

Behavioral Insights to Improve Tax Compliance in **Poland**

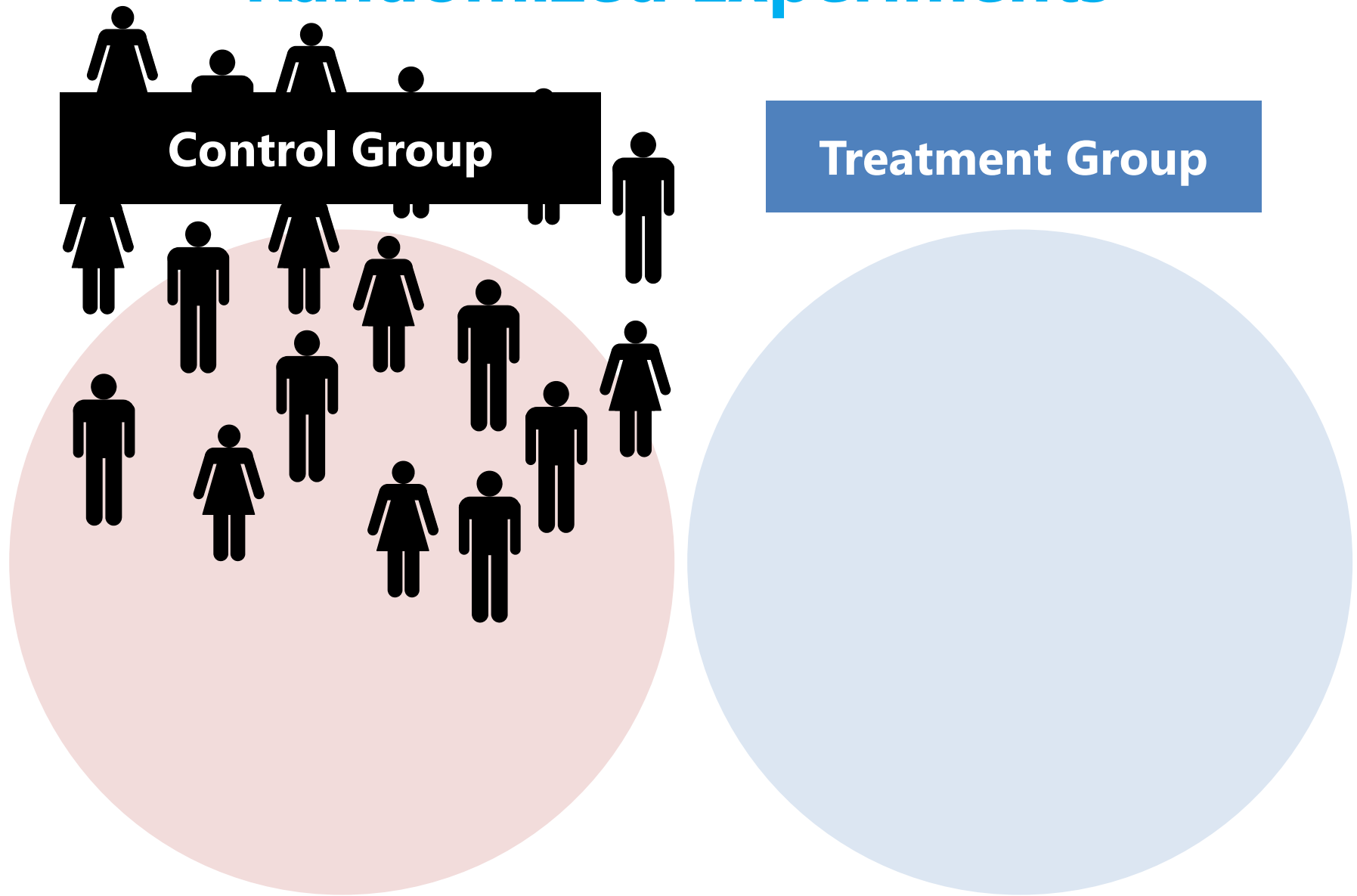


May 22, 2015

**How might we
increase tax compliance
at a **low cost**,
and **without new legislation**?**



Randomized Experiments



