondents are more likely to support the reporting of tax cheats than 1999 CU/SRU respondents, the differences with the Roper Starch survey are still very highly significant ( $p < 0.001$ ). Of the 2005 survey

respondents, 43 percent were somewhat or completely in favor of reporting cheating. However, interesting differences are noted when the results are viewed by subgroup. Forty-five percent of the 2005 student respondents agreed somewhat or completely that it is everyone’s duty to report tax cheats, up from 31 percent in 1999 and a very highly significant difference ( $p < 0.001$ ).

The final question asks respondents whether they believe that tax cheating affects their taxes. Results to this question were fairly uniform between 1999 and 2005, but contained significant differences ( $p < 0.05$ ) when compared to the Roper Starch results, as shown in Table 9. Although approximately the same percentages of respondents were likely to indicate that others’ cheating increased their taxes by some amount (61 percent for Roper Starch respondents, 58 percent for 1999 CU/SRU respondents, and 60 percent for 2005 CUP respondents) the distribution of these responses varied greatly between Roper Starch and the other surveys. For example, 20 percent of Roper Starch respondents believed that others’ cheating would increase their taxes a lot, compared to 10 percent for the 1999 CU/SRU respondents and 12 percent for the 2005 CUP respondents.

## Discussion

Six years ago, the results of the 1999 CU/SRU survey of college students and their parents from Western Pennsylvania differed significantly from the results of Roper Starch’s national survey. The 1999 CU/SRU respondents were generally more accepting of cheating on income taxes, and did not feel as strongly that minor tax cheats should be punished. That discrepancy has lessened to a certain extent over the past six years, with 2005 CUP respondents still more accepting of income tax cheating than the Roper Starch respondents, but less so than the 1999 CU/SRU group. The 2005 respondents are also more closely aligned with Roper Starch’s respondents as to punishment of minor tax cheats. However, 2005 respondents are still

in relative agreement with their 1999 counterparts as to the acceptability of slightly overstating deductions, contrary to the more ethical stance taken by the Roper Starch respondents.

The 1999 CU/SRU survey group was also less likely to have a lower opinion of people who cheated on their tax returns, and were more accepting of a variety of other behaviors that most people would agree are socially undesirable. As might be expected, this level of tolerance was generally, but not always, more prevalent in the college student subgroup. The 2005 CUP survey group again aligned itself more closely with the Roper Starch respondents in their opinion of tax cheats, although only 30 percent of the 2005 respondents indicated that their opinion of a tax cheat would be lowered “a lot,” as opposed to 49 percent for the Roper Starch group. The 2005 group finds itself less accepting of the other types of “unacceptable” behavior than the 1999 group, but still more accepting than the Roper Starch group.

Both the 1999 CU/SRU and 2005 CUP survey groups were less likely than the Roper Starch respondents to strongly support the idea that paying taxes is a civic duty, although the student/parent survey groups counterbalanced this difference by “agreeing somewhat” that this is every American’s duty.

There were some interesting changes in the student/parent respondents’ opinions on whether the government wastes a lot of taxpayer money. Although all survey respondents were in general (and high) agreement that a lot of money is wasted, Roper Starch respondents led the way with 68 percent completely agreeing with the statement. In 1999 50 percent of CU/SRU students completely agreed. That percentage fell to only 39 percent in 2005. Conversely, 61 percent of 1999 CU/SRU parents completely agreed compared to 72 percent in 2005. Apparently students have become more trusting of their elected officials over the past six years, while adults have become less so.

The general trend of these three surveys can be summarized as follows. The most ethical positions are clearly taken by the Roper Starch respondents. These are frequently at odds with the opinions expressed by the 1999 CU/SRU respondents. There are a number of possible explanations for this discrepancy, as noted in the authors’ earlier study. The 2005 CUP survey group falls somewhere in the middle. Although their opinions do not differ significantly from the 1999 group, they have moved more in the direction of the Roper Starch respondents.

The authors’ earlier studies indicated a much greater acceptance of cheating on income taxes by college students and, to a lesser extent, their parents than that indicated by the Roper Starch findings. Of particular concern was the relatively high level of acceptance of cheating on taxes by college students. The 2005 survey provides evidence that this tolerance of unethical behavior may have lessened over the past six years. Perhaps the addition of ethics content in undergraduate coursework has improved students’ willingness to comply with our federal tax laws; perhaps the negative publicity associated with the scandals and individuals mentioned at the beginning of this article have played some role in re-shaping students’ moral stance; and perhaps the cycle continues to turn and American society is simply moving into a period of less tolerance of unethical behavior.

#### ENDNOTES

- \* Special recognition is extended to James J. Chambers for his hours expended in conducting the 2005 Clarion University survey and performing the initial statistical calculations.
- <sup>1</sup> Clarke M. Thomas, *Ethics are Good Business*, PITTSBURGH POST GAZETTE, Dec. 4, 2002.
- <sup>2</sup> *‘Survivor’ Hatch Guilty of Tax Evasion*, CBS News Special Report, Jan. 25, 2006.
- <sup>3</sup> Jan Larson, *Stop the Tax Cheats*, AMERICAN CHRONICLE, Feb. 20, 2006.
- <sup>4</sup> TIME, C.N.N., Yankelovich Partners Poll, Mar. 11, 1997.
- <sup>5</sup> *No Brilliant Deductions: IRS Makes It Too Easy to ‘Cheat’*, DENVER POST, Business, at L-08, Mar. 26, 2000.
- <sup>6</sup> David Cay Johnston, *IRS Says Offshore Tax Evasion is Widespread*, N.Y. TIMES, Mar. 26, 2002.
- <sup>7</sup> See Jeffrey D. Eicher, Thomas J. Stuhldreher and Wendy L. Stuhldreher, *Regional vs. National Attitudes on Income Taxes*, 90 TAX NOTES 8, Feb. 19, 2001, at 1073.

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