

PERCEPTIONS OF TAX BURDEN AND ITS INFLUENCE ON TAX EVASION IN KOSOVO

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Abstract. The paper aims to analyze perceptions of tax burden and its influence on tax evasion in Kosovo. 320 respondents were taken in analysis and is used ordinal logistic regression. Based on the analysis of the scientific work it has emerged that, age, marital status, types of taxes paid, application of VAT, non-issuance of fiscal receipt and perceptions of the tax system significantly influence perceptions of tax burden and tax evasion in Kosovo. Other predictors included were not significant, indicating they may not have a strong influence on perceptions. The study has some limitations, this have to do with not including other countries in analyzing their perceptions of tax burden and its influence on tax evasion. However, the finding of the paper may be beneficial to other researchers and policymakers.

Keywords: *Tax burden, tax evasion, perceptions, ordinal logistic regression.*

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1. Introduction

This research aims to investigate perceptions of tax burden and its influence on tax evasion in Kosovo. Taxes are a very important source of income for states, therefore their collection is a prerequisite for carrying out the activity of the state. One of the concepts related to taxes is the tax burden, which is defined as the collection of taxes compared to GDP during a certain period according to author (Celikay, 2019). On the other hand, according to authors (Folloni & Baldani-Miranda, 2024) fiscal evasion is condemned as an illegal practice to deliberately avoid paying taxes. Tax burden and fiscal evasion as concepts are related to each other, this is because the greater the tax burden, there will be a tendency to have higher fiscal evasion. Therefore, depending on the state and its specifics, it should be analyzed how much the tax burden should be in order for fiscal evasion to be lower.

According to (Gjokutaj, 2024) tax revenues at the local and central level are 25.7% of GDP, in figures it is 2.6 billion euros. 100% of the fiscal tax burden in Kosovo, 88% are from tax revenues, while only 13% are from non-tax revenues, grants and aid. In one of the author's analysis (Peci, 2023) it turned out that fiscal evasion is a problem that continues to grow, the increase of fiscal evasion in the case of Kosovo is happening due to insufficient inspections of businesses and not enforcing the law as one of the other reasons. Therefore, it is essential in case of Kosovo, the preconditions be created for fiscal

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evasion to decrease. Government has in hand the creation of appropriate, efficient policies in order to raise the tax morale of the Kosovar residents. The impact of the tax burden on tax evasion in Kosovo is a valuable endeavor. However, in one of the authors' studies (Edwards *et al.*, 2023) it turned out that Kosovo from 2021-22 after the pandemic period had an increase in tax revenue. The increase in tax revenue has been the result of the formalization of workers and businesses however it is still necessary to work in this aspect in order to decrease the level of informality. The informal economy remains the main challenge of the Government of the Republic of Kosovo, because it negatively affects revenues for the budget of Kosovo, undeclared employment. As an example, the construction sector can be taken, which is estimated to have brought damage to the budget of Kosovo with 8 million euros, while in the trade sector, tax evasions were 11 million euros (MEFP, 2019).

This topic is relevant because understanding the relationship between tax burden and tax evasion can help policymakers design better tax policies to improve compliance and increase revenue.

Paper's research question is how is the perception of tax burden and its influence in tax evasion in the case of Kosovo? Ordinal logistic regression was employed to analyze perceptions of tax burden and its influence on tax evasion.

The paper contributes to the economic literature in terms of the analysis of the inclusion of respondents for tax burden and its influence on tax evasion. The paper is organized as follows: Section II Literature review, Section III Tax burden and tax evasion in Kosovo, Section IV Descriptive statistics, Section V Econometric modeling and results, Section VI Conclusions, Section VII References and Appendix.

2. Literature Review

Tax burden and tax evasion is one of the very interesting, important topics that are worth studying. While the residents of a country are obliged to pay taxes, taxes on the other hand are a very important source for the budget, it should be analyzed how the impact of the tax burden on fiscal evasion will be.

The study by group of authors (Jousten *et al.*, 2022), explores the impact of labor taxation, specifically personal income taxes on labor market outcomes in the Western Balkans. It highlights how high levels of informality are influenced by taxation. The research identifies that limited tax progressivity coupled with high tax burdens on low incomes creates a significant dilemma in the region. This leads to reduce redistributive effectiveness and insufficient incentives for labor market entry. The focus is on policy recommendations to reduce the high tax burdens on low incomes and enhance the progressivity of income taxation. The authors (Carvalho & Ávila, 2022), examined the correlation between Brazil's tax burden and its level of tax evasion. The study was motivated by Brazil's reputation for having a high tax burden, which is believed to impact its evasion rates. Despite extensive discussion on the subject, international studies have often found no significant relationship and Brazilian literature remains limited in exploring this interaction. To address this gap, the study employed multiple linear regression analysis using data from 2005 to 2015. The findings confirmed that Brazil's tax burden significantly influences tax evasion. According to the author (Villela, 2002) the extent and distribution of the tax burden significantly influence compliance within the globalized economy. Higher tax levels and the balance that taxpayers assess when weighing the costs and benefits on tax evasion or avoidance. The nature and incidence of

taxes also play a role, as some taxes are easier to evade or avoid than others. As illustrated by the Laffer curve, taxpayers exhibit varying degrees of tolerance towards taxes. An increase in tax burdens often results in heightened aversion and subsequently higher rates of non-compliance, manifesting as either evasion or avoidance. The likelihood of evasion is heavily influenced by the probability of detection and the severity of penalties. Ultimately, both evasion and avoidance reduce tax revenues and shift the tax burden onto those unable or unwilling to evade or legally avoid taxes. The authors (Gashi & Kukaj, 2016) identify factors that discourage fiscal evasion or avoidance, a survey was conducted to determine which elements reduce these behaviors and to assess their impact, focusing on customs duty avoidance. The elements evaluated include: stringent control during customs clearance, more efficient post-clearance control, higher likelihood of investigation, increased fines, lower tax rates and corporate awareness. Lower tax rates emerged as a significant deterrent to tax evasion. Overall, the most influential factors in reducing tax evasion were lower tax rates.

