

An International Perspective on Tax Amnesty: Formulating a Decisional Model Through a Conceptual Model

Martin F. Roth, U.S.A.

*Second Prize Winner of the V^o CIAT/IEF
Essay Contest*

Part One: Introductory Perspective

Policy Foundations: Opportunities and Dilemmas

As we move towards the twenty-first century, the roles of Government vis-a-vis its citizenry and private enterprises are being redefined. These relationships are complex, yet fundamental, and are both direct and subtle. During the last two decades, the following sometimes contradictory trends, which have both challenged and supported Governments' economic responsibilities, have emerged:

- An increasing disparity between rich and poor nations and, frequently, among the rich and poor within a country.
- Increased economic freedoms through political reforms (e.g., Eastern Europe), but reduced freedoms through political and military upheavals (Middle East, etc.).
- Political and economic confederation across borders (e.g., Common Market), but political and economic confrontation within a country's border (Yugoslavia, etc.).
- Disparate cycles of economic growth, stagnation, inflation, and recession across and within national borders that challenge traditional economic theories, and resultant increases and decreases within narrow timeframes in worldwide securities and bond markets.
- The emergence, in succession, of international, multinational and transnational corporations involved in numerous industries while concurrently the number of large viable competitors within an industry has often declined through mergers and acquisitions.

- The growth in two-income families and two-job employees, and an increased number of new entrepreneurial ventures, while high unemployment remains a key unresolved policy concern in many societies.

- Development of an information society across national borders, with the aid of technological systems, while attainment of universal literacy remains an unfulfilled societal concern.

The economic and Governmental trends indicated above are compounded by contradictory and sometimes conflicting trends in taxation and fiscal policy. Swartz and Roos (1979, p. 11) have written that, for many individuals, "the payment of taxes is one of the most direct experiences with the exercise of state power."

Dan Bawly (1982, p. 41) concurs, stating that "Income tax is probably the law that most directly affects the largest number of individuals". Taxation is therefore both a product and precursor of economic development and political processes, and the frequent inclusion of non-economic goals in tax laws compounds the law's societal influence and its compliance complexities.

To respond assertively and effectively to this environment, Governmental authorities, academic researchers, businessmen and concerned citizens have turned to "new and emerging" initiatives as a means to raise needed public revenues without further disrupting the society's legitimate economic fabric and culture. These "new and emerging" initiatives have included new tax sources (such as from international-based transactions), new types of taxation (such as the increasingly popular value added tax), and new types of tax administration initiatives (such as computer-based documentation reconciliations).

Included among these "new and emerging" initiatives is the resurrection of tax amnesty programs. Indeed, the formulation of these programs as legitimate expressions of Governmental fiscal policies have accelerated in recent years. Since the 1950s, over thirty (30) countries have introduced, for varying periods of time and sometimes repeatedly, tax amnesty programs.

In addition, some of these initiatives have been extended and/or introduced by state/local taxing authorities. In the United States, for example, although the Federal Government has not adopted a traditional tax amnesty program over thirty (30) State Governments have implemented statewide tax amnesty projects. There are commonalities among all of these national and local initiatives, but each features aspects unique to the program's needs and the underlying characteristics of the local economy and that Government's taxpaying constituencies.

Tax Amnesties: Definitions and Historical Foundations

Although tax amnesty programs are categorized as one of the series of "new and emerging" initiatives, the roots of tax amnesties can be traced to ancient history. Professor Charles Adams (1982, p. 25) has indicated that the ancient Rosetta Stone, written over 2,200 years ago, was largely a tax-oriented document which included a tax amnesty program initiated by the ruling Ptolemy V. For reference, the Rosetta Stone is a seminal document in linguistics history. Written in two languages (Egyptian and Greek) and three writing systems (hieroglyphics, demotic script, and the Greek alphabet), the Rosetta Stone was discovered by anthropologists in the 19th century, and subsequently utilized as the key reference for interpreting Egyptian hieroglyphics.

Through his research, Dr. Adams has also identified other ancient tax amnesty programs. For example, Adams (1982, p. 95) determined that tax amnesties were periodically operational almost 1,600 years ago in the Roman Empire. These programs, which included amnesties granted in the years A.D. 434, 445, 450 and 458, typically concerned accumulated and not just current tax delinquencies.

The term 'amnesty' is derived from the Greek word 'amnestia', meaning oblivion. The dictionary definition of amnesty is "an act of forgiving; forgetting of offenses; a general pardon of the offenses of subjects against the government, or the proclamation of such pardon." In utilizing this definition for policy purposes and program

analysis, a further distinction must be drawn between an amnesty and a pardon. Dr. James Angelini (1986, p. 4) indicates that a "Amnesty overlooks offense whereas pardon remits unishment. This is an important distinction.

