

*EU Member States' Heads of Tax Administration Meeting:
Looking towards 2025*

**LEGITIMACY, FAIRNESS AND THE
LIMITS OF TRANSPARENCY.
Ethnographic Insights from a Tax
Administration at Work**

Lotta Björklund Larsen, PhD Docent

Department of Thematic Studies, Technology and Social Change,
Linköping University, Sweden

'We know that we [at the Swedish Tax Agency] apply a set of laws that we can steer into the ditch with

says Gunnar, the manager for the Analysis Department

And – it is so important for us to uphold the legitimacy. The rules do not allow for exceptions, but the reality out there is different. We have to acknowledge that the centennial tax reform of 1991 was a political decision that could be agreed upon only because certain issues were left out. But it is the Agency that has to live with its consequences and carry out the law in practical life; we have to be very careful and consider what is reasonable and realistic in our decisions so that these are deemed legitimate. As a manager at the Agency, I recognize this reality as there is no set of laws/rules that is 100 per cent applicable by the book.

AN ANTHROPOLOGICAL PERSPECTIVE ON TAXATION

1. To discuss what legitimacy, fairness and transparency can imply in practice (at a successful tax administration)
2. To argue that tax administrations ought to carefully attend to *which* methods are used gathering *what* type of information. What does an ethnographic gaze imply?

LEGITIMATE TAXES AND TAX SYSTEMS



The foundation of a functioning welfare state is a **legitimate** tax system

- Socio-economically efficient; citizens are loyal to it
- Considered **fair** and purposeful
- Be simple and predictable
- Proportional and controllable (Lodin 2007)

Distinguish specific taxes and tax systems

Tax systems are practiced (Oats 2012). There can be differences in legitimacy of government and of tax collectors (Kornhauser 2007).

UNPACKING LEGITIMACY



Ingmar Bergman, photographer unknown

Legitimacy has different components: the legal framework; the interpretation of the law; the enforcement of the law in practice and what citizens actually see as legitimate actions.

... legitimacy is not easily secured; it is historically accomplished and has to be continuously maintained.

AN ANTHROPOLOGICAL PERSPECTIVE ON TAXATION

This Agency is held in high esteem by taxpayers

Challenge: an all-encompassing law!

A legitimate tax system is not only a legal mandate; it also has to be practised as such



RISK ASSESSMENT PROJECT

Projects that address issues that might put the Agency at risk failing its duties

Management puts an order for a group of analysts to perform.

This risk assessment project: faulty cost deductions among smaller business entities – why, what, how and how much?

Largest risk assessment project ever.

