
ACCOUNTANTS' PERCEPTIONS OF TAX AMNESTY: A SURVEY DURING THE COVID-19 PANDEMIC IN GREECE

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Abstract

Although humanity has faced many plaques and epidemics from antiquity, the COVID-19 came as a tidal wave, overwhelming nations and governments. Restrictive measures, social distancing and ultimately lockdown and quarantine, emerged as a response to decelerate the spread of the disease and save human lives. These measures may have decreased COVID-19 cases, they had, however, an adverse impact on economic activity and stock markets (Ashraf, 2020). Research shows that the pandemic has already influenced the United States (the US), Germany, and Italy's stock markets more than the global financial crises (Shehzad, Xiaoxing, & Kazouz 2020). Estimated economic losses in the US alone, are forecasted to a shortfall of 106 billion dollars in state sales and income tax revenues for the 2021 fiscal year, equivalent to 0.5 percent of gross domestic product (GDP) (Clemens & Veuger, 2020).

The severe impact of the pandemic raised a global debate about the measures needed to face the economic consequences, bringing into focus fiscal policies. Stiglitz (2020) proposed four priorities for the relief of the pandemic: reducing contagion and containing the pandemic, funding state and local governments, keeping workers in jobs and

providing liquidity and debt relief. Lawmakers during the first wave of the pandemic provided economic assistance to individuals and businesses through tax provisions which included rebates for individuals, tax reliefs for businesses and employer-side payroll tax reliefs (Pomerleau, 2020). Public revenues undoubtedly consist a major pillar for the implementation of pandemic relief policies. Several countries are examining a variety of measures to collect additional revenues including tax amnesty programs. Saudi Arabia already ran a tax amnesty program from March to June 2020, which was extended until the end of December 2020 (KPMG, 2020).

This research aims to examine the efficiency and usefulness of tax amnesty programs. For this purpose, a survey on accountants' perceptions was conducted during the first wave of the pandemic in Greece. Greece presents a good paradigm for the examination of tax amnesty for many reasons. Since 1970 several programs of voluntary tax disclosure have been implemented. Moreover, the Greek tax system is considered complicated, even though Greece is the European Union (EU) member and despite a major tax reform in 2013. Greece was severely impacted by the 2009 financial crisis and faced a long recession, with political instability and significant events including rescue programs, restructuring of public debt and capital controls. In addition, Greece during 2016 and 2017, ran a major voluntary disclosure program and since 2018 legislated a mechanism for the voluntary disclosure of income and assets, by offering the opportunity to taxpayers to proceed to tax fillings prior to the completion of the tax audit.

Results of the study indicate that the possibility for a taxpayer to be audited by the tax authority in Greece is considered low, which in return negatively affects the incentive for voluntary tax disclosure. Moreover, accountants believe that the complexity of tax-laws hinders tax compliance and that it would be in a company's best interest to wait for the announcement and participation in a tax amnesty program. Overall, accountants perceive that a reduction in tax rates and a higher level of tax-free income could increase tax compliance and revenues. As tax amnesty programs are not implemented globally and differ among countries, the study contributes to the existing body of literature by enriching the results and providing new evidence on the usefulness and efficiency of tax amnesty. In addition, the study offers useful conclusions to lawmakers, tax authorities, and accounting and auditing organizations during the extremely complex and difficult period created by the pandemic.

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