Amnesty extinguishes the offense and pretends it never happened while pardon retains the record of the offense but removes punishment. "Apart from its tax applications, the concept of granting amnesty is a legal term utilized typically for granting immunity or relief, after conviction, to political opponents of an administration. Often, to quell public sympathies with the political opponents and/or signal policy or leadership shifts, administrations determined that the granting of amnesties represented the preferred course. In comparison to the use of amnesties on a broad scale, pardons are usually reserved to grant relief due to the particularistic features of an individual case.

Do Tax Amnesties Work?: The Need for a Structured Analysis

As in many other areas of decision-making, the feasibility of programs and their subsequent implementation are difficult to evaluate objectively, given the multiplicity of program goals supporting the policy and the complexity of quantitative data subsequently generated which typically confuses rather than enlightens the analysis. In analyzing a tax amnesty, the evaluative process is even more difficult, since each program is unique and it operates in the context of an evolving economy.

Moreover, taxpayers' decisions to file tax returns and pay their tax balances, with and/or without an amnesty, are dependent on numerous personal and societal characteristics and motivations as well as Governmental administrative initiatives.

The difficulties to evaluate fairly the success of tax amnesty programs can be evidenced by comparing two published works on tax amnesties. James Angelini (1986) has identified program characteristics supportive of amnesty initiative, while Peter Stella (1989) has generally criticized the implications of tax amnesties. A summary of the two works is as follows:

- Angelini determined that a tax amnesty can be a valuable tool for reducing the size and growth of the underground economy, when used as part of a comprehensive program of tax reform and increased tax enforcement. Angelini also concluded that technical administrative problems resulting from tax amnesty programs were resolvable satisfactorily,

and that tax amnesty is justified morally and from tax equity considerations.

- Stella concluded that tax amnesties appear to increase Governmental revenue but indicated that these benefits, in the long-run, are outweighed by negative consequences. A critical flaw of amnesties is that temporary amnesties send the message that there may be future amnesties, thereby discouraging timely voluntary compliance among the general population. Stella concluded that revenues lost from the lack of compliance can outweigh the resources taken from those availing themselves of the amnesty opportunity.

Stella recommended that tax administration should encourage voluntary compliance through its auditing and penalty mechanisms rather than resorting to tax amnesty programs.

To assist policy makers, administrators, tax researchers, practitioners and, of course, taxpayers, this study will be designed and developed through a structured analysis to highlight the objectives, features, strengths and weaknesses of tax amnesty programs. A Conceptual Model of seventeen (17) key functions will be developed. These 17 functions will thereupon be grouped into four (4) sets of functional interrelationships.

The four sets of functional interrelationships will also be identified as representing organismic, interactive and/or dependent variables, and their impact on future as well as current tax amnesty policies appraised.

Following the presentation and analysis of the Conceptual Model, a Decisional Model framework will be developed. The Decisional Model will pinpoint and extend the principal findings from the Conceptual Model, and its accompanying analysis, to tax policy and administrative perspectives.

Part Two: Developing the Conceptual Model

The research methodologies utilized in developing the Conceptual Model principally focused on the following:

- The field of Economic Psychology served as the academic foundation for the Conceptual Model. This disciplinary base was complemented by studies from public and business administration, law, political science, sociology, international economics, finance, as well as, of course, by analyses from academic and applied tax research literature.

- Environmental Scanning, a sub-set of Futures Research studies, served as the administrative foundation for the Conceptual Model. This technique, supplemented by considerations to Cross-Impact Analysis, was also employed for developing the treatise's Decisional Model.

Emphasizing the interactions between psychology and economics in tax research represents an intuitively logical but generally unconventional foundational strategy.

Lea, Tarry, and Webley (1987, p. XIX) advise that "Economics and psychology both claim to study human behavior, but each rejects the idea that the other could have any insights to offer to it." Economics has generally been identified as a largely deductive, rational science based on mechanistic deterministic behavior, while psychology remains identified as a largely inductive, adaptive and a-rational science based on dynamic behavior. Academia does include specialists in economic psychology/ psychological economics, but this field is considered "much better developed in Europe than in America" (Lea, Tarry, and Webley, 1987, p. XXII).

The field of economic psychology has been utilized particularly in tax research for developing theories and empirical studies on tax evasion motivations and behaviors (see Lewis, 1982, and other studies). Most studies on tax amnesty programs focus, directly or indirectly, on the use of the programs to overcome tax evasion schemes through granting administrative relief of enforcement penalties. As Stella (1989, p. 39) has written "The very need for a tax amnesty presupposes evasion, a phenomenon that certainly is not new to the world." The utilization of concepts from economic psychology in this treatise is, therefore, appropriate and timely given the correlative relationships between tax evasion and the resultant development of tax amnesty initiatives throughout the world.

