

Perspectives of tax reforms in Croatia: expert opinion survey

HRVOJE ŠIMOVIĆ, PhD*
HELENA BLAŽIĆ, PhD*
ANA ŠTAMBUK, PhD*

Article**

JEL: H20

doi: 10.3326/fintp.38.4.2

* The authors would like to thank three anonymous referees and all participants of Session 1B at the conference “Tax Reforms: Experiences and Perspectives” for their useful comments and suggestions.

This work has been supported in part by the Croatian Science Foundation under project number IP-2013-11-8174 and in part by the University of Rijeka under project number 13.02.1.2.02.

** Received: May 19, 2014

Accepted: September 22, 2014

A previous version of this paper was presented at the conference *Tax Reforms: Experiences and Perspectives* organized by the Institute of Public Finance, Faculty of Economics and Business, Zagreb and Faculty of Economics, Rijeka in Zagreb on June 20, 2014.

Hrvoje ŠIMOVIĆ

University of Zagreb, Faculty of Economics and Business, J. F. Kennedy 6, 10000 Zagreb, Croatia

e-mail: hsimovic@efzg.hr

Helena BLAŽIĆ

University of Rijeka, Faculty of Economics, Ivana Filipovića 4, 51000 Rijeka, Croatia

e-mail: helena@efri.hr

Ana ŠTAMBUK

University of Rijeka, Faculty of Economics, Ivana Filipovića 4, 51000 Rijeka, Croatia

e-mail: ana@efri.hr

Abstract

In order to shape tax reform it is necessary objectively to assess the current state-of-the-art of and of the outlook for the tax system. After having reviewed all previous reforms in the light of the consumption-based (interest-adjusted) concept of direct taxation, which was almost systematically implemented in Croatia in 1994, we present the results of a broad expert opinion survey about the Croatian tax system. The most interesting results suggest the maintenance/(re)introduction of different tax incentives and reduced VAT rates, rejection of a flat tax as well as decrease of tax brackets, an increase in alcohol and tobacco duties, the introduction of a financial activities tax, a further shift from income to consumption, a decrease of the tax share in GDP and a belief in the behavioral responsiveness of tax decreases/exemptions, as well as a firm commitment to the principle of equity. The last three economic views/values are important predictors of other tax attitudes.

Keywords: opinion survey, tax reform, tax system, tax policy, Croatia

1 INTRODUCTION

In the summer of 2013 a *Survey about State and Perspectives of the Croatian Tax System* (Šimović et al., 2013) was conducted. The survey was based on a similar US survey from the beginning of 2013, organized by the National Tax Association (NTA) and ran among its members. This survey is referred and compared to previous similar US surveys from 1994 and 1934 (Lim et al., 2013).

The purpose of our research, like that of the US survey, was to find out what tax experts think about the overall current situation and problems in the Croatian tax system and what they expect from tax policy in the future. Since similar research has never been done in Croatia, the analysis is especially directed towards income versus consumption as the tax base, which has influenced all Croatian tax reforms. Besides that, there are some other motivations behind such an investigation. Croatia has witnessed two relatively turbulent decades and some very influential tax reforms. Above all, the research was begun in order to establish the attitudes of tax experts almost 20 years after the fundamental tax reform in 1994, when consumption-based taxation (interest-adjusted personal and corporate income tax) was introduced. Furthermore, apart from Greece, Croatia is the only EU country that is still in (5 year) recession with no positive expectations even in 2014. The decline in economic activity is causing additional political instability, changes to the system of taxation as well as changes in attitudes to the tax system and policy.

As in the US survey, our survey encompasses three sectors of experts: government, private and academic. The results are assessed using the percentage of negative/positive answers of 61% as degree of consensus and analyzing that degree of consensus in more detail. We also wanted to analyze the possible influence of specific values and economic views on tax system/policy attitudes using binomial probit regression.

After the introduction, the second part of the paper gives a short overview of Croatian tax reforms, with a special emphasis on changes related to the main taxation concepts of direct taxation (income versus consumption). In the third part, the tax survey is analyzed giving an overview of the attitudes and outlining the prevailing consensus among Croatian tax experts. The fourth part entails binomial probit regressions in order to determine how specific values and economic views (concerning behavioral responsiveness as well as incidence) influence experts' policy opinions.

2 TAX REFORMS IN CROATIA

In 2014, Croatia will mark 20 years from the first big tax reform, which set up foundations of the current tax system to a great extent. The tax system from 1994 was in the spotlight of the numerous debates in the Croatian as well as international tax literature.¹ At that time, Croatia was the only country consistently implementing consumption-based taxation – interest-adjusted personal and corporate income tax² (PIT and CIT). According to that, special contribution to the debate was influenced by the Allowance for Corporate Equity (ACE) tax (called “protective interest” in Croatia). In addition to corporate income tax, Croatia introduced “synthetic” personal income tax that in some elements still departed from the interest-adjusted income tax (the treatment of income from real estate) but included “protective interest” for business income (self-employed) also. In 1994 new excise taxes were also introduced, and the number of retail sales tax rates was gradually reduced in order to prepare for the introduction of value added tax (VAT). Although the first VAT law was enacted in 1995, it only entered into force in 1998.

However, Croatia relatively quickly abandoned interest-adjusted personal and corporate income tax in its second great tax reform from 2001, which followed after parliamentary elections and a change in the party in power. The biggest changes happened in the field of corporate and personal income tax, where ACE was abandoned and numerous incentives introduced. Personal income tax started to encompass some capital incomes, but the main part of them was still exempt. Apart from introduction of the General Tax Act, there were no substantial changes

¹ For the literature overview of the debates and arguments about the consumption versus income concept of taxing personal and corporate income in Croatia see Šimović (2012: 10-11), for the general literature overview about the advantages and disadvantages of consumption-based taxation, especially ACE tax, see Blažić (2006: 67-68). For contributions to the debate, and especially concerning the Croatian ACE model 1994-2000, see Schmidt et al. (1996), Rose and Wiswesser (1998), Keen and King (2002), Klemm (2007) and Blažić (2008).

² The term “corporate income tax” used in this paper for the reasons of international comparability, would not be completely appropriate for Croatia. The tax payers of this tax are corporations, but also parts of the non-corporate sector (partnerships with “trader status” and even sole traders). In this way the typical distortion of the classical income tax concept – between the corporate and the non-corporate sector – was avoided, as the consumption tax concept requires, and this remains even now. On the other hand, it could be argued that it is simply replaced by the distortion between business units (enterprises) that pay corporate income tax and business units that pay personal income tax (self-employed in “crafts and trades” that are relatively small or do not want to opt to pay a corporate income tax). In order to mitigate the problem, the Croatian legislation has from the very beginning given the self-employed the option of paying corporate income tax instead of personal income tax – the self-employed can opt to pay corporate income tax or have to pay it if the business is big enough in terms of number of employees, assets, income or turnover (see also Blažić, 2008).

in other tax forms. It could be said that this tax reform shapes in a substantial way the present characteristics of the Croatian tax system as *modus operandi* of the tax system and policy, which are changed with every change of the ruling party.³ So, the “mini” tax reform at the beginning of 2005 abolished the taxation of dividends again (which was reintroduced in 2012), but did not bring back ACE as the basic element of consumption-based taxation at the entire business (corporate and personal – self-employed) level. The current Croatian tax system is a hybrid system, where both the elements of income-based and consumption-based taxation concept are present and where the domination of the particular concept depends mostly on the current ruling party.

TABLE 1

Overview of tax reforms and changes in the tax system relevant for the income/ consumption concept

Period and system	Basic changes
1994-2000 Consumption-based system (interest-adjusted PIT and CIT)	1994 – Non-taxation of capital income (exception: property income) – ACE (at CIT and PIT for business income)
2001-2004 Mostly income-based system (with some of consumption-based elements: savings and interest-adjusted PIT and CIT)	2001 – Introduction of capital income taxation (dividends and part of interest) – Abolishment of ACE and introduction of numerous incentives (tax holidays) Elements of consumption concept: interest-adjusted income tax – Non taxation of most interest (bank saving and deposit accounts, securities) and capital gains from financial assets – Some dual income tax elements retained (linear taxation of most capital/property income by the way of final withholding tax) Elements of consumption concept: saving-adjusted income tax and cash-flow tax – Not only compulsory, but also voluntary pensions as well as life insurance contributions deductible (and later taxable) – Immediate write-off and enhanced accelerated depreciation
2005-2013 Hybrid system – elements of income-based and consumption-based taxation (interest-adjusted and saving-adjusted)	2005 “Mini” tax reform – Abolition of dividend taxation – Abolition of immediate write-off and enhanced accelerated depreciation (the accelerated depreciation in the form of doubled depreciation rates from before 2007 remains) – Modifications of CIT incentives 2010 – Abolition of deductibility for voluntary pension insurance and life insurance premiums (from saving-adjusted to interest-adjusted model) 2012 – Reintroduction of dividend taxation (towards the income concept, but not systematically) – Non-taxation of reinvested profit

Source: Authors.

³ In contrast to the tax reform from 1994, that of 2001 did not cause nearly as much debate. Although it was shown that this reform brought about a significant decrease in the tax burden, it remained questionable whether the results of the changes were the original intention of tax policy creators (Švaljek, 2005).

An overview of tax reforms in Croatia with special emphasis on the changes in direction to either the consumption or the income concept is presented in table 1.

3 2013 EXPERT OPINION SURVEY ABOUT TAX POLICY IN CROATIA

3.1 SURVEY METHODOLOGY

Opinion/attitude surveys, either rather general⁴ or more specific⁵ have been applied in taxation research. The Croatian survey is mostly based on the latest US NTA expert opinion survey (Lim et al., 2013; DeGroat, 2013), which has a long history behind it (Walker, 1935; Slemrod, 1994; Brannon, 1995). However, a lot of modifications had to be made, with the majority of new questions introduced as well as a lot of questions omitted/changed. The 92 questions (i.e., statements) combine general issues and questions concerning the basic types of taxes, with specific questions about the most topical tax policy elements in Croatia. The basic yes/no/other question methodology has also been changed and Likert items (5 levels) are used instead. After the pilot (a couple of academic colleagues of the authors and tax practitioners) some questions were omitted/clarified.

