TAXING ASSEMBLAGES

Laborious and Meticulous Achievements of Tax Compliance

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Preface

This PhD is structured as an article-based thesis. Some of the chapters have been presented in different formats and for different audiences.


Chapter three “The Fieldwork” has in an abbreviated version titled “Ethnography and Tax Compliance” been accepted for publication also in Oats, Lynne (ed.), Taxation: A Fieldwork Handbook, London: Routledge (forthcoming).

Chapter four “The Responsive Raid” has been accepted for publication by the Danish science and technology journal Encounters. It will be published fall 2011.

Chapter five “The Segmentation Model” has been presented at the CRESC conference “The Social Life of Methods”, Oxford, UK, September 2010. The chapter has been submitted to Journal of Cultural Economy. I await the editors’ considerations.

Chapter six “The Dodgy Car Dealings” has been presented at the ISA World Congress “Sociology on the move”, Gothenburg, Sweden, July 2010, and at the Society for Risk Analysis’ conference “Risk, governance and accountability”, London, UK, June 2010. Here I received the annual Studentship Scholarship Award for my paper. In an abbreviated version the chapter will be submitted to the journal Accounting, Organizations and Society.

Chapter seven “The 2010 Information Note” has not yet been presented anywhere, nor do I yet have publication plans for the chapter.

To unite the thesis into a coherent whole I have written a common introduction and in chapter one “The Project’s Attachments” I introduce the common context for the thesis. Chapter eight “Discussion and Conclusion” presents a synthesis of the main claims of the thesis and describes the contributions of the PhD. The thesis contains one common reference list that covers all the chapters.
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Introduction

Taxing Assemblages. Laborious and Meticulous Achievements of Tax Compliance

Tax compliance

In Denmark the Danish Tax and Customs Administration (SKAT) is responsible for the collection of duties and taxes from businesses and individuals. SKAT’s mission statement states that it aims to: “ensure an effective and equitable financing of the future public sector. In other words, great responsibility rests on our shoulders” (SKAT, 2009d, 3). On a yearly basis SKAT raises around 857 billion Danish kroner (equivalent to 115 billion Euro) worth of revenue from approximately 5 million citizens and 600,000 businesses (SKAT, 2009a, 5). This revenue is collected to finance the Danish public sector. A certain percentage of the revenue is allocated to different sectors. Approximately 14 per cent to health, the police and defense receive nearly 5 per cent, social security, welfare and housing receive the largest amount of approximately 42 per cent, education receives 15 per cent and so on.

In connection with the task of collecting taxes, SKAT regularly makes calculations of what is termed the ‘tax gap’. The tax gap is expressed as a number that indicates the gap between what the potential for revenue is and what has actually been collected. Today this gap is estimated to be around 3.1 per cent. This is a relatively small number, but it still covers around 7.9 billion Danish kroner that, if collected, could be used to finance public services. SKAT’s aim is therefore to decrease the tax gap. Indeed, as an organization SKAT is assessed by the Danish Ministry of Finance on its ability to “Ensure that the tax gap does not exceed 3.5 percent of GDP [gross domestic product]” (SKAT, 2009d, 7).

The reason for the tax-gap’s existence is different kinds of non-compliance; this term is used to characterize businesses and individuals who do not comply with the requirements from SKAT. Non-compliance may be intentional, in which case it can be categorized as fraud, or it may be due to unintended errors, for instance, due to a lack of knowledge about rules, or inability to use SKAT’s digital self-service systems. SKAT has different tools to respond to non-compliance: inspections, fines, audits, services, letters, campaigns etc. As a consequence, taxpayers, businesses
and the administrations regulating tax compliance have all different kinds of practices for dealing with tax compliance.

*Tax compliance practices* are the focus of this thesis. These tax compliance practices are located in multiple locations. They take place in businesses, as bookkeepers file invoices and report taxes to SKAT; they take shape as pizzerias receive unannounced inspections from tax inspectors; or as accountants advise business owners on their fiscal affairs. Furthermore, tax compliance practices are present within the organization of the Danish Tax and Customs Administration (SKAT). At SKAT, one finds strategy development, project work, case work and international cooperation. All of these activities shape tax compliance in different ways.

The practitioners and academics that traditionally have been most interested in tax compliance issues are tax inspectors, accountants and legal scholars. These typically define tax compliance: “as reporting all income and paying all taxes in accordance with the applicable laws, regulations, and court decisions” (Alm, 1991, 577). Or they may suggests that tax compliance refers to: “the willingness of individuals and other taxable entities to act…within the spirit as well as the letter of tax law and administration, without the application of enforcement activity” (V. Braithwaite, 2003a, 24).

These definitions fit nicely, too, with a ‘common sense’ understanding of tax compliance. Such an understanding is exhibited, for example, when my family, friends and colleagues have asked me about the PhD project. They want to know, for example, if I can help them with their tax return, or even if I have tricks to evade the legal machinery of the tax authority. They perceive tax as a (complicated) technical matter that relates to following the letter of the law. Their understanding of tax compliance includes references to rules and legislation as well as the technical endeavor of being compliant or non-compliant with the letter of the law. Since I am a PhD student doing research on tax compliance they expect me to deal with these issues. By linking tax compliance to following the applicable laws these definitions prompt a researcher who is interested in tax compliance to know a great deal about tax laws. However, no matter how appealing such an approach is, the point of departure for this thesis is to study tax compliance practices without such knowledge. Instead, the study is an explorative, ethnographic study of tax compliance that offers a social science analytical perspective on these practices. Thus, in this thesis the social, material and relational aspects of tax compliance practices are in focus, rather than technical and legal ones.
In the head or in institutions?

I am not the first scholar to advance the idea of extending tax compliance research by broadening it out from technical and legal research into the domain of social science. Indeed, both psychologists and critical tax researchers have been maneuvering in this field for years. Broadly speaking, the existing research can be divided into two central bodies of literature. The first is represented by a group of primarily psychologically inspired researchers who investigate how taxpayers’ compliance behavior is motivated and influenced by a number of different social and psychological factors. For instance, they argue that factors such as utility, moral and one’s values are key drivers for tax compliance (e.g. Alm, Martinez-Vazquez, & Torgler, 2010; R. B. Cialdini, 1989; Hasseldine & Hite, 2008; Kirchler, 2007; Murphy, 2004). The second is a group of critical tax researchers. Their research program has been outlined in a special issue of the journal Critical Perspectives on Accounting called “Critical perspectives on taxation” (Boden, Killian, Mulligan, & Oats, 2010). These researchers argue that tax ought to be conceived as an organizational, institutional, social and cultural phenomenon. Several of these studies use the work of Michel Foucault as their main inspiration and focus, for instance, on how tax administrations discipline and govern tax-subjects (e.g. Lamb, 2001; Lemarchand, 1999; Likhovski, 2007; Preston, 1989; Tuck, 2007).

As a general way of characterizing the differences between these two bodies of literature it can be said that psychologically-inspired research perceives tax compliance as located in the ‘head’ of the taxpayer. Emphasis is largely on intentional decision-making. In contrast, critical tax researchers locate tax compliance in institutional settings; they understand tax compliance as shaped by different disciplinary regimes in which state institutions play a central role. Despite these differences, however, the two approaches are also united in that both see tax compliance as (somewhat) socially constructed. In chapter two “From Behavior to Relational Practices” I shall discuss further how I build upon various aspects of this research as well as seek to contribute to its further development.

Assembling tax compliance

Comprehensive as the above-mentioned views on tax compliance are, they do not cover all analytical possibilities. This thesis presents an alternative approach to studying tax compliance. The approach adopted sees tax compliance as a relational phenomenon; as an achievement and an effect of an assemblage, or network, of various different actors. The thesis aims to characterize such a ‘tax
compliance assemblage’. Its departure is the question: how is tax compliance constructed in practice?

Asking this question the thesis is inspired by science and technology studies (STS). More specifically, the analytical starting point is the actor-network theory, especially as developed by French philosopher and anthropologist of science Bruno Latour (e.g. Latour, 1983, 1987, 1991, 1992, 1999b; 2005). In chapter two I shall explain how I perceive the actor-network theory as an analytical attitude that guides my analysis (e.g. Gad & Jensen, 2010). Among other things, this implies viewing tax compliance as a network effect of relations between actors. In accordance with actor-network theory, actors are here understood broadly, as comprising humans, technologies as well as other material artifacts. The emphasis on relationality and networks underscores that no actor acts alone, but is always both constrained and enabled by the relations it is part of. Accordingly, I perceive ‘tax compliance’ as an effect that it made up and in itself made to act by a variety of actors.

A central part of the PhD work has been to conduct fieldwork that would allow me to characterize the actors that participate in the construction of tax compliance. Consequently, I have conducted an ethnographic study of various locations in which tax compliance is constructed. This has meant, for instance, that I have conducted observations of tax inspectors’ work for enhancing tax compliance, that I have interviewed bookkeepers, accountants and business owners about their tax compliance practices and that I have accompanied inspectors on tax raids. In chapter three “The Fieldwork” this empirical material will be introduced.

One important reason why this PhD focuses particularly on tax compliance practices is that the Danish Tax and Customs Administration (SKAT) is interested in this. The project was not ‘born’ due to an identified ‘gap in the literature’ or because of a ‘stroke of genius’. Instead, the project started because civil servants in SKAT, working to enhance tax compliance and to fight non-compliance struggled to understand what makes up and shapes tax compliance. Faced in this situation with a ‘lack of knowledge’, the tax administration decided to engage in and support academic research; in this way the present PhD thesis became a reality as an ‘Industrial PhD’. In chapter one “The Project’s Attachments” I shall account for what it means that the project is an Industrial PhD and I will present the different hopes and expectations connected to the project due
to its close relation to the Danish tax administration and how the project is situated within different institutional, organization and (political) agendas.

As far as chapter one, two and three the thesis looks like a ‘normal’ PhD thesis: Chapter one presents the project’s attachments whereby the context for the project is explained. Chapter two presents an overview of the existing literature on tax compliance and introduces the specific analytical approach used in the thesis. And chapter three describes the empirical material on which the analyses are based. Together this provides the background for the thesis’ following four chapters. In these chapters, however, the thesis’ ‘article-based’ format becomes evident.

The thesis four main analytical chapters are presented in the form of articles. As the preface explains these are presently in different ‘stages’ of publication. From this format follows that these articles are more or less independent units; in their investigation of tax compliance each of them raises particular questions, relates (partly) to different bodies of literature, employs distinct analytical concepts and presents different method and analysis. However, from the format also follows that some repetition appears in the thesis. For instance, several of the articles introduce the restructurings appearing in SKAT as this form a relevant background for several of the analyses. Likewise there is overlap between chapter three on method and how I describe method in the individual articles. To avoid too much repetition I have generally tried to boost the common introduction to method in chapter three and downplayed the focus on method in the articles. In later revisions of the articles this will be changed. For instance, chapter six on the dodgy car dealings contains only a one paragraph introduction to my fieldwork; this will be compensated for when the article is made ready for submission.

In relation to the analytical concepts employed I have used an opposite strategy; in chapter two on the common introduction to my analytical approach I have downplayed the introduction of the different concepts employed in the articles and instead prioritized to introduce the actor-network theory as an attitude. Doing this, I am focusing on an overall introduction to how this attitude shapes the way I see and approach my field and the way I reason and produce knowledge. Chapter three thus mostly focuses on how I see the thesis as an endeavor to assemble and account for the construction of tax compliance. As this chapter therefore does not provide much introduction to the actual concepts used, I have boosted the introductions to these in the individual articles. The articles
thus present their own particular analytical concepts; concepts which are different, but which all belong to the field of science and technology studies.

**Article abstracts**

**The Responsive Raid (chapter four)**

*An Analysis of the Dual Logics of Generalization in Judging Businesses’ Tax Compliance and in Doing Responsive Regulation*

The article investigates an instance of responsive regulation as a team of inspectors conducts an unannounced raid. The raid takes place in Denmark and its aim is to judge and regulate tax compliance in a number of small businesses. The article argues that different ‘logics of generalization’ is at play as inspectors as well as business owners value the state-of-affairs in the businesses. Furthermore, the article discusses how the inspectors are ‘responsive’ in the raid. It argues that they are responsive – not primarily towards the behavior of the taxpayers – but towards a ‘general public’. The article hereby engages in the debate concerning what responsive regulation is and how it is played out in practice as the state regulates citizens and businesses. The overall analytical framework is inspired by Helen Verran’s notion of ‘relational empiricism’, and the analysis is an example of how this analytic can be used as a heuristic to analyze ethnographic data.

**The Segmentation Model (chapter five)**

*Representing and Performing the Taxpayers. An Analysis of the Segmentation Model with Inspiration from Ian Hacking and Donald MacKenzie*

This article investigates a segmentation model used by the Danish Tax and Customs Administration to classify businesses’ motivational postures. The article uses two different conceptualizations of performativity to analyze what the model’s segmentations do; Ian Hacking’s idea of making up people and Donald MacKenzie’s idea of performativity. Based on these two approaches I demonstrate that the segmentation model *represents* and *performs* the businesses as it ‘makes up’ certain new ways to be a business and as the businesses can be seen as ‘moving targets’. With inspiration from Donald MacKenzie my following argument is that the segmentation model posits a remarkable cleverness in that it simultaneously *alters* what it represents and *represents* this altered reality to confirm the accuracy of its own ‘model’ of the taxpayers’ postures. However, despite this ‘cleverness’ the model bears a blind spot as it assumes a world wherein everything around the
model is in motion and can be shaped, whereas it believes itself to be stable. As indicated in the article, this assumption turns out problematic as the tax administration is questioning the model’s ability to produce valid comparisons. All in all, the article provides a detailed description and analysis of the model’s performativity and provides an example of a performativity study which in its methodology differs from the methodological criteria set up by Donald MacKenzie.

**The Dodgy Car Dealings (chapter six)**

*An analysis of the State’s Ways of Seeing its Citizens’ Misdoings*

The empirical focus in this article is on a ‘treatment project’ conducted by the Danish Tax and Customs Administration. The project concerns invoices and fraud in dealings with used cars. In the article I focus on how the state, i.e. the Danish tax administration, makes its citizens’ activities visible. I show that the process of making ‘dodgy car dealings’ visible to the tax administration requires that tax inspectors create different visions of the citizens’ activities. I demonstrate that the inspectors’ visions are – on the one hand – robust images in which the inspectors see something very specific and narrow, and – on the other hand - fragile visions as they depend on several different connections being held in place. Based on this I argue that the inspectors’ work embodies an endeavor concerning ‘covering up’ the *narrow* and *specific* visions as *omniscient* and *powerful* visions that monitor and constantly see the subjects. Conceptually, the article both refers to a number of critical tax studies that use the concept of the *panopticon* to analyze the state’s vision and it draws on Bruno Latour’s concept of the *oligopticon* and James C. Scott’s notion of bureaucratic *tunnel vision*.

**The 2010 Information Note (chapter seven)**

*An analysis of the Drafting of the OECD 2010 Information Note and an Illustration of How a Specific Scientific Literature Engages with a Particular Policy Area*

This article investigates two documents – a guidance and an information note – published by the OECD. In the article I first highlight that several tax administrations in recent years have embarked on a new compliance paradigm relying on understanding the factors influencing taxpayers’ compliance behavior. Second I highlight that particularly the 2010 information note in focus presents a document aesthetics *qua* a certain scientific literature; that is, the note presents a highly selective view of taxpayers’ compliance behavior as presented by a psychologically-inspired and
quantitative research. I argue that this document aesthetics, which has a predominant taste for certain kinds of positivist social science, is nevertheless accompanied by a certain kind of bureaucratic and analytical relativism. This epistemological paradox does on the one hand privilege a specific kind of positivistic scientific literature, but on the other hand that it also anticipates the occurrence of an alternative relativizing science. All in all, the article illustrates how new states of affairs come about in tax administrations’ enforcement practices as scientific literature engages with a particular policy area.

Combined the different analyses presented in chapter four to seven shed different lights on how tax compliance is assembled in practice. In chapter eight “Discussion and Conclusion” I sum up on this by highlighting that the PhD shows that tax compliance is constructed in the interplay of tax raids, models, project work and strategic documents, and that a great variety of actors are involved. I describe how this insight allows the PhD to make certain contributions to the existing literature on tax compliance. The chapter ends by suggesting that it may be worth promoting and enhancing a focus on tax compliance practices instead of a focus on taxpayers’ compliance behaviors.

The analyses in the thesis connect to the title of the thesis: “Taxing Assemblages. Laborious and Meticulous Achievements of Tax Compliance”. This title captures that there are various assemblages constructing taxing; indeed chapter four to seven will present such different constructions of tax compliance. Also, however these assemblages are taxing; that is they are laborious, strained, demanding, onerous and wearing constructs. In this way the title reckons what the thesis is about, that is, taxing or indeed tax compliance. And it reckons the point that it is taxing for taxpayers, tax inspectors and academics alike to construct tax compliance.
1. Chapter One: The Project’s Attachments

1.1. Introduction

When doing an Industrial PhD project in collaboration with the public sector there are certain targets that must be met. One target is that the research should support: “the public sector’s focus on possible improvements through targeted, practical, research based projects” (The Danish Agency for Science Technology and Innovation, 2010). Another target is “to build knowledge-sharing networks between public institutions and research institutes” (ibid.). In relation to debates on the usefulness of research STS-scholar, Casper Bruun Jensen, has reflected upon how relations between researchers and ‘stakeholders’, i.e. society at large, are configured. Jensen argues that a researcher cannot choose not to intervene as all research in different ways engages with other organizations, institutions, or agendas as part of the process of conducting research (2010b, 105). Jensen therefore urges researchers to ask how usefulness and intervention are configured and made up in different ways in particular research projects.

The section below introduces Jensens’ ideas about usefulness and his notion of ’sorting attachments’ (2007, 2010b). Subsequently, I describe the particular attachments of the present PhD project with the aim of clarifying the different agendas that have shaped this project. Articulating these attachments is important because they provide a context for the project: they indicate why the present project was initiated, what hopes were attached to it, and why the project has its specific focus. To avoid misrepresenting myself as a ‘puppet’ of the agendas shaping the project, I conclude the chapter by explaining how I have also been motivated by shaping certain views and perceptions existing within the Danish Tax and Customs Administration. The chapter thus highlights how the project has been shaped by agendas, but also how I have sought to orientate the research to suit particular (counter) agendas.

Sorting and explicating both my partners’ and my aims and hopes of the project are aimed at providing the foundation for taking up – at the end of the thesis – a discussion of how usefulness is configured and made up in different ways throughout the project.
1.2. Sorting attachments

In a recent chapter on the usefulness of social research Jensen (2010b, 101-118) describes an anxiety which traditionally arises when researchers engage with their field. This anxiety takes two different forms. The alternatives often experienced, Jensen suggests, are either to step “into the field” or “remain on the outside”. If the first option carries the “risk of being co-opted or churning out purely instrumental advice”, then the second entails the “risk of wearing theory on one’s sleeves’, while failing to engage, not to say promise to improve the world” (2010b, 103). According to Jensen’s ‘performative disposition’, however, this is not a relevant choice. Performativity, he argues, implies that “all actors are seen as engaged in ‘performing’ the world in specific situated ways” (101). In such an approach neutral description is never an option. Instead Jensen writes:

> Description, although often viewed as categorically opposed to the term action, in fact refers to a particular form of acting, or rather to a varied set of activities that may share little aside from the fact that they are often characterized as descriptions. (101)

This implies that the distinction between action.description or neutral/intervening is artificial (113). The researcher “cannot choose to intervene, just as one cannot choose to refrain from intervening” (113). In this situation Jensen’s notion of sorting attachments aims to make the researcher concerned with how he or she “engages with other organizations, institutions or agendas as part of conducting research” (105) as this concern opens up different ways of intervening or different ways of imagining what intervention could mean in relation to specific settings and problems.

> Sorting attachments, thus, refers to the processes through which researchers, by affinity or implication, becomes tethered to institutional and political ‘machines’ that may have quite different aspirations than their own, but which nevertheless actively shape (not ‘determine’) their research questions, methods and conclusions in multiple ways. (Jensen, 2010b, 105)

Jensen’s sorting of attachment is an activity that the researcher does on a daily basis throughout a research project through efforts (voluntary or not) to connect to institutional or political agendas. However, sorting attachments is also a more conceptual notion designating the task of making these activities explicit, sorting (possibly) messy relations, and opening up for a discussion of intervention and usefulness of the project.
Thinking in terms of sorting attachments helps to situate research. Situatedness, however, is not innocent. The researcher might very well experience being tethered to agendas which are not her own and which she cannot control. This suggestion is clearly inspired by Bruno Latour who writes that

the spread in time and space of anything – claims, orders, artefacts, goods – is in the hands of people; each of these people may act in many different ways, letting the token drop, or modify it, or deflecting it, or betraying it, or adding to it, or appropriate it. (1986, 276)

In the next section I continue to outline the institutional and political agendas to which this research is attached.

1.3. The situatedness of the PhD project

I can divide the ‘attachments’ of this PhD project into four. First of all, the PhD is an Industrial PhD. Secondly, the project connects to wider reforms and new management regimes that are currently being implemented in the Ministry of Taxation and in the Danish Tax and Customs Administration (SKAT). Thirdly, the project was ‘born’ in relation to a very specific ‘call for knowledge’ in SKAT. Finally, the project is also linked to wider developments within the public sector of focusing on ‘user driven innovation’. By describing these various attachments my aim is to make clear that the project is in no way innocent; it neither can nor aspires to present a ‘God’s-eye’ view on tax compliance practices. Instead, it is firmly situated within institutional, organizational and (political) agendas and moreover it also has its own agenda.

1.3.1. Doing an Industrial PhD in the public sector

The PhD is set up as an Industrial PhD. An Industrial PhD is a three-year ‘industrially’ focused project in which the PhD researcher is hired by a company or a public sector institution and enrolled at a university at the same time. The present Danish government encourages – by giving a wage subsidy – private businesses and public sector institutions to set up such Industrial PhD positions¹. Compared to a regular PhD, an Industrial PhD should focus more directly on promoting knowledge

¹ The present PhD has not received such a governmental wage subsidy as the PhD was set up just before this subsidy was allowed for Industrial PhD’s collaborating with public sector institutions. It is thus financed solely by SKAT, Mindlab and the IT University.
sharing between universities and society, and such a PhD should encourage a better operationalization of academic knowledge outside the universities (The Danish Agency for Science Technology and Innovation, 2010). Chapter seven in the thesis will provide an example of how this ‘Industrial PhD’ set up was influential in me being involved in the drafting of an information note published by the OECD. In Denmark, Industrial PhDs have been common within medical and biotech fields. However, within the social sciences and humanities such ‘industrial’ collaborations have been much less developed.

In practical terms, the PhD was set up between three partners; the Danish Tax and Customs Administration (SKAT), Mindlab and the IT University. At the time when the project was set up the Danish Tax and Customs Administration (SKAT) was a government agency placed under the Ministry of Taxation; being in charge of strategy development, analysis and all administrative tax work. SKAT still maintains this responsibility but has changed its relationship to the ministry. Whereas before the Ministry of Taxation was the top of the hierarchy with two agencies beneath it (the Danish Tax and Customs Administration and the Danish National Tax Tribunal), these three institutions merged in 2010 under the heading of the “Tax Group”\(^2\). As “SKAT” is by far the most common way to refer to the Danish Tax and Customs Administration in general, this name or its English equivalent (the Danish Tax and Customs Administration) is what I use in the thesis\(^3\).

Mindlab is the project’s second partner and an internal consultancy unit situated under the Ministry of Employment, the Ministry of Taxation and the Ministry of Economic and Business Affairs. Mindlab focuses on user driven innovation in these three ministries and their related agencies. The IT University is the university responsible for the academic research and here I am affiliated with the research group ‘Technologies in Practice’, which has a predominant research interest in ethnography and science and technology studies (STS).

This PhD’s set up for knowledge production resonates with what Michael Gibbons et al. (1994) term mode 2 research. In their view, knowledge production in mode 2 is concerned with problem

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\(^2\) In Danish: Skatteministeriets Koncern.

\(^3\) The popularity of the word “SKAT” as the designation for the Danish tax administration has in Danish language a humorous connotation. The word ‘skat’ both means ‘taxes’ and ‘honny’/’sweety’. This double meaning of the word is often used in jokes about the tax administration. For instance, calling the tax call centre, one is immediately talked to by the ‘sweety’.
solving which “is organized around a particular application” (3). This means that the research is intended to be useful to someone in industry or government; this is an imperative that is present from the beginning of the research (4). Gibbons et al. write: “Knowledge is always produced under an aspect of continuous negotiation and it will not be produced unless and until the interests of the various actors are included” (4). These characteristics of knowledge production in mode 2 reflect the knowledge production in the present thesis as the project was set up to meet a number of specific challenges adhering to the partners in the project and as the project’s realisation has been a continuous negotiation with these partners.

The first of the project’s attachments is thus connected to its ‘nature’ of being an Industrial PhD. This is a connection that has influenced the project in various ways. For instance, in me being enrolled in SKAT’s participation in drafting OECD notes (as reflected in chapter seven), but also importantly in the project’s attempt to be useful to its partners (SKAT and Mindlab). Despite the fact that SKAT and Mindlab officially have been equal partners (or stakeholders) in the project, SKAT’s concerns and developments are by far most dealt with in the thesis. This is a result of the thesis’ particular focus on tax compliance, which is a key concern to SKAT.

1.3.2. Consolidating a Just Do IT attitude
Another attachment important to the project is my own trajectory. In 2007 – one and a half years before I started the PhD – I saw a job announcement from the Ministry of Taxation. The ministry was seeking employees to work in an in-house team focusing on user driven innovation, organizational development and human resource management. At this point in time I had graduated with a degree in European Ethnology, i.e. cultural studies, and I had been working in a small private consultancy since then. Now, the Ministry of Taxation traditionally employs lawyers and economists. However, in the announcement it was emphasized that the ministry wanted civil servants with other types of expertise and I found my profile suitable. The assessment panel also found me suited for the job and a few weeks later I started my employment in the Ministry of Taxation.

It is relevant to dwell on this period of employment before starting the actual PhD for a moment. What I wish to highlight is that I became engaged in building up and consolidating a specific ‘management regime’. The irony of my later transition to being an Industrial PhD fellow was that this management regime in turn participated in shaping the tax compliance practices that I came to
study in the PhD. Thus, before starting the PhD I was ‘inside’ my future field. So what did I do inside this field as a civil servant in the Ministry of Taxation?

One of my first tasks in the Ministry of Taxation was to set up workshops and facilitate interaction between law-makers in the ministry and people affected by the laws. The aim was to foster a better focus on the reality of the users – that is the citizens, businesses, lawyers and accountants – in the making of new tax legislation. I also became acquainted with the ministry’s work with its mission and vision. I was engaged in filling out performance contracts between the top management team in the ministry and my unit. These contracts were developed in order to measure how different units performed in relation to the overall mission of the ministry. I also became skilled in making briefs to the cabinet minister, the permanent secretary and the different heads of departments. All in all, I was slowly learning the conduct of (effective) public sector management and transforming myself into a ‘well-behaved’ bureaucrat.

While I worked in the ministry I had not acquainted myself with the literature on public sector management and reforms. However, looking with the benefit of hindsight at the work which I did in the Ministry of Taxation it is clear that it was characterized by adhering to several of the principles of New Public Management (NPM). These principles are for instance spelled out in David Osborne and Ted Gaebler’s now famous book *Reinventing Government* (1993). Osborne and Gaebler argue that re-invented governments aim to promote competition; to empower citizens; to focus on outcomes not input; that they are driven by goals and missions; that they see clients as customers; that they decentralize authority and that they want to enhance participatory management (Osborne & Gaebler, 1993, 19-20). All these characterizations fitted the way work was beginning to be organized by and in the ministry.

Sociologist and organizational researcher, Paul du Gay, argues that the principles of this new management regime were formed to highlight the differences between a bureaucratic culture of repression and control (that existed earlier) and a present entrepreneurial culture of expression and involvement (du Gay, 2000, 62). In the article “‘Without Affection or Enthusiasm' Problems of Involvement and Attachment in 'Responsive' Public Management” (2008) du Gay elaborates his diagnosis of the present day public sector and describes a “Just Do It” attitude. This attitude encourages public sector servants to be enthusiastic, entrepreneurial, responsive and to express a sense of “‘compassion’ or close identification with others’ feelings” (336). Also, he describes that
today civil servants/bureaucrats are encouraged to “exhibit ‘ownership’ of and identification with particular policies”. (336)

Linking these characterizations to my experience of working in the ministry it is clear that several, if not all, of these principles and initiatives fitted the work done there. My engagement in enhancing user driven innovation, project work, the focus on missions and effects, and the use of performance contracts engaged me in building up a form of management in the public sector that relied on New Public Management and entrepreneurial governance. As a matter of fact, reading the article by du Gay I felt that it was me and my colleagues he was describing. I was the perfect Just Do It civil servant. In my job in the ministry I was highly entrepreneurial in incorporating new methods for making law makers and citizens meet, I clearly exhibited ownership towards the government’s policy of enhancing user driven innovation, and I tried hard to identify with the feelings of the businesses affected by the tax regulation.

What I learned reading the literature on public sector reforms was that these changes and reforms were not heralded by all academics. For instance, du Gay emphasizes the tendency of entrepreneurial governance to diminish the ‘bureaucratic ethos’ of the ‘new entrepreneurial civil servant’ and such might lead to a loss of “a certain ethical dignity for the mundane routines of bureaucratic administration” (2000, 9). Other academics have also criticized the present attempts to re-invent public sector management; Ezra Suleiman sees New Public Management as dismantling the democratic state and talks of a deprofessionalization, a hollowing of the state and of “victims of the changing politics of the twentieth century” (2003, 17); in relation to New Public Management in higher education, Cris Shore and Susan Wright note that: “For most lecturers and middle managers …, the result [of NPM] has not been empowering but increased pressure to conform, reduced autonomy and responsibility without power” (2000, 70); Nikolas Rose, too, has been critical towards governments’ neoliberal rationales of government where ‘advanced liberal’ strategies are used to, for instance, act upon individuals to shape and utilize their freedom (1996, 212).

What the above emphasizes is that my former work was closely linked to the present changes and reforms within the public sector. I played a role in shaping and consolidating the management regime that is also under scrutiny in this thesis and which influences the tax compliance practices under investigation. This attachment of the PhD project is central as it points to the context in which the thesis is played out, and it points to my former engagements as a civil servant.
1.3.3. Providing new knowledge about tax compliance behavior

This section and the following look more in detail at the challenges of the two partners (SKAT and Mindlab) in the project. What were their motivations to enter into collaboration and to co-finance the PhD?

In 2005 the organization SKAT was formed. This was as a consequence of a merger between the administrations of tax and duties in the municipalities and the state. Since 2005 SKAT has been the only organization, which collects taxes and duties in Denmark (and an organization, which then again in 2010 was merged to become the Tax Group). Together with the merger in 2005 the so-called ‘treatment strategy’ was introduced in SKAT\(^4\). The treatment strategy relies on the idea that the specific treatment that a taxpayer receives (ideally) is targeted according to the motivational posture of the taxpayer. All in all, this strategy shift can be described as the Danish Tax and Customs Administration embarking on a new compliance paradigm. The four articles in the thesis all refer to and describe in different ways these changes and the restructurings of SKAT. For instance, chapter five provides further introduction to motivational postures and targeted treatments, and chapter seven provides analysis of how this idea of differentiated treatments has been promoted.

In light of the articles’ different foci, I will here only provide a bit of detail about the background for these changes. Sufficient to point out now is that the changes in Denmark were greatly influenced by similar changes taking place in the Australian Tax Office in the late 1990s. The changes initiated here were in due course accomplished in close collaboration with the regulatory researcher John and Valery Braithwaite. From 1999 to 2005 Valery Braithwaite was the director of the so-called “Centre for Tax System Integrity” at the Australian National University. The centre was supported by the Australian Taxation Office and the university. The purpose of it was to do research onto ‘taxpaying cultures’ and key to the centre was the development of the ‘ATO Compliance Model’. This model draws on the work of John and Valerie Braithwaite and was adopted by the Australian Tax Office in 1998 (Centre for Tax System Integrity, 2011). In the

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\(^4\) In Danish this strategy was originally called ‘indsatsstrategien’ and in English presentations the strategy was translated to the ‘treatment strategy’. Later, the same strategy started to be called the ‘compliance strategy’ both in Danish and in English. I have consistently used the word ‘treatment strategy’, though bearing in mind that this terminology might already seem a bit ‘old-fashioned’. However, calling it the ‘treatment strategy’ exactly points to the aim of the strategy; namely to provide a strategy for differentiated treatments of the taxpayers.
Danish context the ‘ATO Compliance Model’ has been implemented in a nearly similar form – only here called the segmentation model. It should be emphasized that John and Valery Braithwaite’s work and the Centre for Tax System Integrity – which had several academics, doctoral students and visiting academics connected and which produced over 180 publications – have had an tremendous influence on developments within several tax administrations over the last decade. As a consequence the John and Valery Braithwaite’s work will be referred to continuously through the thesis. Specifically also, because their approach to doing enforcement was taken up by and legitimized by the OECD (see chapter seven for details on this).

Hence, working strategically with enhancing tax compliance through targeted treatments (which both the ATO Compliance Model and the segmentation model promote) has been strongly encouraged by the OECD. The OECD has indeed published a number of guidance and information notes on these matters (OECD, 2004, 2010a). These OECD recommendations have been followed by SKAT. For instance, SKAT has implemented the OECD’s focus on risk management and responsive regulation. Focusing on the Danish context, a central component of working with the treatment strategy consists of identifying and prioritizing risks to make sure that the limited amount of resources available to the tax administration is used most effectively. In the treatment strategy for 2007-2010 SKAT writes:

A central component in the compliance-model [the segmentation model] is to determine where the threat towards the tax yield and towards the organization is expected/estimated to be highest, and also to map what drives the behavior of the tax payers. (SKAT, 2006, 2)

The first point above is to determine where the risks towards the tax yields and the organization are highest. This task was met by SKAT through implementation of an annual assessment routine that involved risk analysis and risk prioritization. The second point, mapping what drives the behavior of the taxpayers turned out to be trickier because not much knowledge on behavior existed. Hence, in several minutes, briefs and reports SKAT points to a need for more knowledge on tax compliance behavior. For instance:

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5 Chapter six on the dodgy car dealings will provide a more concrete introduction to how such risk-analyses take place in the tax inspectors’ work.
SKAT segments businesses into opponents and partners based on a number of objective behavioral variables … The segmentation provides an overall idea of a business’ ability and will to comply with the tax rules. However, it does not provide insights into why the tax payers act as they do. (SKAT, 2006, 2-3)

Steffen Normann Hansen, managing director of the ‘treatment office’ in SKAT, explains that the treatment strategy aims at changing the behavior of the taxpayers. However, the problem is that to this day SKAT knows very little about why the taxpayers actually act as they do (SKAT, 2007a, 7). SKAT’s concerns about understanding taxpayers’ compliance behavior mirrors concerns expressed by the OECD. In the guidance note Compliance Risk Management. Managing and Improving Tax Compliance (2004) the OECD writes:

> the guidance encourages revenue authorities to give greater attention to understanding the factors that shape taxpayers’ compliance behavior so that a potentially more effective set of responses – ones that deal with the underlying non-compliant behavior rather than focusing on treating the symptoms – can be crafted and implemented. (10)

What is central here is SKAT’s *call for more knowledge*. SKAT explicitly searches insights into why taxpayers act as they do, and the OECD also demands knowledge about factors shaping taxpayers’ compliance behavior. The centrality of these calls for knowledge is evident if one looks at the kinds of knowledge that SKAT presently has. For instance, this knowledge is explicated in two reports on compliance with the tax rules for businesses and for private individuals (SKAT, 2009b, 2009c). The report on individuals presents its findings this way:

> This study is unique internationally, and places SKAT in the forefront of the world’s tax administration services in terms of describing with great precision both taxpayers’ compliance with the requirements of the law and the taxation gap. (SKAT, 2009c, foreword)

What the report shows is, for instance, that the average level of errors for all taxpayers is 8 per cent. That the average amount of annual adjustments in taxes in numerical terms was 18,000 Danish kroner for complex taxpayers. That the adjustments were larger for men than for women. That the percentage of errors is significantly higher in the eastern part of Denmark (including the capital of Copenhagen) than in the western part (2-4). The report states that this knowledge: “will contribute
to our ability to focus our resources in relevant places and thus ensure an effective and equitable financing of the state sector” (foreword).

The numbers in the report indicate areas where SKAT’s treatments should be targeted. However, what the numbers do not say is why or how these behaviors occur. The numbers make a numerical description of tax compliance, for instance, that the average percentage of the taxpayers making mistakes is 8. However, this does not explain or interpret tax compliance. To strengthen SKAT’s focus on explaining and interpreting such matters, SKAT decided to employ two anthropologists. These employees should help SKAT go behind the numbers producing explanations of the behaviors of taxpayers (SKAT, 2007b). Thus, besides producing statistical knowledge of tax compliance, SKAT initiated a qualitative and interpretative approach to analyzing tax compliance. The present PhD project is closely connected to these new initiatives in SKAT. SKAT’s interest is thus to use the project to develop new ‘kinds of knowledge’ that help explaining and interpreting tax compliance behavior.

From SKAT’s perspective the aim of engaging in the PhD project has thus been to use the PhD to strengthen its investigation into why the taxpayers act as they do and strengthen a specific qualitative approach to providing knowledge on tax compliance.

1.3.4. User driven innovation
Yet another organizational agenda that has shaped the project relates to the second partner, Mindlab. In 2007 – while I still worked for the Ministry of Taxation – the internal consultancy unit Mindlab was launched. Mindlab is a unit situated under (and financed by) the Ministry of Employment, the Ministry of Taxation and the Ministry of Economic and Business Affairs. Mindlab primarily works with user driven innovation in the three ministries and the aim of Mindlab is to facilitate better public sector solutions by way of user driven innovation. Mindlab’s webpage states that: “Mindlab develops the public sector from within. We work across the public sector and involve citizens and businesses in creating better public solutions” (Mindlab, 2010). In Mindlab knowledge about the users is obtained by unconventional methods such as ethnography, design methods, video recording and creative workshops. Also, unconventional employees have been employed such as sociologists, designers, anthropologists, historians and architects. The idea of Mindlab is basically that the bureaucrats in the central administration need to know more about the
everyday life of businesses and citizens, and that these users might have ideas as to how the services and regulations from government bodies can be enhanced.

There are several reasons why three ministries decided to set aside money for an internal consultancy unit at this point in time. One reason was the ongoing discourse in the Danish public sector on the generative potentials of user driven innovation. In the Ministry of Taxation references were made to how private companies work with lead users in developing new services and products (von Hippel, 2005). The logic was that the public sector could also use lead users to develop new and better public sector service solutions. In Mindlab references were also given to Demos, a think tank in the UK. The idea behind this think tank is to create “Powerful ideas” and to “improve politics and policy and to give people more power over their lives. Our vision is a society of free and powerful citizens” (Demos, 2010). Indeed, a representative from Demos was invited to give a talk to the ministries to promote the idea of having a strong user focus. Furthermore, in 2006 the Danish Enterprise and Construction Authority were given a license to administrate the so-called ‘Programme for User Driven Innovation’. The authority writes on its webpage:

The government agreed in November 2006 in cooperation with S [the Social Democrats], DF [the Danish Peoples’ Party] and R [the Social-Liberals] to utilise the resources from the globalisation foundation. As a part of the theme ‘Denmark as the leading innovation society’ there was set aside 100 million Danish kroner a year in the period 2007-2009. They are devoted to the special programme for User Driven Innovation. The programme is the first of its kind in the world. (Byggestyrelsen, 2010)

Furthermore, in 2007 the government launched the “Quality Reform”6. The aim was to reform the public sector over the coming years and the reform contained a main chapter focused on how to make users central to the development of new and better public sector services (Kvalitetreformen, 2007, 34ff). Also, FORA, a research unit under the Danish Ministry of Economic and Business Affairs published a number of reports focusing on user driven innovation. One of these was the report “User Driven Innovation. Results and Recommendation” (Rosted, 2005), which offered recommendations about how user driven innovation could be enhanced in Denmark.

