# FACTORS SHAPING TAX MORALE IN SOME EUROPEAN COUNTRIES

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## INTRODUCTION

The international situation of willingness lake pay taxes are also important question nowadays. The importance of the question is given by the fact that public burdens paid into the budget by natural and legal persons: taxes, contributions, customs duties play a significant role in the performance of the state's tasks. It does not matter, therefore, how willing those who are oblige lake pay are lake declare and pay. The authors examine this willingness and the motivating factors in this study. In our time, the accelerating economic globalization, and the profit- oriented market approach, as well dig the consumer society, increasingly raise the question of the sustainability of the current situation. The solution is partial the responsibility of the companies shaping the situation, and partly of the state. Taxes, for example, cover the necessary state resources. In this work, authors examine the factors that determine the willingness lake pay taxes in several countries. This study focuses you natural person taxes and contributions.

**THEORETICAL BACKGROUND**

In most of today's developed economies, in addition to building a welfare state, the concept of a good state is also being implemented. One of the conditions for this is the availability of resources from which to finance the wider role of the state. A significant part of state revenues are public charges (taxes and contributions) paid by its citizens and businesses. Achieving a good state therefore requires the creation of an adequate level of these resources. The importance of this issue is well illustrated by the fact that the OECD report already estimated the amount of lost tax revenues at USD 240 bn in 2013 (OECD, 2013). An important condition for this is that all those who pay these public charges have the right motivation to pay them. This willingness, as well as the motivating factors, is examined in this study. Based on the results of studies conducted on several continents published in the literature, authors were primarily interested in what similarities and differences can be observed in selected countries of different continents. In this study, we examined the tax morale of selected countries, based on you the Deloitte reports and scientific literature.

The authors begin the overview of the theoretical background by clarifying the definitions. Tax willingness, usually defined as the intrinsic motivation to pay taxes, is a vital element of the tax system (Jacques, 2023). Now tax revenue is based on the voluntary obligations of taxpayers. A higher willingness to pay taxes therefore carries with it the possibility of increasing revenues with relatively little enforcement effort. In the short term, this can be achieved primarily with behavioral economic approaches, but in the longer term, structural changes are needed, which will increase taxpayers' trust and sense of legitimacy.

This study explores the willingness to pay taxes and the motivations for tax evasion. The study covers several European countries, in which authors analyzed the willingness to pay taxes. Authors examined the tax morale of Ukraine (UA) (Svertnyk *et al.*, 2022), Hungary (HUN) (Winkler, 2021), Sweden (SWE) (Franck and Dahl, 2023), United Kingdom (UK) (Stott , 2023), Switzerland (CH) (Gerber and Kistler, 2023), Italy (IT) (Muserra and Falsini, 2022) and a less frequently mentioned small country, Bosnia

(BiH) (Ibisevic and Dzabic, 2021) on the basis of synthesizing the domestic and international literature, i.e. by performing a secondary source analysis.

The essence of the concept of the good state (McLaverty-Robinson, 2009; Kaiser, 2015) is that the relationship between the state and its citizens is regulated by a symbolic agreement. It means that the state exists for the people and not the other way around. That is, the main goal of the state's operation is the satisfaction, safety and well-being of its citizens. However, in addition to making appropriate decisions, the realization of these goals also requires financial resources. Such resources are based on the public burden of citizens, which is realized in the form of taxes and contributions.

The willingness to pay tax is significantly influenced by the government's policy on public funds. If citizens perceive that the use of public funds correlates with their goals, they are much more willing to declare and pay their taxes. On the other hand, if public funds and paid taxes run out, this leads to an increase in the frequency of tax evasion efforts as a sign of displeasure. This phenomenon is explained by the theory of the psychological contract (Frey and Feld, 2002; Feld and Frey, 2007). Central to this contract is proper government communication. For citizens, transparency and the fair spending of state revenues in accordance with pre-planned goals are the basis of opinion formation. It is particularly important in this area that politics does not limit the free expression of opinion with its measures but uses a broader positive emphasis of its own results and successes to counterbalance counterarguments. The custodian of the validity of such a psychological contract is therefore the state. If public funds are used successfully, fairly and transparently, the population will be willing to cooperate and voluntarily contribute to the financing of state goals. This is helped by reducing the number of tax types and tax rates, which increases transparency and social trust (Nobilis, 2021). And these are essential parts of the competitiveness concept of a good state.