To effectively utilize the information derived from the identified research references, the development of the Conceptual Model was also dependent on the administrative utilization of Environmental Scanning methodologies. Environmental Scanning, a sub-set of Futures Research studies, is a research process "of screening a large body of information for some particular bit or bits of information" (Renfro and Morrison, 1983, p. 22). According to these authorities, Environmental Scanning studies typically begin by gathering information about the external environment, and then incorporating the following four research steps.

<ul style="list-style-type: none"> - Selecting the information resources to scan - Searching or screening for information resources - Identifying criteria by which to scan - Determining special action for the scanning results 	
<p>International consultant Catherine Hayden (1986, p. 125) indicates that Environmental Scanning is a frequent research methodology in economics and business, utilized to subsequently make assumptions and forecasts about the future. Ms. Hayden indicates that most strategists categorize different aspects of the environment into five categories, as follows:</p> <ul style="list-style-type: none"> - Economic trends, including changes in gross national product, interest rates, employment rates, energy costs, and inflation. - Demographic trends, including changes in population growth rates by region, family size, and age group distribution. - Social trends, including changes in people's values, lifestyles, and education levels. - Political and legal trends, including changes in political climates and regulatory pressures. - Technological trends, including the aspects involved in new technologies and revisions in existing technologies. <p>Environmental Scanning methods were utilized in this study to categorize hundreds of relevant source materials into workable references. The source materials, including academic studies, economic</p>	

analyses, articles from the popular press and mass circulation periodicals and others, were segmented and then prioritized utilizing Renfro and Boucher's methodology. Thereupon, the source materials were codified into the five segmentations recommended by Hayden. The categories subsequently identified and employed in the Conceptual Model were also cross-checked to the Environmental Scanning methodologies, as well as to the study's underlying academic framework (economic psychology and the other indicated social sciences) before clearance and finalization. As indicated by Richard Heydinger (1983, p. 94), "The most effective scanning operations are interdisciplinary."

Presenting the Conceptual Model

The development of the Conceptual Model represented a principal and distinctive aspect of this study. The Conceptual Model was finalized through an elaborate purification process, matching information sources and references against the underlying academic foundations to determine the desired conceptual categories. The resulting Conceptual Model is represented by seventeen (17) functions, which were divided into five interim categories. These seventeen functions were then segmented into four finalized functional interrelationship categories to identify organismic, interactive, and dependent variables. The finalized Conceptual Model is as follows:

**A CONCEPTUAL MODEL
TO APPRAISE TAX AMNESTY INITIATIVES
MARTIN F. ROTH**

I) Tax Policy as a Function of:

- A) Political Citizenship
- B) Macroeconomic Citizenship
- C) Microeconomic Citizenship

II) Tax Practice as a Function of:

- D) Tax Law
- E) Taxpayer Responsibility
- F) Practitioners' Responsibility

III) Tax Obligations as a Function of:

- G) Societal Obligations
- H) Individual Obligations
- I) Public Administration

IV) Noncompliance as a Function of:

- J) Tax Avoidance
- K) Tax Avoidance
- L) Tax Evasion

V) Systemic Concerns as a Function of:

- M) Tax Complexity
- N) Tax Education
- O) Tax Compliance
- P) Tax Penalties
- Q) Ethical Climate

A CONCEPTUAL MODEL
TO APPRAISE TAX AMNESTY INITIATIVES
MARTIN F. ROTH

FUNCTIONAL INTERRELATIONSHIPS

**Political/Psychological
Interrelationships**

Factor	I)	A
Factor	II)	E
Factor	III)	H
Factor	V)	M

**Economic
Interrelationships**

Factor	I)	B
Factor	II)	F
Factor	III)	G
Factor	IV)	J

**Regulatory
Interrelationships**

Factor	I)	C
Factor	II)	D
Factor	III)	I
Factor	IV)	K
Factor	V)	O

**Cross-Functional
Interrelationships**

Factor	IV)	L
Factor	V)	N
Factor	V)	P
Factor	V)	Q

*Political/Psychological Interrelationships Operate as **ORGANISMIC** Variables in the Conceptual Model.*

*Economic Interrelationships Operate as **ORGANISMIC** Variables in the Conceptual Model*

*Political/Psychological Interrelationships **IMPACT**, and are Similarly **IMPACTED BY**, the Economic Interrelationships.*