3. Tax burden and tax evasion in Kosovo

Taxes are one of the most important sources for financing public revenues for Kosovo. The tax system includes different types of taxes, which are divided into direct taxes and indirect taxes. As part of direct taxes are: Corporate Income Tax (CIT); Personal income tax (PIT) and property tax, while indirect taxes include: Value Added Tax (VAT); Customs tax loaded on imports and excise taxes. Kosovo is considered one of the countries applying progressive tax.

Table 1. Types of taxes in Kosovo 2015-2022

Types of taxes	GDP (with current prices)	VAT (inside)	VAT (at border)	Total VAT	PIT	CIT
2015	5 674 422 000	153 962 445	456 518 489	610 480 934	108 676 849	67 658 499
2016	6 037 273 000	179 202 907	514 461 252	693 664 159	123 981 945	80 817 350
2017	6 356 456 000	198 340 829	560 060 364	758 401 193	136 923 861	75 277 006
2018	6 671 522 000	213 133 109	582 931 025	796 064 134	152 819 959	86 796 846
2019	7 056 172 000	238 948 260	606 406 726	845 354 985	165 616 147	94 593 427
2020	6 771 600 929	222 498 964	547 645 723	770 144 687	157 965 853	85 279 385
2021	7 957 876 000	291 669 324	746 548 380	1 038 217 704	189 521 066	113 743 401
2022	8 954 869 388	344 621 146	874 872 776	1 219 493 921	215 560 096	159 635 531

Source: MFPT, 2024

Based on the calculations of the Ministry of Finance, Labor and Transfers, it can be concluded that VAT (at the border) compared to VAT (inside) has higher values. VAT represents the participation of large amount of taxes in Kosovo compared to others taxes. Otherwise the smallest participation in taxes is taken by CIT (Corporate income tax).

Historically viewed, 25% of the GDP of the tax system is based on consumption and income tax as one of the main sources of revenue in Kosovo, even though the lesser contribution is made by corporate tax (CIT) and personal income tax (PIT) (IMF, 2023).

In 2021 compared to 2020, it is noticed that the fiscal package as a mass of the Government of Kosovo had a positive impact because in 2021 the total tax revenues

increased by 29%, with about 2.18 billion euros (MFPT, 2022). One of the reasons for increasing revenues from direct taxes has been the mobilization of the tax administration of Kosovo in increasing formality. Import taxes have been one of the reasons why budget revenues have increased as a result of rising prices in world markets (MFPT, 2022).

Value added tax or VAT is considered as the most important tax that Kosovo has and enters into the indirect tax group. VAT is divided into internal VAT, which is collected within the territory of Kosovo and VAT on the border or import (TAK, 2019).

Consumption in Kosovo has had an upward trend from 2003-2022. The greater consumption level, the more VAT will accumulate and this will be reflected in higher budget revenues (KAS, 2023). Personal income taxes depending on which category of income belongs to workers are obliged by law to pay. Wages in public enterprises represent the highest salaries from 2012 to 2022.

The tax burden represents the tax liabilities that citizens have on the state and as an objection await the receipt of goods and services for paid taxes. The tax burden is calculated if all types of taxes in relation to the GDP of the country are taken into account (Ozpençe & Mercan, 2020).

Table 2. Participation of types taxes in GDP in Kosovo 2015-2022

Types of taxes	Participation in GDP	Participation in GDP	Participation in GDP	Participation in GDP	Participation in GDP
Year	VAT (inside)	VAT (at border)	Total VAT	PIT	CIT
2015	2,71%	8,05%	10,76%	1,92%	1,19%
2016	2,97%	8,52%	11,49%	2,05%	1,34%
2017	3,12%	8,81%	11,93%	2,15%	1,18%
2018	3,19%	8,74%	11,93%	2,29%	1,30%
2019	3,39%	8,59%	11,98%	2,35%	1,34%
2020	3,29%	8,09%	11,37%	2,33%	1,26%
2021	3,67%	9,38%	13,05%	2,38%	1,43%
2022	3,85%	9,77%	13,62%	2,41%	1,78%

Source: MFPT, 2024

Based on the estimates of the Ministry of Finance, Labor and Transfers, the highest share of taxes belongs to VAT. If we compare VAT inside and VAT at the border, the participation with the highest percentage belongs to VAT at the border with 9.77% compared to 3.85% inside. Meanwhile, the participation with the smallest percentage belongs to CIT with about 1.78% compared to others taxes for the year 2022.

The tax burden as percent of GDP in Kosovo in 2018 was 24.0. Meanwhile, the tax burden in 2019 was 24.1 according to (Gjokutaj, 2020). Kosovo has the lowest tax burden compared to the countries of the Western Balkans. If viewed in terms of VAT type tax, Kosovo has the highest budget participation. Kosovo has the highest participation in VAT budget according to the type of tax. This is an indication that there is high dependence on consumption and imports. In Kosovo's case, the fiscal burden is estimated to be 83% of indirect taxes, this indicates high dependence on this type of tax. The regions also differ among themselves with higher or lower fiscal burden. The Pristina region in 2019 compared to other regions has the highest fiscal burden with a total of 28.5% (Gjokutaj, 2020).

According to the same source, tax burden in 2023 was 25.7% of GDP. The average tax burden in Kosovo is 1,358 Euros per year per inhabitant according to (Gjokutaj, 2024).