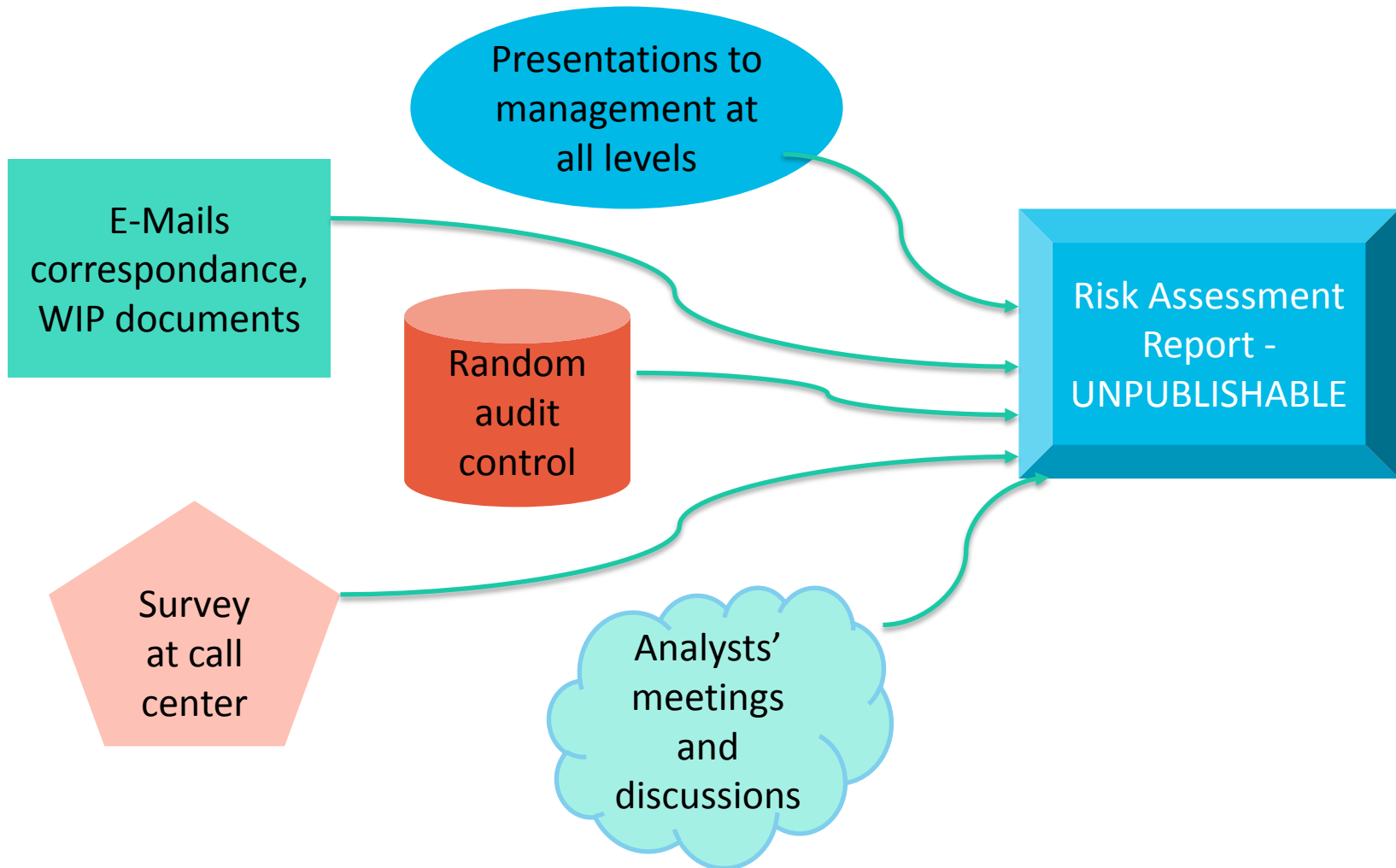
3 years from idea to finished—unpublishable—report.

Allows me to address how diverse knowledge claims – legal, economic, cultural – shape taxpayer behaviour at this Agency.

