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**The Informal Cash Economy and New Zealand Small and Micro Businesses**

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# The Informal Cash Economy and New Zealand Small and Micro Businesses

## ABSTRACT

*The understanding of the informal economy remains fragmented as most research findings have either given piecemeal insights on the actual practice and/or used surrogate taxpayers as samples. This study investigates the perceptions and rationale for the informal economy as encountered by 43 small business taxpayers and tax practitioners in New Zealand. It was found that low value cash jobs exist more frequently than high value cash jobs. An overwhelming justification for their participation in the informal economy was largely due to economic and administrative reasons as well as reaping benefits for being in business. Benefits of being in business could be unique to New Zealand as it currently does not have a tax free threshold unlike other developed OECD countries.*

## INTRODUCTION

Tax authorities around the world are increasingly concerned with the informal economy as it pertains to tax evasion via cash jobs (Australian Taxation Office, 2015; Slade, 2010). It has been found that a large number of cash jobs were undertaken by small businesses in the informal sector (Bajada, 2002). The cash economy encourages tax losses and threatens the integrity of the tax system. Given that, it would be beneficial if tax authorities undertake measures to address the informal economy problem.

Cash jobs as part of the shadow economy include all market-based legal production of goods and services that are deliberately concealed from public authorities to avoid payment of income, value added or other taxes and social security contributions (i.e. exclude illegal activities) (Schneider, 2012). Part of the contributing factor for the shadow economy is the increased regulation intensity which reduces the individual's freedom for engaging in the official economy.

It has been estimated that the shadow economy has reached a remarkably large size with weighted average value of 17.2 percent of official GDP in 2007 for many countries (Schneider, Buehn, & Montenegro, 2010)<sup>1</sup>. It has been reported that developed OECD countries have lower percentage of GDP involved in the shadow economy compared to developing and transition countries. The estimates of the shadow economy for Australia and New Zealand were around 12-14 percent of GDP between 1999 and 2010 (Schneider & Buehn, 2012). This amounts to about \$7.1 billion for New Zealand (New Zealand Taxation, 2011; Slade, 2010). For the purpose of this study, the shadow economy as proposed by Schneider (2012) is used to incorporate the cash economy, the informal, the

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<sup>1</sup> This is the latest figures provided thus far.

hidden and the non-observed economy. The shadow economy also covers labour income but not illegal activities.

The Australian Taxation Office (ATO) defines cash (or hidden) economy as “businesses that deliberately hide income to avoid paying the right amount of tax or superannuation” (Australian Taxation Office, 2015). Participants in the cash economy do not report all cash and/or electronic transactions for tax or superannuation purposes. In 2013, the ATO recouped A\$200 million through audits of businesses that participated in the informal sector (Khadem, 2014). In New Zealand, it was estimated that cash trade jobs, undeclared wages and online trading were costing the government more than \$7 billion a year in tax loss (Francis & Field, 2011).

This paper aims to gain some understanding of the practices of cash jobs from the perspectives of small and micro businesses (SMBs) in New Zealand. SMBs are chosen as they are renowned for their participation in the cash economy (Morse, Karlinsky, & Bankman, 2009) and they are a high income tax risk group (Australian Taxation Office, 2012; Noble, 2000). To gain a better understanding of the cash economy, an exploratory and qualitative research approach has been adopted. This study aims to achieve two objectives: to identify participators and rationale of the cash economy.

This paper is organised in the following structure. Following the introduction, section two discusses some background of the informal economy. In section three, the economic importance and taxation challenges of small businesses is identified which is followed by tax compliance research on small businesses. The fifth section discusses the research methodology followed by the research findings in section six. It concludes with some final thoughts and limitation of this study.

## **BACKGROUND AND THE CASH ECONOMY**

Prior literature showed that the two main reasons for the prevalence and recurrence of the cash economy are to avoid taxes and regulations. A large scale survey undertaken by Braithwaite (2001) noted that the primary motivation for individuals engaging in the cash economy was the low probability of getting caught since cash jobs do not entail audit trails. Other contributing factors include high personal income tax rates, high social security contributions, complexity of the tax

system, generosity of the social welfare system, perception of the public sector services, moral obligations and perceptions of social and personal norms and the burden of regulations (in relation to labour and goods supplied).