The survey was performed between May and July 2013. The call was sent by e-mail at the beginning of May to 1,000 addresses and sent to other addresses in the middle of July. Most of the answers were gathered by web page, with a small part by post (in hard copy). Out of the population of 1,000 experts targeted, 304 responded.

In accordance with the relevant mentioned surveys (Walker, 1935; Slemrod, 1994; Lim et al., 2013) the tax experts that could be divided into the following three groups: academe, the government sector and the private sector⁶ were the population targeted. Academics include professors and researchers at departments (faculties) of economics at universities and research institutes that devote at least part of their scientific and teaching work to the tax system and policy. The government sector consists of the Tax Administration (employees of sectors inside Central Office, heads of regional and local offices) and local and regional government units (heads of the finance departments of those units). The private sector means mostly tax advisors, but also some lecturers of private business polytechnics as well as employees in tax accounting, advising and publishing companies.

⁴ For instance for US: Behrens (1973), Fisher (1985), IRS (1993), McCabe and Stream (2006), Campbell (2009), Lim et al. (2013), for Israel: Dornstein (1987), for Austria: Kirchler (1999), for Australia: Murphy (2004), for Sweden: Hammar et al. (2008).

⁵ For instance for cigarette taxes Green and Gerken (1989), for local tax rates Ashworth and Heyndels (1997), for flat tax and sales taxes McGowan (2000), for estate tax and flat tax Fleischman and Hutchison (2001), for the income tax Eicher et al. (2001), Hasseldine and Hite (2003), for environmental taxes Thalmann (2003), Kallbekken and Saalen (2011), for tax deductibility of mortgages Van der Heijden et al. (2007), for the tax compliance and morale Torgler and Schneider (2005, 2007), Alm et al. (2006), Eicher and Stuhldreher (2007), Randlane (2012), for the estate tax Birney et al. (2006), Fatemi et al. (2008), for CO₂ tax Löfgren and Nordblom (2010), for minimum corporate tax rates Osterloh and Heinemann (2013).

⁶ Table A1 in appendix entails detailed information about respondents' structure.

As in similar surveys, the 92 survey questions could be thematically divided into a handful of groups: property taxes, personal income tax, corporate income tax, VAT, excise taxes, social contributions, general tax issues and values. In addition, some general questions were set to establish the demographic and professional characteristics of the respondents.

3.2 DEGREE OF CONSENSUS

In order to enable comparison with the relevant NTA survey, at least 61% positive or negative answers (excluding neutral responses) are taken as the threshold for consensus (Lim et al., 2013). Since the Croatian survey was made with 5-level Likert items, the answers under “yes” entail answers “totally/strongly agree” and “mostly agree”, while the answers under “no” entail answers “mostly disagree” and “totally/strongly disagree”. Table 2 presents the number of answers with the consensus degree of at least 61%⁷. Table A2 in appendix includes detailed data for the degree of consensus for all 92 survey statements/questions.

TABLE 2

Degree of consensus (number of questions, excluding the neutral response)

Degree of consensus	Total	Academic	Government	Private
Total 61-74%	29	35	33	36
Total 75-100%	35	36	38	32
Total 61-100%	64	71	71	68
Total 61-100% (in %)	69.9	77.2	77.2	73.9

Source: Authors based on survey responses.

As many as 84 questions (out of 100) had a degree of consensus above 61% in the US NTA survey, while such a degree of consensus in Croatian survey was elicited by only 64 statements or 69.9%. If the consensus threshold were raised to 75% equal answers, the number would decline to only 38% (35 out of 92). Due to the frequent tax reforms and tax law changes in Croatia, such a low degree of consensus was to be expected. It is interesting that a slightly broader consensus was reached inside the academic and government sector in contrast to the private one. Unfortunately, there are a significant number of statements without any general (total) consensus, which is not the case at the level of particular groups of respondents (sectors). When the experts are divided into sectors, there is much more homogeneity inside each sector, so a higher percentage of consensus was to be expected. We hope that the further development of the Croatian society will result in a higher level of legal certainty and tax stability, which could also lead to a higher degree of consensus between tax experts. Such a trend is observed in the US with a higher level of consensus in 2013 in comparison with 1994.

⁷ This arbitrary but seemingly reasonable threshold for consensus is taken for the relevant comparison with the US survey also (Lim et al., 2013). More certain degree would be 75% for sure, so this is also taken into account.

However, there are some contrary statements, even when a consensus was reached. So it is hard to reach an agreement concerning specific issues without further analysis. Still, there is a significant difference in the degree of consensus even among the questions in which a consensus is achieved.

3.3 SPECIAL TAX ISSUES

As mentioned previously, the 92 statements are divided into several groups concerning special tax issues (see table A2).

Concerning property taxation, only half of the statements reached the percentage for a consensus to have been reached (61%). The main question related to the introduction of real estate tax reached no consensus (“only” 59% of answers in favor). The greatest opposition is found in the academic community, while private and government sectors reached a consensus in favor of that tax. Consensus was also reached about real estate tax being a local tax, for the maintenance of the local surcharge as well as the real estate transfer tax and for property being a necessary additional indicator of ability to pay. Furthermore, the respondents have different ideas about the tax burden of the real estate tax for business and citizens. Overall consensus was reached concerning the statement that citizens should not pay higher rates than businesses, but not concerning the statement that business should pay higher rates than citizens. Naturally, academia and the government sector supported the latter statement (62% and 65% in favor), in contrast to the private sector (68% against).

Concerning the relatively different systems of property taxes and inheritance and gift taxes in Croatia and the US, it is hard to make any meaningful comparisons. Still, respondents in both countries share the traditional view that real estate tax should be a local tax. On the other hand, unlike Croatian, US experts generally do not think that a real estate tax should distinguish between citizens and business.

Most personal income tax statements, especially those about progressivity, reached a consensus. Most of the respondents agree that the lowest (but not also the highest) marginal rate should be additionally reduced, that a flat tax should not be introduced, that there is no need to reduce the number of tax brackets any further and that tax allowances (deductions) for voluntary pension and life insurance, health insurance/costs and owner-occupied housing should be reintroduced. It could be concluded that respondents strongly share the common vertical equity principle, but this could not be broadened to include capital income taxation in general. Although a consensus was reached concerning dividends and financial capital gains taxation, there was no such consensus about interest on saving and securities.

Concerning the different tax treatments of incomes from labor and from capital, the private sector was alone in not achieving a consensus against the lower taxation of capital incomes. Concerning additional arguments in favor of lower dividend taxation, there are significant differences between the academic and the pri-

vate sector on the one hand (accepting it) and the government sector on the other hand. There is a general agreement that capital incomes should not be taxed at lower rates, but there is no consensus about equal treatment of all sources of income or preferential dividend taxation – moreover, there are strong differences between particular sectors.

Due to the long tradition of a consumption-based (interest-adjusted) system of direct taxation in Croatia in general and especially interest-adjusted personal income tax, the basic elements of which remained in force even after 2001, a higher preference of experts for this concept could have been expected. The only such preference is seen in the area of interest on savings (and securities) and, as already said, could be partially attributed to the individual taxpayer's circumstances (in contrast to dividends and financial capital gains taxation⁸). Some “modified element” of consumption-based taxation – a hybrid system between the income and the consumption concept – a lower taxation of capital incomes (instead of their being exempted) – the case of dual income tax, which is coming strongly into Croatian tax system, has, again, reached no support.⁹ It seems that experts strongly advocate classical comprehensive income taxation. One could then expect to get a (positive) consensus about the taxation of all sources of income in the same way (regarding Q27 as the control question), but this consensus is achieved only in the government sector. However, this may not be the case, since the question is (could be) related to currently taxable (mostly labor) incomes in Croatia and the very topical problem of “other” (additional, part-time) work being taxed at lower rates (by a way of final withholding tax) in contrast to wages/salaries. The recent idea of the Croatian Ministry of Finance to tax all labor incomes in a same way in order to get additional budgetary revenues was (for the time being) rejected.

As in the previous case, it is hard to make comparisons with the US survey, especially concerning capital income taxation, where the US system is strongly developed, also due to the development of the financial system. A similar conclusion could be drawn regarding the numerous tax allowances/deductions that exist in the US personal income tax system. However, some characteristics in common could be found – affinity to stronger personal income tax progressivity as well as disagreements about taxation of capital income in the US, especially at the capital gains level. There is also a general conclusion about the preference for stronger comprehensive taxation, but some views regarding capital income, property and inheritance and gifts mean that such a view is not undivided.

⁸ Not surprisingly, there is a strong and highly significant correlation between advocating dividend and capital gains taxation ($r_s = 0.878$; $p < 0.01$) and much lower between former and interest taxation ($r_s = 0.365$; $p < 0.01$) and later and interest taxation ($r_s = 0.431$; $p < 0.01$). Moreover, these Spearman correlations are calculated for original Lykert type answers (1-5). The same applies to footnote 9.

⁹ There is, of course, negative correlation between advocating capital incomes taxation (Q24, 25 and 26) and their lower taxation than labor incomes (Q28). The correlation coefficients are highly significant ($p < 0.01$), but low ($r_s = -0.295$, $r_s = -0.340$, $r_s = -0.262$). The same is true for the correlation between advocating dividend taxation and their lower taxation ($r_s = -0.304$).

Experts do not consider that the minimum monthly assessment base for social contributions should be abolished. On the other hand, there is no consensus for the abolition of a maximum base (a ceiling). Furthermore, there is a strong disagreement here between the private sector (against abolition) and the government sector (in favor of abolition). Most of the respondents consider the first pillar contributions (intergenerational solidarity) too high, suggesting they should be lowered. Although there is no general consensus, the private sector and academia circles support an increase in the second pillar (individual capitalized saving accounts) contributions.

There is consensus for almost all statements in the field of corporate income tax. Most of the respondents consider that it should boost economic activity, so different incentives should be retained or (re)introduced (different tax holidays and investment allowances). Especially pronounced is the high degree of support (91%) for R&D and educational incentives. A high degree of consensus is achieved for reintroduction of ACE, favoring consumption-based taxation at the corporate level (in contrast to the personal level). The experience of Belgium proves that such system is still (for the time being¹⁰) compatible with EU requirements. Yet one of the reasons given for its withdrawal in Croatia was its uniqueness in the EU (which was only partially true, due to some already existing elements of ACE in Austria and Italy at that time). Interestingly and relatively unexpectedly, no consensus has been reached for the lowering of the CIT rate. It is especially interesting that the private sector is the only opponent, reaching a consensus against rate lowering. They are probably aware of the relatively low effective rate due to numerous incentives. No comparison of the US and the Croatian survey is possible, since the questions completely differ.

