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# Tax experts' opinion on the tax system in Slovenia<sup>1</sup>

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## ***Abstract***

Following the tax policy priorities put forward by the European Commission and taking into consideration the reduction of budget deficit, Slovenia made several changes in the tax system. In the paper, we present research results of experts' opinion about the tax system in Slovenia. The research results show the opinion on different statements connected with the country's tax policy. The strongest agreement was reached for the statement that administrative and compliance costs of taxation should be an important element of the tax policy. We also made binomial probit regressions in order to determine how economic views and values influence experts' opinion.

**Key words:** *Tax system, expert opinion, tax policy, Slovenia*

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## 1. INTRODUCTION

At the end of the year 2013 and the beginning of 2014, a survey about the Slovenian tax system was conducted among different experts in Slovenia. The survey followed the example of a 2013 survey conducted in the USA, which was carried out for the purpose of comparison with similar surveys in 1994 and 1934 (NTA, 2013; Lim et al., 2013; Slemrod, 1995) and a survey in Croatia (Šimović et al., 2013). The purpose of our research was to find out experts' opinion about the current tax system in Slovenia and whether it is in alignment with European Commission's proposals and with goals determined by the Slovenian government.

The growing economic crisis has resulted in a range of reforms, and the tax system is no exception. As part of the Europe 2020 Strategy, the European Commission has decided to report on and propose measures to increase economic growth using the Annual Growth Survey (European Commission, 2010). Consequently, at the end of 2012, the European Commission proposed that the following taxation measures be implemented in 2013: shifting the tax burden away from labour, broadening the tax bases, improving tax compliance and reducing company debts as a result of corporate income tax (European Commission, 2012). An overview of the reforms in the last three years shows that the majority of countries have made considerable efforts to prevent tax evasion; in order to stimulate economic growth, the EU Member States have decreased corporate income tax or adopted additional tax measures to promote scientific and research work, investments and entrepreneurship in general (Garnier et al., 2013). Special recommendations for Slovenia for the years 2011–2013 did not include measures in the field of taxation (Council of the European Union, 2013). Regardless of the recommendations for Slovenia, in the past three years, the country has begun to implement a number of changes, including in the field of taxation, which do not necessarily comply with the recommendations of the Annual Growth Survey 2013 (European Commission, 2012).

Our survey covers three sectors of experts: academic, private and government. We wanted to find out whether all three groups agree/disagree with the statements connected to the tax system and, consequently, with changes in the field of taxation, its influence on economic growth and recommendations of the EU. We used binominal probit regression to analyse the possible influence of economic views and values on attitudes on tax policy. The central thesis of this paper is that, despite the known theoretical assumptions on tax reforms that would promote economic growth, tax experts in Slovenia in general do not support such changes and are in favour of changes that are actually focused on fiscal consolidation.

The paper is structured as follows: after the introduction, a short comparison of the tax reforms in Slovenia is presented with measures adopted by other EU Member States. Afterwards, we present methodology of the research conducted among tax experts. The following sections present the research results and binomial probit regression. The paper concludes with final remarks.

## 2. SLOVENIAN TAX CHANGES AND COMPARISON WITH MEASURES ADOPTED IN OTHER EU MEMBER STATES

While there are a number of reasons for tax reforms, the reforms introduced in the past four years have undoubtedly been focused on the economic crisis. In most countries, the initial changes were unplanned and mainly concerned with increasing the budget. In Slovenia, several tax measures were introduced in 2010, mainly aimed at promoting and supporting the economy; however, these changes were replaced by a major adjustment in 2013, aimed at fiscal consolidation. Table 1 indicates some major changes during both periods.

**Table 1: Tax changes in two periods during the crisis in Slovenia**

	<b>Tax changes in 2009–2012</b>	<b>Tax changes in 2013–2015</b>
Corporate income tax	Plan to decrease tax rate from 20% to 15%	Decrease of tax rate stopped at 17%
		Increase of some tax reliefs
Tax on banks' balance sheet	Introduction of tax in 2011	Tax abolished in 2015
Personal income tax		Additional tax bracket with the tax rate of 50%
		Tax rate for the taxation of income using the schedular system* was increased from 20% to 25%
		Decrease or abolishment of some tax reliefs
	Flat rate system for small businesses introduced	Flat rate expenses increased
VAT		Increased tax rates
		Increase in the threshold for entry into VAT system

\*interests, capital gains, dividends, and rent

Comparing those changes with those in other EU Member States, we found that Slovenia has adopted measures similar to most other countries. A review of the changes adopted in the tax legislation of the EU Member States shows some measures in a similar direction (more details in Klun & Jovanović, 2012). A more detailed review (see Table 2) of the changes in each Member State in 2012 and 2013 shows that the majority of measures do not conform with the recommendations included in the Annual Growth Survey 2013 (European Commission, 2012).