One of the biggest challenges for the economy remains tax evasion. The impact of tax evasion will be present on tax revenues which will then be reflected in the smallest budget, non-declared employment and as a result of the services provided by the government will be less (MEFP, 2019).

According to EU measurements for the level of the formal economy for Kosovo, it has emerged since 2017 was about 31.7% of GDP, despite the fact that Kosovo is better than some countries in the region (CEA, 2020).

It is estimated that the informal economy in Kosovo in 2017 was about 30% of GDP (MEFP, 2022). Whereas, according to measurements in the same year from the EU, the informal economy in relation to GDP has turned out to be 32% (TAK, 2021). According to the IMF calculations, it has emerged that Kosovo has a more developed level of the informal economy on average about 38% compared to other Western Balkan countries (IMF, 2022).

The hidden economy index is higher in the case of Kosovo with about 7.02% is the hidden employment index in Kosovo (CRPM, 2018).

One of the problems caused by the informal economy is informal employment. 16% of workers worked without contract according to the Kosovo Statistics Agency in 2016 (MEFP, 2019). Kosovo has the informal employment in the total percentage of employment > 35, which is based on the calculations to be highly high (IMF, 2022).

Taxpayers' declaration is important for tax revenue collection. According to the number of taxpayers there is a positive growth trend from 2017 to 2020 from 65,259 in 2017 to 78,708 in 2020. Also, the number of declaration businesses has a positive growth trend from 2017-2020, from 61,046 in 2017 to 75,116 in 2020. However, compared to the number of declaratory taxpayers, the number of declaration businesses remains lower. Businesses that declare turnover > 0, shows that there is an upward trend from 2017-2020, as a difference between 39,506 as it was in 2017 to 44,198 in 2020. The value of the turnover declared according to the statistics estimated by TAK had an upward trend from 2017-2019, which is from 10,153,775,256 to 11,870,714,167 in 2019 (TAK, 2020).

Business income reporting (profits) in Kosovo was 35.80%. According to findings by the authorities, it has emerged that the real profits declared was only 3.2 % according to respondents and as such represent a very low % for Kosovo's case. 35.1% has been reported the number of employees in Kosovo. The rate of sub-reporting of employees was 7.1% for Kosovo's case. 5.10 % was the rate of salary sub-reports (in %) for Kosovo. According to the data, the rate of reporting of employees has been higher than the other two categories (Mustafa *et al.*, 2019). The government is struggling to fight the informal economy and one of the reasons for its presence is the low awareness of its negative impact on the economy. Therefore, the level of cooperation with the tax authority such as TAK for Kosovo and also among the institutions should be increased (Government, 2022).

4. Descriptive statistics

Data set of 320 respondents is used to analyze perceptions of tax burden and its influence on tax evasion. Given that this topic will be addressed in terms of access to residents' perception, the survey is carrying out online with Kosovar residents. The

amount of tax paid is taken as a dependent variable through question, Do you think that the amount of tax you paid is ...? Responses of residents are recorded at 5-point scale.

Table 3. Weighted distribution sample of amount of tax paid

		Frequency	Percent
Valid	1.00	27	8.4
	2.00	62	19.4
	3.00	120	37.5
	4.00	61	19.1
	5.00	50	15.6
	Total	320	100.0

Source: Authors calculation

Table 4. Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Gender	320	1.00	2.00	1.5031	.50077
Age	320	1.00	6.00	2.3406	1.22905
Level of education	320	1.00	4.00	2.6406	.85587
Marital status	320	1.00	4.00	1.5844	.55911
Employment status	320	1.000	7.000	2.33750	2.205401
Social class	320	1.00	4.00	2.2562	.68798
Net monthly income	320	1.00	9.00	6.1031	1.94565
Own business	320	1.00	2.00	1.6781	.46793
Pay taxes	320	1.00	2.00	1.0250	.15637
Types of taxes pay	320	.00	8.00	.8375	1.92618
Tax payment effect on fiscal revenue and fiscal evasion	320	1.00	2.00	1.0562	.23076
Application of PIT employee	320	1.00	5.00	2.7219	1.26224
Application of PIT employer	320	1.00	5.00	2.9625	1.30534
Application of VAT	320	1.00	5.00	3.0562	1.34955
Application of tax corporations	320	1.00	5.00	2.8625	1.25440
Non-issuance of fiscal receipt	320	1.00	5.00	4.1062	1.06584
Property tax	320	1.00	5.00	3.5750	1.18003
Tax system	320	1.00	5.00	3.7750	1.07959
Amount of tax paid	320	1.00	5.00	3.1406	1.15380
Family avoid taxes	320	1.00	5.00	1.7656	1.10488
Valid N (listwise)	320				

Source: Authors calculation

This table presents the distribution of respondents based on the amount of tax paid. Category 1.00: 27 respondents (8.4%), category 2.00: 62 respondents (19.4%), category 3.00: 120 respondents (37.5%), category 4.00: 61 respondents (19.1%), category 5.00: 50 respondents (15.6%). The total number of respondents is 320, which represents 100% of the sample. The majority of respondents fall into category 3.00, indicating that this amount of tax paid is the most common among the respondents.

The table shows the descriptive statistics for the variable involved in the study on the perceptions of tax burden and its influence on tax evasion in Kosovo. Gender is almost evenly distributed with mean of approximately 1.50. Age shows a broad range from 1 to 6, with an average slightly above 2, indicating a relatively young sample. Level of education averages around 2.64, suggesting the respondents are fairly educated. Marital status leans towards unmarried, given the mean closer to 1. Employment status has a wide range, with an average of about 2.34, indicating diverse employment situations. Social class averages around 2.26, suggesting the respondents consider themselves middle class. Net monthly income varies widely, with an average indicating a moderate-income level. Own business shows that most respondents do not own a business, as indicated by a mean less than 2. Pay taxes has a mean very close to 1, indicating most respondents pay taxes. Types of taxes paid show some variety but generally low values. Perception of tax payment effect on fiscal revenue and fiscal evasion is low, with a mean around 1. Application of different taxes PIT, VAT show diverse responses with means around 2.7 to 3.1. Non-issuance of fiscal receipt has a high mean, indicating a strong perception of this issue. Property tax and tax system have relatively high means, indicating significant perceptions. Amount of tax paid and family avoid taxes have moderate means, reflecting diverse responses.

