

4

Communicating tax to raise awareness

This chapter presents initiatives aimed at communicating tax to raise awareness. It illustrates how information campaigns can be used to communicate tax effectively. It also presents initiatives that help to build a strong and positive relationship between tax administrations and taxpayers, as well as those focussed on reaching specific groups of people.

There is no one way to reach out to taxpayers to raise awareness about tax. This is why tax administrations use a wide range of actions. Many tax administrations have launched programmes to inform taxpayers of specific issues and deadlines. They have also created or participated in initiatives aimed at getting in touch with taxpayers at specific locations, such as fairs, or even reaching them at home through TV shows or magazines. To avoid ignoring taxpayers who cannot be reached through these channels and to deliver specific messages, tax administrations have also created communication plans, sometimes with the participation of academics and scholars.

Whereas Chapter 3 looked at initiatives that were focussed on intensive and in-depth engagement with taxpayers, building dialogue and/or a deeper understanding of the tax system, this chapter looks at awareness-raising initiatives. While there is inevitably some overlap between the two, it seems useful to make a distinction between the initiatives in Chapter 3, which are generally focussed more on teaching methodologies or building dialogue with the tax administration, and the initiatives in this chapter, which are more focussed on communication to raise awareness among taxpayers of what is happening in the field of taxation around them.

Further details on 53 of the initiatives analysed to inform this chapter can be found in Annex A.

4.1. Information campaigns

As the tax system relies on voluntary compliance, it is important to ensure sufficient awareness of the laws, including any changes. As initiatives that essentially advertise the tax system are potentially a useful tool, some of the most common ones were reported in this survey. Predominately using mass media, such as TV or radio, Internet (including social media), direct contact and publications, such initiatives convey messages to a wide range of taxpayers.

While most “advertising” campaigns focus on tax laws, some – especially those focussing on the informal sector – take a different approach. Raising awareness of the societal benefits of public spending enabled by tax is an aspect highlighted by some initiatives. In several countries, the targets of campaigns for formalisation are not informal businesses directly, but rather their customers in an effort to change their behaviour by demanding tax receipts, thereby forcing sellers to adapt. When people avoid buying goods from the informal sector, sellers start to comply with tax laws.

4.1.1. Selected policy options

Improving taxpayer knowledge by disseminating information to the largest audience possible

Taxpayers are often unaware of their rights and obligations. In Africa, difficulty in accessing information about taxes has been found to be correlated with a lower willingness to pay taxes (OECD, 2019^[11]); in such cases, mass information campaigns may be a useful tool to help build tax morale. Tax administrations can use information campaigns to inform taxpayers of the general tax codes or update them on new tax legislation. Such campaigns can use one or more of a variety of communication mediums, for example they can engage with taxpayers through social networks and call centres, explaining what taxes are for and how they are spent.

Campaigns can be run on general tax compliance issues as well as on particular pieces of legislation that are either new or that generally see a low compliance rate. This was the case, for instance, in Israel, where the Israel Tax Authority (ITA) ran a campaign to nudge taxpayers to comply with new legislation prohibiting the use of cash for certain payments and transactions, in force as of 2019. The campaign was launched in December 2018 and encompassed material diffused through radio, TV, the Internet, press and social media. Moreover, it included billboards and meetings with the bureaus of tax

representatives. Before the campaign was launched and funded – in late November – the ITA conducted interviews and provided write-ups in the media.

TV and radio programmes are also a useful means to reach out to different categories of taxpayers. Some administrations, like the Tanzania Revenue Authority and the National Revenue Authority of Sierra Leone, use both national and local radio and TV channels to maximise the impacts. National channels are used for more generic taxpayer information or announcements and advertisements that apply to the majority of taxpayers, while local radios are used to reach out to specific taxpayers in a region or district. As shown in the following section, these media can also be used to improve the image of tax administrations.

Increasing compliance by explaining the use of money collected

Apart from obligations, it is also important that tax administrations highlight how taxes are spent and distributed. Showing taxpayers the social utility of taxes can help change their perceptions about tax, which too often overemphasise the costs while dismissing the benefits. For them to adopt a more co-operative behaviour, citizens must be aware that contributing to taxes benefits every citizen – including themselves. The French Ministries for Economy and Finance, and its Public Action and Accounts have dedicated a section on their website (www.economie.gouv.fr) to explaining the benefits and the use made of taxpayer monies: *À quoi servent mes impôts?*¹ (What are my taxes for?).

Apart from creating a dedicated website, it is also possible to annex such information to tax returns or to include it in larger initiatives, for instance within an information campaign. The message can take many forms, such as graphs or texts, but is most efficient when taxpayers can relate to it. For instance, as in Ivory Coast (see image below), it may be useful to explain what it represents in terms of infrastructure such as hospitals, schools, etc.

Figure 4.1. Ivory Coast: Linking taxes and tangible benefits




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Source: DGI Côte d'Ivoire

The less taxpayers trust the government and its institutions, the more crucial it is to provide them with this kind of information, as it can create a sense of accountability. It is thus important to repeat the messages as often as possible, using as many channels as possible.

Tackling the informal sector by changing behaviour among the general public

To increase tax compliance and tackle the informal sector, tax administrations can reach out to taxpayers through a range of campaigns, which constitute alternative ways of communicating with

them to ensure that they adopt beneficial behaviour – for instance encouraging them to control that shops and stores produce invoices, to pay their taxes on time and to adopt taxpayer identification numbers.

The types of campaigns vary and can include means of incentivising people to adopt desirable behaviour. This is for instance the case where collecting receipts can lead to a tax deduction or the participation in lotteries (Box 4.1). For instance, the Lithuanian tax administration (STI) put in place a National Receipt Lottery targeting the riskiest categories of taxpayers (restaurants, car services, spa centres and marketplaces). Portugal's Tax and Customs Authority (TCA) organised a Lucky Invoice Draw to promote tax compliance, inform citizens and tackle tax evasion and fraud. This lottery awards prizes, at random, to customers who have purchased goods or services within the national territory and have requested the issuance of invoices with their TIN (taxpayer identification number).