*Regulatory Interrelationships are **INTERACTIVE** Variables. They Operate as **DEPENDENT** Variables of the Political/Psychological and Economic Interrelationships, and Impact as **ORGANISMIC** Variables on the Cross-Functional Interrelationships.*

*Cross-Functional Interrelationships are **DEPENDENT** Variables in the Conceptual Model.*

The Conceptual Model will be utilized as the foundation for program analyses. The five functional categories will be utilized for reference purposes (that is, Tax Policy Functions; Tax Practice Functions; Tax Obligation Functions; Noncompliance Functions; and Systemic Concern Functions). However, the analysis will be structured around the four functional interrelationships, since the five functional categories had represented an interim step to assist in the development of research groupings appropriate for developing organismic, interactive and dependent variables.

The four functional interrelationships are also being utilized as the analytic categories since they reflect the underlying interdisciplinary academic fields utilized in the study. In particular, the functional interrelationships are structured to accommodate the concepts of economic psychology, as well as the research materials identified through the Environmental Scanning methodology. Therefore, the research sources identified in this study will be analyzed through the following four functional interrelationship groupings:

- Political/Psychological Interrelationships: Organismic Variables
- Economic Interrelationships: Organismic Variables
- Regulatory Interrelationships: Interactive Variables
- Cross-Functional Interrelationships: Dependent Variables

Part Three: Developing and Applying the Decisional Model

A Cross-Impact analysis will now be presented to analyze the wide variety of resource materials that were identified and appraised through the Environmental Scanning mechanism. To identify Decisional Points, the four Functional Interrelationships from the Conceptual Model (Political/Psychological; Economic; Regulatory and Cross-Functional Interrelationships) will be plotted against the key research conclusions determined from analysis of the resource materials. The objective of this comparison is to identify the likely interactions among the data.

Cross - Impact Analysis:

Background to the Conceptual Model: International Perspectives

Note A: Theme - Economics and Education

1. Synergistic effects between economic development and education were indicated. Data for thirty nations with amnesty program experience reflects high correlation between average per capita income and literacy rates.
2. Development of a tax amnesty program must be structured to the infrastructure and wealth of the local economy.
3. The importance of education was also affirmed via the analysis, with implications for tax education/training.

Note B: Theme - Cultural Influences in Decision-Making

4. The research analysis confirmed the importance of culture as decisional influences. A society's relative level of Individualistic or Collectivistic tendencies, and risk-taking tendencies (Uncertainty Avoidance Scale) appear particularly important for influencing an individual's citizenship decisions, including whether and how to file a tax return.
5. Commentary from the researchers also stated that "there is an emotional need for legal protection and government interference to safeguard public interest" in most developing countries.
6. The researchers concluded that cultural differences should be considered in training programs, reaffirming education/training as inputs in tax system efficiency.

Political/Psychological Interrelationships:

Note C: Theme - Political Citizenship and Individual Obligations

7. Tax amnesty initiatives must be linked to the tax system's traditional themes of equity, efficiency, simplicity and convenience, rooted in Adam Smith's work