**Table 2: Tax changes in the EU Member States in the period 2012–2013**

Tax	Number of the Member States that increased tax rates	Number of the Member States that decreased tax rates
VAT	9	3
Excise duties	19	0
Environmental taxes	11	3
Corporate income tax	6	6
Personal income tax	9	2
Property taxation	7	3

\*Source: Garnier et al., 2013

Additionally to presented changes in tax rates, 16 Member States adopted measures lowering the corporate income tax base (e.g. by increasing tax reliefs or introducing special arrangements). It is also interesting to note that half of all the EU Member States introduced reforms concerning the taxation of property (Garnier et al., 2013).

### 3. SURVEY ON THE OPINION OF TAX EXPERTS ON THE TAX SYSTEM IN SLOVENIA

#### 3.1 Methodology and survey

During the preparation of the survey, we followed the example of a 2013 survey conducted in the USA, which was carried out for the purpose of comparison with similar surveys in 1994 and 1934 (NTA, 2013; Lim et al., 2013; Slemrod, 1995), and a survey in Croatia (Šimović et al., 2013). There are several other surveys adopted by researchers based on general opinions or on selected issues in taxation (i.e. Behrens, 1973; Dornstein, 1987; Ashworth & Heyndels, 1997; Kirchler, 1999; Petersen et al., 2000; McGowan, 2000; Murphy, 2004; McCabe & Stream, 2006; Hammar et al., 2008; Campbell, 2009; Ventry, 2011; Hulse, 2012; Sanandaji & Wallace, 2014; The Free Library, 2014; Borrego et al., 2015).

As mentioned before, we have chosen a broad survey on several tax issues based on surveys already used in the USA and Croatia. Those surveys were adapted to Slovenia's tax system and include both identical and partially different statements connected to tax legislation and the participants' opinions. There is a total of 92 statements, which the participants evaluated with five different grades. The 92 survey questions could be divided into different tax groups: property taxation, personal income tax, corporate income tax, VAT, excise duties, social contributions, general tax issues and values, and other taxation. The survey concluded with questions about the participants' age, education and area of work. It was carried out in a population that is professionally involved with the tax system. In terms of timing, the survey was carried out between December of 2013 and April of 2014 among three groups: employees at the Ministry of Finance (including the Tax Administration and Customs Administration), tax consultants and academics in the field of finance and economics. The survey was sent to the academics and tax consultants using email addresses available on the websites of various faculties and institutes, or in the business register. It was sent to a total of 53 academics and 300 tax consultants. Employees at the

Ministry of Finance were forwarded the survey through the managing director of Tax Administration, the Customs Administration head office and the Ministry of Finance. The total number of recipients is therefore unknown, as it depends on how many heads of departments forwarded the survey, but the response in this group was considerable, with 101 employees filling in the survey. The response rate was the poorest in the private sector (only 18%), and somewhat better among academics (22.6%). In total, 169 individuals responded to the survey. The structure of the respondents is presented below.

**Table 3: Respondent structure**

	N	%
The academic community (universities, institutes)	13	7.7
The general government sector	101	59.8
The private sector	55	32.5
<b>Total</b>	<b>169</b>	<b>100.0</b>

### 3.2 Degree of consensus

The Slovenian survey was conducted similarly to the Croatian survey, using five-level Likert items,<sup>4</sup> which differs from the NTA survey that only allowed yes/no answers. To make a better comparison, we decided to group the answers 'strongly agree' and 'agree' into 'yes', while the answers under 'no' entail 'disagree' and 'strongly disagree' (neutral responses are excluded). According to the NTA survey, at least 61% positive or negative answers are taken as the threshold for consensus (Lim et al., 2013). Table 4 presents the number of answers with the consensus degree of at least 61%.

