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Smart if Honest: Evaluation of Legal and Illegal Tax Behaviors of Employees and Entrepreneurs

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Abstract

Aim: The drive to minimize the amount of taxes paid is interpreted as concern for self-interest, which is one of the fundamental motives for action and social perception. Utilizing the opportunity to evade taxes, however, may involve distorting the moral evaluation of such behavior to maintain a positive self-image. The aim of the presented study was to analyze social evaluations of legal versus illegal means of reducing tax payments, considering the perspective of the person making the evaluation. Due to the differences between the legal and illegal methods for reducing the amount of taxes paid available to employees and entrepreneurs, the study included scenarios referring to both of these groups of taxpayers.

Method: The study was conducted using the CAWI methodology on a sample of Polish taxpayers (N = 223). A custom questionnaire was used, containing brief descriptions of four tax scenarios differing in the legality of the action taken and the characteristics of the person undertaking it. Respondents were asked to evaluate the presented behaviors on a semantic differential scale: smart – not smart.

Results: Respondents rated legal tax reduction as smarter than illegal tax evasion. However, in the case of both legal reduction of taxes and tax evasion (illegally avoiding paying taxes), the evaluation depended on whether the described taxpayer was an employee or an entrepreneur. In the case of evaluating legal tax reduction, it also depended on the respondent's form of employment. A more positive assessment of the actions of one's own professional group only applied to entrepreneurs avoiding taxes.

Conclusion: Legal and illegal methods of reducing taxes are socially distinguished, with more positive evaluations for behaviors that comply with the law, regardless of whether the individual reducing taxes was depicted as an employee or an entrepreneur. The study

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results do not support the hypothesis of egocentric distortion in the assessments of the analyzed tax behaviors of employees and entrepreneurs.

Keywords: tax avoidance, tax evasion, self-interest, egocentric distortion

Paying taxes is an obligation for all citizens. Regardless of the perceived fairness of a country's tax system and the rules for distributing funds collected through taxes, fulfilling tax obligations results in a reduction of individual resources. The desire to protect one's assets can lead to one of two forms of reducing tax payments: avoidance, where legal methods are used to reduce tax liability, or evasion, which involves breaking the law.

The reluctance to deplete one's resources is reflected in the models proposed by economists that explain people's tax decisions. These models assume the rationality of taxpayers aiming to maximize the utility of their actions. One of the most frequently cited proposals in this area is Allingham and Sandmo's (1974, as cited in Kirchler, 2007) model of tax evasion, which explains an individual's propensity to pay the full or partial amount of due taxes based on income level, tax rate, penalty size, and the perceived probability of an audit. The probability of an audit is unknown to the taxpayer and is independent of the other factors considered when deciding whether to evade taxes.

Numerous empirical studies based on the model of tax evasion have not provided a clear explanation of people's tax decisions. They did not find the assumed linear relationships between income levels, tax rates, and tax evasion (see Alm, 1991; Andreoni et al., 1998; Braithwaite & Wenzel, 2008; Brizi et al., 2015; Cullis et al., 2012; Kirchler, 2007; Wenzel, 2004). Additionally, the model focuses solely on tax evasion, while most taxpayers fulfill their tax obligations despite the low probability of an audit and mild penalties for illegal tax minimization.

Further analyses of taxpayers' decisions have included variables indicating the importance of individuals' evaluations of the tax system and attitudes toward taxes, as well as norms and beliefs about the state shared by members of a given society. In this context, the concepts of tax mentality and tax morale have been introduced into research. According to Schmölders (1932, 1960, as cited in Feld et al., 2011), these concepts are crucial factors determining people's willingness to contribute money to the common good. Tax morale refers to the attitude of a group or an entire population of taxpayers toward fulfilling or neglecting tax obligations and is rooted in tax mentality as well as the awareness of being a citizen (Schmölders, 1960, as cited in Kirchler, 2007). Tax morale indicates an internal acceptance of the tax system by citizens, recognition of state authority, and actions guided not only by self-interest but also by the common good (see Feld et al., 2011; Graetz & Wilde, 1985).