5. Econometrics modeling and results

Do you think that the amount of tax you paid is ...? will be a dependent variable in our model. While will be taken as explanatory variables: gender, age, level of education, marital status, employment status, social class, net monthly income, own business, pay taxes, types of taxes pay, tax payment effect on fiscal revenues and fiscal evasion, application of personal income taxes in employee, application of personal income taxes in employer, application of VAT, application of tax corporation, non-issuance of fiscal receipt, property tax, tax system, avoid taxes. 320 respondents will be taken and SPSS is the program used for our analysis. In our paper is used ordinal logistic regression with logit model. The model has 5 categories from 1-Totally unacceptable to 5-Perfectly acceptable. Analyzing the relationship between the ordinal responses and one or more included explanatory variables is done by logistic ordinal regression statistical analysis method (CSCU, 2020). Also, in one of the papers, ordinal logistic regression was treated as a method that represents the relationship between ordered variables and independent variables (Amelia *et al.*, 2022).

Ordinal variables are ordered variables and are known as categorical variables according to the author (Wang, 2024). In our case, they will be used because we have ordered the dependent variable in 5 categories.

The ordinal logistic regression model:

$$\text{logit}(P(Y \leq j)) = \alpha_j - (\beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n) \quad (1)$$

Where $P(Y \leq j)$ -is cumulative probability of the dependent variable being less than or equal to a certain level j ,

X_1, X_2, \dots, X_n - is explanatory variables

β - are coefficients

α_j - is threshold parameters for each level of the depended variable.

Model specification:

$$PERCEPTIONS = \alpha + \beta_1(GEND)X_1 + \beta_2(AGE)X_2 + \beta_3(EDUC)X_3 + \beta_4(MAR STAT)X_4 + \beta_5(EMP)X_5 + \beta_6(SOCIAL CLASS)X_6 + \beta_7 (INCOME)X_7 + \beta_8(OWN BUSINESS)X_8 + \beta_9(PAY TAX)X_9 + \beta_{10}(TYPE OF TAX)X_{10} + \beta_{11}(TAX PAYMENT EFFC)X_{11} + \beta_{12}(PIT EMPLOYEE)X_{12} + \beta_{13}(PIT EMPLOYER)X_{13} + \beta_{14}(VAT)X_{14} + \beta_{15}(TAX CORPO)X_{15} + \beta_{16}(NON-ISS FISC RECEIPT)X_{16} + \beta_{17}(PROPERTY TAX)X_{17} + \beta_{18}(TAX SYST)X_{18} + \beta_{19}(AVOID TAX)+X_{19}+\epsilon \quad (2)$$

In this table, we are going to analyze the perceptions of tax burden and its influence on tax evasion in Kosovo. Table 3, represents an ordered logit estimation of perceptions of tax burden and its influence on tax evasion.

Table 5. An ordinal logit regression estimation of perception of tax burden and its influence on tax evasion

	Estimate	Std. Error	Wald	df	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Threshold [Amount of tax paid = 1.00]	2.799	2.674	1.096	1	.295	-2.442	8.040
[Amount of tax paid = 2.00]	4.702	2.689	3.056	1	.080	-.570	9.973
[Amount of tax paid = 3.00]	6.951	2.703	6.612	1	.010	1.653	12.249
[Amount of tax paid = 4.00]	8.313	2.708	9.424	1	.002	3.006	13.621
Location [Gender=1.00]	.183	.277	.437	1	.509	-.359	.725
[Gender =2.00]	0 ^a	.	.	0	.	.	.
[Age=1.00]	2.980	1.456	4.193	1	.041	.128	5.833
[Age =2.00]	2.738	1.391	3.873	1	.049	.011	5.464
[Age =3.00]	3.324	1.399	5.646	1	.017	.582	6.067
[Age =4.00]	2.844	1.438	3.910	1	.048	.025	5.663
[Age =5.00]	2.177	1.478	2.169	1	.141	-.720	5.074
[Age =6.00]	0 ^a	.	.	0	.	.	.
[Level of education =1.00]	-.570	.632	.813	1	.367	-1.810	.669
[Level of education =2.00]	.680	.380	3.211	1	.073	-.064	1.424
[Level of education =3.00]	.634	.361	3.091	1	.079	-.073	1.341
[Level of education =4.00]	0 ^a	.	.	0	.	.	.
[Marital status =1.00]	4.171	1.509	7.636	1	.006	1.213	7.129
[Marital status =2.00]	4.488	1.505	8.891	1	.003	1.538	7.438
[Marital status =3.00]	6.203	1.887	10.809	1	.001	2.505	9.901
[Marital status =4.00]	0 ^a	.	.	0	.	.	.