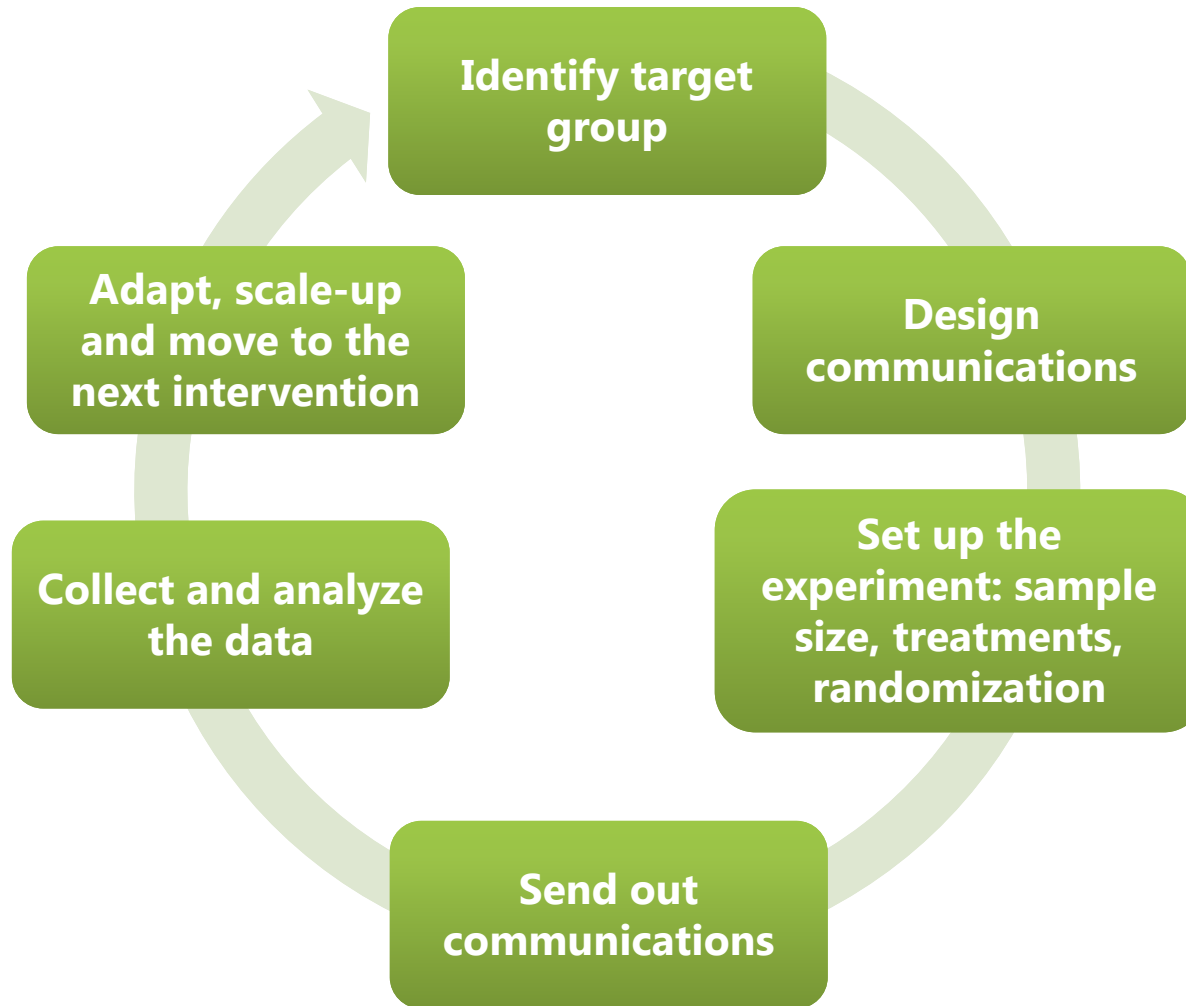
Our mission

- **Adapt existing systems** to enhance tax compliance...
- **quantifying the impact** of the interventions with the strongest statistical rigor...
- ...and at the **lowest cost possible**

