

Germany's income tax law: How justice is implemented by the parliament

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<http://www.uni-hamburg.de/fachbereiche-einrichtungen/fb16/absozpsy/index.html>

The material reported is part of a grant from the German Research Foundation (DFG).

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Agenda

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2. Theoretical Basis
3. Method
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6. Conclusion



1. Introduction

People's compliance to pay taxes is assumed to rise as their perceived taxation fairness increases.

Criticism on Germany's income tax law focuses on the countless exceptions made.

The exceptions are justified by the increase of fairness.

Does justice play an outstanding role when the exceptions are justified by the parliament?

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2. Theoretical Basis

(Witte & Doll, 1995; Gollan & Witte, 2008, in press)

The extended prescriptive attribution model based on Witte & Doll (1995)

Ethical orientation / Level of judgment	Ends/Consequence - oriented Ethics	Means/Duty - oriented Ethics
Individual level of judgement	Hedonism Consider extraordinary burden	Intuitionism Pragmatic solution
Group-specific level of judgement	Particularistic Utilitarianism Fertile families	Particularistic Deontology No exceptions
General level of judgement	Utilitarianism Tax reduction for the majority	Deontology More social justice

3. Method

Content analysis of 70 printed papers given to the members of parliament to justify the changes of income law.

Printed paper are from 1948 until 2006.

Four raters extracted the exceptions from the printed paper and classified them.

The correlation between the raters is .90 and higher over a sample of 150 exceptions.

All in all 1397 exceptions were classified.

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4. Results general (Witte & Mölders, 2007)

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	Observed N (% in brackets)	Expected N	Residual
Deontology	290 (16,1)	361,0	-71,0
Utilitarianism	237 (13,1)	361,0	-124,0
Particularistic Utilitarianism	591 (32,7)	361,0	230,0
Intuitionism	561 (31,1)	361,0	200,0
Hedonism	126 (7,0)	361,0	-235,0
Total	1805 (100)		

Chi-Quadrat	466,88
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5. Results :Comparison between government and financial commission

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		Ethical position					
		Deontol	Utilitar	Partic Utilitar	Intuitio	Hedon	total
Government	Observed	215	171	426	356	95	1263
	Expected	205,4	166,9	410,8	393,7	86,3	1263
Financial Commission	Observed	58	56	118	169	21	422
	Expected	68,6	55,8	137,3	131,5	28,8	422
Federal Council	Observed	15	7	32	27	5	86
	Expected	14,0	11,4	28,0	26,8	5,9	86

Chi-square 25,21 8 ,001



6. Conclusion

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1. The universal ethical principles are underrepresented compared with an equal-distribution to justify exceptions.
2. The dominance of the particularistic utilitarianism means a division of society into subgroups.
3. The overrepresentation of intuitionistic arguments means pragmatic solution without justification.
4. The comparison between the government and the experts in the financial committee leads to the conclusion that the committee's main task is to find a pragmatic solution.
5. An income law which divides the society into subgroups – particularistic utilitarianism – and has no general ethical principles as guidelines is doubtful.

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