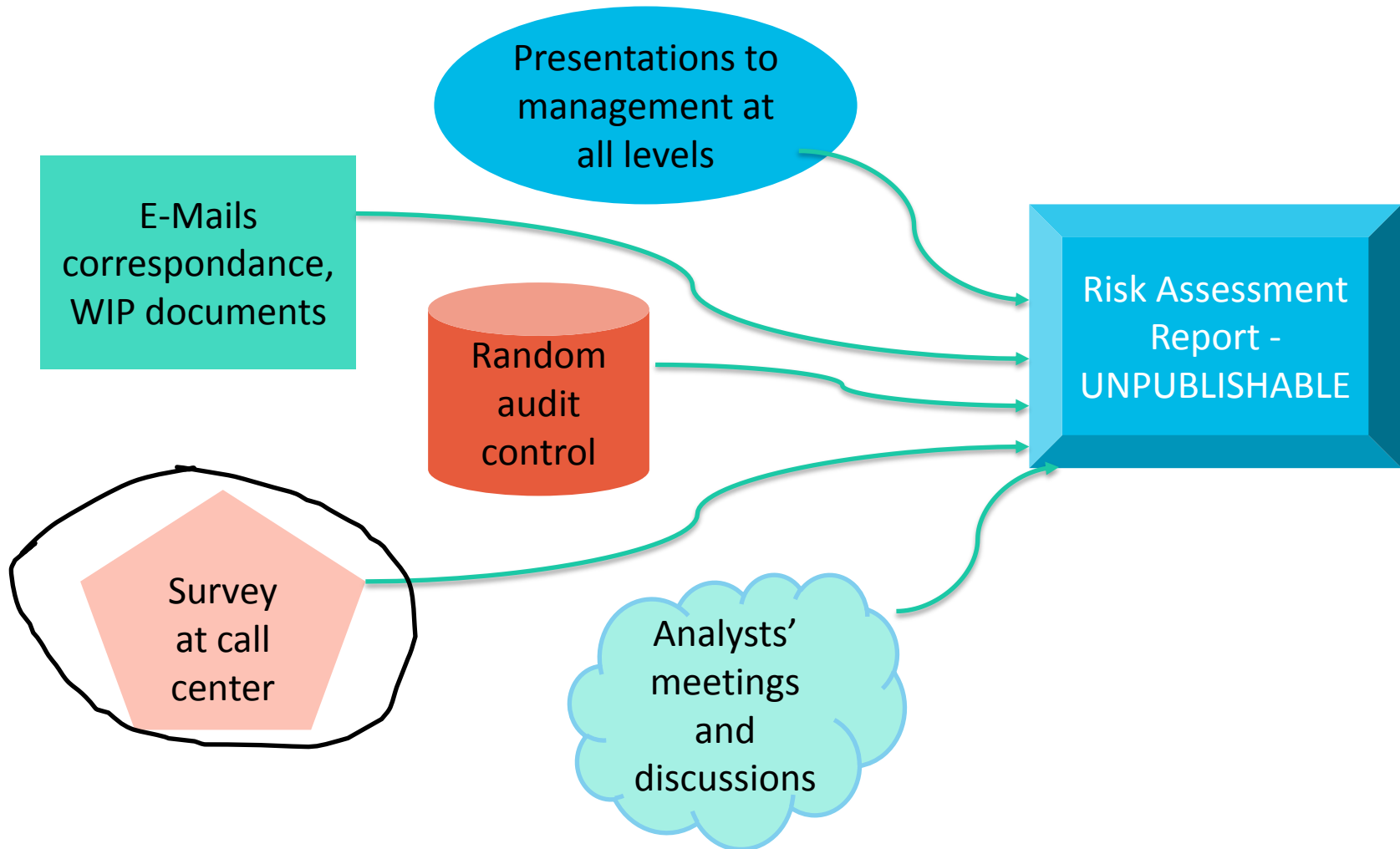
FOLLOWING A REPORT IN THE MAKING...

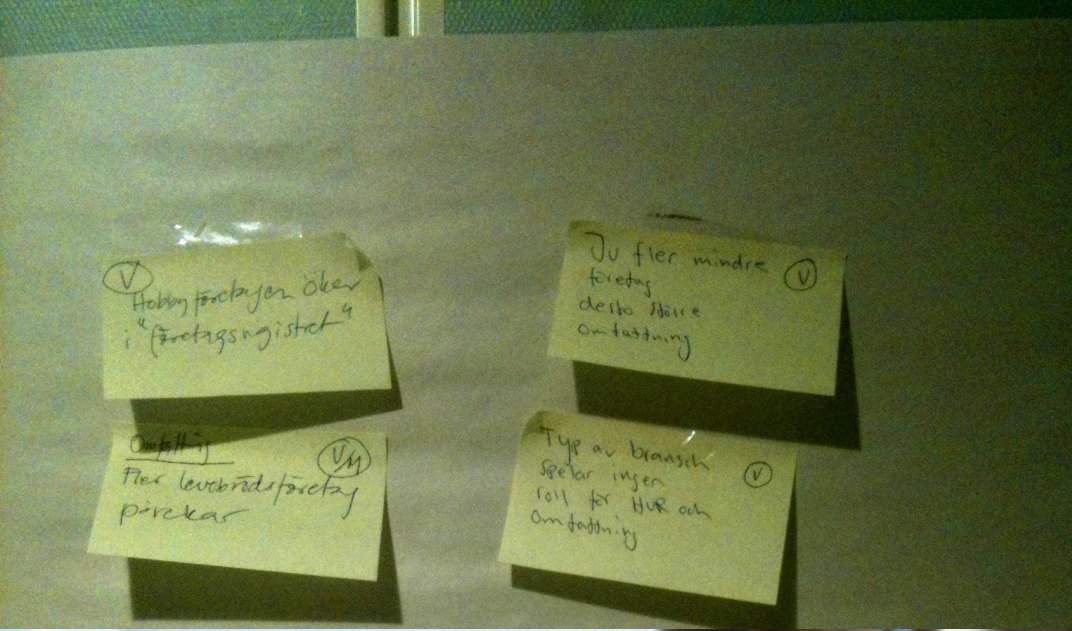
1. Participant observation and interviews in 4 places
 - At (all) meetings at the Agency
 - Presentation for management and Director General
 - At the Research Company and its call center
 - At the Agency's Random Audit Control department in Örebro
2. E-mail correspondence, versions of the report and other working material – work in progress...
3. Discussing and discussions. 100s hours of recorded and transcribed meetings and interviews.