However, the manner in which the cash economy is undertaken and its rationale remains relatively under-researched due to difficulty accessing actual tax offenders. Several research have attempted to understand the cash economy phenomenon, but to date they have provided piecemeal and fragmented information on its actual practice and the rationale for its existence. Previous studies on the cash economy were: predicting the size of the cash economy using sophisticated and complex mathematical and statistical methods (Schneider & Enste, 2013); inferential experimental methods using tertiary students to study the behaviours of tax evaders (James Alm, 2012); using tax authorities' records to infer the behaviours of tax evaders (Wallschutzky, 1984); student surveys on tax (cheating) attitudes (Birch, Peters, & Sawyer, 2003; Devos, 2006); focus groups on small business' perceptions of the cash economy (Rothengatter, 2005); and qualitative interviews for tax evasion attitudes and perceptions by small businesses (Coleman & Freeman, 1994).

As the activity of the cash economy is criminal in nature, direct observation and data of actual offender is not available (Schneider, 2012). However, one could obtain some insights into the cash economy by seeking the opinions of peers who have participated in the cash economy. For this reason, exploring the perceptions and justification of the cash economy becomes an area of research interest, at least to identify the actual offenders as observed by small businesses.

According to the OECD (2012), industry sectors that are commonly involved with the hidden (cash economy) as reported by tax authorities of 26 countries<sup>2</sup> are listed on Table 1 in **Appendix 1**. Businesses involving personal services ranked the highest in terms of the cash economy participation followed by hospitality (cafes, takeaways), retail, construction and other (freelancers, internet based business). The main reason for the prevalence of the cash economy in these sectors is because they transact largely in cash with no paper trail, thus making it difficult for tax authorities to trace them.

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<sup>2</sup>Countries involved are: Australia, Austria, Belgium, Brazil, Canada, Chile, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Japan, Mexico, Netherlands, New Zealand, Norway, Poland, Singapore, Slovenia, Spain, Sweden, Turkey, United Kingdom and United States.

In 2015, the ATO and IRD have targeted these industry sectors to combat the cash economy. The ATO targeted cafes and restaurants in the Sydney suburb of Haymarket (Australian Taxation Office, 2015). Similarly, the IRD targeted the construction sector in Auckland and reminding builders and contractors of their tax obligations and the seriousness of tax evasion (Gibson, 2015).

## **ECONOMIC CONTRIBUTION OF AND TAXATION CHALLENGES FOR SMALL BUSINESSES**

SMBs and medium sized enterprises are the dominant form of organisations in most countries including Australia and New Zealand (OECD, 2009). They are important in providing value added outputs and employment opportunities to the economy (Ministry of Economic Development, 2009; Creighton, 2012).<sup>3</sup> They have been pillars of economic growth and development in terms of innovations, creativity and job creation (The World Bank, 2013; Tierlinck & Spithoven, 2013).

Despite their individual small scale, SMEs can have a huge collective impact on tax revenues as they collect value added and employment related taxes on behalf of the governments. Under the self-assessment tax (SAT) system in Australia and New Zealand, taxpayers including all businesses are responsible for recording, calculating and declaring their correct assessable income and tax liability. Arguably, a SAT system without a proper monitoring mechanism can provide opportunities for taxpayers to understate their tax liability by omitting certain cash transactions.

Research shows that small businesses grapple with profitability, competitiveness and staffing issues (Durst & Henschel, 2014) and governance and regulatory compliance are often neglected (Eddleston, Chrisman, Steier, & Chua, 2010). For most SMBs, taxation issues are one of their primary concerns (Business New Zealand, 2008) and record keeping and tax complexity are the two main difficulties faced by SMBs (Abdul-Jabbar, 2009; Prescott & Hooper, 2009). These difficulties resulted in SMBs having low levels of awareness and understanding of tax issues (Te Puni Kokiri, 2013).