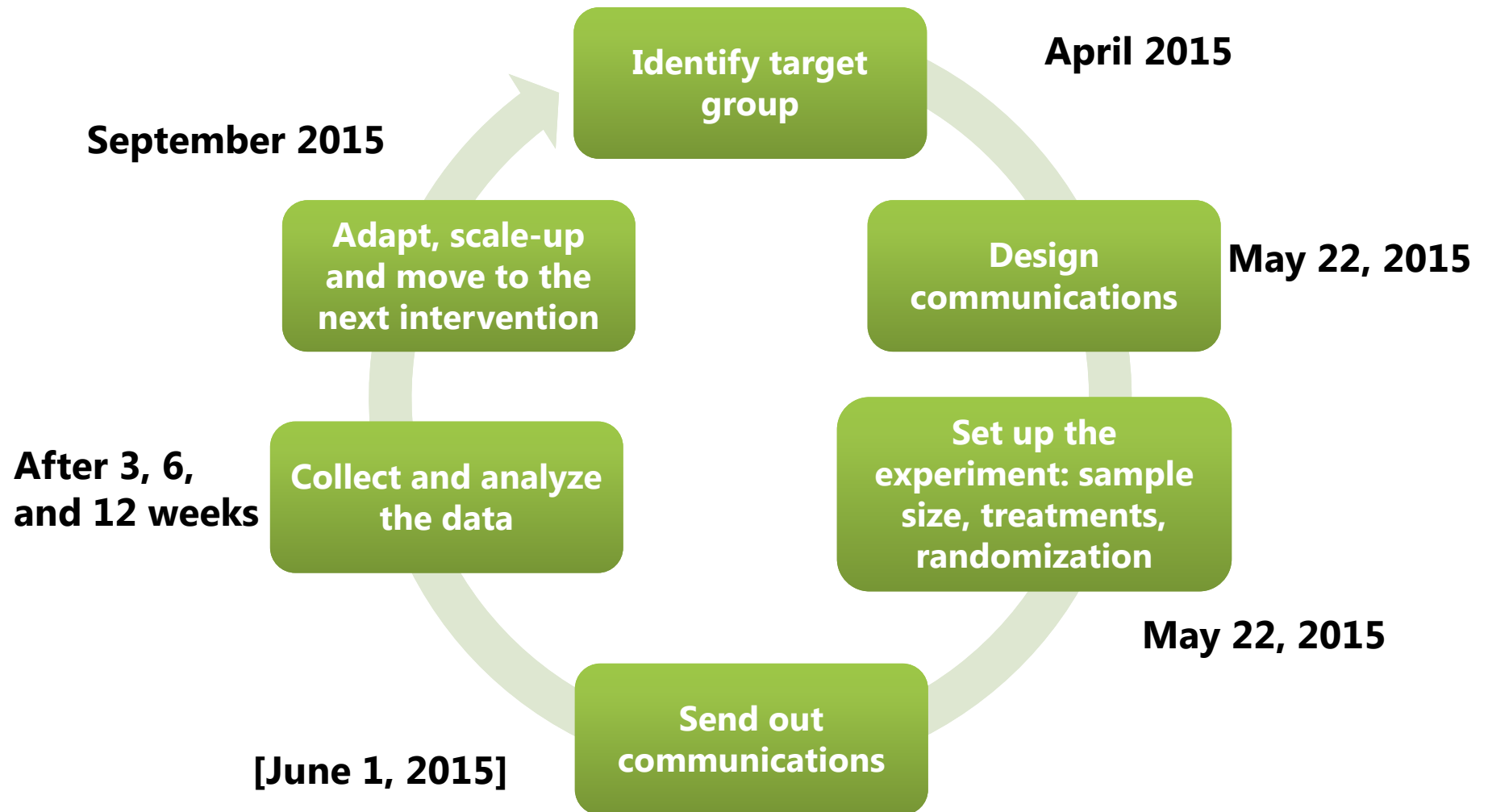
First experiment in Poland



Process



1st Experiment in Poland



Trial Objective and Target Group

- **Objective:** Enhance income tax compliance by sending reminders to taxpayers and quantifying their impact using a Randomized Controlled Trial
- **Target group:** Taxpayers in the Wielkopolskie and Lubuskie regions who declared but did not paid their income tax for 2014