Experts are mostly against aiming at having only one (standard) VAT rate and also against abolition of the reduced rates. So, a consensus was reached concerning the maintenance of reduced rates for basic foodstuffs as well as their extension to all food products. Such an attitude could be explained by the already mentioned relatively high preference of experts for vertical equity. A huge majority (97%, and 100% for the private sector) claim that the standard VAT rate should not be increased further, which is completely expected, since the Croatian VAT rate of 25% is the second highest (after Hungary with 27%) in the EU.

There is high degree of consensus for most statements in the field of excise taxes. Most think that different excise taxes on energy and electricity should “not be raised”/“be lowered”. In contrast, most think that excise taxes on tobacco and tobacco products should be increased and that taxation of luxury products should be reintroduced. Here, some resemblance with the US survey, where similar opinions prevail, could be established. Most experts support excise taxes on cars, aircrafts and vessels, while no consensus was reached for excise taxes for coffee and car insurance premiums. Interesting, a consensus was reached for introducing excise

¹⁰ Recent CCCTB development trends should be taken into account, including even the possibility of future shift of this tax base from optional to compulsory.

taxes on “junk food”, where the Croatian differ from the US experts, who do not support such special taxes.

3.4 GENERAL TAX ISSUES, EXPERTS’ VALUES AND ECONOMIC MODEL

The last twenty survey statements relate to general attitudes about the tax system and policy as well as some economic models. These questions are pretty comparable to the US survey. In contrast to the US survey, no overall consensus has been reached for three of the statements, although even here some partial consensus exists.

For many questions the degree of consensus is high (over 75%). Most of the respondents solve the traditional “equity-efficiency trade-off” in favor of equity. This attitude is expected, taking into consideration the previous survey parts about particular taxes. It could be explained by the historical inheritance and the general justice awareness that prevails in Croatia, but maybe also by some recent tax policy tendencies due to the economic crisis. A high degree of consensus is present for the statement that penalties for tax evasion should be increased and administrative and compliance costs as well as para-fiscal levies decreased. The results for these statements are mostly in accordance with the US experts’ opinion.

Most experts think that the share of government in GDP (measured by public revenues and expenditures) should be decreased. In accordance with that there is a consensus about related statements that the entire tax burden should be lowered and the tax structure changed. There is no consensus about the currently advocated introduction of a financial transaction tax, as it is the case in the US survey. On the other hand, there is a consensus about a financial activities tax. One of the reasons for the different attitudes to those financial sector taxes could be the concern of the experts about the incidence of the former tax.

There is also consensus concerning some views about economic effects. Most think that lower marginal income tax rates increase work effort and reduce leisure (81%) and that such a change would increase the tax base so that the revenue lost could be compensated for (65%). Most think also that non taxation of interest encourages saving (78%) and respectively non taxation of financial capital gains encourages investment and promotes economic growth (65%)¹¹. The bulk of these reasonings are close to those in the US survey.

While the US experts consider consumption taxes regressive, Croatian experts (except academics) have reached no consensus about regressivity. Maybe this is due to the lack of knowledge of other groups about that term. However, experts from both countries have reached the consensus that CIT is shifted mostly to consumers and employees.

¹¹ However, one should keep in mind that the neutral answer (3) was eliminated from the survey results. Where it comes to such economic modelling statements (as well as value statements) such skepticism/indecisiveness could be reasonable, expressing no lack of knowledge of the respondents, but their awareness of complexity. The inclusion of neutral answers in these statements would make the results a little bit less optimistic (Blažić, Šimović and Štambuk, 2014).

The efficiency of regional tax investment incentives in Croatia (the city of Vukovar and areas of special national concern) is one of the questions where no general consensus was achieved. A consensus about them not being efficient was reached only in the academic community (68%), while the percentage of negative answers in the private (58%) and government sector (51%) was not high enough. It could be concluded that this attitude supports recently (after the survey) conducted reform of stated investment incentives (their narrowing).

4 DETERMINANTS OF EXPERTS' POLICY OPINIONS IN CROATIA

This part of the paper analyses factors that influence tax experts' attitudes in Croatia using a serial binomial probit regression. As in the case of the degree for consensus being reached, only positive and negative answers (without the neutral one) are observed. As in other relevant research (Lim et al., 2013), the analysis is aimed in two directions. The first part analyses tax expert's attitudes related to some value judgments (values) in the area of taxation, where two questions (Q75 – *The entire tax burden (the level of taxes relative to GDP) should be reduced* and Q91 – *The equity principle should have precedence over the efficiency principle in creating tax policy*) are used as predictors (independent variables). The second part of the analysis encompasses particular economic views related to the behavioral responsiveness and tax incidence, whose predictors (independent variables) are tested over five questions (Q84 – *Non taxation of interest encourages saving*, Q85 – *Non taxation of financial capital gains encourages investment and promotes economic growth*, Q86 – *Different government tax reductions (reliefs, incentives) promote economic growth*, Q79 – *The tax burden should be shifted from personal and corporate income to consumption* and Q80 – *The tax burden should be shifted from personal and corporate income to property*). In both cases, the regression includes also demographic characteristics (employment-sector, age and education level) as independent variables. They are not particularly analyzed but detailed probit regression results, as well for demographic characteristics, are presented in table A3 and A4 in appendix.

Seventeen different models are observed, where seventeen questions/statements that best reflect topical disputes in Croatian tax systems and could be used to assess future tax trends were chosen as dependent variables.

4.1 VALUES

This part of the analysis wants to establish the influence of tax equity values and general values concerning the government's role in the economy on professional attitudes about tax system and policy. In order to establish that influence, Q75 (*The entire tax burden (the level of taxes relative to GDP) should be reduced*) and Q91 (*The equity principle should take precedence over the efficiency principle in creating tax policy*), which somehow express different views concerning tax policy, were chosen as independent variables (predictors). The respondents that support the reduction in the entire tax burden (expressed as the level of taxes relative to GDP) – those that gave that gave

the positive answer to Q75 (*The entire tax burden (the level of taxes relative to GDP) should be reduced*) could be regarded as having more (neo)liberal economic views, i.e. advocating a smaller role of government in the economy. On the other hand, those that claim the equity is more important than the efficiency principle (compared to those that have answered negatively) support a greater role for equity, i.e. higher state intervention regarding redistributive issues. Concerning consumption-based taxation, the former group could be expected to be more in favor of and the latter group to be more against it. Table 3 presents the results of binomial probit regression for variables Q75 (*The entire tax burden (the level of taxes relative to GDP) should be reduced*) and Q91 (*The equity principle should take precedence over the efficiency principle in creating tax policy*) reflecting values in the field of taxation.

Presented results imply relatively consistent attitudes of Croatian tax experts. For the most observed models, the experts with neoliberal economic views have mostly different preferences than the experts that advocate greater equity in taxation. Furthermore, Q91 (*The equity principle should take precedence over the efficiency principle in creating tax policy*) is also a more significant predictor than the Q75 (*The entire tax burden (the level of taxes relative to GDP) should be reduced*) – which could imply that the equity principle is the dominant value in shaping tax attitudes for most of the experts.¹²

More neoliberal tax experts, i.e. those that answered to Q75 (*The entire tax burden (the level of taxes relative to GDP) should be reduced*) positively are more inclined to reduce the CIT rate, especially for SMEs. They are also inclined to reduce parafiscal levies and consider that the government should be financed less from taxes and more from user charges. This could be explained by their inclination to the benefit principle (“quid pro quo”) as an alternative (in effect older) understanding of equity (equality) instead of the ability to pay principle. That is why they are also not inclined to the taxation of interest income (as well as other capital incomes¹³) following consumption-based (interest-adjusted) taxation concept.

Tax experts expressing a preference for a greater role for vertical equity (those that reacted positively to Q91) are, expectedly, more inclined to the introduction of a real estate tax (as additional indicator of ability to pay) as well as to the taxation of capital incomes such as dividends and capital gains.¹⁴ Not unexpectedly they are also in favor of a financial transaction tax and especially a financial activities tax (as additional ability to pay tax on the “undertaxed” banking sector). Needless

¹² It is harder to make the comparison with the US survey in this context since the set of observed models, i.e. dependent variables is somehow different. The predictors are not identical also, but they could be put in the similar comparable context. In the US survey the question “Is the redistribution of income within the United States a legitimate role for government” turned out to be more important predictor (with the negative influence on attitudes of lower capital income and dividend taxation) than the question about higher equality of income distribution in the US (Lim et al., 2013: 790-791).

¹³ However, there is no statistical significance established for other capital incomes.

¹⁴ There is a positive influence on interest taxation also, but without statistical significance.

to say that they are against the flat tax, which, due to its indirect progressivity, jeopardizes the traditional equity-founded appreciation of the ability to pay principle.