**Table 4: Degree of Consensus (Number of Questions)**

Degree of consensus	Total	Academic	Government	Private
Total 61–74%	30	26	29	24
Total 75–100%	34	35	40	40
Total 61–100%	64	61	69	64
Total 61–100% (in %)	69.6	66.3	75.0	69.6

Similarly to the Croatian survey, only 64 statements (out of 92) had a degree of consensus above 61% also in Slovenia, since the NTA survey reached it in as many as 84 questions (out of 100). It is interesting that a slightly broader consensus was reached inside the government and the private sector in contrast to academia. If we were to take the degree consensus at 75%, the number of questions would drop significantly. The reasons for low consensus with the statements can be interpreted as a result of several issues. The survey was conducted in the time of crisis when the government made several corrections to the tax system in Slovenia, even during the tax year. This indicates an unstable tax environment. The same argumentation can also be found in Šimović et al. (2014) for the Croatian survey and Lim et al. (2013) for the USA survey in 1994. It is interesting that detailed analysis of all questions shows

<sup>4</sup> 1-strongly disagree, 2-disagree, 3-nor agree or disagree, 4-agree, 5 strongly agree

that the higher degree of consensus is reached on statements which are often debated in public (i.e. tax on immovable property, excise duties, VAT rates and personal income taxation). To some extent, higher consensus was reached when statements had a direct impact on a sector or individuals as such. There were only two statements with no grouped consensus, because of the opposite consensus in a different sector (taxation of other property, which was supported only by the government; and the opinion on interest tax shield). There were statements with high consensus in a sector, but that, at the same time, did not reach consensus in other sectors. Lower degree of consensus in the academic sector is more obvious since academics who analyse tax systems *per se* are rare in Slovenia, and we also included those who teach business finance or business law and management.

### 3.3 General opinions on different taxation

As mentioned above, the 92 statements are divided into several groups concerning special tax issues. The first group of 13 statements concerns property taxation and eight of them reached the percentage for consensus (61%). During the survey, a very strong debate on real estate tax in Slovenia was going on. The government announced new taxation, and public opinion was very much against its introduction. Two interest groups even initiated a procedure at the Constitutional Court and were successful, since the court decided that the law proposal was not in accordance with some principles of law. Therefore, it is interesting to note that the statement on the introduction of real estate tax reached an agreement in all three sectors (71%).

At the same time, the majority of answers to further statements indicate that some aspects of the current situation are supported (i.e. general allowance on determined size should also be included in the new tax; tax revenues thereof should remain at the local level). The highest disagreement was reached on the statement that individuals should pay higher tax than businesses (94%), but only 60% agreed on the statement that businesses should pay higher tax.

The respondents also support current sales tax of real estate (84%) and property being a necessary additional indicator of the ability to pay (76%). It is interesting that the statements that did not reach consensus are connected with other property taxation, including inheritance and gift tax. Similarly to the USA experts, Slovenian experts support equal tax burden for citizens and businesses, which contrasts with the opinion expressed in Croatia.

Personal income taxation was the topic of the next 14 statements. The evaluation of these statements was the most confusing. The experts agree on progressivity, since 76% disagreed on introduction of a single tax rate, while at the same time they disagree with lowering the number of tax brackets.

Experts are in favour of schedular taxation. There is high disagreement with lower taxation of dividends and capital gains in the government sector (above 80%), since the opposite opinion is predominant in the private sector (however, with lower consensus at around 60%), and equal distribution of agree/disagree opinions among academics.

A frequent debate in Slovenia is related to allowances. The Slovenian government introduced pre-filled tax returns in 2006; since then, all allowances connected to consumption of individuals have been abolished and the general allowance increased

instead. The majority of the experts in all three sectors support pre-filled tax returns, with a 100% among academics and the lowest percentage (88%) in the private sector. Nevertheless, at the same time, statements on the re-introduction of selected allowances (buying apartments or paying medical expenses) reached positive consensus. However, the academics are less in favour of re-introduction than the other two groups.

Statements considering business taxation are included in statements 30–41. The conclusion is that experts do not support further decrease of the tax rate, with the strongest disagreement among academics, and almost equal distribution in the private and government sector.

However, there are differences in experts' opinions about tax burden for SMEs (small and medium-sized enterprises). The academic sector disagrees with lower tax burden on SMEs (67%), since the private sector strongly supports it (84%).

