

ETHICS, TAX EVASION AND RELIGION: A SURVEY OF OPINION OF MEMBERS OF THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS

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ABSTRACT

In 1944, Martin Crowe, a Catholic priest, wrote a doctoral dissertation titled *The Moral Obligation of Paying Just Taxes* [1]. His dissertation identified three basic philosophical positions on the issue and 15 arguments justifying tax evasion. A survey was constructed that included all three positions and all 15 arguments plus 3 more recent ones. It was distributed to 638 students at a large college, 562 of which were members of The Church of Jesus Christ of Latter-day Saints. The 18 arguments were ranked in terms of strength, from strongest to weakest, based on the responses from the LDS students. Male and female scores were also compared, as were the scores from LDS and non-LDS respondents.

INTRODUCTION

Most articles that have been written on tax evasion take a public finance perspective, but the ethics of tax evasion can also be examined from philosophical or religious perspectives. One approach is to examine the relationship of the individual to the state. Another is the relationship between the individual and the taxpaying community or some subset thereof. A third is the relationship of the individual to God. Martin Crowe [1] examined the literature on these approaches, which are the three main approaches that have been taken in the literature over the past five centuries. Not many empirical studies have been done on the ethics of tax evasion from a religious perspective. The present study is aimed at partially filling this gap in the literature by examining the perspective of members of one religion.

The Church of Jesus Christ of Latter-day Saints (LDS) looks to several literary sources for spiritual guidance. Church members use the Christian Bible, but they also have some religion-specific literature. *The Doctrine and Covenants* [2] is a collection of divine and inspired revelations. *The Pearl of Great Price* [3] touches on many significant aspects of the LDS religion and doctrine. Both of these religious books take the position that LDS members have a moral duty to support government. Smith and Kimball [4] cite a number of other Church documents and statements by Church leaders, all of which say basically the same thing --tax evasion is not in keeping with Church law. Church doctrine views tax evasion as a form of dishonesty, even fraud. None of the documents Smith and Kimball cite make exceptions for unfair tax laws, tax rates that are deemed to be too high, or taxes that are paid to an evil or corrupt State.

THE PRESENT STUDY

A survey instrument was constructed that included all three views on the ethics of tax evasion that Crowe [1] identified in his thesis. Eighteen statements covering the 15 arguments that Crowe identified plus three more recent arguments were included. The survey was distributed to 638 students at a large

college, 562 of which belonged to The Church of Jesus Christ of Latter-day Saints (LDS). The statements generally began with the phrase “Tax evasion is ethical if ...” Participants were asked to select a number from 1 (strong agreement) to 7 (strong disagreement) to reflect the extent of their agreement or disagreement with each statement. Results for LDS students were tabulated and the arguments favoring tax evasion were ranked from strongest to weakest. Male and female scores were also compared, as were the scores from LDS and non-LDS respondents.

One of the main goals of the present study was to determine which of the arguments favoring tax evasion over the past few centuries were strongest and which were weakest. Table 1 shows how the arguments were ranked for the LDS respondents.

Table 1
 Ranking of Arguments--LDS Members
 Ranked from Strongest to Weakest Arguments Supporting Tax Evasion
 (1 = strongly agree; 7 = strongly disagree)