Defining tax morale as a construct describing society or nation dictates the approach to research in this area, which is often based on data from national, international, or global values surveys. Researchers analyze the question of whether tax evasion can be justified if it is possible (e.g., Alm & Torgler, 2006; Lago-Peñas & Lago-Peñas, 2010; Niesiobędzka, 2013; Torgler, 2011). The results indicate that in most countries, the prevailing opinion is that tax evasion cannot be justified. Furthermore, Niesiobędzka's (2013) analysis shows that changes in tax morale over the studied years were not significant. Thus, it can be assumed that tax morale is a relatively stable construct, and any potential changes in this regard may be linked to socio-economic processes in each country. These processes necessitate people's adaptation to new conditions in the economic space, and consequently, the tax environment (Torgler, 2011).

The social dimension of paying taxes means that tax behaviors are subject to evaluation by other members of the community. Moreover, studies show that information about paying or not paying taxes is used to infer the characteristics of the taxpayer (Kirchler, 1998, 2007; Zaleśkiewicz, 2015). Despite the widespread societal condemnation of tax evasion, these studies provide evidence of a relatively positive social evaluation of taxpayers who strive to minimize their tax payments, even using illegal methods (Kirchler, 1998). Intelligence and diligence are two qualities often attributed to a taxpayer who evades taxes, whereas a typical taxpayer is often seen as lazy and lacking intelligence. Even an honest taxpayer, who dutifully pays their tax obligations, is considered hardworking but less intelligent than a dishonest taxpayer. Additionally, tax evasion is perceived as dishonest behavior but does not face as harsh a moral judgment as other forms of financial fraud (e.g., embezzlement) (cf. Kirchler, 2007; Orviska & Hudson, 2002).

The possibilities for minimizing the amount of taxes paid are related to the taxpayer's form of employment. Employees working under an employment contract have limited opportunities to reduce their tax burden, as the tax is deducted from their salary and paid by the employer. Entrepreneurs, on the other hand, who are responsible for calculating the tax amount and then paying it to the tax office, often actively participate in determining the tax amount. This different scope of tax-related activities leads to different evaluations and social expectations directed at these two groups of taxpayers. The use of illegal methods to reduce taxes is more socially condemned when it concerns entrepreneurs rather than employees (Kołodziej, 2023). At the same time, tax discipline is lower among entrepreneur-employers compared to employees (Niesiobędzka, 2013). As previously mentioned, honesty in paying taxes is not interpreted unequivocally positively in the social sphere (Kirchler, 1998).

The above findings inspired a study comparing the evaluations of tax avoidance and tax evasion by two groups of respondents: employees and entrepreneurs. Previous research has more frequently addressed evaluations of tax evasion, which involves illegal methods of reducing tax liability, while often neglecting the lawful practice of tax avoidance. The observed social discrepancies in the evaluation of these two behaviors on legal and ethical grounds led to the inclusion of tax avoidance in the research framework.

Previous research has focused on the moral evaluation of actions aimed at reducing the amount of taxes paid (Blaufus et al., 2015; Kirchler, 1998; Kołodziej, 2023; Niesiobędzka, 2013). It is also known that information about specific tax behaviors—whether paying taxes or cheating—leads to the attribution of certain personal characteristics, such as intelligence, diligence, or laziness, extending beyond mere ethical assessment (Kirchler, 1998). A personal characteristic that particularly differentiates honest from dishonest taxpayers, according to Kirchler's (1998) analyses, is intelligence, with a higher level attributed to the tax evader compared to both the typical and the honest taxpayer. This observation led to the adoption of one dimension of intelligence in the present study.

According to the definition in the Polish Dictionary (SJP), being smart means the ability to quickly and practically handle difficult situations. This definition aligns with Sternberg's (1985) concept of practical intelligence, which refers to the ability to find solutions that work in everyday life. Given the differences between employees' and entrepreneurs' ability to minimize tax obligations, in the present study we presented participants with four scenarios, involving either an entrepreneur or an employee engaging in either tax avoidance or tax evasion. The analysis of the literature presented above led to the formulation of the following research hypothesis:

> H1. Tax avoidance is evaluated as smarter than tax evasion, regardless of the characteristics of the person engaging in the behavior and the employment status of the respondent.

Tax avoidance involves reducing tax liabilities with legal methods. This allows individuals to protect their own interests without violating existing rules. Given that tax evasion is morally condemned in most countries, we assumed that tax evasion would be considered less smart than tax avoidance. This difference in the evaluation of the two described tax behaviors will be independent of the characteristics of the person engaging in the behavior and their form of employment.