The government and the private sector strongly support reinvesting profits to be exempt from taxation, while academics did not reach consensus and are even more against it. The highest consensus is reached for research, development and investment allowances, since all experts find them very important. It is interesting that strong support appears for the introduction of allowances for education and training of employees, but only from the private sector (86%) and the government (82%), while academics barely reached consensus (64%). None of the groups of experts support special regimes, like regional allowances and free zones.

The following 11 statements evaluate VAT. Experts are mostly against aiming at having only one (standard) VAT rate, and even more are against further increase of the VAT rate (94%, and even 100% for academics). This is probably because it is now in line with increased rates in other European countries, and still lower than in two neighbouring countries (Croatia and Hungary). Consensus is also reached on maintenance of reduced rates for basic foodstuffs as well as their extension to all food products. Statements 53 to 66 include different issues of excise duties. There is a high degree of consensus for most statements in the field of excise taxes. Most think that different excise taxes on energy and electricity should not be raised. In contrast, most think that excise taxes on tobacco products and alcohol should be increased, and that a special excise tax on unhealthy food should be introduced, but not for coffee. There was no consensus reached for sweet drinks, but more respondents were in favour of introduction. Experts also support tax on aircrafts and vessels, but not on cars.

Slovenian experts do not consider that the minimum monthly assessment base for social contributions should be abolished, and at the same time, they are in favour of a maximum base (a ceiling), especially the private sector (92%), and with no consensus among academics. Consensus is also reached for lowering health insurance rates, but again, only from the government and the private sector.

### **3.4 Experts' values and economic models**

The last survey statements relate to general attitudes with regard to the tax system and policy as well as some economic models. These questions are mostly comparable to the Croatian and US surveys. In contrast to both surveys, no overall consensus has been reached for four of the statements, although consensus was not reached among



the private sector for only one statement. The lowest rate of consensus was reached among academics, which is due to different fields of expertise.

Most of the respondents are in favour of equity, when evaluating the traditional 'equity-efficiency trade-off' (85%). This attitude is expected, taking into consideration the previous survey parts about particular taxes. It could be explained by historical inheritance and the general solidarity awareness that prevails in Slovenia. To some extent, such an attitude could be as a result of recent different changes of the tax system arising from the economic crisis.

It is interesting that low consensus (68%) was reached for the statement that penalties for tax evasion should be increased, particularly with no consensus among the private sector. At the same time, very high consensus (92%, and even 100% among the private sector) among all three groups was reached on the statement that administrative and compliance costs are an important part of the tax policy.

High consensus was reached on tax structure, since all three groups agree that it should be changed; at the same time they all support a decrease of parafiscal levies. Regardless of this fact, there is no consensus on how the structure should change. The private sector supports a decrease in tax revenues and total government revenues/expenditures in GDP, while the other two groups did not reach consensus. The private sector also thinks that the burden should be shifted from profits to consumption, while there is strong disagreement among academics that any shift of the burden from profits to property should be undertaken, with opposite opinion from the government, and no consensus on that statement reached in the private sector.

Almost all three groups reached consensus in all statements concerning the tax changes in favour of supporting economic growth. Most think that lower marginal income tax rates increase work effort and reduce leisure (63%), and that such a change would increase the tax base so that the revenue lost could be compensated for (71%). Also, the majority think that non-taxation of interest encourages saving (75%), and respectively, that non-taxation of financial capital gains encourages investment and promotes economic growth (68%).

The bulk of these results are close to those in the US and Croatian surveys. Slovenian experts disagree (with consensus reached in all three groups) that VAT is unfair, because it is regressive and with less social correction. Similar to the opinion in Croatia, the statement on the efficiency of regional tax investment incentives did not reach general consensus. Only the private sector agrees on efficiency with consensus.

#### 4. VALUES AND ECONOMIC MODEL ASSUMPTIONS

In order to determine attitudes related to value judgments and economic views related to behavioural responsiveness, we used serial binomial probit regression. We included only positive and negative answers (without neutral ones). For value judgments in the field of taxation, we used two questions as predictors (independent variables): Q77—The entire level of public revenues (and public expenditures) relative to GDP should be lowered, and Q91—The equity principle should have precedence over the efficiency principle in creating tax policy. To evaluate economic views of the respondents, we chose Q82—Lower marginal income tax rates reduce leisure and increase work effort, and Q86—Different government tax reductions

(reliefs, incentives) promote economic growth. In both cases, the regression also includes demographic characteristics (employment sector, age and education level) as independent variables. Since the number of respondents among academics is very low, we joined answers from academics and the public sector. We also joined answers from those with Master's Degrees or higher levels of education. The demographic characteristics were not analysed in particular. Nineteen different models were observed, wherein nineteen questions/statements that best reflect regular debates about Slovenian tax systems, and could be used to assess future tax trends, were chosen as dependent variables.