<p>over 200 years ago and repeatedly affirmed by policy makers and tax researchers.</p> <p>8. Component elements from the analysis relevant for considering amnesty programs were as follows: Taxpayers' trust in the amnesty must be promoted; Emphasis on the Government as being fair/merciful, not desperate, must be placed; The fiscal exchange interdependence between the Government and taxpayers must be stressed.</p> <p>9. Taxpayers must view voluntary compliance as being in their best interests. This can be accomplished by: stressing that taxpayers' financial interests will be promoted by complying with amnesty filing rules; developing stronger tax administration enforcement programs and/or sanctions in the post-amnesty period; and providing effective information regarding the amnesty program.</p> <p>10. Consensus in the research indicated that temporary amnesties are preferable to a pattern of regularly repeated amnesties. Repeated amnesties may compromise future compliance, particularly from moderately compliant taxpayers.</p> <p>11. A specialized permanent type of amnesty, as compared with regularly repetitive amnesties, may have merit. This type of permanent amnesty, formalized in the Tax Code, can provide taxpayers with a stable set of rules, supportive of voluntary compliance. Additional research will be needed to determine the necessary provisions and standards that can promote taxpayer disclosure while not adversely affecting voluntary compliance.</p>	<p>publicizing the tax system's goals and any amnesty initiative; and publicizing specific tax evaders in the media.</p>
<p>Note D: Theme - Taxpayer Responsibility and Tax Complexity</p> <p>12. The complexity and changeability of the tax laws compound the difficulties of enforcement. This may lead to taxpayers' misunderstanding regarding the meaning and application of the tax rules, negating voluntary compliance objectives.</p> <p>13. To compensate for continuing tax law complexity, it was recommended that tax amnesties include: particularizing tax amnesty initiatives to certain issues/situations; structuring amnesties as an interim measure within a broad tax reform movement;</p>	<p>Economic Interrelationships</p> <p>Note E: Theme - Macroeconomic Citizenship</p> <p>14. Economic data for thirty countries which have offered tax amnesties affirms that program viability cannot be generalized. Among thirty countries analyzed, there were wide differences in results for inflationary growth and the average annual real growth rate for representative years.</p> <p>15. Since amnesties appear to be most beneficial when geared to the local economic base, it was concluded that a temporary amnesty was preferred since economic results (and its impact on taxpayer behavior) are variable.</p> <p>16. The impact of inflation, and on consumers, was analyzed in detail. It was recommended that interest expense payments should not be relieved through an amnesty, since it would put non-compliant taxpayers receiving an interest-free loan at a competitive advantage compared with compliant taxpayers. An indexing system should also be utilized by the tax agency if the Government's interest rate on tax balances due was below the inflationary interest rate.</p> <p>Note F: Theme - Practitioners' Responsibility, Societal obligations, Tax Avoidance</p> <p>17. Tax planning was distinguished from tax avoidance, and the role of practitioners and penalty enforcement in this process was explained. Determining whether filing under amnesty represented 'reasonable cause' to excuse penalty assertions was explored in detail. It was concluded that some or all penalties should be asserted when the taxpayer's non-filing record includes a pattern of seeking amnesty relief.</p> <p>18. For taxpayers reflecting a pattern of non-filing and reporting through amnesty relief, it was also recommended that criminal charges should be pursued, particularly for related non-tax charges. However, the taxpayer should be eligible for a reduced sentence or conditional probation due to his/her tax payments.</p>

<p>19. Preparers generally should not be penalized when they assist taxpayers to file under amnesty, but should be subject to civil and perhaps criminal charges if the preparer engaged in a pattern of advising clients not to file until the amnesty period.</p> <p>Regulatory Interrelationships</p> <p>Note G: Theme - Microeconomic Citizenship, Tax Law</p>	<p>Note H: Theme - Public Administration; Tax Avoision; Tax Compliance</p>
<p>20. Reflective of microeconomic factors, non-income types of taxes were analyzed. The inclusion of specific types of amnesties, and the reasons for the recommendations, were explored in depth. Among actual tax amnesty programs, a mixed record emerged. Some states and nations relieved all types of taxes, but other programs provided more restrictive coverage.</p> <p>21. It was concluded that amnesty relief should generally be provided for certain taxes which feature specialty applications. These taxes include estate, gift, fiduciary, excise, sales, and use taxes. Please refer to the text for the criteria leading to this conclusion, which is very detailed.</p> <p>22. It was concluded that amnesty relief should not be extended for employment taxes and property taxes, which have broad coverage vital to the economic system. Employment taxes support a social retirement program, and require employers to exercise a fiduciary responsibility. Property ownership among average taxpayers can usually be traced, simplifying administrative follow-ups.</p> <p>23. It was concluded that providing amnesty relief for value added taxes should be postponed. This is attributable to this tax's recent history, its key role as a revenue raiser, and its specialized taxing base. It was suggested that studies should be conducted to determine the degree and nature of voluntary compliance for this tax, and that additional funds should be provided for expanded audit/collection coverage for value added taxes.</p>	<p>24. The high degree of ambiguity regarding tax avoision schemes was addressed in detail. Legislative actions must be considered carefully to distinguish between legal/proper and illegal/improper activities, especially since these designations may vary among different economies.</p> <p>25. Tax amnesty programs seeking to address flight capital concerns generally have not been successful, except in specialized situations linking amnesty with investment opportunities.</p> <p>26. A series of recommendations were presented to improve amnesty initiatives in recognition of the increased presence of international business. Highlights of the recommendations were: A) Develop regional amnesty programs, which may be researched in cooperation with international organizations; B) Authorize government agencies increased access to accounting information in international transactions, via tax treaties; C) Increase cooperation in federal/state/local agencies, especially since state tax non-compliance may be higher than for Federal taxes; D) Develop international uniformity in accounting terminologies; E) Increase international compliance programs.</p> <p>27. As an additional recommendation, it was concluded that civil penalty relief should not be granted for tax avoision schemes, given the sophistication of many of the taxpayers involved. Criminal prosecution should generally be waived, due to the taxpayer's voluntary disclosure. Civil penalty relief in tax avoision schemes may be warranted in countries with limited audit programs, especially when the revenue collection potential is significant.</p> <p>Cross - Functional Interrelationships</p>
	<p>Note I: Theme - Ethical Climate, Tax Evasion</p> <p>28. Philosophical, historical and theoretical aspects of tax ethics issues were analyzed. It was</p>