FOLLOWING A REPORT IN THE MAKING...



FOLLOWING A REPORT IN THE MAKING...





ETHNOGRAPHY OF MAKING AND DOING SURVEYS

Microsoft Excel spreadsheet showing a survey instrument in Swedish. The spreadsheet has columns A through I and rows 142 through 175. The survey questions are as follows:

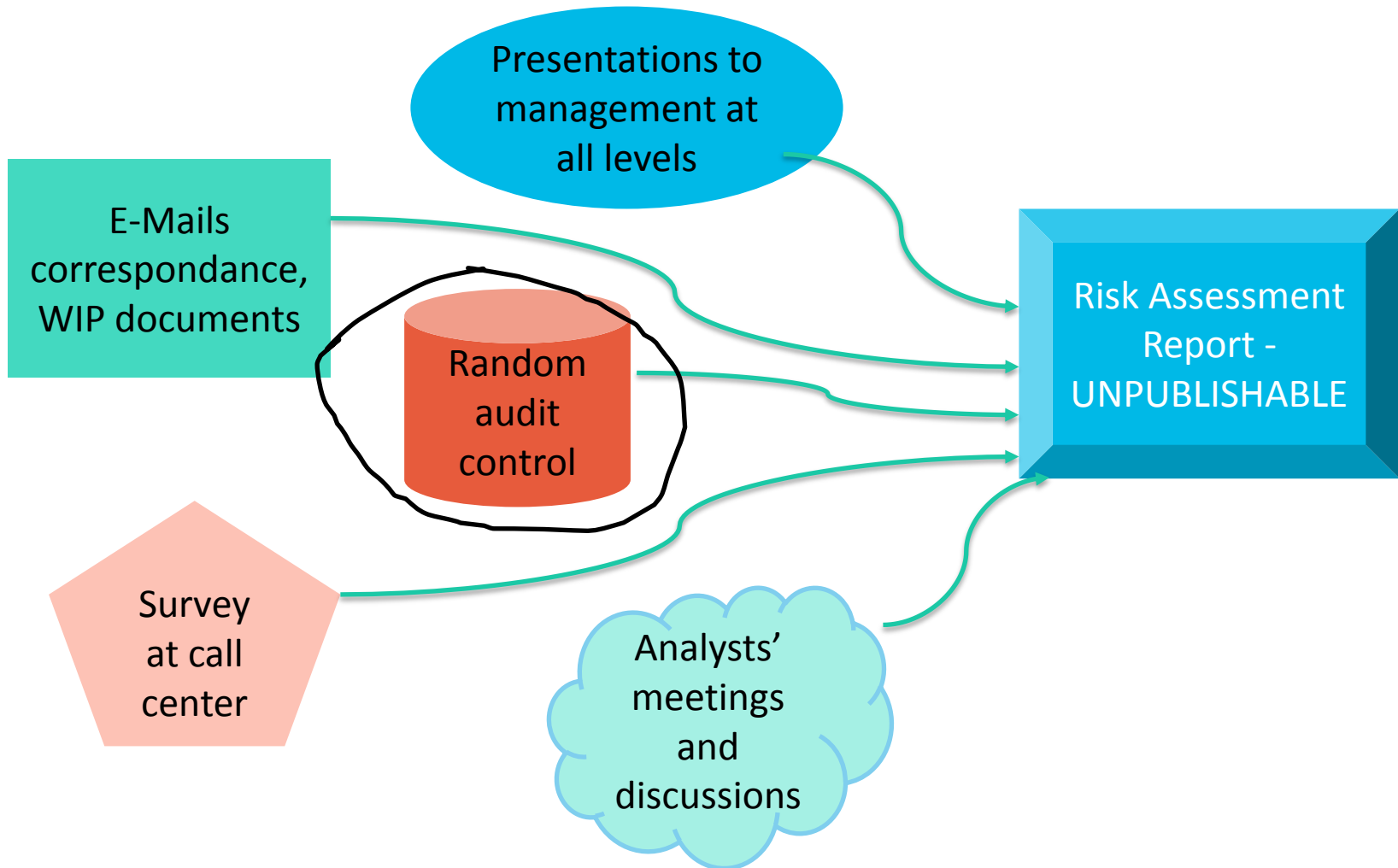
K158

	A	B	C	D	E	F	G	H	I
142				1	2	3	4	5	uppfattning
143		Ett företag använder sig av svart arbetskraft.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
144		En företagare låter företaget betala privata inköp.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
145		Ett företag betalar inte in moms på hela omsättningen		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
146		En företagare stoppar en del av dagkassan i egen ficka.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
147		Ett företag får tillbaka moms på fingerade inköp.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
148									
149									
150									
Frågor om hur Skatteverket sköter sin uppgift.									
151									
152	D1	Vilka åtgärder tror du är viktigast att arbeta med för Skatteverket för att få alla att betala rätt skatt?							
153		Gör bedömningen utifrån nedanstående åtgärder och använd en skala 1-5, där 1 betyder "mindre effektivt" och 5 betyder "mer effektivt".							
154		Läs gärna igenom samtliga delfrågor innan du besvarar respektive fråga.							
155				1	2	3	4	5	Ingen uppfattning
156		Vägledning, stöd och hjälp att göra rätt		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
157		Öka kontrollen av företagens deklARATIONER		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