TABLE 3
Binomial probit regression results for values

Question/statement	Q75 ^a	Q91 ^b	χ^2 ^c
Q01 Croatia should introduce the proposed real estate tax.	0.014 (0.324)	0.820** (0.337)	14.658 (0.041)
Q03 Taxation should include other forms of property too (movable property, financial property, etc.), i.e. synthetic taxation of property (net wealth tax).	0.223 (0.343)	0.179 (0.320)	4.136 (0.764)
Q16 Instead of more PIT rates only one rate should be introduced (a flat tax) along with maintenance of personal exemptions.	0.206 (0.341)	-0.672* (0.345)	8.783 (0.269)
Q24 Inside PIT dividends should be taxed.	-0.577 (0.454)	0.740** (0.353)	18.562 (0.010)
Q25 Inside PIT financial capital gains should be taxed.	-0.264 (0.392)	0.843** (0.332)	19.636 (0.006)
Q26 Inside PIT interest on saving and securities should be taxed.	-0.782** (0.362)	0.485 (0.345)	7.758 (0.354)
Q27 All sources of income inside PIT should be taxed in the same way (at statutory rates, without allowing the lower withholding tax to be final).	-0.519 (0.421)	-0.048 (0.358)	3.443 (0.841)
Q30 CIT (general) rate should be reduced.	0.841** (0.350)	0.067 (0.328)	10.177 (0.179)
Q31 CIT burden for SMEs should be reduced.	0.810** (0.359)	0.047 (0.394)	14.573 (0.042)
Q32 Reinvested profits should be exempt from taxation.	0.129 (0.428)	-0.141 (0.412)	5.012 (0.659)
Q39 Tax incentives for investment should be maintained.	0.279 (0.430)	0.741 (0.466)	5.067 (0.408)
Q40 Protective interest (allowance for corporate equity, ACE) should be reintroduced.	-0.306 (0.408)	0.580 (0.372)	9.150 (0.242)
Q42 Only one/standard VAT rate should be aimed at (reduced rates should be narrowed/eliminated).	0.031 (0.324)	-0.475 (0.314)	5.973 (0.543)
Q73 A financial transaction tax should be introduced.	-0.167 (0.342)	0.752** (0.360)	15.518 (0.030)
Q74 A financial activities tax should be introduced.	-0.486 (0.482)	1.378*** (0.386)	65.922 (<0.001)
Q76 General government should be financed less from taxes and more from different non-tax revenues (with an emphasis on different user charges).	0.955*** (0.328)	0.327 (0.364)	12.132 (0.096)
Q81 Para-fiscal levies should be reduced.	0.893** (0.447)	0.288 (0.526)	19.890 (0.006)

Notes: Robust standard errors are in parenthesis. The p -values of the χ^2 are in brackets. Other regressors include indicators of sector of employment, age and education.

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

a) Q75 – Entire tax burden (the level of taxes relative the GDP) should be reduced.

b) Q91 – The equity principle should be prior to efficiency principle in creating tax policy.

c) Wald χ^2 tests the hypothesis that at least one of the regression coefficients is not equal to zero.

Source: Authors' calculation.

4.2 ECONOMIC VIEWS

In order to establish the prevalence of specific economic views in taxation, statements/questions that relate to taxpayers' behavior and tax incidence are used as independent variables (predictors). For the taxpayers' behavioral response questions/statements QP84 (*Non taxation of interest encourages saving*), QP85 (*Non taxation of financial capital gains encourages investment and promotes economic growth*) and QP86 (*Different government tax reductions (reliefs, incentives) promote economic growth*) are used and for the tax incidence additional two questions/statements (Q79 – *The tax burden should be shifted from personal and corporate income to consumption* and Q80 – *The tax burden should be shifted from personal and corporate income to property*) are used. Table 4 presents the results of a binomial probit regression for the stated variables.

Results relating to tax incidence show a relatively consistent attitude among tax experts. On the other hand, there are some inconsistencies concerning behavioral responses, which have already been referred to in the part of the analysis concerning the degree of consensus achieved.

Among behavioral response questions/statements, Q86 (*Different government tax reductions (reliefs, incentives) promote economic growth*) turned out to be the best predictor. The experts that answered that question positively (compared to those that answered negatively) are more inclined to exempt the reinvested profits from taxation, to maintain different tax incentives and to reduce para-fiscal levies. They are also not inclined to abolish reduced VAT rates. This approach in favor of tax incentives and reliefs could be regarded as “classical interventionist” approach, where economic efficiency is not understood in a sense of neutrality, but more from a (cost)-effectiveness approach. Although the critics could say this has been consigned to history and is definitely incompatible with modern consumption-based proposals, as well as with modern tax reform proposals in general from the eighties on, it is still popular especially in the tax practice of developing countries and (post)transition economies. The recent (re)introduction of numerous incentives in the developed countries at the beginning of the economic and financial crisis, shows that they are indeed still compatible with a modern tax system. Furthermore, the respondents that reacted positively to Q86 are in favor of real estate tax as well as net wealth tax, which could be easier explained by a traditional “interventionist” approach than the newest reform tendencies in favor of these taxes.

Since it is more narrow, Q85 (*Non taxation of financial capital gains encourages investment and promotes economic growth*) turned out to be a less important predictor. The experts that answered this question positively (compared to those that answered negatively) are, logically, not in favor of capital gains taxation only, but also of dividend taxation as well as a financial activities tax. Since the non-taxation of capital gains (as well as all capital incomes) is one of the crucial character-

istics of consumption-based (interest-adjusted) taxation it is completely logical that the same reasoning should be broadened to include dividend taxation (and also interest taxation, where the relationship is negative also, but not statistically significantly so). Furthermore, those interested in reducing the tax burden and tax distortions in financial markets are, logically again, not in favor of a financial transaction tax.

It is interesting that the same experts do not think that CIT incentives should be maintained. Although it could seem peculiar to the general public, it is completely in accordance with consumption-based approach or the more general modern “base broadening” approach, where non-taxation of capital incomes and rate lowering of taxable incomes are advocated as better and more neutral incentive measures.

Q84 (*Non taxation of interest encourages saving*) showed all the controversiality of interest taxation attitudes as well as of the survey in general. Although there is a negative influence presented concerning the need for interest taxation (Q26), it is not statistically significant. Q84 turned out to be significant predictor only for flat tax introduction. The link between non-taxation of interest as one of the basic characteristic of consumption-based (interest-adjusted) taxation and Hall-Rabushka flat tax – one of the typical examples of interest-adjusted personal income tax accompanied with only one rate needn't to be additionally explained. Regardless of statistical insignificance of other relationships, it is interesting that some of them are of a different direction in comparison with Q85 (*Non taxation of financial capital gains encourages investment and promotes economic growth*), which implies a lot of disagreements but also inconsistencies among tax experts.

Regardless of the stated inconsistencies, statements/questions Q85 (*Non taxation of financial capital gains encourages investment and promotes economic growth*) and Q86 (*Different government tax reductions (reliefs, incentives) promote economic growth*) turned out to be significant predictors, which work in the expected direction in most of the tested models, i.e. imply similar attitudes of the tax experts about different tax incentive mechanisms. Similar tendencies could be established in relation with the relevant US survey, where similar attitudes prevail and the question about influence of taxation on private saving turned out to be the weakest predictor (Lim et al., 2013: 791-793).

TABLE 4
Binomial probit regression results for economic views

Question/statement	Behavioral responsiveness			Incidence			χ^2 r
	Q84 ^a	Q85 ^b	Q86 ^c	Q79 ^d	Q80 ^e		
Q01 Croatia should introduce the proposed real estate tax.	-0.777 (0.530)	-0.472 (0.396)	0.661* (0.381)	-0.273 (0.359)	1.333*** (0.326)	30.322 (0.001)	
Q03 Taxation should include other forms of property too (movable property, financial property, etc.), i.e. synthetic taxation of property (net wealth tax).	-0.587 (0.587)	-0.411 (0.424)	0.658* (0.379)	-0.409 (0.342)	0.628** (0.308)	20.325 (0.026)	
Q16 Instead of more PIT rates only one rate should be introduced (a flat tax) along with the maintenance of personal exemptions.	1.203* (0.63)	-0.280 (0.387)	0.059 (0.361)	0.797** (0.357)	-0.079 (0.316)	16.127 (0.096)	
Q24 Inside PIT, dividends should be taxed.	-1.120* (0.622)	-0.593 (0.44)	0.593 (0.44)	-0.836** (0.413)	0.987*** (0.363)	24.869 (0.003)	
Q25 Inside PIT, financial capital gains should be taxed.	-2.005*** (0.752)	0.305 (0.444)	0.305 (0.444)	-0.802** (0.406)	1.289*** (0.367)	27.245 (0.002)	
Q26 Inside PIT, interest on saving and securities should be taxed.	-0.04 (0.632)	-0.072 (0.426)	0.111 (0.395)	-1.588*** (0.434)	1.709*** (0.427)	34.057 (<0.001)	
Q27 All sources of income inside PIT should be taxed in the same way (at statutory rates, without allowing the lower withholding tax to be the final tax).	0.233 (0.604)	-0.044 (0.426)	-0.644* (0.38)	-0.408 (0.384)	0.614* (0.338)	9.065 (0.526)	
Q30 The CIT (general) rate should be reduced.	0.396 (0.487)	0.186 (0.377)	0.393 (0.342)	0.621* (0.324)	-0.310 (0.299)	15.61 (0.111)	
Q31 The CIT burden for SMEs should be reduced.	0.249 (0.493)	-0.433 (0.405)	0.525 (0.375)	1.068*** (0.384)	-0.297 (0.331)	19.723 (0.032)	
Q32 Reinvested profits should be exempt from taxation.	0.309 (0.489)	0.245 (0.386)	0.966** (0.383)	-0.194 (0.352)	0.02 (0.354)	18.369 (0.049)	
Q39 Tax incentives for investment should be maintained.	0.582 (0.672)	-1.243** (0.593)	1.194** (0.571)	-1.542** (0.777)	-0.466 (0.423)	13.31 (0.149)	
Q40 Protective interest (allowance for corporate equity, ACE) should be reintroduced.	-0.149 (0.629)	0.074 (0.430)	0.307 (0.410)	-0.261 (0.394)	-0.353 (0.364)	3.929 (0.950)	

Question/statement	Behavioral responsiveness			Incidence			χ^2 ^f
	Q84 ^a	Q85 ^b	Q86 ^c	Q79 ^d	Q80 ^e		
Q42 Only one/standard VAT rate should be aimed at (reduced rates should be narrowed/eliminated).	0.429 (0.528)	0.565 (0.381)	-0.882** (0.360)	0.902*** (0.328)	0.060 (0.308)		16.966 (0.075)
Q73 A financial transaction tax should be introduced.	-0.009 (0.569)	-0.441 (0.424)	0.330 (0.380)	-0.135 (0.361)	0.857** (0.343)		24.79 (0.006)
Q74 A financial activities tax should be introduced.	0.168 (0.653)	-0.971* (0.500)	-0.003 (0.445)	0.150 (0.423)	0.427 (0.375)		43.793 (<0.001)
Q76 General government should be financed less from taxes and more from different non-tax revenues (with emphasis of different user charges).	0.146 (0.471)	-0.087 (0.374)	0.481 (0.338)	0.054 (0.348)	-0.046 (0.309)		6.269 (0.792)
Q81 Para-fiscal levies should be reduced.		0.051 (0.862)	1.562*** (0.581)	0.309 (0.663)	0.545 (0.515)		163.172 (<0.001)

Notes: Robust standard errors are in parenthesis. The p-values of the χ^2 are in brackets. Other regressors include indicators of sector of employment, age and education. Omitted variable dropped from the estimation because model predicts success perfectly.