Tax literature has found that small businesses bear a disproportionate higher tax compliance cost (Business NZ-KPMG, 2008) thus resulting in greater resentment towards the tax system (McIntosh & Veal, 2001). They have more opportunities for cash jobs (Morse et al., 2009) and the

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<sup>3</sup>For example, New Zealand SMEs have contributed about 35% of the nation's GDP since 2009.

efforts and compliance costs involved in accounting for taxes can be substantial (Evans, Carlon, & Massey, 2005).

### **TAX COMPLIANCE RESEARCH AND SMALL BUSINESSES**

Published research have identified numerous factors affecting taxpayers' compliance, which are economic, non-economic, attitudinal and social norms. Based on economic factors and the economic deterrence model, taxpayers are assumed to be amoral utility maximisers and will cheat on taxes if they assessed the benefit of cheating to be higher than the cost of being caught (Allingham & Sandmo, 1972; J. Alm, Jackson, & McKee, 1992). More recent research found that non-economic factors (tax morale and social norms) also play a major role in tax compliance (Andreoni, Erard, & Feinstein, 1998). Tax morale relates to the taxpayers' intrinsic motivation to comply regardless of the deterrence measures (Frey & Torgler, 2007). Voluntary compliance increases if taxpayers perceive the social norm that everyone else is also complying (Wenzel, 2005).

Since taxes are paid by citizens to government without receiving direct benefit, tax payments are often associated with these emotional states: hope, despair, anger, outrage, defiance, frustration, disdain, suspicion, and deference (Rawlings & Braithwaite, 2003). These emotions led some to abhor and evade taxes. In particular, taxes have been negatively represented by the self-employed as taxes conjured up notions of bureaucracy, disincentives to work hard and limiting their entrepreneurial freedom (Kirchler, 1999). Taxes are perceived as limiting small business taxpayers' freedom to make autonomous decisions about their own income and investment (Adams & Webley, 2001).

Research has shown that small businesses evade VAT or Goods and Services Tax (GST) in France and Netherlands (Agha & Haughton, 1996), the United Kingdom (Adams & Webley, 2001), the United States (Joulfaian & Rider, 1998), New Zealand (Noble, 2000) and Australia (Bajada, 2002). They also evade income taxes from cash jobs in the hairdressing industry (Ashby & Webley, 2008), the building industry (Sigala, Burgoyne, & Webley, 1999), home maintenance, home-based services, teaching, entertainment (Noble, 2000), retailing and direct selling (Morse et al., 2009) and in the food industry (Adams & Webley, 2001). Taxation authorities have identified industry sectors with rampant cash economy activities which are: hair, beauty and nail services, hospitality industry,

agricultural and horticultural contractors, farming and online trading (Australian Taxation Office, 2015).

From the compliance perspective, even though cash jobs are illegal, many small business operators are aware of or have undertaken these practices (Ashby & Webley, 2008; Coleman & Freeman, 1994; Noble, 2000). They do not view cash jobs as committing serious offence (Devos, 2006; Reinhart, Job, & Braithwaite, 2004) and the probability of getting caught is low due to the insignificant per item transactional value (Williams, 2004). Other common business practices to evade taxes include bartering and overstating business expenses (Ashby & Webley, 2008; Williams, 2004). Consequently, compliance by SMEs was considered lower than wage and salary taxpayers (Ahmed & Braithwaite, 2005; Giles & Caragata, 1999) and small business taxpayers are considered a high-risk group (OECD, 2004), thus contributing to the income tax gap (Hite, Stock, & Cloyd, 1992; Nelson, 2008). Rothengatter (2005) states that “tax evasion has become embedded in the daily working attitudes and practices of most small business owners, regardless of ethnicity” (p. 305) and that the cash economy activities have been entrenched in the psyche and working ethos of individuals and small businesses (Bajada, 2002).