The drive to minimize the amount of taxes paid is interpreted as a self-interest concern, which is one of the fundamental motives behind human actions and social perceptions. It has been shown that people consider distribution rules that align with their self-interest to be more just (Białobrzeska et al., 2015), and someone's dishonest behavior that benefits the individual increases sympathy for that person and results in perceiving this behavior as moral (Bocian & Wojciszke, 2014). In the context of taxation, it has been demonstrated that the acceptance of decisions issued by tax authorities primarily depends on how favorable they are for the taxpayer (Niesiobędzka & Kołodziej, 2016, 2020). A favorable decision is more readily accepted by the taxpayer, even if the decision-making procedure was unfair. Furthermore, taking advantage of opportunities to evade taxes is associated with a distortion of the moral evaluation of such behavior, known as taxpayers' moral hypocrisy (Blanthorne & Kaplan, 2008). Batson et al. (1999) found that making an unjust decision does not affect one's self-assessment as an honest individual who acts according to moral principles.

These findings exemplify egocentric moral distortion, wherein people rate actions that favor their own interests more highly and those that diminish their chances of realizing self-interest more poorly (Wojciszke et al., 2014). Researchers propose that this distortion results from the automatic nature of moral judgment, which occurs instantly, intuitively, and on the basis of simple feelings of right and wrong. Egocentric moral distortion is unconscious, as people claim objectivity in their judgments (Epley & Caruso, 2004) and regard their objectivity as higher than that of others making similar judgments, comparable to scientific evidence (Goodwin & Darley, 2008). In relation to tax payment, Blaufus et al. (2015) demonstrated that participants in a laboratory experiment who had the opportunity to evade taxes rated such behavior as less unethical than respondents who did not have such an opportunity.

Given the demonstrated effect of egocentric distortion of judgments, we included the respondent's employment status as an analyzed variable. We assumed that the respondent's own professional situation would differentiate the evaluation of tax behaviors depending on whether the action was taken by a member of their own professional group or by someone from a different professional group. Consequently, we proposed the following research hypothesis:

> H2. Tax avoidance is rated as smarter when the evaluation concerns a person with the same form of employment as the respondent.

In other words, employees rate tax avoidance by an employee as smarter than tax avoidance by an entrepreneur. Conversely, entrepreneurs rate tax avoidance by an entrepreneur as smarter than tax avoidance by an employee. It can be assumed that respondents will identify more strongly with a scenario describing their own taxpayer group compared to another group, which will be reflected in their evaluation:

> H3. Tax evasion is rated as smarter if the evaluation pertains to a person with the same form of employment as the respondent.

This assumption aligns with the effect of egocentric bias in forming judgments, where actions favoring one's own interests are rated more highly. Tax evasion by members of one's own professional group will be rated as smarter than tax evasion by individuals with a different form of employment, and consequently, different opportunities for illegal tax reduction.

The aim of the present study is to expand understanding of tax behavior evaluations. As indicated, how people evaluate actions aimed at legally minimizing the amount of taxes paid is a topic that is relatively rarely studied, and research in this area often focuses on the ethical assessment of such behavior. However, Kirchler's (1998) findings suggest that knowledge about tax behaviors forms the basis for people to make judgments about the individual characteristics of taxpayers, extending beyond moral considerations. Therefore, it seems interesting to include a dimension in the research that emphasizes the effect of the action taken. Additionally, the study poses a question regarding the strength of egocentric bias in evaluating tax behavior. Previous analyses have demonstrated the existence of this effect concerning one's own actions in the tax domain; the present study was designed to examine whether evaluations of tax evasion depend on the closeness of the taxpayer group whose behavior is being evaluated to that of the individual evaluating it.

Method

Participants

A total of N = 267 participants (including 110 women) were initially surveyed. Given the research hypotheses related to differences in the evaluation of tax avoidance and evasion by entrepreneurs and employees, it was planned to recruit respondents from these two professional groups. The recruitment of participants was commissioned to a research firm. After analyzing the survey completion time and eliminating outliers, the final analysis included data from N = 223 participants (including 88 women) aged 19 to 74 years (M = 47.92, SD = 12.91). Outlier elimination was based on analyzing the mean and standard deviation of residuals, with the threshold for outliers set at three times the standard deviation (Howell et al., 1998).

All respondents were active taxpayers required to file a tax return for the year preceding the study and belonged to one of two professional groups: employees, who constituted 52.5% (N = 117) of the sample, and entrepreneurs, making up the remaining 47.5% (N = 106). Most respondents (56.5%) had higher education; 37.2% were high school graduates. The least represented were individuals with vocational education (4.9%) and those with lower secondary or primary education (1.3%).