<p>concluded that tax evasion represented a threat to the tax system's legitimacy, and that appeals to moral suasion may play a secondary role to increased enforcement programs as a means to increase voluntary compliance. It was recognized that reduction of tax evasion represented a principal objective of most tax amnesty programs.</p>	<p>33. This section concluded by presenting recommendations for new initiatives which support voluntary compliance through citizenship and educational awareness. These initiatives were development of Taxpayer Bill of Rights, conditional probation concepts, and administrative supervision adapted from bankruptcy situations.</p>
<p>29. Tax evasion theories and standards from various countries were presented, along with estimated tax revenues lost. The particular tax evasion challenges confronting state Governments were reviewed, which appear to be reminiscent (but not as extreme) as in less-developed countries.</p> <p>30. An administrative program was recommended to combat tax evasion through increased Federal, state and local enforcement coordination. The program focused on information sharing, joint technical training, taxpayer education programs, and developing commonalities in tax forms and terminologies.</p>	<p>Utilizing the Cross - Impact Analysis:</p> <p>The 33 Decisional Points identified through the Cross-Impact Analysis process is a product of a voluminous amount of research data analyzed through Environmental Scanning methodologies for the Functional Interrelationships presented in the Conceptual Model. In the following chart, the 33 Decisional Points will be analyzed through the following categorizations:</p>
<p>Note J: Theme - Tax Education, Tax Penalties</p> <p>31. An analysis of civil and criminal fraud was presented, with examples from several countries. It was noted that some countries which have authorized tax amnesty programs feature strong tax fraud laws that exist concurrently with a high tax evasion rate. The authorization of penalties must be accompanied with a significant enforcement presence to produce an effective alleviation in the tax fraud rate.</p>	<p>Column A - Decisional Point Number</p> <p>Column B - Type of Underlying Variable:</p> <p>Organismic Variable; Interactive Variable; Dependent Variable</p>
<p>32. Tax education programs are supportive of the tax agency's outreach programs, and the goals of voluntary compliance. Studies referenced indicated that taxpayer interests in tax education focus on their personal financial concerns rather than policy or ethics. A program was recommended emphasizing the following: Taxpayer workshops; Periodic training for practitioners and Governmental tax examiners; Emphasis on pedagogical improvements (such as utilizing the case study method and computer and video equipment); Improved coordination with colleges, professional societies and the media.</p>	<p>Column C - General Conclusions:</p> <p>Positive: Supportive of Amnesty Program Initiative Negative: Not Supportive of Amnesty Program Neutral: Foundational Information for Considering Amnesty Program Contingent: Requires Implementing Recommendations Cited in Treatise</p>
	<p>Column D - Implementing Characteristics:</p> <p>Systemic: Reflects Unique Economic and/or Cultural Characteristics in a Country Policy: Characteristic Applicable Across Countries; Requires Policy Decisions Via Legislative Branch (in most countries) Administrative: Characteristic Applicable Across Countries, and is Generally Within Authority of Executive Branch and Governmental Tax Agency</p>

Systemic/Policy/Administrative: Encompasses 3 Aspects
 Policy/Administrative: Encompasses the Indicated 2 Aspects

The Analytic Chart will now be presented:

Decisional Point	Variable	Conclusion	Characteristic
# 1	Organismic	Neutral	Systemic
# 2	Organismic	Neutral	Systemic
# 3	Organismic	Positive	Policy/Admin.
# 4	Organismic	Positive	Systemic
# 5	Organismic	Positive	Sys./Pol./Admin.
# 6	Organismic	Positive	Sys./Pol./Admin.
# 7	Organismic	Neutral	Policy/Admin.
# 8	Organismic	Positive	Administrative
# 9	Organismic	Contingent	Policy/Admin.
# 10	Organismic	Negative	Policy
# 11	Organismic	Positive	Policy
# 12	Organismic	Negative	Policy
# 13	Organismic	Contingent	Policy/Admin.
# 14	Organismic	Neutral	Systemic
# 15	Organismic	Positive	Policy
# 16	Organismic	Negative	Policy/Admin.
# 17	Organismic	Negative	Policy/Admin.
# 18	Organismic	Negative	Policy/Admin.
# 19	Organismic	Negative	Policy/Admin.
# 20	Interactive	Neutral	Policy
# 21	Interactive	Positive	Policy
# 22	Interactive	Negative	Policy
# 23	Interactive	Neutral	Policy
# 24	Interactive	Neutral	Policy
# 25	Interactive	Negative	Policy
# 26	Interactive	Contingent	Policy/Admin.
# 27	Interactive	Negative	Sys./Pol./Admin.
# 28	Dependent	Neutral	Systemic
# 29	Dependent	Neutral	Systemic
# 30	Dependent	Contingent	Policy/Admin.
# 31	Dependent	Negative	Policy/Admin.
# 32	Dependent	Contingent	Administrative
# 33	Dependent	Contingent	Administrative