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6 In Danish: Kvalitetreformen.
Influenced by this assemblage of policy documents, reports, research and influences from abroad, all of which emphasized user driven innovation as the key to success and innovation in the public sector, it was decided to establish Mindlab as the centre of excellence in user driven innovation in the Danish public sector. As Mindlab began to consolidate itself throughout 2007 and 2008 it was furthermore decided that Mindlab should employ three Industrial PhDs. The aim of the Industrial PhDs would be to enhance research into user driven innovation and to provide knowledge about the users, i.e. citizens, which the ministries regulate. The present Industrial PhD project is one of these three projects\(^7\). The project is thus linked to the agenda of Mindlab that aims to enhance development of the public sector through a focus on ‘users’. In practical terms the interest of both SKAT and Mindlab in the project has resulted in these two partners agreeing to co-finance the PhD. They have thus each financed half part of the PhD.

1.4. My agenda

Above, I have accounted for the different attachments that shape the present project. The project is an Industrial PhD with all the hope of usefulness, collaboration, and networking which this entails. It built on my former employment in the Ministry of Taxation where I – to put it crudely – expressed a *Just Do It* attitude in promoting a focus on users and in filling out performance contracts. Lastly, it is linked with SKAT’s call for a new kind of knowledge to be able to explain and interpret tax compliance behavior. Finally, it is connected to Mindlab’s endeavor of promoting focus on the ‘users’ of the public sector. Looking at these attachments in a ‘reflexive moment’ can be scary; my project does indeed help set in motion developments whose consequences I cannot foresee nor judge.

However, as I also have an agenda of my own, these attachments and strong affinities with current developments taking place in the higher echelons of a number of Danish ministries certainly are also a daunting and motivating force. What *my agenda* is built around is a questioning of the notion

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\(^7\) The second of the Industrial PhD projects initiated by Mindlab is conducted by anthropologist Nina Holm Vohnsen in collaboration with the Ministry of Employment (Vohnsen, 2011). The third is conducted by anthropologist, Jesper Christiansen, who conducts his project in collaboration with the Ministry of Economic Affairs. During 2011 and 2012 Mindlab is thus the promoter of three Industrial PhD projects which all in their different ways focus on the ‘users’ in these three areas of regulation. Also, however, SKAT has participated in the collaboration of yet another PhD on public sector innovation (Langelgaard, 2011) and Mindlab’s own head of office, Christian Bason, has started a PhD study. Hence, there seems to be a proliferation of such academic research projects done in collaboration with the public sector.
of tax compliance behavior. From my days in the Ministry of Taxation and my gradual acquaintance with the treatment strategy and the pervasive discourse in SKAT on tax compliance behavior I came to develop more and more discomfort with notions of tax compliance behavior. Because I have an academic background in cultural studies and because I have been extensively introduced during my masters to Michel Foucault’s notions of discipline and governmentality and Bruno Latour’s actor-network theory and focus on practices, it increasingly jarred my ear to hear this psychological behavior-talk in the ministry and in SKAT; how could tax compliance in these discourses be reduced to a question of individual behavior? Why not perceive it as a much broader practice comprising all sorts of actors? Why not talk about tax compliance practices? In my view such a notion would capture much more about what tax compliance is than merely stating that it is in the heads of the taxpayers.

Hence, my partners might very well use my project to push through their agendas. However, being ‘inside’ the machinery I also gradually build up an awareness and strength in my own contention of the state of affairs and this lead me to apply for one of the Industrial PhD positions announced by Mindlab. Hence, from the beginning I have used the project to push through my – at some points nothing but intuitive feeling – that this tax compliance behavior-talk left a lot yet to be explored. I clearly wanted to suggest an alternative of not seeing tax compliance primarily as an individual behavior, but instead as a relational practice.

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8 In Danish: Skatteadfærd.
2. Chapter Two: From Behavior to Relational Practices

An overview of the exiting literature on tax compliance and an introduction of a new approach to study tax compliance

2.1. Introduction

The previous chapter has focused on the project’s attachments to its partners. Yet, no matter how central these attachments are and how much their agendas, interest and hopes shape the project, the project would not have been realized if it had not also connected to current academic interests. In this chapter I therefore look at the existing research on tax compliance and I explain how my project’s approach both built on and sought to develop this body of research.

The existing research on tax compliance can be divided into two broad bodies of literature. The first I have gathered under the heading ‘Why do people comply?’ Research in this category primarily focuses on giving statistically evidence-based answers as to which factors influence tax compliance behavior and it seeks to provide recommendations to the regulating tax bodies about how they best can regulate this behavior (e.g. R. B. Cialdini, 1989; Kirchler, 2007; Murphy, 2008; Murphy, Tyler, & Curtis, 2009; Torgler, 2008). Methodologically, these studies employ quantitative methods, using either surveys or field experiments to determine factors for tax compliance behavior. The research is to a great extent inspired by psychology and focuses on the individual. Familiarizing myself with this literature, I also came to understand why the tax practitioners in SKAT and the Ministry of Taxation tend to talk so much about tax compliance behavior; this particular notion is highly promoted by this research. The second body of literature I have gathered under the heading ‘How is tax compliance constructed?’ This research represents a critical approach of studying tax compliance and is primarily inspired by Michel Foucault and theoretical developments within critical accounting studies (e.g. Lamb, 2001; Likhovski, 2007; Preston, 1989; Tuck, 2007). Methodologically these studies deploy qualitative methods which view tax as a social and institutional practice, with a particular emphasis on discourse.

I review these two bodies of literature for different reasons. The research gathered in the section ‘Why do people comply?’ is the dominant tradition of doing research on tax compliance. The majority of the existing research on tax compliance belongs to this tradition. Additionally, and more
importantly, several of these studies have been introduced to me by employees in SKAT as they use this literature in their work when managing tax compliance. Furthermore and as already indicated, its focus on ‘behavior’ is also widely taken up in the general way that the bureaucrats talk about tax compliance and in documents where the ‘behaviors’ of the taxpayers are a big issue to understand and investigate. Also, this research is referred to, for instance, in the OECD’s reports on tax compliance behavior (OECD, 2004, 2010a). As this literature is ‘distant’ from mine both in its aim of providing evidence for factors influencing tax compliance behavior, and in its methodology which is quantitative, my aim is not to review this research with the intention of showing primarily how I contribute to, complement or develop it. In a way this literature is simply too different from mine for me to accomplish such a task. Instead, I review this it because it is an actor in my field; it shapes how the Danish Tax and Customs Administration perceives tax compliance as a behavior, and how the administration develops strategies for enhancing tax compliance. In all of the four analytical chapters in the thesis (four to seven), this literature appears as a background. As a powerful actor that has shaped the specific approaches to the taxpayers which the chapters investigate.

The research gathered under the heading of ‘How is tax compliance constructed?’ is reviewed with the purpose of introducing how I depart from and develop this literature. This literature plays an entirely different role in relation to the project. I have neither seen any of the critical and Foucault-inspired tax studies mentioned, referred to or used in SKAT, nor does the OECD mention this body of literature. However, this research’s approach is the one closest to mine in being critical and qualitative. There is of course an irony here. The irony is that, on the one hand, the present project was ‘born’ as an Industrial PhD with the hope of expressing usefulness, but on the other hand it aims to contribute to the academic research on tax compliance that is at first pass seen as least ‘useful’ research. This contradiction calls for a discussion of what actually constitutes research’s usefulness. This is a matter that I return to in the conclusion of the thesis. Here I argue that the usefulness of my study runs along multiple lines which might not map onto ‘traditional’ notions of usefulness.

My narrative in this chapter will proceed in four steps. I first review the why approach, emphasising its inspiration from psychology and its focus on the individual; I then go on to discuss the how approach, emphasising its focus on tax as a social and institutional practice. Third, I introduce a
body of literature – critical accounting studies – that is inspired by actor-network theory and the work of Bruno Latour. This review is not extensive but serves to show how an approach similar to the one advocated in this thesis is played out in the critical accounting field. These reviews of the existing literature provide me with a stepping stone for the final fourth step of presenting my analytical approach. What the last section does is therefore basically to present an alternative approach to studying tax compliance; one, which emphasizes tax compliance as a relational practice and as an achievement. However, before the novelty of this approach can be appreciated, we need to be familiar with the existing research.

A few reservations should be mentioned. As touched upon in the introduction, talking about tax compliance often provokes a knee-jerk reaction of connecting tax compliance to legal matters. This relation is not explored in this review for which reason there is no focus on issues such as the relations between tax compliance and tax avoidance (planning to avoid taxes) and the relations to tax evasion (illegal evasion of taxes) (McBarnet, 1991). Neither will the review introduce tax as economic research, nor tax, more broadly, as political science research (for this see: Hasseldine & Li, 1999; Lamb, Lymer, Freedman, & James, 2005). Finally, it does not either address tax as a culturally distinct matter in different national jurisdictions (for this see: Livingston, 2005; Mumford, 2002; Nerre, 2008). Instead, the focus will be on studies that seek to answer questions in relation to why and how tax compliance is constructed. As explained, these bodies of literature are important as the first one shapes my research field and as the second one shapes my academic contribution.

2.2. Why do people comply?

In the article “Enforcing Tax compliance: To Punish or Persuade?” (2008) Margaret Murphy, who has a background in psychology, describes the debate within tax regulation:

A long-standing debate in the regulatory literature has been between those who think that individuals will comply with rules and regulations only when confronted with harsh sanctions and penalties, and those who believe that gentle persuasion and cooperation works in securing compliance. (113)

According to Murphy, the first view, which builds regulation on deterrence has been the dominant policy-model for tax administrations up till today. This, however, is in spite of the fact that
academic research has shown that the deterrence model does not adequately explain tax compliance behavior (see for instance: Alm & Gomez, 2008; J. Braithwaite, 2002; V. Braithwaite, 2003c; Murphy, 2004, 2008; Torgler, 2008). What many of these researchers point out is wrong with the deterrence model is that it is based on the assumption that people are:

rational actors who behave in a manner that will maximise their expected utility. In other words, individuals assess opportunities and risks and disobey the law when the anticipated fine and probability of being caught are small in relation to the profits to be made through non-compliance. (Murphy, 2008, 114)

Murphy’s argument is that if people did behave in this way with regard to tax compliance then the logical response from tax authorities would be to deter the individuals from non-compliance by raising the stakes of their non-compliance. This means making stronger enforcement, more checks, controls and punishment (114). This understanding of tax compliance and regulation was basically established in the 1970s with the economists Michael G. Allingham and Agnar Sandmo’s (1972) much-cited article “Income Tax Evasion: A Theoretical Analysis”. This article portrays taxpayers as rational utility maximizing individuals. However, according to Murphy, when it comes to tax compliance people are not rational actors. If they were, they would quickly have figured out that they could underreport income or over-claim deductions “because it is extremely unlikely that such cheating will be caught and penalized” (Alm & Gomez, 2008, 74). This would result in fewer taxpayers actually paying their taxes. Hence, Murphy draws our attention to the ‘surprising fact’ that most people in the Western countries actually comply and pay their taxes. Continuing this line of argument, James Alm and Juan Luis Gomez write that the ‘compliance puzzle’ is to figure out why people pay their taxes as so many of them actually do (74). And that “the compliance decision must be affected in ways not captured by the basic economics-of-crime approach. What other factors may explain why people pay taxes?” (74)

2.2.1. Factors influencing tax compliance
Looking at the studies which in different way seek to solve the ‘compliance puzzle’ by analyzing determinants for tax compliance, there are broadly two groups of research; one which uses field

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9 The ‘compliance puzzle’ which is introduced here is important to keep in mind further on in the thesis. In chapter seven it is exactly this psychological insight that makes the tax officials and the OECD question the deterrence based approach to tax enforcement.
experiments (primarily letter-experiments) and one which uses surveys as empirical evidence. Both are quantitative and their purpose is to relate and compare different variables on tax compliance, whereby it is investigated whether a cause and effect relationship exists between different variables (McKerchar, 2008, 10; 2010). What also characterises these studies is their belief in tax compliance being socially constructed. Basically, tax compliance is described as being influenced by social factors such as deterrence, moral, values or perceptions of procedural justice.

2.2.2. Field experiments of tax compliance
Experimental research on tax compliance is primarily set up as controlled field experiments where taxpayers are sent letters with different kinds of persuasive communication to report correctly or with information about the likelihood of audit. After a period of time, the researchers analyse what effects the different letters have had on the tax compliance behavior of the people receiving the letters. And the researchers offer certain conclusion as to which factors influence the taxpayers’ decisions to comply.

One of such studies is the Minnesota study (Blumenthal, Christian, & Slemrod, 2001). In this study two different normative letters were used. One letter emphasized that the taxpayers ought to support valuable services by reporting correctly, the other that the taxpayers would be part of the compliant majority if reporting correctly. Another study is the carrot-stick study (Hasseldine, Hite, James, & Toumi, 2005, 2007) in which a group of UK taxpayers received letters presenting treatments ranging from a simple offer to assist the taxpayer (a small carrot); over a threat of audit (a moderate stick); to a threat of audit and possible penalties (a larger stick). In Denmark a similar experiment has been conducted. In the Danish study “Unwilling or Unable to Cheat” (H. J. Kleven, Knudsen, Kreiner, Pedersen, & Saez, 2010) the taxpayers received letters with threats of different degrees of audit. Some would be exposed to 100 per cent likelihood of audit, some 50 per cent likelihood, and a third group would experience the normal level of audit.

What these experimental studies show differs. The Minnesota study concludes that there is “little evidence of an overall treatment effect” from the normative letters and that “we find no evidence that inexpensive, mail-based appeals will significantly increase tax compliance” (Blumenthal, et al., 2001, 1). On the contrary, the carrot-stick study concludes that: “Our results show strong evidence of a significant overall treatment effect for all five treatments” (Hasseldine, et al., 2005, 192).
However, the letter with most ‘stick’ (threat of audit and possible penalties) led to more corrections
in the reporting than letters that did not mention the audit threat. The main conclusion of the Danish study is that the “threat-of-audit letters have significant effects on self-reported income adjustments” (H. Kleven, J., Knudsen, Kreiner, Pedersen, & Saez, 2008, 1). Furthermore, it concludes that a key distinction in the taxpayers’ reporting decisions is whether a third party (e.g. bank, insurance or employer) is involved in the reporting as this makes it impossible for the taxpayers to cheat (25).

These experimental field studies are interesting, not just because they say something about what determines decisions to comply, but also because they are used by the Danish Tax and Customs Administration (SKAT). These studies are all well known to SKAT and the results from the Danish study – which indicates that third party reporting is decisive in relation to enhancing compliance – have resulted in strategies for extending third party reporting. Hence, for instance in relation to automatic reporting of prices of stocks bought by private individuals and automatic reporting from bureaus renting out holiday homes, initiatives have been started to get the banks and the renting bureaus to report on these matters. Formerly the taxpayers themselves were responsible for reporting these figures. Insights from academic research are thus directly used to advance and legitimize new enforcement tools.

In practice, though, following directly the researchers’ findings is a complicated matter. The tax researchers John Hasseldine and Peggy Hite (2008) point out that it is difficult for the research to provide clear advice as to which enforcement strategies are best. Hasseldine and Hite describe that the experimental research broadly seeks to analyze which determinants best change tax behavior. However, there is an acknowledgement that a clear answer to this question is not easy to give:

Regardless which determinants of compliance and/or non-compliance are targeted, policy makers and tax agencies must understand that no one determinant will be effective for all taxpayers. Determinants vary for different taxpayers at different times on differing types of opportunities. Even if a current strategic solution was found today, the compliance strategy would need to change over time. (Hasseldine & Hite, 2008, 20)

The Danish Tax and Customs Administration is aware of this and the aim for the administration is (ideally) to minimize the taxpayers’ room for ‘decision-making’ in relation to tax compliance.
Focus in the administration is therefore primarily on designing the tax system so more taxpayers are ‘unable to cheat’, for instance due to third party reporting. Denmark’s high level of digital registrations makes such a system more likely than in other countries which do not have the same high level of registration. The former Minister of Taxation has expressed the following:

We are an incredibly long way ahead of other countries. But we still need to do more to [get more third party reporting]. The research shows [referring to the article “Unwilling or Unable to Cheat”] that this has an enormous impact. (Minister of Taxation, Troels Lund Poulsen in: Horn, 2010)

2.2.3. Surveys of tax compliance
The field experiments described above are flanked by a great number of surveys of tax compliance. This line of research is often directly inspired by a psychological approach and investigates the social factors which influence tax compliance behavior – given on the whole that there is room for decision-making in relation to compliance. This research is conducted by having questions on tax-matters included in worldwide or nationwide surveys, or by conducting specific surveys which deal only with tax. Eric Kirchler et al. describe such studies as “studies in tax psychology” and the studies typically focus on:

- tax knowledge, perception of tax law complexity, tax mentality, ethics, social norms, perceived horizontal fairness, equity in the exchange with the government and attitudes towards government, as well as perception of procedural fairness (Kirchler, Niemirowski, & Wearing, 2006, 514)

These researchers have, for instance, investigated “how taxation is represented in the minds of the Australian taxpayers and tax officials” (502). This was investigated by sending a questionnaire to 2,800 taxpayers and 500 staff members. In the article the authors state that they understand tax behavior as socially constructed:

Following the social constructivist line the whole notion of tax compliance can be viewed as socially constructed … Tax ‘enforcement’ officers have beliefs about tax evaders. Who they are, what they are like. Taxpayers … likewise have notions about tax officers, their beliefs and how they will behave. None of these beliefs need to be
‘true’ in any ‘objective’ sense but if the players in the game believe them to be (and act as if they do) then the reality is constructed. (503-504)

In the article, Kirchler et al. strongly urge tax administrations to use their research to manage the taxpayers better. They state that if there should be improvement of the relationship between tax officials and taxpayers then it is required that the tax administrations understand the ‘social representations’ which are at stake in the relationship between tax officials and taxpayers (504). In the book *The Economic Psychology of Tax Behavior* (2007), Kirchler also advocates a greater focus on the “neglected psychological determinants of tax behavior” (2) and he presents a model with a number of key determinants from a social-psychological perspective. The key determinants are labeled under the heading: ‘Mental (social) Representation’ and covers: tax knowledge, attitudes, norms, perceived opportunity to evade, fairness perception and motivation to comply (3).

Likewise, several other studies have produced knowledge about the social psychological determinants of tax compliance and provided guidance for tax administrations on that basis. For instance, Alm and Gomez (2008) who investigate peoples’ ‘social capital’ and conclude that “Our results indicate the important role of social capital measures as determinants of tax morale” (75); Michael Wenzel (2007) who investigates taxpayers’ identities and the implications which they have for their tax-ethical attitudes. Wenzel concludes that taxpayers’ identity is the key to enhancing responsive regulation as identity tells about a person’s motivations to comply which the tax authorities in turn can use to make effective regulation (31-32); Murphy et al. (2009) look at taxpayers’ experience of legitimacy and procedural justice; Murphy (2008) focuses on taxpayers’ feelings of resentment; and Murphy (2004) draws attention to the role of trust in nurturing tax compliance. Arguing against economic self-interest being the main determinant for compliance she writes: “It was … found in a regression analysis that trust did play a role in the resistance exhibited by scheme investors, and this factor outweighed the role played by economic self-interest” (201). Hence, again the idea of the rationally economic self-interested individual is questioned and it is emphasised that taxpayers – even scheme investors – are influenced by trust.

The psychologist Robert Cialdinis’ work on persuasion offers a final example of psychological inspired tax compliance research. This research takes its outset in different kinds of psychological experiments where the idea is that results from these generally are transferred to a tax context to enunciate statements about tax behavior. For instance, Cialdini has conducted an experiment which
shows that people tend to litter more if they are in an already litter-filled environment, whereas people in a clean environment tend to litter less (Cialdini in: Wittberg, 2005, 23). These conclusions are used to develop insights concerning tax behavior:

For a tax administration it is not a matter, therefore, of portraying tax evasion as normal, ordinary behavior, for then it will increase. Instead, the fact should be emphasized that most taxpayers are honest and that cheating is the exception rather than the rule. Pointing to the honest majority can help to reduce cheating. (22)

Summarizing the psychologically inspired tax compliance research it is worth mentioning that the key achievement of this research has been to develop an alternative perception of tax compliance. Whereas the dominant view has been to see taxpayers as economically rational agents primarily interested in their economic self-interest and who respond to deterrence, the taxpayers are now also articulated as being influenced by social factors such as trust, moral, legitimacy, procedural justice and values. As a consequence, researchers in this vein suggest that deterrence is not the most appropriate mean to ensure long-term voluntary tax compliance. Instead more ‘accommodating’ approaches (such as responsive regulation) should be used as such regulation influences the taxpayers’ moral, values, experiences etc.

Psychologically inspired research on tax compliance has had a huge influence on the Danish Tax and Customs Administration. In fact, the majority of the Danish taxpayers are conceptualized by SKAT as having a cooperative behavior and are understood as being influenced by social factors. Hence, an organizational ‘response’ to this view on the taxpayers has been to implement the treatment strategy, to work with responsive regulation, and to use a segmentation model, which segments taxpayers according to their motivational postures. Both chapter four which investigates responsive regulation, chapter five which focuses on the segmentation model, and chapter seven on the 2010 information note have this psychologically inspired view on tax compliance as a ‘background’ framing the actual everyday work done by the tax inspectors.

That it is not only the Danish Tax and Customs Administration who listens to and follows the insights from the psychologically inspired research is evident from a report produced by the National Taxpayer Advocate in the U.S. In its Annual Report To Congress (2007) Marjorie Kornhauser, professor of law, has drafted a chapter called “Normative and Cognitive Aspects of
Recent literature reveals … that the decision to comply is not purely rational...
Although the exact components of tax morale are not yet fully delineated … research shows that tax compliance is affected by (social and personal) norms such as those regarding procedural justice, trust, belief in the legitimacy of the government, reciprocity, altruism, and identification with the group. (38)

Based on these insights Kornhauser recommends the U.S. Inland Revenue Service to:

establish a department devoted solely to exploring tax morale issues and implementing the findings. Second, the IRS should adopt a tax morale approach to tax compliance that recognizes the importance of taxpayers’ internal motivations and the effects of societal conditions and institutions … on these internal motivations. (139)

These recommendations clearly indicate that tax administrations are encouraged to have an eye for the ‘fact’ that decisions to comply are not purely rational. It indicates that the psychologically inspired behavioral research on tax compliance is central in influencing and interacting with tax practitioners also outside Denmark.

As I stated earlier this quantitative why literature is central as it shapes my research field. Further to this, however, I also live at the mercy (and hopefully sustained popularity) of this kind of research at the Danish Tax and Customs Administration. Had there not been a sustained focus in the internationally recognized academic research milieu centered on precisely the social determinants of tax compliance, then this project would not have been started. These studies of tax compliance have paved the way for the present project by pointing at the ‘compliance puzzle’ and by trying to identify factors other than the basic economic and deterrence based factors. My project is part of developing this alternative view on tax compliance behavior.

2.3. How is tax compliance constructed?

This section presents research on tax compliance which broadly embodies a critical and qualitative approach. Whereas the body of literature surveyed in the previous section has a clear link to tax practitioners by being known to and used by these, the research presented in this section is not used
by tax practitioners in Denmark. At least according to my knowledge of the academic literature circulating at the Ministry of Taxation and at SKAT’s main office.

In 1989 what could be called the first critical tax study was published. This was Alistair M. Preston’s study of the relationship between a record company, Axis, and the British Inland Revenue. The study is a Michel Foucault-inspired analysis that portrays the tax administration using disciplinary technologies to render the financial transactions of the company visible to the revenue’s gaze (1989). Preston describes how the revenue “operationalizes its gaze through the exercise of a disciplinary apparatus, based upon the principles of visibility and surveillance” (398). Subsequently, Preston describes both how visibility (through registration, keeping of records, ‘taxpayer’s file’, annual accounts etc.) and surveillance (by means of investigation, rewarding of informers, comparing of documents with other authorities, threat of detection etc.) create the powers and practices of the revenue. The article states that its focus is largely ignored in the accounting literature where focus so far has been on accounting as a purely technical phenomenon (390 & 410). In relation to critical tax research the study is a landmark; it has been much cited as it was the first study within this field to use Foucault and it presented the understanding of financial transactions in a new way.

The analytical approach used in the article draws on Foucault, but I might say a ‘specific’ Foucault; namely the Foucault which has been interpreted and incorporated into critical accounting literature primarily by Anthony Hopwood and Peter Miller. Consequently, the theoretical approach which the critical tax studies draw on comes to a great extent from critical accounting studies. With the risk of offending critical tax studies I might say that these for many years have been a ‘vague shadow’ of the critical accounting research. The critical tax studies have been a minor research tradition which draws much of its theoretical inspiration from critical accounting studies.

In recent years, though, the critical tax researchers have started to voice themselves more. The conference paper “Expanding the Boundaries of Tax Research” (Mulligan & Oats, 2008) is a conceptual paper which focuses on how to expand the boundaries of tax research. The paper states that: “research which views taxation as a social and institutional practice is rare, with some notable exceptions” (7) and “Critical and interpretive research in tax accounting is at best a nascent undertaking, but it is fortunate in being able to learn from developments in critical and interpretive accounting” (13). As the theoretical agenda of the critical tax studies is coupled to agendas within
critical accounting studies the following section introduces Hopwood’s and Miller’s early work on critical accounting as this introduces the basic argument in this line of research. Upon introducing this, I continue by presenting the ‘notable exceptions’ of actual critical tax research.

2.3.1. Accounting as a social and institutional practice
In 1994 Hopwood and Miller published the anthology Accounting as a Social and Institutional Practice. This anthology demonstrates that accounting should not only be seen as a technical practice, but it should also be seen as an institutional and social practice. In the introduction Miller writes:

In the space of little more than a decade, there has been a profound transformation in the understanding of accounting. Accounting has come to be regarded as a social and institutional practice, one that is intrinsic to, and constitutive of social relations. (1994, 1)

Precisely the idea that accounting is intrinsic to and constitutive of social relations is the key theme that is being launched. Furthermore Miller writes:

focus throughout has been on accounting as a practice, a view that accounting is, above all, an attempt to intervene, to act upon individuals, entities and processes to transform them and to achieve specific ends. From such a perspective, accounting is no longer to be regarded as a neutral device that merely documents and reports ‘the facts’ of economic activity. Accounting can now be seen as a set of practices that affects the type of world we live in. (1)

The thoughts presented in the anthology were a manifestation of Hopwood and Miller’s ideas which were developed in a number of articles from the late 1980s. Below I will present two of these as they most clearly demonstrate their new view on accounting10.

In 1987 Hopwood published the article “The Archaeology of Accounting Systems”. In this article Hopwood reviews existing ways of explaining accounting change. He focuses on how accounting

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10Here it should be mentioned that this approach of critical accounting only represents a minor part of the general accounting research. Besides this branch of research there exists a strong positivistic–inspired accounting research tradition which investigates the technicalities of accounting and how accounting as a practice has developed. As this technical-approach is not of relevance for the thesis’ focus it is not mentioned or reviewed here.
research so far has had an a-theoretical stance and has “been content to see accounting change as a process of technical elaboration and, almost invariably, improvement” (1987, 208). He describes the research as having a functionalist interest in accounting and criticizes it for failing to focus on the context for the accounting systems and the way that “accounting has become implicated in, and, in turn, shaped by, the emergence of processes of organizational governance and management” (208). Basically, according to Hopwood research into accounting had so far dealt with the question of how accounting had always changed in order to get better (209).

Hopwood suggests an alternative view on accounting which is inspired by Foucault. This view focuses on accounting practices as creating particular visibilities and patterns of organizational significance. In this view, accounting is seen as playing an active role in creating the objects which it accounts for, in creating particular regimes of economic calculation, and in creating powerful conceptions of specific economic and social ends (1987, 213). Hopwood suggests that this view removes accounting from the domain of the representational and purely technical to the domains of the organizational and social (214). In sum, accounting practices are constitutive of organizational arrangements, organizational agents, and of the social\textsuperscript{11}. Accounting is seen as something which does things and which affects new identities, visibilities, practices etc.

Also, in 1987 Miller and Ted O’Leary published “Accounting and the Construction of the Governable Person” (1987) in the same volume of Accounting, Organizations and Society as Hopwood’s article. Whereas Hopwood’s article only in brief mentions the inspiration from Foucault (1987, 230ff), the article by Miller and O’Leary draws explicitly on Foucault and his notion of disciplinary power. As Hopwood, the article distances itself from traditional accounting research which sees accounting in the light of the advancement in accuracy and refinement of techniques. What Miller and O’Leary start to conceptualize is seeing - in accounting techniques from 1900-1930s - the emergence of a “much wider modern apparatus of power which emerges conspicuously in the early years of this century” (1987, 235). In their analysis, accounting is reformulated as part of a modern apparatus of power producing “the individual person as a more

\textsuperscript{11}In the accounting field in the 1980s there were numerous others who were also inspired by Foucault. See for instance Keith Hoskin (1986) and Stuart Burchell et al. (1985). In the article “Alternative Management Accounting Research – Whence and Whither” (2003) Jane R. Baxter and Wai Fong Chua note that it is these studies which from the mid 1980s introduce Foucault into the accounting field.
manageable and efficient entity” (235). Miller and O’Leary’s aim is partly to make a historical analysis of accounting in the 1900-1930s, partly to “suggest some elements of a theoretical understanding of accounting which would locate it in its interrelation with other projects for the social and organizational management of individual lives” (235). It is in this understanding that they draw on Foucault’s notion of disciplinary power to examine accounting as an aspect of the development of a range of calculative programs and techniques.

In the following I shift from looking at the critical accounting studies to looking at critical tax studies. Showing how critical tax researchers – inspired by the theoretical development within critical accounting research – have begun to see tax as a social and institutional practice.

2.3.2. Tax as a social and institutional practice
As mentioned, one of the first critical tax study was the study published by Preston (1989). In this study Preston directly refers to Hopwood, and to Miller and O’Leary’s work as inspiration (Preston, 1989, 298, 393 & 410). Following this publication a number of Foucault-inspired tax studies have been published. These studies stand for the ‘notable exceptions’ that Emer Mulligan and Lynne Oats refer to in their paper “Expanding the Boundaries of Tax Research” (2008). This include Yannick Lamarchand’s study of the introduction of double-entry bookkeeping at the beginning of the 18th century’s France (Lemarchand, 1999); Margaret Lamb’s original article on the family Carlyle’s income taxes in the 1850s where Lamb in a humorous way portrays the control that is exercised by the tax administration and how Mrs. Carlyle becomes a ‘calculable’ person. Lamb writes that the ‘tax appeal’ reveals “a transformation of Mrs. Carlyle into the representative household subject who responded to the tax authorities’ disciplinary power” (Lamb, 2001, 293); Kersty Hobson’s study of the system of tax administration in Australia with a focus on how the system introduces “technologies of the self” that require individuals to be responsible for investments (Hobson, 2004) and Assaf Likhovski’s study of how various practices, techniques and discourses were deployed by the Israeli state to create taxpaying citizens in the 1950s (Likhovski, 2007, 665). Likhovski makes a parallel between the redesign of the Israeli tax offices in the 1950s and the architecture of the panopticon described by Foucault. Likhovski describes the Israeli state as a disciplinary power. A final example is provided by Penelope Tuck’s PhD thesis on the relationship between the British Inland Revenue and larger corporations (Tuck, 2007). She focuses on how changing subjectivities in both the corporations and in the revenue can be studied using Foucault’s notion of governmentality. Her focus is on the revenue’s “attempts to shape human
conduct via law, rules and rational (including calculative) procedures” (10). The aim of examining the particular ways in which the revenue changes its own practices and shapes the practices of the corporations is to show that in this process new power, knowledge and truth configurations are constructed.

As noted, several of these studies explicitly utilize Hopwood and Miller’s ideas concerning the social and institutional aspects of accounting as an inspirational source and have an aim of applying this idea in the tax field (Lamb, 2001, 273ff; Preston, 1989; Tuck, 2007, 83ff). Also, several of the studies use Foucault’s ideas of disciplinary power and governmentality to analyze how the state exercises power to influence its citizens to do specific tasks in relation to tax. A number of them make direct references to Foucault’s concept of the panopticon which they use as an analogy of the disciplinary power. These include, Lemarchand (1999) who sees tax systems as panopticons or ‘flawless disciplinary machines’ and Likhovski who makes parallels between the Israeli tax administration and the panopticon12.

However, not only Foucault has been used to advance a critical view on tax. Mulligan (2008, 1ff), for example, refers to Hopwood and Miller’s highlighting of accounting’s social and institutional dimensions, but adopts a framework of ‘new institutional sociology’ to illustrate the social and institutional dimensions of tax. Also, John S. Carroll (1987) has used an alternative framework for analyzing compliance. His article is inspired by James March’s ideas on limited rationality. Another by Brian T. Pentland and Paul Carlile (1996) is inspired by the microsociology of Erving Goffman; it characterizes tax compliance as an expression game.

Mulligan and Oats’ conference paper refers to several of these studies and acknowledges that there has been engagement with a critical perspective in tax research; they also advocate more research along these lines. They argue that all of the areas of tax policy, tax compliance and tax planning would “benefit from adopting wider (critical and interpretive) perspectives” (Mulligan & Oats, 2008, 8-9). They also argue against the predominant use of quantitative positivist approaches and encourage alternative approaches to studying tax:

12 Chapter five on the dodgy car dealings focus in more detail on these Foucault (and panoptic-inspired) studies.
We argue that positivist approaches to these issues fail to enhance our real understanding of the complex nature of taxpayer behavior and difficulties around interpreting non-compliance. (9)

We urge tax scholars to be open to the possibilities of drawing on philosophical and sociological theories to aid their understanding of, for example, the power relationship hidden within tax policy and practice. (12)

To follow up on this agenda a number of key authors within the critical tax research field edited a special issue of the journal *Critical Perspectives on Accounting* called “Critical Perspectives on Taxation” (Boden, et al., 2010). In the editorial they describe that the tax field so far has been dominated by positivism, black letter law and formalist analyses (541) – like the research presented in the first part of this review. For the authors a ‘critical perspective on tax’ means a focus that draws attention to tax as an organizational, institutional, social and cultural phenomenon. These authors emphasize that focus should be critical, with an emphasis on power. Researchers should, for instance, examine how hidden powers are played out in relation to tax and they should analyze the operation of power in the social contract which is implied in paying taxes. The authors’ underlying understanding is that today the power inherent in tax is concealed behind a technical façade (541).

So far, I have illustrated that the body of literature which is grouped under the heading *How is compliance constructed* is motivated by distancing itself from a technical view of accounting and tax compliance, as well as by a break with the ‘managerialist’ and ‘cure-focused’ tax compliance research of the kind presented in the first part of the review. In this light, it is interesting that it is only in Likhovski’s article that I have been able to find an explicit ‘dialogue’ between the two bodies of literature. In his article Likhovski opposes his critical account of tax compliance to the more traditional tax compliance research previously discussed. Likhovski suggests that ‘managerialist’ research is unable to engage with the ‘darker side of compliance’ (ostracism, suicide, ethnic stereotypes etc). Likhovski shows how using a Foucaudian approach gives other insights into the workings of tax compliance than the studies that seem simply to understand which psychological factors determine compliance (669-670). Hence, Likhovski highlights: “some of the problems that are inherent in trying to create compliance (which is usually perceived in the social-scientific literature as a totally unproblematic, positive phenomenon)”. (670)
2.3.3. Critique of the Foucault-inspired accounting and tax studies

As there has not been a substantial critique of the Foucault-inspired tax studies within the specific field itself I look for such a critique by once more return to the field of critical accounting studies. Within this field a substantial (but also fairly ‘standard’) critique of the Foucault-inspired approach has been developed. In this section I introduce some points of this critique and I apply them to the Foucault-inspired critical tax studies to comment on and question elements in their studies. Here, I should specify that the critique is not directly a critique of Michel Foucault as such, but rather a critique of how Foucault’s thoughts have been taken up within this literature.

Specifically, Peter Armstrong (1994, 2006) together with Alan Mckinlay and Eric Pezet (2010) have criticized Foucault’s impact on accounting studies. One of the main features of their critique is that the Foucault-inspired accounting research – for instance represented by Miller (Miller & O'Leary, 2002; Miller & Rose, 1990) – focuses too much on the programmatic character of government and less on concrete technicalities. For instance, McKinlay and Pezet point out that “The ‘London governmentalists’ never refer to individual decisions-makers, specific decisions or how these constitute strategies”13 (2010, 493) and:

The governmentalists focus on programs of rule, the ways in which systems of thought and practice cohere… More than this, by concentrating on the programmatic, the governmentalists ignore how those individuals, groups, and organisations effected by these systems of power and knowledge, conform, resist and adapt. (488)

I believe this critique can be applied, for instance, to Miller and Rose’s (1990) article about the government of economic life where the authors focus on the programmatic and discursive character of government and how this renders existences – be it the self, a company or the economy – amenable to government. However, I do not think that the critique necessarily applies to the Foucault-inspired tax studies. Due to the concrete focus of these studies I believe that they distinguish themselves from studies ‘merely’ focusing on the programmatic character of government. For instance, in Likhovskis’ article on the Israeli state we hear about how the state uses movies, slide shows, public conferences, lectures, exhibitions, direct letters, pamphlets and

13 In the article the “London governmentalists” are never defined by any names. However, I doubt that I would be wrong if I stated that these among others cover Peter Miller, Niklas Rose and Ted O’Leary.
newspaper ads to get the Israelis to pay taxes. Also, Preston’s analysis of the record company Axis is very precise in its description of the tax administration’s techniques to create visibility and surveillance. In this respect the studies are not focusing on the programmatic character of government but on specific technicalities and practices.

Looking at other elements of Armstrong’s and McKinlay and Pezet’s critique there are several relevant points. Most significant is their critique of the critical accounting researchers’ use of Foucault’s notions of the state and of power. Armstrong writes: “the core characteristic of Foucault’s approach to power was its de-emphasis of the purpose for which ‘docile bodies’ were produced” (1994, 32). And: “Foucault’s work was full of references to the inseparability of power and resistance, to the plurality of the intentionalities behind power” (33). Armstrong furthermore emphasizes that Foucault’s notion of power had little to do with the way the sovereign immediately exercises power (32). This question of how power is exercised is also touched upon by McKinlay and Pezet in their description of governmentality: “Governmentality refers to the way in which behaviors are oriented: ‘la conduite des conduites’, the guidance, not control, of how people conduct or orient, perhaps manage, themselves” (2010, 487).

The problem as I see it is that that critical tax research such as Preston, Likhovski, Lamb and Tuck concentrate precisely on the sovereign’s concrete exercise of power in their analysis of tax administrations. They focus too much on how tax administrations purposefully, intentionally and directly exercise control over taxpayers. The notion of ‘la conduite des conduites’ is less present in the studies than the direct control of the taxpayers. Hence, the presented Foucault-inspired tax studies tend to focus primarily on the relationship between the ‘regulator’ (the state) and the ‘regulated’ (the taxpayers).

