

# Shadow Economy: It's Society's Turn

**T**he shadow economy cannot be tackled with legislative measures and policies alone. Despite recent major tax reform and new policies, the shadow economy, which is fueled by unpaid taxes, remains very vivid. Why is this so?

One reason, amongst others, is that our society has not yet come into good terms with the idea of complying with tax obligations, as an ethical duty. Paying taxes is not seen as a contribution to ourselves but rather as a waste of resources. On the contrary, non-payment of taxes is considered a reasonable reaction, backed either by a blame-game approach -such as claiming improper utilization of public revenues or excessively high tax rates- or by the illusive perception that anyone who alleges lack of means to pay his taxes is automatically entitled to not paying them.

While such excuses contain certainly elements of truth, they cannot serve as the general alibi of a society for



not performing its duties. Unorthodox burdens, such as extra contributions, excessive real estate or social security charges, must definitely be rationalized, and the collection system must be in a position to distinguish between taxpayers who really lack the assets to support their obligations and those who simply pretend so.

But apart from this, if there is one more policy that must be undertaken, this is to overturn the perception that avoiding contribution to public revenue is more rewarding than the opposite. The state should design and implement a campaign to raise awareness about the harmful and distortive impact that unethical non-payment of taxes has on the society as a whole and on each one of us individually. The same approach has to be followed by all opinion makers (media, expert bodies, etc.) so that, together with the expression of sympathy for those genuinely unable to perform their duties, to demoralize non-compliance with tax obligations by declaring it an enemy of the society.

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