Measures

The Evaluation of Tax Avoidance and Tax Evasion Decision

To measure how participants assess tax avoidance or tax evasion, a survey was developed that included brief descriptions of four tax scenarios differing in the legality of the actions taken to reduce the amount of tax paid (legal—avoidance, illegal—evasion), along with an indication of whether the behavior involved an entrepreneur or an employee. The scenarios described methods commonly used by taxpayers to lower the amount of tax paid (e.g., tax avoidance by an entrepreneur through relocating business operations to a country with lower taxes, or performing additional work without a formal contract and without paying income tax on the earnings—in the case of tax evasion by an employee). For example, regarding tax avoidance, respondents were presented with the following descriptions:

1. An entrepreneur running a company in Poland transferred all his investments to a company registered in a country with lower taxes. He did this to minimize his tax burden.
2. An employee donated to a charity. This will allow him to reduce his tax burden

The participant's task was to evaluate the presented behaviors on a semantic differential scale: *smart – not smart*, where the scale ranged from 1 (*smart*) to 5 (*not smart*). To increase the clarity of the interpretation before conducting the statistical analysis, the results were recoded so that a higher value was interpreted as smarter tax-related behavior.

Form of Employment

Respondent's form of employment (i.e., whether they were employees or entrepreneurs) was assessed through a demographic question about their status as either an employee or an entrepreneur.

Procedure

The study was conducted using the CAWI (Computer-Assisted Web Interviewing) methodology on a sample of Polish taxpayers. Participation was anonymous and voluntary, and respondents were incentivized by receiving points in a loyalty program offered by the research panel responsible for data collection. These points could be exchanged for material rewards. Each participant first evaluated the four presented tax scenarios, with a randomly generated order of scenarios. Following this, respondents were asked to provide answers to demographic questions, including their employment status and whether they had filed a tax return for the year preceding the study, to ensure that only active taxpayers were included in the research.

Data Analyses

The collected data were subjected to statistical analysis using SPSS 28 software. A level of $\alpha \leq .05$ was adopted as the criterion for statistical significance. The large sample size ($N = 223$) allowed for the use of parametric tests in the analysis, which is justified according to the Central Limit Theorem. This theorem posits that parametric testing is appropriate with a sufficiently large sample size (over 30 participants in each compared group) (Szymczak, 2018).

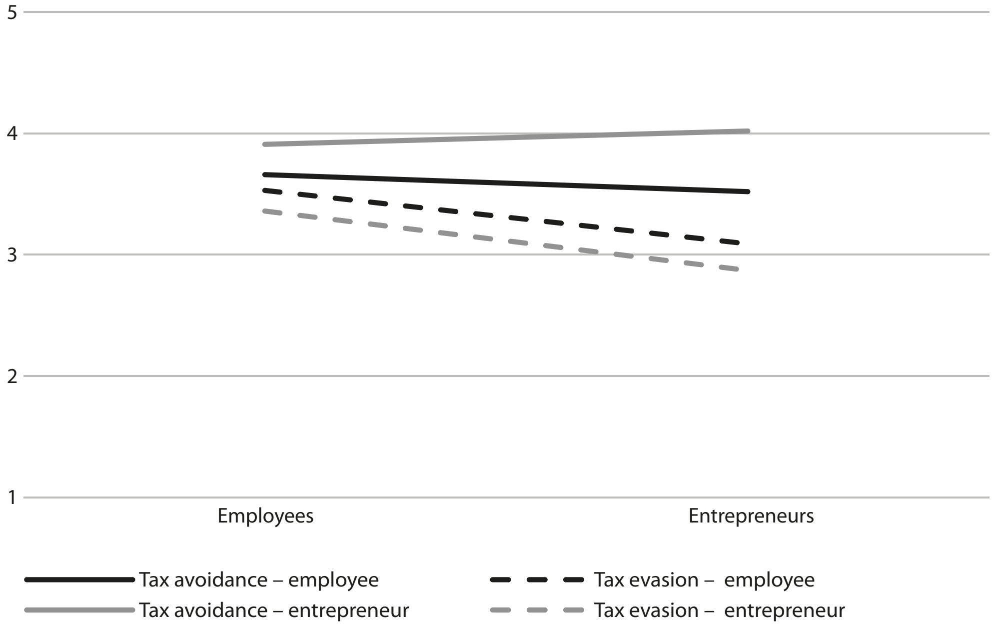
In line with the hypotheses, the analysis included the assessment of the perceived tax avoidance and tax evasion behavior by either an employee or an entrepreneur, as well as the variable related to the respondent's employment status. This required conducting a mixed-design analysis. The design involved two within-subjects factors (tax situation—avoidance, evasion; and the assessed individual—employee, entrepreneur) and one between-subjects factor (respondent's employment status—employee, entrepreneur). Given the two levels of both within- and between-subject factors, the homogeneity of the variables was tested using a t-test for dependent samples in the case of within-subjects factors, and a t-test for independent samples for the between-subjects factor. The effect size for the analyzed differences in mean values was determined using the η^2 statistic. Values of η^2 ranging from .01 to .06 were interpreted as indicating a small effect, values from .06 to .14 as a medium (moderate) effect, and values above .14 as a large effect (Szymczak, 2018).