However, as Armstrong emphasizes this was not the sole relationship that Foucault was interested in. Foucault’s understanding of the role of the state was basically in opposition to the ‘accustomed’ view of the state’s role which Mitchell Dean in Governmentality. Power and Rule in Modern Society (1999) describes in this way:

We are accustomed to a certain set of received ways of thinking about questions of government. These ways of thinking have been largely derived from ideas clustered around the ubiquitous but difficult and somewhat obscure concept of ‘the state’. In
most cases the question of government is identified with the state, i.e. with a sovereign body. (Dean, 1999, 9)

Foucault (and Dean) argue against such an understanding of the state and government and propose instead that the source of government does not reside (only) inside the state but is the effect of a heterogeneous range of practices. Foucault famously argued that: “in political theory we are yet to cut off the king’s head” (Foucault, 1980, p. 121, cited in: Dean, 1999, 25), this entails that the sovereign never governs alone. Dean explains further:

An analytics of government is not a ‘sociology of rule’ if the object of this is solely actual relations of administration and domination. Rather, it is a study of the organized practices through which we are governed and through which we govern ourselves, what we shall call here regimes of practices or regimes of government. (1999, 18)

As I read the Foucault-inspired tax studies they have not yet ‘cut off the king’s head’, because they continue to show how tax compliance is disciplined and governed by – exactly – the sovereign power of tax administrations. As a reader of these studies one does not really sense the subtle regimes of practices which “try to shape, sculpt, mobilize and work through the choices, desires, aspirations, needs, wants and lifestyle of individuals and groups”. (12)

In relation to this point, the Foucault-inspired tax studies tend to refer to the regulating administration as a single unified actor which does things and which has specific characteristics. In these studies there are many references to ‘the revenue’ or specific offices in the revenue. For instance, Preston writes: “the Revenue’s use of techniques”, “the Revenue’s interest”, “the Renevue’s gaze”, “render visible … for scrutiny by officers of the Revenue” (1989, 289ff). And Tuck writes: “the Inland Revenue is now a different organization” (2007, 196). And: “the Inland Revenue is reinventing itself“ (225). In the studies it is not an objective to question what the revenue is or how it can act as a single unified actor. This is probably why “the revenue” is referred to as an abstract entity that does something, sees something and influences businesses. However, I am curious to know more exactly how the revenue actually sees something and how a company can be visible to the revenue. What I am missing is more specificity of exactly who – or what – it is within the revenue that does or sees something, and when and where this takes place. Instead of having a singular and closely defined administration, my interest is in opening up this
administration (i.e. the state) to have its ways of acting, seeing and shaping multiplied and its borders questioned. This interest guides the chapters that comprise this thesis and in the conclusion I sum up on this specific and particularized approach to studying the state.

### 2.4. ANT inspiration in critical accounting studies

Apart from being inspired by Michel Foucault the critical accounting researchers have also been influenced by actor-network theory (ANT) and by the work of Bruno Latour. Accordingly, I now introduce a number of accounting researchers who have worked with this inspiration. This particular theoretical development within critical accounting studies has not (yet) left any significant traces within critical tax studies. So far, in fact, I have been able to find only one study combining an interest in tax and Latour’s oeuvre (Turner & Apelt, 2005).

The last decade’s theoretical development within critical tax studies have to a great extent been built on incorporating Foucault into these studies with inspiration from critical accounting studies. It is tempting to draw an analogy from this development to a present attempt of (again) incorporating or ‘mirroring’ in critical tax studies the theoretical developments within critical accounting of using ANT and Bruno Latour’s work. My quest could very well be characterized in such terms. As the below critical accounting studies inspired by ANT make clear there are resonances between what they have so far accomplished in critical accounting studies and what I attempt to do in critical tax studies using Latour’s work.

In 2005 Liane Turner and Christina Apelt published the article “Globalization, Innovation and Information Sharing in Tax Systems: the Australian Experience of the Diffusion and Adoption of Electronic Lodgment” in *Fiscal Publications*. The article focuses on a tax related area (electronic lodgment) and uses an analytical framework inspired by Bruno Latour and Michel Callon’s ‘sociology of translation’ (which is often used to designate an early version of actor-network theory). The article focuses on how an electronic lodgment of tax returns system has been implemented in Australia. The translation-approach is used especially to “describe and explain factors enabling the diffusion, adoption, and operationalisation of electronic lodgment within Australia” (221). The study thus uses the translation-concept to analyze how innovation and change come about in certain Australian tax practices. It is presently the only study I have been able to find which combines an interest in Bruno Latour’s work and tax.
Reading more broadly through the critical accounting studies using ANT it seems that they can be grouped into three categories:

First, there are studies which use Latour’s thoughts to theorize *inscriptions, representations* and *translations of accounting objects*. Examples of this are Keith Robson (1991, 1992) who focuses on how accounting through translation makes inscriptions of accounting objects. Also, Alan Lowe (2001a, 2001b; Lowe & Koh, 2007) focuses on the making of inscriptions whereby ‘action-at-a-distance’ becomes possible. Finally, Ruth D. Hines already in the late 1980s took up Latour’s idea of translation in order to describe how accounting both constructs and communicates about reality (1988).

Second, there are studies which use Latour and Callon’s sociology of translation to analyze the *implementation of new accounting systems* and *organizational changes*. Among such studies are Brian Bloomfield et al. (1992) who use an actor-network approach to account for the construction of a hospital accounting system; Preston et al. (1992) who use Latour’s sociology of translation to analyze the construction of management budgeting in the health service; Chua (1995) who focuses on how new accounting systems are experienced in organizations; Bloomfield (1995) who looks at the heterogeneous network put in place for information technology systems to work; and Michael Briers and Chua (2001) who use actor-networks to look at accounting change and the implementation of a new accounting system. These studies are primarily inspired by Latour’s *Science in Action* (1987) and focus on the analysis of ‘accounting in action’. They use the method of ‘following the preparers of the accounts’, and they focus on the implementation of new accounting systems and system changes. These studies tend to emphasize how the accounting systems do not neutrally represent something in the world, but the accounting systems actively take part in constructing what they represent. For instance Chua writes:

> In this case, accounting did not just passively reflect an unproblematic economic reality. Instead, it actively transformed existing representations of health organizations and their activities... Reality did not come first but after socialized processes of making and judging representation. (1995, 137-138)

This idea of representations as initiating transformations is to a great extent also present in this PhD thesis. For instance, both chapter five on the segmentation model and chapter six on the dodgy car...
dealings discuss how representations not only represent, but also transform and perform what they represent.

Third, and finally, these implementation and change studies have been followed by a number of ANT studies in the 2000s which focus more directly on the *performative aspect of accounting*. These include Mark Christensen and Peter Skærbæk (2010) who utilize ANT to analyze external consultancies’ influence to stabilize and perform accounting systems; Jan Mouritsen et al. (2009) who use ANT and the concept of translation to describe how accounting systems help perform innovation in organizations; and Skærbæk and Kjell Tryggestad (2010) who use ANT to analyze the relationship between accounting and strategy and how accounting helps perform strategy and strategic actors. These studies refer to a notion of *performativity* which is also used in this thesis. Particularly chapter five on the segmentation model explains the concept of performativity.

In 2003 Baxter and Chua published an article with an overview of alternative management accounting published in *Accounting, Organizations and Society*. In this review ‘Latourian accounting’ research is described as showing the *fragility* of management accounting systems. Hence, these studies show that the systems cannot be taken for granted but there needs to be long networks of actors and interests enrolled to make the systems operational, effective and, indeed ‘real’. Also, the article emphasizes that translation has been a key concept in characterizing accounting practices, as several of these studies show how reality is ‘translated’ into accounting systems and numbers (102ff). Contrary to the accounting studies inspired by Latour, Baxter and Chua describe Foucauldian studies as focusing on the “institutionalized webs of power that are embedded in management accounting practice” (105). Hence, Foucault has been used to analyze *disciplinary regimes expressed in accounting practices* (which is also evident from the Foucauldian-inspired articles presented earlier in this review), whereas Latour’s work has been used to study *accounting changes, implementation of accounting systems* and *how representations are constructed*.

### 2.4.1. Preliminary recapitulation

So far, this review has served several purposes. The review of the *why* literature focusing on the different factors influencing tax compliance behavior has introduced research which participates in shaping my research field. This research has been pivotal in the restructuring of SKAT, that is, in the implementation of the treatment strategy which views taxpayers’ compliance behavior as
motivated by a variety of factors. Depending on the research in question, these factors include attitudes, norms, opportunities to evade, fairness perception, procedural justice, trust, belief in the legitimacy of the government, reciprocity, altruism etc. The importance of these research findings for tax administrations and their current reform and changes cannot be ignored. A matter which I shall also return to in chapter seven on the 2010 information note. In this chapter I describe how much of the research reviewed in the present chapter is also referred to in the 2010 information note. In the note it is used to legitimize and promote a new tax compliance paradigm that has indeed influenced many tax administrations’ approaches to enforcement.

Reviewing the how literature has shown that the field of critical tax studies to a great extent has developed in conjunction with critical accounting studies. I have shown that a predominant theoretical inspiration for this research has been the work of Michel Foucault. Many Foucauldian tax studies investigate how tax compliance is disciplined and governed by tax authorities. Focus is thus on how the authorities exercise power over the taxpayers. This focus on power-analysis is also advocated in “Critical Perspectives on Taxation” (Boden, et al., 2010). This critical tax research is developed as a counter-weight to the above mentioned research which adheres to a more positivistic research paradigm. This is expressed by Boden et al. in that they described that “As a rule-bound field it [tax] is easy prey for positivism across all the disciplines to which tax matters. This means that, where the study of tax occurs, positivism tends to prevail” (2010, 541). Furthermore, they write that some of this research is indeed based on “behavioral science or similar epistemic approaches” (541). In each and every sense my review of the why literature focusing on the different factors influencing tax compliance behavior confirms these authors’ characterization that ‘where the study of tax occurs, positivism tends to prevail’. My review of the critical tax studies thus serves the purpose of pointing at how the PhD thesis join forces with this approach but also how it seeks to develop further this approach of doing critical tax studies. In my study I thus clearly connect with Mulligan and Oats’ idea of expanding the boundaries of tax research.

All in all; first I have presented the research which is inspired by psychology and which focuses on the individual. Second, I have presented the research which is inspired by critical accounting studies and which focuses on tax as a social and institutional practice. Following these approaches I now wish to introduce a third approach focusing on the relational practices of tax compliance which is partly inspired by similar movements within critical accounting studies which draw on the
work of Bruno Latour. The success of embarking on such an alternative route is not given in advance and it should be emphasized that in this respect the PhD thesis is explorative. My (modest) aim is simply to try to convince the reader that actor-network theory and Bruno Latour’s work might indeed complement, contribute to and prove itself useful in the analysis of tax compliance practices.

2.5. Embarking on an alternative route

Theoretically this thesis takes its outset in actor-network theory (ANT). Actor-network theory was originally developed in the late 1980s by philosopher of science and anthropologist Bruno Latour and the sociologists Michal Callon and John Law. Based on a number of empirical studies of laboratories and scientists’ work (Callon, 1986; Latour, 1983, 1987; Latour & Woolgar, 1986; Law, 1994) they developed a novel approach to understanding the construction of scientific facts. They claimed that facts neither exist per se, nor are socially constructed. Instead they are constructed in interplay of translations between human and non-human actors. Why non-human actors? Latour explains how he:

was struck, in a study of a biology laboratory, by the way in which many aspects of laboratory practice could be ordered by looking not at the scientists’ brains (I was forbidden access!), at the cognitive structures (nothing special), nor at the paradigms (the same for thirty years), but at the transformation of rats and chemicals into paper. (Latour, 1990, 21-22)

Thus, instead of searching for special cognitive abilities among the researchers he studied, Latour emphasized how new relations were made between rats, researchers and instruments, that is, between human and non-human actors. These relations entailed a process in which a living rat step by step by taking samples, by using apparatuses, by creating curves and diagrams, was translated into a scientific publication. Central to this translation process was the ‘inscription devices’. These devices consisted of different combinations of machines, pieces of apparatus and technicians. This is the machinery that produces the intermediary steps between rat and scientific article. Today, actor-network theory (ANT) is not limited to studying transformations within science and the construction of scientific facts. Instead, it is an approach used in a variety of different fields, for instance, in the field of critical accounting as already noted. Also, as we shall see later, the
empirical material dealt with in this thesis does not circle around how scientists translate rats into academic articles, but how, for instance, tax inspectors translate dodgy car dealings into numbers.

So, how do my use of actor-network theory (ANT) and the work of Latour differ from the way that this has been used within critical accounting studies? My answer to this is that whereas the ANT-inspired critical accounting studies tend to foreground ANT, I background ANT. Concerning the foregrounding of ANT Christensen and Skærbæk write that “By using Actor-Network Theory we demonstrate how…” (2010, 524). Lowe writes that he uses ANT “to provide understandings and explanations of phenomena in organizations” (2001b, 347), and Robson writes that he uses the concept of translation, adapted from Latour, as a concept for understanding relations between accounting and social context (1991, 566). These researchers use ANT to explain and to demonstrate certain points. In my usage of ANT I do not foreground the theory in this way. Instead, I background it and use it as an attitude that shapes the way I see my field and the way I reason and produce knowledge. My usage of ANT is thus not employed to provide explanations or demonstrate certain things; it is an attitude in which my analyses depart.

In the following I explain why and how I use actor-network theory (ANT) as an attitude (e.g. Gad, 2005; Gad & Jensen, 2010). As will be apparent from reading the four main analytical chapters in the thesis (chapter four to seven) none of these directly apply or mention ANT. Since ANT appears mostly implicitly, the reader might reasonably question whether the thesis is actually based on ANT. My answer is that whereas the thesis does not employ ANT as an explicit theory which provides certain explanations (as many of the critical accounting studies for instance do), the thesis does seek inspiration from ANT, but exactly (only) as an attitude that shapes the way I see my field and the way I reason and produce knowledge. The reason for this usage is that I see actor-network theory not primarily as a theory that provides explanations, but more as a way of approaching one’s field in a specific way. This in due course allows me to study of tax compliance in a somewhat different manner than the existing literature.

2.6. Actor-network theory as an attitude

In actor-network theory (ANT) the term ‘actor’ refers in the most basic sense to anything that might act, irrespective of whether this ‘anything’ is human or not. For instance, in some early published articles Bruno Latour sees microbes (1983) and a key (1991), Michel Callon sees scallops (1986) and John Law ships (1987) as actors. Apart from being, indeed, non-human, these actors are also
characterised by “not [being] the source of an action but the moving target of a vast array of entities swarming towards” them (Latour, 2005, 46). This means, for instance, that Latour’s key seen as a non-human actor is not in itself a source of action or an actor. It is the key connected to a metal weight, an oral statement, a written sign, bulging pockets and weighty handbags, which makes the key an actor. In other words: “An actor is what is made to act by many others” (Latour, 2005, 46).

When talking about keys, microbes, scallops or ships as actors these are therefore only actors in so far as they are connected to other things that enable them to act. The actors described here are rather concrete. However, it is a point in actor-network theory (ANT) that there is no clear answer to what an actor is. Michel Callon writes: “ANT is based on no stable theory of the actor; rather it assumes the radical indeterminacy of the actor” (1999, 181). Since there is no stable theory of the actor, everything can in principle be seen as an actor – presumed that it is ‘made to act by many others’.

Concerning this point, Callon writes in a rather (self-)critical fashion:

ANT is so tolerant that it ends up presenting an actor, which is an anonymous, ill-defined and indiscernible entity. Since everything is action, the ANT actor may, alternatively and indiscriminately, be a power which enrols and dominates or, by contrast, an agent with no initiative which allows itself to be enrolled. (182)

This view of the actor connects to the next term in actor-network theory (ANT); namely, the ‘network’. The network refers to the relations between-and making up the actors. These should not be understood as stable relations, but these are series of transformations and translations (Latour, 1999b, 15). Networks are never stable but are precisely translated, meaning that actors are related to other actors and are being changed in a continuous processes. In talking about networks it should also be kept in mind that ANT is often described as a ‘semiotics of materiality’ (Law, 1999, 4). This term implies that: “entities take their form and acquire their attributes as a result of their relations with other entities. In this scheme of things entities have no inherent qualities” (3). ANT thus presents a thoroughly relational way of thinking, since actors require their shape and agency and are made up by their relations/networks to other actors in constant ongoing processes.

If we finally turn to the word ‘theory’ in actor-network theory (ANT), we find that this term also needs an explanation. Commonly understood, theory helps to provide understandings or explanations of empirical phenomena. But if one hopes to get ‘explanations’ from ANT, the
approach disappoints. Why is that? STS researchers Casper Bruun Jensen and Christopher Gad argue that the reason why: “ANT cannot explain practices [is] precisely because it is a technique by which one learns not to take the characteristics of any actor for granted” (2010, 62). Hence, what the ‘theory’ tells the researcher is that the researcher “is always likely to encounter conglomerates of hybrids of action rather than pure entities” (75). In a sense, then, the description of those conglomerates is the explanation. In “The Politics of Explanation” (1988) Latour describes explanation as that which ‘fills the gap’ between the presence of something and its absence (159); that is, the explanation is the description of the network-building which consists of heterogeneous, historical and contingent elements (163). The lesson that Jensen and Gad draw from this somewhat confusing situation of having a theory that does not provide explanations is that ANT might best be viewed as a “vessel of intellectual resources” (2010, 75). Using ANT, the only starting point for the researcher is therefore a curious uncertain interest in identifying actors and relations and a subsequent ambition to account for their transformation and translations. This is the ANT attitude that I base my study on.

Accordingly, I focus on how the phenomenon of tax compliance is assembled in various networks of actors and how these are continuously modified as new actors are enrolled and translated. These actors may shrink, become smaller, more fragile and unstable as their connections and relations diminish. Or, alternatively, they may grow, become larger, more powerful and stable as their connections and relations increase. In this way of analyzing I adhere to Latour’s statement that: “Every time we deal with a new topic, with a new field, with a new object, the explanation should be wholly different” (1988, 174). In a rather radical manner, Latour describes that “we shall provide a one-off explanation, using a tailor-made cause. I am all for throw-away causes and for one-off explanations” (174). Following this, what I do in this study is in a sense to provide a one-off explanation of tax compliance; one that is tailor-made to this specific field.

What is particularly fascinating (and frustrating) in working with actor-network theory (ANT) is that one never knows beforehand what constitutes the actors and networks making up phenomena. Of course, being a lay person or an academic one might have assumptions about which connections and relations that participate in constructing certain phenomena. However, ANT-researchers such as Latour, Callon and Law have never been satisfied with commonsense assumptions. Instead, they have advocated thorough empirical studies with focus on unexpected relations. The well-worn
suggestion to ‘follow the actor’ (Latour, 1987) and the ideal of meticulous description of the actors and the networks making them up- and translating them are central to this aspiration. Descriptions and analyses are made available by following actors and this should (hopefully) open the analyst’s eyes to the strange and unpredictable ways in which phenomena are assembled in practice. In the following chapter three on my empirical material I describe the various locations I went to during my fieldwork to investigate which actors make up tax compliance practices.

It is of course important to clarify how I exactly relate the actor-network theory attitude to my study of tax compliance practices. What consequences does this attitude have for my study of these practices? And how does this attitude generate different analyses of tax compliance practices than the ones described in the review of the existing literature? To answer these questions I offer a brief preliminary description and analysis of how tax compliance practices are assembled in a business office. This should draw attention to what an actor-network theory attitude implies when doing analysis.

2.6.1. Constructing tax compliance in a business office

In the autumn of 2008 I conducted a number of interviews with bookkeepers and business owners in businesses such as plumbers, carpenters, cleaners and restaurants. These interviews took place in the businesses and my interest was to learn about and be instructed in what bookkeepers and/or business owners do in their daily work in order to be compliant with tax regulations. Nearly all of the interviews took place at the office desk of the person interviewed and contained both the interviewees’ descriptions of his/her work and more practical instructions where ring binders where taken down from the shelf to show me invoices or where IT-systems on the computer were turned on to show me where IT registrations were made. Doing this fieldwork I conceptualized tax compliance as an actor that was made to act by many others actors and I approached the inquiry of these actors with indeterminacy as to who or what they were.

Visiting a small carpenter business, the bookkeeper started telling me about the procedures of tax compliance in her business (Interview G). She started with the business’ salary system; this, she told me, was an IT-system developed by Dansk Byggeri - the industry association for carpenters. She described the weekly notes connected to the salary system. All the employed assistants have

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14 See chapter three for a further introduction to these interviews.
these notes and are instructed to write down how many hours they work every day on different cases. She explained about their weekly routines of entering these notes and about which case numbers they have been working with. The owner of the firm routinely looked into these weekly notes to make sure that they corresponded approximately to what the assistants had in fact been doing. The bookkeeper also explained about the accounting system that she used. This system was called Visual Administration and was also developed by the industry association to match the needs of small and midsized carpenter businesses. She used it, for example, to type in mileage reimbursement when the assistants used their own vehicles as transportation to a construction site. To get the right mileage allowances the bookkeeper checked www.SKAT.dk. To make sure that the assistants were not using the vans of the business for private errands the assistants had all signed a document stating that they only used the business’ vans for work related purposes. As she explained, this prevented anyone (e.g. SKAT) from claiming that vans were being misused by the employees.

A few times a year the business also had a visit from their external accountant. He was responsible for making the annual accounts. As the bookkeeper did not talk to him often she had a little pile of plastic pockets behind her in the open shelf. Each of these was a printout explaining an issue or question. For instance, she showed me one paper where she had written a question concerning the current fee of carbon-acid gas. She was not sure whether she was registering this correctly. Concerning how she spent her time, the bookkeeper explained that every Monday from early morning to 11 she sorted out the time sheets. Also, paying bills, insuring invoices and reimbursement of sickness benefit took up some of her time. As many of the assistants also buy materials and tools through the business, these private purchases needed to be deducted from their wages. She also needed time to pack the pay slips. Finally, she spent a lot of time issuing reminders to people who were not pay their bills. As we were sitting together at her desk and she was telling me about all these different activities a reminder popped up on her computer screen. It said: “Remember the monthly VAT”. She explained that she did not like to do things at the last minute, so she planned her tasks and she had organised these reminders: “They just pop up, so the machine wakes me up”. She also explained that she never collected piles of paper, she always made sure that they were filed and dealt with, and that deadlines were always respected. She used plenty of covers and ring binders to keep her work in order. Also, she showed me her collection of ball pens and pencils. Looking at some of the papers in the ring binders, she explained that appendix numbers
were marked with a blue ball pen, balances with a red ball pen and balances with doubts were marked with a pencil. She never drew lines over numbers, but always only circled them. This was done so that the small minus or plus in front of numbers were always readable without any problems.

She also showed me the recent newsletter for the employees. About the tax card for 2009, it explained that the employees did not need to hand this in, since last year’s tax card was automatically available to the employer in digital form. She explained: “As a matter of fact I just used the text that came from the tax office. You know, I just changed the wording in the text. I adjusted it so it fitted out newsletter”. The text that she was referring to from SKAT was part of an information campaign on the new digital tax card from the main office of SKAT.

2.6.2. Tax compliance as an achievement
The above description is dense in information though only taking up a few paragraphs. From the description we learn that ‘tax compliance’ understood as the activities of being compliant to the tax regulation is an achievement. To be compliant the bookkeeper needs to have different IT-systems, several forms and documents. She needs to send out reminders and to have reminders for herself, she needs covers, ring binders and colored ball pens. She also needs to have a sense of order and deadlines as well as the help of the industry association, the accountant and SKAT’s webpage - and she needs to be able to communicate to the assistants. All of this suggests that tax compliance is not something that exists in itself. On the contrary, it seems that tax compliance is made to work by the coordination of these numerous different actors. The description illustrates that both human actors (the bookkeeper, the accountant, the assistants and the business owner) and a variety of non-human actors (IT-systems, forms, pens, the industry association, reminders etc.) play a role in achieving compliance as they all need to be enrolled and worked with to achieve compliance. When it works, this assemblage of actors and connections makes the tax compliance practices of the business strong and durable. Removing actors (for instance the IT-systems or some of the many forms) or adding qualities (for instance sloppiness) to this network might change the network and thereby also the tax compliance of the firm. It might be turned into a more fragile and unstable network, or a more strong and stable one.

The point to take from this brief analysis is that ‘tax compliance’ is an achievement of an entire assemblage of different actors. This point is pivotal to the thesis. Of course, I have only made this
point on a ‘petit scale’ by exemplifying from the practice of a single business. However, the thesis will show numerous other ways in which tax compliance practices are assembled, challenged and achieved. Hence, as the thesis describes these ‘conglomerates’ of actors and networks the thesis provides analyses of how tax compliance is constructed in practice. These analyses should not be understood as cause-effect explanations where I point out the central ‘causes’ or ‘determinants’ of tax compliance (which is essential to what a psychologically inspired researcher often does). Instead, the analyses provided here are based on a description of how tax compliance is assembled and achieved.

Comparing this analytical attitude to the existing approaches allows me to clarify the contribution of the thesis. Recalling that the central research traditions of the analysis of tax compliance emphasize, on the one hand, psychological determinants as key behavioral factors, and, on the other hand, tax compliance as a social and institutional practice, a viewpoint tightly connected to the state’s disciplining. In contrast with these approaches and guided by an ANT attitude, I focus on the construction of tax compliance in practice and how tax compliance practices are achievements and assemblages of various actors. A consideration of the above brief description of how tax compliance practices in the carpenter business are constructed points in a rather simple manner to why such a third approach might be worthwhile exploring. First, the example illustrates that the bookkeeper’s ‘psychological’ motivation (her moral, values, perceptions of fairness) plays only a minor role in how the tax compliance practices are constructed on a daily basis. This is not least because enacting tax compliance for her is not a ‘choice’ (as the psychologists tend to portray it). Instead, her core task as a bookkeeper is to ensure tax compliance; being a competent bookkeeper entails that she necessarily – to put it crudely – leaves her personal opinions and motivations concerning tax compliance at home. Understanding the tax compliance practices in the carpenter business only by referring to the ‘psychological make-up’ of the persons involved would clearly miss out on much of what is going on to achieve tax compliance in practice.

The second reason why a new approach is worthwhile exploring relates to the question of the state, central to the concerns of critical tax studies. Now, on the one hand, it is clear that the bookkeeper is keen on complying with the deadlines prescribed by the tax administration. This observation can be interpreted as an instance of ‘disciplining’; the state has ‘techniques’ such as fines, a webpage and information campaigns to govern the practices of the bookkeeper. However, on the other hand, the
state is conspicuously absent from the carpenter’s office. Several of the actors enrolled in achieving tax compliance (IT-systems, forms, pens, pencils, the accountant, the folders etc.) are not in any way directly linked to the state and its presumed ‘disciplinary techniques’. Are they then, in the end, unimportant or irrelevant? This is not obvious, but it seems important not to grant the state (the tax administration) the one central role in disciplining and shaping tax compliance practices in advance of my study. Instead, the tax administration with its diverse treatment and strategies for enhancing compliance is placed alongside the various other actors that, in one way or the other, are granted roles in achieving tax compliance. I the final chapter of the thesis I follow up on this discussion of how the thesis contributes to the existing literatures on tax compliance.

What the example illustrates then is that in constructing tax compliance much more might be at stake than individual motivation and state disciplining. In general terms, the thesis seeks to account for this ‘more’; the additional attachments, relations, networks and actors that participate in constructing tax compliance practices.

2.6.3. Engagement via betrayal

In some ways Bruno Latour’s book *The Making of Law* (2010) is exemplary in showing how one can ‘assemble an actor’; yet in some ways I also find it dreadful. In fact, I have been agonizing about whether *The Making of Law* is one of the best or the worst actor-network theory studies that I have read. This led to more general concerns about whether my study can or should attempt to mirror Latour’s book, or whether I should attempt doing something quite different as I describe ‘the making of tax compliance’. *The Making of Law* is unique because it stays relentlessly true to Latour’s ideal of ‘descriptive empiricism’. Its various descriptions of the making of the law are penetrated by the basic idea of the actor-network theory of accounting for connections, transformation and having an eye for the various actors playing a role in all of this. Latour writes that

> the quality of the work here [in the Conseil D’État] consists entirely in bodies, mouths, and voices, processes of writing and archiving, regularly maintained conversations, and the meticulous fattening of files in grey and yellow folders. (2010, 69)

Consequently, the reader does indeed hear about how bodies move around, how documents are written and how discussions take place. As Latour writes the making of law is like “darting and
“knitting” and a “ceaseless, patient, stubborn and pedestrian piece-working” (69). When Latour describes this he says that he describes the *immanence* of law making (69). This immanence has nothing to do with “passion, religious or political enthusiasm, keen hatred or the devastating risks of strategy” (69). It has to do with “a grey-on-grey that is much more beautiful, and above all much more just, than the bright colours of passion” (69). I am indeed fascinated by this account. To an extent, making an immanent, grey-on-grey description that accounts for how tax compliance practices ceaselessly, patiently and stubbornly are *made* in different locations has been an aim of the PhD. Since I became acquainted with ANT studies I have always been enthralled by their eye for mundane practices and their respectful treatment of the most ordinary objects and practices as often the most fascinating. However, as life is in general, so too in academia; you sometimes – perhaps often – betray your ideals.

This betrayal is due to the fact that *The Making of Law* is also painstaking detailed and rather tedious reading. Reading it, I kept asking myself why Latour did not have a theory section, why he would not introduce the reader to his analytical approach, and why he consistently refrained from explicating directly the actors, networks and relations making up the law. However, Latour never does answer these questions. Instead, he adheres strictly to “descriptive empiricism” (Krarup & Blok, 2011, 43). This approach is consistent with the advice that Latour provides in *Reassembling the Social* to a student trying to “be an ANT”: “If I were you, I would abstain from frameworks altogether. Just describe the state of affairs at hand” (2005, 144) and “The name of the game is to get back to empiricism” (146). As a consequence of this descriptive ideal I found that the book read as one long strange description where nothing really stood out and where my concentration tended to drift away.

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15Bruno Latour’s account of the automated door-closer and the seat belt (Latour, 1992) are fine examples of this account of the exceptionality of mundane objects. Also, Latour’s description of Mrs. Baysal’s vision (Latour & Hermant, 2006) is a neat example of how ordinary desk practices by way of careful description become fascinating.

16Here it should be mentioned that *The Making of Law* which I have discussed above is one of the most radical of Latour’s books in pursuing descriptive empiricism. Several of his other work, like *Science in Action* (1987), *Aramis and the Love of Technology* (1996) and key texts such as “The Power of Association” (1986) and “Technology is Society made Durable” (1991) are full of concepts. In these texts the reader is flooded with notions such as translation, enrollment, centres of calculations, black boxes, interests, network, inscription devices; all selections of vocabulary that adhere to Latour’s work and the actor-network theory more broadly. To say that Latour abstains from frameworks altogether is thus a claim that should be taken with a grain of salt.
From the vantage point of this strict descriptive empiricism my analyses (chapter four to seven) have committed the flaw of adding analytical concepts to each of my descriptions of tax compliance practices. In the thesis there is neither ‘pure’ descriptive empiricism nor ‘clean’ descriptions of the state of affairs at hand. Instead, there are plenty of analyses that present empirical descriptions with various intellectual resources in the vicinity of ANT. In chapter four the analysis of the different logics which are at play during a tax raid and its debriefing is inspired by Helen Verran’s notion of ‘dual logics of generalizing’ (1999, 2001, 2007a). Chapter five draws on the notion of ‘performativity’ as deployed in the work of Ian Hacking (2006, 2007) and Donald MacKenzie (2006, 2007). Chapter six employs Bruno Latour’s concept of the ‘oligopticon’ (2005; Latour & Hermant, 2006) and James C. Scott’s notion of bureaucratic ‘tunnel vision’ (1998). Lastly, chapter seven draws on Cris Shore and Susan Wright’s work in the area of ‘anthropology of policy’ (1997; 2011) and Annelise Riles’ ‘inside out’ document-analysis (1998, 2001). These various analytical concepts I drawn on to develop my analyses of the empirical material and to enhance the interpretation of what takes place at the locations I have been observing.

This mixing of empirical material and different analytical concepts is indeed different from the analytical approach employed by Latour in The Making of Law and also advocated in Reassembling the Social. Hence, in a way I have ‘betrayed’ Latour’s descriptive ideal as expressed in these writings. Talking about this as a betrayal does, however, only make sense if one thinks that there is one established way of doing an actor-network theory analysis. Yet, in spite of some of Latour’s more bombastic statements, there is fortunately no such thing. First of all, as indicated footnote 16 Latour himself tends to use a variety of concepts in many of his other writings. Furthermore, the actor-network theory remains a quite unorthodox approach and its protagonists relentlessly emphasize its unstable character (Gad & Jensen, 2010; Latour, 1999b; Law, 1999). Therefore I have also felt free to define the actor-network theory as an attitude, which underlies my work. And I have chosen to draw in various intellectual resources to mix with this attitude. In this way of constructing my specific analytical approach I thus share viewpoints with Gad and Jensen when they write that they “believe in a reflective engagement with ANT and its extensions in partial connection with other networks”. (2010, 78). Indeed, what this thesis presents is such a reflective engagement with the actor-network theory in which it is connected to various other intellectual resources.
2.7. The promises of constructivism

To close this review and the presentation of my analytical approach I present a little quiz. This is done with the purpose of characterizing and positioning the different approaches to studying tax compliance. The quiz is copied from Latour’s text “The Promises of Constructivism” (2003). In this text Latour asks what the reader would do if someone said that something which the reader cherishes is a construction: “you first reaction is (check the right circle)”: 

- to take a gun
- to seize a hammer
- to erect a scaffold

Latour answers this quiz by arguing that the firm believer in objectivity would tick the first circle to annihilate those who destroy reality by turning it into construction. The traditional critic would tick the second circle, seizing a hammer to join in the destruction (or deconstruction) of the constructed phenomenon. The constructivist, however, would tick the last circle and start to erect a scaffold to engage in the “task of maintaining and nurturing those fragile habitations” (Latour, 2003, 43).

Reproducing the quiz in a slightly modified version and paraphrasing Latour I can ask my reader: When you hear that something you cherish – like for instance tax compliance (!) – is a ‘construct’, your first reaction is?

Modeling (and caricaturing) the positions in this chapter, I can say that the first presented research inspired by psychology and aimed at identifying key determinants of tax compliance are the ‘firm believers in objectivity’. Several of them proclaim, as I have sketched, that they see tax compliance behavior as socially constructed. However, in spite of this they do not refrain from believing that using methods such as experiments and surveys one can identify key factors and ‘objective’ knowledge as to what influences tax compliance behavior. If we consider the second of Latour’s options, I believe that the critical tax researcher who portrays tax compliance as a social and institutional practice fits into this category of traditional critics. They view tax compliance as a social construction and are interested in destruction (or deconstruction) of this to show how (neo-liberal, state or societal) power disciplines and constructs it. Hence, when they hear that tax compliance is a construction, their reaction is to deconstruct the construct to see how power shapes the construct.

The last position, encouraging one to begin ‘erecting scaffolds’ when one hears that something is constructed, designate my approach. When I hear that businesses have tax compliance practices and
that tax administrations relentlessly seek to strengthen tax compliance, I immediately start to wonder how this construct has been made: What kind of achievement is it? What assemblage of different actors supports it? I start describing the construction. However, in doing this I also pause for a minute. As Latour describes, this approach of ‘erecting scaffolds’ also means to engage in the “task of maintaining and nurturing those fragile habitations” (2003, 43). Read literally, this means that I – due to my methods, descriptions and analyses – also participate in maintaining and nurturing the phenomenon of tax compliance. This raises the question about whether I indeed want to nurture tax compliance practices, which practices I might want to nurture, and whether I am on the side of SKAT in nurturing specific compliant tax practices. These questions touch on a theme that will also be raised in chapter three on my fieldwork. Here I describe how my ethnographic method participates in generating a certain object of study (with a certain agenda attached) and it also refers to concerns raised in chapter one where I described my agenda of focusing on practices. Engaging in ‘erecting scaffolds’ around tax compliance I must therefore consider my ‘attachments’ and whose and which tax compliance practices I maintain and nurture due to my descriptions and analyses. This concern I return to in the thesis’ conclusion.

Latour writes that the deconstructivists (those with a hammer) and the constructivists (those erecting scaffolds) too often get confused. To outsiders they may look alike as both insist that phenomena are constructed, that different mediators participate in the construction and that there is no direct access to objectivity, truth or the like (2003, 41). However, as Latour writes their goals are entirely incompatible. The deconstructivist “meanders down a steep slope”, going “downhill to avoid the peril of presence” (41) never pointing at any concrete building-material but instead highlighting ‘social forces’. According to Latour, the constructivist’s goal is entirely different; they adhere to compositionism. That is, they “try to catch as much presence as possible” (41) by pointing out the construction material – the human and non-human actors and relations making up phenomena. Adhering to this compositionism, I – paraphrasing Latour – do not ‘jump to my gun’ when I hear the word ‘tax compliance practices’ and start debunking it. By contrast, I try to account for how this construct has been assembled with great pain from the various actors involved. In this thesis the construction of tax compliance practices is thus approached with care and caution and with a faith in the promises of constructivism in paving the way for raising the normative question of “How can it be built better” (42).
3. Chapter Three: The Fieldwork

Gathering and generating empirical material

3.1. Introduction

When doing ethnography (or any other kind of research) one has to define an object of study. The immediate and easy answer to the task of defining an object of study is that mine is tax compliance practices. The more troubling task, however, is to specify what these three words in fact refer to; what defines tax compliance practices? The aim of this chapter is to offer this specification. I will explain how I sat out to define and pin down my object of study and how I encountered difficulties doing so. Subsequently, the chapter describes how I began conceptualizing tax compliance practices as partially existing and how this influenced where I went to study the object. Following this discussion, the chapter introduces the three central locations for my fieldwork: business offices, the local tax office and ‘on the road’. The chapter ends by presenting a more reflexive discussion of how my methods have both enabled me to gather empirical material on tax compliance, but also how my methods have participated in generating these particular practices.

3.2. Identifying my object of study

Conventionally, tax compliance is defined by the extent to which a taxpayer meets a number of obligations which adhere to: (1) registration in the [particular national tax] system, (2) timely filing or lodgment of requisite taxation information, (3) reporting of complete and accurate information (incorporating good record keeping), and (4) payment of taxation obligations on time (OECD, 2004, 7). Following this definition, doing an ethnographic study of tax compliance practices I would need to observe registrations, filings, lodgments, reporting, and payments of taxation obligations. In the beginning of the PhD I was enrolled in a number of rather technical courses (introducing tax, VAT, accounts and tax legislation) where I was also informed that tax compliance covered such activities. The courses were organized by SKAT and I followed the courses, as I basically did not know much about what defined tax compliance. Within the first half year of my PhD I thus attended a four-day course on “Understanding Accounts” where the laws of bookkeeping and accounting were introduced. I also went on a two-day course called “Taxes”, where the basic rules of income taxes, tax deductions, tax allowances and tax calculation were introduced. Lastly, I attended an
introduction day held by SKAT for newly established businesses where the basic tax and VAT rules for small businesses were explained. Starting my fieldwork I therefore started ‘taking over’ this rather technical way of defining tax compliance as the act of registering, filing, lodging, reporting and making payments of taxation obligations.

In order to specify my object of study a central concern was also to clarify whose tax compliance practices I wished to study. Should I focus on individuals’ tax compliance practices, high net worth individuals or complex taxpayers? Or should I focus on specific kinds of businesses? For instance, self-employed or unregistered businesses? Due to a lack of knowledge about these different categories of taxpayers on my part, I was undecided about whose tax compliance practices to focus on. Consequently, I asked my colleagues at SKAT whether they had any opinions on this matter. My head of office suggested that it might be most useful if my study focused on the tax compliance practices of small and midsized businesses. It was preferred that I focused on these businesses because this type has a higher rate of non-compliance than bigger businesses. The report *Right From the Start* explains this focus: “The greater part of the tax gap is made up of illicit work in the informal economy and unreported income, and a very large proportion of it can be attributed to small businesses” (Wittberg, 2005, 7). Furthermore the OECD proclaims that:

> SMW [small and midsize enterprises] represents a high-risk group in most countries because they are numerous and because their income is neither fixed nor, in most cases, capable of easy verification against third party data. (OECD, 2004, 10)

In short, small and midsize businesses are generally seen as risk areas with potential higher risk for non-compliance, thus SKAT suggested that I focused on these. As I saw no principal problem in following this suggestion the majority of the tax compliance practices investigated in the PhD relates to small and midsized businesses. Indeed, I found this focus on the businesses’ tax compliance practices relevant as it immediately challenged the psychological-inspired research on tax compliance, which sees the individual as the basic unit of analysis.