Statistical analysis of the Analytic Chart reflects the following:		have general applicability to improve the nation's tax system, and may be adopted without requiring an amnesty program.																					
TYPE OF VARIABLE		- The provisions of any amnesty program must be detailed, specific, and contain evaluative administrative procedures for considering the eligibility of specific cases, and types of taxes/issues within the amnesty umbrella.																					
Organismic	19	- Many negative consequences may result from an unsuitable amnesty, including compromising voluntary compliance. Policy makers and administrators must be cautious and prudent in recommending/implementing amnesty program initiatives.																					
Interactive	8	Countries and states that have experienced amnesties report mixed results as to the amnesty program's impact for raising additional revenues. As an example, Elliot Uchitelle (1989, p. 52) has provided the following statistics for four countries which have developed amnesty program:																					
Dependent	6	- Estimated revenues resulting from amnesties																					
TOTALS	33	- The amount raised as a percentage of the gross domestic product																					
CONCLUSION: VIABILITY OF AMNESTY PROGRAM		- The amount raised as a percentage of the central Government's deficit																					
Positive Impact	8																						
Negative Impact	10																						
Neutral Impact	9																						
Contingent Impact	6																						
TOTALS	33																						
IMPLEMENTING CHARACTERISTICS CONTROLLING																							
Systemic/Policy/Administrative	3																						
Systemic	6																						
Policy/Administrative	11																						
Policy	10																						
Administrative	3																						
TOTALS	33																						
Key program implications include the following:																							
- To be successful, amnesty programs must be responsive to the local economy and the society's cultural characteristics.																							
- Many of the decisions determining the ultimate success of an amnesty program are dependent on carefully worded and understandable legal/interpretative laws and regulations.																							
- An amnesty program, must be viewed as an integral part of the nation's overall tax compliance system, rather than being considered as an adjunct program.																							
- A tax amnesty must be supportive of the principal enforcement programs of the nation's tax system, rather than contradicting or weakening these principal programs.																							
- Many policy and/or administrative programs recommended for implementing amnesty initiatives																							
		<table><tr><th>Country</th><th>Revenues Raised*</th><th>% of G.D.P.</th><th>% of Deficit</th></tr><tr><td>COLOMBIA</td><td>\$ 93</td><td>0.3 %</td><td>54 %</td></tr><tr><td>FRANCE</td><td>1,610</td><td>0.22 %</td><td>8 %</td></tr><tr><td>INDIA</td><td>1,000</td><td>0.54 %</td><td>10 %</td></tr><tr><td>IRELAND</td><td>750</td><td>2.55 %</td><td>158 %</td></tr></table>		Country	Revenues Raised*	% of G.D.P.	% of Deficit	COLOMBIA	\$ 93	0.3 %	54 %	FRANCE	1,610	0.22 %	8 %	INDIA	1,000	0.54 %	10 %	IRELAND	750	2.55 %	158 %
Country	Revenues Raised*	% of G.D.P.	% of Deficit																				
COLOMBIA	\$ 93	0.3 %	54 %																				
FRANCE	1,610	0.22 %	8 %																				
INDIA	1,000	0.54 %	10 %																				
IRELAND	750	2.55 %	158 %																				
		* In Millions of Dollars Source: Uchitelle (1989, p. 52)																					
		For State programs implemented in the United States, the Federation of Tax Administrators (1990, p. 82) has developed estimates of the revenues raised. A summary is as follows:																					

