Behavioral Influences on Tax Payment: Insights from a Brazilian Public Policy

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Abstract:

The informal economy in Brazil encompasses a significant part of the workforce and contributes substantially to the national GDP. In 2008, the Brazilian government introduced a landmark policy designed to integrate informal workers into the formal economy by offering access to key benefits such as retirement pensions, paid sick leave, and maternity leave. Over the past 17 years, the program has facilitated the formalization of more than 16 million individuals, generating widespread social impact. However, many of these workers—often economically vulnerable—struggle to make even the modest tax contributions required to maintain enrollment, resulting in the loss of benefits. The monthly delinquency rate, based on data from the Brazilian Federal Revenue, averages above 40%. This issue directly impacts the policy's effectiveness, as individuals who are delinquent lose their social security rights, which are, in the first place, the primary objectives of the policy. This article investigates the causes and behavioral factors underlying tax noncompliance, based on data from a survey applied to 4,536 individuals enrolled in this policy. This knowledge is crucial for policymakers when designing public policies and improving procedures related to tax payment by these individuals.

Keywords:

Behavioral Sciences, Tax Delinquency Rate, Brazil.