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How Media Coverage Shapes Tax Compliance

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Media reporting significantly influences public perception of tax issues by highlighting high-profile tax scandals and providing information about tax-related matters. Garz and Pagels (2018) found that press coverage of celebrity tax evaders in Germany led to a 22.5% increase in participation in tax amnesty programs, highlighting the effectiveness of such programs. In Malaysia, the tax amnesty, or Special Voluntary Disclosure Programme (SVDP) 2.0, introduced by the Inland Revenue Board of Malaysia (IRBM), encourages taxpayers to voluntarily report accurate tax computations and make payments within a specified timeframe. The implementation of SVDP 2.0 in Malaysia is from 6 June 2023 until 31 May 2024.

Additionally, exposure to television and newspaper advertisements related to tax matters positively influenced perceptions of voluntary tax compliance in Pakistan, with newspapers having the greatest impact (Cyan et al., 2017). Media exposure regarding the government's ability to detect and prosecute tax crimes affects taxpayer views on governmental power and trust towards the government and tax authorities (Kasper et al., 2015). Furthermore, any media exposure on the transparency of the tax system, the customer service approach of tax authorities, and the government's reputation has a beneficial impact on trust and compliance with tax regulations (Kasper et al., 2015). Even minimal exposure to reliable news about the public sector's proper utilization of tax funds has a substantial impact on tax compliance (Fišar et al., 2021). When citizens perceive the government as efficient and fair, they are more intrinsically motivated to pay taxes for the community's benefit.



On the other hand, frequent reporting of tax amnesties and significant tax evasion has a detrimental impact on tax compliance and may eventually cause taxpayers to lose trust and fail to pay tax obligations (Saruç et al., 2020). Further, the consistent tendency of the media to prioritize negative news incurs hidden social costs related to the government's inability to fully utilize its tax revenue potential and meet its fiscal goals, with a negative impact on the effective delivery of public goods and services (Fišar et al., 2021). Kneafsey and Regan (2022) found that Irish citizens are exposed to differential media frames and perspectives on corporate tax avoidance in Europe, they acknowledge the detrimental impact of tax avoidance on citizens in other European countries. However, they are willing to accept this as part of Ireland's growth strategy, reflecting a form of competitive nationalism.

Overall, while media coverage has the power to drive positive changes in tax compliance through enhanced transparency and public trust, it also has the potential to negatively impact taxpayer behaviour if it overemphasizes tax evasion and tax non-compliance. Balancing media messages and focusing on constructive, transparent reporting is essential to fostering a more compliant tax culture.



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