#### 4.1 Influence of respondents' values

We tried to analyse the influence of tax equity values and general values concerning the government's role in the economy on professional attitudes about the tax system and policy. As mentioned above, we used two questions as predictors (Q77 and Q91 as independent variables), which express different views of respondents concerning tax policy. The respondents who support the reduction of the entire level of public revenues (and public expenditures) expressed as the level relative to GDP, could be regarded as those advocating a smaller role for the government in the economy. On the other hand, those that claim that equity is more important than the efficiency principle (compared to those who answered negatively) support a greater role in terms of equity (i.e. higher state intervention regarding redistributive issues). Therefore, the first group could be expected to be more in favour of consumption-based taxation, and lower taxation in general. Table 5 presents the results of binomial probit regression for variables Q77 and Q91 reflecting values in the field of taxation.

**Table 5: Values and policy statements**

		<b>Q91</b> <b>The equity principle</b> <b>should have</b> <b>precedence over the</b> <b>efficiency principle in</b> <b>creating tax policy</b>	<b>Q77</b> <b>The entire level of</b> <b>public revenues (and</b> <b>public expenditures)</b> <b>relative to GDP</b> <b>should be lowered</b>	$\chi^2$
Q01	Slovenia should introduce the real estate tax.	-0.223 (0.43)	-0.13 (0.38)	4.112 [0.533]
Q03	Taxation should include other forms of property too (movable property, financial property, etc.), i.e. should be a synthetic taxation of property (net wealth tax).	0.521 (0.469)	0.226 (0.376)	3.929 [0.56]
Q06	Compensation tax on using building land should remain local tax after introduction of real estate tax.	0.593 (0.489)	0.307 (0.359)	4.478 [0.483]
Q14	Property is a necessary additional indicator of the ability to pay besides income.	0.351 (0.488)	0.513 (0.362)	13.777 [0.017]
Q16	Instead of more PIT rates, only one rate should be introduced (a flat tax) along with maintaining personal exemption.	-0.125 (0.459)	-0.334 (0.374)	3.765 [0.584]
Q23	Tax allowances for donations should be re-introduced instead of the possibility to re-direct personal income tax revenues.	0.841* (0.463)	-0.457 (0.373)	7.656 [0.176]

Q25	All sources of income inside PIT should be taxed in the same way (at statutory rates or at flat rate).	0.524 (0.597)	0.247 (0.373)	13.407 [0.02]
Q26	Capital incomes should be taxed at lower rates than other incomes.	-0.302 (0.484)	-0.899** (0.43)	12.198 [0.032]
Q27	Dividends should be taxed at lower rates than other incomes.	-0.14 (0.486)	-0.844** (0.412)	14.259 [0.014]
Q30	CIT (general) rate should be reduced.	0.27 (0.483)	-0.865** (0.413)	4.757 [0.446]
Q31	CIT burden for SMEs should be reduced.	0.001 (0.499)	-0.595 (0.411)	5.876 [0.318]
Q32	Re-invested profits should be exempt from taxation.	0.885* (0.467)	-0.468 (0.358)	6.444 [0.265]
Q39	Tax incentives for investment should be maintained.	0.185 (0.614)	0.268 (0.494)	5.209 [0.391]
Q53	A special tax on 'junk food' should be introduced.	-0.26 (0.471)	0.301 (0.374)	2.412 [0.79]
Q67	The ceiling for pension insurance contributions should be introduced.	-0.086 (0.516)	0.269 (0.466)	8.619 [0.125]
Q73	A financial transaction tax is justified special tax.	-0.967 (0.627)	0.474 (0.4)	11.057 [0.05]
Q74	Tax on banks balance sheet assets is justified special tax.	0.65 (0.533)	-0.422 (0.509)	8.564 [0.128]
Q76	General government should be financed less from taxes and more from different non-tax revenues (with an emphasis on different user charges).	0.839* (0.476)	1.275** (0.567)	12.379 [0.03]
Q92	Penalties for tax evasion should be increased.	-0.755 (0.704)	-0.22 (0.407)	9.041 [0.107]

*Notes: Robust standard errors are in parenthesis. The p-values of the  $\chi^2$  are in brackets. Other regressors include indicators of sector of employment, age and education.*

*Wald  $\chi^2$  tests the hypothesis that at least one of the regression coefficients is not equal to zero.*

*\*  $p < 0.1$ ; \*\*  $p < 0.05$ ; \*\*\*  $p < 0.01$ .*

Source: Authors' calculation.

