In All Fairness: A Meta-Analysis of the Tax Fairness-Tax Compliance Literature

Tax evasion is a well-known problem among developed nations. Many researchers are focused on how fairness influences taxpayers' decisions when reporting and paying their taxes. In a recent study delving into the realms of tax fairness and compliance, Accounting professor Mary Marshall worked with a team of researchers to combine prior findings spanning the period from 1976 to 2021.

"The goal of the project was to identify which types of fairness are most influential to taxpayers' decision making. Researchers have examined the effect of tax fairness in many ways in the past, but we were able to study all of the prior research at once. This will help regulators like the IRS focus on where improvements are most helpful for taxpayers," says Marshall.

Tax fairness is often examined as four types, or dimensions: distributive fairness (how costs and benefits are distributed among the population), procedural fairness (how the tax laws and enforcement processes are designed), interpersonal fairness (how tax authorities like the IRS interact with taxpayers), and informational fairness (how taxpayers get information they need). Much research has focused on a single dimension. The study focused on understanding which of the dimensions were most influential to taxpayer compliance.

Particularly noteworthy is the prominence of distributive fairness, notably driven by the subdimension of exchange equity, as the most influential factor affecting taxpayer compliance. Conversely, other fairness dimensions, encompassing interactional facets (both interpersonal and informational) and procedural elements, exhibit comparatively smaller effects. Additionally, the study underscores the moderating impact of methodology on observed relationships, emphasizing the need for a nuanced understanding of methodological intricacies in tax fairness research. This highlights the importance of a meticulous approach in conducting such studies.

The research team included Mary E. Marshall, Assistant Professor at Portland State University; Jonathan Farrar, Professor at Wilfrid Laurier University; Dawn W. Massey, Professor at Fairfield University; Linda Thorne, Professor at York University; and two student researchers: Anita Wu, an undergraduate student at Ryerson University and Trang Bui, a graduate student at the University of Waterloo. “This was my first collaboration with student researchers, so it was also a great way to see my teaching and research come together,” says Marshall.