In such cases, the main goal is not only to inform taxpayers about rules or deadlines, but also to convince them of the power of acting collectively. These campaigns aim to reach the widest audience possible and to reduce the informal sector in an indirect way: by having taxpayers/consumers do what tax administrations are not able to do, i.e., check thousands of receipts in a very large number of places over a limited span of time.

Box 4.1. Slovenia: Motivating taxpayers to check invoices

To support the implementation of certified cash registers, introduced in 2016, the Financial Administration of the Republic of Slovenia (FARS) launched, in partnership with the Government Communication Office and the Slovenian Lottery, a crowd-sourcing campaign to engage citizens in the reduction of the shadow economy and crack down on invoice fraud. To motivate citizens to ask for invoices, FARS launched a lottery called "Use your head: Demand a receipt!". Participants had to collect at least ten receipts, check them and send them to FARS.

The lottery was implemented alongside the launch of the "Check your receipt" app, through which taxpayers who wanted to participate had to register with their tax number. The Government Communication Office assisted FARS in advertising and communication via social media.

When preparing the campaign, FARS highlighted three key threats that could have been potential obstacles to its implementation. First, FARS was aware of not being a popular authority among the public because of the nature of its work, which could constitute an obstacle in motivating citizens to verify invoices on a voluntary basis. Second, consumers and media could see the campaign as a way of denouncing or snitching on entrepreneurs or companies. Third, the fact that FARS was spending taxpayers' money on the campaign, and especially on the prizes, could be seen in a bad light. All these risks were resolved with the help of a positive campaign, where FARS, rather than using an argument of force and power (a "stick"), used a carrot instead.

Impact

In just one year of the campaign, taxpayers have checked more than 21 million invoices. Considering that Slovenia has two million inhabitants, in one year this was equivalent to every Slovenian checking and sending ten invoices to the Financial Administration. In 2016, 112 887 consumers (5.6% of Slovenia's population) downloaded the application (*Preveri račun*) on their mobile phones to check invoices and participate in the competition. In one year, the invoices of 75% of users of certified cash registers were checked at least once. In other words, consumers used their mobile phones to check three-quarters of all issuers of invoices using certified cash registers.

These results can be compared with the costs of the campaign: EUR 200 000 for advertising, prizes and production.

Source: OECD Survey on Taxpayer Education Initiatives.

4.1.2. *Effective mass communication on tax: Common challenges and proposed solutions*

Covering a large part of the population could be a challenge, but most of the tax administrations overcame it by mixing different channels of communication. One of many examples is the Irish communication programmes (Box 4.2). Another option is to run several campaigns each year, as was the case for the Malaysian tax administration.

Changing people’s perceptions of tax is not an easy task. The most successful initiatives implemented by tax administrations are those that do not only inform taxpayers about their rights and duties but do so in an innovative way. This can entail providing reasons why taxpayers are better off paying taxes, apart from highlighting the possibility of incurring sanctions. This may include using alternative means of communication and adopting a more personal approach, such as personal letters and visits, as well as organising campaigns to motivate tax compliance, such as lotteries and outreach programmes.

Box 4.2. Ireland: Revenue Commissioners communication programmes

Since 2016, the Irish Office of Revenue Commissioners (“Revenue”) has run comprehensive communication programmes targeting individual and newly registered taxpayers. In addition to assisting them in complying with their tax requirements, the campaign sought to help them gain a better understanding of taxes in general, as well as to discover where to find useful information using the website and the Revenue Online Service (ROS) Technical Help Centre.

This initiative comprised a general media campaign, additional self-help guidance on the website, and pamphlets for or direct contact with specific cohorts of taxpayers. The key messages included reminders of deadlines, explanations of how to use the ROS and information on how to benefit from an extended deadline for online filing and paying.

Revenue produced a range of short instructional videos on the Revenue Ireland YouTube channel to show how to register for ROS and how to file income tax returns online. These videos have proved to be an essential element of Revenue’s communication and marketing campaign, resulting in positive feedback. To date, the video on how to register for ROS has been viewed more than 28 000 times.

Additionally, Revenue identified and contacted cohorts of taxpayers (for example, newly registered, those with agents and those who filed paper returns) to remind them about their obligations, promote online filing (including access to prefilled tax returns) and advise them of website guidance and videos. The information was summarised for representative and sectoral bodies, such as farmers’ organisations, property owner bodies and bodies supporting new businesses.

From 2016 to date, the Pay and File campaigns have proven very successful according to a number of criteria. The volume of phone calls in the run-up to annual filing deadlines was reduced year after year, an increasing number of taxpayers downloaded prefilled tax returns, and in 2018, for the first time, more than 0.5m online income tax returns were filed. Furthermore, a survey of self-employed individuals highlighted that 63% were aware of the videos. They also reported high satisfaction levels regarding the information on the website, saying that the videos, guidelines and phone contacts had proved to be invaluable.

Source: OECD Survey on Taxpayer Education Initiatives.

Below are the two most common challenges encountered by tax administrations in the implementation of measures aimed at informing taxpayers and explaining tax to them, together with some successful strategies to overcome them.

Delivering a clear message

Language plays a crucial role in these types of interactions with taxpayers, as it can make complex issues easy to understand.

Solution 1 – User journeys

The Norwegian Tax Administration (NTA) and the Canada Revenue Agency (CRA) adapted to the different needs of their customers by creating user journeys – which help visualise the optimal interaction between the tax administration and taxpayers – and testing the usability of their services with representatives from the target audiences. In this way, for example, the NTA succeeded in:

- giving certain sub-sets of taxpayers, such as foreigners, the information they needed
- carrying out risk-assessment procedures
- simplifying and adapting the contents of its website and publications aimed at the selected group
- carrying out campaigns aimed at the target audience in tax offices and online, including on social media.

