

## The Effects of Cultural Differences and Politics on Tax Morale: The Case of Italy and Turkey

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In this paper we analyze the tax morale in Turkey and Italy, using data from the fifth wave of World Values Surveys. Using Survey data for comparative analysis we can see the differences in several factors affecting Tax Morale between Italy (mainly composed of Catholics) and Turkey (mainly composed of Muslims). The results for the magnitude of tax morale show that Italy and Turkey rank in the highest as compared to other countries within their regions. Thus, this gives a task to explain why tax morale is very high in these two countries which differ in cultures and politics; what determines tax morale and are there any similarities between these two countries in the determination of tax morale level. We empirically test what shapes tax morale by using Ordered Probit model. We have followed the literature but used additional variables to see what determines the notion "intrinsic motivation to pay taxes i.e. tax morale". Most of our findings are in line with the earlier works in tax morale literature. We agree with the statement that not only trust in the government might have an effect on tax morale (Turkey), but also trust in the court, or the legal system (Italy), and hence the way the relationship between the state and its citizens is established. Also our findings indicate that older individuals tend to exhibit higher tax morale. In line with the previous findings in the literature pride has positive effect on tax morale level in the study countries. The results on religion, indicates that while tax cheating is immoral for Religious individuals in Turkey, we cannot make the same conclusion for the religious individuals in Italy.

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**JEL classification:** H26; H30