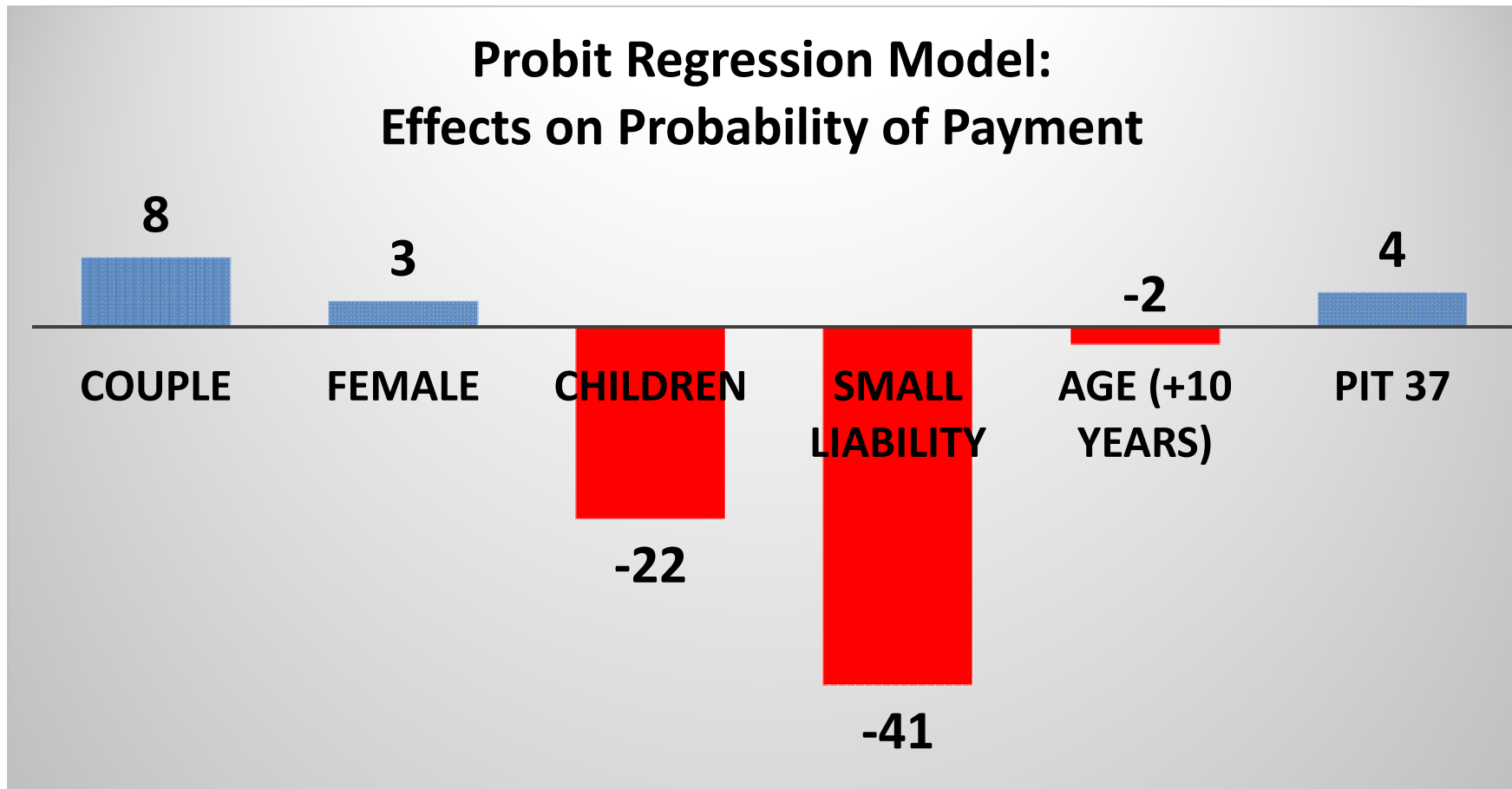
Total number of late taxpayers as of May 18

	Wielkopolskie	Lubuskie	Total
2011	35,734	8,991	44,725
2012	35,528	8,641	44,169
2013	49,166	11,145	60,311
2014	66,267	14,559	80,826

What characteristics are associated with late payments?

	Percentage in Sample	Effect on Compliance
Couple	17.8%	+
Female	37.7%	+
Child Tax Break	4.5%	(-)
Average age	44.3 years	(-)
Tax liability < 11.6ZLt	55.3%	(-)
Declaration PIT-37	65.9%	+

Estimating the determinants of payment among later-payers



Target group: Number of taxpayers for the first experiment *(Taxpayers with a liability PLN > 20)*

	Wielkopolskie	Lubuskie	Total
2011	19,457	4,946	24,403
2012	17,526	4,439	21,965
2013	19,443	4,646	24,089
2014	30,963	6,426	37,389

DUNNING LETTER
NO. 466/15
OF 25.03.2015.