[Employment status =1.000]	-.039	.423	.009	1	.926	-.868	.790
[Employment status =2.000]	.120	.617	.038	1	.845	-1.089	1.329
[Employment status =3.000]	.650	.712	.833	1	.361	-.746	2.046
[Employment status =4.000]	.574	1.348	.181	1	.670	-2.067	3.215
[Employment status =5.000]	-.790	.626	1.596	1	.206	-2.016	.436
[Employment status =6.000]	-1.029	1.841	.312	1	.576	-4.638	2.580
[Employment status =7.000]	0 ^a	.	.	0	.	.	.
[Social class =1.00]	.345	.857	.162	1	.687	-1.334	2.024
[Social class =2.00]	.263	.773	.116	1	.733	-1.251	1.778
[Social class =3.00]	.464	.747	.385	1	.535	-1.001	1.929
[Social class =4.00]	0 ^a	.	.	0	.	.	.
[Net monthly income =1.00]	-1.686	1.292	1.704	1	.192	-4.218	.845
[Net monthly income =2.00]	-1.505	.895	2.830	1	.093	-3.259	.248
[Net monthly income =3.00]	-.982	.621	2.497	1	.114	-2.200	.236
[Net monthly income =4.00]	-.849	.595	2.031	1	.154	-2.015	.318
[Net monthly income =5.00]	-.308	.481	.410	1	.522	-1.251	.635
[Net monthly income =6.00]	.082	.457	.032	1	.858	-.814	.978
[Net monthly income =7.00]	-.748	.444	2.844	1	.092	-1.618	.121
[Net monthly income =8.00]	-.363	.479	.576	1	.448	-1.302	.575
[Net monthly income =9.00]	0 ^a	.	.	0	.	.	.
[Own business =1.00]	-.245	.282	.753	1	.386	-.798	.308
[Own business =2.00]	0 ^a	.	.	0	.	.	.
[Pay taxes =1.00]	1.480	.799	3.427	1	.064	-.087	3.046
[Pay taxes =2.00]	0 ^a	.	.	0	.	.	.
[Types of taxes pay =.00]	-1.721	.853	4.074	1	.044	-3.392	-.050
[Types of taxes pay =1.00]	-1.297	1.100	1.389	1	.239	-3.453	.860
[Types of taxes pay =2.00]	-2.637	2.551	1.068	1	.301	-7.637	2.363

[Types of taxes pay =3.00]	-214	1.071	.040	1	.842	-2.314	1.885
[Types of taxes pay =4.00]	-3.243	2.334	1.931	1	.165	-7.817	1.331
[Types of taxes pay =5.00]	-1.737	.903	3.697	1	.055	-3.508	.034
[Types of taxes pay =8.00]	0 ^a	.	.	0	.	.	.
[Tax payment effect on fiscal revenue and fiscal evasion =1.00]	.760	.537	2.004	1	.157	-.292	1.813
[Tax payment effect on fiscal revenue and fiscal evasion =2.00]	0 ^a	.	.	0	.	.	.
[Application of PIT employee =1.00]	-.484	.513	.892	1	.345	-1.489	.521
[Application of PIT employee =2.00]	.190	.512	.138	1	.710	-.813	1.193
[Application of PIT employee =3.00]	-.110	.467	.055	1	.815	-1.025	.806
[Application of PIT employee =4.00]	.009	.509	.000	1	.987	-.989	1.006
[Application of PIT employee =5.00]	0 ^a	.	.	0	.	.	.
[Application of PIT employer =1.00]	1.129	.579	3.805	1	.051	-.005	2.262
[Application of PIT employer =2.00]	.732	.554	1.746	1	.186	-.354	1.819
[Application of PIT employer =3.00]	1.471	.489	9.064	1	.003	.513	2.429
[Application of PIT employer =4.00]	1.369	.485	7.957	1	.005	.418	2.321

[Application of PIT employer =5.00]	0 ^a	.	.	0	.	.	.
[Application of VAT =1.00]	-1.071	.646	2.745	1	.098	-2.338	.196
[Application of VAT =2.00]	-.854	.571	2.233	1	.135	-1.974	.266
[Application of VAT =3.00]	-.980	.483	4.115	1	.043	-1.927	-.033
[Application of VAT =4.00]	-.629	.511	1.516	1	.218	-1.629	.372
[Application of VAT =5.00]	0 ^a	.	.	0	.	.	.
[Application of tax corporations =1.00]	.280	.674	.173	1	.678	-1.041	1.602
[Application of tax corporations =2.00]	.035	.587	.004	1	.952	-1.116	1.186
[Application of tax corporations =3.00]	-.079	.545	.021	1	.885	-1.148	.990
[Application of tax corporations =4.00]	-.207	.533	.151	1	.698	-1.251	.837
[Application of tax corporations =5.00]	0 ^a	.	.	0	.	.	.
[Non-issuance of fiscal receipt =1.00]	-4.422	1.013	19.070	1	.000	-6.406	-2.437
[Non-issuance of fiscal receipt =2.00]	-.854	.611	1.948	1	.163	-2.052	.345
[Non-issuance of fiscal receipt =3.00]	-.397	.391	1.028	1	.311	-1.163	.370
[Non-issuance of fiscal receipt =4.00]	-.948	.324	8.536	1	.003	-1.584	-.312
[Non-issuance of fiscal receipt =5.00]	0 ^a	.	.	0	.	.	.
[Property tax =1.00]	.050	.646	.006	1	.939	-1.217	1.316
[Property tax =2.00]	-1.033	.490	4.449	1	.035	-1.993	-.073
[Property tax =3.00]	.340	.356	.909	1	.340	-.359	1.038
[Property tax =4.00]	.099	.374	.071	1	.790	-.633	.831
[Property tax =5.00]	0 ^a	.	.	0	.	.	.

[Tax system =1.00]	-.325	.856	.144	1	.705	-2.003	1.354
[Tax system =2.00]	-1.164	.491	5.626	1	.018	-2.126	-.202
[Tax system =3.00]	-1.519	.374	16.459	1	.000	-2.252	-.785
[Tax system =4.00]	-1.000	.334	8.934	1	.003	-1.655	-.344
[Tax system =5.00]	0 ^a	.	.	0	.	.	.
[Family avoid taxes =1.00]	-1.063	.844	1.586	1	.208	-2.718	.592
[Family avoid taxes =2.00]	-1.047	.876	1.430	1	.232	-2.764	.669
[Family avoid taxes =3.00]	-1.303	.865	2.268	1	.132	-2.998	.393
[Family avoid taxes =4.00]	-.101	.919	.012	1	.912	-1.902	1.699
[Family avoid taxes =5.00]	0 ^a	.	.	0	.	.	.