## **RESEARCH METHODOLOGY AND DESIGN**

Given the aim of the study, an exploratory research approach appears to be appropriate. The qualitative approach is used to better understand the ways and rationale for the cash economy. Qualitative research is most suitable in answering the “why” questions (McKerchar, 2010). This method was chosen for its richness in data, its flexibility, and its ability to fulfil the research purpose of identifying and understanding the cash economy practices and factors associated with such activities. When little is known about a phenomenon, qualitative methods are advocated for their ability to discover the underlying nature of the phenomenon in question (Strauss & Corbin, 1990).

A qualitative approach allows researchers to get close to the participants and to scrutinise the entire research problem in-depth (Liamputtong, 2009). Similar methodology has been adopted in most other research involving small business and taxation (McKerchar, Hodgson, & Walpole, 2009;

Seaman, Welsh, & Bent, 2013) as accessing this sector with quantitative methodology has been less successful due to poor responses (Chaganti & Greene, 2002).

This study is part of a larger project involving 60 participants including SMB owners/managers, tax practitioners and business experts. However, this is an in-depth study of 43 SMB owners/managers and eight tax practitioners in New Zealand. New Zealand has been chosen for the study as there is no tax free threshold unlike other developed OECD countries. New Zealand also has the highest density of businesses in terms of the number of enterprises per head of population amongst the OECD countries (Ministry of Economic Development, 2012). In addition, the self-assessment tax (SAT) system applies to all taxpayers including those in business.<sup>4</sup> Finally, the IRD has dedicated close to NZD\$40 million (Slade, 2010) to combat the cash economy since 2010/11 and have recouped on average \$5.70 for every \$1 invested in this sector (Francis & Field, 2011).

Interviews were semi-structured and consisted of open-ended questions to assess the types of perceptions that participants have in terms of the cash economy and the underlying factors behind those perceptions. To maintain the exploratory nature of the research, participants were asked to identify, elaborate and provide rationale for the existence and practice of the cash economy.

The SMB taxpayers were asked what the average small business person will do if they are offered a cash jobs of \$100 and \$500. The tax practitioners were asked of their opinions and observations from their dealings with SMBs regarding cash jobs. The interviews were tape recorded and transcribed by the researcher. Following transcription, the data were systematically analysed and coded to identify emerging patterns or common themes about the cash economy. Data were coded into categories of: (1) common practices within the cash economy; and (2) reasons for those practices. The analysis of the findings follows a path as suggested by O'Dwyer (2004) which involves data reduction, data display, and data interpretation and conclusion drawing. O'Dwyer's method is an adaptation of the analytical process developed by Miles and Huberman (1994).

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<sup>4</sup> SAT requires taxpayers to calculate their own tax liabilities and pay their taxes on time. Their calculation of tax liabilities are subject to tax audits. Filing inaccurate or delayed tax liabilities by the taxpayers can result in fines and penalties.



This research study adopts an interpretive approach. It assumes that an understanding of the social world is acquired by knowledge from the participants directly. This perspective is concerned with “how the social world is interpreted, understood, experienced, produced or constituted” and “not only sees people as a primary source of data but seeks their perceptions” (Mason, 1996, p. 3). This approach requires us “to get inside the worlds of those involved in meaning construction” (Oats, 2012, p. 11).

## **FINDINGS AND ANALYSIS**

All 43 participants were aware of others who had participated in the cash economy but claimed that they themselves did not do so. Four common reasons given for the existence of the cash economy are: (1) to avoid paying taxes; (2) to avoid paperwork and record keeping; (3) retaliation because of inefficient government spending and (4) “perks” for being in business. A large majority of SMB taxpayers in this study has encountered small value and random cash jobs in their respective industry (i.e. services, cafes and takeaways). The profile of the SMB taxpayers and tax practitioners is presented in Tables 2 and 3 in **Appendix 2**.