Pursuant to art. 15 § 1 of the Act of June 17, 1966 on execution proceedings in administration (J. L. of 2014, item 1619 – uniform wording) this is to call for payment of, as follows:

No.	Liability	Term	Amount of liability	*Interest as on the date of issue hereof in PLN	Total
1.	PIT (ZOB-D)	1/2014	30.00	3.00	33.00
2.	PIT (ZOB-D)	2/2014	123.00	11.00	134.00
3.	Dunning letter costs	X	X	X	11.60
4.	Total	X	X	X	178.60

Type of interest – tax interest

Rate applicable to further interest accrual – 8%

This is to call for performance of duty referred to herein within 7 days from delivery of this dunning letter. The amount due with interest accrued until the day of payment and costs of dunning letter should be paid to the cash desk, through the postal service of Poczta Polska or to the bank account NBP/O/OKR in Zielona Góra no. 12101017040055262223000000.

Failure to perform the said duty by indicated deadline shall result in referral of the case to execution proceedings thereby generating costs of execution proceedings to be covered first.

*Interest has been accrued as on the date hereof. When making payment please add interest accrued against the amount due from the day immediately following the date hereof until the payment date.

When making the payment in full amount of liability together with interest and dunning letter costs, round up the amount to full zloty. Interest shall not be collected if the amount of interest, as on the payment date, is lower or equal to 8.70 PLN.

(signature and personal stamp bearing name, surname and official position)



Tax
Administration

Republic
of Poland

[FROM: TAX OFFICER DETAILS]

[TO: TAXPAYER DETAILS]

May [28], 2015

Please pay your income tax by June 10, 2015

Dear [Sir/Madam],

According to our records, [8] out of 10 residents in [REGION] have already paid their income tax for 2014. You are one of the few residents that has not.

You are required to pay [TOTAL TAX LIABILITY]. If you pay now you will avoid paying more interests later, as specified in the table included at the back of this letter.

You can pay your tax now by transfer to the account NBP/O/OKR in [INSERT NAME] No. [ACCOUNT NUMBER], or by visiting your postal service, bank, or tax office.

If you do not pay your taxes, you could be subject to prosecution. We will be checking to see how you respond to this letter.

If you are not able to pay in full at this time or have any questions, please call us at [PHONE NUMBER].

Thank you in advance for fulfilling your civic duty.

Sincerely,

(Signature and personal stamp of Head of Tax Office)

Control + 2 treatments groups

	Total N
Control (no letter)	12,353
Dunning Letter	12,363
Informal Letter	12,673

Making it Easier: Including a Payment Form

Polecenie przelewu / Wpłata gotówkowa

Nazwa odbiorcy
Pierwszy Urząd Skarbowy w Zielonej Górze
ul. dr Pieniężnego 24
65-054 Zielona Góra

67 1010 1704 0020 9122 2300 0000 NBP O/O Zielona Góra

WP PLN kwota

kwota słownie

nazwa zleceniodawcy

tytułem

The form is a payment order template. It features a dashed border with scissors at the corners, indicating it is a cut-out form. The fields are as follows:

- Nazwa odbiorcy:** Pierwszy Urząd Skarbowy w Zielonej Górze
- Address:** ul. dr Pieniężnego 24, 65-054 Zielona Góra
- IBAN:** 67 1010 1704 0020 9122 2300 0000 NBP O/O Zielona Góra
- Currency:** WP PLN (with a 'kwota' label to the right)
- Amount in words:** kwota słownie
- Sender Name:** nazwa zleceniodawcy
- Title:** tytułem
- Stamp/Signature Area:** Two large empty boxes at the bottom right, one containing a circle, likely for a stamp or signature.