SKAT was also keen that I should choose to focus on a specific sector of business. Several of SKAT’s statistics show that sectors such as Hotels and Restaurants, and Building and Construction are more non-compliant than other sectors such as Finance and Insurance, and Agriculture, Forestry and Fishing (SKAT, 2009b, 28). In light of this SKAT suggested that I focused on the most non-
compliant sector with the intention of providing guidance on how to improve their compliance. I politely declined this suggestion from SKAT because I did not wish my study to be narrowed down to a specific sector or defined strictly as an endeavor that would provide advice as to how the compliance practices of this sector could be enhanced.

Defining my object of study the notion of timing also concerned me. If I came to visit a business on a normal weekday, could I then be sure that they would have tax compliance practices on that specific day? Or would they only ‘do’ tax compliance as they registered the *monthly* VAT payments, or as they made the *yearly* tax-accounts? My worry was whether businesses have (or do) tax compliance on an everyday basis, or whether it is only something that happens at specific times when deadlines for different registrations come up. This question puzzled me, but turned out to be less of an issue, as I experienced that the businesses that I engaged with always had either something to say about compliance or were doing something in relation to being compliant.

These diverse considerations tell something about how I began to specify my object of study. I reflected on *what* defined tax compliance practices, *where* they could be found, *whose* practices they were, and *when* in time they might best be studied.

### 3.3. Pinning down and slipping away

These were, perhaps, venerable efforts, but they also led me into trouble. To elaborate these troubles, I shall explain some issues that arose during my initial fieldwork. Following the above, deliberately flexible, approach to the study I started out by wanting to go to places where there were the greatest opportunities to pin down actual tax compliance practices. I had come to believe that this was in small and midsized businesses (not focusing on any specific sector) as bookkeepers or business owners register, file, lodge, report, and make payments in relation to their taxation obligations. Due to this definition of the object of study my first fieldwork session centered on a number of explorative interviews with bookkeepers and business owners.

During these interviews I tried to get the bookkeepers to tell and show me what they do to be tax compliant. I encouraged them to show me their accounting system, IT-systems, invoices and to tell me about their office routines and relations to SKAT. In my interview-guide I had prepared to talk about different themes: what kind of devices the bookkeepers use to be compliant, what kind of documentations the businesses share with SKAT, and in what kind of situations the businesses are
in contact with SKAT. In the back of the interview-guide I had also written which assumptions the interviews were based on. These assumptions were largely shaped by actor-network theory (see introduction in chapter two). For instance I had written that the practices which I studied included both human and non-human actors, that they were created in networks located in but also stretching out from the businesses, and that they were multiple; which means that they were enacted in a variety of ways. My interviews might very well be characterized as *explorative* as to a great extent I let the interviewees talk about whatever they saw as relevant in relation to tax compliance. However, at the same time the interviews were *focused* as my actor-network theory attitude shaped my questions\textsuperscript{17}. Hence, I was not merely ‘a walking tape recorder’ documenting everything that happened (Forsythe, 2001), but a theory-equipped listener.

As noted, my aim was to pin down as precisely as possible what tax compliance was in practice for the interviewees. While many of the bookkeepers did indeed tell me about what they do concretely to achieve tax compliance – recalling the description in chapter two of the bookkeeper at the carpenter – several of the interviewees also started talking about *other things* that were not per se taking place in the office. For instance, many told me about their external accountant; one started telling me about his latest encounter with a tax inspector doing an audit of his accounts; several complained about the long waiting time when calling SKAT’s main number; some started talking about the changes in SKAT and how they feel that they encountered changed tax inspectors; and one started telling me about headaches and worries as soon as SKAT was mentioned. All in all, the interviews were running in different directions: into focusing on experiences with external accountants, encounters with tax inspectors, into the phone service, into perceived changes in SKAT and, indeed, into the body. What troubled me in these interviews was that I felt that the tax compliance practices that I wanted to specify and render concrete somehow slipped out of my hands. The experience was a bit like trying to catch a jellyfish and feeling that it partly dissolves between one’s fingers. Thus, I heard all kinds of stories which I could not tell whether were part of my tax compliance-object. To illustrate these doubts I shall provide an example of what gave me cause for worry.

\textsuperscript{17} That actor-network theory played an explicit role in my interview-guide in outlining the predefined assumptions about the practices that I was about to study exemplifies how actor-network theory functioned as a basic attitude shaping my fieldwork. As mentioned earlier, actor-network theory does not appear explicitly as a theory in my analysis, but it has clearly worked ‘behind the scene’ in shaping my data as it is illustrated here.
In an interview at a lift rental service, the bookkeeper started explaining in detail about different letters which she sent to debtors who were not paying their bills. The first letter she would send used gentle language emphasizing that the bookkeeper had searched for the missing payments and encouraging the debtor to follow up on this. The second letter was getting a bit harsher. It stated: “We would like to be nice….BUT!!” and was accompanied with the cartoon below.

![Figure 1: Excerpt from dunning letter (Interview H).](image)

Looking at the cartoon, the bookkeeper explained to me: “Well, it’s just like … I’ve just sat here and played around a little with these cartoons. I think our letters should be a little bit different” (Interview H). The final letter, did not have any cartoons on it, but had a straightforward text: “Reminder – last chance”. It stated that if the payment was not received the debtor would be registered in the sector’s warning register for bad payers.

I recall reading the transcription of the interview and looking at these letters (which I had taken digital photos of) and thinking whether these procedures and letters were part of tax compliance. Clearly, the letters had something to do with how the business secured its earnings and would later become the foundation for deciding the business’ taxes. However, the procedures did not really map onto the ‘strict’ definition of tax compliance as the act of registration, filing, lodging, reporting and paying taxation obligations to SKAT. I asked myself whether I was indeed observing tax compliance in these situations. I have highlighted but a single example here. However, this was not the only example of a story that puzzled me: I was also showed how cash registers in restaurants were used, how warning registers are set in action towards bad payers, how phones with display of money transfers were used to monitor businesses’ payments, and told how experiences with
inspectors from other agencies, for instance the fire authority, influence the meeting with the tax inspectors.

Due to my assumptions about the tax compliance practices I was studying it could come as no surprise that the practices that I was studying included both human and non-human actors and that they were created in networks located in but also stretching out from the businesses. However, what surprised me was the content or form of these actors, networks and connections. They were indeed different from the restricted activities of registering, filing, lodging, reporting and making payments in relation to taxation obligations. Hearing all these stories therefore simply confirmed me that I was not studying a firm univocal object. However, I also became worried as all these matters in the very vicinity of what I had started out by defining as tax compliance seemed to be accentuated in the interviews. I discussed this with my supervisor. I said that I did not really know whether I was in fact studying tax compliance practices when I visited the businesses or whether these practices were in fact not better studied at other places and during other activities; for instance, at some of the places and activities mentioned by the bookkeepers (accountant’s work, during telephone conversations, during inspections and in the media). I was concerned about this as I did not want to waste precious time doing the ‘wrong’ fieldwork. From these conversations my interest turned to tax compliance as a ‘partially existing object’.

In the article “Asymmetries of Knowledge: Mediated Ethnography and ICT for Development” (2010a) and in the book chapter “Researching Partially Existing Objects” (2010b, 19-30) STS-researcher Casper Bruun Jensen discusses the study of what he calls partially existing objects, a term he develops following Bruno Latour’s analyses in Pandora’s Hope (1999c) (Jensen, 2010b, 20). The reason that the notion of ‘partially existing objects’ became important to me was because it was used by Jensen precisely to focus on the problems arising for ethnographers when what they study is not easily localized and cannot be grasped by “the traditional ethnographic ideal of ‘being there’ with the informants in order to observe their activities and understand their lives” (2010a, 72). These issues corresponded well with my own experience where I often felt that I was not where I ought to be or that the practices that I wished to study slipped away from me.

Jensen’s point, then, is that today the phenomena that ethnographers’ study are often characterized by being partially existing. This implies, among other things, that they are characterized by limited presence, partial information and uncertain connections (2010a, 74). With limited presence is
meant that: “each specific site to which one might turn, instantiates a problem of limited presence, as different and possibly more consequential activities are bound to appear elsewhere” (77). With partial information is meant that: “these are situations that enable the researcher to get only partially information from a subset of relevant actors” (77). And finally, with uncertain connections is meant that: “each site poses a problem of uncertain connections, since in … networks it is difficult or impossible to trace precisely what is linked with what and how” (77). Jensen’s descriptions of the partial existence of objects helped me understand my difficulties in pinning down and defining tax compliance in my interviews. In all my interviews I was always only looking at limited parts of tax compliance and tax compliance practices were bound to take place in many other places. Also, when I observed a situation, for instance of the procedures of sending letters to debtors, I was bound only to get partial information as other actors (the debtors, the lifts and the warning register) were not accessible to me at the time. Finally, I realized that I could not make any grand picture of tax compliance practices as each site and each interview I did provided uncertain connections to other actors and pawed the way for an infinite number of new connections.

From this point on, I stopped defining my object of study as the activities of registration, filing, lodging, reporting and paying taxation obligations to SKAT. Instead, I started seeing tax compliance as a much wider set of practices or assemblages, which was made up of an indefinite number of uncertain connections, which had only always a limited presence and about which I could always only gain partial information. This helped me come to terms with my doubt in my own fieldwork. Understanding tax compliance in this way allowed me to study it much broader and to accept the feeling of constant slipperiness as a condition of research, because it expressed a real aspect of the phenomenon that I studied.

3.4. Pressing on by going out

As already indicated my fieldwork cannot be accounted for by telling a story of how I packed my bags and travelled far away to settle down in an exotic community for a longer period of time to study a native people. Instead, my fieldwork is a story of how I started to ride my bike to SKAT’s main office every morning. Three months into the PhD and until halfway through the project, that is, for a little more than a year, I was at SKAT on a day-to-day basis having a desk and a computer. From this office-space I organized the fieldwork. Being present at SKAT for more than a year, one might say that I conducted constant fieldwork. On the one hand this is true as I spent my time at
SKAT ‘sensing’ what kind of an organization SKAT was and what kind of issues SKAT struggled with. However, as this PhD is a study of tax compliance (and not of SKAT’s internal organization), I primarily perceived my time and office space at SKAT as a platform for gathering data about tax compliance. Hence, my colleagues in the department at SKAT’s main office were not constantly exposed to my ‘ethnographic gaze’, but were colleagues who helped me plan and accomplish my research. As described above, along the way my fieldwork strategy became centered on seeing tax compliance as a partially existing object whose different ‘existences’ I needed to find and describe. The next sections describe the locations where I went to study tax compliance. I start out by looking at the aforementioned interviews.

3.4.1. Business offices
To select the businesses where I did my early interviews I collaborated with SKAT. The selected businesses were all small and midsized and segmented by SKAT as being ‘white’ which means that they showed compliant tax behavior. This selection criterion was set up in order to allow me to investigate how tax compliance was played out in the daily routines of the selected businesses. These businesses were sent information about the project. The information took the form of a letter sent in cooperation between the university and SKAT that encouraged the businesses to participate in the project, though emphasizing that participation was voluntary. This information material required a meticulous process of approval internally in SKAT as the organization is careful about what is mailed with its official logo. Eventually, the information material was sent to 25 businesses in a region south of Copenhagen. I called these businesses to find out if they would allow me to come on a visit and conduct an interview with the person in charge of the accounts. In this way I got appointments with 12 businesses. They were diverse: for example they included an inn, an industrial designer, an estate, a cleaning company, a car dealer and a carpenter. The visits lasted between one and two hours and consisted of a taped interview with the bookkeeper or the owner (if the owner was in charge of the bookkeeping) and also an introduction to the workplace where I asked for an introduction to the work done in the office to register, file, lodge, report and pay the correct tax obligations.

18 Chapter five on the segmentation model provides a more elaborated introduction to this color segmentation.
As my introduction to tax compliance as a partially existing object has made clear, these interviews made me aware that many things connected to tax compliance are happening elsewhere than in the confines of the business office although this is where the concrete activities of registering, filing, lodging, reporting and paying of taxation obligations take place. After the interviews I re-contacted the interviewees to hear if I could contact their external accountant. Six of the twelve businesses agreed on this and I went on to interview these accountants. In turn they mentioned particular tax inspectors at SKAT with whom they have a fruitful collaboration concerning tax compliance. I managed to get hold of two of these whom I also contacted and interviewed. This initial fieldwork session of 20 interviews was my first encounter with the phenomenon of tax compliance. It gave me an impression of what goes on in the businesses in relation to the defined tasks of being compliant, and what roles the accountant and SKAT play in relation to compliance. However, most importantly it made me realize that if I wanted to study tax compliance I needed to ‘go out’ of the business offices to track down some of all the events and activities which the bookkeepers, business owners and accountants had mentioned as they were telling me about their tax compliance practices.

### 3.4.2. The local tax office

To gain knowledge of how the businesses’ ‘counterpart’ (SKAT and tax inspectors) constructs tax compliance I started to look into SKAT’s project-database describing their ‘compliance treatment projects’. This is a database with the local and national treatment projects and it contains project-descriptions and contact persons for each and every project conducted in SKAT. I began to look for any projects which were starting up and which I might be allowed to follow for a period of time to see how the tax inspectors work administratively to enhance tax compliance. Calling a few project
leaders I got hold of the leader of a project concerning ‘inverted invoices’. The project was situated at the local tax unit in Roskilde a little less than an hour away from Copenhagen. The project leader was interested in my project of investigating tax compliance and agreed to have me participate in her start-up phase of the project. After a few meetings we decided that I could continue to follow the project.

I kept in touch with this project during its entire lifespan, a period of ten months. I participated in the monthly whole day project meetings and in a meeting for a subgroup, I was also copied in on joint emails, and I was given access to the project’s shared network drive where documents belonging to the project were stored. As well, I interviewed the project leader and six of the project participants. Finally, I was present at an external visit to a business and I was present at a case-handling meeting at SKAT.

Figure 3: Photographs of tax inspectors’ project work.

The majority of the activities of the project were located at the local tax office, and observing these activities gave me insight into the administrative procedures of working with non-compliance and the kind of problems and challenges that SKAT run into. However, as the project did not really allow me to gain that much insight into actual interactions between businesses and tax inspectors, I started to plan a further session of fieldwork where I wished to focus more concretely on these interactions where businesses and tax inspectors meet.

3.4.3. On the road

In SKAT it is possible for employees to be trainees who, for a few days, follow colleagues from different parts of the organization. I asked my head of office in SKAT if this also would be possible for me and whether I could use information from the trainee period in my PhD work. The proposal
was accepted and a coordinator from the main office helped me get connected to employees in four different locations: a tax call centre; a desk service unit; and two different unannounced raids, one towards restaurants and inns, and one towards legally closed down businesses. I first spent two days in the call centre. Here I had a meeting with the director and listened to 12 different telephone conversations where businesses were helped by a tax employee. Second, I spent two days sitting at the counter in a local taxation unit. Here I observed 23 personal encounters where persons with questions concerning taxes talked to tax employees. Thirdly, I went on a raid with a team of tax inspectors doing un-announced inspections at restaurants and inns. During one evening we visited four businesses. I also participated in the briefing and debriefing as several teams were activated doing checks in the region the same evening. Finally, I went on un-announced visits to legally closed businesses, which SKAT suspected were still operating. In this case a tax inspector and I visited nine businesses in one day. Afterwards the tax employee gave me detailed information about all the cases. We also had a follow up meeting discussing how the businesses had reacted to our visit and how the cases were developing. These inspections or ‘raids’ typically took place as tax inspectors were driving around to track down the businesses (thus the title ‘on the road’). The different situations in which I observed tax inspectors engaging with taxpayers provided a picture of how the interaction between the regulator and the regulated take place in practice.

Figure 4: Photographs of tax inspectors’ work in call centre and in desk service unit.
3.4.4. Assembling tax compliance practices

To sum up on the fieldwork: First I made 20 interviews in a number of businesses and accounting offices to see how bookkeepers, business owners and accountants conceptualize tax compliance. See appendix one for a listing. I have indexed the interviews with letters (A-T) and refer to these as I cite from the interviews. Second, I made observations of a treatment project in Roskilde over ten months. From this fieldwork I have transcriptions of eight whole day meetings with the project members and some meetings involving encounters with taxpayers. I made seven interviews with the project participants and I have a wealth of documents from the project (the risk assessment, the project descriptions, progress reports, case minutes etc.). See appendix two for a listing of the material from this fieldwork that I refer to in the thesis. Finally, I observed a total of almost 50 encounters between taxpayers and tax inspectors as I followed the work done at the call centre, the desk service unit and during the raids. Thus my fieldwork centers on being in business offices, being in a local tax office and being ‘on the road’ with the inspectors. Because my fieldwork spread over several locations, involved many persons and several different businesses it might at first sight appear incoherent. Yet I would now argue that the fieldwork embodies the point that tax compliance is indeed a distributed and partially existing phenomenon that is played out in several locations. These locations are linked in different ways: for example, the bookkeeper is linked to SKAT via the call-centre, as the accountant is linked to SKAT through his/her contact persons in SKAT, and the project work done in SKAT is linked to businesses as these are targeted in treatment projects. Going to these different locations the sole constant in my research has been a continued curiosity to find out how tax compliance takes different shapes and is constructed differently in these locations. Looking at what was happening in front of me I therefore continuously asked myself: How is tax compliance being constructed here?

Because of the various types of fieldwork I felt that doing an article-based thesis was suited to capture my research. I have structured the chapters based on the fieldwork in that each of the thesis’ chapters grapples with one of the central locations. In chapter four, I analyze one of the raids I observed being ‘on the road’ with the inspectors. Chapter five on the segmentation model draws primarily on the interviews which I did in the businesses. And chapter six deals with the project work on car dealings done at the local tax office. Hence, these chapters present different aspects of the fieldwork. Finally and not previously mentioned, I also conducted a sort of fieldwork in the Hague where I accompanied two bureaucrats from SKAT to an OECD arranged conference on tax
compliance behavior and followed the work of drafting the so-called 2010 information note. This fieldwork differs from the above as it focuses on the drafting of the documents that shape many tax administrations’ approaches to tax compliance. Chapter seven on the 2010 information note describes this drafting process.

### 3.5. Generating tax compliance practices

What we are doing...is rehearsing an argument about what it is that methods, all methods, actually do. First we’re saying that they make discoveries about the world, and that those discoveries may surprise us...But also, and counterintuitively, we’re saying that they also make more or less self-fulfilling assumptions about the character of the social world. And that in doing so they tend to shape it, so to speak, below the radar in ways that we scarcely notice. (Law, Ruppert, & Savage, 2011, 11)

In a discussion of social science methods, sociologist John Law suggests that: “Methods, their rules, and even more methods’ practices, not only describe but also help to produce the reality that they understand” (Law, 2004, 5). He continues: “Method is not … a more or less successful set of procedures for reporting on a given reality. Rather it is performative” (143). For Law, the consequence is that method is not, and can never be, innocent or purely technical and furthermore one method always silence other methods and approaches (143-144). What Law here draws attention to is methods’ peculiar double sided features. Method prescribes how to gather empirical material. For instance, this thesis is based on ethnography; the present chapter describes how I have made observations of tax compliance practices and interviewed persons shaping tax compliance. In all of these activities I have gathered the empirical material that forms the basis of the thesis and prepares the ground for some (hopefully interesting and surprising) discoveries about the world. In addition to this, however, Law points out that method is also generative as it produces the reality that it depicts. I believe that this double life of method is relevant in relation to my empirical material. I have on the one side gathered empirical material that illustrates how tax compliance practices are constructed on an everyday basis in different locations. Taking Law’s reflexive stance into consideration I have, though, at the same time participated in making up the very same tax compliance practices more real. This aspect of my method will be elaborated in the following.

What is it that I have participated in generating due to my method? This can be highlighted by recalling the argument of chapter one, where I describe my agenda of moving from studying tax
compliance behaviors to tax compliance practices. My choice of studying tax compliance ethnographically furthers this agenda as my ethnographic study precisely shows and constructs tax compliance as a practice enacted in various locations. Thus, my method does not provide discoveries about how tax compliance is being unfolded in taxpayers’ motivations (or in their ‘heads’). Instead, it shows that they are enacted in mundane everyday practices. Therefore, my methods (ethnographic observations and interviews) in an important way help produce this entity as tax compliance has so far not been conceptualized in this way in the literature. The point being that I do not only gather data about tax compliance practices, I also simultaneously generate this specific object of study, which in a certain sense did not existed before I started conceptualizing it in this way.

This new object of study is not just generated ‘out of the thin air’, but as a result of my academic interests and methods. Importantly, generating this object of study provides a basis for setting a new agenda in relation to the existing research. The psychologically inspired researchers who I described in chapter two gather data about tax compliance, but they also generate an object of study affected by personal values and social norms. This opens for questions such as what influences tax compliance. I too gather data about tax compliance, but I generate an object of study that is characterized by being constructed in heterogeneous practices. This opens for posing alternative questions such as what are these practices and how are they constructed. Thus, different methods open for different ‘orchestrations of tax compliance’ which again allow setting different agendas and posing different analytical questions.

One thing, however, is how my methods have helped me produce the object of study that I am now presenting. Another thing is to explicitly consider how I myself have sought to present and convince the practitioners connected to the project that it might be worthwhile exploring this approach. During the first two years of the PhD I held 20 presentations primarily at SKAT, Mindlab and the Ministry of Taxation (see appendix three for a listing). In all of these presentations I talked about tax compliance practices and indicated how I understood these practices, where I saw them happen, and how SKAT sought to regulate them. By means of these presentations I participated in setting a new agenda for the perception of tax compliance. The audience listening to me spanned from the permanent secretaries for respectively the Ministry of Taxation, The Ministry of Employment and
the Ministry of Economic and Finance to tax bureaucrats and to tax inspectors working in local tax units from all over the country; I have thus tried very broadly to argue my case to practitioners.

3.6. Doing ethnography of or for

As indicated in chapter one, SKAT has provided a great portion of the funding for the PhD project. My analysis of tax compliance is therefore done for SKAT in the sense that it aims to provide this organization with knowledge of how tax compliance is constructed. Obviously due to the organizational set up SKAT has played a key role in helping me to gain access to field sites. SKAT has had an interest in helping me to gain access to locations where tax compliance takes place as this would increase the likelihood of a successful project. However, because tax compliance does not take place in a vacuum, i.e. does not happen independently of SKAT’s own regulation and actions, this study inevitably also have become to some extent a study of SKAT’s actions. The fieldwork therefore reflects a situation where I was doing ethnography for SKAT as an organization and of SKAT’s actions and its tax compliance practices (e.g. Neyland, 2007).

These blurred distinctions raise a number of questions. Colleagues of mine have suggested that I am in a situation where it is difficult to be critical towards SKAT due to my history within the organization, and because SKAT funds the project and has assisted me in numerous ways. Still, I have not in general experienced this as disabling my opportunities for making interesting and also, to a certain extent, critical analyses. However, it has required me to try to be as explicit as possible about the consequences of occupying this curious ‘middle space’ between an insider and an outsider. Invariably, there will always be pros and cons of one’s attachments to the object of study. In my case I have been granted an extraordinary access to the tax inspectors’ work and the businesses being regulated.

At a more practical or formal level of accountability, it should be mentioned that all the citations reproduced in the thesis have been translated from Danish to English by myself. Often, though, I have been frustrated by my inability to make precise translations. Informants have regularly used expressions and phrases which are nuanced and colorful in Danish, but which I have not been able to reproduce in the same vivid tone in English. In spite of this ‘language deficit’, I hope that the meanings of the citations are clear. In agreement with SKAT I have anonymized all sensitive information. All person names and business names have all been replaced with pseudonyms.
4. Chapter Four: The Responsive Raid

An Analysis of the Dual Logics of Generalization in Judging Businesses’ Tax Compliance and in Doing Responsive Regulation

4.1. Introduction

In contemporary society there are a myriad of small businesses characterized by having significant flows of cash in and out of their businesses: e.g. restaurants, inns, pizzerias and bars. One of the jobs of tax administrations is to detect and regulate the tax compliance practices of these businesses. Tax inspectors are thus the street level bureaucrats (Lipsky, 2010 [1980]), who bear the responsibility for the day-to-day front line operation of securing tax compliance. This can be done following different enforcement strategies; one well-known strategy is the deterrence approach where businesses are deterred from non-compliance; another, newer, strategy is responsive regulation where the tax administration’s enforcement strategy suits the taxpayers’ so called motivational postures. The trend today is that more and more tax regulators aspire to the ideal of responsive regulation (OECD, 2004, 2010a). This enforcement strategy is seen to have the benefit that it makes possible more targeted and thereby cost-effective treatments and regulation strategies. Also, it is assumed to be fairer as – for instance – taxpayers who are willing, but not able to comply, are not met with inspection, but are met with guidance to help develop their ability to comply.

Different bodies of literature have investigated the phenomenon of responsive regulation. There are the regulatory researchers who introduced the concept (Ayres & Braithwaite, 1992; J. Braithwaite, 2002; V. Braithwaite, 2007, 2003c). They describe the underpinning ideas of responsive regulation and how it can be implemented in regulatory contexts. Also, there are researchers who advocate that responsive regulation in relation to tax regulation is a better enforcement strategy compared to deterrence (e.g. Leviner, 2009; Murphy, 2008; Murphy, et al., 2009; Torgler, 2008). Other researchers deal with responsive regulation more broadly and investigate how street level bureaucrats seek to be responsive in different ways (May & Winter, 2000; May & Wood, 2003; Nielsen, 2006; Nielsen & Parker, 2009; Parker, 2006). In this article I join forces with the researchers (e.g. Nielsen, 2006; Nielsen & Parker, 2009) to find out how responsive regulation takes place in practice. However, my methodology for investigating this issue differs. Whereas
Nielsen and Parkers practice studies are based on quantitative surveys, I employ an ethnographic approach. In particular, I use Helen Verran’s ‘relational empiricism’ as a starting point for analysis. Thus, I use Verran’s notion of two ‘logics of generalizing’: a one-many and a whole-parts (Verran, 2001, 2007a, 2007b; Winthereik & Verran, forthcoming) to analyze the judgments of compliance and the enactments of responsive regulation.

I first describe responsive regulation, how it has been adopted as the leading enforcement strategy in the Danish Tax and Customs Administration (SKAT), and I introduce a specific case of responsive regulation; an unannounced raid toward restaurants and bars19. Second, I introduce Helen Verran’s two logics of generalizing. I then briefly introduce my observations of the raid. Analyzing the raid I show that even though the inspectors and the business owners are looking at the same things during the raid, they start out their judgment of the state-of-affairs in the businesses by focusing on different matters. The tax inspectors judge non-compliance by having a pre-given uniform idea of non-compliance and thus use a ‘one-many’ logic. In contrast, one of the business owners in my story starts his generalization by having several different parts which he adds up whereby a vague idea of non-compliance appears and I therefore conclude that he uses a ‘whole-parts’ logic. I use the analysis of the different logics to argue that the tax inspectors are not primarily responsive to the behaviors of the individual businesses as the literature suggests. Instead, I argue that the inspectors to a greater extent are responsive to the ‘general public’. Furthermore, I take a look at the debriefing following the raid. In relation to this I argue that the tax inspectors now use a ‘whole-parts’ logic as they generalize about how they work with enhancing compliance in the businesses. Hence, I show that the tax inspectors move back and forth between using different logics in doing their work: in the business office they use a ‘one-many’ and in the tax office they use a ‘whole-parts’. The article’s conclusion sums up on the insights presented in the analysis and presents a (self) reflection on how my analysis itself employs a ‘whole-parts’ logic in investigating responsive regulation, which again is different from the current literature that investigates responsive regulation using a ‘one-many’ logic.

19 The Danish word for describing the ‘raid’ is “Kontrolaktion” or “Razzia”. When I use the word raid in English for characterizing the inspections, raid should not be understood as an attack, assault or storm, but as a surprise visit by the tax inspectors to seize fraud.
4.2. Responsive regulation

According to regulatory researchers John Braithwaite and Ian Ayres responsive regulation is enforcement that depends on context, regulatory culture and history, and it encourages an attitude from the regulator where a variety of regulatory approaches are used (Ayres & Braithwaite, 1992, 5):

For the responsive regulator, there are no optimal or best regulatory solutions, just solutions that respond better than others to the plural configurations of support and opposition that exist at a particular moment in history. (5)

In practice, responsive regulation is often implemented by the adoption of ‘regulatory pyramids’ (V. Braithwaite, 2003a, 2003c). In such pyramids taxpayers are classified into different segments; some contain the opponents, and some contain the partners among the taxpayers. These different segments are motivated by different elements in their decisions to comply with the tax regulation, and they should be met with different attitudes from the inspectors. Meeting different taxpayers, the tax inspectors thus have to oscillate between being friendly and helpful, and skeptical and questioning. That is, they need to react with ‘social intelligence’ to the regulatees’ behaviors (Nielsen & Parker, 2009, 379). Responsive regulators should thus be responsive towards the behavior of the taxpayers and must determine “whether the regulatee cooperates with the regulator by admitting responsibility for the (alleged) breach, correcting it, and preventing it recurring” (Ayres & Braithwaite, 1992, 36).

In regulatory researcher Valery Braithwaite’s description of the differences between the deterrence doctrine and responsive regulation, she writes that the traditional popular stereotype of the taxman is assumed to be an official who collects “revenue through the process of detecting non-compliance and imposing penalties” (V. Braithwaite, 2003a, 15). Yet, she claims, this stereotype provides a simplistic account of the realities of modern (responsive) tax administration. She writes that modern tax administration is characterized by detecting non-compliance and meeting this with a responsiveness “that recognizes and deals with the wrongful act, but at the same time works to bring the more cooperative motivational postures to the fore” (35). In other words: “The challenge for tax administrators is to play a two-handed game: To deal with the wrongdoing today, while nurturing consent of tomorrow” (35).
In 2005 the Danish Tax and Customs Administration (SKAT) implemented the so-called ‘treatment strategy’. This strategy was influenced by ideas of responsive regulation and differentiated treatments of the taxpayers. Specifically, the strategy was intended to re-shape the encounter between the tax administration and the taxpayers. Taxpayers should not be lumped together, for instance, as simply intentionally non-compliant taxpayers. Rather, they should be seen as having different reasons for not being compliant; some might be “determined not to comply” while others might be “unwilling to comply”, but possible to influence and yet others might be “willing to comply”, but unable consistently to succeed (SKAT, 2007c). By using this rough segmentation of the taxpayers the tax administration encouraged tax inspectors to employ different treatments (ranging from service and guidance to audit and inspection) depending on the taxpayers’ reasons to be or not to be compliant.

In the article at large I focus on the maneuvering room for the inspectors in being responsive to the taxpayers. Also, I focus on the practices of doing responsive regulation. Investigating these issues with emphasis on the question of how responsive regulation takes place in practice is thus the aim of the article.

The question of how responsive regulation takes place in practice has been addressed by Nielsen and Parker (2009) and Nielsen (2006). In “Testing Responsive Regulation in Regulatory Enforcement” (2009) the authors state that researchers rarely have sought to “set out general, empirically testable rules about being a ‘responsive’ regulator”, and they write that responsive regulation is indeed an “inherently untestable” enforcement strategy as it contains such different enforcement (377). Hence they state that: “most of the prominent arguments for this strategy are theoretical and few have tested its effectiveness” (Nielsen, 2006, 395).

In Nielsen and Parker’s (2009) own attempt to identify and measure responsive regulation they employed a ‘self-report survey’ from businesses in Australia who have experienced responsive regulation from federal officers. They conclude that they could not find examples of what they call ‘complete chains of responsive interaction’ in the investigations, but they could find effects of responsiveness at ‘single stages’ of the investigation and enforcement process. Nielsen and Parker’s work is interesting as it points to the problems of doing responsive regulation and of identifying effects of it (377). As a consequence, the authors encourage more ‘micro-research’ which focuses on “the very language or rhetoric of how regulators communicate threat and cooperation, and how
regulatees ‘hear’ those messages” (396). The present analysis responds to this request; it does, however, investigate responsive regulation in a way that differs from Nielsen and Parker’s focus on communication and language.

4.3. Dual logics of generalizing

Philosopher of Science, Helen Verran, has developed a mode of analysis which she calls ‘relational empiricism’ (Verran, 2007b). This mode focuses on description of the particularity of the many ways in which different things contribute to create a ‘general picture’ (179). Her analyses focus on relations between such particularities and a whole. In this ‘parts-whole’ the whole is only ever ‘vaguely delineated’ (181):

Relational empiricism studies the ‘lives’ of these vague wholes, specifying the ways its parts come to life and perhaps die off, identifying the mediations that are important in the ‘doing’ of this vague whole. (181)

Verran notes that there are strong affinities between her ideas and the work of researchers like Michel Callon and Bruno Latour (Verran, 2001; 2007a, 36; 2007b, 166 & 174). Verran’s ‘relational empiricism’ and actor-network theory scholars are both interested in how entities –‘vague wholes’, ‘networks’ or ‘actors’ – are achievements that are relationally constructed.

For the present purposes, what is particularly useful in Helen Verran’s approach is her discussion of what she calls two logics of generalization: a ‘one-many’ and a ‘whole-parts’ to analyze phenomena (1999, 2001, 2007a; Winthereik & Verran, forthcoming). The notion of two logics of generalization was originally developed by looking at how children in Africa and Australia generalize when doing mathematics. However, Verran’s broader argument is that such different logics exist as part of the collective life in general (Verran, 2001, 30). Key to the logics is that they start their generalization at two different points.

The ‘one-many’ generalization starts out by taking for granted that there is a given unity of some kind of entity. Verran herself has been looking at how children generalize about length. From this she explains that some children generalize starting from an idea of what a meter is – exemplified by a meter ruler – and this given unity of length is used to measure length. The logic starts by having an idea of a ‘one’ (a meter ruler) which can be turned into a ‘many’, depending on how ‘many’ metre or centimeters that go into that ‘one’ (Verran, 2001). Thus, the logic might best be described
as building on the idea that generalization starts from having (one) ‘evidence base’ of a general statement, which then has a number of (many) sub-groups, categories or stories: “A defined, solid, single object that becomes instituted in a plurality of ways” (Verran, 2007b, 180).

In contrast, the ‘whole-parts’ generalization starts out by taking plurality for granted. Looking at Verran’s example of length, the children who measure length using this generalization, start out by bundling strings around a card and they count and count until they reach a number for how these ‘parts’ become a ‘whole’ (Verran, 2001). This logic might best be described as being constituted by having an idea of a vague whole which has emergent parts that never add up to a complete picture (Winthereik & Verran, forthcoming).

Verran’s argument is that either generalization is ‘done’ based on a belief in a uniform ‘evidence-based’ entity (the one-many). Or generalization is ‘done’ in relation to how things ‘add up to a vague ‘whole’’ (the whole-parts). To Verran the two logics are not a comprehensive theory about how generalization functions; a theory wherein the ethnographic data might be used as evidence for generalizations. Rather, the two logics should be understood as a grid, a heuristic, or a simple terminology that can help the analyst categorize the ethnographic data. Following this, the logics can be understood – for instance – as indexes that measure and value the ‘real’, enabling us to learn about that reality. In this way the logics are “working as a device in the clotting of the real” (Verran, forthcoming). By indexing or clotting the ‘real’ the reader can develop an “informed familiarity, and a concern to work with” the analyzed phenomenon.

In the following I use Verran’s two logics of generalization to analyze the tax raid and thus clot it in a particular way. Just as Verran describes how children are looking at strings, cards, chalk and metre rulers to generalize about length, I have seen how tax inspectors and business owners are looking at IT registrations, logo T-shirts, employees, pay slips and pizzas in ways that allow them to

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20 Verran has used these logics in analysis of several different empirical phenomena: In showing that a value generation exercise concerning the value of the world’s ecosystem was characterized by a conflation of the two logics (Verran, forthcoming) In arguing how two logics of generalization can be (or should be) embedded in ethnographic stories (Winthereik & Verran, forthcoming). And in an analysis of Africa’s economies where she emphasizes that the two logics are two alternative forms of reasoning (Verran, 2007b). Though being developed in relation to mathematics, the logics do indeed exist in the ‘collective life in all times and places’ and they can be used to analyze the logics at play in different ethnographic data.
generalize about the state-of-affairs in businesses. Yet, the inspectors and business owners have different ‘indexes’ or ‘screens’ that they use to judge these state-of-affairs.

In addition to being inspired by Helen Verran’s work I also include Albert R. Jonson and Stephen Toulmin’s work on ‘casuistry’ (1988). Their work on case-based reasoning, or casuistry, is useful for conceptualizing bureaucratic decision making which in an issue which Helen Verran does not focus on. Jonson and Toulmin state that in morality as well as in public administration the general assumption is that practical decisions rest on a clear system of invariable rules or principles. While this might have a certain attractiveness from a theoretical point of view, studies of actual decision-making in medicine and in public administration show that in the actual act of dealing with particular real-life cases and situations rules and principles never “take us more than part of the way” (Jonsen & Toulmin, 1988, 9). They argue that rules: “Far from playing an exclusive or even an indispensable part in law and ethics…, they have a limited and conditional role” (10) 21. Hence, decisions and judgments are always made at particular times, on the basis of the given facts and observations, and so are often ‘timely’ and ‘context dependent’. They remain, that is, substantive and practical, with all the fallibility and revisability that these terms imply. (45)

My understanding of the tax inspectors’ work is inspired by Jonson and Toulmin’s understanding of cased based reasoning. The tax inspectors do certainly work within a framework of the tax rules, but these rules only have a limited role, whereby the decision making is substantive and practical and dependent on the particular time, facts, observations and context. I believe that combining this understanding of case-based reasoning and Verran’s logics of generalization provides me with a good outset for describing how substantive and practical judgments of tax compliance take place and thereby how responsive regulation plays out in practice.

21 Jonson and Toulmin’s understanding of case based reasoning aligns with Michael Lipsky’s description of the work of street level bureaucrats (2010 [1980]). From studying street level bureaucrats’ work Lipsky highlights that the work of these bureaucrats is essential paradoxical: “One the one hand, the work is often highly scripted to achieve policy objectives that have their origins in the political process. On the other hand, the work requires improvisation and responsiveness to the individual case” (Preface, xii). Hence, the bureaucrats have considerable discretion in determining the benefits and sanctions provided. In this article this discretion is described using Helen Verran’s logics.
4.4. Observing the raid

During my PhD study I spent 10 months embedded on and off in a compliance unit of the Danish Tax and Customs Administration (SKAT). During this time, I was engaged in conducting participant observation by following and observing tax inspectors’ work of detecting and regulating non-compliance. The material presented in this article relies on a specific part of the fieldwork which was conducted a November evening in 2009 where an unannounced raid took place. The raid targeted restaurants and bars in an area south-west of Copenhagen, Denmark. The raid was organised by SKAT as collaboration between several local units of SKAT, different units of the National Directorate of Labour and a number of local municipalities. The aim of the raid was to visit a number of selected businesses and inspect possible fraud.

