

**The Evolution of Tax Morale
in Modern Spain**

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The Evolution of Tax Morale in Modern Spain

by

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Abstract: This paper studies the evolutions of tax morale in Spain in the post-Franco era. Tax morale, defined as the intrinsic motivation to pay taxes, might be a key determinant of the actual degree of tax compliance in a country. But despite its potential significance, most studies in the previous literature have treated tax morale as an exogenous residual. In contrast to the previous tax compliance literature, the current paper investigates tax morale as the dependent variable and attempts to answer what actually shapes tax morale. The empirical analysis uses survey data from two sources: the World Values Survey (WVS) and the European Values Survey (EVS). The data allow us to observe tax morale in Spain for the years 1981, 1990, 1995, and 1999/2000. The study of the evolution of tax morale in Spain over nearly a 20-year span is particularly interesting because it provides close to a natural experiment setting. Constitutional and political changes after Franco died in 1975 and the advent of a fully democratic state, deep tax reforms, a significant push for decentralization, joining the European Community, and so on, provide excellent benchmarks for institutional changes that are expected in the compliance literature to change tax morale.

JEL classification: H260, H730, K420, O170, Z130

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