State Amnesty Programs, United States		<ul style="list-style-type: none">- Statistical analysis concluded that "the average income tax payment in amnesty is lower than the overall average payment. In fact, most of the tax cases in amnesty involve small payments", and "about half of the applicants in Illinois involved payments of less than \$100" (page 18). In Iowa, 73 percent of the applications involved payments of less than \$1,000" (page 18).- Non-filers represented between 34 to 90 percent of the applicants under amnesty, but they often "use amnesty to file for only one year" (page 18). In New York State, of the amnesty cases studies, only 36 percent of previous non-filers followed up after their amnesty relief by filing in the subsequent year (page 25).
Amnesty Revenues Revenues as a % of Annual Revenues		
Accounts Receivable Included:		
Selected States:		
CALIFORNIA	0.97 %	
ILLINOIS	1.74 %	
MARYLAND	0.59 %	
MASSACHUSETTS	1.48 %	
NEW JERSEY	1.91 %	
NEW YORK	1.76 %	
DISTRICT OF COLUMBIA	1.27 %	
Overall Program, Accounts Receivable Included	1.09 %	
Nonfilers Only:		
Selected States		
ALABAMA	0.12 %	
ARIZONA	0.29 %	
KANSAS	0.03 %	
MISSOURI	0.03 %	
RHODE ISLAND	0.07 %	
NEW MEXICO	0.94 %	
Overall Program, Nonfilers Only	0.11 %	
TOTAL STATES: AMNESTY PROGRAMS		
Source: Federation of Tax Administrators (1990, p. 82).		
Many of the State amnesty programs have reported that the average per capita revenue raised per return filed has usually been small. A detailed analysis of state programs, researched by Fisher, Goddeeris, and Young (1989, pp. 15-27) includes the following key observations:		

Various studies have estimated potential revenues from a Federal amnesty program in the United States. The estimates range from \$1 billion (Lerman, 1986, p. 330) to \$12 to \$25 billion (Angelini, 1986, p. 195), as compared with a Federal budget of \$1 trillion. Due to the enormous policy and enforcement implications involved, the factors raised in this study should be considered before proceeding with a Federal amnesty in the United States.

CONCLUDING COMMENT:

In this study, a detailed analysis was developed and conducted regarding the legitimacy of tax amnesty programs. Numerous recommendations, resulting from the objective appraisal of an extensive literature base, were also presented. It is hoped and anticipated that this report will contribute to the effectiveness of tax administration, and will serve to reinforce the theme that tax research represents an interdisciplinary social science. It is also hoped that this research study will serve to stimulate new ideas about tax amnesties, tax compliance, and tax system innovations, and will reinforce the sense of responsibility of tax administrators and taxpayers to the "larger good", society.

REFERENCES

PART ONE: INTRODUCTORY PERSPECTIVE

Adams, C. *"Fight, Flight, Fraud: The Story of Taxation"*, Curacao, Netherlands Antilles: Euro-Dutch Holdings, N.V., 1982

Angelini, J. *"An Investigative Analysis for the Development of a Federal Tax Amnesty Program"*, Unpublished Ph.D. dissertation, University of Houston, 1986.

Bawly, D. *"The Subterranean Economy"*, New York, N.Y.: McGraw-Hill Book Company, 1982.

Stella, P. "Do Tax Amnesties Work?", *Finance and Development*, December 1989, pp. 38-40.

Swartz, T. and L.J. Roos, "The Art of Taxation" in T. Swartz, L.J. Roos and J. Morton, Editors, *"Analyzing Tax Policy: A Resource Guide"*, New York, N.Y.: Joint Council on Economic Education, 1979, pp. 9-27.

PART TWO: DEVELOPING THE CONCEPTUAL MODEL

Hayden, C. *"The Handbook of Strategic Expertise"*, New York, N.Y.: The Free Press, 1986.

Heydinger, R. "Institutional Research and Planning: Is Future Research the Next Step?", in J. Morrison, W. Renfro, and W. Boucher, Editors, *"Applying Methods and Techniques of Futures Research"*, San Francisco, Ca.: Jossey-Bass, Inc., Publishers, 1983, pp. 85-98.

Lea, S., R. Tarpy and P. Webley, *"The Individual in the Economy"*, Cambridge, England: Cambridge University Press, 1987.

Lewis, A. *"The Psychology of Taxation"*, New York, N.Y.: St. Martin's Press, 1982.

Renfro, W. and J. Morrison, "The Scanning Process: Methods and Uses", in J. Morrison, W. Renfro, and W. Boucher, Editors, *"Applying Methods and Techniques of Futures Research"*, San Francisco, Ca.: Jossey-Bass, Inc., Publishers, 1983, pp. 21-38.

Stella, P. "Do Tax Amnesties Work?", *Finance and Development*, December 1989, pp. 38-40.

PART THREE: DEVELOPING AND APPLYING THE DECISIONAL MODEL

Angelini, J. *"An Investigative Analysis for the Development of a Federal Tax Amnesty Program"*, Unpublished Ph.D. dissertation, University of Houston, 1986.

Federation of Tax Administrators, "Comparison of State Amnesty Revenues", *Tax Administrators News*, July 1990, p. 82.

Fisher, R., J. Goddeeris and J. Young, "Participation in Tax Amnesties", *National Tax Journal*, March 1989, pp.