The evenings’ teams consisted of a total of 16 people: 10 from SKAT, three from the National Directorate of Labour and three from the local municipality. I was to follow a team that consisted of three people: Jakob, Helene and Lis. Jakob was the project manager of the raid and an experienced inspector. Helene was a younger employee, but she had been working with raids for quite some time. Lis had been employed in the legal office in the local municipality for three months working with benefit fraud, and this was her first raid. Prior to the raid Jakob had invited me to come to the raid’s briefing and the following debriefing. I received copies of some of the central documents that the tax inspectors used, among others the prints that the inspectors had obtained from SKAT’s IT systems from where they had their suspicion of fraud. These documents contained information about the businesses’ annual turnover, their number of employees etc. I was also given copies of the enquiry forms which the inspectors filled out during the raid. The team of inspectors that I followed visited five businesses during the evening’s raid. In what follows I describe their visits to a pizzeria, Boss Pizzeria, and an inn, The Husky Inn.22

4.5. The raid

Boss’ Pizzeria was selected for inspection as there had been a period where SKAT had not been informed about any employment in the pizzeria. In SKAT’s view this signals cash-in-hand jobs as it is difficult for an owner to run a pizzeria alone. Furthermore, one of the former employees turned

22 All names – including the names of the inspected businesses – have been replaced by synonyms by the author. All quotes reproduced were noted by the author during the raid and during its brief and debrief.
out to also have received social benefits. The team of inspectors knew this since they had run a request on this employee’s information in SKAT’s IT systems prior to the raid.

On the evening of the raid the inspectors are sitting in an undercover car in front of Boss’ Pizzeria. While they are repeating the basic facts of the pizzeria and its present and former employees, they are looking through the large front window of the pizzeria. Here they can see that three employees are busy working inside. They are wearing yellow pizza-logo T-shirts. The incongruence between the papers, which the inspectors hold in their hands and the activities inside the pizzeria makes them excited; there is an opportunity of catching someone in the act doing cash-in-hand jobs. Upon approaching the pizzeria the inspectors decide to split up. Helene and Lis walk to the backdoor to see whether anyone tries to slip out as they realize that a raid is taking place. Jakob and I enter the pizzeria and queue up with the other customers. When it is our turn Jakob asks for Haachim, the owner of the pizzeria. Haachim presents himself and the actual inspection begins.

Observing the inspection it is apparent that the inspectors have clear procedures that they follow. The inspectors bring a document containing a list of questions which they pose to the business owner and they have a guideline for introducing themselves. At Boss’ Pizzeria – where we arrived just around 6.30 p.m. – Jakob says to Haachim, the owner:

We’re here on an unannounced visit to see who is working. We’re purposefully coming at this time where you are most busy as we need to see who is working. Do you have pay slips for these employees?

Haachim answers: ”I do not have any pay slips.” Jakob continues: “Who then is employing these employees?” Haachim: “I do. [Haachim points at the two employees in yellow logo T-shirts]. This one has just started and the other is part time.” At this point in time, Jakob has already posed two of the central questions concerning pay slips and employment, and only a few minutes into the visit the inspectors are alerted; there are no pay slips and the owner uses the ‘good old’ excuse that one of the employees has just been employed.

Jakob finishes the interview with Haachim by following the questionnaire for interviewing business owners and explains that Helene is going to interview the employees one by one. Helene directs her attention to one of the employees: “Do you have a medical card?” The employee, Muhammed, does not speak Danish very well and talks to Haachim in Arabic. Haachim explains that he will help
translate and Muhammed shows his medical card to Helene. She continues: “When were you
employed?” Muhammed with help from Haachim: “10 days ago.” Helene: “Do you have an
employment contract?” Muhammed: “No.” Helene: “What kind of work do you do?” Muhammed:
“I make pizzas. I make food.” Helene asks if he receives any social benefits. Muhammed answers:
“Yes, I receive unemployment benefits from Kriefa [a Danish labor union].” A shiver goes through
the inspectors. Here things are on the wrong side of the law. Helene: “Do you have the papers from
the labor union for filling out the documentation for your work now?” Muhammed: “No.”

Apart from Haachim and the two employees someone else is present in the kitchen; a tough-looking
young man. He has dark skin and is wearing military trousers with a large belt buckle and a black
shiny jacket with padding. He wears a gold necklace and gold rings. His black hair and beard are
shaved short with a pattern at his jaw. He is standing sprawled up against the kitchen table, partly
looking at us, partly occupied by sending text messages on his mobile phone. As Haachim is
accounting for the employees, Helene interrupts the conversation and asks: “What about the man
standing over there? Can we see his identification card?” The young man is not saying anything and
looks indifferently at us. Haachim answers: “He is just visiting.” Helene replies rigorously to the
young man: “When we came, you were holding a tray for the dishwasher”. Haachim repeats his
answer: “He is just a friend.” Helene: “Then he is not allowed to stand in the kitchen.” The young
man finally comments: “I just needed to wash my hands.” Haachim interrupts again: “He does not
wear working clothes. Is it a crime to stand in a kitchen?” Helene rests her case. The atmosphere is
tense.

Aside from the questionnaire the inspectors have inquiry forms. What is written down on these
inquiry forms is information almost similar to my description above. Looking at the forms I can see
that Helene has noted that Muhammed was employed 10 days ago; that he has no employment
contract; that his job is to make food; that he wears work clothes; that he receives his payment in
cash; and that he receives unemployment benefits. On top of the form the relevant tax laws and
paragraphs are described to ensure inspectors and business owners that the inspectors only ask
questions which they are allowed to ask according to the law. At the bottom of the page Helene has
signed the form, confirming that she is responsible for its content.

The inquiry form lets the inspectors note certain legally relevant facts. However, the inspectors also
work with their senses and intuition. One central feature which is not noted anywhere is the pace at
the little pizzeria. Already as we enter the pizzeria Jakob and I are queuing for some time before we reach the counter. The phone is constantly ringing, Chadi, one of the employees, answers: “One number 10 and one number 18. Yes.” A calzone is coming out of the oven and Muhammed is taking a pork loin from the refrigerator and a frozen hamburger patty from the fridge. A lot of food is sold here and neither Chadi nor Muhammed seem like inexperienced workers. They are working a fast pace and Muhammed could easily be taken for an employee with more than 10 days of experience at the pizzeria. In addition to the pace at the pizzeria, the language adds to the inspectors’ suspicion about what is going on at the pizzeria. As Helene interviews Muhammed, he discusses intensely in Arabic with Haachim. What they are discussing we do not know, but it is intimidating that the inspectors are excluded from the discussion, and there is no doubt that the inspectors suspect that Haachim instructs Muhammed about what to answer.

Information about the pace of the pizzeria, the language issue, and the young man in the kitchen is not reported anywhere in the inspectors’ forms. However, the presumable turn-over is referred to indirectly as Jakob after 15-20 minutes judges the pizzeria as non-compliant and decides that Haachim needs to fill out a ‘log-book’. This is the penalty that the inspectors impose on the businesses if suspicion of fraud is strong. The requirement to fill out a log-book should prevent the owner from using non-registered employees and paying cash-in-hand as the owner needs to report on an everyday basis as to who is working.

Thus, by the end of the visit Jakob shows Haachim the paper with the basic facts of the pizzeria. He shows that during a period there were no employees at the pizzeria. Jakob asks Haachim: “Were you alone in the pizzeria during this period of nearly a month? Did you make it all by yourself?” Haachim does not answer. Jakob continues: “This does not make sense. And you’re not registering the hours that your employees are working. You need to fill out a log-book”. Jakob explains about the log-book:

Here you have to write who is at work, when they come, when they leave, and whether they are ill. The log-book needs to be in the pizzeria. We need to be able to access it. If we come on an inspection and we see that you’re not using it, it will cost you 5,800 Danish kroner [780 EURO].
Jakob helps Haachim fill out the formal information on the first page and explains that the log-book has to be filled out for a year, and that there is a possibility of four inspections in that period of time. After presenting the log-book we leave Boss’ Pizzeria.

4.5.1. Adding up to non-compliance using the ‘one-many’ logic

I suggest that the above narrative embodies a ‘one-many’ logic. First of all, it should be remembered that a ‘one-many’ logic starts out by taking for granted that there is one given unity of some kind of entity. Second, it is central that this unity has a number of (many) sub-groups, categories or stories adding up to the ‘one’.

In this case the one given unity is an idea of non-compliance. What is happening in the situation is that the inspectors are equipped with prior knowledge of fraud at the pizzeria as the owner has provided insufficient registration of his employees to SKAT’s IT-systems. This prior knowledge creates a general statement, a piece of evidence, with which the tax inspectors approach the business. Thus, they start out their generalization of the state-of-affairs in the business by having this idea of non-compliance which follows the tax laws and which emphasises that insufficient registration of employees is a breach of law. This ‘one’ or unity can either be confirmed or dismissed by the ‘many’ facts that exist in the business. In this case the facts (the missing pay slips, no contracts for the employees, one employee who has just started, and another who receives salary and unemployment benefits) add up to judging the business non-compliant. In this logic judging is done by having a uniform ‘one’ perception of non-compliance wherein ‘many’ facts are gathered to confirm this judgment.

The inspection also illustrates Jonson and Toulmin’s thesis that judgments done by civil servants rest on ‘casuistry’. The situation illustrates that the tax rules do not have an indispensable and conditional role. In such a case the decision that the business is non-compliant could have been made from the tax office and a letter could have been sent to the business owner. This would have been an example of a decision which rested on a clear system of rules or principles. As is clear, this is not at all what happens here. On the contrary, in the situation there is attentiveness to the particular situation; the facts observed at the pizzeria. The decision is likewise practical and involves – precisely – case based reasoning. Verran’s ‘one-many’ logic thus captures the delicate balance between the ‘one’ which are the limited and non-conditional tax rules and the ‘many’ practical facts that need to be taken into consideration to make an actual judgment.
A similar ‘one-many’ logic can be used to describe the way the inspectors judge the state-of-affairs at The Husky Inn. This inn was also selected for inspection as there were inadequate registration of employees. Similar to the first case the decisive observation was that a business owner cannot run an inn on his own and again, the inspectors assume non-compliance due to prior knowledge of missing registration by the owner. This law-defined idea of non-compliance is then held up against what takes place on the specific night of the raid. At The Husky Inn the inspectors see a potential escape of an employee, missing employment contracts, a waitress receiving both salary and unemployment benefit, and they see a business owner who provides explanations that contradict what his employee says; the employee claims that she receives money for the work done this particular evening, while the business owner is saying that her work is an act of friendship and explains that she is allowed to have her son’s birthday party at the inn in return for her work. According to the inspectors’ point of view these observations indicate breaches of the law and confirm their judgment of non-compliance. As a consequence, in this case as well, the owner is required to fill out a log-book.

4.5.2. The business owner’s explanations at The Husky Inn

As Erhard, the owner of The Husky Inn, understands that the inspectors are going to judge his business as non-compliant, he starts talking. Listening to Jakob’s claim that there is insufficient registration of employees, that employment contracts are missing and that his waitress receives unemployment benefits, Erhard begins a long explanation.

Firstly, he explains that he has a debt of 700,000 Danish kroner (94,000 EURO). This money was lost a few years ago selling an inn that had gone bankrupt, while purchasing the inn that he presently runs. Secondly, Erhard links his situation to the financial crisis and his wife’s critical situation:

We are really struggling to make the business run. Before we were open from 11 a.m. to 11 p.m.; now we are open from 4 p.m. to 10 p.m. Last year when the financial crisis started the guests just stopped coming here. On Mondays and Tuesdays we are just sitting looking at each other. We have tried to sell the place, but nothing happens, no one is interested in buying it. Then, what happened was that we got a daughter. And my wife got a caesarean section. Unfortunately, from this she got a permanent injury on her bladder and she had her uterus removed. She cannot stand up for many hours
any longer. So, when she is feeling bad, the waitress Karen takes care of the inn. My wife cannot do it on her own anymore. We try to do what we can on our own.

Erhard is affected by his wife’s condition and the hopelessness of the situation. He is not hostile towards us, but expresses despair. He continues: “From one day to the next the customers just stopped coming. No one came. We can earn 400 Danish kroner [53 EURO] on a Monday night!” As Jakob explains that he needs to have contracts for the employees Erhard cries out:

But, with the waitress Karen we cannot employ her on a regular basis with a contract; we do not have the money to do that. Also, I had pneumonia for three weeks and I lost 4 kilo on two days [Erhard is a tall slim man]. We do not earn anything on this. We are selling menus that cost 70 Danish kroner [9 EURO] per person. We make announcements in the local newspaper. Also we are trying to get funerals. We have very little money in the till.

The inspectors listen. But, they maintain their judgment of Erhard’s business as non-compliant. Hearing Jakob’s announcement that he, Erhard, needs to fill out a log-book Erhard comments: “Agghhh, aah...no...Filling out a log-book is like this self-monitoring that we also do for the food inspectorate. It is a waste of paper!”.

4.5.3. Adding up to a vague whole using the ‘whole-parts’ logic
Now, the central question is how the business owner, Erhard, generalizes about the state-of-affairs in his business. I will argue that he uses a ‘whole-parts’ logic. Recalling that this logic starts out by taking plurality for granted. In this logic there is focus on how different ‘parts’ become a ‘whole’, having in mind that the parts never add up to a complete picture.

Erhard is aware that things are not the way they are supposed to be in his business. Due to this, he does not directly object to the judgment of the inspectors. Nor, however, does he directly accept it as he immediately tries to make the inspectors understand that this state-of-affair has its reasonable causes. Indeed, Erhard draws attention to the many different factors that cause non-compliance; the financial crisis, the missing customers, their debt, his wife’s operation, his pneumonia, and he explains about their attempt to make money in spite of all this, by trying to make money on funerals and by reducing their opening hours.
I interpret this long list of initiatives as indicating that Erhard starts his generalization of the state-of-affairs of his business by taking this plurality of events for granted. He sees his business’ state-of-affairs in the light of these diverse events. As Erhard starts to add them up – as he is indirectly provoked to account for the state-of-affairs – a picture of non-compliance emerges both for him and for the tax inspectors. In contrast to the tax inspectors, Erhard does not start by generalizing from a clear (legally) defined idea of non-compliance. Instead he composes a picture of all the events that has lead to his miserable situation. A vague whole of non-compliance is thus emerging by listing a plurality of matters that add up: the huge debt, the financial crisis, the missing customers, his wife’s illness, etc. The emergence of this picture of non-compliance in relation to the tax rules leads Erhard to – on the one hand – accept the inspectors’ judgment and – on the other hand – express despair as he feels that it is not fair that he has to fill out a log-book on top of all the other issues he needs to deal with.

It is interesting to compare Erhard’s way of drawing in a plurality of events to account for the situation of his business to what happens at Boss’ Pizzeria. At Boss’ Pizzeria the owner, Haachim, is quiet. Most of the time Haachim provides only short answers to Jakob’s questions. As Jakob shows him the information from SKAT about the ‘missing’ employees in his business, Haachim remains silent. At one point in time though, Haachim speaks up. This is when Helene begins to question the young man in military trousers in the kitchen. In Helene’s view this man belongs to the work force of the pizzeria. Haachim makes clear that in his view of the situation the man is a friend standing in a kitchen. Apart from these few comments Haachim does not provide any explanation for what is going on at the pizzeria. We do not know why there are no employment contracts or pay slips, why he pays salary to a man who receives unemployment benefits, or why he has not registered his employees in SKAT’s IT-systems. Haachim does not provide any explanation and the inspectors are not asking. Because of Haachim’s silence it is not evident to argue either for the use of a ‘whole-parts’ or a ‘one-many’ logic in this case. The visit simply does not say much about his reasoning about his business’ state-of-affairs. Nevertheless, it is important to note that Haachim does not oppose the inspectors’ judgment of the state-of-affairs of his pizzeria. Except from objecting to Helene’s claim Haachim have no objections to the inspectors’ judgment.
4.6. Responsiveness in and beyond the raid

Responsive regulation rests on the idea that taxpayers should receive different forms of enforcement depending on their motivational posture and the context of the regulation. Furthermore, according to the literature on responsive regulation, ‘responsiveness’ is directed towards the behaviors of the taxpayers; do they cooperate in admitting responsibility for the accused breaches of law, do they agree on correcting it, and are they working to ensure that it does not happen again. My immediate concern looking at the raid is thus to question whether and how responsive regulation takes place during the raid.

Schematically speaking, both Haachim and Erhard cooperate in admitting responsibility for the accused breaches of law; they answer questions and provide the information that the tax inspectors’ ask for. Whether they agree on correcting it and whether they will work to ensure that it does not happen again is uncertain. From observing the raid the only conclusion concerning such direct responsiveness is that even though Erhard seeks to ‘speak his case’, this does not place Erhard any better than Haachim in the inspectors’ judgment. Thus, their different ways of behaving and interacting with the inspectors do not influence the enforcement or the judgments. The inspectors are not responsive to on-site accounts.

The reason why the inspectors are not responsive to such accounts is that they use the logic of ‘one-many’ to generalize. In this generalization judgments are made by the inspectors’ having a uniform ‘one’ perception of non-compliance wherein the ‘many’ facts related to compliance (pay slips, contracts, salary, unemployment benefits etc.) are added to confirm this judgment. This logic of generalizing differs from Erhard’s logic of generalizing, as his logic does not take its point of departure in any pre-given idea of compliance or non-compliance. Instead, he starts out by listing a plurality of diverse things (his debt, the financial crisis, the missing customers, his wife’s illness etc.) which he sees as explaining the state-of-affairs of his business. These two logics of generalizing are very different as they take different things for granted and bring in different evidence to add up to the conclusion of non-compliance. This has the effect that it is difficult for the tax inspectors to ‘listen’ to and be ‘responsive’ to Erhard’s logic as it builds on a logic of generalizing that is incompatible with theirs.

When Valery Braithwaite emphasizes that the modern responsive tax inspectors’ role is to play a two-handed game: “To deal with the wrongdoing today, while nurturing consent of tomorrow” (V.
Braithwaite, 2003a, 35), it can be concluded that the ‘nurturing consent of tomorrow’ is not a dominant feature of this particular raid. Here the focus is primarily on detecting the ‘wrongdoing of today’. However, the facet of ‘nurturing consent of tomorrow’ and being ‘responsive’ is an aspect of the inspectors’ work that becomes more dominant when looking beyond the particular raid.

4.6.1. Responsiveness beyond the raid
At the briefing before the raid all the inspectors are equipped with SKAT jackets. These have a big ‘Fairplay’-logo printed on the back. This refers to the raid’s purpose which is to enhance fair play among businesses by doing targeting inspections and by initiating penalties at non-compliant businesses. While we are finding suitable jackets, my contact person explains that fair play is about “noise and once more, more noise. It’s about visibility of SKAT’s actions. We need to have visibility and we need to go public with everything that we do”.

Hence, being at Boss’ Pizzeria, which is a tiny place, the three inspectors (and me) are present with clear logos on our jackets whereby not a single customer can possibly be in doubt about what is going on. Also, at The Husky Inn the logo-jackets made noise; as we are sitting waiting for Erhard to arrive, a guest is having a beer at the bar. Seeing the fair play logos on the jackets the man asks out loudly: “What is fair play?” Jakob explains that we are from SKAT and we are working for fair play among businesses. The man replies:

Oh, bugger! You’re from SKAT!! Damned, it is SKAT who is visiting tonight [he reflects a little, pauses, and then adds]. It is not fair play that you’re just coming unannounced like that!

Let us have a look at SKAT’s own perception of fair play. In addition to creating visibility during the raid, the raid is also related to the webpage called ‘fairplay-skat.dk’. At this webpage it is described what raids SKAT has accomplished and planned in the regions of Denmark and what lines of business are targeted. Some of the raids in 2010 deal with respectively bakeries, brothels, fashion outlets and restaurants. The raids are unannounced in the sense that no particular business knows whether it has been selected for inspection, but the raids are announced as the targeted lines of business are stated at the webpage. In addition, every raid is followed up by a press release describing how many businesses have been inspected and what the results of the raid were. I observed that in the press release relating to the raid I participated in it is stated that a total of 22 businesses received a visit. From these visits three persons ran off, one was arrested by the Police.
because of illegal immigration, five had log-books imposed, one was required to acquire a cash register, and five persons were exposed as receiving welfare payments while working.

The particular raid is also connected to a political agenda. In 2004 the Danish liberal-conservative (rightwing) government published the report *Fairplay* (*Regeringen, 2004*). The report describes the government’s initiatives to enhance minimize untaxed work. The report (1) argues that a practice of cheating and fiddling is quite common among businesses, (2) states that it is unacceptable as it prevents fair competition and it means fewer money to finance key welfare services such as the healthcare system and schools, (3) states that it threatens cherished values which should be safeguarded: “The government believes that the values behind Denmark of today – freedom with responsibility, care for our fellow human beings, and the private property rights – are worth upholding”, (4) finally, this means that initiatives must be started which change the attitudes and practices concerning businesses’ cheating and fiddling, benefit fraud and the use of moonlighting and illegal work (*Regeringen, 2004, 1*). The report hereby launched what have since been called the Fairplay I, II and III legislation. These ‘packages’ of legislation were all different amendments to the current tax and VAT laws whereby inspection of (potential) cheating and fiddling businesses was made easier and the penalties were made more severe. Clearly, the raid cannot be solely understood as a random inspection where inspectors meet taxpayers. Rather the raid is connected to and part and parcel of the government’s attempt to safeguard ‘the values behind Denmark of today’.

Through my description of the inspectors’ Fairplay logo-jackets, the fair play webpage, the press release, and the Fairplay legislation I want to draw attention to a different enactment of ‘responsiveness’. Looking ‘beyond’ the actual raid, such elements as the visibility of the inspectors, the noise they make, and the wish to safeguard ‘the values behind Denmark of today’ are central. Pointing to these connections leads me to suggest that the tax inspectors are engaged in activities that enact responsiveness towards what might be called the ‘general public’. This general public is represented by the man at the bar saying ‘Oh, bugger! You’re from SKAT!! Damned’; by the customers at the pizzeria who are waiting in the line; by the compliant businesses who need to know that SKAT upholds fair competition; and the general public is represented by the Danes that cherish the ‘values behind Denmark of today’. Being responsive towards this ‘general public’ and this public’s sentiments concerning cheating and fiddling with benefits, taxes, moonlighting and illegal work is the key to understand what ‘responsiveness’ is all about during the raid.
As noted earlier Valery Braithwaite has argued that inspectors, in being responsive, are involved in a two-handed game; they have to deal with the wrongdoings of today, while nurturing consent of tomorrow. In the raid, the inspectors’ nurturing of consent is thus not to be understood as if they nurture healthy compliance practices in the *actual inspected businesses*; instead the inspectors nurture compliance *in general* by being *visible*, by making *noise* during the raid and thus instantiating the government’s Fairplay initiatives. In this light, the raid can be described as responsive – not because it is particularly responsive to the challenges or problems of the inspected businesses – but because the raid creates awareness of the inspectors’ work to the wider public. As will be shown below, this orientation has consequences for the individual inspections as these are not as effective as the tax inspectors had hoped.

### 4.7. The debrief; changing between logics

This last section draws attention to the debrief the following day. At this debrief an ambiguous ground for conducting the raid is emphasized as the inspectors bring up a number of thought-provoking views on the raid. Based on a description of these arguments I argue that the inspectors’ confident and legally backed up ‘one-many’ logic, which they use in the businesses as they judge individual compliance, is supplemented by a much more uncertain ‘whole-parts’ logic that they use in discussing future strategies.

As described the raid was organized as collaboration between several local tax units in the area south-west of Copenhagen. Because of this format the following day’s debrief starts out with the inspectors discussing the different strategies for doing inspection used by the participating tax units. It appears that one participating local tax unit, as opposed to another participating tax unit, takes a hard line; according to the inspectors sitting at the debrief the inspectors in the first unit would give a penalty if a business has even 15 bottles without official deposit logos. In the latter the inspectors would never do that as they consider such a breach of the law too marginal to do anything about. This issue of being a hard-liner or soft-liner connects to the problem of having resources to follow up on the imposed log-books. One of the inspectors reflects on the effect of their work:

> It is really strange that there is constantly fraud and mistakes at one third of the pizzerias. Even though we have been focussing on these issues for the last two years there are still lots of mistakes. What is it that we need to do better?
Having observed, the evening before, that the inspectors did not show much interest in the context and reasons for the non-compliance, I am not astonished that their work might have little effect on the level of the individual business. However, the inspectors’ concerns do not prepare the ground for a discussion of better focus on understanding the businesses and their reasons for being non-compliant. Instead, ‘doing more’ is related to a discussion of resources for following up on the log-books, for instance, by giving fees. An inspector adds: “We need to have more focus on following up on the log-books. They need to get fines if they are not filling them out, we need to follow up”. Another inspector comments: “But, that takes a lot of resources”. Hence, ‘doing more’ work and to enhance the effect of the tax inspectors’ work they focus on resources for doing more inspection of the log-books.

The inspectors also discuss the problem of selecting the ‘right’ businesses for inspection. An inspector claims that it is a problem that the businesses which they select are based on the businesses’ industrial classification codes in SKAT’s systems. The problem is that many businesses are registered with wrong classification codes and this means that they will never appear on SKAT’s lists:

When we are driving around in the countryside, we see many pizzerias which are not on our list. They probably use the wrong classification codes. Maybe they are coded as a coffee house or something else. If they use a wrong code, we’ll never see them on our list. I think it might be an idea just driving out into the countryside and see the pizzerias that exist there. We need to look at the pizzerias that exist out there and not only at the ones existing in our systems.

Based on the excerpts, I suggest that a plurality of matters are highlighted by the inspectors whereby the contours of a ‘whole-parts’ logic appear. At the debrief there is no given ‘yard-stick’ or clear definition of how the tax inspector can best increase compliance among businesses. Instead, they emphasize a variety of events that constitute their current practice; the differences in practice for being hard or soft liners, the problems with resources for following up, the problems of businesses that do not change their practice as a result of penalties, and SKAT’s IT-systems that do not mirror reality. These elements add up to a vague whole of the tax inspectors’ work with enhancing non-compliance.
Using the different logics are connected to certain places. In the tax office the inspectors operate with a vague idea of how to ensure compliance; they know that their efforts might not change a great deal, they know that the real fraudsters, the ones that are not on their lists, might not be targeted, and they know that there are no resources for following up on all log-books. By comparison, as the inspectors are in the business offices they judge individual cases of non-compliance by using the ‘one-many’ logic. In the business offices they start out by having a (clear) legal definition as to when a business is non-compliant. Here they ‘screen off’ the emergent parts and vague wholes in order to apply the ‘one-many’ logic. As a consequence, the inspectors move back and forth between the two logics as they move between the offices and as they generalize about different matters: individual cases of non-compliance versus strategies for ensuring compliance.

4.8. Conclusion

The article posed two questions in relation to responsive regulation at its beginning: what is the maneuvering room for the inspectors in being responsive to the taxpayers? and how does responsive regulation take place in practice?

I investigated the maneuvering room for the inspectors by introducing Jonson and Toulmin’s notion of ‘casuistry’. Far from playing an exclusive or indispensable part of decision making their argument suggests that rules have only a limited and conditional role (Jonsen & Toulmin, 1988, 10). This role of the rules I have captured using Helen Verran’s notion of a ‘one-many’ logic which is used by the inspectors and which is based on a legal definition of compliance. This ‘one’ is then measured up against the observed state-of-affairs in the businesses. I contrasted this logic to Erhard’s logic of generalizing; Erhard talked about the situation in his business by listing a plurality of events. The inspectors and the business owners (especially Erhard) come up with the same judgment, but they do it in different ways. That they do it in different ways is also related to the inspectors’ and business owners’ different ‘vocations’; the former need to fulfill their obligations as inspectors, the latter seek to fulfill their roles as business owners.
Looking beyond the generalizations done in the businesses I have argued that the inspectors’ judgments of the businesses as non-compliant rely on their ability to move back and forth between the two logics. In the tax office, the inspectors work with a ‘whole-parts’ notion of non-compliance as they do their work of planning and reflecting upon the raid. In the businesses, when they do their inspection, however, they switch to a ‘one-many’ logic. My analysis thus suggests that being in the business office the inspectors need to make a judgment based upon a rather ambiguous and vague idea of how they actually work with ensuring compliance when they are in the tax office. This situation causes frustration for the inspectors; they are confident in doing their ‘one-many’ generalization in the business office, but they are also aware that the inspections are problematic as they might not target the right ‘fraudsters’ and they might not be effective in nurturing compliance in the long run. Thus, they judge ‘rightly’ in particular situations, but these situations rely on a rather vague ‘selection’. A problem which is apparent to the inspectors and which the analysis of their generalizations make visible.

Looking at how responsive regulation takes place in practice, the analysis shows that the inspectors are not primarily responsive to the individual businesses, their behaviors and their contextual on site accounts. The inspectors and the business owners use different logics as they generalize about the state-of-affairs and because of the incompatibility of the logics on site accounts cannot be incorporated into the inspectors’ logic. Thus, ‘responsiveness’ is not primarily played out in relation to the individual businesses as these are being evaluated, but is to a greater extent played out in relation to the ‘general public’. The logo-jackets, the webpage, the press releases, and the government’s Fairplay initiatives help construct responsiveness to the wider public. It is in these activities that primarily embed responsiveness in the style of ‘nurturing consent of tomorrow’.

I have been able to draw these conclusions concerning responsiveness because of the specificity of the study; the nailing down of what is being asked during the raid, what the business owners are answering, what the inspectors are looking at, what the customers see, what the inspectors and the employees are wearing, what the inspectors are worried about, and how the government ‘talks’ to the Danes’ feelings of safeguarding the values of today’s Denmark. This specificity provides the basis for claiming that responsive regulation is enacted in relation to the ‘general public’.

In arguing this, the analysis exemplifies what Helen Verran calls ‘relational empirism’. In the analysis I have taken plurality as a starting point in not defining beforehand what responsive
regulation is, but in seeing it as a vague whole that must be assembled. In the article I have accounted for the different ‘parts’ (the raid, the jackets, the webpage, the press-releases and the Fairplay initiatives) which become a ‘whole’ (responsive regulation). In my ethnographic story this investigation of responsive regulation is thus in contrast to a ‘one-many’ way of generalizing about responsive regulation. Such an investigation is exemplified by the regulatory researchers’ approach to responsive regulation as described at the beginning of the article. This research has a clearly defined idea of responsiveness that assumes an inspector to be responsive to the behavior of the inspected. Investigating responsive regulation with the ‘whole-parts’ logic provides a radically different understanding of responsive regulation in emphasizing that it emerges in a plurality of instances and among a plurality of actors. Hence, in the analysis I have thus (first) juxtaposed the identified logics in the raid to (second) gain a ‘vague idea’ of what responsive regulation is in practice; I have screened the tax inspectors’ and business owners’ screening of the raid to provide an account of what responsive regulation is. This way of reasoning provides me with a comprehensive, but not a definitive idea of responsive regulation as a phenomenon that is indeed played out in fashions that were not anticipated in the current literature on responsive regulation.

Two final points should be made concerning the work of the tax inspectors as street level bureaucrats who bear the responsibility for the day-to-day front line operation of securing tax compliance. First of all, the way that these inspectors “deliver benefits and sanctions structure and delimit people’s lives and opportunities” (Lipsky, 2010 [1980], 4). Their judgments have effects on whether Erhard and Haachim can continue running their businesses; it affects where their daily bread-and-butter comes from. Thus, consequences follow from the generalizations; the waitress may lose her job at the inn; the pizzeria employee, Muhammed, may lose his unemployment benefits, Erhard might fall even more ill from stress and pneumonia. People and businesses change because of the inspectors’ decisions. Hence, it matters that these judgments are made correctly with discretion, but also that the judgments are accepted.

Second, as Lipsky also points out: “when taken together the individual decisions of these workers become, or add to, agency policy.” (3). The tax inspectors are the ‘faces’ of the Danish Tax and Customs Administration, indeed, to an important extent their actions are the tax administration. Thus, it matters whether their actions and decisions add up to an enforcement strategy building on ‘responsive regulation’. Or whether their actions and decisions add up to an enforcement strategy
building on the idea that inspection of (potential) cheating and fiddling businesses should be made easier and that penalties should be made more severe. If the street level tax inspectors are understood as policy-makers by their very fulfillment of their work, we clearly need to be attentive to how and why they do their work in particular ways. As I have demonstrated, being attentive to different logics of generalizing may be a way of doing so.
5. Chapter Five: The Segmentation Model

Representing and Performing the Taxpayers. An Analysis of the Segmentation Model with Inspiration from Ian Hacking and Donald MacKenzie

5.1. Introduction

Within the last decade tax administrations in several countries have implemented segmentation models (V. Braithwaite, 2003a; OECD, 2004; SKAT, 2009e). A segmentation model divides taxpayers into different categories according to the taxpayers’ ‘motivational postures’. Depending on which category a taxpayer belongs to the taxpayer receives different treatments from the regulation authority. A taxpayer who is seen as willing and able to comply with the tax regulation receives mostly service, while a taxpayer who is seen as opponent and unwilling to comply more often receives inspections and audits (J. Braithwaite, 2002; V. Braithwaite, 2003c). A key feature of segmentation models is that they both represent the taxpayers based on their postures and they seek to shape, manage and change the taxpayers by recommending different treatments. The aim of the model’s targeted treatments is to move taxpayers towards more compliant postures. In Denmark such a segmentation model was implemented in 2005 as part of the Danish Tax and Customs Administration’s change in strategy where greater emphasis was put on servicing and guiding the taxpayers, instead of enforcing compliance by deterring.

In science and technology studies (STS) representations of reality are also often coupled to interventions in that reality. This is often referred to as representations being ‘performative’. Since the mid 1990s a growing body of literature within STS has analyzed different performative effects of representations (e.g. Bowker & Star, 1999; Callon, 1998; Hacking, 2006; MacKenzie, 2006; Pickering, 1995). These studies argue that science, classification systems and (economic) models, respectively, do not only represent, but also perform what they purport simply to refer to. Two notable contributions within this line of research are Ian Hacking and Donald MacKenzie. Hacking known for his work on how classifications make up ‘certain people’ (Hacking, 2006, 2007) and MacKenzie known for his work on how economic models shape the economy (MacKenzie, 2006, 2007; MacKenzie, Muniesa, & Siu, 2007). Hence, both Hacking and MacKenzie provide elaborated frameworks for analyzing performative effects of different kinds.
This article focuses on an analysis of the relationship between the segmentation model implemented in the Danish Tax and Customs Administration (SKAT) and the businesses represented and performed by the model. In the article I use Ian Hacking’s and Donald MacKenzie’s concepts of performativity as an analytical framework to analyse the model’s relations to the businesses. I first introduce the segmentation model, its assumptions and why it was implemented in Denmark. I show that the model contains assumptions about representing as well as performing taxpayers. I then introduce the concepts of performativity, emphasizing different analytical strategies for investigation. In the fourth section I introduce the empirical material which the article draws on and some methodological challenges in studying performativity. In the fifth section, I show that the segmentation model in various ways changes the businesses which it depicts and that the model itself in due course is changed as well. I shall show that the segmentation model posits a cleverness in that it simultaneously alters what it represents and represents this altered reality to confirm the accuracy of its own ‘model’ of the taxpayers’ postures. But also, that the model has a blind spot in that it assumes a world wherein everything around the model is in motion and can be shaped, whereas it believes itself to be stable. I point out how this assumption has been fatal for the model.

5.2. The segmentation model

In 2005 the Danish Tax and Customs Administration (SKAT) implemented a new business scheme called the ‘treatment strategy’ which is closely linked to the implementation of the segmentation model. In accordance with this strategy the tax administration as a whole began advocating (and demanding) new ways of working for the employees. This entailed that the tax inspectors should be more ‘responsive’ to the taxpayers. Specifically a ‘service-minded’ attitude was advocated alongside the traditional ‘deterrence-based’ approach. According to the bureaucrats in the tax administration the divide between the service-minded and the deterrence-based approach required that the tax inspectors developed a more sensitive understanding of the motivational postures of the taxpayers. This new understanding was enabled by the implementation of the segmentation model.
The Danish Compliance Strategy

Creating downward pressure…

Audits and investigation

Determined not to comply

Unwilling to comply, but can be influenced

Targeted and timely information and guidance

Willing to comply, but does not always succeed

Willing and able to comply

Figure 5: The Danish segmentation model. PowerPoint slide from the presentation “The Danish Compliance Strategy”. Presentation for the Fiscalis Delegation in Denmark, November 2009.

The segmentation model\(^{23}\) shows how taxpayers are divided into two broad categories; *opponents* and *partners*, which represent the basic ‘motivational postures’ of taxpayers. Motivational postures refer to the interconnected sets of beliefs and attitudes in relation to tax that a taxpayer openly shares with others (V. Braithwaite, 2003a, 18). The *opponents* are characterized as having motivational postures which result in an orientation towards the tax authority characterized as “Determined not to comply” or “Unwilling to comply, but can be influenced”. The *partners* are viewed as fundamentally more cooperative: they have postures characterized by being “Willing to comply, but does not always succeed” and “Willing and able to comply”. In the model these motivational postures are coupled with corresponding treatment strategies of “Audits and investigation” and “Raised stakes” for the opponents and “Targeted and timely information and guidance” for the partners. SKAT writes:

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\(^{23}\) When the segmentation model is depicted in color (which might be missed in print and photocopy), the model contains a number of bright colors: it is red in the top triangle, yellow in the mid-top, green in the mid-bottom, and white in the bottom area. The colors strongly symbolize a spectrum of ‘alert’-red in the one end and ‘no-problem’-white in the other. It is a color symbolic which has been used much in SKAT. For instance, it is normal to hear tax inspectors talk about ‘red’ or ‘green’ businesses.
The basic idea of the [treatment] strategy is that the treatment of the taxpayers needs to be differentiated and adjusted. This in accordance with whom we are dealing with and to the correct balance between – on the one hand – information, guidance and support to conduct declaration and payment procedures – and on the other hand – control. (SKAT, 2007c, 7)

What is central of the model is that it has a ‘nature’ of both representing and performing the taxpayers. On the one hand, it contains a representational claim as the model shows the segments of taxpayers. On the other hand, we notice that there are different kinds of treatments (audits and investigation, raised stakes etc.) that will be activated to shape, manage and change, that is, perform the taxpayers.

5.2.1. Assumptions in the segmentation model
Originally, the segmentation model was created by the Australian Tax Office which implemented it in 1998 as part of their transition from deterrence-based to responsive-based regulation. As in Denmark, the model’s function in Australia was to facilitate a new view on the taxpayers where the focus was on understanding the taxpayers’ motivational postures and to respond accordingly to these. The Australian Tax Office developed the model in cooperation with the regulatory researchers Valery and John Braithwaite, who both have disciplinary backgrounds in psychology. The segmentation model was later taken up by the OECD in the guidance note Compliance Risk Management. Managing and Improving Tax Compliance (OECD, 2004). In this note the model is described as a tool to recognize the “spectrum of taxpayer attitudes to compliance” (41). It was after the OECD’s recognition and promotion of the segmentation model that the model was implemented in the Danish Tax and Customs Administration as a part of the general introduction of the treatment strategy. SKAT writes:

Australia and New Zealand have experimented with new approaches to taxpayers, and this approach has been adopted by the OECD. This approach is now common in many of the countries which we normally compare ourselves to. We think we too can gain a lot by adopting this approach. (SKAT, 2009e)

From the model’s provenance in the Braithwaites’ research it is based on a number of assumptions which also apply to the model’s use in Denmark. In relation to the quantitative segmentations where the model shows in percent how many taxpayers are represented in each segment the explicit
assumption underlying the model is that: “most of the population is assumed to be located at the base of the pyramid” (V. Braithwaite, 2003b, 5). This assumption was based on a survey conducted by Valery Braithwaite who depicted Australian taxpayers’ motivational postures. The survey was a so-called ‘self-report questionnaire’ wherein 2040 respondents were asked to state their view on various statements concerning tax: “Approximately 92 per cent of respondents relate positively to the posture of commitment [what in Denmark is called ‘partners’] and 73 per cent recognize themselves in the posture of capitulation [i.e. willing to comply]” (2003a, 23), whereas only 7 per cent of respondents recognized themselves in the posture of disengagement, that is, as direct opponents (23). Based on this survey the basic ‘proportions’ of the segments were established and it was demonstrated that most taxpayers were in fact partners willing to cooperate with the tax authority.