Source: Authors calculation

This table provides results from an ordinal regression analysis examining the influence of various factors on perceptions of tax burden and tax evasion in Kosovo. Thresholds: these represent the intercepts for the different levels of the dependent variable (amount of tax paid). Amount of tax paid=1.00, estimate= 2.799, not significant (p=. 295), amount of tax paid=2.00, estimate= 4.702, marginally significant (p=. 080), amount of tax paid=3.00, estimate= 6.951, significant (p=. 010), amount of tax paid=4.00, estimate= 8.313, significant (p=. 002). Predictors: these represent the influence of various predictors on the perception of tax burden. Gender: Gender=1.00, estimate=. 183, not significant (p=. 509), Age: Age=1.00, estimate =2.980, significant (p=. 041), age=2.00, estimate= 2.738, significant (p=. 049), age=3.00, estimate= 3.324, significant (p=. 017), age=4.00, estimate= 2.844, significant (p=. 048), age=5.00, estimate= 2.177, not significant (p=. 141). Level of education: Level of education=1.00, estimate= -.570, not significant (p=. 367), level of education=2.00, estimate=. 680, marginally significant (p=. 073), level of education=3.00, estimate=. 634, marginally significant (p=. 079). Marital status: Marital status=1.00, estimate= 4.171, significant (p=. 006), marital status=2.00, estimate=4.488, significant (p=. 003), marital status=3.00, estimate=6.203, significant (p=.001). Employment status: Most estimates are not significant. Estimate employment status: Estimate status=1.00, estimate=-0.39, not significant (p=. 926), employment status=2.00, estimate= .120, not significant (p=. 845). Social class: Most estimates are not significant. Social class=1.00, estimate .345, not significant (p=. 687), social class=2.00, estimate=. 263, not significant (p=. 733). Net monthly income: Most estimates are not significant. Net monthly income=1.00, estimate=-1.686, not significant (p=. 192), net monthly income=2.00, estimate -1,505, marginally significant (p=0.93). Own business: Own business=1.00, estimate=-.245, not significant (p=. 386). Pay taxes: Pay taxes=1.00, estimate=1.480, marginally significant (p=0.64). Types of Taxes Paid: Significant estimates: Types of taxes pay=. 00, estimate= -1.721, significant (p=. 044). Tax payment effect on fiscal revenue and fiscal evasion: Tax payment effect on fiscal revenue and fiscal evasion=1.00, estimate=. 760, not significant (p=. 157). Application of PIT Employee: Application of PIT Employee=1.00, estimate=-.484, not significant (p=. 345).

Application of PIT employer: Significant estimates: Application of PIT employer=1.00, estimate=1.129, marginally significant ($p=.051$), application of PIT employer=3.00, estimate= 1.471, significant ($p=.003$). Application of VAT: Significant estimates: Application of VAT=3.00, estimate =-.980, significant ($p=.043$). Application of Tax corporations: All estimates are not significant. Not-issuance of fiscal receipt: Significant estimates: Not-issuance of fiscal receipt=1.00, estimate=-4.422, significant ($p<.001$), non-issuance of fiscal receipt=4.00, estimate= -.948, significant ($p=.003$). Property tax: Significant estimates: Property tax=2.00, estimate=-1.033, significant ($p=.035$). Tax system: Significant estimates: Tax system=2.00, estimate=-1.164, significant ($p=.018$), tax system=3.00, estimate= -1,519, significant ($p<.001$), tax system=4.00, estimate=-1.000, significant ($p=.003$). Family avoids taxes: All estimates are not significant.

Ordinal regression analysis shows that factors such as age, marital status, types of taxes paid, application of VAT, non-issuance of fiscal receipt and perceptions of the tax system significantly influence perceptions of tax burden and tax evasion in Kosovo. Many other predictors were not significant, indicating they may not have a strong influence on these perceptions.

Table 6. Model Fitting Information

Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	960.259			
Final	804.053	156.206	70	.000

Source: Authors calculation

This table shows how well the model fits the data. The Chi-Square value of 156.206 with 70 degrees of freedom is significant ($p<.001$). This indicates that the final model significantly improves over the intercept- only model, suggesting that the predictors included in the model contribute to explaining the variation in the dependent variable.

Table 7. Goodness-of-Fit

	Chi-Square	df	Sig.
Pearson	1270.247	1206	.097
Deviance	804.053	1206	1.000

Source: Authors calculation

This table assesses how well the model fits the data overall. The Pearson Chi-Square test has a p-value of .097, which is not significant. This suggests that there is no significant difference between the observed and expected frequencies, indicating a good fit. The Deviance Chi-Square test has a p-value of 1.000, also suggesting a good fit between the model and the observed data.

These values indicate the proportion of variance explained by the model. Cox and Snell R-square: .386 indicates that the model explains 38.6% of the variation in the dependent variable. Nagelkerke R-Square: .406 is an adjusted version of Cox and Snell's R-Square, indicating that the model explains 40.6% of the variation. McFadden R-Square: .163 is another measure of the model's explanatory power, indicating that the model explains 16.3% of the variance in the dependent variable.

Table 8. Pseudo R-Square

Cox and Snell	.386
Nagelkerke	.406
McFadden	.163

Source: Authors calculation

Overall, the logistic regression model appears to be good fit for the data and explains a reasonable amount of variance in the dependent variable.