Solution 2 – Simple messages

Avoiding jargon and using simple and plain language is key; for this reason, it is important to work in close contact with the tax administration’s communication team or external partners. The provision of access to legal codes and laws can efficiently be complemented by targeted guides, tailored to the needs of taxpayers. For instance, in Morocco the tax administration is present on a wide range of social media and interacts with citizens on a daily basis, publishing videos and posts explaining, in simple language, new developments in tax as well as taxpayer rights and duties. In Canada, the CRA has made a commitment to using plain language and has revised its communications accordingly. In Greece, a wide range of guides is published to inform and assist taxpayers.

The creation of useful guides is in the context of co-operative compliance. The central axis is to strengthen the relations between tax administration and taxpayers, with the triple commitment of the tax administration to the latter for transparency, accessibility and responsiveness.

Mr. KATSIPIS Ioannis, Director, Directorate of Tax Compliance, Independent Authority for Public Revenue (IAPR), Greece

Generating public support

For information campaigns to be successful, taxpayers need to engage with them and take appropriate actions. This may prove difficult, as taxes may not be their primary concern.

Solution 1 – Friendly approaches

Friendly approaches are very efficient at achieving a positive attitude among taxpayers. An important element to remember when interacting with taxpayers is that using arguments of force and authority might backfire in terms of encouraging voluntary contribution.

Solution 2 – Incentives

Several countries have sought to incentivise desirable behaviour. As shown in Box 4.1, the Slovenian tax administration used a lottery to motivate people to check invoices, which proved efficient according to the results of this initiative.

4.2. Building a strong and positive relationship with taxpayers

A strong and positive relationship with taxpayers is the goal of many tax administrations. In Africa, a more positive perception of the legitimacy of the tax administration was identified as having the largest correlation with willingness to pay tax (OECD, 2019^[11]). Many tax administrations are thus seeking to use communication campaigns to shift perceptions of the tax system, going further than single-issue campaigns. Lotteries, for instance, catch the attention of taxpayers; nonetheless, they focus only on a single issue and may not retain attention for a long time.

One way to build a long-lasting and positive relationship with taxpayers is to be present in their daily lives. This can be done through TV programmes broadcasted before or after the evening news, or through magazines edited to present tax issues in a playful and simple way.

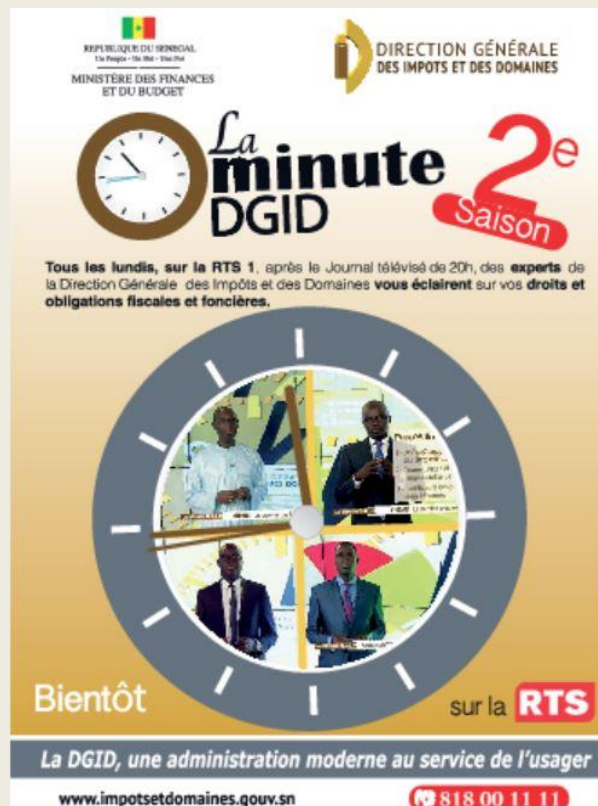
Organising events around the theme of tax citizenship is also a common way to promote compliance, especially during the tax filing season. These events, usually annual, are good opportunities for tax administrations to gather key stakeholders and deliver messages to them in a positive and enjoyable manner. This often implies organising recreational activities for children and their parents, providing information and assistance to taxpayers while demonstrating availability. These events are opportunities to celebrate compliant taxpayers and thank officials of tax administrations, and they offer a time and place for open discussions about tax matters.

4.2.1. Selected policy options

Being closer to taxpayers

Making tax part of day-to-day life can help taxpayers feel closer to tax administrations and make officials seem more approachable and understanding. In several countries, mostly in Africa, tax administrations design TV shows dedicated to taxes (Box 4.3).

Box 4.3. Senegal: A regular TV show designed and presented by tax officials



Senegal’s General Directorate of Taxes and Government Property (DGID) broadcasts a TV Show – called “La Minute DGID” – on Radiodiffusion Télévision Sénégalaise, the main public TV channel. The programme is aired twice every Monday: first in Wolof, the main national language, at 7:30 p.m. after the main edition of the news bulletin in this language; and second in French, just after the main edition of the news bulletin in French at 8 p.m.

The moment chosen to air the show makes it possible to reach a very large part of the population at a time when they are home and may be more receptive to the message. To broaden the audience, the content is then posted online on the DGID site.

Every edition of the programme is designed and presented by a tax officer who decides on the content of the broadcast. The tax officer in charge changes every week to allow coverage of a vast array of issues and to spread the burden of preparing for the show among many people. However, the Communication and Quality Office of DGID is always involved, as it oversees the preparation of the supports, the co-ordination of the filming and the validation of the message.

Source: OECD Survey on Taxpayer Education Initiatives.
Image: DGID – Senegal.

Another way to build this kind of relationship is through magazines which can also enter taxpayers’ homes, such as the Guinean *Fisc-Info* or the Togolese *OTR Actu*. Once printed and distributed, copies of the magazine may end up in the living room and be read by several members of the household or visiting friends and family. Cartoons are especially useful to interest kids and young adults, as well as to render complex issues simple. They may be found either within the magazine or in specific publications such as

in Nigeria. It is also possible to record messages through regular podcasts, as done by the Indonesia Directorate General of Taxes.