<u>Rank</u>	<u>Statement</u>	<u>Mean Score</u>
1	Tax evasion would be ethical if I were a Jew living in Nazi Germany in 1940.	5.144
2	Tax evasion is ethical if the government imprisons people for their political opinions.	5.641
3	Tax evasion is ethical if the government discriminates against me because of my religion, race or ethnic background.	5.742
4	Tax evasion is ethical if a significant portion of the money collected winds up in the pockets of corrupt politicians or their families and friends.	5.815
5	Tax evasion is ethical if the tax system is unfair.	5.973
6	Tax evasion is ethical if a large portion of the money collected is wasted.	6.044
7	Tax evasion is ethical if I can't afford to pay.	6.142
8	Tax evasion is ethical if a large portion of the money collected is spent on projects that I morally disapprove of.	6.18
9	Tax evasion is ethical if tax rates are too high.	6.34
10	Tax evasion is ethical even if tax rates are not too high.	6.415
11	Tax evasion is ethical even if a large portion of the money collected is spent on worthy projects.	6.449
12	Tax evasion is ethical if some of the proceeds go to support a war that I consider to be unjust.	6.457
13	Tax evasion is ethical if a large portion of the money collected is spent on projects that do not benefit me.	6.468
14	Tax evasion is ethical even if a large portion of the money collected is spent on projects that do benefit me.	6.48
15	Tax evasion is ethical even if most of the money collected is spent wisely.	6.507
16	Tax evasion is ethical if everyone is doing it.	6.523
17	Tax evasion is ethical if the probability of getting caught is low.	6.553
18	Tax evasion is ethical even if it means that if I pay less, others will have to pay more.	6.566

The strongest argument favoring tax evasion is in a case where the taxpayer is a Jew and the government is Nazi Germany. This argument was not discussed by Crowe but was added to test the limits. Surely if tax evasion is ever ethical it would be ethical in this case, since it is reasonable to expect that some of the proceeds collected would be used to exterminate Jews. Or at least that was the intent of including this argument in the present survey, to test the limits. Although it was not surprising that this argument was the strongest of the 18, what was surprising was the lack of support for it. On a scale of 1 to 7, where 1 represents strong agreement, it received a score of 5.144, which means respondents thought that even Jews in Nazi Germany have an ethical duty to pay taxes to Hitler. One explanation for such a high

score might be because the respondents were members of the Church of Jesus Christ of Latter-day Saints. The literature of this religion [4] indicates that tax evasion is never justified.

The three highest-ranking statements in the survey might be labeled as “human rights” arguments to justify tax evasion. These were the three arguments that Crowe [1] did not identify in his research. Even though they were the three strongest arguments justifying tax evasion, these arguments were not regarded as strong by the participants, since their scores were 5.144, 5.641 and 5.742. It was found that the arguments to justify tax evasion were stronger in cases where the government was corrupt or inefficient or where the system was perceived as being unfair. As can be seen, some arguments had less disagreement than others, but none of the arguments received much support.

The female scores were higher than the male scores in 16 of 18 cases. But applying Wilcoxon tests to the data found that female scores were significantly higher than male scores in only 5 cases. However, these findings do not allow us to conclude that women are more ethical than men. In order to arrive at that conclusion we must begin with the premise that tax evasion is unethical, which may or may not be the case. At least one author of the present study believes that tax evasion is not unethical for Jews living in Nazi Germany. Thus, all we can conclude is that Mormon women are sometimes more opposed to tax evasion than are Mormon men.

How does the Mormon view differ from the view held by non-Mormons? We answer that question by comparing the LDS and non-LDS responses. The sample consisted of 562 LDS and 59 non-LDS participants. The LDS scores were higher than the non-LDS scores in all 18 cases. The difference was significant at the 1 percent level in all 18 cases as well, leading to the strong conclusion that LDS members are significantly more opposed to tax evasion than are non-LDS members, regardless of the issue.

CONCLUDING COMMENTS

The goal of the present study was achieved. The major arguments that have been put forward to justify tax evasion in recent centuries have been ranked based on responses from LDS students. As expected, some arguments proved to be stronger than others. None of the arguments proved to be very strong, however, as indicated by the high scores received for even the strongest arguments. The results show that Mormon men are more tolerant of tax evasion than are Mormon women where the system is seen as unfair, if a large portion of tax revenues are wasted, where the taxpayer does not have the ability to pay, if the taxpayer is a Jew living in Nazi Germany, or if the government discriminates against the taxpayer on the basis of religion, race or ethnic background. The study also found that Mormons are significantly more opposed to tax evasion than are non-Mormons, regardless of the issue.

REFERENCES

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