The segmentation model also assumes that taxpayers are neither primarily driven by economic interests, a utilitarian logic, nor do they primarily respond to deterrence; instead large segments of the taxpayers respond primarily to service and guidance. The model hereby illustrates that the “‘one size fits all’ conception of threats and punishment…is poorly suited to the empirical realities of the matter” (Job & Honaker, 2003, 113). Thus, working with the model requires that the regulators assume that multiple factors influence taxpayers’ decisions to comply:

   The traditional tax infrastructure of law, auditors, penalties, debt collectors, and court cases needs to be supplemented by measures [such as guidance and service] that boost taxpayers’ commitment to paying tax with or without the tax authority watching over their shoulders. (V. Braithwaite, 2003c, 1)

The assumption that inspections and sanctions should be supplemented by guidance and service can be characterized as convenient and suitable to the Danish context of regulation; it enables the tax authority to show a ‘humane’ face where trust in the taxpayers is advocated and where guidance and service are emphasized rather than deterrence and inspection. This focus on trust resonates with the Danish welfare state and a high degree of trust between citizen and authority. (A Danish saying suggests that Danes pay their taxes – maybe not exactly with pleasure – but at least with appreciation, since they are aware of the common good that the welfare state provides) (See for instance: Jørgensen, 2009). This is different from some other countries, noticeable, the United States where regulation to a much higher degree is based on deterrence (Leviner, 2009).
Finally, an assumption about the segmentation model is that it is cost-effective. This is due to the fact that the taxpayers at the bottom of the pyramid are assumed to be self-regulating. Resources can therefore be directed to effectuating expensive audits at the top of the pyramid. Valery Braithwaite writes:

"Regulatory pyramids are designed to promote self-regulation and they advocate only as much enforcement by the authority as the situation requires to gain compliance. Two basic assumptions underlie their effective use. First, most of the population is assumed to be located at the base of the pyramid. In other words, costly enforcement resources are not wasted on those who are willing to comply, but are reserved for the smaller proportion of the population not willing to cooperate with the authority, clustering around the higher levels of the pyramid. (2003b, 5)"

This assumption about cost-effectiveness was one of the primary reasons for the model’s implementation in Denmark. The situation in Danish Tax and Customs Administration (SKAT) from 2005 and onwards was that the administration was exposed to a severe reduction in terms of manpower: From approximately 12,000 employees in 2005 to approximately 6,800 employees in 2012. Danish politicians demanded an increased efficiency in spite of this decrease in employees. This ought to be feasible, they claimed, due to increasing digitalization of the tax administration and more effective prioritization of resources used on audits and inspections. In relation to the latter, the segmentation model was seen as holding the promise of rationalization enabling better prioritization of resources.

In the years after the implementation of the treatment strategy and the segmentation model major changes occurred in the working practices in SKAT: Inspectors were instructed to provide more service; annual procedures of going systematically through (all) businesses’ accounts were replaced by doing risk analysis; and costly inspections such as audits were targeted the opponent-segment. These internal organizational changes in working practices, however, are not the (primary) focus here24. Instead, focus of this article is on the segmentation model’s relationship to the taxpayers whom it claims to represent and whom it aims to shape, manage and change. To be able to

24 See chapter four for an analysis of how tax inspectors navigate in doing responsive regulation and see chapter six for an analysis of how work is done in a specific ‘treatment’ project. Compared to the present article, the two other chapters focus much more directly on how work is carried out under these new working conditions due to the new strategy.
conceptualize this relationship – between *representation* (the model) and what is *represented* (the businesses) – the next section introduces different ideas about performativity.

### 5.3. Concepts of performativity

'Performative’ and ‘performativity’ are currently among the most widely deployed concepts in the social sciences and humanities. (du Gay, 2010, 171)

Social scientists often talk about performativity. They refer to a “post humanist performativity” (Barad, 2003), “performativity of economics” (Callon, 2010; MacKenzie, et al., 2007), a “performativity program” (Callon, 2010, 163), a “performative idiom” (Pickering, 1994, 1995) or they might talk about “theorists of performativity” (Butler, 2010, 154). In describing what performativity is all about philosopher Judith Butler writes:

> I am aware, for instance, within the social sciences more generally, that performativity has become a way to think about ‘effects’, in particular, to supply an alternative to causal frameworks for thinking about effects. (2010, 147)

Most researchers operating within science and technology studies (STS) would probably agree with Butler’s characterization that performativity connects to endeavors of thinking about ‘effects’. This agreement includes the theorists in focus here: philosopher and historian of science Ian Hacking and professor of sociology Donald MacKenzie. These two prominent figures within STS have contributed to how the concept of performativity is used within STS and social science in general. Ian Hacking and Donald MacKenzie share the ambition of analyzing what is the relation between our knowledge and the world and they focus on questioning how representations have effects on what they represent. That is, how they are performative. Thus, Ian Hacking and Donald MacKenzie have – in different ways – argued that classifications and models, respectively, are entities that do not only represent something ‘out in the world’ but these entities do things.

Under the headline of *Making up People* Ian Hacking has argued that classifications make up people, as “‘kinds of people’ would not have existed, as a kind of people, until they had been classified, organized and taxed” (2007, 288). Hence, “I have long been interested in classifications of people, in how they affect the people classified, and how the effects on the people in turn change the classifications”. (2007, 285). Ian Hacking has developed what he calls a ‘five-part framework’ for analyzing the relationship between classifications and the classified (2006, 2007). In this
framework he focuses upon: (a) – a *classification* whereby something is classified; (b) – the *people*, i.e. the individuals that fit into the various classifications; (c) – the *institutions*, for instance, tax collectors who work within bureaucratic structures; (d) – *knowledge* of the kinds of people classified; and (e) *experts* who generate or legitimize the detailed knowledge (2007, 296ff).

According to Hacking, these five elements interact and in this interaction it becomes apparent that what we might think of as given entities defined by definite properties are

moving targets because our investigations interact with the targets themselves, and change them. And since they are changed, they are not quite the same … That is the looping effect. Sometimes our sciences create kinds of people that in a certain sense did not exist before. That is making up people. (Hacking, 2007, 293)

In relation to ‘making up people’ and seeing them as ‘moving targets’ Hacking also introduces another concept: ‘engines of discovery’. According to Hacking, engines of discovery are mechanisms such as counting, quantifying, correlating, bureaucratizing and so forth. These engines are designed for discovery and for producing knowledge of the subject in question whereby these can be classified (2006, 24; 2007, 305ff).

Donald MacKenzie also analyses performativity. His book *An Engine, Not a Camera* (2006) provides a telling slogan for his approach. Looking at financial models, MacKenzie claims that economic models *do* things, rather than simply picturing an external reality (2006, 2009; MacKenzie, et al., 2007)\(^{25}\). MacKenzie’s argument is that models are *engines* capable of performing the economy, not only *cameras* representing the economy. To characterize more precisely different degrees of performativity MacKenzie works with what he calls a ‘possible classification’ of three levels of performativity. First, MacKenzie describes *generic performativity* which is the “weakest” form of performativity (2006, 16). This builds on the idea that: “An aspect of economics (a theory, model, concept, procedure, data set etc.) is *used* by participants in economic processes, regulators etc.” (17 – my italics). Second, Mackenzie writes about *effective performativity* which implies a

\(^{25}\) Donald MacKenzie operates within the broader field of *Social Studies of Finance*. In this line of research several other central studies could be mentioned (Callon, 2007, 1998; Callon, Millo, & Muniesa, 2007; Callon & Muniesa, 2005; Garcia-Parpet, 2007; Muniesa, 2007). They all thematize how different market mechanisms are performative. The reason why MacKenzie’s work is highlighted here is because of his elaborated description of how to conceptualize performativity.
“stronger” meaning of performativity (8). This form of performativity investigates whether the “practical use of an aspect of economics has an effect on economic processes” (17 – my italics). The idea is that: “For the use of a theory, a model, a concept, a procedure, a data set, or some other aspect of economics to count as effective performativity, the use must make a difference” (18). The third and “strongest” kind of performativity is divided into Barnesian performativity and counterperformativity (18-19). Barnesian performativity refers to a situation where the use of economics simply does not have any effect on economic processes, but “aspect[s] of economics alter economic processes so that they are more like their depiction by economics” (2007, 77, - my italics)26. Counterperformativity is the opposite. Here the idea is that the “effect of the practical use of a theory or model may be to alter economic processes so that they conform less well to the theory or model” (19 – my italics).

The reason why I use Ian Hacking’s and Donald MacKenzie’s approaches to analyze the segmentation model is that they can help me bring out what the model does. If we look at the segmentation model naturally without any theoretical optic the model seems remarkable ‘innocent’; it is but a model that depicts the postures of the taxpayers and which prescribes treatments to enhance their tax compliance. However, Hacking and MacKenzie teach us that no model is innocent. Instead, models make up kinds of people and models perform what they purport simply to refer to. Hence, using Hacking’s and MacKenzie’s concepts allows me to sharpen my understanding of what the segmentation model does in relation to the businesses.

5.4. The empirical material

As far as I understand Hacking and MacKenzie agree that a difficulty is “empirically [to] ... determine what effect, if any, the use of economics [or classifications] has on the economic process [or the kinds of people] in question” (MacKenzie, 2006, 18). The problem lies in analyzing the relationship between a thing in the world and its representations and how they perform each other – if they do so. This is a problem as typically there are no univocal cause-effect relationships between the two and as the thing in the world can be distant from (or even unknown to) its representations. Here one cannot simply ‘see’ how the two relate to one another. Particularly MacKenzie writes

26 MacKenzie has named this strongest version of performativity after Barry Barnes. Barnes is Professor of Sociology and MacKenzie explains the reference with Barnes’s focus on “the central role in social life of self-validating feedback loops” in work done by Barnes in the 1980s (MacKenzie, 2006, 19).
about these methodological difficulties in studying performativity: “the extent of the ‘fit’ between a theoretical model [a representation] and pattern of prices [the represented] cannot be determined by simple inspection” (2006, 24-25) and he states that performativity should be studied over time or “Ideally, one would like to be able directly to compare processes with and without use of the aspect of economics in questions” (18).

These methodological criteria are interesting to consider in relation to my endeavor of investigating the relationship between the segmentation model and the businesses as I cannot at first approximation ‘live up’ to these criteria. First of all, it has been impossible to follow MacKenzie’s suggestion to study the segmentation model over a longer time span as the model was first implemented in 2005 and as the Compliance-project which accomplished the segmentations was not initiated until 2007. Compared to MacKenzie’s study which covers several decades, this relatively short time span (from 2007 until 2010) might be seen as a hindrance for investigating the relationship between the model and the businesses. Second, my study cannot live up to MacKenzie’s ideal of comparing a situation with and without the use of a model, as the segmentation model has been implemented in all of SKAT. I simply cannot compare processes with and without the segmentation model.

Despite not being able directly to ‘live up’ to MacKenzie’s methodological criteria the empirical material which forms the basis of the analysis does provide data about the relationship between the model and the businesses. I draw on three kinds of empirical material: explorative interviews, official documents and scholarly literature. I interviewed the owners or bookkeepers of 12 businesses and the external consultants of six of these, totaling 18 interviews. The interviewed businesses were selected on the criteria that they were small and midsized and were segmented to be in the white bottom segment. This meant that they as a rule were compliant and that none of them had arrears, late payments, debt to the tax administration or other noticeable flaws. The criteria of being white was prioritized as the interviews were aimed at identifying how ‘white-compliance’ is played out on an everyday basis. Regarding the official documents the article relies on written material from SKAT describing the model; references are given to SKAT’s own reports, PowerPoint slides and statistics on the segmentation model and the actual segmentation of the businesses. Finally, I draw on scholarly literature on the segmentation model which refers to Valery and John Braithwaite’s descriptions of the model as they so speak ‘invented’ the model.
There is no doubt that the segmentation model and the businesses which I describe in this article are potentially far away from each other; the model being a *strategy*, a *piece of paper*, a *philosophy* and an *intension* about enforcement that exist in SKAT, while the businesses are *entities spread all over the country*. However, I believe that the empirical material thematizes their relationship due to the various statements from the interviewees and due to the various official documents which SKAT has produced to account for this selfsame relation.

**5.5. The segmentation model as a camera and an engine**

The presentation of the segmentation model at the beginning of the article is already a step into a Hacking-analysis of the performativity of the model. Indeed, recalling his five-part framework I have already accounted for several parts of this. I have described the *classifications* – the segments – whereby the taxpayers are categorized. We do not yet know much about the *people* who fit into the segments – but this will be elaborated shortly. We know something about the *institution*, SKAT, which has implemented the model and why it has done so. We also know a little about the *knowledge* of the kinds of people segmented. Here, for instance, Valery Braithwaite has provided knowledge of the taxpayers through the self-report questionnaire. Lastly, I have also introduced the *experts* (again the Braithwaites and the OECD) who generate and legitimate the model. Following Hacking’s approach and being interested in grasping *what the segmentation model actually does* in relation to *people*, i.e. the businesses it represents, the reader needs to know more about the ‘engines of discovery’ in SKAT which create knowledge of the businesses. Consequently, the next section presents empirical material that illustrates how the segmentation model *depicts the postures* of the businesses in the Compliance-project and in the automatic segmentation of businesses.

As described earlier, the segmentation model was implemented in the Danish Tax and Customs Administration in 2005. However, in the first years of its introduction the model mostly worked as a vision of how enforcement should be targeted at different taxpayers. It was not until 2007 that SKAT initiated the Compliance-project. The aim of this project was to provide the quantitative segmentations of the taxpayers and thereby provide statistics representing the motivational postures of the Danish taxpayers. To accomplish this quantitative segmentation, the Compliance-project
conducted an inspection of 22,000 randomly selected businesses and individual Danish taxpayers. The aim of the project was to measure the level of tax compliance in selected businesses in relation to different parameters (sector, age, income, sex, geography etc.) and to measure the overall tax gap. The purpose of this was to provide SKAT with a management tool for managing most effectively its resources in balancing between the cuts in manpower and the aim of enhancing tax compliance and minimizing the tax gap. What the project did was thus to provide the specific Danish content to the segmentation model as SKAT had no prior knowledge of the motivational postures of the Danish taxpayers.

Basically, the idea of the Compliance-project was that at each random inspection the participating tax inspectors should rate the inspected taxpayer’s motivational posture. Hence, whereas Valery Braithwaite in Australia conducted a national survey to see the spread of the taxpayers as these self-reported their posture by answering questions, SKAT embarked on a strategy of letting the tax inspectors rate the motivations.

**Figure 6: Process diagram for rating motivational postures. Appendix figure in the report on the compliance-project concerning businesses (SKAT, 2009b)**

27 As the Compliance-project was running in 2007 and 2008 it seized approximately 325 man-years every year (SKAT, 2007a). This corresponds to nearly one-third of the man-years allocated to inspection in SKAT. Hence, the project was the focus of the tax authority and a very costly investment.

28 The tax gap is the difference between the revenue that is collected and what ought to be collected if no non-compliance, fraud and mistakes are present.
In doing these ratings the tax inspectors were equipped with the above process diagram. Their rating is described by SKAT in the following way:

When a case worker has completed a case, he or she must assess the degree to which the regulations have been complied with ... This is a newly established method of grading on a scale from 0 to 6 [from red to white]... Actual placement on the scale is made primarily according to objective criteria. (SKAT, 2009b, 12)

Thus, evaluating each random inspection the inspectors first needed to judge whether the inspection resulted in ‘an adjustment to the taxable amount’. If yes, the inspectors had to judge whether the adjustments were assessed as being the result of deliberate falsification. The inspector then had to judge whether it was a ‘prosecutable offence’ etc. (see diagram). It was also stated by the report from SKAT that the tax inspectors had to judge whether the “errors are mainly the result of misunderstanding or ignorance of the rules – i.e. are connected with a high level of willingness to comply“. Or “If on the other hand the errors come from a deliberate attempt to cheat – i.e. are connected with low levels of willingness to comply” (SKAT, 2009b, 13). How this judgment can amount to a rating based on ‘objective criteria’ – as stated in the citation about – is not evident. The report itself does not comment on this point, but the tax inspectors’ individual ratings of the taxpayers have been much debated within SKAT and by the tax officials planning the project. In personal communication they have expressed great concerns about the actual diversity in how the tax inspectors’ around the country have interpreted the diagram. Clearly, they were aware that the ratings have varied and in spite of their attempts of ‘streamlining’ the ratings these were seen (although not reflected in the written material) as questionable.

Setting these methodological issues aside and looking at the results of the inspections of the well over 11,000 businesses, the outcome of this exercise was that 53.3 percent of the audited businesses were judged to be in the bottom white segment. Scaled up to apply to all businesses in Denmark this corresponded to approximately 300,000 businesses being in the bottom segment. 39.3 per cent (scaled up to approximately 238,000 businesses) were estimated to be in the green segment. 7.2 per cent (scaled up to approximately 83,000 businesses) were estimated to be in the yellow segment. And finally 0.2 percent (somewhere between 300 and 500 businesses) were estimated to be in the upper red segment (SKAT, 2009a, 19). Based on these segments the report on the businesses concludes:
The underlying distribution showed that fully 93% of all businesses could be viewed as *co-players*, while only 7% had to be regarded as *opponents*. A very large majority of businesses thus aims to follow the rules. (SKAT, 2009b, 1)

The Danish findings nicely confirm Valery Braithwaite’s assumption that: ”most of the population are assumed to be located at the base of the pyramid”. (V. Braithwaite, 2003b, 5)

As the Compliance-project focused on creating an overall picture of the motivational postures of Danish businesses and where they were placed in the model, an additional initiative of doing automatic segmentations was started to know more about the postures of each individual business. Hence, SKAT also started doing annual segmentations of businesses based on an automatically assessment of these. In 2007 SKAT had a total of 622,360 businesses registered in their databases and concerning the treatment of these SKAT writes: “To differentiate the treatment it is necessary that SKAT has a picture of who are partners and who are opponents. This happens by way of a segmentation based on a number of objective criteria” (SKAT, 2007c, 7). In 2007 these criteria amounted to 29 criteria and concerned, for instance; whether the businesses in question had been ‘issued an enforcement notice’, if so, the business was automatically segmented as green; or whether the businesses in question had been ‘issued an enforcement notice of filling out a log-book’, if so, the business was automatically segmented as yellow as this indicated that the businesses’ paper work was insufficient (SKAT, 2007c). Comparing the segmentation based on the inspectors’ ratings in the Compliance-project and the automatic segmentation based on the 29 criteria the results showed (luckily) a similar spread of the taxpayers into the segments (compare SKAT, 2007c, 4; to SKAT, 2009b).

As the information in SKAT’s IT-systems allowed all kinds of correlations the main report on the automatic segmentation reported on how the segments spread across the regions of Denmark (SKAT, 2007c). From the report it appeared that businesses in the Copenhagen-area were less compliant than in western Jutland. And it appeared that such sectors as ‘Building and construction’ and ‘Hotels and restaurants’ are more often to be found in the upper red segment, than for instance, a sector such as ‘Energy and water supply’ (SKAT, 2007c, 35-26). Thus, based on this automatic

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29 See note 23 on the color used in the segmentation model.
segmentation it was possible to construct ‘maps’ showing compliance. The map below shows that ‘compliance-rates’ are highest and thereby most compliant in the darker area of western Jutland and least compliant in the lightest area around Copenhagen\textsuperscript{30}.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{national_compliance_map.png}
\caption{National compliance map. One example of a map presented among several in the report on the segmentation of businesses in Denmark based on automatic segmentation. The rating 0 indicates serious mistakes, while the rating 6 means perfect tax compliance.}
\end{figure}

\textsuperscript{30} The report asks: “What are the causes for this? Is the tax morale higher in western Jutland than in Copenhagen, or are the tax units in western Jutland better at doing their enforcement? Or is there an altogether different explanation?” (SKAT, 2007c, 44) The report concludes that the difference is due to the fact that the behavior of the businesses in Copenhagen is significantly poorer (56). \textit{Why} it is poorer, however, is not explained.
The Compliance-project and the automatic segmentation show how SKAT has produced knowledge of the taxpayers and content to the segmentation model. Following these two initiatives Danish businesses were segmented. These results have been presented and used internally in SKAT, but SKAT has also presented the findings in several international forums. Below is a PowerPoint slide from a presentation in Vancouver, Canada, 2009. Here two tax employees from the main office of SKAT presented the Danish strategy at an OECD arranged conference on tax compliance. The slide illustrates that SKAT not only had the segmentation model as a vision, it has also filled out the model with its own representations of the Danish businesses. It has created a management tool that shows where “Enforcement – sanctions” should be targeted and where “Dialogue” should be used.

![PowerPoint slide](image)

**Figure 8: Compliance strategy Businesses.** PowerPoint slide from the presentation “Denmark’s New Compliance Strategy”. Vancouver, Canada, May 2009. The conference was arranged by the Compliance Sub-group, a group working in auspice of OECD.

Returning to the concepts of performativity presented earlier, it is possible to characterize the above as an illustration of what Hacking calls ‘engines of discovery’. SKAT has counted, quantified and correlated the taxpayers; SKAT has produced knowledge of the businesses and made a representation of these by the percentages of businesses divided into each segment. Obviously, the segmentation model has classified the businesses with the intention of controlling, helping, organizing, understanding and changing them. The Compliance-project and the automatic segmentation thus function as a ‘camera’ that has depicted the reality of the businesses both at large (picturing the whole ‘pool’ of businesses) and at a smaller scale by placing each business in a
segment. Hacking states that such classifications are not merely representations. Instead, they are also ‘making up people’. As stated earlier he claims that ‘“kinds of people’ would not have existed, as a kind of people, until they had been classified, organized and taxed” (2007, 288). Hence, the classifications have performative effects in making up new people: “Sometimes our sciences create kinds of people that in a certain sense did not exist before. That is making up people” (Hacking, 2007, 293). If we look at the segmented businesses and follow Hacking’s reasoning, it is relevant to ask how we may perceive the segmented businesses as being ‘made up’ as effects of being classified by the model. How does the model – qua its representations – ‘create’ kinds of businesses that ‘in a certain sense did not exist before’? That is, how does the segmentation model not only represent, but also make up the segmented businesses? To understand this, I draw in the explorative interviews which express a number of individual perceptions of the segmentation model.

5.5.1. Making up new businesses
In an interview I was asking Torben, an accountant at a large Copenhagen based accountancy firm, about his knowledge of the segmentation model and SKAT’s new treatment strategy. He explained that he knew the model and:

I really think that it is quite right that SKAT has tried to divide them [the businesses]. In that case, SKAT has done a good job. It has been a pleasure to experience that segmentation of the taxpayers. You know, in the past we felt that inspectors from SKAT came and just placed themselves in the businesses to do audits, and they did it in businesses which we believed were running after the books. Really, there was nothing to complain about in those businesses. Now, these businesses have been left out of focus ... You know, instead of SKAT shooting broad with a shotgun. Then today, SKAT is shooting with a saloon rifle with a rifle telescope. (Interview S: 17-21)

Another accountant, Erling, who had a one-man accountancy firm in the countryside, explained that he found that SKAT had become very invisible within the past few years. He stated that this was probably due to the whole restructuring of the tax administration:

They [SKAT] are very not visible at all. I mean, they are visible on the internet and places like that, there they are visible enough. But, you never see them face-to-face ... I haven’t had a visit for 3-4 years. I haven’t received a request about anything. You
know, where they ask for something. It is a very, very long time since I have heard from them. (Interview Q: 8-9)

The accountant, Torben, furthermore described what he experienced as a different kind of tax inspector:

In the old days; 10 years ago, I think you've experienced that you sent something to SKAT without getting answers...But that has only been the case once in the last 5 years...I think, I can feel that SKAT has changed, at least in relation to many of the young people I know at SKAT. It is another type of employee you meet. They really would like to help the businesses. At least that is the case with the businesses that I deal with. What I hear back from the businesses’ accounting department is also, that they encounter a different attitude from the inspectors. They like to assist to the extent they can. (Interview S: 4-5)

That the tax inspectors express different attitudes was a recurrent theme in the interviews. For instance, a business owner in a small design company also explained that he felt that SKAT was more tolerant and service-minded towards taxpayers who tried to do their best, even though they made mistakes (Interview C: 1). In relation to an earlier visit from SKAT he explained that the tax inspector had found that generally everything was fine with his accounts, but there were a few mistakes here and there. The business owner explained that the inspector had told him:

Now you have explained to me how your routines are, that is fine, but you just have to have the mistakes corrected. We’ll not do anything more about it now. But if we come here on the next inspection and find that the same mistakes are here, then it is not good. (Interview C: 8)

The owner commented: “I think that is fine and fair talk. That is the way things should be solved. We had some lapses but all in all, the inspector sensed that things were fine and then there was no catastrophe” (Interview C: 8). These quotes make it clear that the interviewees perceive a different attitude emerging from the tax inspectors. The inspectors are generally perceived as more service-minded and helpful; the businesses experience fewer inspections; they feel that SKAT does not often call back for more information; they see that inspections are more targeted; they have less fear of the inspectors; and they experience more ‘fair talk’. One emphasized that SKAT appeared
invisible. This, most likely, is an indication that the accountant and his businesses are segmented as partners and therefore do not receive unnecessary inspections. In relation to these changes the point is that many of these changes (if not all) can be connected to the implementation of the segmentation model and the treatment strategy. What they do is exactly to emphasize differentiated and targeted treatments where, indeed, the compliant taxpayers should perceive that they receive more service and guidance instead of inspection.

I read these statements as indicating that the segmentation model has participated in constructing – with inspiration from Hacking – a new way to be a business. For instance, in 1995 being in the ‘white’ segment was not ‘a way to be a business’; a business could not experience itself as such with service and trust, and they could not interact with its accountant as such. But in 2010 being a ‘white’ business is ‘a way to be a business’ (see inspiration: Hacking, 2006, 23). The businesses interact with the tax inspectors in new ways, they experience themselves as less fearful, experience more guidance, and they ‘live in a society’ where the tax authority is perceived as fairer and more helpful than earlier. Understood in this way, the segmentation model has indeed had effects on the businesses in creating businesses that ‘in a certain sense did not exist before’. Something new has been made up as a consequence of the model; a new way to experience oneself as a specific business with specific characteristics and with a specific relation to the tax authority.

Hacking states that we tend to think in the first place of “these kinds of people as definite classes defined by definite properties” (2006, 23). Drawing an analogy to the businesses we might think of the segmented businesses as having definite properties; it is indeed according to these properties that the businesses have been segmented. The argument from SKAT seems to be that there are businesses ‘out in the world’ and they have definite properties – for instance as being compliant or non-compliant – and these properties can be defined and categorized by SKAT’s ‘segmentation-engine’. But as Hacking states, thinking about it a bit more, these ‘kinds of people’, here segmented businesses, do in fact not have definite properties. On the contrary, Hacking argues that they are “moving targets because our investigations interacts with them, and change them” (2006, 23). My interest in this latter claim from Hacking is to investigate in what ways the segmented businesses can be understood as ‘moving targets’. Not only are they – in conjunction with the model – made up as businesses that ‘in a certain sense did not exist before’. In addition, they are also (if we follow Hacking’s thoughts) changed as they interact with the model. In the following section I investigate
different situations in which the interviewees describe the businesses as such ‘moving targets’. As it will become apparent from the excerpts, the relations between the model and the businesses, however, tend to become less clear.

### 5.5.2. Moving targets or ignorant targets?

The accountant Bent stated that he had a ‘good feeling’ of the segmentation model, however:

> There is some kind of a sprouting effect ... people both use and misuse the segmentations. You know, we stay here, we place ourselves in one segment and then we stay there. And that is with ‘God’s peace’, we stay in place ... People very quickly figure out that there is a segmentation, and then we try to adapt to it. You report on time and pay as you are supposed to. So, the surface is noble ... The idea that we can be in hideout and not make too much fuss about ourselves. That is something we remember. (Interview R: 7-8)

Concerning the same matter the accountant Tora stated:

> I’ve heard that SKAT divides businesses according to how good or bad they are in relation to doing their accounts. I’ve heard about colors, but, how SKAT does it, that I do not know anything about. But as I understand it, it is some kind of ’stamp of approval’ and these businesses are not so often selected for inspection. (Interview O: 4)

Asbjørn, also accountant, reported the following on the segmentation:

> I know those four color codes, and that they [SKAT] divide businesses ... However, the basic criteria for when you are put into one category instead of another, that I do not know. It is only on a more overall level that I kind of know whether a business is a partner or an opponent ... And, SKAT has not provided any information about this. (Interview N: 3-4)

Furthermore, he commented that SKAT’s segmentation model has the effect that only certain targeted segments are inspected. When the businesses which he advices experience that they are not being exposed to inspection (as they are not in the targeted segments), they still do not try to cheat:

> “It is not my perception that these businesses say; ‘alright, there is no inspection here, then we
might just as well try to cheat””. (Interview N: 9). A business owner in a small design company had been informed about the segmentations from his accountant and explained:

And I have been told that in relation to SKAT you receive grades. Like, they say, this business is normally OK, and to other they might say that they are charlatans. And generally, in those businesses where it is normally OK, where things are running fine, these businesses are pretty preserved from inspection. (Interview C: 7)

The accountant Torben further commented on SKAT’s 29 segmentation criteria: “I do not have any knowledge of the precise objective segmentation criteria. And I do not believe that the businesses speculate in [complying with] them” (Interview S: 11). These quotes indicate a number of interesting and contradictory things. First of all, they indicate that some of the businesses speculate in the segmentation model. They see it as positive to avoid inspection and they try to place themselves in ‘hideouts’, try to ‘preserve themselves from inspections’, or they try to get ‘stamps of approval’ whereby they are ‘out of sight’ of SKAT. One accountant even indicates that living up to the segmentation criteria is a way of having a ‘noble surface’, implicitly saying that things can happen underneath this surface. These statements speak in favor of the claim that the businesses are ‘moving targets’; the businesses gain knowledge of the segmentation model, though scarce, it is enough to make (some of them) direct their practices so that they live up to the segmentation criteria and become more compliant (unless things are happening underneath the ‘noble’ surface). They place themselves in a segment that prevents them having SKAT coming on inspection. Hence, in this way the quotes illustrate that the businesses are ‘moving targets’; some of them do change their practices and ways of being a business as they interact with the segmentation model. Thus the model has the built-in motivation that if the businesses mould their practices to demonstrate tax compliance then they will experience fewer inspections.

On the other hand, however, is the point that not all of the businesses seem to change their practices due to the model. This is either because they simply do not speculate in the model, or because they do not know the segmentation criteria and therefore quite evidently cannot operate strategically towards them. Hence, several of the accountants and business owners are not aware of the specific segmentation criteria as they have not been in communication with SKAT, neither have the businesses been directly informed by SKAT about how they are segmented. Likewise, one of the accountants directly expresses that he does not perceive – even though the businesses are aware of
the segmentations – that the businesses act strategically towards the segmentation model’s classifications in taking advantage of their not being ‘targeted’. Together this indicates that not all of the businesses can be characterized as ‘moving targets’. Instead, they might better be characterized as ‘ignorant targets’ because they are not aware of nor influenced by SKAT’s ‘segmentation-engine’.

What this description of the businesses as moving or ignorant targets illustrates is that theoretically speaking it is straightforward to ‘mimic’ Hacking’s statement of ‘moving targets’. However, the task of empirically accounting for this is more difficult. Several matters complicate the situation: First of all, it is problematic that the model and its criteria are not known to all of the interviewees. In such a situation it is tricky to claim that the businesses change their practices as they interact with the model. Secondly, expressing a bit of (self)-reflexivity it is also possible to question my claim that the businesses are ‘moving targets’ in another way. This relates to the issue that my analysis relies solely on what the businesses say they do. Unfortunately, I have no observations or material indicating how the businesses in practice change their practices in relation to knowledge of the model. A caveat of the analysis is thus that I rely on what the interviewees are telling me, not what I observe them doing. Despite these difficulties in determining empirically what precise effects the model has had or has not had on the businesses’ practices, it is clear that some shifts in the relationship have occurred. Due to the model a different tax inspector has appeared, more targeted inspections are conducted and a more service-minded attitude is advanced. However, whether this necessarily results in ‘moving targets’ is more ambiguous.

To demonstrate that the segmentation model and the treatment strategy in general have indeed had effects on the relationship between SKAT and the businesses one can also turn to SKAT’s own evidence of these effects as SKAT monitors the effects of its own strategy and appearance. Every second year SKAT thus effectuates large scale surveys of Danish businesses’ attitudes to SKAT. In the survey conducted in 2009 SKAT concludes that:

27 per cent of the businesses which have received a visit from SKAT have assessed the visit to be a ‘service visit’. In 2007 this percentage was 19. This result is in line with SKAT’s strategy [the treatment strategy] concerning giving guidance and service before inspection. (SKAT, 2010, 1)
Hence, SKAT itself has identified positive effects of its strategy of “primarily doing guidance-visits as opposed to inspection-visits” (8). This certainly indicates that a ‘new way to be a business’ is under way; more businesses are perceiving themselves as being in a category of businesses receiving ‘service visits’.

5.5.3. Making the segmentation model truer
So far the analysis has referred to Ian Hacking’s approach to studying effects. However, many of the insights presented also fit with Donald MacKenzie’s approach of identifying different levels of performativity, recalling that MacKenzie talks about generic performativity, effective performativity, Barnesian performativity and counterperformativity. With reference to these concepts I can claim, first of all, that the presented empirical material indicates that the segmentation model has been performative in the first generic sense; the model has clearly been used by SKAT. Second, the empirical material also indicates that effective performativity has been at play as the use of the model has had effects; new tax inspectors have come about and the businesses experience themselves in new ways. Had the segmentation model and the treatment strategy not been implemented these effects and differences would probably not have occurred in the same way. Thirdly, MacKenzie talks about Barnesian performativity and counterperformativity. These forms of performativity will be in focus in the following. In MacKenzie’s terminology, Barnesian performativity refers to the strongest version of performativity. In this a model alters the objects which it represents so that the objects become more like their depiction by the selfsame model. This has the consequence that whichever model that exposes Barnesian performativity will become truer and truer. This is due to its ability to being still better at predicting the behaviors of the objects that it is aimed at describing, precisely because it alters these to fit the model’s predictions.

I will argue that such a mechanism is at play in the presented material. In both Valery Braithwaite’s survey of the Australians’ self-reported motivational postures, in SKAT’s Compliance-project and in the automatic segmentation a certain ‘model’ of the taxpayers’ motivational postures is presented. It is a model that depicts that most taxpayers are placed in the bottom white segment of the pyramid and which indicates that these taxpayers have a cooperative posture. What is interesting about this ‘model’ of the taxpayers’ postures is the segmentation model’s barefaced aim directly to produce this reality. This is done by presenting treatments (audits and investigation, raised stakes and targeted and timely information and guidance) which produce this state of affairs. Hence, these
treatments make the businesses try to place themselves in ‘hideouts’, try to ‘preserve themselves from inspections’, or try to get ‘stamps of approval’ and stay ‘out of sight’ of SKAT. These are activities which place the businesses at the bottom of the pyramid and thereby confirm the truthfulness of the segmentation model’s assumption that most taxpayers are indeed in the white bottom segment. However, this is not in any way the natural state of affairs of the businesses; it is an effect of the use of the model. What the segmentation model does is thus simultaneously to alter what it represents and to represent this altered reality to confirm the accuracy of its own ‘model’ of the taxpayers’ postures. This is indeed an interesting feature of the model and it confirms MacKenzie’s point that models may at times express *Barnesian performativity*.

When MacKenzie talks about *Barnesian performativity* being present as an economic model (the Black-Scholes model) it alters what is refers to (the option-pricing) so that the prices start to change towards greater conformity to the model of the prices, the reader of his analysis gets surprised by this mechanism as one would expect the model only to represent the economic reality. As MacKenzie writes there is a certain nature of the model of aiming at representing economic processes (MacKenzie, 2006, 6). In a very important aspect the segmentation model is a radically different empirical entity from the models that MacKenzie looks at and from which he develops his theories of performativity. The nature of the segmentation model is that it prescribes treatments to shape the taxpayers in moving down the pyramid; taxpayers are purposefully altered as an effect of the model. However, at the same time, due to the model’s representational aim, it also depicts exactly this move that it has itself initiated.

What I want to highlight is thus the cleverness that the inventors of the model must have posited. They have invented a model that does not only express *Barnesian performativity*, but a model wherein the mechanism of *Barnesian performativity* is an aim. The model explicitly shapes a reality that confirms the predictions of the model. In this way the nature of the model in focus here is different from MacKenzie’s representational model; the segmentation model both purports to represent and perform the businesses in one and the same movement. Due to the nature of the segmentation model we cannot be too surprised by the fact that it actually expresses *Barnesian performativity*. However, we can be surprised at its barefaced aim to do so and its successes (or failures) in doing it.
Thus, a twist to the *Barnesian performativity* of moving the taxpayers down the pyramid is that the model apparently works best in economically *good* times. In a newspaper article the former CEO of SKAT explains that the treatment strategy was planned and implemented in the early-mid 2000s when Denmark was in a financial boom; the number of bankruptcies and debt-burdened taxpayers were the lowest on record. In 2008, on the other hand, SKAT sees more and more arrears. The CEO explains:

> We know from experience that in times of crisis there is a need for more inspection of the financial accounts. Simply because some businesses try to cope with the financial crisis by cutting down their taxes. The businesses become more speculative in time of crisis. (Olsen, 2008)

Thus, in economically *bad* times there is a need for more inspection and the businesses move up the pyramid; they become more non-compliant. This indicates that the model can, so to speak, only make itself truer in economically *good* times. By comparison, in times of crisis the assumption that ‘most taxpayers are in the bottom white segment’ is made a more unstable fact. I might even suggest that elements of what MacKenzie describes as *counterperformativity* is present at such times as the businesses’ practices start to conform *less well* to the model’s depiction. Hence, the assumption of the segmentation model that most taxpayers are in the bottom white segment is not seen by the tax administration to be universally true. Rather, it is a relative truth varying with the economic situation of the country. That the businesses’ practices conform *less well* to the model in economically *bad* times is also shown by SKAT’s own statistics. Beneath are the three most current segmentations of Danish businesses. Recalling that in 2008 the percentage of businesses in the write bottom segment – just before the financial crisis began – was 53.3 per cent (SKAT, 2009a).

Looking at the figures below we can see that in 2009 they declined to 47.3 per cent, in 2010 further down to 44.1 per cent. In 2011 when the financial crisis in Denmark was starting to decrease the number rises to 49 per cent. These figures thus speak in favor of the claim that there are indeed aspects of *counterperformativity* at play in economically *bad* times as the businesses move up the pyramid.
5.5.4. Fatal reality encounters

Collecting the empirical material presented in this article I emailed SKAT to request whether I could receive the above displayed figures. This was no problem and I received the figures and a brief report analyzing them. The email accompanying the material announced that the figures and the report had been produced, but that the numbers had not really been read in SKAT. However, the person writing the email hoped that I was able to use the numbers (private email communication). I was puzzled over this statement; had the figures not been used? Why not use the figures as so much work had been invested in the implementation of the segmentation model and in doing the concrete classifications. Reading the accompanying report provided an explanation. In short the report states that the number of newly started and closed down businesses were significantly different in 2010 from 2009 whereby a direct comparison between the years was difficult; the criteria for segmenting the businesses had also changed whereas earlier a segmentation lasted three years, a segmentation now only applied for the present year; a so-called manual segmentation where a tax inspector – based on a physical inspection – re-segments a business was also decided to last for a longer period of time; the criteria for being a large business was also starting to become assessed in a new way; and finally due to the financial crisis there were fewer newly established businesses which influenced the size of the green segment as newly started businesses are automatically classified to be green.
In the light of these adjustments in categories and in the criteria for segmenting businesses the report at one point states that it is not possible to make a comparison. I gather that this is also why the report and the segments ‘have not been read in SKAT’. The situation provokes a smile. Here we are; having segmented businesses for a number of years and having accomplished the Compliance-project the comparison of segmentations between years is questioned by SKAT itself. I interpret that the comparison is questioned precisely because the representation (the model) and the reality (the businesses) are not stable entities. Not only are the businesses moving targets, i.e. they are changed as they interact with the model; also the criteria by which the model operates are changed as the model interacts with reality.

