

Off-the-Books Income and Self-Control Theory: An Exploratory Study of Income Tax Evasion

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The purpose of this study was to determine whether self-control theory, an influential criminological theory, is useful in explaining tax evasion committed by earning off-the-book income. Self-control is the extent to which individuals are able to resist temptation and once acquired creates an enduring preference for acceptable social behavior. Those who fail to develop self-control are more likely to commit delinquent acts as youths and to engage in crime as adults. The essence of the theory is that crime results from a lack of self-control intersecting with an opportunity for quick and easy gratification. Two-hundred and fifty-four subjects were surveyed about demographic attributes, attitudes and behaviors. Behaviors that were considered indicative of high control, such as level of education, and those indicative of low control, such as having committed vandalism, possessed more explanatory power than attitudinal questions, except for a direct statement of attitude towards tax evasion. The results of the study has practical and theoretical significance concerning who evades and why.

INTRODUCTION

This study reports the results of a survey which was undertaken to determine whether self-control theory is useful in explaining tax evasion committed through failure to report earned income. Gottfredson and Hirschi (1990) offer a general theory of crime that builds on the relationship between social-control and criminal behavior (Hirschi 1969). They posit that an individual acquires self-control through the successful exertion of social-control during childhood. Self-control is the extent to which individuals, “are [not] vulnerable to the temptations of the moment,” (Gottfredson and Hirschi 1990, 87) and once acquired creates an enduring preference for acceptable social behavior. Those who fail to develop self-control are more likely to commit delinquent acts as youths and to engage in crime as adults. Gottfredson and Hirschi (1990) consider self-control as antecedent to any other factor affecting crime, and believe it to be the best predictor of deviance or conformity over the life course. The essence of their theory is that crime is caused by a lack of control intersecting with opportunity for quick and easy gratification.