### **Practice of cash jobs amongst SMBs**

In terms of small value per item cash jobs (\$100), 32 out of the 35 SMB taxpayers is of the opinion that the average businessperson will not declare them as taxable income. The main reasons given for this overwhelming response was the insignificant cash amount and the IRD would not be interested to prosecute. Many felt that the cost of sanctions and prosecutions would be high relative to recovering the small amount of taxes from low value cash jobs:

*“They will not pass it through the books because the amount is too small and they think they might as well pocket that because they don’t have to pay tax.” (T11)*

The findings of this study revealed a high probability that a businessperson is likely to cheat on his/her taxes if he/she is given the opportunity to conceal a low value income source when the probability of detection is perceived to be low or non-existent. This is best summed up by the following quote:

*“At \$100, the profit is very small. I think there is a dishonest streak in most people. Most people hate the tax department and if there is any way to get around it, they would without getting caught.” (T17)*

On the other hand, 15 out of 35 SMB taxpayers are of the opinion that the higher value cash jobs of \$500 will be likely to be declared as income for tax purposes. Another 15 of them felt that the higher value cash jobs made no difference to the tax evaders. The remaining five SMB taxpayers either did not offer any opinion or comment. Those who felt that the higher cash jobs of \$500 will be declared as taxable income is because the higher value would likely attract audit and therefore sanctions and prosecutions. However some felt that \$500 cash jobs was still a small amount to be declared as income. The main reason for concealing that income was due to greed and lack of discipline. Further, many claimed that lower prices offered for cash jobs encourages public demand thereby the recurrent cash economy. Hence, it would be difficult to eliminate the cash economy as long as there is public demand.

Many blamed taxes for the existence and prevalence of the cash economy. It is also observed that the main participants of the cash economy are tradesmen, service businesses, cafes and takeaway (food business) as they mainly transact in cash:

*“I know of tradesmen who will take it all the time. The only ones who don’t are those who are in the landscape business because they have to buy a lot of stuff to justify their purchase. It is those who are in the service business that do a lot of the cash jobs. Those in the cafes also are involved with the cash jobs.” (T13)*

The above culprits for the cash economy are recognised by the OECD as the top four participants (see Table 1 in **Appendix 1**). Given that, efforts and regulatory resources must be focused on these sectors in order to limit the size of the cash economy.

### **Justification for Cash Jobs**

Of the SMB taxpayers being interviewed, 94% (30 out of 35) perceived that the major reason for concealing cash jobs or not declaring the low value cash jobs of \$100 was to avoid taxes. This confirms the economic deterrence model that most businesspersons who undertake cash jobs of \$100 are likely to be amoral utility maximisers and would cheat on their taxes if they assess low probability

of being caught. Participators of the cash economy perceived that the low value cash jobs would probably not attract detection by the tax authority as the cost of sanctions is high relative to its benefit.

The second most recorded justification (17 out of 32 SMB taxpayers) for the cash economy is to avoid tax compliance regulation in terms of paperwork and record keeping. Avoiding tax compliance regulation is recognised as one of the main factors giving rise to the cash economy as identified by Schneider (2012) and Braithwaite (2001). Regulation tends to limit the freedom of individuals and therefore not complying with tax regulatory requirements motivates the practice of cash jobs. Some participants emphasised with those who are involved with cash jobs as they recognised the high cost of tax compliance for SMBs. Moreover, record keeping amongst small businesses has been their major concern (Abdul-Jabbar & Pope, 2009; Prescott & Hooper, 2009).

The third most frequently mentioned reason for the practice of cash jobs is to reward the small businesses, i.e. “perks” for being in business. Six out of 32 (18.75%) SMB taxpayers viewed cash jobs as undeclared bonuses (an associated benefit) for being in business. This is because small businesses worked hard and yet they do not derive direct benefits from the taxes that they paid.

Only 12.5% (4 out of 32 SME taxpayers) considered retaliation against the government and the IRD as justification for cash jobs. These taxpayers felt that their dissatisfaction with inefficient government spending (Kirchler, Hoelzl, & Wahl, 2008) justified their participation in the cash economy.

### **Tax Practitioners’ experiences with cash jobs**

Like the SMB taxpayers, tax practitioners in this study have also encountered suppliers of cash jobs in their professional as well as personal lives. They were speaking from their experiences when preparing tax returns for their clients. Nearly all tax practitioners agreed that cash jobs were an inevitable part of small businesses in New Zealand. Without paper trail, small businesses are likely to be involved in the cash economy when the opportunity arises. Cash jobs will persist due to the lower prices offered by suppliers compared to those in the formal sector.