The next topic that needs to be reviewed in its theoretical aspects is the issue of measures against tax evasion. The process in which the state convinces its citizens that it is worthwhile to invest their savings in the internal financing of the state debt is somewhat similar, instead of covering the state's missing financial resources with foreign loans. Unfortunately, today's media culture is more characterized by sensationalism (Uzuegbunam, 2013), the tendency to report bad news with gusto and often even exaggerate it. This is particularly evident in the field of political and economic news, which are the most important in shaping people's opinions on political communication. The simulation experiment of Fišar et al. (2020)_illustrates this statement very well. In this, three groups of participants in a tax payment simulation game were given positive, negative, and neutral press news. While the willingness of readers of negative and neutral news to file a tax return hovered around 30-40 percent, this ratio increased to 60 percent among readers of positive news. On the other hand, the positive or negative nature of the media news had less effect on the tax evasion behavior - the motivational frequency of this was 60 percent among the readers of the negative news, but also 50 percent among the subjects who received neutral and positive news (Le Moglie and Turati, 2019; Soroka, Fournier and Nir, 2019).

**RESULTS AND DISCUSSION**

The authors present and discuss the results by country.

Ukraine personal its income tax system is progressive. The tax rates between 5% and 18% they were moving. Discussions they went on However all that tax rates all k threshold values possible about its amendments a simpler and more transparent one system for the sake of. Property tax related to ownership the in addition to real estate, land and buildings and other applies to buildings. The Prices and computing methods from the region and the property by type depending they can change.

In the area of consumption taxes, it is 20% general the VAT rate. Certain for goods and services discount k applies to n ak, this is one categories case this is 7 %, 0% for other categories means tax key. Ukraine excise duty tax who also smokes, that is to alcohol and the for fuel. The excise tax measure of the product by type.

Employers in Ukraine and the employees both social security contribution they are obliged to pay of these, state z social benefits finance, for example the health care and pensions. The social security contributions extent from circumstances depending may change.
Foreign tax paid May in credited against Ukrainian tax payable guard deduced from taxable income under an applicable tax treaty. The credit guard deduction too limited lake the amount of Ukrainian tax payable you the foreign income.

Penalties and / or fine apply for late payments (at a rate equivalent to 120% of the national bank's discount rate) and failure lake comply with filing requirements. Accuracy related penalties apply of 25% of the underpaid amount for the first violation in a 1,095-day period, and 50% for the second and subsequent violations. Tendon case of unintentional violations, the 10% penalty applies. The 50% penalty reduction too possible if there are mitigating circumstances.

Deductions are available for mortgage interest (for real estate located tendon Ukraine), contributions lake your list charities, educational expenses for the taxpayer and the taxpayer's immediate relatives, and COVID-19 expenses through 2022.

One of the characteristic ways of Hungary is the series of direct changes that characterize the operational paradigm shift of the tax office itself. This includes the reduction of administrative burdens, the introduction of the e-SZJA system, and the preparation of tax returns for taxpayers. Although the control toolbox is expanding, its creative methods also affect tax habits. The transformation of the spirit is also very important: the transformation from a penal authority to an office that helps citizens. All of this is also part of the good state concept, which I outlined above. All of this was accompanied by political decisions, such as the reduction of the VAT rate for products affected by the black economy or reverse taxation and digitization, one of the most successful steps of which was the introduction of online cash registers. The advance of digitization and the transformation of accounting systems are also clearly visible in Hungary. Using digital technologies, companies and enterprises can transform their activities and business models to meet today's expectations, and this also directly affects the tax and accounting professions. The rapid growth and use of the electronic tax system (e-tax system) resulted in the transformation of tax collection methods, as well as the expansion of data and information flow in most countries of the world – even between countries. As a result, the VAT gap decreased and sales tax revenues increased. Online cash registers primarily make corporate taxation more transparent. In the transition period completed in the summer of 2014, almost half of the companies switching to such cash registers operate in the retail sector, and another fifth in the catering sector. The success of online cash registers in terms of revenues was particularly significant in the former area: three quarters of the revenues recorded and transmitted in online cash registers came from this area. After the introduction of such cash registers, the turnover of the companies obliged to introduce them increased by an average of 15-30 percent, which is a clear sign of the whitening of the economy. The increase is particularly significant among small and medium-sized enterprises (SMEs), where it exceeded 35 percent. It is well known that the "backbone" of the Hungarian economy is precisely the SME sector. More than 670,000 SMEs operated in Hungary in 2018, which represents 99 percent of all businesses. The sector employs 70 percent of all employees, almost two million employees. Therefore, the tax paying attitude of this area is not indifferent at all.