Figure 4.2. Examples of magazines with tax messages



Digital tools are a vital component of education approaches to reach the younger generations. Life is increasingly lived online, especially among the younger generations, and so young people need to be engaged digitally, both to ensure accessibility (especially when initiatives are not integrated into formal schooling) and to help promote tax administration as accessible, modern and technologically advanced.

Tax administrations have been experimenting with a range of innovative digital tools and platforms. The tools can take the form of educational videos on taxes, explaining in a fun and simple way the utility and categories of taxes (for example the UK's Tax Facts videos). Other approaches include web games that show how taxes affect society at large (for example Norway's Spleiselaget (Box 4.4), Finland's Taxcampus and Morocco's Madinati). Web portals that include educational materials for children have also been developed (for example the European Union's TAXEDU portal and the Turkish Vergi Bilinci); several tax administrations have also provided their tools via apps for phones, realising that phones are the primary digital device for many (examples include Morocco's Madinati and the EU's Taxlandia game). The most innovative end of the spectrum includes approaches such as the Norway Tax Administration's YouTube video, "Money Back on the Skætt", where fictional characters rap about tax.

Box 4.4. Norway: The Spleiselaget website, computer game and lecture to fight the informal economy

The Norwegian Tax Administration (Skatteetaten) chose to develop a computer game for pupils in secondary schools to teach them how taxes benefit both themselves as individuals and society as a whole. The game is not only a recreational activity but is also part of a teaching plan and complements a set of exercises that can be used by the teacher in class to make the effect last longer. The game uses second-screen technology, meaning that participants log on to the presentation with their mobile phones and shape the content with the input given.

For example, one of the questions was about the informal economy. The app used to run the presentation makes calculations based on the participants' answers to show them the effect of their answers – both among the specific group of participants and for Norway as a whole. For example, if students were to perform undeclared work for X Norwegian kroner, Norway would lose X% of tax income, which could have been used to fund X people in nursing homes or X pupils in upper secondary school.

The game is realised via a special collaboration called *Samarbeid mot svart økonomi* (working together against the shadow economy); it comprises labour unions and employer's organisations, in addition to the Norwegian Tax Administration, and works to emphasize how undeclared work and the shadow economy affect both employers and employees negatively.

This initiative produced extremely interesting results:

1. A computer game for secondary school, designed to respond to competence aims in several subjects (social studies, math, geography, Norwegian), has been played approximately 50 000 times every year since its release in 2015.
2. A 90-minute lecture for upper secondary school students, also designed to respond to competence aims in several subjects, is given by the Norwegian Tax Administration every year; around 600 "Tax Facts Ambassadors" meet over 40 000 pupils each year.

A website was also created. It can be used alone, or in connection with the computer game or the lecture.

It is estimated that the initiative has reached around 700 000 students since 2014.

Source: OECD Survey on Taxpayer Education Initiatives.

It is vital to update and refresh digital tools. Online trends and technology change quickly and tax administrations need to bear this in mind; it is not only important to ensure that the initial launch of the product will engage the target audience, but also to regularly review digital tools to ensure they continue to engage the target audience.

Organising events to gather taxpayers around tax

The events organised by tax administrations depend on the country and the resources available.

While no two events are alike, they often have a lot in common. The three most commonly held are:

- **tax days**, such as the Celebrating Taxpayers' Appreciation Day in Rwanda, the National Taxpayer Day in Sierra Leone, the Tax Day in Indonesia and many others
- **tax weeks**, such as Turkey's Tax Week (Box 4.5)
- **fairs**, such as Bangladesh's Income Tax Fair (Box 4.6)

Those events can be organised at a single location or, more frequently, can take place in numerous venues all around the country. Tax administrations are often structured around local offices, which are often in charge of the local events that constitute the building blocks of a nationwide event.

Box 4.5. Turkey's tax week

Turkey's tax week takes place annually during the last week in February. It aims at enhancing tax awareness among children, taxpayers and citizens at large. During the week, country-wide campaigns are run to convey strong messages inviting citizens to pay their taxes and to help them tackle the informal economy. It involves the participation of 500 tax officials all around the country.

The main aspects are:

- visits to taxpayers at their workplaces to collect their opinions and suggestions
- visits to civil society organisations to collect their opinions and suggestions
- stands at universities providing students with information on tax awareness, the dangers of the informal economy employment, career opportunities, etc.
- seminars at universities
- posters on tax awareness for the general public and children.

Source: OECD Survey on Taxpayer Education Initiatives.

Different types of engagements can take place between tax administrations and taxpayers during such events. The main advantage is that they provide a friendly environment that promotes open discussion. They may be designed for audiences such as children and parents, or for more specific audiences such as entrepreneurs.

The most common offer of activities comprise:

- **presentations by high-level government officials** (such as ministers) explaining their perception of the country and the role taxation plays
- **awarding of prizes** to compliant taxpayers and outstanding officials
- **exchanges** with taxpayers in a friendly atmosphere
- **distribution of flyers and publications** produced by the tax administration
- **activities** such as contests or games for children.

These events are short but compared to other initiatives their preparation may require important time and resources. Tax administrations bear all the risks and costs related to organising these events. Officials need to spend a significant amount of time planning, organising and implementing them. Logistical costs may be important, depending on the country and the agenda. Some countries, such as Bangladesh, devote important resources to these events (Box 4.6). Other examples of tax events of this type include Burundi's National Taxpayer Day, Senegal's National Information Days and the Guatemalan Citizen Culture Festival, "Strength Lies in Numbers".

Box 4.6. Bangladesh: The National Board of Revenue's tax events and fair

Every year, Bangladesh's National Board of Revenues (NBR) organises a weeklong Income Tax Fair alongside a National Income Tax Day, celebrated every 30 November. The fair takes place in different places across the country so that local taxpayers can visit the nearest venue. These initiatives are supported by a wide range of partners, including media, schools and colleges, civil society, associations of tax professionals, trade bodies, and government agencies and departments.

During the 2018 edition, the NBR also distributed awards at district level for the taxpayers having the highest levels and the longest time paying taxes.