My final comment on the ‘life’ of the segmentation model might best be described as the model has been checkmated by its encounters with reality; the model is threatened by a reality that can change the model and there is not really any way to meet that threat for the model in its present configuration. The ‘game’ that the model has been capable of playing is first of all to freeze reality – take a picture – of the taxpayers’ motivational postures. The model has indeed succeeded with respect to picturing reality; we have seen the classifications. Furthermore, the model has aimed at shaping the businesses so they move down the pyramid and picture this movement. Also here the model has succeeded (at least in economically good times). However, here the success of the model pauses; though being explicitly aware of its aim of shaping the taxpayers it has perceived itself as stable. But, we now learn that although the segmentation model appears as a stable entity: it has its characteristic pyramid shape and it has its specific assumptions about how the taxpayers are classified, the model and its criteria for segmenting businesses are also changing. The segmentation model is being checkmated exactly by this reality as it shows that the model has assumed a world wherein everything around the model was in motion and could be shaped, whereas it believed itself to be stable. This has turned out not to be true. In chess, players resign before being checkmated as it is considered ‘bad etiquette’ to continue playing in a hopeless situation. Whether this happens in SKAT or whether the model slowly recuperates strength when dealing with its own instability must be up to the coming years to show.

5.6. Conclusion
This article has investigated the relationship between the segmentation model, which was implemented in the Danish Tax and Customs Administration in 2005, and the businesses it seeks to
represent and perform. With reference to Ian Hacking and Donald MacKenzie’s concepts of performativity I have analyzed the relationship between the two and shown how both the model and the businesses change as they interact. I have argued that the segmentation model on the one hand posits a remarkable cleverness in that it simultaneously alters what it represents and represents this altered reality to confirm the accuracy of its own ‘model’ of the taxpayers’ postures. On the other hand, however, it has a blind spot as it assumes a world wherein everything around the model is in motion and can be shaped, whereas it believes itself to be stable. As indicated, this assumption has been fatal for the model as SKAT questions its ability to produce valid comparisons.

Using Ian Hacking and Donald MacKenzie’s concepts have indeed allowed me to sharpen my understanding of what the segmentation model does in relation to the businesses. In addition, however, I also believe that the analysis gently pushes particularly MacKenzie’s approach to studying performativity. First of all, the article uses a methodology which is slightly different from what he suggests as appropriate. I do not think that this is a problem as the material used here (explorative interviews, official documents and scholarly literature) provides good insight into the relationship between the two and how they change. Secondly, the article shows that it is important to acknowledge the different ‘natures’ of the models that MacKenzie and I, respectively, work with. There is a certain sense in which the analysis of models that explicitly both aspire to represent and to perform (such as the segmentation model) may necessarily differ from an analysis of models that only seek to represent (such as MacKenzie’s model). In this article I have started to develop such a different analytical approach by focusing on the cleverness as well as on the blind spot of the model.
6. Chapter Six: The Dodgy Car Dealings

An Analysis of the State’s Ways of Seeing its Citizens’ Misdoings

6.1. Introduction

Imagine you have an orchard filled with apple threes. You spend your leisure time taking care of the orchard and each fall you harvest apples and deliver boxes of apples to the local fruit grower. In delivering the apples you state your name, and the fruit grower can see in his records that you are a regular seller. He pays you in cash for the apples and issues you an invoice. Now, do you pay taxes of this income? And how can the tax authority in fact know about this income? For a state to manage its citizens it needs to create knowledge and certainty of its citizens’ activities. Particularly, this is important in the area of tax. A key task for tax authorities is to collect revenue to finance the state’s expenses. Thus, for tax authorities to be successful they have to collect the – legally defined – right amount of taxes. This generally requires knowing who is working where and when, and who is selling and buying what. Yet, in Denmark – as in other countries – the tax authority faces practical problems in getting hold of this information. The problems include income that has not been declared or that is otherwise invisible to the authority and therefore not taxed appropriately.

Issues concerning how a tax authority sees and what it actually sees have been investigated by a body of literature within critical tax studies. These envision tax authorities having ‘panoptic’ characteristics. This means that the authority is subjecting the taxpayers to a constant penetrating gaze that observes each and every activity of the taxpayers and thereby disciplines the taxpayers through its techniques of visibility and surveillance (e.g. Lemarchand, 1999; Likhovski, 2007; Preston, 1989; Raffené & Toumi, 2009). Tax authorities tend to have both belief and disbelief in such a characteristic. Nonetheless, tax authorities often try to portrait themselves as having a panoptic vision. A contrasting perception of vision has been presented by actor-network theorist, Bruno Latour. He uses the concept of the ‘oligopticon’ to challenge the idea of the panoptic vision. He argues that the panopticon does not adequately describe situations of making things visible. Hence, Latour’s notion of the oligopticon suggests that the bureaucratic vision far from being omnipresent is characterized by being narrow, specific and always prone to losses and gains (Latour, 2005; Latour & Hermant, 2006). Thus, understanding the vision in an oligoptic way
emphasizes the specificity and narrowness of the vision. Similarly, James C. Scott’s *Seeing Like a State* (1998) portraiture the visibility of the state as much more ambiguous than usually assumed in the literature. He argues that states necessarily suffer from a ‘tunnel vision’ which highlights certain limited aspects of a complex and unwieldy reality. Thus, in the literature concerning the state’s vision, i.e. its ability to see its citizens’ doings, there is a divergence concerning how to understand and portray regulating authorities’ scope of vision as they seek to create knowledge and images of the citizens’ doings.

The empirical focus in this article is on a ‘treatment project’ conducted by the Danish Tax and Customs Administration. The project concerns ‘inverted invoices’ and fraud in dealings with used cars. Following an introduction to this project, I introduce the literature which has analyzed how the state makes its citizens’ activities visible. This literature provides the analytical framework for investigating how the tax inspectors make used car dealings visible. I then introduce the ethnographic fieldwork on which the analysis is based. In the main section of the article I analyze the process through which the car dealings become visible to the tax inspectors. I argue that this process depends on the tax inspectors’ ability to create different visions of the citizens’ doings whereby their car dealings are made visible. Learning from the nature of the *oligopticon*, the *panopticon*, and the bureaucratic *tunnel vision* I characterize the visions that emerge at different points in time. In focusing on the final vision of fraud – where a real person in flesh and blood is summoned to the tax office – I highlight that the inspectors have created a robust image in which the inspectors see something very specific and narrow. However, at the same time this vision is also fragile as it depends on several connections. This is an *oligoptic* vision. Interestingly, however, this *oligoptic* vision is ‘staged’ by the inspectors as a *panoptic* vision. Hence, the inspectors’ try to make the recipients of their gaze experience as if being watched by an all-seeing authority. What the case also highlights is that the recipients receive this endeavor quite differently; some express anxiety, others laugh.

The article presents two main arguments. First, that in the tax inspectors’ inspection of taxpayers there is a tension between producing *oligoptic visions* and wishing they were *panoptic visions*; the tax inspectors’ work embodies an endeavor concerning ‘covering up’ the narrow and specific oligopticons as *omniscient* and *powerful* panopticons that monitor and constantly see the subjects. Second, the analysis argues that these representations (whether oligoptic or panoptic) that the
inspectors meticulously construct have performative effects; they produce ‘dodgy dealings’ and fraudster, they produce the state as both powerful and powerless, and they produce (in some respects) successful tax inspectors.

6.2. Treatment projects and the ‘inverted invoices’ project

In recent years there has been a major restructuring of how the Danish Tax and Customs Administration works. Before 2005 work was organized around an annual sorting of businesses’ accounts. If mistakes were found, the cases for investigation were handed over to employees with different competencies (e.g. VAT, income tax, property taxes, and transfer pricing). During this time, SKAT was assessed by the Ministry of Finance on its ability to conduct a specific number of audits. This meant that individual tax inspectors had targets; specific quantities of audits had to be conducted annually. Due to this easily comparable quantity of audits, groups and units of tax inspectors knew precisely how they performed in relation to other units and in relation to the overall goal of SKAT.

In 2005 SKAT began to restructure its organization. One of the most important changes in relation to this was that the organization implemented an annual routine of risk analysis. In this process the major risks for SKAT’s collection of revenue were described and based on risk assessment projects were formed to investigate these risks. Tax inspectors were now not just handed cases. Instead, they were enrolled in projects in which they needed to find cases relating to the identified risk. These projects were called ‘compliance treatment projects’ since they were aimed at treating risks.

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31 For the employees under this management regime it was expected that they could ‘collect’ a total of 200 points every year. For instance, a partial revision gave 3 points, a whole revision 12 points etc. During an interview an employee told how she used to divide the 200 points into monthly targets of around 15 points every month: “Then I sat every month and made a budget for how many points I planned to obtain ... And then every month your supervisor came and made the big calculation, and asked whether the plans were realistic ... And we received a statistic every month to follow up... Today we do not measure anything. The problem today is how to know when I am efficient. How is it that I can measure that I have really met the criteria for what I need to do? That is very difficult” (Interview with Kathrine, project participant). What the project participant here points to is thus the challenge in how to evaluate performances within the restructured organization.
Furthermore, SKAT stopped being assessed by the quantity of its inspections. Instead, SKAT started to become assessed by its ability to lower the tax gap\textsuperscript{32}.

6.2.1. ‘Inverted invoices’

The empirical focus of this article is a treatment-project called the ‘inverted invoice’ project. This project was started in the newly restructured organization. The document \textit{Identification of risks – 2008} states that there are risks connected to ‘inverted invoices’, that there is a lacking ability and will to comply with the tax regulation in this area, and furthermore that there is good access to information about these kind of invoices (\textit{Identification of risks – 2008}). However, what are these ‘inverted invoices’?

A normal invoice is issued when a \textit{buyer} buys something from a \textit{seller}; if I buy a car at a car dealer, I get an invoice from the dealer stating that I have paid x-amount for the car. ‘Inverted invoices’ are somewhat different. They occur as businesses, e.g. car dealers, fruit growers, or steel scrap dealers, \textit{buy} goods from private people or businesses. In these cases it is the \textit{buyer} that issues the invoice. If the goods being sold are only private goods – for instance, if I sell my old car to a car dealer or sell 5 boxes of apples to a fruit grower – this is perfectly legal. I receive an invoice stating that the buyer has paid me x-amount for the goods. There is nothing unusual or wrong in people selling a bit of fruit, an old car, a painting or some steel scrap in this way and they will receive an ‘inverted invoice’. However, problems occur if the selling exceeds certain limits and actually counts as taxable income. Hence, if the income exceeds 50,000 Danish kroner (app. 6,700 EURO) this must be reported to the tax authority as a taxable income. Thus the risk connected to ‘inverted invoices’ is that not all \textit{sellers} of these kinds of goods declare the \textit{income} they get.

It is difficult for a tax authority to detect this fraud. Quite certainly, the authority \textit{does not know} what has been sold if the person selling something \textit{does not} declare the income. The trick, however, is to go through the ‘inverted invoices’. As described, a person selling goods receives an invoice from the buyer. As defined by the tax laws all registered businesses must issue invoices stating what

\textsuperscript{32} The \textit{tax gap} is defined as the difference between the revenue that the tax authority \textit{collects} and what it estimates is the actual ‘correct’ revenue to collect. The reason why there is a gap between what is \textit{collected} and what \textit{ought to be collected} is, among other things, the existence of moonlighting, fraud and all kinds of unreported income and dealings. Evaluating the individual tax inspectors’ work up against their ability to lower the ‘tax gap’ is a nearly impossible task compared to the task of evaluating the inspectors’ work up against an aim of collecting 200 points. These changes in how work is evaluated thus clearly illustrate some of the key changes in SKAT.
they paid for the products they buy. Looking at their invoices reveals a lot of smaller sellers; on these invoices the potential dodgy dealings appear.

Hence, investigating fraud where sellers of goods do not declare income from sales can be revealed by looking at the buyers of these goods and by checking which sellers they have registered. The first step in such an inspection is to check whether the sellers have sold for what exceeds normal private consumption. If this is the case, the second step is to check whether they have declared this as a taxable income. If not, they can be charged by the tax authority for not declaring taxable income.

### 6.3. The state’s visions

A diverse body of literature has thematized the state’s visions when it comes to creating knowledge about its citizens’ doings. Below I first describe a number of critical tax studies that have used the concept of the panopticon to analyze the state’s vision and its relation to its citizens. In contrast to this approach I introduce actor-network theorist and French philosopher and anthropologist of science Bruno Latour’s concept of the oligopticon (2005; Latour & Hermant, 2006). And I also draw in political scientist and anthropologist James C. Scott’s notion of bureaucratic tunnel vision (1998).

#### 6.3.1. The panoptic vision

Originally the idea of the panopticon was developed by Jeremy Bentham in the 1780s. It designated a prison structure designed to allow an observer to observe all prisoners without the inspected prisoners being able to tell whether they were being watched. In this way the set up caused a sentiment of an invisible omniscient observer and the panoptic vision became a way to obtain power over the mind of the prisoners at they always felt observed and acted accordingly. Originally developed by Bentham, the panopticon became increasingly famous as French philosopher Michel Foucault invoked the panopticon as a metaphor for modern ‘disciplinary’ societies (Foucault, 1977). Within critical tax studies Foucault’s concept of the panopticon has been widely used. Specifically, it has been used to show that tax authorities’ visions are panoptic and that tax authorities use panoptic mechanisms in disciplining taxpayers to become compliant. One example is Assaf Likhovski’s study of how various practices, techniques, and discourses were deployed by the Israeli state to create taxpaying citizens in the 1950s (2007, 665). Likhovski makes a parallel between the redesign of the Israeli tax offices and the architecture of the panopticon described by Foucault. Both
were used to discipline and monitor subjects. Coralie Raffenne and Marika Toumi (2009), too, make use of Foucault’s notion of the panopticon. Characterizing the present French fiscal enforcement system they write:

The resulting fiscal governmentality is characterized by a strongly dissymmetrical relationship between the state and taxpayers, be they simple citizens or powerful corporations, and institutionalized mistrust. Panoptic surveillance reflects this mistrust through the juridical version of a one-way unmediated and transparent relationship between Fisc and taxpayer. (2009, 11)

Consider as well, Preston’s more or less iconic Foucault-inspired study of how the British Inland Revenue used disciplinary technologies to render the financial transactions of a company visible to the revenue’s gaze (1989). Preston describes how the revenue “operationalizes its gaze through the exercise of a disciplinary apparatus, based upon the principles of visibility and surveillance” (398).

As these studies illustrate, portraits of tax authorities as panoptic are common. However, what I see as problematic about these studies is that they tend to produce some of the same conclusions. The studies often assume that there is total visibility, that the tax authority functions as a center from where the authority can oversee and discipline the powerless taxpayers, and also the inspection seems to be quite smooth and effective whereby resistance is diminished (see Gad & Lauritsen, 2009, 56). Such analysis does have its ‘raison d'être’ in critically examining the state’s power and techniques for disciplining the citizens, but it often evokes a (stereotypical) sense of having on the one side a powerful inspector (the state), and on the other side a powerless inspected (the taxpayers). Examining my empirical material – which does indeed thematize an inspection situation – I believe that it would be too hasty and not quite adequate to describe this relationship as solely having the character of the panopticon. Somehow there is more to say about the state’s vision and relation to the citizens.

6.3.2. The oligoptic vision and the tunnel vision

Bruno Latour’s concept of the oligopticon is partially developed in a critical dialogue about the panopticon (Gad & Lauritsen, 2009, 52). Latour claims that “we have no access to the divine view, the view from nowhere” (Latour & Hermant, 2006, 9), implying a critique of the panoptic ‘eye’ that can see everything from its above position: “There are no more panopticons than panoramas…The total view is also, literally, the view from nowhere” (32). According to Latour, “oligoptica … do
exactly the opposite of panoptica: they see much too little to feed the megalomania of the inspector or the paranoia of the inspected” (Latour, 2005, 181). Hence, the oligopticon opens the “possibility of being less impressed (…) [by the] panopticon, invented by (or re-taken) by Foucault” (Latour, 1998), and Latour claims that the oligopticon is “a great chance for us of getting away from all this discourse of paranoia and megalomania which is associated with panopticon.” (Latour, 1998)

For Latour an oligopticon is basically a kind of ‘control panel’ that a person can look at to gain knowledge about reality (Latour & Hermant, 2006, 32). This control panel is often described as being tiny and easy to contemplate at a glance, for instance, it can be a sheet of paper, a satellite photo, information shown on a computer screen, a map, or a bill. Often the oligopticon has the dimension of a “few square centimeters”, “8x10 cm”, “1mm big…6cm high”, or a “four-by-eight meters room” (9, 28); it is understood as a quite concrete physical entity. What unite these as oligopticons is the feature that they all represent visions of a far more complex reality which has been translated, transmuted, cascaded and rendered small, and the oligopticon is linked to this reality by series of intermediaries.

A concrete example of an oligopticon is the weather forecast on TV. If a person asks: "what’s the weather going to be like this morning?", this person is likely to watch the weather forecast on TV where maps in “bright colors show isobars, anticyclones and showers” (Latour & Hermant, 2006, 9). The person looks at an oligoptic representation that is linked by a series of intermediaries to the clouds, the sky, the atmosphere etc. Such an oligopticon is constructed in a meticulous process wherein data about sunshine, rain, temperature, pressure is produced at weather stations, and all of this information is “gathered together, added up, standardized and averaged out, these data make it possible to forecast the day's weather” (9-10).

In this process of gathering, adding up and translating wherein oligopticons are constructed Latour argues that something is always gained and lost. Looking at the examples with the weather forecast what is gained is information about what the weather is going to be like which is displayed on a TV screen. Lost, however, is the sky, the atmosphere, the satellites, and the meteorologists’ work. Following this, Latour describes oligoptica as seeing something very small with great precision: “From oligoptica, sturdy but extremely narrow views of the (connected) whole are made possible – as long as connections hold” (Latour, 2005, 181). Thus, the wisdom or knowledge gained in
oligoptica is “proportional to their deliberate blindness” (28). What one gains in vision and coordination capacities due to the oligopticon is thus related to an equal loss (28).

Latour’s idea of the oligopticon has been taken up in an analysis of fishery inspection. Science and technology researchers Christopher Gad and Peter Lauritsen have argued that the visibility that fishery inspectors’ create of fishermen is characterized by being fragile, limited, and partial, i.e. by being oligoptic (Gad, 2010; Gad & Lauritsen, 2009, 2010). On their computer screens the fishery inspectors can in principle see all fishing vessels in a selected area. However, if the fishermen place a metal bucket on their radar aerial then signals cannot be transmitted and the inspectors can no longer see the vessel on their screens (Gad & Lauritsen, 2009, 54). Gad and Lauritsen use this and other examples to show the oligoptic character of the created visibility; the fishery inspectors can see the vessels very well and they have a narrow vision where the exact position of the fishing vessels can be determined. Yet, this vision is only made possible as long as different connections hold, for instance, when there are free signals from the aerials. Are these blocked, the fragility of the vision is evident.

Gad and Lauritsen contrast this oligoptic perception of surveillance to much of the current sociological research that theorizes surveillance. In many ways this research tries to go ‘beyond’ the metaphor of the panopticon, but Gad and Lauritsen argue that the existing research still tends to refer to a panoptic vision and big-brother-like surveillance situations which keep a constant eye on the watched. Hence, the Latour-inspired way of describing visibility as sturdy but extremely narrow and fragile provides an alternative account in opposition to the focus on panoptic vision where a total, centered, smooth and friction free surveillance is in focus.

James C. Scott’s description of visibility shares certain characteristics with Latour’s oligopticon. Scott shows how bureaucratic knowledge and control requires a narrowing of vision. He names this tunnel vision. Tunnel vision has the advantage that it “brings into sharp focus certain limited aspects of an otherwise far more complex and unwieldy reality” (Scott, 1998, 11). The gain of such a sharp focus is that the phenomenon depicted becomes legible and susceptible to careful measurement and calculation. The tunnel vision provides an aggregated view of a selective reality and enables control and manipulation of this particular part of reality (11). In a similar vein to Latour’s description of the weather forecast and the correspondent lost sky and atmosphere, Scott writes: “The administrators’ forest cannot be the naturalists’ forest” (22) because the forests “constitute a reality
so complex and variegated as to defy easy shorthand description” (22). Accordingly: “No administrative system is capable of representing any existing social community except through a heroic and greatly schematized process of abstraction and simplification” (22).

Just as Latour claims that the oligopticon is a sturdy but extremely narrow view that is produced in a process of gains and losses, Scott emphasizes the sharp but limited focus of the tunnel vision and he points out how processes of abstraction and simplification are involved in the creation of specific visibilities. Scott adds to this that the abstractions and simplifications “are disciplined by a small number of objectives” (23). Also, both Latour and Scott’s analyses shed light on how ‘state fictions’ transform the reality they presume to observe. Hence, there is a strong emphasis on the performative effects of the created visions.

As described, Bruno Latour presents his concept of the oligopticon as he is interested in distancing the panopticon and in questioning its visibility. James C. Scott presents his specific version of the state’s tunnel vision because he is interested in understanding the lethal, perverse or tragic instances of state-initiated social engineering based on such visibilities. He investigates how authoritarian states have planned human settlement and production in well-intended schemes which have turned out to go tragically awry (Scott, 1998, 4). My intention is not to portray the tax authority as engaged in ‘lethal’ instances of social engineering. Yet, I am interested in instances of small revolts and misfits between different visibilities as these indicate how difficult it is for the state to see at all, and how its visibility is negotiated with or opposed by the entities it seeks to make visible. 33

33 James C. Scott attaches a certain normative stance to his argument about the state’s tunnel vision. He uses several negatively loaded sentences such as the state being the enemy of the people (1), that the state causes huge development fiascos and disasters (3), and that well-intended schemes of the state has gone into tragically awry (4). Using Scott’s concept of the tunnel vision I do not ‘buy in’ on Scott’s programme of harshly problematizing the state. Instead, I use his concept as an ‘axiom’ about how the state ‘sees’ which can help me to analyze the tax inspectors’ work of making car dealings visible.
6.4. Fieldwork

The material presented in the article stems from a 10 months engagement with the ‘inverted invoice’ project in a local tax unit outside Copenhagen. During this time I conducted an ethnographic field study of the project work: I participated in the monthly whole day project meetings and a meeting for a subgroup, I was copied in on joint emails, I was given access to the project’s shared network drive where documents were stored, I interviewed the project leader and 6 of the project participants, I was present at an external visit to a business, and I was present at a meeting in SKAT with an accused taxpayer. The article builds on observations of the work done during these activities.

6.5. The process of making fraud visible

In this section I describe the different stages in the process of making fraud visible. I start out by presenting the assumptions about success underlying the project, and I introduce the project participants. Thereupon, I describe the five stages in the project: (1) doing risk assessment, (2) getting the buyers’ information about the sellers, (3) discussing the remarkable few cases, (4) meeting Reiner, and (5) closing down the project. These stages are the layers of intermediaries between the car dealings and tax inspectors’ representations of these. When describing each of these five stages, I offer a preliminary analysis of what characterizes the vision created at each of the different stages. In the last section these bits of analysis are put together to describe that the state’s vision is both panoptic, oligoptic and a tunnel vision. I highlight that there is a tension in the

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34 For a similar ethnographic approach to making taxable entities visible, see José-Maria Munoz (2010). In this study focus is on how cattle trade in Cameroon is made visible to local tax officials. Munoz describes that the study basically approaches “direct taxation as an ethnographic object” (150). The endeavor in this article can be described in similar terms.

35 For an overview of the various individual pieces of material that is being referred to in the article see the appendix two.

36 The analysis outlined here is a common way to address a Latourian-analysis. For instance, Latour describes an identical analytical strategy as he investigates how ‘coffee’ become a ‘bill’. He writes: “Let’s count the number of transformation needed for the manager’s finger to point to a figure relating to something rather than nothing” (Latour & Hermant, 2006, 19). “We’ll start with the order...” and lastly “the coffee is reduced to nothingness several times, cascading down from form to form until it becomes a number...the cup of coffee has been transmuted into a bottom-line” (19), (see also Latour, 1999a). What I do in this analysis is exactly to count the number of transformations (stages) needed for the tax inspectors’ fingers to point at some numbers that relate to some specific car dealings. I investigate how car dealings step by step are ‘transmuted’ into numbers.
inspectors’ work of managing these different visions both in relation to different taxpayers and in relation to the organization they work within.

6.5.1. Assumptions about success and the project participants
The project on ‘inverted invoices’ relied on the assumption described in the Identification of risks – 2008 that there was a potential for collecting non-reported revenue as sellers sometimes do not report their income from sales. This idea stemmed to a great extent from drawing an analogy to a just accomplished project in the Danish Tax and Customs Administration (SKAT) called the ‘steel scrap project’ (which is also referenced in the Identification of risks – 2008). In SKAT, this particular project was talked about at a success because large amounts of non-reported revenue had been collected (Notes taken during the project meeting, Roskilde, 18.03.2009). The steel scrap project revealed that apparently it had been big business for carpenters, bricklayers, mechanics, and construction workers to sell steel, metal and aluminum scrap from their workplace. As a tax employee explained, he believed that being ‘allowed’ to take trash from ones work place to re-sell it and thereby earn extra money was a kind of bonus for these employees. By making a treatment project targeting this specific risk area SKAT had succeeded in making adjustments in taxable income in 412 cases and made adjustments which exceeded 16 million Danish kroner (app. 2.000.000 EURO). (Notes taken during project meeting, Roskilde, 23.03.2009)

Because of the success with the steel scrap project the project participants expected that other exchanges with ‘inverted invoices’ might expose similar amounts of non-reported income (Project description, revised 30.01.09). This idea of a similarity to other business areas was the organization’s main motive for starting up another project focusing on ‘inverted invoice’. The belief – as expressed by the project group – was that the project would affect adjustments in taxable income and therefore do well in collecting non-reported revenue.

Due to the earlier described restructuring in SKAT many employees who formerly spent most of their working hours doing audits and inspections, were encouraged to engage in different activities aimed at lowering the tax gap. Specifically, this meant that employees accustomed to doing inspection were also encouraged to provide service and guidance. Hence, the tax inspectors who formerly preferred the traditional inspection work now partly felt themselves deprived of this work. As a consequence these employees often sought to enrol in projects with a specific focus on doing inspections. The ‘inverted invoice’ project was exactly such an inspection project. In the minute
from the first project meeting, the project leader hints at this aspect of the project: “I have to say that the impression which I got from the group was that it was a dynamic group. All were positive, engaged, and keen to participate (above all in the inspection part).” (Minute from project meeting, Roskilde, 18.03.2009)

The project leader also got this impression of the project participants’ interests by looking at the project participants’ ‘participant-forms’. These participant-forms contained a “Hot or Not” section. In this section each project participant had to write what she/he would prefer working with, and what he/she would rather avoid. One project member wrote that he preferred to work with inspection because: “[I] ‘need’ to make proper inspection”. In the section describing what to be avoided he stated: “Too much desk-work and coordination” (Participant-form, Marius). Another emphasized that she preferred to make: “Assessments and inspection, but at the office”. She would like to avoid “Outgoing inspections/visits in businesses” (Participant-form, Kira). Another inspector stated that: ”The project sounds interesting and gives the possibility for actual inspection” (Participant-form, Kathrine). Going through the participant-forms, most of the inspectors show an inspection-hunger: the participants had – with few exceptions – chosen to enrol in the project as there was a fair chance that their self-expressed ‘inspection-gene’ would be activated in the project work.

6.5.2. 1st stage: Doing risk assessment

“What businesses make use of ‘inverted invoices’? ... We do not have a list that covers that.” (Statement from the project leader, Notes taken during project meeting, Roskilde, 23.03.2009)

At one of the first meetings in the ‘inverted invoice’ project, the project participants had to decide what lines of businesses to focus on. As stated, no available list existed that showed what type of businesses used this particular form of invoice. Hence, the project group had to start out by doing a risk assessment to decide as to what lines of business risks connected to ‘inverted invoices’ were most pertinent. This risk assessment was carried out during three whole meeting days in March and April 2009.

37 This risk assessment done in this particular project should not be confused with the formal and more comprehensive risk assessment done on regularly basis in SKAT. In this ‘larger’ risk assessment ‘all’ risks towards the revenue are assessed. It was in this risk assessment that the present project was originally conceived.
To start the risk assessment the project leader had prepared a list – based on her own and a colleague’s experiences – of different businesses where there were risks connected to the use of ‘inverted invoices’. The list contained different buyers:

- Foodstuff businesses (number 5). Fruit was sold to fruit growers, but the sellers did not register the income from the fruit sales.
- Packing facilities for eggs (number 14): Small egg producers did not register their sale of eggs to ‘egg packing facilities’.
- Heat and power plants (number 15). Farmers sold bales of straw to power plants and did not register the income.

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Figure 10: Excel-sheet with list of potential areas of risk.

The list of businesses was accompanied by a column at the right side for rating the probability of underground economy in the different lines of business between 1 and 10. Hence, the task for the project participants was to assess whether fraud with under-reported income was biggest in relation to *foodstuff businesses, packing facilities for eggs, heat and power plants, dairies, recycling businesses, car dealings* etc.

Divided into groups the project participants started discussions relating to the decision about which businesses to focus on in the project. I listened in on the discussion in one of the groups. A project member stated: “This is difficult to rate, as I don’t really know these businesses”. Other members supplemented with statements such as: “I don’t have enough knowledge about this line of
business”; “We are doing this blindly”; “Do we know if all these businesses use ‘inverted
invoices’?” One suggested that car auctions might be particularly relevant to look at. To this another
replied: “Car auctions! That’s not anything you can possibly understand or investigate. Oh no.
We’re not going to focus on that.” Yet another added: “I don’t believe that the foodstuff businesses
are of any interest.” (Notes taken during project meetings, Roskilde, 18.03.2009, 23.03.2009 and
16.04.2009)

The tax inspectors were also telling anecdotes during the discussion. One anecdote was about a
dentist who was selling gold from the teeth of his patients. A tax inspector was in doubt as to
whether such trade exceeds 50,000 Danish kroner, and whether the dentist should declare the
income. Another anecdote was told by a tax inspector living in the countryside. She often saw
tractors loaded with bales of straw driving to the local power plant. She wondered whether the
income from this sale was reflected in the farmer’s accounts. Another country residing tax inspector
relates that he often saw farmers driving to the food processing business with ’10,000 red cabbages
on the load’ and wondered how this was paid for. (Notes taken during project meeting, Roskilde,
18.03.2009 and 23.03.2009)

In addition to these discussion points, a number of tax inspectors commented on the relation
between the project’s choice of businesses to investigate and the success criteria of the project:

We need to find ‘good’ lines of businesses, so the project can live up to the criteria
from the head office in SKAT. We need to focus on businesses where we can actually
do something; where it is possible to see a difference without us having to stress
ourselves too much. That is, we should not choose something too complex. (Notes
taken during project meeting, Roskilde, 23.03.2009)

That the complexity should be adjusted to the project were also expressed by another inspector who
believed that the car auction businesses were too complex: “Car auctions, that is something really
big. If we do not want to die doing this we should not choose car auctions.” And: “We should not
start looking at vegetable markets either. There is a very strong self-policing among those traders in
not saying anything to outsiders. Let the ‘Copenhageners’ deal with that problem.” Furthermore, it
was noted by the project participants that the project should choose businesses which were pretty
easily ‘seen through’, and which had few rules. The participants articulated that they wished to
work with businesses where there would not be too many bureaucratic procedures to handle before
the actual cases-handling work came about. Accordingly, they needed to find businesses with few
administrative links between the buyer and the seller. (Notes taken during project meetings,
Roskilde, 23.03.2009 and 16.04.2009)

An additional focus that turned out to be central in the discussion concerning which businesses to
focus on was the ‘comma-separated file’. The comma-separated file is the file held by the buyers
containing the registrations of the (potential) fraud-sellers. For the inspectors it was pivotal to get
hold of the comma-separated file as this stated names, phone numbers, Central Business Register
numbers or Civil Registration System numbers, and addresses of the (potential) fraud-sellers. These
files can be loaded from the inspected businesses’ IT-systems and within hours an IT-specialist can
sort the material according to who has been selling cars, and who has an income from this that
exceeds 50,000 Danish kroner. In this way, the tax inspectors can quickly be provided with a list of
(potential) fraud-sellers. If – by comparison – the tax inspectors are given paper copies of the actual
invoices it can take several working days to type the information about the invoices into a database.

The importance of gaining access to the comma-separated file influenced which businesses the tax
inspectors perceived as relevant for the project. For instance, vegetable markets were rejected based
on the claim that there are no IT-registrations of the dealings in that area. On the contrary, the tax
inspectors assumed that car auction houses produce electronic invoices and that their IT-systems
therefore hold the comma-separated file (Notes taken during project meeting, Roskilde,
16.04.2009). Due to the possibility of accessing the comma-separated file the car auction houses
became interesting in spite of the expressed objections towards focusing on these.

At the third meeting of the risk assessment procedure the inspectors finally started deselecting some
lines of businesses and they decided which businesses to focus on. Apart from deselecting vegetable
markets as described above, dairies were also deselected. This was due to the fact that the inspectors
assumed that this specific area was regulated by the Dairy Association and the Veterinary and Food
Administration. Other lines of businesses were marked as maybe interesting and some were marked
with high priority. The eventual high priorities were car auctions, recycling businesses, heat and
power plants and distribution of newspapers. The project leader ended the discussion by initiating a
voting. She suggested that everybody should vote for which lines of businesses the project should
focus on. They chose car auctions and recycling businesses.
In a later interview with the project leader I asked her about the basis on which the project participants made their choice of which businesses to focus on. She replied that to a large extent they found the relevant lines of businesses by way of personal interest. This was decisive as:

Our knowledge of the individual lines of business that is all lines of business, that knowledge is so little that you wouldn’t believe it. You know, we’ve got overall knowledge about the businesses, but general knowledge about the individual lines of business- that is something that we simply don’t have. (Interview with project leader, Dorrit, 9)

In addition, she emphasized the importance of the democratic voting. The voting she saw as a way for the participants to influence the project and make them responsible for its focus. For her it was important not to force the issue of which lines of business the project should focus on, but to nurture engagement in the project (Interview with project leader, Dorrit, 7). That the project leader is keen to nurture engagement needs to be understood in relation to the general decision processes in the Danish Tax and Customs Administration. The project leader is a ‘normal’ tax inspector who has been appointed the role of managing a specific project. Consequently, the project leader knows very well the general decision processes in SKAT and expresses that the ordinary employee perceives that insights into management decision are lacking.

I observed a concrete example of this opaque management at the second meeting of the risk assessment procedure. We were assembled in the tax unit in Roskilde at 10 am March 30 2009. I had just arrived and sat down with the other project participants in the meeting room. Next to me, an inspector from Roskilde had printed out an internal announcement which had been published on the intranet at 9.45 am. The headline read: “Staff meeting concerning plans for localization”:

Tomorrow, March 31 2009 at 9 am staff meetings will be held at all locations in the region … All employees… must participate. A representative from the regional management board will participate and tell about the plans for localization. (Internal announcement, 30.03.2009)

Discussing this message preoccupied the tax inspectors and worried them. They were afraid of being relocated to Copenhagen or some other unit in the region. Because of the restructuring of SKAT many employees had already been relocated and there was a general sense of insecurity.
While project participants with children hoped that this would save them from relocation, a middle aged single man feared being moved. In the context of this anxiety about what the regional managers were up to, the discussion of which businesses to focus on began in a rather moody atmosphere. It was – precisely – in contrast to this *top-down management* that the project leader initiated the voting procedure in the project. She wanted to nurture engagement and allow people the opportunity of being heard.

**6.5.3. Visibility in the risk assessment**
The aim of the risk assessment was to map out lines of businesses where there was substantive evidence that fraud takes place. The outcome of the assessment process was that the project chose *car auctions* and *recycling businesses* as focus areas. Thus, the project created a representation or a ‘map’ enunciating something about the world outside the tax office; that within these two lines of business there was substantive risks of fraud.

Concerning administrators’ representation of the reality they seek to depict, James C. Scott’s has – as introduced earlier – written: “No administrative system is capable of representing *any* existing social community except through a heroic and greatly schematized process of abstraction and simplification” (1998, 22). And the abstractions and simplifications “are disciplined by a small number of objectives” (23). Now, neither *packing facilities for eggs, dairies, recycling businesses*, nor *car dealings* can be directly characterized as a ‘social community’. However, these can be seen as ‘entities’ or ‘bureaucratic categories’ that the administrative system seeks to represent. And, certainly, during the risk assessment process the created representation of risks in these lines of business was disciplined and restricted by the influence of a small number of specific objectives: the choice of businesses was influenced by the project leader wanting to nurture engagement; by the comma-separated file and the necessity of its availability to the tax inspectors’ further work; by having a sense of a fair chance of success in the project, that is by not ‘dying’ from complicated work; and by the tax inspectors seeking to find businesses with few administrative links between buyer and seller. Furthermore, the inspectors relied on anecdotes, interests and their personal experiences in highlighting relevance. Indeed, objectives relating to *nurturing engagement*, *technical feasibility*, *possibility of success*, and *personal interests* of the tax inspectors took part in disciplining, restricting, and forming the final choice of businesses to focus on. This process constitutes what Scott calls the ‘heroic and schematized process’ of simplifying the rather messy world (1998, 22).
Originally, the risk assessment was framed by the project leader by presenting an excel-sheet with a list of potential areas of risk. In the sheet there were columns for making ratings for the probability of underground economy in the specific lines of business, for noting their annual return, and the number of businesses in these specific lines. Hence, this initial framing of the risk assessment aimed at providing ‘objective’ information about the businesses. In practice, however, this excel-sheet was not filled out. Instead, the different kinds of objectives summarized above informed the choice of businesses as the 21 suggested businesses in the excel-sheet were cut down to a focus on two: car auctions and recycling businesses\textsuperscript{38}.

When the decision to focus on car auctions and recycling businesses is seen as a representation, a vision or a ‘map’ indicating risk of fraud, the following question becomes relevant: what are the precise characteristics of this vision? At this stage in the project, Scott’s tunnel vision provides a good description of the vision created; the tax inspectors are – metaphorically speaking – in the middle of excavating a tunnel accessing the terrain of the ‘inverted invoices’. In excavating the tunnel, decisions that affect what is seen through the tunnel’s opening are made. There certain lines of business start to become visible, but this visibility is aggregated and selective. It is practiced on the de-selection of other lines of business. Thus, the vision created in the risk assessment process depends on its many mechanisms for ‘cutting to size’ and its lack of any precise details of what is seen.

\textbf{6.5.4. 2\textsuperscript{nd} stage: Getting the buyers’ information about the sellers}

Following the risk assessment the project needed to get in contact with the chosen lines of business. To do so, project participants were assigned to contact different car auctions houses and recycling businesses. I followed the work done with car auction houses.

