

# Do people contribute to punish evaders ? \*

Cécile Bazart <sup>†</sup>

Aurélie Bonein <sup>‡</sup>

November 30, 2013

## Abstract

It is now well established that people differ in their tax compliance behavior. In this laboratory experiment, we investigate whether individuals are willing to pay even in a small proportion to supply a fund used to increase deterrence of evaders. This voluntary contribution scheme is composed of several experimental treatments that vary in the amount contributed and whether this latter is fixed or variable. We first find that a significant proportion of subjects contribute to this fund and that frequency decreases as the cost of contribution increases. Second, subjects who contribute are those who report an income higher than the average of income reported by other subjects with which they are paired. Third, risk aversion has a negative impact on the willingness to contribute while inequity aversion has a positive effect. Social norms explain the best contribution decisions: when the difference in declarations is large, the declaration made by other subjects is low or when the situation of declarations is seen as inappropriate, the decision to contribute to this funding is seen as a very socially appropriate decision. Finally, looking at reported income after contribution decisions, estimation of difference-in-differences models highlights a strong causal effect: reported incomes are higher in groups in which the audit probability has increased thanks to individuals' contributions.

**Keywords:** Behavioral economics; Tax compliance; Social norms

**JEL Classification:** C91; C72; D03; D6

---

\*We acknowledge financial support from the University of Montpellier 1 under its Bonus Quality Research program. As usual, all errors remain our own.

<sup>†</sup>LAMETA UMR 1135 - University Montpellier I, F-34000 Montpellier, France

<sup>‡</sup>CREM, University Rennes 1. F-35000 Rennes, France