At the fair, taxpayers can obtain exclusive tax-help services provided by income tax officials free of charge; these include explaining tax returns, as well as providing assistance in filing tax returns and in the computation of tax liabilities.

Taxpayers can also obtain tax information, such as forms and brochures provided at the fair. As of 2018, the NBR included new features such as tax training through audio-visuals. New taxpayers can also collect e-TINs (electronic tax identification numbers) on the spot.

Impact

With a cost of approximately BDT 150 million (USD 1.7 million) and the involvement of 3 000 employees, these initiatives helped reach 1 million people across the country.

The Income Tax Fair makes taxpayers discharge their tax liabilities in a festive mood. Tax officials, taxpayers, media and participants from civil society flock together to enjoy tax events with a happy, smiling face. Taxpayers simply love this.

Bazlul Kabir Bhuiyan, Commissioner of Taxes, NBR, Bangladesh

Source: OECD Survey on Taxpayer Education Initiatives.

Participating in other events to meet taxpayers

Many annual non-tax-oriented events are organised across countries. Some are very suitable for participation of tax administrations, for instance those organised nationwide and supported by high-level government officials. Each country has its own priority festival of the year, which is usually a good opportunity for tax administrations to participate. For instance, the tax administration of Burkina Faso participates in several events throughout the year (Box 4.7). Tax administrations can also set up stands in cultural events organised across the country to spread the word and diffuse information to taxpayers.

Box 4.7. Burkina Faso: Participating in annual events

In Burkina Faso, the tax administration (Direction Générale des Impôts) takes part in national and international events that provide space to carry out communication activities such as:

- the animation of stands at FESPACO (Pan-African Festival of Cinema and Television of Ouagadougou), the International Salon of Artisanry of Ouagadougou and National Culture Week;
- sponsorship of movies on tax culture at FESPACO
- participation in the Maison de l'Entreprise du Burkina Faso business fair.

Source: OECD Survey on Taxpayer Education Initiatives.

These are valuable occasions for tax administrations, as these events usually receive a high number of visitors and can provide an opportunity to demonstrate availability to the public. Box 4.8 below highlights the success of the Uruguayan tax administration in participating in a national event.

Box 4.8. Uruguay: Participating in Expo Prado

Since 2005, the Uruguayan tax administration (DGI) participates annually in Expo Prado (the International Livestock Exposition and International Agro Industrial and Commercial Exhibition), a prestigious 12-day event which has been organised every September by the Rural Association of Uruguay for more than a century.

The tax administration presents a stand at the Prado Expo for the development of an educational proposal aimed at schoolchildren to promote fiscal awareness and civic responsibility.

On average, 500 000 adults and 50 000 children visit the DGI's stand. For a population of 3.5 million inhabitants, this represents one person out of seven.

Source: OECD Survey on Taxpayer Education Initiatives.

Events and fairs also provide an opportunity to build alliances with celebrities and influential personalities to spread key messages on tax and increased compliance. The National Revenue Authority of Sierra Leone, for instance, built partnerships with famous comedians and musicians who became advocates of compliance. Some live comedy and music shows were then selected to promote compliance among the large number of young taxpayers they attract.

4.2.2. Common challenges and proposed solutions

People must be aware of the event to attend it

When tax administrations participate in an already existing event, they usually benefit from the large number of visitors it can attract; when they organise their own events, however, it can be difficult to attract people. This is not surprising as this is the case for any new event, and even though this difficulty diminishes over the years, a few solutions exist.

Solution 1 – Information campaigns

To ensure a high level of participation in tax events and festivals, an information campaign can prove useful. In fact, tax administrations can use many tools to reach this goal. The event can be mentioned in a regular tax TV broadcast, during an interview of the tax administration commissioner, or on social media. As mentioned in the previous section, mixing channels of communication produces the best results.

Solution 2 – Celebrities and influencers

As in the Nigerian case, celebrities and influencers can extend the event’s reach when they advise their fans and followers to go to the event. However, they have to be carefully chosen. Their tax morality has to be of the highest standard and their public should be one that is targeted by tax administrations.

Overcoming logistical issues

Providing the adequate logistics to welcome and assist all the participants can be a challenging task for tax administrations.

Solution 1 – Outsourcing the organisation of events

Some tax administrations are considering outsourcing activities within festivals they organise. While this has not been done yet, outsourcing the organisation of events can reduce logistical issues. This may be a convenient option but may increase the cost of the event.

Solution 2 – Existing events

As highlighted previously, participating in already existing events can be a way to reduce costs, as it avoids the burden of organisation. When no existing event is deemed appropriate for the tax administration to participate, it may be possible to partner with other taxpayer education initiatives to organise events together. This is a way of sharing costs and effort, as well as pooling organisational skills and know-how.

4.3. Tailored communication

Sometimes, mass communication, events, TV shows and magazines may not suffice to reach specific groups of the population, especially in the most vulnerable or remote ones. Other times, tailoring a message to the needs and interests of a specific group of taxpayers may be necessary to ensure it is understood and accepted.

Many tax administrations adapt their communication to their audiences; some go even further by working with external experts (usually academics or researchers) to understand their audiences better. Scientific methods are used to produce useful knowledge allowing tax administrations to adapt their behaviour and helping scholars to understand better the way society works. For instance, research on the effects of different messages sent to taxpayers can help establish which communication strategies administrations should adopt while offering a unique perspective to scholars on the way people relate to a given message.

Scholars have been conducting studies on people’s lives for centuries. They have accumulated an important amount of knowledge and know-how, and tax administrations can benefit from them. In return, scholars are usually interested in new fields of study and in the capacity of tax administrations to launch large-scale studies. This creates fruitful synergies for producing interesting and new knowledge.

4.3.1. Selected policy options

Communication with specific groups of taxpayers

A potentially fruitful strategy to help taxpayers and, at the same time, raise tax compliance is to target specific segments of the population and provide them with tailored information. This can consist of guidance on how to file tax returns and explanations of what taxes to declare. The target group can be any subset of the population with specific needs, such as new entrepreneurs and newly registered taxpayers. This is the approach of the Irish Revenue, which organises a communication programme for income-tax customers, newly registered cases and pay-as-you-earn (PAYE) taxpayers.