158		Fler besök på företagen		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
159		Fortsatta satsningar på elektroniska tjänster		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
160		Massmedialt redovisa resultatet av vidtagna åtgärder		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
161		Försöka påverka beslutsfattarna att förenkla regelverket		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
162		Arbeta förebyggande för att ge förutsättningar att göra rätt		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
163									
164									
165	D2	Tycker du att Skatteverket sköter sin uppgift att förhindra att företagarens privata kostnader/inköp...							
166		<input type="checkbox"/>	Ja, absolut						
167		<input type="checkbox"/>	Ja, kanske						
168		<input type="checkbox"/>	Nej, tveksamt						
169		<input type="checkbox"/>	Nej, absolut inte						
170		<input type="checkbox"/>	Vet ej						
171									
172									
173	D3	Tror du att Skatteverket kan påverka företagen att betala rätt skatter?							
174		<input type="checkbox"/>	Ja, absolut						
175		<input type="checkbox"/>	Ja, kanske						

Enkät Företagare +

Klar

FOLLOWING A REPORT IN THE MAKING...



ETHNOGRAPHY OF A RANDOM AUDIT CONTROL

General purpose of RAC:

fill
identified
lacunas of
knowledge

perhaps
set an
example

create an
unpredictable
audit
mechanism

400 taxpayers, 4000 man days, 10 days per audited, 40 tax auditors that have 17 forms to follow...

Uniform and secure ways of working, producing statistically relevant numbers yet...

