

Perceived Effectiveness of Current Tax Compliance after the COVID-19 Pandemic

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Managing tax compliance during the pandemic and assuring compliance when COVID-19 is under control is challenging for governments. This qualitative and descriptive study explores the perceived effectiveness of current tax compliance strategies in Sri Lanka and derives considerations to improve them for the time after the pandemic. We conducted in-depth interviews with 15 entrepreneurs of medium-sized enterprises as well as with five tax experts (key informants) in the Colombo district from October to December 2020. Transcripts of interview data were coded to detect prevalent themes. We explored the various themes to check for consistency and similarities. The member checking procedure and data triangulation method were employed to determine the validity of the findings. The findings indicate that the current tax compliance strategies can and should be improved. The Sri Lanka tax system should, first, grant a grace period for tax payments and return submissions, and thus, signal understanding of taxpayers' current situation and benevolence. It is necessary to invest in trust-building and establish partnership-relations with taxpayers by treating them equally and considering perspectives and views of their specific economic situation. Investments in professional service, especially online services, are some of the recommendations to be considered.

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