In Italy progressive personal income tax system there is. The tax rates by income level it depends the tax rates are between 23% and 43% change ak. Italy different with a key It uses the VAT system. The general VAT rate 22%, but it's cool for goods and 4%, 5% and 10% tax rate for services apply n ak. In Italy, the employers and the employees both social security contribution payment obligation under they fall From these contributions _ various social benefits are financed, including the health and pensions and the unemployed aid. The contributions payable are income by type and other from factors they depend in Italy the "Imposta sul Valor degli Immobili" (IVIE) a wealth tax means The basis of this the properties value e. The tax extent et from depending changes. The properties and other tools from sales from capital gains is also taxable. The tax rates and exemptions it's like that from factors depending they can vary like a holding period and the type of assets.

Italy tax system regional and local taxes contains, which the given from region and from settlement depending they can change. These the I give in yourselves they can book the real estate tax, that is business tax and additional types of tax. Foreign tax credit is allowed against Italian net tax for final foreign taxes paid on foreign-source earnings in the year in which the taxes were paid. The amount of the foreign tax credit may not exceed the amount of Italian tax due.

in Sweden also progressive personal income tax system is between 32% and 57% with keys. For high - income individuals yet surcharge they can also be close. Sweden multi-key VAT system applies. It's common VAT rate 25%. Some for goods and services reduced, 12 % and 6 % tax rate were employed. In Sweden, employers and the employees both they pay social security contribution. These are contributions various social benefits are financed, including the healthcare benefits, pensions and the unemployed aid. The treason rate from income and other from factors it depends Sweden abolished wealth tax in 2007. For real estate However still municipal wealth tax must to pay The individual tools from sales from capital gains also taxable. The tax rates and exemptions it's like that from factors depending they can change like the holding company period and the type of assets.

The national taxes outside in Sweden the municipalities and the regions by imposed local there are also taxes. These are local I give in yourselves they can book the property taxes and other fees. Sweden environmental protection about taxes known which it's like that for activities are sown which negative environmental effect they walk, such as the energy consumption and output. A fee of SEK 6,250 is imposed for late filing, with additional fees of up to SEK 18,750 if no return is submitted within five months from the filing deadline. A surcharge equal to 40% of the tax due is imposed if the taxpayer has omitted information or provided false information on the return. If filing is incomplete or no return is submitted, the tax authorities may estimate the tax payable. Interest is charged on outstanding taxes. Foreign tax paid may be credited against the Swedish tax on foreign income.

In The United Kingdom also progressive personal income tax system there is. THE income level depending on between 20% and 45% tax rates change. The United In Kingdom multi-key VAT system are applied. The general VAT rate 20%, e.g for goods and however, 5% for services and 0 % discounted VAT keys apply. The United Kingdom of workers and employers too they pay national depending on the level of income insurance contribution, from which the country the social security system financed by.

Property is taxed in a number of ways in the UK. Real estate is taxed by the so-called stamp duty (Stamp Duty Land Tax - SDLT), including the purchase of real estate. Its rate depends on the value of the property and whether the property is a primary or second home. You also have to pay for vehicles (Vehicle Excise Duty - VED). The commonly known as " car tax," is payable by vehicle owners. Its rate depends on factors such as emissions and vehicle type. Capital gains from the sale of assets are subject to capital gains tax (Capital Gains Taxi Fees and exemptions can vary depending on factors such as the type of asset and the individual's total income. You have to pay not only the income from the sale, but also after inheritance. The inheritance tax (Inheritance Tax) is levied on the value of the estate after the death of the individual. There are exemptions and thresholds, and the amount of tax varies depending on the value of the estate.

