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Meta-Analysis of Contemporary Tax Evolution Trajectories on Behavioral Performance of Tax Payers

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ABSTRACT

Taxation is one of the public tools with pervasive effects on the economy and its tax payers. There is need for wide knowledge on tax evolution trajectories to inform policy makers to properly influence behavioral performance of tax payers. The general objective of this study is to review tax evolution trajectories and tax payers` behavioral performance.The specific research objectives of the study were to review existing literature of contemporary tax evolution trajectories; to establish key lessons of importance to tax payers across economies and to make recommendations for consideration by tax authorities across economies. The study employed desk-topresearch approach by reviewing the recent empirical evidence, relevant documents and reports on taxes. The study found out that tax rate cuts may encourage individuals to work, save and invest. Base – broadening measures can eliminate the effect of tax rate cuts on budget deficits. Income-based taxes have failed the sustainability test basically due to the demotivation effect on legally registered entities and individuals with monthly income. There is a theoretical presumption that a base-broadening rate can improve longterm performance. This is majorly because it leads to better allocation of resources across sectors of the economy. The study recommends that governments can always consider strengthening levies on existing harmful goods and services and heavily applying the same on new ones even to the extent of 50% and also that policy makers should ensure that tax misperceptions by tax payers are minimized to ensure optimal revenue collection.

Key Words:

Contemporary Tax Evolution Trajectories, Tax Payers, Behavioral Performance