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

a) Q84 – Non taxation of interest encourages saving.

b) Q85 – Non taxation of financial capital gains encourages investment and promotes economic growth.

c) Q86 – Different government tax reductions (reliefs, incentives) promote economic growth.

d) Q79 – Tax burden should be shifted from personal and corporate income to consumption.

e) Q80 – Tax burden should be shifted from personal and corporate income to property.

f) Wald χ^2 tests the hypothesis that at least one of the regression coefficients is not equal to zero.

Source: Authors' calculation.

Economic incidence results show relatively consistent attitudes of tax experts.¹⁵ Q79 (*The tax burden should be shifted from personal and corporate income to consumption*) turned out to be the most important predictor. The experts that responded to that question positively (compared to those that answered negatively) are, expectedly, not in favor of capital income taxation in general (dividends, interest and capital gains) and are in favor of flat tax introduction, only one (standard) VAT rate as well as a reduction of the tax burden for SMEs. These experts follow contemporary tax policy recommendations and consumption-based (interest-adjusted) tax concept in general. Those experts are very precise in their attitudes and the answers are in accordance with expectations at most tested models. Again, it is not surprising that the experts that favor a general non-taxation of capital incomes, flat tax and only one VAT rate are against retaining specific tax incentives. So, they prefer general horizontal and “neutral” effects and not “distortive” tax incentives. Not surprisingly, these incentives were introduced after Croatia abandoned consumption-based taxation at personal and corporate levels (table 1).

Q80 (*Tax burden should be shifted from personal and corporate income to property*) also turned out to be important predictor. The experts that answered this question positively (compared to those that answered negatively) are, logically, in favor of real estate tax as well as net wealth tax. But they are also more inclined to income-based taxation (in contrast to consumption-based of the former group) – they are in favor of capital income taxation (interest, dividends and capital gains) as well as of taxing all income sources in the same way (classical comprehensive S-H-S income). Not surprisingly that they are also in favor of a proposed financial transaction tax.

Although both predictors (Q79 – *The tax burden should be shifted from personal and corporate income to consumption* and Q80 – *The tax burden should be shifted from personal and corporate income to property*) point to the experts’ attitudes relatively precisely, neither of them turned out to be significant (and positive) for Q40 (reintroduction of ACE tax). This is about an instrument that was crucial for the consumption-based interest-adjusted corporate income taxation in Croatia implemented in 1994-2000. On the other hand, both predictors are significant for the (non)-taxation of capital incomes (Q24, Q25 and Q26) – the instruments that were crucial for the consumption-based interest-adjusted personal income tax not only in the same period, but also even further. The fact that ACE, unlike non-taxation of capital incomes non-taxation, has not been in effect since 2001, i.e. that it is almost forgotten, could be the main reason behind the lack of consistent (and positive) reactions to that instrument as well as a lot of neutral answers for this question (more than one quarter).

¹⁵ In contrast to behavioral questions/statements, the comparison with US survey results is not possible here since the Croatian research entails other predictor questions that are more applicable to the Croatian tax system characteristics.

5 CONCLUSION

Maybe disappointingly, but not unexpectedly, there is no high and broad consensus of Croatian tax experts although the technique which was applied (elimination of neutral answers, yes or no answers only) implies as high a consensus as possible.

However, the relatively high degree of consensus concerning some specific questions enables us to draw some general conclusions about experts' attitudes. In the field of (personal and corporate) income taxation they include maintenance of corporate tax incentives, reintroduction of personal income tax reliefs (deductions), and rejection of a flat tax as well as a decrease in number of tax brackets. Concerning consumption taxation, the most interesting results are in favor of the maintenance and even broadening of reduced VAT rates as well as an increase in alcohol and tobacco duties. Although experts support financial sector taxation in general, consensus was reached not about a financial transaction tax, but about a financial activities tax. Concerning general tax issues a further shift from income to consumption as well as decrease of the share of taxation in GDP, as expected, is advocated. Experts showed remarkable belief in behavioral responsiveness of tax decreases/exemptions, but, on the other hand, solved the traditional equity-efficiency trade-off in favor of equity.

In a sectoral comparison, the government sector expresses higher social sensibility (equity principle) and a stronger inclination to the classical income-based – ability to pay principle (which is reflected also in the property as additional ability to pay indicator). However government officers are not in favor of personal income tax deductions, maybe due to their high administrative costs, which burden the tax administration directly. The academic sector could be said to be more “rational” being not so much against a consumption-based (interest-adjusted) taxation as other sectors, but still not in favor of it (with the exception of the ACE tax that received substantial support).

Some values and economic views are found to be important and consistent predictors of tax opinions. This is especially true of the equity principle, the behavioral effects of tax reductions and attitudes related to tax incidence. The results are consistent with the consumption-based versus income-based concepts.

TABLE A1
Demographics and sample information

Structure of respondents	Valid percent
Age	
18-29	17.2
30-44	46.7
45-54	19.4
55+	16.7
Education	
High school degree	4.6
Associate degree/ BA	11.2
Graduate/Master	45.2
MSc	7.3
PhD	31.7
Sector	
Private sector	9.6
Government sector	43.5
Academic community	46.9
Sector: Private sector	
Tax advisor	50.0
Editor and/or business advisor	16.7
Others	20.8
High business school (lecturer)	12.7
Sector: Government sector	
Local and regional units	48.7
Tax Administration	41.6
Ministry of Finance (outside Tax Administration)	1.8
Others	4.4
Sector: Academic community	
Economics	86.2
Law	12.2
Political sciences	1.6
Sector: Academic community – Economics	
Public finance	23.1
Monetary finance and financial markets	18.3
Corporate finance and accounting	26.0
Macroeconomics	24.0
Management/entrepreneurship	8.7

Source: Authors – survey.

TABLE A2

Responses' distribution (in %) for all respondents and main groups according to employment (without neutral answer)

No.	Statement/question	Total		Academic		Government		Private	
		No	Yes	No	Yes	No	Yes	No	Yes
Property taxes, inheritance and gift taxes									
1	Croatia should introduce the proposed real estate tax.	41	59	47	53	37	63	39	61
2	Real estate tax should be a local tax.	18	82	18	82	21	79	16	84
3	Taxation should include other forms of property too (movable property, financial property, etc.), i.e. should be a synthetic taxation of property (net wealth tax).	44	56	50	50	39	61	50	50
4	Regardless of any possible real estate tax introduction, communal charge should still remain local revenue.	48	52	42	58	50	50	71	29
5	Regardless of any possible real estate tax introduction, tax on holiday houses should remain local revenue too.	43	57	34	66	46	54	68	32
6	Regardless of any possible real estate tax introduction, surtax on income tax should still remain local revenue too.	33	67	30	70	33	67	48	52
7	Real estate tax should be assessed at the same rate for business and residents.	71	29	75	25	71	29	68	32
8	Business should be taxed at a higher rate than residents.	40	60	38	62	35	65	68	32
9	Residents should be taxed at a higher rate than business.	88	12	87	13	88	12	82	18
10	Inheritances and gifts should be taxed.	56	44	54	46	61	39	43	57
11	Inheritance and gift taxation should be progressive – according to the property inherited/gifted and the proximity of the relationship (in contrast to the current 5% with the exemption for the closest family members).	51	49	52	48	49	51	46	54
12	Real estate transfers should be taxed.	16	84	20	80	14	86	8	92
13	Property is a necessary additional indicator of ability to pay besides income.	17	83	14	86	17	83	23	77
Personal income tax									
14	The highest PIT rate should be reduced further (recently reduced from 45% to 40%).	52	48	49	51	57	43	48	52

No.	Statement/question	Total		Academic		Government		Private	
		No	Yes	No	Yes	No	Yes	No	Yes
15	The lowest PIT rate should be reduced further (recently reduced from 15% to 12%).	34	66	36	64	29	71	46	54
16	Instead of more PIT rates only one rate should be introduced (a flat tax) along with maintaining personal exemption.	69	31	63	37	72	28	79	21
17	The number of tax brackets should be increased (currently three).	47	53	41	59	49	51	70	30
18	The number of tax brackets should be decreased (currently three).	81	19	77	23	83	17	86	14
19	Tax deductions/allowances for health costs should be reintroduced.	27	73	23	77	27	73	46	54
20	Tax deductions/allowances for owner-occupied housing should be reintroduced.	30	70	23	77	35	65	48	52
21	Tax deductions/allowances for life insurance should be reintroduced.	40	60	34	66	47	53	39	61
22	Tax deductions/allowances for voluntary pension insurance should be reintroduced.	35	65	29	71	42	58	32	68
23	Tax deductions/allowances for additional and private health insurance should be reintroduced.	35	65	30	70	38	62	36	64
24	Inside PIT, dividends should be taxed.	27	73	35	65	14	86	38	63
25	Inside PIT, financial capital gains should be taxed.	23	77	34	66	13	87	29	71
26	Inside PIT interest on saving and securities should be taxed.	54	46	60	40	46	54	55	45
27	All sources of income inside PIT should be taxed in the same way (at statutory rates, without allowing the lower withholding tax to be the final tax due).	43	57	42	58	36	64	55	45
28	Capital incomes should be taxed at lower rates than labor incomes.	70	30	61	39	80	20	57	43
29	Dividends should be taxed at lower rates than other incomes (due to the economic double taxation of dividends).	43	57	28	72	61	39	38	62
Corporate income tax									
30	CIT (general) rate should be reduced.	46	54	41	59	48	52	64	36
31	CIT burden for SMEs should be reduced.	21	79	21	79	17	83	36	64
32	Reinvested profits should be exempt from taxation.	12	88	7	93	12	88	25	75
33	Tax incentives for areas of special national concern should be maintained.	32	68	29	71	35	65	15	85

