Abstract

We conducted the two largest natural field experiments in taxation to assess the importance of social norms, fairness concerns, and the saliency of the penalty on tax-paying behavior, with a total wealth of $1.03 billion. We designed over twelve social norm messages, two fairness messages, and basic information with respect to payment and penalties. We find that including norms, fairness messages, and basic information in a standard tax payment reminder letter increases the likelihood that the recipient pays. Consistent with our theoretical procrastination model, the minority norm message was most effective in changing behavior, with a 15% treatment effect. Our natural field experiments contributed to over $20 million more tax being paid than would have otherwise occurred. Using the unique datasets from our experiments, we find that people with larger debts, males, the young, those without an accountant, and those who are used to paying late all procrastinate in paying their tax.