New entrepreneurs constitute a common target for tax administrations to provide guidance on tax obligations. In the case of the Finnish Tax Administration, for instance, guidance calls are made when companies are set up, explaining how and when to file and pay taxes. Portugal's Tax and Customs Authority also guides new entrepreneurs via informative emails.

Other categories of taxpayers targeted by tax administrations include auditors, property owners and foreign workers; this last group, which composes a big part, for instance, of Norway's economy, is provided with information and professional guidance by the Norwegian Tax Administration. The latter has hired two language managers so that enquiries made to the administration in English can always be addressed in English.

Tax administrations also aim at ensuring that everybody has access to tax information, especially the most vulnerable taxpayers. For instance, the Togolese Tax Administration (Office Togolais des Recettes, OTR) organises awareness campaigns to increase public compliance, with financial assistance from the African Bank of Development (Box 4.9).

Another strategy consists in organising information sessions on the official social media pages of the tax administration, as done by Romania's National Agency for Fiscal Administration (NAFA). NAFA embarked on this initiative after a survey that made it clear that not every taxpayer uses service channels like websites for submitting a tax return or reading a guideline. Thanks to the survey responses, NAFA also noted that reading the information in the user's preferred language, thanks to instant translation, helped in reaching taxpayers around the world and avoiding misinformation.

Box 4.9. Togo: Raising local awareness about fiscal citizenship

Within the framework of the programme called *Sensibilisation de proximité des contribuables et du grand public au civisme fiscal* (Raising local awareness among taxpayers and the general public about fiscal citizenship) the Togolese tax administration (OTR) organises local events.



These events can take the form of meetings, attended by a variety of officials from the tax and custom administrations, and may take place at the market of a selected neighbourhood. Rather than the taxpayers going to the tax administration, the tax administration goes to the taxpayers.

The public is informed of the events by radio, television, the press and invitations. Information and awareness sessions are held interactively in local languages to facilitate understanding by all. Skits are performed to better explain the concepts to the population.

The African Development Bank provided financial assistance for several years, but the programme is now run without any financial support. It has reached more than 70 000 people.

Source: OECD Survey on Taxpayer Education Initiatives.

Image: OTR, Togo.

Using behavioural insights to nudge compliance

Behavioural insights can help enhance the impact of messages to taxpayers. There has been extensive use and evaluation of behavioural insights in the field of reminder letters to debtors. Changing the standard format of these letters, simplifying them and adding social norm messages and minority norm frames have been found to increase the reactivity of debtors regarding payment of the amounts due, as well as the total revenue raised.

Mascagni et al. (2017^[2]) ran an experiment in Rwanda in partnership with the Rwanda Revenue Authority in the framework of a project on tax compliance carried out by the African Tax Administration Forum (ATAF) and the International Centre for Tax and Development (ICTD). The

experiment tested not only the content of messages, but also the means of delivery – namely whether reminder messages sent via e-mail, post or SMS worked best. The main conclusion was that soft approaches are more effective in nudging taxpayer compliance, as compared to deterrence. Messages with fiscal exchange primes (“By paying your taxes you make it possible to educate our children, fund our healthcare, and keep us safe. Pay taxes. Build Rwanda. Be proud.”) as well as gentle reminders (“Tax filing period open until 31st March 2016.”) worked better than deterrence messages (“Pay your taxes on time and avoid fines and penalties.”) Moreover, e-mails were found to be the most effective means of delivery, followed by letters and SMS. In total, the experiment led to an increase in compliance of 16-23.7% and to additional taxes paid amounting to RWF 6.8 billion, i.e., around USD 8.3 million.

Hallsworth et al. (2017^[3]) ran two natural field experiments in the UK. They led to the collection of GBP 4.9 million in the first 23 days for the first experiment and GBP 9.3 million for the second. The messages they found the most effective when included in reminder letters were social norm messages, especially one on a minority norm frame (“Nine out of ten people in the UK pay their tax on time. You are currently in the very small minority of people who have not paid us yet.”) The authors concluded that “there is value in adopting an approach that incorporates moral costs into taxpayer communication. These costs can be increased by presenting messages relating to social norms (both injunctive and descriptive), public services and moral duty.” (Hallsworth et al., 2017, p. 26^[3]). Belgium also ran similar experiments (Box 4.10).

Brockmeyer et al. (Brockmeyer et al., 2019^[4]) studied a campaign in Costa Rica, where the tax administration sent non-filing firms e-mails asking them to file income tax returns. The messages were built around relevant suggestions from the behavioural psychology field, i.e., they were personalised, simplified, featured a call to action with an immediate deadline, provided a link to the tax form and contained a social norm message (“8 out of 10 [tax-registered] Costa Ricans have filed their 2014 income tax return.”) The authors found that the e-mails led to an increase of 21% in filing rates and of USD 15 in the amount paid.

These findings are extremely useful. On the one hand, they demonstrate that soft approaches based on research methods are useful in increasing compliance and that behavioural insight messages can raise the awareness of the taxpayer. On the other hand, they are also extremely cost-efficient and constitute an easy way for tax administrations to accelerate and increase payments as well as to give a positive perception of the administration. In the words of Mick Moore,

“These new research techniques are smart. Their use not only makes governments look intelligent, but can actually make governments more intelligent, at least when it comes to dealing with their taxpayers. It is possible for governments to collect more revenue through inducing taxpayers to be more compliant with their obligations, without in the process irritating or upsetting the taxpayers – and possibly even inducing in them a bit of empathy for the tax collectors.” (Moore, 2019^[5])

The benefit of collaborating with academics is that experiments, and in this case randomised-control trials, make it easy to understand which approach is the most adapted to the target audience, and hence the one which will have the highest impact. Testing is also essential to verify whether the effects of the interventions are short-term or extend even into the longer term. Moreover, scholarly support in the project design and evaluation are invaluable elements for a tax administration.