Tax practitioners also listed participators of the cash economy which include builders, plumbers, electricians, housekeepers, nannies and non-business traders who provide services to the public. These groups are similar to those listed by the OECD as the top four sectors for the existence

of the cash economy (see **Table 1**). Some tax practitioners also felt that cash jobs were a result of defiance towards the authority. Participants of the cash economy retaliated against the government and showed their dissatisfaction by not paying their taxes.

The practice of cash jobs with low value transactions amongst small businesses in New Zealand is prevalent. The main justifications for the existence of the cash economy were largely attributable to avoiding tax payments and record keeping; unofficial bonus for operating a business and to defy the authorities regarding their public spending. Several industry sectors have been identified as having engaged in rampant cash jobs. They are tradesmen (dealing with home services), plumbers, electricians, builders, cafes and takeaways.

### **CONCLUSION AND SUGGESTIONS FOR FUTURE RESEARCH**

This paper examined the practice of cash jobs amongst small businesses in New Zealand. Given the dearth of empirical studies on taxpayers who are actually engaged in the cash economy, our understanding of the topic would benefit from more research. This study contributes to a better understanding of the types of cash jobs undertaken in different industry sectors and the rationale for the cash jobs by interpolating feedback from SMB taxpayers and tax practitioners. This study found the practice of cash jobs are usually in relation to the low value transactions to avoid tax payments. Despite the low value per transaction of cash jobs, the collective effect of the frequency of cash jobs may be substantial and therefore cannot be ignored.

The insights generated by this study might be useful contributions to the literature on tax compliance by small business literature, as these insights may shed light on how cash jobs are perceived and undertaken. The findings may also be of use to tax authorities and tax practitioners to monitor certain industry sectors regarding tax evasion and to advice citizens of the ill-effects of the cash economy. Tax practitioners can use their influence and working relationships with SMB taxpayers to influence them to avoid cash jobs.

As with many other research, this research has several limitations. The data gathered consisted of Auckland SMB taxpayers and inference to other countries should be made with caution. Different legal system may influence different tax compliance behaviour which has implication for

the generalisation of the findings. Another potential limitation of this study is the non-random small sample size derived from one geographical population. However, this study uses a qualitative methodology which generally is uncommon in tax research (though not in small business research) and provided new insights regarding the cash economy in small businesses which could be investigated with a wider questionnaire survey to make the results of this study more robust.

Nevertheless, this study revealed that the economic deterrence model is relevant and applicable as far as the cash economy is concerned. Small value cash jobs are carried out in New Zealand as there is no tax free threshold in New Zealand unlike other developed OECD countries. Given that, one might perceive cash jobs to be similar to not paying taxes on tax free income. If that is the case, then the cash jobs in New Zealand should not be seen as a criminal activity but rather as a venue for taxpayers to obtain tax free threshold. If New Zealand has a tax free threshold, it may discourage the cash job practices as there is no need to conceal income for tax purposes.

Cash economy will always exist as long as there is a willing buyer and seller. It can never be completely eradicated but can be contained to avoid ill-repercussions if left unchecked. Several concerted and proactive efforts have been undertaken by the ATO and IRD to combat the cash economy. The IRD is targeting the building and construction industry by putting sign boards and visiting building development sites in Auckland (Gibson, 2015). The ATO has made their presence known in suburbs within the metropolitan cities such as Haymarket in Sydney to target restaurants, cafes and takeaways (Australian Taxation Office, 2015). These proactive actions are aimed at deterring cash jobs by increasing detection in these industries. Both the ATO and IRD have industry partnerships with certain high risk sectors that are involved in the cash economy. The aim is to deter the cash economy from growing and to ensure that fair share of taxes are paid. Increased understanding of the cash economy have also generated positive results in recovering substantial revenues from tax evasion (Gibson, 2015).