Results of the analysis imply relatively inconsistent attitudes among Slovenian tax experts although for the majority of observed models, both groups of experts have almost similar preferences. The differences are visible in bank taxation, financial taxation and corporate income taxation. Furthermore, Q77 is a more significant predictor than Q91, which could imply that the general government burden is the dominant value in shaping tax attitudes for most of the experts. We expected that more liberal tax experts, i.e. those who answered Q77 positively, compared to those who are 'less' liberal (who answered Q77 negatively), would prefer to decrease most of the taxation and would devote less attention to the equity principle. The results showed that this was not fulfilled in several cases. The results of models showed that experts who answered Q77 positively are not inclined to reduce personal income tax rates for capital gains and dividends and the CIT rate. They also prefer collection of public revenues from non-tax resources rather than taxes.

Tax experts expressing a preference for a greater role of equity (those who reacted positively to Q91), compared to those who are less in favour of equity (negative answer to Q91), are more consistent and are, expectedly, more inclined to the re-introduction of a tax allowance for humanity purposes and to tax exemptions for reinvesting profits. It is interesting to note that they also prefer the collection of public revenues from non-tax resources rather than taxes.

If we compare these conclusions to those made in Croatia (Šimović et al., 2014) and the USA (Lim et al., 2013), we can observe that the Croatian results showed greater consistency among tax experts. Research in the USA showed similar inconsistency and also some unexpected preferences of levellers.

#### 4.2 Influence of respondents' economic views

Q82—Lower marginal income tax rates reduce leisure and increase work effort, and Q86—Different government tax reductions (reliefs, incentives) promote economic growth, were used for taxpayers' behavioural response statements. According to the results, Q86 is a better predictor. The experts who answered positively to Q86 (compared to those who answered negatively) are more inclined to exempt the reinvested profits from taxation, to maintain investment allowance and to reduce CIT for SMEs. They are also inclined towards flat rate taxation of personal income and find property a necessary additional indicator of ability to pay. They preferred the re-introduction of allowances for humanity purposes and agree that the government should collect more revenues from non-tax sources. This approach is in favour of tax incentives and reliefs could be regarded as 'classical interventionist' approach, where economic efficiency is not understood in a sense of neutrality. Table 6 presents the results of a binomial probit regression for the stated variables.

Since it is narrower, Q82 turned out to be a less important predictor. The experts who answered this question positively are inclined only to increased penalties for tax evasion. It is obvious that those who prefer lower taxation of work incomes are against tax frauds and evasion.

**Table 6: Economic views and policy statements**

		<b>Q82</b> Lower income reduce increase	<b>marginal tax rates and</b> reduce leisure work effort	<b>Q86</b> Different government reductions incentives) promote economic growth	$\chi^2$
Q01	Slovenia should introduce the real estate tax.	-0.562 (0.346)		-0.86 (0.552)	7.483 [0.187]
Q03	Taxation should include other forms of property, too (movable property, financial property, etc.), i.e. should be a synthetic taxation of property (net wealth tax).	-0.083 (0.329)		-0.529 (0.438)	5.149 [0.398]
Q06	Compensation tax on using building land should remain local tax after introduction of real estate tax.	0.128 (0.354)		0.907 (0.559)	11.047 [0.05]
Q14	Property is a necessary additional indicator of the ability to pay besides	0.104 (0.356)		0.735* (0.413)	21.885 [0.001]

