

## ABSTRACT

### Predicting Tax Compliance Behaviour: the case of Jamaica

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The investigation of the factors influencing tax behaviour of individuals and firms is replete in the taxation discipline. However, the complex nature of taxpayer behaviour oftentimes leads to variations and differences of results that can only be addressed by continued research. Further, compliance modelling is dominated by the rational choice theory that represents taxpayers as economic maximisers who are expected to respond favourably to economic deterrence. However, development in the literature suggests that deterrence cannot explain all the variance observed in tax behaviour. This thesis attempts to contribute to this gap by examining the relationships between the observed behaviour of individual and corporate taxpayers and their personal and situational characteristics, and to elucidate whether the economic variable penalty experience, and the non-economic variables, tax attitude and behavioural tendencies, are valuable in explaining tax behaviour in the context of small island developing states (SIDS). This study used archival data generated from tax returns and the outcomes of interactions between taxpayers and the tax authority, to model the contributions of demographic, socio-economic, behavioural, and deterrence elements to the attitudes displayed by individuals and firms towards their tax obligations, and further, to predict their future compliance behaviour. The results indicate that both economic deterrence and behavioural preference variables can explain the variance observed in attitudes towards tax obligations for both individuals and firms. However, the behavioural variables are more important in explaining tax compliance behaviour. They also reveal that past behaviour is a good predictor of future tax behaviour. Further, they show that past deviant behaviour, aided by persistent low enforcement, is associated with the formation of negative attitudes and will sustain and entrench such attitudes if left unmitigated. This has implications for policy and practice.

**Keywords:** Deloree Delores Staple-Chambers; past tax behaviour; tax attitude; compliance behaviour