6. Conclusion

The results of the paper show that age, marital status, types of taxes paid, application of VAT, non-issuance of fiscal receipt and perceptions of the tax system significantly influence perceptions of tax burden and tax evasion in Kosovo. Many other predictors were not significant, indicating they may not have a strong influence on these perceptions.

There are some limitations that should be mentioned. One of the limitations of the paper is the inclusion of 320 respondents in the analysis, so it will recommend increasing the number of respondents. Another limitation of the paper is that we considered only one country, so future researchers can take other countries in their analysis to make comparison for the level of perceptions of tax burden and its influence on tax evasion. Also, the inclusion of more questions for analysis would complete the paper even more.

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Appendix Questionnaire

PERCEPTIONS OF TAX BURDEN AND ITS INFLUENCE ON TAX EVASION IN KOSOVO

1. Gender:

1. Male 2. Female

2. Age:

1. 15-24 2. 25-34 3. 35-44 4. 45-54 5. 55-64 6. Over 65

3. Level of education:

1. Uneducated 2. Elementary school 3. Professional high school
4. High school 5. Bachelor 6. Master 7. PhD

4. Marital status:

1. Single 2. Married 3. Widow 4. Divorced

5. Employment status:

1. Employee 2. Self-employed with employees 3. Self-employed without employees
4. Unpaid family worker 5. Unemployed 6. Retired 7. Student

6. Based on the total family income, what social class do you think your family belongs to?

1. Lower middle class
2. Higher middle class
3. Middle class
4. Rich class

7. Your family's net monthly income (including all household income)

1. Less than 200 Euro 2. 201-400 Euro 3. 401-600 Euro 4. 601-800 Euro 5. 801-1000 Euro
6. 1001-1500 Euro 7. 1501-2000 Euro 8. 2001-3000 Euro 9. Over 3000 Euro

8. Does your family own a business?

1. Yes 2. No

9. Do you pay taxes in your family?

1. Yes 2. No

10. What types of taxes do you pay in your household: (choose more than one if you have in your household)

1. VAT (inside)
2. VAT (at the border)
3. PIT

4. CIT
5. Property tax
6. Other

11. Do you think that tax payment has a positive effect on increasing fiscal revenues and reducing fiscal evasion?

1. Yes
2. No

12. Please tell me how much you agree with the following categories:
(Likert scale from 1 to 5, where means, 1- Strongly oppose and 5- Strongly favor):

	1-Strongly oppose	2	3	4	5- Strongly favor
The application of personal income tax affects the avoidance of the employment contract by employee					
The application of personal income tax affects tax avoidance by the employer					
The application of VAT affects the avoidance of taxes by businesses					
Applying the tax to corporations affects tax avoidance by them					

13. Please tell me how much you think each of the categories below influence:
(Likert scale from 1 to 5, where means, 1- Not at all influential and 5- Extremely influential):

	1-Not at all influential	2	3	4	5-Extremely influential
Do you think that the non-issuance of fiscal receipt by businesses affects tax revenues?					
Do you think the property tax increase affects tax revenue?					
Do you think that the tax system affects the willingness of citizens to pay taxes?					

14. Please tell me how acceptable are each of the categories below:
(Likert scale from 1 to 5, where means 1- Totally unacceptable and 5- Perfectly Acceptable):

	1-Totally unacceptable	2	3	4	5-Perfectly Acceptable
Do you think that the amount of tax you paid is ...?					

**15. Please tell me how acceptable are each of the categories below:
(Likert scale from 1 to 5, where means 1- Never and 5- Always):**

	1-Never	2	3	4	5-Always
Has it happened that your family avoids taxes by not declaring or only partially declaring the income?					

Table 1. Marginal percentage for ordinal logistic regression of perceptions of tax burden and its influence on tax evasion

		N	Marginal Percentage
Amount of tax paid	1.00	27	8.4%
	2.00	62	19.4%
	3.00	120	37.5%
	4.00	61	19.1%
	5.00	50	15.6%
Gender	Male	159	49.7%
	Female	161	50.3%
Age	15-24	89	27.8%
	25-34	116	36.3%
	35-44	60	18.8%
	45-54	32	10.0%
	55-64	18	5.6%
Level of education	Over 65	5	1.6%
	High school	20	6.3%
	Bachelor	135	42.2%
	Master	105	32.8%
Marital status	PhD	60	18.8%
	Single	142	44.4%
	Married	171	53.4%
	Widow	5	1.6%
Employment status	Divorced	2	0.6%
	Employee	208	65.0%
	Self-employment with employees	25	7.8%
	Self-employment without employees	18	5.6%
	Unpaid family worker	5	1.6%
	Unemployed	15	4.7%
Social class	Retired	2	0.6%
	Student	47	14.7%
	Lower middle class	36	11.3%
	Middle class	175	54.7%
	Higher middle class	100	31.3%
Net monthly income	Rich class	9	2.8%
	Less than 200 Euro	3	0.9%
	201-400 Euro	8	2.5%
	401-600 Euro	25	7.8%
	601-800 Euro	29	9.1%
	801-1000 Euro	54	16.9%
	1001-1500 Euro	63	19.7%