Box 4.10. Belgium: Use of public goods messages

In a scientific project in collaboration with behavioural economics academics, the Belgian Federal Public Service Finance (FPSF) tested letters containing behavioural insights among a target group of personal income taxpayers.

The letters reminded taxpayers who had missed the filing or payment deadline to file their taxes; some of them contained public-goods messages concerning the services are provided in return for taxes.

This collaboration included a series of five experiments, run between 2014 and 2016, whose main result was the finding that simplifying the reminder messages sent to taxpayers increases tax compliance (De Neve et al., 2021^[6]). Simplification implies, in this case, shorter letters with less information provided and with the action-relevant information for the taxpayer highlighted. The returns of simplified reminder letters were estimated at EUR 3.84 million, about 50 times more than the EUR 80 000 cost of the initiative (De Neve et al., 2021^[6]).

Apart from increasing compliance and timely payment, FPSF's objective was to raise awareness regarding how tax money is spent and to close the perceived gap between tax payments and the resulting services. This is why the public-goods letters contained graphs showing the distribution of tax expenditures. In its answer to the OECD survey, Belgium noted that although no direct effect on tax compliance was noted in the short term, raising awareness through public-goods messages is good for tax morale and could have positive effects in the long run.

Source: OECD Survey on Taxpayer Education Initiatives.

Using ethnographic research to improve outreach methods

Ethnographic research is another scientific method that can provide vital insights into the needs of specific taxpayer audiences (see Box 4.11). It can provide in-depth information that quantitative data cannot. For instance, it can contribute to the in-depth analysis of the dynamics of the informal economy or highlight key needs of specific groups of taxpayers. In fact, it offers precious information on taxpayer behaviour and allows tax administrations not only to understand them better, but also to measure the impact of its actions and understand the reasons behind a success or a failure.

Using ethnography requires unique resources. Tax administrations need to understand how ethnographic research works, and clearly delimit what they are and are not expected to do. They must be able to explain what they want to achieve with the research and devote financial and logistical resources to the project.

Box 4.11. Canada: Ethnographic research projects

Canada's CRA is an example of a tax administration that makes use of ethnography to support its communications (OECD, 2019^[7]). The CRA is using ethnographic research to better understand the experiences of client groups, with a view to improving services to taxpayers. The methods used include immersion, participant observation and semi-structured interviews to collect granular data that provide insights into people's experiences and behaviour.

The three ethnographic research projects undertaken to date have focussed on

- small businesses
- homeless people and housing-insecure individuals
- vulnerable newcomers.

The results of these projects have helped the CRA improve its outreach methods and services to these populations. For example, with a better understanding of the barriers that homeless individuals face in accessing benefits, the CRA has been able to develop outreach materials that are tailored to their needs.

Source: OECD Survey on Taxpayer Education Initiatives.

4.3.2. Common challenges and proposed solutions

Thoroughly targeting audiences

Maximising the reach of information campaigns must be a high priority for tax administrations, which must ensure that the messages sent to taxpayers do not go unnoticed. Some segments of the population require special attention, as they have had little contact with the administration. Reaching out to these groups of taxpayers with innovative campaigns is important in many countries.

Solution 1 – Direct contacts

This issue is commonly solved by getting in touch physically with taxpayers. For instance, mobile tax units are useful to make a step towards taxpayers and inform them of tax rights and duties, as will be seen in Chapter 5.2.

Solution 2 – Partnerships

Other than the tax administration's usual channels of communication – such as websites, social media and tax offices – it can be useful to rely on other entities to promote informative materials. An example is Slovenia's FARS, which worked with the Government Communication Office for the first year of a campaign on the importance of checking invoices.

Tax secrecy

Scholars may need information covered by tax secrecy to be able to carry out their studies. This is an important issue, as breaking tax secrecy can lead to prosecution.

Solution 1 – Designing studies in a way to avoid the issue of tax secrecy

To overcome this issue, scholars and tax administrations should collectively design the scope of the study. Meetings should be held well in advance to discuss the kind of information necessary for the study to generate valuable results, both for tax administrations and the research community.

Solution 2 – Collecting information by the tax administration on behalf of the researcher

Within a research protocol, scholars can prepare quantitative or qualitative tools, such as questionnaires, for the tax administration to administer. The latter can select relevant taxpayers, using data covered by tax secrecy, send them the questionnaires, collect the answers and prepare anonymised results in a way agreed with the researcher.

4.4. Impacts

Measuring impact is an important part of each initiative, as it is the only way to understand what its effects are. Are they positive? Are there unintended effects? What is their magnitude? Do taxpayers like them?

The initiatives featured in this chapter aim at producing direct short-term benefits, sometimes on a very large scale, which renders measuring impacts difficult. Only a limited number of initiatives benefited from formal evaluations. For instance, while 10 of the 27 information campaigns benefited from evaluations, only two (less than one-quarter of them) were conducted by external organisations.

Evaluations are often used to collect quantitative data, such as the number of people watching a TV broadcast or the number of leaflets distributed during an event. For instance, in the case of the Irish PAYE initiative (Box 4.12), they made it possible to measure its direct short-term impacts. However, this may not be sufficient to truly understand how successful the programme was, what other effects it may have and how it was perceived by taxpayers.

Measuring the impact of an initiative must be anticipated. The design of an initiative should include the tools to measure its success. This is an activity in itself and resources must be devoted to it.

4.4.1. A more knowledgeable and compliant population

Many of the initiatives described in this chapter have led to remarkable progress in terms of taxpayer knowledge and their willingness to engage in voluntary compliance. In the case of the initiatives implemented by Togo's OTR, the non-compliance rate was lowered; in addition, the relationship between OTR and taxpayers was consolidated, with the latter's fear towards the former being dissipated. The Norwegian Tax Administration noted, in its response to the survey, that the evaluation of their initiatives confirmed that they have achieved their main goals of information dissemination and professional guidance aimed at providing good service, informing, educating and promoting a culture of compliance.