Results

To test hypothesis H1, which posits that tax avoidance is perceived as smarter than tax evasion by respondents regardless of their own form of employment or the characteristics of the person engaging in the tax behavior, a mixed-design analysis of variance (ANOVA) was conducted. The mean ratings of tax avoidance and tax evasion by an employee and an entrepreneur, as evaluated by both groups of respondents, are presented in Figure 1.

Figure 1

Tax Avoidance and Tax Evasion Evaluations Among Two Groups of Respondents



Tax avoidance by both the employee and the entrepreneur was rated as smarter than tax evasion by both groups of respondents. The graph also indicates greater variation in the evaluations made by entrepreneurs compared to those made by the employee respondents.

The mixed-design ANOVA revealed a significant main effect of the type of tax behavior on its evaluation ($F(1, 221) = 41.35$, $p < .001$, $\eta^2 = .158$). The effect of the evaluated person was not significant ($F(1, 221) = 1.56$, $p = .213$, $\eta^2 = .007$). The main effect of the respondent's form of employment was marginally significant ($F(1, 221) = 3.13$, $p = .078$, $\eta^2 = .014$). Additionally, a significant interaction effect was found between the type of tax behavior and the respondent's form of employment ($F(1, 221) = 6.44$, $p = .012$, $\eta^2 = .028$), as well as between the type of tax behavior and the description of the evaluated person ($F(1, 221) = 15.95$, $p < .001$, $\eta^2 = .067$). However, the interaction effect between the evaluated person and the respondent's form of employment was not significant ($F(1, 221) = 0.43$, $p = .513$, $\eta^2 = .002$), nor was the three-way interaction between the within-subjects factors (type of tax behavior, evaluated person) and the between-subjects factor (respondent's form of employment) ($F(1, 221) = 1.07$, $p = .302$, $\eta^2 = .005$).

The analysis showed that tax avoidance was rated as smarter than tax evasion, regardless of whether the behavior was carried out by an employee or an entrepreneur. The type of tax situation accounts for 16% of the variability in the rating, which is considered a strong effect. The difference in the rating of tax avoidance versus evasion was significant for employees at $p = .013$ ($t(222) = 2.24$, Cohen's $d = 1.796$) and for entrepreneurs at $p < .001$ ($t(222) = 7.75$, Cohen's $d = 1.617$, dependent samples t-test). The effect of the respondent's own form of employment was marginally significant. The results of the statistical analysis support a partial acceptance of hypothesis H1, due to the marginal significance of the main effect of the respondent's own form of employment.

The analysis also identified weak but significant interaction effects between 1) the type of tax behavior and the respondent's form of employment and 2) the type of tax behavior and the description of the evaluated person. Independent samples t-tests analyzing differences in the rating of legal and illegal methods of minimizing tax burdens between employees and entrepreneurs were statistically significant only for the rating of tax evasion. In both comparisons, employees rated as significantly smarter tax evasion than entrepreneurs. The significance level of differences for the behavior describing employees was $p = .013$ ($t(221) = 2.23$, Cohen's $d = 1.459$), while for the situation describing illegal actions of entrepreneurs, it was $p = .009$ ($t(221) = 2.38$, Cohen's $d = 1.536$). Dependent samples t-tests analyzing differences in the rating of tax avoidance versus tax evasion based on whether the behavior was performed by an employee or an entrepreneur showed significant differences in both comparisons. Regarding the description of tax avoidance, the entrepreneur's behavior was rated as smarter than the employee's ($t(222) = -3.39$, Cohen's $d = 1.796$, $p < .001$). Conversely, for the description of tax evasion, the behavior of the employee was rated as smarter than that of the entrepreneur ($t(222) = 2.12$, Cohen's $d = 1.639$, $p = .017$).