	1501-2000 Euro	53	16.6%
	2001-3000 Euro	41	12.8%
	Over 3000 Euro	44	13.8%
Own business	Yes	103	32.2%
	No	217	67.8%
Pay taxes	Yes	312	97.5%
	No	8	2.5%
Types of taxes pay	.00	259	80.9%
	VAT (inside)	9	2.8%
	VAT (at the border)	1	0.3%
	PIT	9	2.8%
	CIT	1	0.3%
	Property tax	34	10.6%
	Other	7	2.2%
Tax payment effect on fiscal revenue and fiscal evasion	Yes	302	94.4%
	No	18	5.6%
Application of PIT employee	1.00	65	20.3%
	2.00	77	24.1%
	3.00	99	30.9%
	4.00	40	12.5%
	5.00	39	12.2%
Application of PIT employer	1.00	54	16.9%
	2.00	65	20.3%
	3.00	91	28.4%
	4.00	59	18.4%
	5.00	51	15.9%
Application of VAT	1.00	53	16.6%
	2.00	58	18.1%
	3.00	92	28.7%
	4.00	52	16.3%
	5.00	65	20.3%
Application of tax corporations	1.00	55	17.2%
	2.00	72	22.5%
	3.00	94	29.4%
	4.00	60	18.8%
	5.00	39	12.2%
Non-issuance of fiscal receipt	1.00	9	2.8%
	2.00	17	5.3%
	3.00	61	19.1%
	4.00	77	24.1%
	5.00	156	48.8%
Property tax	1.00	18	5.6%
	2.00	35	10.9%

	3.00	106	33.1%
	4.00	67	20.9%
	5.00	94	29.4%
Tax system	1.00	8	2.5%
	2.00	31	9.7%
	3.00	89	27.8%
	4.00	89	27.8%
	5.00	103	32.2%
Family avoid taxes	1.00	196	61.3%
	2.00	41	12.8%
	3.00	52	16.3%
	4.00	24	7.5%
	5.00	7	2.2%
	Valid	320	100.0%
	Missing	0	
	Total	320	

Table 2. Gender

		Frequency	Percent
Valid	Male	159	49.7
	Female	161	50.3
	Total	320	100.0

Table 3. Age

		Frequency	Percent
Valid	15-24	89	27.8
	25-34	116	36.3
	35-44	60	18.8
	45-54	32	10.0
	55-64	18	5.6
	Over 65	5	1.6
	Total	320	100.0

Table 4. Level of education

		Frequency	Percent
Valid	High school	20	6.3
	Bachelor	135	42.2
	Master	105	32.8
	PhD	60	18.8
	Total	320	100.0

Table 5. Marital status

		Frequency	Percent
Valid	Single	142	44.4
	Married	171	53.4
	Widow	5	1.6
	Divorced	2	.6
	Total	320	100.0

Table 6. Employment status

		Frequency	Percent
Valid	Employee	208	65.0
	Self-employment with employees	25	7.8
	Self-employment without employees	18	5.6
	Unpaid family worker	5	1.6
	Unemployed	15	4.7
	Retired	2	.6
	Student	47	14.7
	Total	320	100.0

Table 7. Social class

		Frequency	Percent
Valid	Lower middle class	36	11.3
	Middle class	175	54.7
	Higher middle class	100	31.3
	Rich class	9	2.8
	Total	320	100.0

Table 8. Net monthly income

		Frequency	Percent
Valid	Less than 200 Euro	3	.9
	201-400 Euro	8	2.5
	401-600 Euro	25	7.8
	601-800 Euro	29	9.1
	801-1000 Euro	54	16.9
	1001-1500 Euro	63	19.7
	1501-2000 Euro	53	16.6
	2001-3000 Euro	41	12.8
	Over 3000 Euro	44	13.8
	Total	320	100.0

Table 9. Own business

		Frequency	Percent
Valid	Yes	103	32.2
	No	217	67.8
	Total	320	100.0

Table 10. Pay taxes

		Frequency	Percent
Valid	Yes	312	97.5
	No	8	2.5
	Total	320	100.0

Table 11. Types of taxes pay

		Frequency	Percent
Valid	.00	259	80.9
	VAT (inside)	9	2.8
	VAT (at the border)	1	.3
	PIT	9	2.8
	CIT	1	.3
	Property tax	34	10.6
	Other	7	2.2
	Total	320	100.0

Table 12. Tax payment effect on fiscal revenue and fiscal evasion

		Frequency	Percent
Valid	Yes	302	94.4
	No	18	5.6
	Total	320	100.0

Table 13. Application of PIT employee

		Frequency	Percent
Valid	1.00	65	20.3
	2.00	77	24.1
	3.00	99	30.9
	4.00	40	12.5
	5.00	39	12.2
	Total	320	100.0

Table 14. Application of PIT employer

		Frequency	Percent
Valid	1.00	54	16.9
	2.00	65	20.3
	3.00	91	28.4
	4.00	59	18.4
	5.00	51	15.9
	Total	320	100.0

Table 15. Application of VAT

		Frequency	Percent
Valid	1.00	53	16.6
	2.00	58	18.1
	3.00	92	28.7
	4.00	52	16.3
	5.00	65	20.3
	Total	320	100.0

Table 16. Application of tax corporations

		Frequency	Percent
Valid	1.00	55	17.2
	2.00	72	22.5
	3.00	94	29.4
	4.00	60	18.8
	5.00	39	12.2
	Total	320	100.0

Table 17. Non-issuance of fiscal receipt

		Frequency	Percent
Valid	1.00	9	2.8
	2.00	17	5.3
	3.00	61	19.1
	4.00	77	24.1
	5.00	156	48.8
	Total	320	100.0

Table 18. Property tax

		Frequency	Percent
Valid	1.00	18	5.6
	2.00	35	10.9
	3.00	106	33.1
	4.00	67	20.9
	5.00	94	29.4
Total		320	100.0

Table 19. Tax system

		Frequency	Percent
Valid	1.00	8	2.5
	2.00	31	9.7
	3.00	89	27.8
	4.00	89	27.8
	5.00	103	32.2
Total		320	100.0

Table 20. Family avoid taxes

		Frequency	Percent
Valid	1.00	196	61.3
	2.00	41	12.8
	3.00	52	16.3
	4.00	24	7.5
	5.00	7	2.2
Total		320	100.0