There are also local taxes in the UK. These include municipal tax (council tax) levied by local authorities to fund local services such as schools and rubbish collection.

If the same income or gain is subject to tax both in the UK and a foreign jurisdiction, UK resident individuals may, subject to conditions, receive relief from UK tax in respect of foreign tax suffered. The amount of foreign tax credit is normally restricted to the lower of the amount allowed under the relevant double tax treaty and the UK tax otherwise payable on the income.

Switzerland's personal income tax system is decentralized, the cantons (states) have the right to set their own tax rates and regulations. This results in different tax rates and rules in the individual cantons. Switzerland applies a general VAT rate of 7.7%. However, certain goods and services are subject to reduced tax rates of 2.5% and 3.7%.

The wealth tax (wealth tax) In Switzerland, it is determined by the cantons. These taxes are based on an individual's net worth, including real estate, investments, and savings. In Switzerland, there is generally no separate capital gains tax (capital gains taxes). However, capital gains on certain types of assets, such as real estate, may be taxable in that canton. Inheritance and gift taxes are also determined at the cantonal level fees). Prices and rules can vary significantly from canton to canton.

Some cantons impose flat-rate taxation, also known as " forfeit fiscal ". This allows wealthy individuals not to pay based on their actual income and wealth. The option means paying a fixed amount of tax based on their living expenses (lump sum taxation). However, it is not only the cantons that tax. The Swiss federal government imposes a federal direct tax on income and capital (federal direct taxes). However, this federal tax is relatively low compared to cantonal and municipal taxes. In addition to the above, Switzerland levies withholding tax on certain types of income, such as dividends and interest. However, individuals with tax residency in Switzerland can often claim a refund or credit of this tax.

Bosnia belongs lake the countries of the Western Balkan region. Like the countries of the region, Bosnia lower competes for investors. Hey launched an open-door tax policy by reducing corporate tax rates and introducing new tax incentives (eg. free zones, profit exemption, flat tax incentives, etc.). Bosnia created four free trade zones when implementing the open door policies. The activities carried out testicle are tax - and contribution-free, with the exception of public charges paid for wages, which must lower in paid testicle. The discounts will continue dig long dig less than three-quarters of the goods and services derived from activities tendon such zones are exported. Its tax system too characterized by three types of systems: the two main tax authorities are the Bosnian and the Serbian, and the Brčko zone, which too independent from them tendon term of taxation, too lower connected lake them. The harmonization of the three systems too currently taking place, but it too rather difficult.

The rate of personnel income tax and capital gains tax also 10 percent. Neither resident no foreign natural persons, nor resident companies, are taxed you dividends, royalties and technical services. Foreign-owned companies, on the other hand, pay a 10 percent taxes VAT too payable you the consideration for product sales and services, the generate tax rate also 17 percent. VAT exemption can lower in chosen for income below 50,000 Bosnian marks, but VAT registration too mandatory. Inheritance and property tax too determined by local authorities: its value can in between 2 and 10 percent.

## SUMMARY

Based on the examination of the selected countries, it can be concluded that there are common elements in the tax systems of all countries. Citizens are also taxed on their income (this tax is usually a progressive, multi-rate tax), as well as on their property (mainly real estate) and the profit from its sale. Every country has contributions, which are typically used by the state to finance the social sector (healthcare system and care, pensions). However, there are also unique characteristics. An example of this is the canton- centric nature of Switzerland's tax system. Sweden is known for its wealth tax exemption and environmental tax. Bosnia's situation is also special, as three tax authorities have jurisdiction in one country at the same time. Summarizing the experiences, the authors conclude by drawing attention to the main message of the study:
Creating the willingness to pay taxes is primarily the responsibility of the states. Depending on their political orientation and opportunities, they choose different ways to deal with the problem. However, the adaptation of experiences gathered elsewhere can complement the basic directions with many useful solutions.

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