No.	Statement/question	Total		Academic		Government		Private	
		No	Yes	No	Yes	No	Yes	No	Yes
34	Tax incentives for mountain areas should be maintained.	32	68	34	66	31	69	15	85
35	Tax incentives for free trade zones should be maintained.	31	69	27	73	32	68	28	72
36	Tax incentives for the city of Vukovar should be maintained.	23	77	23	77	21	79	16	84
37	Tax incentives (state aid) for R&D should be maintained	9	91	8	92	8	92	17	83
38	Tax incentives (state aid) for the education of employees should be maintained.	9	91	6	94	10	90	14	86
39	Tax incentives for investment should be maintained.	11	89	9	91	12	88	13	88
40	Protective interest (allowance for corporate equity, ACE) should be reintroduced.	25	75	27	73	24	76	26	74
41	Accelerated depreciation (double depreciation rates) should be maintained.	26	74	20	80	28	72	39	61
VAT									
42	Only one/standard VAT rate should be aimed at (reduced rates should be narrowed/eliminated).	64	36	65	35	63	37	62	38
43	In the transitional period (after accessing EU) Croatia should have tried to maintain zero rate of VAT for some goods and services that have a social purpose.	25	75	28	72	18	82	36	64
44	Tourist and restaurant services should be taxed at lower VAT rate.	51	49	48	52	57	43	39	61
45	Some basic foodstuff (bread, milk, baby food, edible oils and fats) should be taxed at a reduced VAT rate.	13	87	17	83	8	92	20	80
46	A special scheme for VAT for farmers should be introduced.	25	75	20	80	27	73	26	74
47	Standard/general VAT rate should be increased.	97	3	97	3	98	2	100	0
48	An increase of the standard/general VAT rate is better than the introduction of "crises tax".	62	38	67	33	63	37	37	63
49	Instead of reduced VAT rates for some "basic" foodstuffs the reduced VAT rate for all foodstuffs (and water) should be introduced.	36	64	39	61	35	65	41	59
50	The reduced VAT rate for newspapers and periodicals should not be applied for "the yellow press".	27	73	26	74	25	75	36	64
51	The reduced VAT rate should be higher for scientific journals than for the daily press.	60	40	58	42	58	42	78	22

No.	Statement/question	Total		Academic		Government		Private	
		No	Yes	No	Yes	No	Yes	No	Yes
52	VAT revenues should be partially directed to local government.	40	60	43	57	35	65	55	45
Excise duties									
53	A special tax on "junk food" should be introduced.	34	66	29	71	34	66	47	53
54	Excise taxes on mineral oil and petroleum products should be decreased.	27	73	33	67	21	79	32	68
55	Excise duties on natural gas should be increased.	91	9	91	9	91	9	89	11
56	Excise duties on electricity should be increased.	94	6	90	10	98	2	95	5
57	Excise duties on alcohol should be increased.	18	82	18	82	18	82	18	82
58	Excise duties on wine should be introduced.	60	40	58	42	59	41	71	29
59	Excise duties on tobacco and tobacco products should be increased.	15	85	11	89	15	85	24	76
60	Croatia has enough excise duties.	7	93	6	94	9	91	5	95
61	Excise duties should be levied on luxury products.	20	80	19	81	16	84	42	58
62	Excise duties should be levied on cars and other vehicles.	36	64	32	68	37	63	45	55
63	Excise duties should be levied on aircrafts and vessels.	22	78	24	76	15	85	40	60
64	Excise duties should be levied on liability and comprehensive road vehicle insurance premiums.	59	41	55	45	60	40	81	19
65	Excise duties should be levied on coffee.	55	45	50	50	58	42	55	45
66	Excise duties should be levied on non-alcoholic beverages.	68	32	65	35	74	26	65	35
Social contributions									
67	The ceiling for pension insurance contributions should be abolished.	43	57	44	56	37	63	70	30
68	Minimum assessment base for pension insurance contributions should be abolished.	72	28	70	30	72	28	76	24
69	Rates for compulsory pension insurance contributions for intergenerational solidarity (1 st pillar) should be decreased.	39	61	39	61	41	59	33	67
70	Rates for compulsory pension insurance contributions for individual capitalized savings accounts (2 nd pillar) should be increased.	40	60	34	66	48	52	33	67
71	Health insurance contributions should be decreased.	41	59	40	60	44	56	30	70

No.	Statement/question	Total		Academic		Government		Private	
		No	Yes	No	Yes	No	Yes	No	Yes
72	Small business personal income taxpayers are in a favorable position compared to employment income taxpayers concerning compulsory social security contributions' payment.	47	53	43	57	51	49	43	57
General tax issues, experts' values and economic model									
73	A financial transaction tax should be introduced.	44	56	50	50	36	64	53	47
74	A financial activities tax should be introduced.	23	77	33	67	6	94	53	47
75	The entire tax burden (the level of taxes relative to GDP) should be reduced.	15	85	17	83	15	85	5	95
76	General government should be financed less from taxes and more from different non-tax revenues (with an emphasis on different user charges).	35	65	33	67	38	62	37	63
77	The entire level of public revenues (and public expenditures) relative to GDP should be lowered.	18	82	23	77	16	84	9	91
78	The tax structure should be changed.	8	92	11	89	8	93	0	100
79	The tax burden should be shifted from personal and corporate income to consumption.	33	67	31	69	34	66	35	65
80	The tax burden should be shifted from personal and corporate income to property.	48	52	47	53	45	55	71	29
81	Para-fiscal levies should be reduced.	5	95	7	93	3	97	4	96
82	Lower marginal income tax rates reduce leisure and increase work effort.	19	81	18	82	18	82	21	79
83	Lower marginal income tax rates increase work effort and taxable income generally so much as to raise revenue.	35	65	34	66	37	63	31	69
84	Non taxation of interest encourages saving.	22	78	22	78	24	76	14	86
85	Non taxation of financial capital gains encourages investment and promotes economic growth.	35	65	34	66	37	63	24	76
86	Different government tax reductions (reliefs, incentives) promote economic growth.	21	79	19	81	24	76	17	83
87	VAT is regressive.	40	60	33	67	42	58	59	41
88	CIT is mostly shifted onto consumers and employees.	26	74	23	77	28	72	33	67

No.	Statement/question	Total		Academic		Government		Private	
		No	Yes	No	Yes	No	Yes	No	Yes
89	Regional tax incentives (city of Vukovar, areas of special national concern) are efficient concerning investment attraction.	59	41	68	32	51	49	58	42
90	Administrative and compliance costs of taxation should play a significant role in creating tax policy (these costs should be reduced by making the tax system significantly simpler).	6	94	9	91	5	95	5	95
91	The equity principle should have priority over the efficiency principle in creating tax policy.	13	87	15	85	6	94	40	60
92	Penalties for tax evasion should be increased.	13	87	11	89	12	88	29	71

Note: Answers above 61% are bolded.

Source: Authors – survey.

TABLE A3

Binomial probit regression results for values, detailed

Question/statement	Sector ^a			Education ^d		χ^2 ^e		
	Q75 ^b	Q91 ^b	Public	Academic	Age		Level 7 Master	Level 8.1-8.2 MSc/PhD
Q01 Croatia should introduce the proposed real estate tax.	0.014 (0.324)	0.820** (0.337)	-0.456 (0.401)	-0.432 (0.410)	-0.007 (0.011)	0.171 (0.329)	-0.431 (0.436)	14.658 (0.041)
Q03 Taxation should include other forms of property too (movable property, financial property, etc.), i.e. synthetic taxation of property (net wealth tax).	0.223 (0.343)	0.179 (0.320)	0.140 (0.404)	-0.030 (0.402)	0.009 (0.010)	-0.149 (0.339)	-0.275 (0.450)	4.136 (0.764)
Q16 Instead of more PIT rates only one rate should be introduced (a flat tax) along with the maintenance of personal exemption.	0.206 (0.341)	-0.672* (0.345)	0.079 (0.490)	0.356 (0.481)	-0.004 (0.011)	-0.257 (0.331)	0.065 (0.456)	8.783 (0.269)
Q24 Inside PIT, dividends should be taxed.	-0.577 (0.454)	0.740** (0.353)	0.702 (0.448)	-0.240 (0.418)	0.014 (0.012)	0.390 (0.398)	0.190 (0.535)	18.562 (0.010)
Q25 Inside PIT, financial capital gains should be taxed.	-0.264 (0.392)	0.843** (0.332)	0.387 (0.453)	-0.586 (0.412)	0.012 (0.013)	0.567 (0.414)	0.356 (0.534)	19.636 (0.006)
Q26 Inside PIT, interest on saving and securities should be taxed.	-0.782** (0.362)	0.485 (0.345)	-0.011 (0.413)	-0.301 (0.415)	0.008 (0.011)	-0.216 (0.363)	0.090 (0.477)	7.758 (0.354)
Q27 All sources of income inside PIT should be taxed in the same way (at statutory rates, without allowing for the lower withholding tax to be the final tax due).	-0.519 (0.421)	-0.048 (0.358)	0.231 (0.481)	0.350 (0.459)	0.009 (0.011)	-0.075 (0.361)	0.028 (0.503)	3.443 (0.841)
Q30 CIT (general) rate should be reduced.	0.841** (0.350)	0.067 (0.328)	0.133 (0.409)	0.723* (0.412)	0.010 (0.011)	0.210 (0.341)	-0.579 (0.455)	10.177 (0.179)
Q31 CIT burden for SMEs should be reduced.	0.810** (0.359)	0.047 (0.394)	0.596 (0.514)	0.781* (0.460)	-0.018 (0.012)	0.501 (0.418)	-0.184 (0.558)	14.573 (0.042)
Q32 Reinvested profits should be exempt from taxation.	0.129 (0.428)	-0.141 (0.412)	0.012 (0.475)	0.534 (0.525)	0.004 (0.012)	0.613 (0.392)	-0.130 (0.544)	5.012 (0.659)