Hypotheses 2 and 3 concerned the evaluations of tax avoidance and tax evasion as smart in relation to the respondent's own professional group. To test these hypotheses, dependent samples t-tests were conducted—tax avoidance for hypothesis H2 and tax evasion for hypothesis H3. The results are summarized in Table 1 (p. 108).

The data presented in the table allow for the acceptance of H2 with respect to the group of entrepreneurs. They rated as significantly smarter tax evasion performed by an entrepreneur than that performed by an employee. This effect did not occur in the group of employees, who considered tax avoidance by an entrepreneur to be smarter than that by a member of their own professional group.

The results of the dependent samples t-tests related to hypothesis H3 were marginally significant and thus do not provide clear confirmation. However, it can be inferred that there is a trend consistent with the formulated assumptions in the group of employees, who rated as smarter illegal tax evasion if it concerned another employee. Entrepreneurs, on the other hand, rated as less smart the described tax evasion by an entrepreneur than that by an employee.

Table 1

Comparison of the Evaluations of Tax Avoidance and Tax Evasion Formulated by Employees and Entrepreneurs

	M	*SD*	*Test t* (df)	*p*	Cohen's *d*
Form of employment – employees					
Tax avoidance – employee	3.66	1.35	–1.62 (116)	**.054**	**1.713**
Tax avoidance – entrepreneur	3.91	1.40			
Tax evasion – employee	3.53	1.48	1.43 (116)	.080	1.308
Tax evasion – entrepreneur	3.36	1.52			
Form of employment – entrepreneurs					
Tax avoidance – employee	3.52	1.39	–3.32 (105)	**<.001**	**1.551**
Tax avoidance – entrepreneur	4.02	1.26			
Tax evasion – employee	3.09	1.43	1.58 (105)	.059	1.475
Tax evasion – entrepreneur	2.87	1.56			

Discussion

The aim of the study was to analyze social evaluations of tax avoidance and evasion, and whether they differed depending on the perspective of the person making the assessment. Given the differences in the legal and illegal methods available for employees and entrepreneurs to reduce their tax liabilities, the study included scenarios referring to these two groups of taxpayers.

Hypothesis 1 predicted that tax avoidance would be rated by respondents as smarter than tax evasion, regardless of the characteristics of the person engaging in the behavior and the respondent's form of employment. Indeed, respondents rated legal tax reduction as smarter than illegal tax reduction. The evaluation of tax evasion was influenced by whether the described taxpayer was an employee or an entrepreneur, while in the case of tax avoidance, it also depended on the respondent's form of employment. There were significant interaction effects between within-subject and between-subject factors. Employees considered tax evasion, for both employment forms, to be smarter than did the entrepreneurs surveyed. Both groups of respondents also rated tax evasion by an employee as smarter than the same behavior by an entrepreneur. The opposite result was found for tax avoidance, which was considered smarter when engaged in by an entrepreneur.

The analysis partially confirmed H1 and demonstrated that, despite the limited level of tax knowledge among the Polish population (see Kiełczewska & Sawulski, 2021), legal and illegal methods of tax reduction are socially distinguished, and the extent to which tax reduction efforts are rated as "smart" may depend on their compliance with the law. However, the average ratings for all four analyzed tax scenarios are above the midpoint of the scale, suggesting that there may be societal acceptance of actions aimed at protecting self-interest through tax reduction. The results align with the profiles of taxpayers described by Kirchler (1998), where individuals minimizing their tax burdens, even through illegal means, were assigned more positive traits than honest taxpayers. Furthermore, this observation is consistent with findings indicating a low societal assessment of the effectiveness of the use of tax-derived funds (Kiełczewska & Sawulski, 2021).

The tendency to more strongly associate tax evasion with practical intelligence in the case of employees rather than entrepreneurs may be related to the social image of the latter. Entrepreneurs tend to exhibit lower tax discipline (Niesiobędzka, 2013) and are often perceived as individuals who maximize their own benefits, sometimes through unethical means (Polska Rada Biznesu, 2016). The use of illegal tax reduction methods by entrepreneurs is met with greater social disapproval (Kołodziej, 2023). The findings suggest that this assessment extends beyond ethical concerns and, as seen in Kirchler's (1998) study, also influences other dimensions of how the situation is perceived.