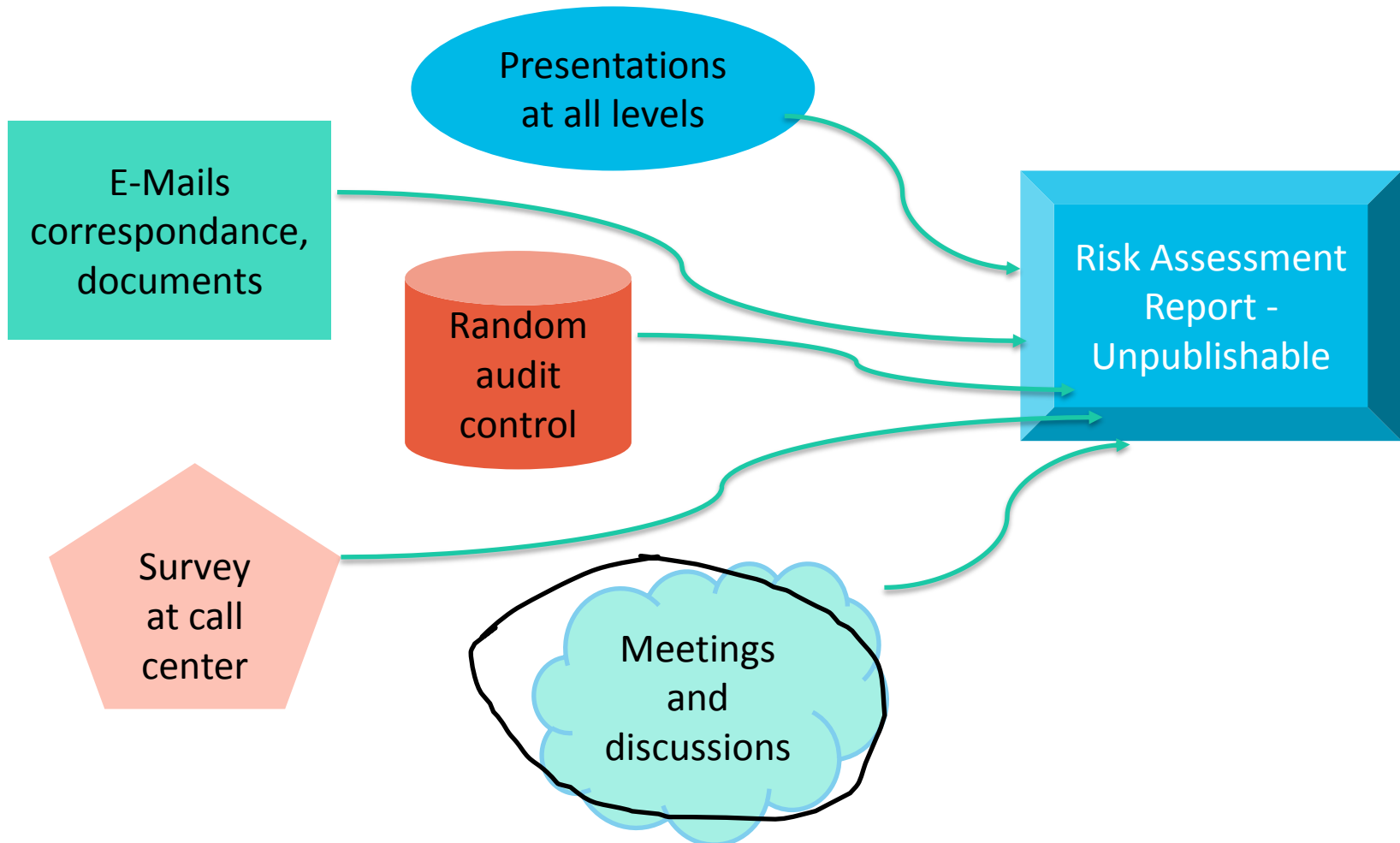
UNIFORM AND SECURE, YET EMPATHETIC...

“In our contact with the taxpayers, we must be empathic and considerate. These amounts are usually fairly small. We want to show that we think of our relationship with the taxpayers as long term; we have to show empathy.

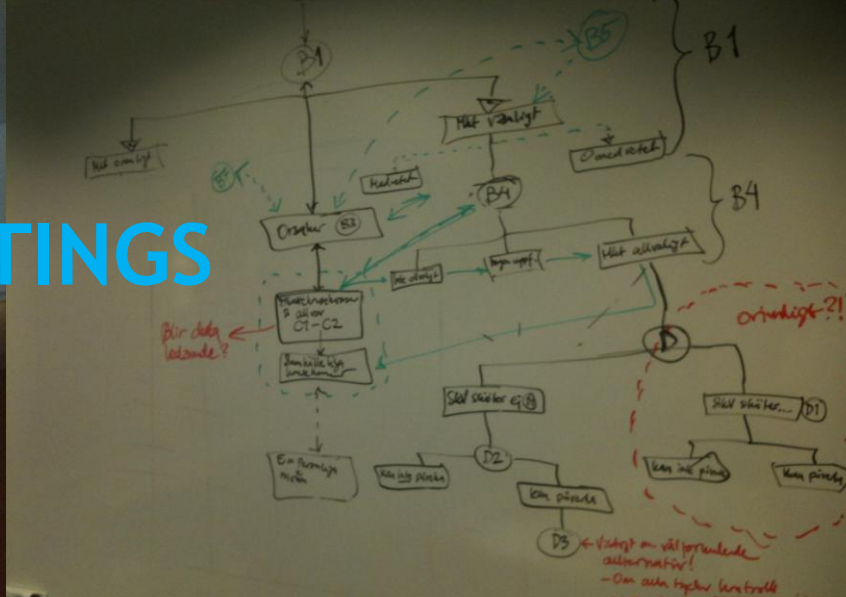
This has not always been the case and it is difficult to change our approach. We have worked a lot on our service attitude over the last 5–10 years, which has taken on an increasingly distinct form. We want to create confidence, as taxpayers then are more prone to comply.”