Question/statement	Sector ^e			Education ^d			χ^2 ^e	
	Q75 ^e	Q91 ^b	Public	Academic	Age	Level 7 Master		Level 8,1-8,2 MSc/PhD
Q39 Tax incentives for investment should be maintained.	0.279 (0.430)	0.741 (0.466)	-0.966 (0.598)		-0.013 (0.016)		-0.939 (0.616)	5.067 (0.408)
Q40 Protective interest (allowance for corporate equity, ACE) should be reintroduced.	-0.306 (0.408)	0.580 (0.372)	-0.690 (0.610)	-0.094 (0.538)	-0.003 (0.011)	-0.052 (0.411)	-0.865 (0.528)	9.150 (0.242)
Q42 Only one/standard VAT rate should be aimed at (reduced rates should be narrowed/eliminated).	0.031 (0.324)	-0.475 (0.314)	0.192 (0.394)	-0.014 (0.413)	0.004 (0.01)	-0.283 (0.318)	0.147 (0.432)	5.973 (0.543)
Q73 A financial transaction tax should be introduced.	-0.167 (0.342)	0.752** (0.360)	0.419 (0.432)	-0.203 (0.440)	0.015 (0.011)	0.792** (0.342)	0.722* (0.436)	15.518 (0.030)
Q74 A financial activities tax should be introduced.	-0.486 (0.482)	1.378*** (0.386)	1.600*** (0.539)	0.313 (0.5)	0.018 (0.015)	0.653 (0.558)	-0.206 (0.716)	65.922 (<0.001)
Q76 General government should be financed less from taxes and more from different non-tax revenues (with an emphasis on different user charges).	0.955*** (0.328)	0.327 (0.364)	-0.202 (0.466)	0.266 (0.456)	0.001 (0.011)	-0.436 (0.355)	-0.772 (0.473)	12.132 (0.096)
Q81 Para-fiscal levies should be reduced.	0.893** (0.447)	0.288 (0.526)	0.531 (0.802)	0.066 (0.669)	0.034* (0.02)	0.187 (0.626)	0.096 (0.766)	19.89 (0.006)

Notes: Robust standard errors are in parenthesis. The p -values of the χ^2 are in brackets. Other regressors include indicators of sector of employment, age and education. Omitted variable dropped from the estimation because model predictors success perfectly.

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

a) Q75 – Entire tax burden (the level of taxes relative the GDP) should be reduced.

b) Q91 – The equity principle should be prior to efficiency principle in creating tax policy.

c) Reference category is private sector.

d) Reference category is Level 4,2-6 according to Croatian Qualification Framework (high school – bachelor).

e) Wald χ^2 tests the hypothesis that at least one of the regression coefficients is not equal to zero.

Source: Authors' calculation.

TABLE A4

Binomial probit regression results for economic views, detailed

Question/statement	Behavioral responsiveness			Incidence		Sector ^f		Education ^g		χ^2 ^h	
	Q84 ^a	Q85 ^b	Q86 ^c	Q79 ^d	Q80 ^e	Public	Academic	Age	Level 7 Master		Level 8,1-8,2 MSc/PhD
Q01 Croatia should introduce the proposed real estate tax.	-0.777 (0.530)	-0.472 (0.396)	0.661* (0.381)	-0.273 (0.359)	1.333*** (0.326)	0.420 (0.527)	-0.035 (0.528)	0.005 (0.015)	0.296 (0.474)	0.411 (0.580)	30.322 (0.001)
Q03 Taxation should include other forms of property too (movable property, financial property, etc.), i.e. synthetic taxation of property (net wealth tax).	-0.762 (0.587)	-0.411 (0.424)	0.658* (0.379)	-0.409 (0.342)	0.628** (0.308)	-0.806 (0.527)	-0.573 (0.490)	0.027** (0.013)	-0.288 (0.459)	-0.510 (0.602)	20.325 (0.026)
Q16 Instead of more PIT rates only one rate should be introduced (a flat tax) along with the maintenance of personal exemption.	1.203* (0.630)	-0.280 (0.387)	0.059 (0.361)	0.797** (0.357)	-0.079 (0.316)	0.364 (0.516)	-0.111 (0.525)	-0.022 (0.014)	0.039 (0.414)	0.831 (0.554)	16.127 (0.096)
Q24 Inside PIT, dividends should be taxed.	-1.120* (0.622)	0.593 (0.44)	-0.836** (0.413)	0.987*** (0.363)	-0.428 (0.578)	0.342 (0.634)	-0.428 (0.578)	0.006 (0.014)	0.244 (0.505)	-0.538 (0.677)	24.869 (0.003)

Question/statement	Behavioral responsiveness				Incidence			Sector ^f		Education ^g		
	Q84 ^a	Q85 ^b	Q86 ^c	Q79 ^d	Q80 ^e	Public	Academic	Age	Level 7 Master	Level 8.1-8.2 MSc/PhD	χ^2 ^h	
Q25 Inside PIT, financial capital gains should be taxed.	-0.066 (0.752)	-2.005*** (0.766)	0.305 (0.444)	-0.802** (0.406)	1.289*** (0.367)	0.184 (0.656)	-0.875 (0.61)	0.002 (0.014)	0.485 (0.499)	-0.076 (0.651)	27.245 (0.002)	
Q26 Inside PIT, interest on savings and securities should be taxed.	-0.040 (0.632)	-0.072 (0.426)	0.111 (0.395)	-1.588*** (0.434)	1.709*** (0.427)	-1.496*** (0.58)	-0.843 (0.582)	-0.001 (0.016)	-0.554 (0.515)	-1.084 (0.709)	34.057 (<0.001)	
Q27 All sources of income inside PIT should be taxed in the same way (at statutory rates, without allowing the lower withholding tax to be the final tax due).	0.233 (0.604)	-0.044 (0.426)	-0.644* (0.38)	-0.408 (0.384)	0.614* (0.338)	-0.532 (0.559)	-0.111 (0.513)	-0.006 (0.013)	-0.312 (0.439)	-0.477 (0.593)	9.065 (0.526)	
Q30 CIT (general) rate should be reduced.	0.396 (0.487)	0.186 (0.377)	0.393 (0.342)	0.621* (0.324)	-0.310 (0.299)	0.422 (0.552)	0.101 (0.54)	-0.014 (0.013)	0.400 (0.415)	0.560 (0.571)	15.610 (0.111)	
Q31 CIT burden for SMEs should be reduced.	0.249 (0.493)	-0.433 (0.45)	0.525 (0.375)	1.068*** (0.384)	-0.297 (0.331)	0.878 (0.64)	0.298 (0.684)	-0.022 (0.018)	0.792* (0.447)	0.970 (0.669)	19.723 (0.032)	
Q32 Reinvested profits should be exempt from taxation.	0.309 (0.489)	0.245 (0.386)	0.966** (0.383)	-0.194 (0.352)	0.020 (0.354)	0.540 (0.579)	1.002 (0.614)	0.016 (0.017)	0.809* (0.461)	0.324 (0.630)	18.369 (0.049)	

Question/statement	Behavioral responsiveness			Incidence		Sector ^f		Education ^g			
	Q84 ^a	Q85 ^b	Q86 ^c	Q79 ^d	Q80 ^e	Public	Academic	Age	Level 7 Master	Level 8.1-8.2 MSc/PhD	χ^2 ^h
Q39 Tax incentives for investment should be maintained.	0.582 (0.672)	-1.243** (0.593)	1.194** (0.571)	-1.542** (0.777)	-0.466 (0.423)	1.527 (0.979)	2.015*** (0.748)	0.012 (0.019)	-0.044 (0.498)	-0.454 (0.784)	13.310 (0.149)
Q40 Protective interest (allowance for corporate equity, ACE) should be reintroduced.	-0.149 (0.629)	0.074 (0.43)	0.307 (0.41)	-0.261 (0.394)	-0.353 (0.364)	-0.211 (0.643)	0.316 (0.599)	0.020 (0.015)	-0.044 (0.498)	-0.484 (0.628)	3.929 (0.950)
Q42 Only one/standard VAT rate should be aimed at (reduced rates should be narrowed/eliminated).	0.429 (0.528)	0.565 (0.381)	-0.882** (0.36)	0.902*** (0.328)	0.060 (0.308)	-0.239 (0.566)	-0.771 (0.527)	<0.001 (0.015)	0.332 (0.469)	0.720 (0.618)	16.966 (0.075)
Q73 A financial transaction tax should be introduced.	-0.009 (0.569)	-0.441 (0.424)	0.330 (0.380)	-0.135 (0.361)	0.857** (0.343)	1.193** (0.546)	0.101 (0.563)	0.035** (0.014)	0.985*** (0.465)	1.087* (0.596)	24.790 (0.006)
Q74 A financial activities tax should be introduced.	0.168 (0.653)	-0.971* (0.500)	-0.003 (0.445)	0.150 (0.423)	0.427 (0.375)	3.411*** (0.715)	1.909*** (0.718)	0.037** (0.017)	1.174** (0.546)	0.107 (0.684)	43.793 (<0.001)

Question/statement	Behavioral responsiveness			Incidence			Sector ^f		Education ^g		χ^2 ^h
	Q84 ^a	Q85 ^b	Q86 ^c	Q79 ^d	Q80 ^e	Public	Academic	Age	Level 7 Master	Level 8.1-8.2 MSc/PhD	
Q76 General government should be financed less from taxes and more from different non-tax revenues (with an emphasis on different user charges).	0.146 (0.471)	-0.087 (0.374)	0.481 (0.338)	0.054 (0.348)	-0.046 (0.309)	-0.504 (0.601)	-0.102 (0.548)	<0.001 (0.015)	-0.803* (0.438)	-0.918 (0.624)	6.269 (0.792)
Q81 Para-fiscal levies should be reduced.		0.051 (0.862)	1.562*** (0.581)	0.309 (0.663)	0.545 (0.515)	5.182*** (0.832)		0.040 (0.028)	4.872*** (0.728)	4.915*** (1.331)	163.172 (<0.001)

Notes: Robust standard errors are in parenthesis. The p-values of the χ^2 are in brackets. Other regressors include indicators of sector of employment, age and education. Omitted variable dropped from the estimation because model predicts success perfectly.

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

a) Q84 – Non taxation of interest encourages saving.

b) Q85 – Non taxation of financial capital gains encourages investment and promotes economic growth.

c) Q86 – Different government tax reductions (reliefs, incentives) promote economic growth.

d) Q79 – Tax burden should be shifted from personal and corporate income to consumption.

e) Q80 – Tax burden should be shifted from personal and corporate income to property.

f) Reference category is private sector.

g) Reference category is Level 4.2-6 according to Croatian Qualification Framework (high school – bachelor).

h) Wald χ^2 tests the hypothesis that at least one of the regression coefficients is not equal to zero.