Control and treatment groups

	Total N	With form	W/o form
Control	12,353	N/A	N/A
Dunning Letter	12,363	6,196	6,234
Informal Letter	12,673	6,313	6,360

We could also include another group that receives a revised Dunning Letter

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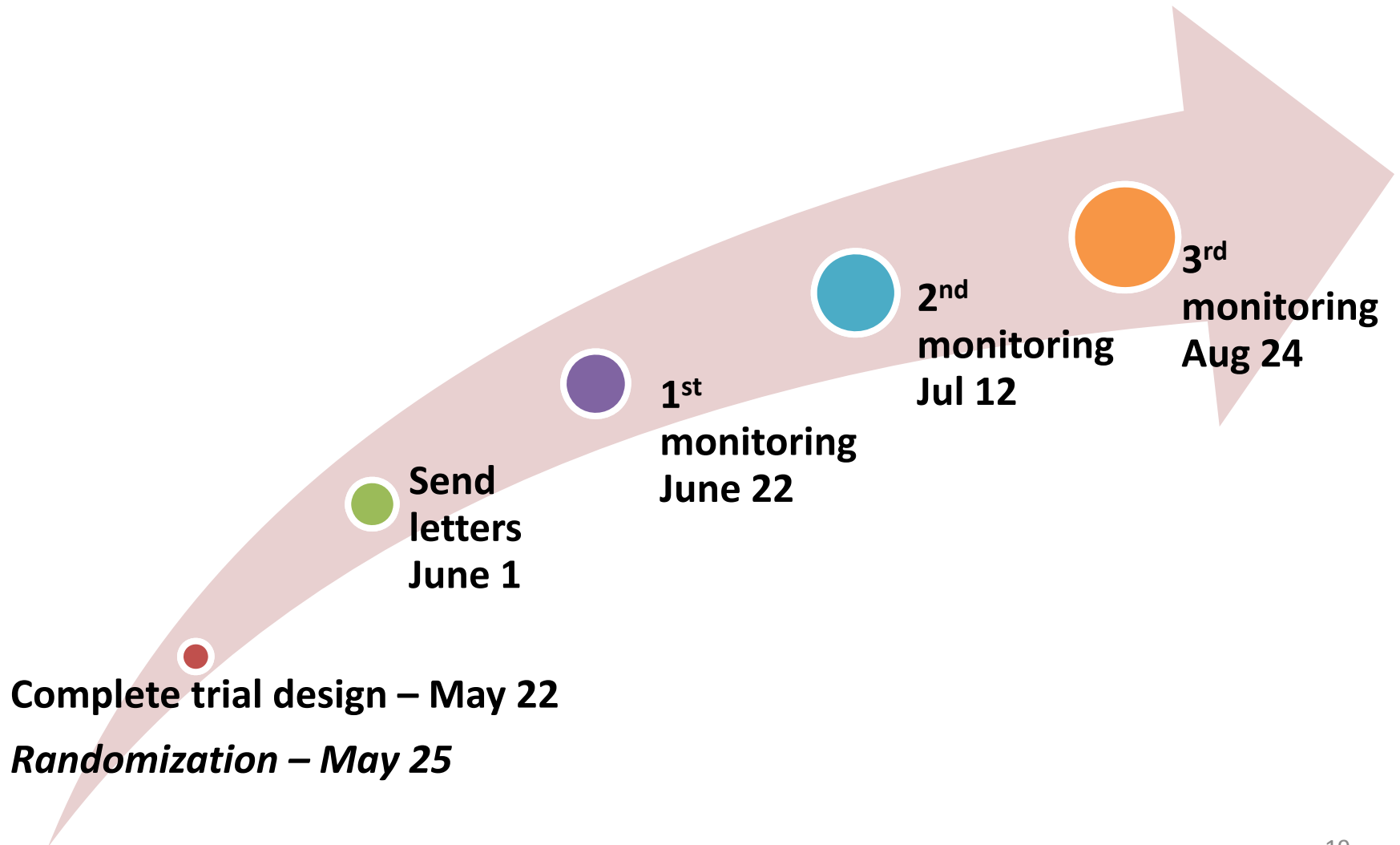
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Sincerely,

(Signature and personal stamp bearing name, surname and official position)

Legal basis: art. 15 § 1 of the Act of June 17, 1966 on
Execution Proceedings in Administration (J. L. of 2014, item 1619)

Proposed Next Steps



Takeaways

A small green seedling with two leaves growing out of dark soil against a bright green background. The seedling is positioned in the center-left of the frame, with its stem and leaves extending upwards. The background is a soft, out-of-focus green, suggesting a natural, outdoor setting. The soil is dark and textured, contrasting with the vibrant green of the plant.

- We can **learn fast**...with **few resources**
- **Establishing the process** is more important than the results of the experiments
- Great potential for **scalability**

Thank You



Tax
Administration

Republic
of Poland



WORLD BANK GROUP