The comparison of tax avoidance and tax evasion evaluations made by employees and entrepreneurs also reveals less variability in the assessments among the former group. One possible explanation for this observation relates to the level of tax knowledge associated with the activity of these two taxpayer groups. As previously noted, employees have significantly fewer opportunities to reduce their tax burden due to the way of settling tax liabilities compared to entrepreneurs. Consequently, employees' level of tax knowledge may be lower than that of entrepreneurs, as their involvement in tax-related matters is less extensive, stemming from the specific nature of the tax system. This lower level of knowledge, along with the reduced ability to distinguish between legal and illegal tax reduction methods, may have led to less variance in evaluations by employees.

Further, the study examined differences in the evaluation of tax behaviors undertaken by individuals who shared the same form of employment as the respondents. The analyses revealed that rating as smarter actions within one's own occupational group applied only to tax avoidance by entrepreneurs, partially confirming H2. In addition, employees rated tax avoidance by entrepreneurs as smarter than tax avoidance by employees. Regarding the assessment of illegal tax reduction, the observed differences were only marginally statistically significant, which did not allow for a definitive verification of hypothesis H3.

The study's findings demonstrate that tax avoidance and tax evasion are considered distinct. This result expands on previous research, which primarily focused on the assessment of tax behaviors that violate legal regulations. Despite relatively small differences in the evaluation of the four described tax scenarios, participants rated as less smart tax evasion than tax avoidance. This suggests that in the social evaluation of tax behaviors, legality serves as an important reference point for comparisons, regardless of the professional status of the person being evaluated.

Another aim of the study was to test the hypothesis regarding the influence of egocentric bias in the assessment of tax behaviors by employees and entrepreneurs. The results were not entirely consistent with the initial assumptions stating that tax evasion is evaluated as smarter if the evaluation pertains to a person with the same form of employment as the respondent. Indeed, entrepreneurs rated as smarter behaviors of their own professional group when they legally reduced their tax burden. However, this effect did not appear among employees assessing tax avoidance. When it came to tax evasion, employees seemed more inclined to rate as smarter behaviors of other employees than entrepreneurs. Conversely, entrepreneurs were less likely to rate as smarter illegal tax reduction by another entrepreneur. However, the data did not allow for definitive interpretation of tax evasion evaluations is limited, as the expected levels of statistical significance were not achieved.

Taxes are considered one of the main challenges faced by entrepreneurs in Poland (CBOS, 2010). It can be assumed that this group of taxpayers would rate the actions of entrepreneurs more favorably if those actions both protected their self-interest and adhered to legal regulations and social expectations. Perhaps the awareness of these expectations, along with the presumably greater tax knowledge among entrepreneurs, also explains the observed trend of rating as less smart tax evasion by members of this professional group compared to employees.

However, rating as smarter entrepreneurs compared to employees when avoiding taxes by both groups of respondents may also be related to the specific scenarios used in the study. According to these scenarios, tax avoidance by employees involved a clearly less demanding action (making a donation) than that of entrepreneurs (relocating the company). On the other hand, when it came to tax evasion, the illegal tax reduction mechanism was identical for both groups (hiding income), which may have led to the observed trend of more favorable assessments of employees over entrepreneurs, in line with the proposed assumptions.

The presented study has several limitations. These include the use of questionnaire-based measurement and data collection through an online research panel, which does not allow for control over external factors and significantly limits the ability to generalize the results obtained. Caution in interpreting the study's findings is also warranted due to the sample size, which does not permit broad generalization. The examples used to measure evaluations of tax avoidance and evasion by employees and entrepreneurs refer to the most observed scenarios, which may not have been equally cognitively accessible to all respondents. Additionally, the use of a simple measurement scale may have also influenced the results obtained.

In future research, it would be interesting to explore the reasons behind the differences in assessments of tax avoidance and evasion made by employees and entrepreneurs. Specifically, it would be valuable to analyze whether these differences stem from varying levels of knowledge between the two groups of taxpayers or are a result of differing expectations set by the social environment. Further investigation is also needed regarding the question of the presence of the egocentric bias in evaluating tax-related behaviors, which was not definitively addressed in the present study.

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