	income.			
Q16	Instead of more PIT rates, only one rate should be introduced (a flat tax) along with maintaining personal exemption.	0.219 (0.368)	0.968* (0.497)	13.902 [0.016]
Q23	Tax allowances for donations should be re-introduced instead of the possibility to re-direct personal income tax revenues.	0.247 (0.334)	0.802* (0.436)	9.203 [0.101]
Q25	All sources of income inside PIT should be taxed in the same way (at statutory rates or at flat rate).	0.411 (0.328)	0.549 (0.427)	7.189 [0.207]
Q26	Capital incomes should be taxed at lower rates than other incomes.	0.352 (0.346)	0.424 (0.464)	12.66 [0.027]
Q27	Dividends should be taxed at lower rates than other incomes.	0.182 (0.343)	0.65 (0.513)	8.442 [0.133]
Q30	CIT (general) rate should be reduced.	0.411 (0.357)	0.687 (0.585)	7.79 [0.168]
Q31	CIT burden for SMEs should be reduced.	-0.584 (0.465)	1.762*** (0.633)	25.32 [0]
Q32	Reinvested profits should be exempt from taxation.	0.197 (0.372)	0.996** (0.451)	6.083 [0.298]
Q39	Tax incentives for investment should be maintained.	0.704 (0.441)	0.945* (0.56)	6.813 [0.235]
Q53	A special tax on 'junk food' should be introduced.	0.37 (0.336)	0.327 (0.422)	7.553 [0.183]
Q67	The ceiling for pension insurance contributions should be introduced.	0.53 (0.392)	0.563 (0.492)	14.677 [0.012]
Q73	A financial transaction tax is justified special tax.	0.073 (0.377)	-0.255 (0.523)	1.887 [0.865]
Q74	Tax on banks balance sheet assets is justified special tax.	0.038 (0.415)	-0.797 (0.594)	3.523 [0.62]
Q76	General government should be financed less from taxes and more from different non-tax revenues (with an emphasis on different user charges).	0.618 (0.428)	1.383** (0.574)	8.482 [0.132]
Q92	Penalties for tax evasion should be increased.	0.79** (0.368)	0.02 (0.411)	12.718 [0.026]

*Notes: Robust standard errors are in parenthesis. The p-values of the  $\chi^2$  are in brackets. Other regressors include indicators of sector of employment, age and education.*

*Wald  $\chi^2$  tests the hypothesis that at least one of the regression coefficients is not equal to zero.*

*\*  $p < 0.1$ ; \*\*  $p < 0.05$ ; \*\*\*  $p < 0.01$ .*

Source: Authors' calculation.

Researchers in Croatia and the USA used more predictors for economic views for evaluation of behavioural responsiveness. In the Slovenian research, we did not test economic incidence since statements that could be used as predictors did not reach consensus.

## 5. CONCLUSION

Research results imply that there is no high and broad consensus on tax policy among Slovenian tax experts, which is also evident in Slovenian practice. In most cases, tax changes in Slovenia have been made soon after political changes in the country, which is quite often in the past four years. It is also important to note that consensus was in most cases low, or not reached at two groups of questions: those that are frequently debated in public (i.e. increase of VAT), or those that are never an issue in public debates (tax incidence). Surprisingly, most of the experts think that different tax incentives influence economic growth, but at the same time, in most cases, they do not agree with lower taxation on labour and profits or other statements that are in line with theory. Instead, they put greater emphasis on tax allowances. Tax experts also did not reach consensus for statements connected with special regimes (i.e. free zones, regional allowances). In most cases, they do not support general theoretical assumptions about economic growth and are more in favour of budget consolidation. There was no consensus on lowering tax revenues in GDP and the consensus on lowering public revenue in GDP was barely reached. Yet, at the same time there was relatively high consensus on the statement that there should be a greater share of non-tax revenues (87%) in the budget. Such inconsistency in tax experts' opinion give government the opportunity to decide on its own priorities without consideration of the impacts of change beside those which directly influence the budget. Tax experts therefore probably do not have active role in preparing tax reforms.

A relatively low level of consensus is probably also the reason for greater inconsistency and lesser importance of predictors, especially concerning values and economic views of experts. Unfortunately, this also leads to inconsistent decision-making in practice. Several tax changes are therefore incompatible, short-term, and confusing.

It is acknowledged that the present study has limitations. We would probably get better model results and implications if we used only 'yes' or 'no' answers or at least only four-level evaluations. We would avoid neutral answers and consensus should be more easily reached. However, neutrality of tax experts is also an interesting signal for empirical purposes. Since the research is the first of its kind in Slovenia, the findings certainly contribute to the literature in the field.

For future research, two directions can be proposed. Firstly, similar investigations can be done among citizens as completed in the USA (Lim et al., 2013). Such research can enlighten tax experts' opinion in different ways. Secondly, the same research can be done after a few years, to determine the development in tax experts' opinion and make comparisons over time.

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