Source: Authors' calculation.

REFERENCES

1. Alm, J., Martinez-Vazque, J. and Torgler, B., 2006. Russian attitudes toward paying taxes: before, during, and after the transition. *International Journal of Social Economics*, 33 (12), pp. 832-857. doi: 10.1108/03068290610714670
2. Ashworth, J. and Heyndels, B., 1997. Politicians' Preferences on Local Tax Rates: An Empirical Analysis. *European Journal of Political Economy*, 13 (3), pp. 479-502. doi: 10.1016/S0176-2680(97)00015-3
3. Behrens, J. O., 1973. The Public and the Publicans Talk Taxes. *National Tax Journal*, 26 (2), pp. 221-232.
4. Birney, M., Graetz, M. J. and Shapiro, I., 2006. Public opinion and the push to repeal the estate tax. *National Tax Journal*, 59 (3), pp. 439-461.
5. Blažić, H., 2006. *Usporedni porezni sustavi*. Rijeka: Ekonomski fakultet.
6. Blažić, H., Šimović, H. and Štambuk, A. Mjesto socijalne politike u poreznoj politici RH: anketa eksperata, unpublished.
7. Blažić, H., 2008. Croatian Tax System: From Consumption-based to Income-based. In: R. McGee, ed. *Taxation and Public Finance in Transition and Developing Economies*. New York: Springer, pp. 433-459.
8. Brannon, G. M., 1995. What will the "NTA Opinions" have to do with Federal Tax policy – 1995-6. *National Tax Journal*, 48 (1), pp. 149-154.
9. Campbell, A. L., 2009. How Americans Think About Taxes: Lessons from the History of Tax Attitudes. In: *NTA Proceedings of the 102nd Annual Conference on Taxation*, pp. 157-164.
10. DeGroat, B., 2013. What do tax policy experts think about U.S. tax policy? *Michigan News*, University of Michigan's Office of Tax Policy Research and the National Tax Association.
11. Dornstein, M., 1987. Taxes: Attitudes and Perceptions and their Social Bases. *Journal of Economic Psychology*, 8 (1), pp. 55-77. doi: 10.1016/0167-4870(87)90006-7
12. Eicher, J. D. and Stuhldreher, T. J., 2007. Taxes and Ethics: Taxpayer Attitudes Over Time. *Journal of Tax Practice & Procedure*, 9 (3), pp. 33-41.
13. Eicher, J. D., Stuhldreher, W. L. and Stuhldreher, T. J., 2001. Attitudes Toward Income Taxes: Regional vs. National. *Tax Notes*, 90 (8), February 19, 2001.
14. Fatemi, D. J., Hasseldine, D. J. and Hite, P. A., 2008. Resisting Framing Effects: The Importance of Prior Attitude on Estate Tax Preferences. *Journal of the American Taxation Association*, 30 (1), pp. 101-121. doi: 10.2308/jata.2008.30.1.101
15. Fisher, R. D., 1985. Taxes and Expenditure in the U.S. Public Opinion Surveys and Incidence Analysis Compared. *Economic Inquiry*, 23 (3), pp. 525-551. doi: 10.1111/j.1465-7295.1985.tb01782.x
16. Fleishman, G. M. and Hutchison, P. D., 2001. A Tax Reform Conundrum: Insights From A Survey Of Tax Professors. *Journal of Applied Business Research*, 17 (4), pp. 17-29.

17. Green, D. P. and Gerken, A. E., 1989. Self- Interest and Public Opinion toward Smoking Restrictions and Cigarette Taxes. *Public Opinion Quarterly*, 53, pp. 1-16. doi: 10.1086/269138
18. Hammar, H., Jagers, C. J. and Nordblom, K., 2008. Attitudes towards Tax Levels: A Multi-Tax Comparison. *Fiscal Studies*, 29 (4), pp. 523-543. doi: 10.1111/j.1475-5890.2008.00084.x
19. Hasseldine, J. and Hite, P. A., 2003. The Effects of Attribute Framing and Political Party Affiliation on Taxpayer Preferences. *eJournal of Tax Research*, 1 (1), pp. 5-18.
20. Hodžić, J., 2012. *Stimulacija poreznih olakšica za istraživanje i razvoj*. Conference paper. Available at: [http://www.ijf.hr/upload/files/file/javna_potrosnja/Hodzic.pdf].
21. IRS (Internal Revenue Service), 1993. *1990 Taxpayer Opinion Survey Final Report*. Conducted for the IRS by Schulman, Ronca & Bucuvalas, Inc., for Commissioner (Planning and Research), Research Division.
22. Kallbekken, S. and Saelen, H., 2011. Public Acceptance for Environmental Taxes: Self-Interest, Environmental and Distributional Concerns. *Energy Policy*, 39 (5), pp. 2966-2973. doi: 10.1016/j.enpol.2011.03.006
23. Keen, M. and King, J., 2002. The Croatian Profit Tax: An ACE in Practice. *Fiscal Studies*, 23 (3), pp. 401-418. doi: 10.1111/j.1475-5890.2002.tb00066.x
24. Kirchler, E., 1999. Reactance to taxation: Employers' attitudes towards taxes. *Journal of Socio-Economics*, 28 (2), pp. 131-139. doi: 10.1016/S1053-5357(99)00003-7
25. Klemm, A., 2007. Allowances for corporate equity in practice. *CESinfo Economic Studies*, 53 (2), pp. 229-262. doi: 10.1093/cesifo/ifm007
26. Lim, D., Slemrod, J. and Wilking, E., 2013. Expert and public attitudes towards tax policy: 2013, 1994, and 1934. *National Tax Journal*, 66 (4), pp. 775-806.
27. Löfgren, A. and Nordblom, K., 2010. Attitudes towards CO2 taxation – is there an Al Gore effect? *Applied Economics Letters*, 17 (9), pp. 845-848. doi: 10.1080/13504850802584849
28. McCabe, B. C. and Stream, C., 2006. The Chicken or the Egg: A Recent History of public Opinion and tax Reform in Florida. *Journal of Public Budgeting, Accounting & Financial Management*, 18 (2), pp.167-191.
29. McGowan, J. R., 2000. The Effect of Political Affiliation on Taxpayers' Attitudes Toward Alternative Tax Systems. *Journal of the American Taxation Association*, 22 (1), pp. 111-128. doi: 10.2308/jata.2000.22.1.111
30. Murphy, K., 2004. An examination of taxpayers' attitudes towards the Australian tax system: Findings from a survey of tax scheme investors. *CTSI working paper*, No. 46. Available at: [<http://regnet.anu.edu.au/sites/default/files/CTSI-WorkingPaper46-full.pdf>]. Canberra: Centre for Tax System Integrity, Research School of Social Sciences, Australian National University.

31. Osterloh, S. and Heinemann, F., 2013. The Political Economy of Corporate Tax Harmonization - Why Do European Politicians (Dis)like Minimum Tax Rates? *European Journal of Political Economy*, 29 (C), pp. 18-37. doi: 10.1016/j.ejpoleco.2012.09.002
32. Randlane, K., 2012. Tax Compliance and Tax Attitudes: The Case of Estonia. *Journal of Management and Change*, 29 (1), pp. 89-103.
33. Rose, M. and Wiswesser, R., 1998. Tax reform in transition economies: experiences from Croatian tax reform process in the 1990s. In: P. B. Sørensen, ed. *Public Finance in a Changing World*. London: Macmillan, pp. 257-278.
34. Schmidt, P., Wissel, H. and Stockler, M., 1996. The new Croatian tax system. *Bulletin of International Fiscal Documentation*, 50 (April), pp. 155-163.
35. Šimović, H., 2012. Razvoj poreza na dohodak u Hrvatskoj: reforme i promašaji. *Revija za socijalnu politiku*, 19 (1), pp. 1-24. doi: 10.3935/rsp.v19i1.1045
36. Šimović, H., Blažić, H. and Štambuk, A., 2013. Što porezni stručnjaci misle o poreznom sustavu i poreznoj politici u Hrvatskoj? *Porezni vjesnik*, 22 (12), pp. 31-37.
37. Slemrod, J., 1995. Professional opinions about tax policy: 1994 and 1934. *National Tax Journal*, 48 (1), pp. 121-147.
38. Sokol Šimurina, N. and Bürgler, T., 2012. *Specifičnosti sustava oporezivanja dobiti poduzeća u Republici Hrvatskoj i njihov utjecaj na poreznu konkurentnost*. Conference paper. Available at: [http://www.ijf.hr/upload/files/file/javna_potrosnja/simurina-Buergler.pdf].
39. Švaljek, S., 2005. The 2000 Tax Reform in Croatia: Causes and Consequences. *Ekonomski pregled*, 56 (12), pp. 1217-1236.
40. Švaljek, S., 2012. *R&D tax incentives in Croatia: beneficiaries and their benefits*. Conference paper. Available at: [http://www.ijf.hr/upload/files/file/javna_potrosnja/Svaljek.pdf].
41. Thalmann, P., 2004. The Public Acceptance of Green Taxes: 2 Million Voters Express Their Opinion. *Public Choice*, 119 (1-2), pp. 179-217. doi: 10.1023/B:PUCH.0000024165.18082.db
42. Torgler, B. and Schneider, F., 2005. Attitudes Towards Paying Taxes in Austria: An Empirical Analysis. *Empirica*, 32 (2), pp. 231-250. doi: 10.1007/s10663-004-8328-y
43. Torgler, B. and Schneider, F., 2007. What Shapes Attitudes Toward Paying Taxes? Evidence from Multicultural European Countries. *Social Science Quarterly*, 88 (2), pp. 443-470. doi: 10.1111/j.1540-6237.2007.00466.x
44. Van der Heijden, E., Nelissen, J. and Potters, J., 2007. Opinions on the Tax Deductibility of Mortgages and the Consensus Effect. *De Economist*, 155 (2), pp. 141-59. doi: 10.1007/s10645-007-9061-2
45. Walker, M. L., 1935. Opinion of American Professors of Public Finance on Important Tax Questions as of January 1, 1935. In: *Tax Systems of the World*, edited by Tax Research Foundation. Chicago: Commerce Clearing House, Inc.