

Cultural Aspects of Tax Compliance of Medium Size Enterprises in South Africa

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Abstract : The paper discusses cultural aspects of tax compliance of medium size companies (MEs) in South Africa to enhance tax compliance. A survey of 641 companies in eight provinces was made. Racial identities of ME owners are not significant in explaining differences in tax registration compliance. Black ownership of MEs is negatively and highly significantly correlated with pay as you earn compliance. The opposite is found in favour of Asian ME owners. White ownership of MEs is negative and weakly (10%) significantly correlated with company income tax compliance while the opposite is found in favour of Asian ownership. Race is negative and highly significant in explaining White owned MEs value added tax compliance behaviour. The opposite is found in favour of Asian ME owners. Black ownership of MEs is negatively and weakly significantly(10%) associated with timely submission of tax returns.

Keywords : tax compliance, cultural diversity, medium size companies, South Africa

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