Legal Expert at the RAC Department

FOLLOWING A REPORT IN THE MAKING...



ETHNOGRAPHY IN/OF MEETINGS



TAXATION OF SNOWPLOUGH and SNOWPLOUGHING: LEGITIMACY, FAIRNESS AND THE LIMITS OF TRANSPARENCY

- Finicky
- Unfair
- Control – there should be no ‘big brother’
- Inconsistent law – application in practice
- Taxpayers intention when making errors
- Political issue of who is seen to err

LEGITIMACY, FAIRNESS AND THE LIMITS OF TRANSPARENCY

Intention of the law: sharp division between business and private life.
Yet 'the law says one thing and practice another'

Careful and clever interpretation of the law. Do not communicate what you cannot control or what is unfair and illegitimate.

What methods are used? Results from the random audit control and the survey was contradicting. People do not do what they say they do!

A need to pay attention to all sorts of knowledge
— law; tax compliance research; statistics; tacit knowledge; media articles; anecdotes, hunches and stories; surveys and random audit controls, values in action...

AN ETHNOGRAPHIC GAZE – A METHOD FOR THE FUTURE?

Not a substitution to traditional—economic, legal and accounting—approaches, but an *additional* approach to insights and knowledge about how tax compliance is constructed in our society

1. Holistic approach: humans, things, technologies, practices
2. Not taking pre-established issues and categories for granted
3. Difficult/impossible to know intentions – *the why*
4. The everyday work of people
5. Organizations have one voice, yet peopled by many with various tasks and agendas
6. Taking people seriously. Good reasons for irrational/stupid behaviour
7. Giving voice to overlooked people

Curiosity rules!

SHAPING *Taxpayers*

Values in Action at the Swedish Tax Agency



LOTTA BJÖRKLUND LARSEN

Introduction: ON TAX AND TREASURE: A fiscal-anthropological approach to taxes

1: FROM CONTROL TO COMPASSION: A history of the Swedish Tax Agency

2: TALKING WITH PEOPLE: What can we learn from an attitudinal survey?

3: X PER CENT: The birth of a number at the Random Audit Control

4: TO PUBLISH OR NOT? Communicating and legitimizing concerns regarding the project's result

Conclusion: VALUES IN ACTION

Podcast 'New Books Network'

Author meet critic session at 'SASE'
Society for the Advancement of Socio-
Economics' Kyoto, June 2018

SELECTED PUBLICATIONS...

A Fair Share of Tax: A Fiscal Anthropology of Contemporary Sweden. London: Palgrave Macmillan. Open Access. 2018

Shaping Taxpayers. Values in action at the Swedish Tax Agency. Oxford – New York: Berghahn Books. 2017

A thrice-told tale: A collaboration between the Swedish Tax Agency and Academia (with Ulf Johannesson and Karin Thoresson). *JOTA - Journal of Tax Administration*. 2017 Vol 3(1).

Mind the (tax) gap: An ethnography of a number. *Journal of Cultural Economy*. 2017 Vol 10(5), pp. 419-433.

SWEDEN: Failure of a Cooperative Compliance Project? FairTax Working Paper no. 07. 2016

‘Common sense’ at the Swedish Tax Agency. Transactional boundaries separating taxable and tax-free income. *Critical Perspectives on Accounting*. 2015 Vol 31, September, pp. 75-89.

The making of a ‘good deal’. Dealing with conflicting and complementary values when getting the car repaired informally in Sweden. *Journal of Cultural Economy*. 2013 Vol 6(4), pp. 419-433.

Buy or Barter. Illegal yet licit purchases of work in contemporary Sweden. *Focaal. Journal of Global and Historical Anthropology* 2013 Vol. 66, pp. 75-87.

Thank you for your attention

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