In order to combat the cash economy effectively, the public needs to discourage the supply of cash jobs by insisting on paying the full taxable price. They can further assist the tax authorities by lodging a complaint against those whom they feel might be participating in the cash economy. Hence, combating the cash economy needs a concerted and team effort from the government, public, tax

practitioners and tax authorities as a whole. The government ought to ensure that taxes are fair to all taxpayers and that tax compliance is not overly burdensome to SMBs. Tax authorities ought to monitor and educate all taxpayers regarding the implications of the cash economy. By combating this problem at all front may limit the size of the cash economy to a small number of individuals who by nature are tax evaders. This hopefully will bring more cash jobs into the formal sector – a win-win situation for the society.

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## APPENDIX 1: THE INFORMAL ECONOMY AND INDUSTRY SECTORS

**Table 1: Industry Sectors Commonly Reported by Tax Authorities as Having High Level of Activities in the Informal Economy (OECD, 2012, p. 23)**

Industry Sector	(%)	Nature of Activities included in the respective sector
Personal Services (B2C transactions)	22.1	House cleaning, hairdressing, beauty, dry cleaning, catering, pest control, computer maintenance, security, health, pet care, matchmaking etc.
Hospitality	16.4	Restaurants, cafes, pubs, takeaways, hotels
Retail	15.6	Store based, flea/public markets, etc.
Construction	15.6	Building, home renovations, home repairs
Car sales and service	5.7	Car sales and service
Transport	3.3	Transport
Taxi	3.3	Taxi
Agriculture, Fishing, Aquaculture	2.4	Agriculture, Fishing, Aquaculture
Other	15.6	Tourism, real estate (including rental), recycling, internet based, freelancers, professionals, entertainers etc.

## APPENDIX 2: DEMOGRAPHIC DETAILS OF PARTICIPANTS

**Table 2: Profile of SMB taxpayers**

<b>Participant-Taxpayer (T)</b>	<b>Gender:</b>	<b>Industry</b>	<b>Length in Business</b>
T1	Male	Automotive repairs	12 years
T2	Male	Mortgage Brokering	7 years
T3	Female	Exporting equestrian products	3 years
T4	Female	Bakery	3 years
T5	Male	Food outlet	1 year
T6	Female	Kindergarten	12 years
T7	Female	Retailer for indoor and outdoor furniture	6 years
T8	Female	IT consulting	11 years
T9	Male	Internet Trading	1 year
T10	Female	Music provider	10 years
T11	Female	Jewellery wholesaler	17 years
T12	Female	Commercial Painter	10 years
T13	Female	Education provider	14 years
T14	Male	Food Outlet	6 years
T15	Female	Food Outlet	5 years
T16	Male	Carpet retailing	20 years
T17	Male	Computing	6 years
T18	Female	Flooring retailing	18 years
T19	Female	Building	1 year
T20	Male	Film and TV production	5 years
T21	Male	Communications business	12 years
T22	Male	TV Production and export	6 years
T23	Female	Recruitment	1 year
T24	Female	Media & public relations	14 years
T25	Female	Arts and Craft	11 years
T26	Male	Communications and consulting	6 years
T27	Male	Marketing consultant	8 years
T28	Male	Health care Provider	10 years
T29	Male	Design and clothing	1 year
T30	Male	Food catering	5 years
T31	Male	Funeral Support	9 years
T32	Male	IT support	5 years
T33	Female	Dressmaking	27 years
T34	Female	Arts and craft	1 year
T35	Male	Restaurant	15 years

## APPENDIX 2: DEMOGRAPHIC DETAILS OF PARTICIPANTS

**Table 3: Profile of Tax Practitioners**

<b>Participant- Tax Practitioner (TP)</b>	<b>Gender</b>	<b>Accounting firm affiliation</b>
TP1	Female	Sole practitioner – chartered accountant (CA)
TP2	Male	Sole practitioner - CA
TP3	Male	Senior at a medium sized CA firm
TP4	Male	Sole practitioner - CA
TP5	Male	Sole practitioner - CA
TP6	Female	Senior at a medium sized CA firm
TP7	Female	Partner at a small CA firm
TP8	Female	Partner at a medium sized CA firm