This also has spill-over effects, as successful interaction with taxpayers can provide a prolonged and constant future link with them. As an example, the Swedish Tax Agency (STA) found that, after having provided new businesses with information on their duties in terms of how much tax to file and how to do it, 99% of participants in a survey stated that they would use the STA's education materials when starting their business.

Box 4.12. Ireland: A letter to PAYE taxpayers

Ireland's Revenue established an annual communications programme for PAYE taxpayers. Since 2016, Revenue has written letters to over 125,000 PAYE taxpayers each year to advise them of the range of tax credits and relief available, remind them of the statutory four-year time limit for claiming their entitlements and inform them of the need to advise Revenue of any additional income sources they may have. A press release was issued to publicise the letter campaign and disseminated to newspapers and radio stations.

Contact by letter was chosen because the majority of these taxpayers were not registered for Revenue's online services. The recipients of the letters were selected based on an analysis of past behaviour – in particular, letters were sent to taxpayers who had a history of paying tax in the past four years but who had not claimed any additional tax relief or credits, nor declared any additional income. The letter highlighted the benefits of using Revenue's online services to claim credits and tax relief, and outlined how to register for them.

Revenue remarked that prior to this direct contact, none of the targeted taxpayers had engaged with Revenue for over four years. While it cannot be said that all of the activity that followed the letters was directly and exclusively a result of the contact, it is reasonable to assume that most taxpayers in this group were unlikely to make a claim or declare additional income had the contact by Revenue not been made.

2016 letter

- In the six months after the letters were sent, 15% of recipients requested a review of their taxes, claimed credits, relief or exemptions, or declared additional income.
- A total of EUR 27.6m was refunded or credited to taxpayers based on these claims.
- A total of EUR 1.2m in taxes was paid on the additional income declared.
- There was a 26% increase amongst letter recipients in the number of registrations for Revenue's online services.

2017 letter

- In the six months after the letters were sent, 14.5% of recipients requested a review of their taxes, claimed credits, relief or exemptions, or declared additional income.
- A total of EUR 27.8m was refunded or credited to taxpayers based on these claims.
- A total of EUR 0.95m in taxes was paid on the additional income declared.
- There was a 19% increase amongst letter recipients in the number of registrations for Revenue's online services.

Source: OECD Survey on Taxpayer Education Initiatives.

4.4.2. Improved relationships with taxpayers through scientific methods

When tax administrations use scientific methods to improve their relationship with taxpayers, the outcome is twofold. First, it increases revenue collected as shown previously. Second, tax administrations gain profound knowledge of people living in their country and scholars benefit from this knowledge and can focus their study on well-defined groups of people.

One of the advantages of using scientific methods is that tools to measure impact are embedded in the methodology. As shown above, these studies led to significant results in terms of tax collection.

They are also a way for tax administrations to support research within the country by offering scholars new possibilities.

However, the use of these methods is recent and not enough time has yet elapsed to enable assessments of their results over the long term. This does not reduce the short-term benefit they provide but calls for longitudinal studies of their results.

4.4.3. A more positive perception of the tax administration

Conveying the right messages to taxpayers can improve their perception of the tax administration.

It is important to communicate with taxpayers and provide them with all the information they need so that they fully understand their rights and obligations and comply voluntarily. Many of the initiatives in this chapter have led to positive spill-overs, not only in terms of tax compliance, and knowledge and skills, but also concerning the image taxpayers have of tax authorities (and, consequently, of the Government). For instance, by participating in different events organised in the country the tax administration of Burkina Faso discovered that some taxpayers were afraid to deal with it. These events offered the perfect occasion to change that.

Evaluating the impacts of events and fairs is a challenging task, as gathering practical information on the effects of these initiatives can be difficult. Tax administrations should thus devote more attention to conducting surveys – both to receive feedback and to track the profiles of the attendees – so that more attention can be paid to reaching groups of taxpayers that were not properly involved.

Tax administrations consider tax events to have a positive effect on tax culture and citizenship.

Those that have undertaken this kind of initiative have noticed an improvement in the image of the tax administration. Celebrities also usually have a positive influence on their audience. Especially in developing countries, taxpayer days can put the focus on the utility of paying taxes, contributing to the country's development. Events and festivals organised before filing deadlines can help widen the tax base and raise more revenue. For instance, after Bangladesh's NBR conducted an internal evaluation of the fair it organises based on feedback from tax officials, taxpayers and stakeholders, as well as reports from media, it concluded that it had led to a great increase in taxpayer knowledge and a sense of moral obligation to voluntarily pay taxes.

Box 4.13 presents some statements of tax administrations that have noted an improvement in the relationship with customers after the implementation of the initiatives presented in this chapter.

Box 4.13. Informing taxpayers enhances co-operation

- *The initiative resulted in an increased perception of taxpayers that the tax administration is present and always ready to share with them any news regarding the subject of tax legislation and to remind them of their tax obligations. (Lebanon)*
- *A number of the survey results show that our communications programme is having positive results. For example, a significant number of respondents were very satisfied with the website content on completing the self-assessed income tax return. Furthermore, 63% were aware of the online help guides and videos available and 80% of them rated the videos as helpful. (Ireland)*
- *The feedback we have received has been very positive. We have noted that it is important to continue simplifying the language (by default very technical) used in the communication with the taxpayer. Our presence is greatly appreciated because it conveys more proximity, transparency and reliability. (Portugal)*
- *The initiatives led to the consolidation of the relationship between the tax administration and taxpayers. (Togo)*
- *Being on social networks is a great signal that the tax administration is making efforts to be closer to citizens. (Morocco)*

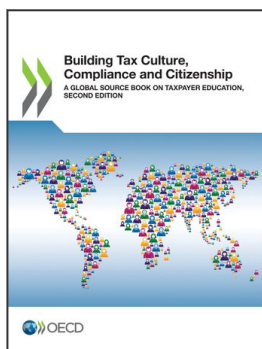
Source: OECD Survey on Taxpayer Education Initiatives.

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Note

¹ It can be accessed at the following address: <https://www.aquoiserventmesimpots.gouv.fr/>.



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