\textsuperscript{38} In (official and outward) presentations of SKAT it is often emphasized that SKAT is a knowledge based organization that works on a basis of firm statistical analysis. Such a claim was, for instance, put forward by one of SKAT’s directors at a public meeting at the SAS-institute in Copenhagen. What I observed at the project meeting where the lines of business were chosen, were decisions that to a great extent were based on intuition and personal experiences. During this risk assessment process the knowledge based organization had nothing to do with firm statistical analysis. No one actually filled out the excel-sheet. The discrepancy between how SKAT (at times) is described as a knowledge based organization and how an actual risk assessment procedure (in this case) takes place and how the project leader states that their ‘knowledge about individual businesses is so little’ calls for reflection. See also China Scherz analysis of risk assessment in Child Protective Service (2011). Scherz arrives a similar conclusion in that she emphasizes that risk assessments do not increase “predictive capacity and consistency, but rather the production of an appearance of rationality and a depoliticization...”. (35)
The aim of contacting the car auction houses was to get their comma-separated files. The inspectors from the project contacted a number of auction houses to get this information. In the letter to one of the auction houses it was stated: “The purpose of the visit is to be handed over the sale- and purchase transactions showing all car auctions in 2007, 2008 and 2009” (Letter of confirmation to car auction house). In the letter there is no mentioning of why this information is needed, only that “SKAT wishes to get the transactions handed over electronically” and that it is mandatory for the businesses to hand over the information to SKAT according to the VAT-legislation (Letter of confirmation to car auction house).

I went to visit the second of the selected car auction houses together with three tax employees. The inspectors had already visited one other auction house two weeks earlier. One of the participating tax employees had expertise in tax, one had expertise in VAT, and the last had expertise in IT. Having been invited in by the bookkeeper who served us pastry, coffee and soft drinks we were seated in the administrative office next to the open counter used for servicing customers. As there was no car auction on the day of our visit, there were only a small number of customers coming to the counter while our visit took place.

The bookkeeper asked what information we needed to have and she started a dialogue with the IT specialist. The bookkeeper explained that all the invoices were stored on floppy disks. One floppy disk contained the dealings for one month. The IT specialist pulled out an external floppy disk drive from his suitcase. This could read the floppy disks and copy them onto his lap-top.

Figure 11: Photographs taken during tax inspectors’ visit to a car auction house.

In the first photo the IT specialist is copying the floppy-disk. The pile of paper on the corner of the table contains the ‘inverted invoices’. As the IT specialist was copying the floppy disks it appeared
that some of the disks were damaged; we heard the recognizable crackling sound of disks that cannot be read by the drive. As a result the bookkeeper were busy going back and forth to the archive finding the paper invoices stored in ring binders to replace the damaged files. She photocopied these, and piled them at the corner of the table.

In the second photo the IT specialist is flanked from the left by the two tax inspectors and the bookkeeper. The IT specialist is pointing at the dates of the damaged floppy disks and the bookkeeper is listening, ready to go get the paper invoices. The role of the two additional tax inspectors was not evident during the visit as they were not really doing anything. After they had been looking over the shoulder of the IT specialist for some time, they sat down. It took a few minutes for each floppy disk to be copied and everyone just waited. After all, invoices from all of 2007, 2008 and 2009 needed to be copied.

An hour into the visit an additional employee from the auction house joined the office. He was the auctioneer. He was very upbeat and curious about the visit:

Oh, you’re copying the floppy-disks. We’re running the business with a bit of an outmoded system. Who uses floppy-disks anymore these days! We can’t even buy them anymore. In fact, you can just borrow them instead of copying them… So, you’re on a tour of Denmark? I’ve heard that you were in Ringsted last week. I’ve also read about the intensified inspections in the newspaper. Is there a lot of money in it for SKAT? (Notes taken during the visit at the auction house, 22.06.2009)

One of the tax inspectors’ answered: “We’ll see what we can find”. Apart from providing this short answer the tax inspectors were quiet. They were not really saying anything or explaining the reason for the visit. I felt intimidated by the situation; in my notes I wrote “painful silence”. It was evident that the auctioneer was keen to talk and to explain about his business. The inspectors were not directly rude, but they did not invite conversation or provided any further clarification, nor for the visit.

The bookkeeper was not saying much either. Most of the time she was busy copying paper invoices to replace the damaged floppy-disks. However, turning to the IT specialist she commented as they looked at one of the paper invoices:
Look, it is nice when there is one with a Danish medical card [indicating a person with a Danish name]. It is much easier for me to type. Not often do they appear. There are a lot of foreign buyers and sellers. For some of them I remember their phone number by heart, then I type that number in and they appear automatically on the screen. (Notes taken during the visit at the auction house, 22.06.2009)

The IT specialist commented that it would be difficult for SKAT to check the information. The correct names needed to be connected to the corresponding car’s chassis number, the person’s phone number, and an address or identification number. He stressed that it was important that the information was typed correctly; otherwise it would be impossible for the tax inspectors to check the material. As the IT specialist had finished his work we left the auction house with the copied floppy-disks and a pile of copied paper invoices in a plastic bag.

Back in tax office the IT specialist started analyzing the data. He selected persons or businesses who had been selling more than 10 cars over the years. Information about these sellers was then handed over to a tax employee with expertise in SKAT’s income registration systems. This employee’s job was to check the tax office’s registrations about these sales. To do this, an ‘overview form’ (a piece of A4 paper) was produced for each case. On this form it was noted how many car dealings the specific case was about, and how much money the sales had generated, and whether this income had been registered by the seller. Looking at the overview forms I saw, for instance, that one person had been dealing 18 cars over the last two years and had had an income of approximately 170,000 Danish kroner (app. 23,000 EURO). This case was placed in the pile which would be investigated further (Overview form of case).

To investigate whether the dealings and the generated income were legal or considered ‘black money’, a number of registration systems (BO moms, Remedy, B841, R75, KMD/assessment and Captia) was examined to see what was registered about the sales. If this audit showed that no VAT or income had been noted from the sale, or if it showed that a person selling cars also received social benefits, or if the person owed the state money, then there was basis for further inspection of the case. From the visit at only one of the car auction houses 4,856 car dealings were registered. From the total of car dealings which amount to several thousand dealings 13 cases were selected for further inspection.
6.5.5. Visibility in the 13 generated cases

At the tax office an inspector who was working with the ‘inverted invoice’ project could now open the project folder containing the overview forms. Looking at these forms the tax inspectors could see information on the persons who had been dealing cars without registering the income properly. In this section I again pose the question of visibility: what characterizes the state’s vision at this point in time? First of all, the vision simply appears increasingly oligoptic as the ‘overview form’ takes the form of a sheet of paper displayed on a computer screen: it is a 21x30cm representation which refers to a number of car dealings; now there are 13 named (potential) fraudsters and the ‘overview forms’ hold information about their car dealings, their profit, and in some cases their social benefits. It is a more narrow vision compared to the vision created in the risk assessment process where no such clear representation was formed yet.

The vision also holds a number of other characteristics; it is an exclusive visibility as accessing the project folder is restricted to the project participants. Also it is an increasingly sturdy vision as it builds on the comma-separated file taken from the auction house’s IT-systems; this file refers to the ‘inverted invoices’ drafted in the auction house as cars have been bought and sold. This information has been meticulously collected by the inspectors as they have copied files from each and every car dealing done over the last three years. This information both is (and is not) regarded as reliable by the inspectors (a point that will be elaborated on in the description of the following stage in the project). It is worth mentioning that at this stage it is only the tax inspectors who ‘see’. The (potential) fraudsters they are looking at do not (yet) know that they are being watched; the taxpayers in the 13 cases are not aware that their names appear on a form in a tax office and that they have been classified as a case.

A somewhat different (but related) issue which the visit at the auction house brings forth is the inspectors’ doubts about how to communicate with the inspected taxpayers. Clearly, the rumor of the earlier conducted inspection had run ahead of the actual inspection as the auctioneer was already informed about the present inspection from colleagues. During one of the joint project meetings the inspectors discussed this ‘problem’ of rumors (Notes taken during project meeting, Roskilde, 10.06.2009). Some inspectors expressed that they saw this as a desirable situation as rumors can have a preventive effect. Other, however, saw it as problematic as it gives the inspected the chance of acting strategically to avoid trouble (see Gad & Lauritsen, 2009, 54, for a discussion of prevention-strategies in fishery inspection). For instance, one inspector recounted that at one of the
other inspections of a car auction house the head of the IT-department was suddenly on long-term sick leave which prevented the inspectors from accessing the auction houses’ comma-separated file. This gave the auction house respite: time that might be used to cover up mistakes, fraud, missing invoices etc. (Notes taken during project meeting, Roskilde, 10.06.2009)

A way to prevent such strategic action from the inspected is to be vague about the purpose of the inspection and vague about how much knowledge SKAT has or needs; a tactic which was used by the inspectors at the visit I observed. The inspectors’ logic was – as expressed at the joint project meeting – that if the inspected did not have a clear sense of SKAT’s intentions and knowledge it would be more difficult for them to act strategically. One of the inspectors at the auction house visit thus stated that their letters to the auctions houses expressed “Hidden agendas” in not expressing what SKAT in fact knew as this might lead them to “tell us about cars we do in fact not know about.” (Notes taken during project meeting, Roskilde, 10.06.2009)

One might, however, also suspect that the vagueness was not only expressed as a strategy, but also expressed out of sheer uncertainty on the part of the inspectors as to their role during the visit. This point of view was expressed as one of the participating inspectors commented to me that she did not really know why she should attend the inspection as it was only the IT specialist who had a job to do while being at the site of the business. In fact, she only participated as the project leader had asked her to do so and she explained to me: “Well then, me and Karl we just felt that we were in the way. You know, we should not have been present at that visit.” (Interview with project participant, Jenny)

What I want to argue is happening at this stage of the project is that the tax inspectors’ vision is starting to narrow down, but at the same time the inspectors are trying to conceal the narrowness of their vision. Thus, there is one movement that aims for narrowness; the risk assessment done at the first stage of the project represents a wide approach and includes packing facilities for eggs, dairies, recycling businesses, power plants, car dealings etc. As the project progresses the project’ focus is narrowing down; we know that focus is now only on specific lines of business and on a specific problematic, namely that of ‘inverted invoices’ in car auction houses, and also 13 specific car dealings have appeared. The other movement which is beginning to be at play simultaneously aims for omniscience; somehow the inspector would like to appear as though having a lot of information, doing a lot of inspection and being able to ‘dominate’ the inspected. This is seen during the
inspection at the auction house where the auctioneer is put in a position of a subject who cannot see through the rationales of SKAT. This object of SKAT’s vision never knows when his business is being watched by SKAT, why exactly SKAT looks at his invoices, or what SKAT in fact knows. This is the instantiation of the ‘classic’ effect of the panopticon where the recipient of the observer’s gaze always feels as though being watched by a dominator. Hence, in the letters and in their appearance the inspectors seek to ‘stage’ themselves as omniscient observers and thereby conceal their actual narrowness of vision.

6.5.6. 3rd stage: Discussing the cases
After the visit to the car auction house and after the tax inspectors had started handling the selected cases, the project members were assembled for a whole day meeting to discuss the work they were doing on the cases.

The tax inspector Kathrine had been handed the case of Reiner. At the meeting she explained that she had received this case from one of the other project participants who started the case but was relocated and taken off the project. Reiner was a man in his forties and he had been selected for inspection as he had been involved in dealing 24 cars within the last three years. In explaining the situation Kathrine said that she started out being excited about the case as she thought it was a good one with a lot of revenue to adjust and a real fraudster to pass judgment on (Interview with project participant, Kathrine). However, as she started investigating the case, she explained that she realized that the case was actually about a nervous wreck with a tragic life story. At the meeting she said:

I have this case on Reiner. He’s unemployed and connected to a drop-in center. Seemingly, he’s a nervous wreck after receiving the letter from SKAT about the dealings. He’s really afraid of SKAT. We’ve been told that he has dealt 15-20 cars at the auction. He has a guardian – because of psychological problems – whom I’ve talked to. She hasn’t heard anything about the car dealings from Reiner, but she’ll talk to him about it. (Notes taken during project meeting, Roskilde, 23.09.2009)

Kathrine explained that she would soon have a meeting with Reiner and the guardian. The guardian basically helped Reiner sort out his financial matters and follow up on his everyday activities to make sure that he was alright. At the meeting they would have to take a look at the car dealings and see if there would be some good explanations for the dealings. Kathrine emphasized that she was
aware of proceeding in a sensitive manner, since Reiner was obviously an unstable person39. Following Kathrine’s case summary, the rest of the participants explained about their cases. These introductions gave a consistent picture of the inspectors’ dealing with very few and only ‘small fish’ cases.

For instance, two other tax inspectors had done an unannounced inspection of a pensioner in his early sixties. This man had been selected for inspection because of his involvement in a suspiciously large number of car dealings and because he received an early retirement pension. Retelling the case the two inspectors emphasized that the man – whom they visited in the morning – took 25 pills for breakfast and that his health was in a bad condition. The inspectors also recounted that according to the man himself, he was dealing that many cars because he liked changing his cars often: “Like women changes shoes, I change my cars” (Notes taken during project meeting, Roskilde, 23.09.2009). Looking around the man’s property the inspectors took a peek at his garage to see whether car dealing/repairing was likely to have taken place on his property. They explained that the garage was a really old one. There was no pit for working under the cars, but there was a lift and all the tools that would normally belong to a garage. One of the inspectors concluded the summary of the case by suggesting closing the case as quickly as possible. He believed that it was just an old man who enjoyed repairing and selling some cars, not anything worth using the inspectors’ time and energy on.

After the introductions and summaries of the cases there was a dull atmosphere in the meeting room. This atmosphere was partly due to the fact that many of the descriptions of the cases began like this: “I have taken over this case from…” (Notes taken during project meeting, Roskilde, 23.09.2009). These statements were elaborated by the project leader’s presentation of a slide with the heading: “Hello and goodbye” (Slide show, Roskilde, 23.09.2009). In this slide the project leader had copied in pictures of the faces of five project participants that had departed because of announced relocations. Also, there were pictures of two newcomers: a new project owner and a new

39 Kathrine’s work with the case of Reiner is highlighted in the article as I got the chance to follow this particular case in detail.
case worker. The cases that were started by the now departed project participants were handed over to the remaining participants.\(^{40}\) Hence, a tax inspector started the meeting by claiming that:

\[
\text{We’re 21 employees in my division. 8-9 have stopped within the last two months. Now, some more bad news has come out. I’m losing Rune, the person who has been next to me for several years. He is leaving for Sluseholm [the main tax unit in Copenhagen 2 hours drive away]... Normally we give 25 kr. for a present when there is someone who leaves. But we’re not doing that any longer. Simply because we have to collect money all the time. There are so many who are being relocated that giving gifts has been cancelled! We do not really get to say goodbye in a proper way. (Notes taken during project meeting, Roskilde, 23.09.2009)}
\]

This situation influenced the meeting. All the inspectors were aware of the problematic relocations. Apart from this issue, however, the project members were also disappointed by the content of the actual selected cases. As indicated, it was predominantly cases about a nervous wreck, an old man selling some used cars and the like. Reacting to this a project participant stated: ”I really do not understand it. That there aren’t any more cases. I simply don’t understand it!” (Notes taken during project meeting, Roskilde, 23.09.2009)

To comment on this state-of-affairs a project member suddenly explained that a person from her case had told her that: “We’re dealing our cars before the car auction. As it costs money to be at the auction, it can pay to deal them before the auction”. She commented that if *that is how* cars are dealt with, then it was a purely black market, and that these cars were not reflected at any invoices: “Those cars we’re never going to find in the accounts”. At this point the project leader asked: “Is it a valid statement that cars are actually dealt before the auctions? And do we know the extent of this?” (Notes taken during project meeting, Roskilde, 23.09.2009). As nobody answered the project leader came up with a suggestion:

\(^{40}\) At this point in time actual dismissals of employees were not taking place. However, presently – in 2011 – actual dismissals of employees in the organization have been announced from the top management (Mail from Peter Loft, 18.03.2011). Hence, over a longer period of time there have been unstable terms of employment in the organization.
Project leader: They [the dealers] might very well engage in secret car auctions before the actual auction. We need to check this! Can’t we go there and see if we can actually see these pre-auctions?

Project participant: Do you want to go in there undercover - in secret?

Project leader: Yes, isn’t it legal to go in and observe without making oneself known? We’ve done that with pizzerias and restaurants. It is legal. (Notes taken during project meeting, Roskilde, 23.09.2009)

The project group was not fond of the idea of going undercover and commented that such an investigation was a task for the specific division in SKAT working with criminal economy or it was a case for the Police. Despite not being fond of the undercover idea the project members maintain the nagging feeling that something escaped the project’s focus. One commented:

I really feel strange about this project. I do not really know where we stand. It is still very open [with the car dealings]. The cases are weird ones. And we need an overview of the project. It is like…we’ve scratched in the paintwork [of the cars]. There must be money there. It’s just not appearing for us. (Notes taken during project meeting, Roskilde, 23.09.2009)

6.5.7. Visibility in discussing the few actual cases
At the meeting described above it becomes apparent that the terms of the project hinder making some particular car dealings visible, that is the dealings done prior to the actual actions. Because the project focuses on the ‘inverted invoices’ and accessing the comma-separated file, it is only fraud reflected in the invoices that appears in the project. From this follows that the quality and accuracy of the invoices’ content become very important. Hence, in addition to discussing the pre-auction, the tax inspectors also discuss problems with sellers who provide the wrong phone number, state their cousins or others’ addresses instead of their own, or state the name of a fictive company. Also, they mention the problem of bookkeepers spelling names wrongly (as the bookkeeper at the auction house commented).

The general point becoming evident at this stage of the project is that tax inspectors are fundamentally dependent on the sellers’ self-provided information and the car auction houses’ accurate registrations of this. It is through the car auction houses’ records that the inspectors see. As
indicated, there is the complication that car dealings that are not reflected in the invoices as they are dealt prior to the auctions, and car dealings which are registered wrongly – intentionally or unintentionally – are left out of sight. These dealings are not – and cannot be – seen by SKAT. Hence, the connections making the cases visible are not as sturdy as the tax inspectors would like them to be; as Latour draws attention to only but “the tiniest bug can blind oligoptica” (2005, 181). That is, the appearance of only but a wrong digit in a number or a wrongly spelled name can blind the inspections’ vision.

Sitting at the meeting approximately 9 months into the project the inspectors have created a vision of fraud which at this point in time looks increasingly oligoptic. As in the previous stage the project has gained a vision which is very narrow as it only shows information about the 13 car dealings. The vision is also characterized by having great precision: the inspectors know the number of sales, the income (and deficit) from these, whether the person receives social benefits, owes the state money, and of course whether the person has provided sufficient registration to SKAT’s databases. Furthermore, however, what becomes evident at this stage of the project is that the vision in addition to being sturdy, is also fragile because some dealings are not registered and because the information on the invoices are not necessarily correct.

Recalling Latour’s emphasis that translation always involves gains and losses, the vision created at this stage of the project exemplifies that the inspectors have gained knowledge of the specific 13 cases, but this has been achieved at the loss of the car dealings done prior to the car auctions, not to mention the car dealings registered wrongly. Hence, the wisdom gained in this particular oligopticon is proportional to its deliberate blindness. This has the consequence that the inspectors feel they are missing out on something significant as the last quote indicates; “there must be money there. It’s just not appearing for us”. What is interesting in relation to these losses is that the lost car dealings of course become a ‘headache’ for the inspectors. The project leader comments that the auctioneer, at the auction house with the IT-manager on sick leave, is likely to be amused and laugh at their work. She describes him as the spider, indicating that he plays a role in coordinating the pre-auctions. A project participant further comments that she was told by one of her informants that he – of course – only pays in cash and never uses a bank to avoid being tracked down by SKAT.

(Notes taken during project meeting, Roskilde, 23.09.2009)
Interpreting these statements it is clear that the recipients of SKAT’s vision perceive this quite differently. As it will be apparent from the description of the next stage in the project, there is evidence to suggest that the 13 picked out cases do indeed experience the omniscient vision of SKAT and they do experience that SKAT is a powerful and dominant actor in questioning them and in passing judgements. In contrast, however, the car dealers lost by SKAT are out of reach and these recipients know only too well that SKAT’s vision is oligoptic, i.e. that SKAT only sees through invoices and therefore will never discover their dealings. They do not fear the tax inspectors, but they are amused and laugh, ignore the bank, and deal with cash. Hence, they only ‘fear the inspection’ in the way that they have worked out ways of side stepping its reach.

The realization that dealings are let out of sight disturbs the tax inspectors and collides with the wish to nurture their ‘inspection-gene’. The inspectors are doing all the right things: they do classic inspection work by juxtaposing information provided from the buying businesses’ invoices, the selling persons’ registrations, and SKAT’s comprehensive IT-systems. There is nothing wrong with the audit; it is done thoroughly following the guidelines. However, the irony of the project is that it first attracted inspectors fond of doing inspection to reveal fraud; the inspectors wanted to be on the project as there was an opportunity to do ‘classic’ inspection work. Later on in the project, however, the project itself embodies how vulnerable this form of inspection is. The project manifests that this form of inspection certainly has its limits.

The problem of the tax inspectors not being able to make visible the car dealings done prior to the auctions also maps onto the distinction between tax evasion and tax avoidance. While tax avoidance is a legal utilization of the tax regime to one’s own advantage whereby the amount of tax can be reduced, the contrast of tax evasion signifies efforts not to pay taxes pursued by illegal means. The terms of the project are in many ways directed (too creative) tax avoidance that borders or is considered fraud which is scam and fraud that can be detected in invoices, balance sheets and transactions. However, in part what the project encounters is actual tax evasion where the fraudsters do not even make use of the normal procedures for dealings; they do not leave traces on the spots usually investigated by tax inspectors.

6.5.8. 4th stage: Meeting Reiner
After the joint meeting and presentation of the cases, the case workers continued their individual processing of their cases. Consequently, one morning in October 2009 I was seated in a meeting
room at one of the local tax units on Zealand. Next to me was Kathrine and we were waiting for Reiner and his guardian to arrive. While waiting, Kathrine explained the papers scattered out on the table in front of us. There were bank statements, lists of cars, copies of letters, ‘inverted invoices’ from the auction house, and a set of case notes. All documents referred to Reiner’s car dealings. According to the material Reiner had dealt 24 cars over the last 3 years, and he was summoned to this meeting because he was charged with not reporting the income from these dealings. Neither Kathrine nor I had met Reiner in person, but over the last months Kathrine had been able to piece together the material representing Reiner’s presumed ‘mistakes’.

To explain the material Kathrine picked up the bank statements. She had highlighted certain numbers with a yellow marker. They represented money which had been deposited and withdrawn from Reiner’s account. These transactions were neither salary nor (shop) payments, but transactions of cash. Kathrine also showed me an outline of Reiner’s personal finances. This showed that Reiner spent more money than he had. In tax terminology this is called having a ‘negative private consumption’ and it indicates circulation of black money. From her audit of Reiner’s finances Kathrine had a strong assumption that the extra (black) money stemmed from the car dealings. To me, Kathrine stressed again that the case of Reiner was a rather sad one as he was psychologically unstable. Therefore it was also a minor case that should not take too many resources. Most of Reiner’s car dealings did not amount to more than a few thousand Danish kroner and some of the cars were even sold and bought with a loss. Kathrine was clearly aware of the relative insignificance of the case and she emphasized several times that this was not a case that she should spend *too much time on*[^41]. But Reiner *had done something wrong*, and this *needed to be corrected*. He *had to change his habits* when selling cars (Notes taken during the meeting, Holbæk, 15.10.2009).

As Reiner and the guardian had arrived and were seated, Kathrine started explaining the crude facts; SKAT had received information from a car auction house that Reiner had dealt 24 cars over the last three years. This activity SKAT regarded as ‘running a business’. The problem was that Reiner

[^41]: These statements from Kathrine clearly indicate that she is aware of the ‘treatment strategy’ and SKAT’s aim of doing targeted and differentiated regulation. Comparing the focus of the previous article on the segmentation model, Kathrine here ‘embodies’ the responsive tax inspector who evaluates the ‘gains’ from doing audit to the ‘costs’ of the audit.
neither had registered himself as ‘running a business’ with the administrative work this required, nor had he registered the income. Also, Reiner had a negative private consumption. Together this indicated that he had been dealing the cars and spent the income himself. Kathrine finished outlining the case by saying that Reiner’s taxable income probably needed to be adjusted to reflect his actual income. Also, Kathrine said that at the meeting, Reiner, the guardian and she needed to cooperate in piecing together information about the car dealings as the material that Kathrine possessed did not adequately show all the dealings.

There was a delicacy in the relations between the persons assembled. As it appeared from the case minutes and Kathrine’s presentation of the case, she had been in dialogue with the guardian before the actual meeting. The guardian had been authorized to handle all Reiner’s contact with the public authorities because he was not capable of this himself. When Kathrine explained the case to the guardian, she – at first – refused to admit that the car dealings could in any way have been done by Reiner because he was sick and on rehabilitation. Furthermore, the guardian explained that on several occasions she had discussed Reiner’s personal finances with him, and she had never heard him talk about any car dealings. To account for the dealt cars, the guardian therefore explained that Reiner had been assigned to ‘work ability testing’ at a local garage by the municipality. She suggested that he might have been abused by the garage. That is, they might have used Reiner’s name to cover up their own car dealings. Hearing Kathrine’s accusation, she saw this as the most probable explanation.

This explanation, however, was quickly rejected as the guardian talked to Reiner about SKAT’s accusation; he admitted that he had in fact been dealing quite a few cars over the last few years. Based on this, the guardian explained to Kathrine that she had visited Reiner’s home to search for possible documentation representing the dealings. This documentation – though scarce – she had sent to Kathrine. Upon retelling this aspect of the case Kathrine noted to me that the guardian was not that much in ‘control’ of her client’s affairs and she noted ‘how sick can he be when he is capable both of repairing and dealing all those cars?’ Hence, there was a nearly invisible power play between Kathrine and the guardian concerning Reiner’s abilities: was he sick and on (justified) rehabilitation, or was he (cheating) and receiving social benefits while in fact being well enough to repair and deal cars?
In the meeting room the first comment which Reiner gave to reply to Kathrine’s accusations was that: “It is my hobby to repair cars. I haven’t done it to earn money, but because it is fun”. Kathrine dismissed this: “When there is a certain flow in the sale, then you’re a businessman. You are running a business to a certain extent. We need to figure out how this can take place from now on and in the future” (Notes taken during the meeting, Holbæk, 15.10.2009). To account for why Reiner was in fact running a business and to account for the flow in the car dealings Kathrine started to go through the cars dealings one by one. In this way she also pieced together what Reiner had earned on repairing and selling each car. Kathrine: “In 2007 you bought and you sold a Mazda 323. Also, there is a Toyota Corolla which is only bought, but what have you sold it for? I cannot see it here”. Reiner looked defeated and was not really answering. The guardian explained to Kathrine: “The client [Reiner] has had a very difficult time psychologically. He hasn’t opened any of his letters or anything. We’ve tried to look for the documentation in his house, but there is nothing there”. Kathrine listened but continues addressing Reiner: “The Toyota Corolla from 2007. In my papers it says that you bought it for 5,012.00 Danish kroner. What about the sale? Can’t you remember who you sold it to?” Reiner shook his head. The guardian directed her attention to Reiner: “There is something that you do remember. We’ve talked about this. Some of the cars are still parked in your garage. And you said that the Peugeot, that one, you’ve just sold”. There was not much reaction from Reiner who primarily nodded in possible agreement or denial. Hence, Kathrine shifted strategy and suggested that instead of starting back in time in 2007, they could start by looking at the most recent car dealings as they might be easier for Reiner to remember: “This Ford Escort has it been sold?” Reiner: “No, that one is parked home in my garage. It needs to be fixed.” Kathrine: “This Peugeot has been sold with a loss of 1,000 kroner. The Pontiac - has that been sold?”

The conversation continued in this way. Kathrine asked questions about each car and Reiner provided explanations. He told different stories as Kathrine went through the list: We heard about cars still at home in the garage, about one of Reiner’s friends who promised “gold and green forests” to Reiner, if Reiner could only just buy some cars for him. We heard about debtors and the ex-wife who Reiner had recently divorced. We heard about a severe road accident and that Reiner received money from the insurance because of the accident. Last, but not least, we heard about what different spare parts, such as motors, that Reiner had bought over the years in order to repair the cars. After going through the list of cars and hearing Reiner’s explanations, Kathrine had also
prepared a review of Reiner’s bank statements. Again she started back in time and asked Reiner to account for the cash deposits in his account. Kathrine: “January 24th 2007. There is a cash deposit of 7,717.74 Danish kroner (kr.). Could this be payment for a car?” Reiner was nodding passively, no comments. Kathrine continued with a long list of numbers: 1,126 kr., 3,000 kr., 14,000 kr., 25,000 kr., 3,700 kr., 11,000 kr., 5,600 kr., 12,000 kr., 12,000 kr., 16,000 kr., 10,725 kr. etc. Not much information was gained from going through the cash deposits; Reiner did not remember anything.

The guardian spoke to Reiner: “Are you tired? I can see that you’re tired.” Kathrine: “Well, really, there is also a lot of information here.” The guardian: “One cannot remember all this!” Kathrine – with determination in her voice: “There is one person at this table who is best placed to remember [she looked at Reiner]. I’ve marked the central cash deposits. For these I want an explanation. It is you who can give me the best explanations.” Kathrine finished going through Reiner’s bank affairs by asking about a safety deposit box which the bank had reported that Reiner had access to:

Kathrine: I can see that you are renting a safety deposit box in the bank. Do you use it to store money?

Reiner: No, I don’t. Uh…but I really wish so [first time during the meeting that Reiner laughs]. We can go down and have a look at it together!

Kathrine: I’m only asking as safety deposit boxes can be used to store money which is not informed to the public authorities.

Reiner: I wish it was filled with money.

Kathrine: If it is filled, you should remember to have the money exchanged for the new banknotes. [Kathrine smiles over this reference to the replacement of banknotes in Denmark]

Kathrine finished the meeting by stating that if Reiner – somehow – suddenly remembered more, he should not hesitate to contact Kathrine. She also asked Reiner if he planned to continue dealing cars. Reiner answered no, no. In that case, she explained that she would sort out a reasonable adjustment to Reiner’s taxable income. Shortly afterwards Reiner and the guardian left the tax office.
After the meeting Kathrine noted to me that she was being very soft and nice to Reiner. She was afraid of the reactions of the guardian. Kathrine explained that in worst case the guardian could start accusing SKAT (and Kathrine) of assault and of being too harsh on her client. As Kathrine stated, “least of all, I need that the municipality starts a case against me for being too hard on Reiner” (Notes taken during the meeting, Holbæk, 15.10.2009). The case was closed soon after as Kathrine sent Reiner a letter stating that his taxable income would be increased by 52,275 Danish kroner (app. 7,005 EURO) (Letter to taxpayer describing the tax adjustment). Recalling that the limit for income due to private dealings is 50,000 Danish kroner (app. 6,700 EURO) (!).

6.5.9. Visibility when looking at Reiner’s car dealings
Let us now again return to Latour’s definition of the oligopticon: it is a series of mechanisms through which one can see very little and very precisely. The oligopticon facilitates a sturdy, but extremely narrow and also fragile view, and it is only made possible as long as the connections holding it together are in place. Furthermore, a sharp focus enables the phenomenon depicted to become legible and susceptible to careful measurement and calculation.

The material that Kathrine had pieced together concerning Reiner’s car dealings can be characterized as an approximation to the perfect oligopticon. Compared to the vision created earlier in the project SKAT (represented by Kathrine) presents papers whereon a very limited subset of tax fraud connected specifically to Reiner’s doings is made visible. On these papers Reiner’s dealings of Mazdas, Toyota Corollas, Peugeots, Ford Escorts, Pontiacs etc., appear and also Kathrine knows the exact amounts of money that Reiner has paid for or received from these dealings. SKAT sees these car dealings very well as there are bank statements, negative private consumption, Reiner’s explanations, and of course the car auction house’s invoices to confirm the empirical factuality of the dealings. This is indeed a study and narrow view. And it is a vision that makes Reiner’s wrongdoings legible and susceptible to Kathrine’s measurement and calculation of an adjustment to his tax assessment.

However, the created visibility is only study as long as the connections holding it together are in place. And, of course, several matters threaten these connections. There are – with Scott’s words – ‘instances of small revolts and misfits’ which indicate the difficulties that the state encounters in trying to see. For one thing, there are the elements coming together at the meeting such as Reiner’s bad memory: he cannot remember the dealings, prices, or who he has sold the cars to. Also,
Kathrine’s caution in not pressing Reiner too much influences what is being said. And, not least there is the guardian who tries to protect her client by pointing to his fatigue and personal problems. The bad memory and the wish to protect the client can be seen as such small revolts against Kathrine’s endeavor of making Reiner’s car dealings visible to SKAT. And, what if the safety box is in fact full of money? That would certainly be a misfit between the representation Kathrine makes and the reality of Reiner’s personal finances.

The meeting, however, is not only dependent on the connections coming together in the here and now; it also depends on the project work done throughout the preceding 10 months. Unraveling the connections that are held together whereby this particular meeting, with its particular vision can take place, takes us all the way back through the prior visions created in the project. The meeting depends on: the bookkeeper noting down correct names; the comma-separated file being withdrawn; that car auction houses were voted for in the project’s risk assessment; that the tax inspectors found car auctions as a reasonable area of risk in the risk assessment; and on the steel scrap project being a success as this presupposed the ‘inverted invoice’ project being initiated in the first place. So far the analysis has described all these intermediate stages – the number of transformation – that are needed for Kathrine to finally point with her finger to the yellowed marked cash deposits appearing on Reiner’s statements of account. The analysis has – as Latour advocates – followed the cascading transformations from form to form until the car dealings finally become numbers which constitute the base for doing adjustments in the taxable income of the fraudsters.

Moreover, what the project has resulted in and what becomes crystal clear at the meeting with Reiner is how the project in some specific situations stages the inspectors as omniscient; as dominant observers that can demand information about the most private details and who can evoke uneasiness in the inspected. Looking at the material that Kathrine has scattered – and which shows Reiner’s bank statements, the dealt cars, copies of letters, the invoices from the auction house and the case minutes – I got a bit intimidated; I felt that I could see too much about Reiner’s life. Also, hearing about how the guardian and Reiner had searched his house for documentation, hearing about his divorce, friendships, the safety box, and the car accident made me feel that Kathrine asked for (too) much information about Reiner’s life. Something which the guardian also drew attention to by questioning how much Kathrine could possibly demand that Reiner should remember and retell.
She nearly cried out: “One cannot remember all this!”, indicating that the questioning was getting too detailed, specific and personal.

Encounters such as the one described here are taking place every day at SKAT. The unease and suspicion of SKAT’s omniscient vision are, indeed, a more widespread perception of SKAT than merely indicated by the analysis of Reiner’s case. For instance, it can be supported by statements from bookkeepers and business owners. While discussing instances where SKAT has initiated a proceeding or where the businesses somehow have been involved with SKAT, the businesses have explained to me their different perceptions of the authority’s ability to see and intervene in their practices. One stated that SKAT “can bring you to hell...They [SKAT] sit in a position where they can close your business overnight, just like that” (Interview B: 4). She furthermore explained:

I think all of us have the inclination to cheat. But the minute the cheating is brought to light then it is pretty stupid. If we needed to have the auditor here to go through all our materials, then I would have a very red face. And then afterward, we would have SKAT over us all the time. Because of this, I run the accounts very strictly. (Interview B: 7)

Another added: “trying to cheat SKAT is like burning the candle at both ends” and “You just know that you are going to get into trouble and that you are going to owe a lot of money to SKAT. Best just to keep out of it by ensuring things are correct” (Interview E: 11). This perception of SKAT as a powerful and controlling authority is also expressed by a business owner who says that one never knows when SKAT ‘strikes back’ and that the sanctions which SKAT can initiate are very troublesome:

If you fail to live up to the obligations from the customs and tax authority, for instance, with VAT, well… Then suddenly the hammer hits you. Then you have to report VAT every month and that would be very annoying. (Interview G: 22)

What is interesting in relation to these quotes and the meeting with Reiner is that this is symptomatic of a vision of the tax authority that is inherently oligoptic, but staged or presented as panoptic.
Bruno Latour’s terms for the feelings that the panoptic vision evokes are respectively ‘megalomaniac’ and ‘paranoiac’ (Latour & Hermant, 2006, 28). Latour describes that generally the megalomaniacs see a ‘map’ and believe that the map concretely refers to some external reality. Hence, they think that they can dominate something by having a map showing this. According to Latour, the paranoiacs depart from the same assumption as they believe that they are dominated, observed, watched, because someone is holding a map of them in their hands (28). Here at this stage of the project the point is that, due to the material at hand Kathrine is ‘staged’ as such a ‘megalomaniac’ who can see all of Reiner’s car dealings; she can ‘dominate’ his practice of dealing with cars by looking at the material at hand. Symmetrically, Reiner is ‘staged’ as a ‘paranoiac’ as he is assumed to have the experience that he is indeed being ‘dominated, observed, watched’, just because Kathrine presents and looks at the specific material in front of her.

As Latour notes (Latour & Hermant, 2006, 28) and what I have shown in the analysis is that both of these perceptions are fallacious as Kathrine’s representation is not a one-to-one replication of Reiner’s dealings, but it is a meticulously built up oligopticon which is both narrow, specific and fragile. However, this analysis of the character of the actual vision does not change the general experiences of the inspector as dominant and the inspected as dominated: if one has been selected for investigation, then the chances are most likely that you will experience SKAT as a omniscient and dominant authority (no matter that the analyst tells you that the vision is in fact oligoptic).

### 6.5.10. 5th stage: Closing down the project

At Christmas time 2009 the project leader sent a greeting to all the project participants. In this she stated that the project would be closed by the end of the year. She stated that this was due to the lack of cases which the project had given rise to and that the risks connected to the project were not really as great as estimated. She wrote:

> I know that many have been disappointed that we have not experienced the success which we thought was possible in this project. But I am of the opinion that the project as a project has been an awesome success…We have reached our goal. We have investigated several branches and their use of ‘inverted invoices’. We can ascertain that there is not a significant risk that there are forgotten incomes as was ascertained in the steel scrap project. Ergo, we have solved our task and with peace of mind we
can pass on the notification that in the selected lines of business there are no big risks in relation to the use of inverted invoices. (Mail, Christmas greeting)

In the project leader’s final written report of the project she elaborated the above conclusion. She defined the aim of the project in this way: “This project’s aim has been to investigate whether there is a substantial lower level of tax compliance in lines of business using ‘inverted invoices’, when looking at other lines of business than steel scrap” (Final reporting of project). The project leader concluded two things. First of all, that the problems with ‘inverted invoices’ were not very widespread when dealing with used cars. This follows from the fact that the project group only found 13 cases of fraud. Second, she indicated that tax compliance levels in the car auction houses are very low. Hence, there is fraud, but not fraud with ‘inverted invoices’. These two conclusions are put together in this way:

We concluded that the deviant level of tax compliance that some persons and groups in this line of business [car auctions] express is not due to the use of ‘inverted invoices’, but it might be there because the illegal actions and black money are easy to hide from SKAT. (Final reporting of project)

There is something important to note here concerning how the project defines its aim and success. There are three central documents that outline the ‘inverted invoice’ project: the initial project description, a revised project description produced at the final stage of the project, and the final reporting of the project written as the project had been closed down. All documents are primarily drafted by the project leader.

In the initial project description it was described that there was a massive risk connected to ‘inverted invoices’ (Project description, initial) and different percentages were stated for what the project needed to live up to in order to be a success. For instance, the description prepared the ground for dividing the targeted lines of business into groups that received treatment and a control group. The aim was an increase of 25 percent in the registrations by the ‘treated’ group which at the outset were non-registered dealers (Project description, initial). As my review of the project shows, there was no division of the non-registered dealers (such as Reiner) into a ‘treated’ and a ‘control’ group. Hence, the revised project description does not mention this division, but stated that the aim of the project was to “Identify the risk connected to the use of ‘inverted invoices’ when used in
other lines of business than steel scrap” (Project description, revised). Measured up against this aim the project leader defined the project as a success; it had indeed identified the risk connected to the use of ‘inverted invoices’ in car auction houses, and they had concluded that the risk was low.

According to the project leader’s final report, the project had all in all succeed in making adjustments in taxable income in the 13 cases which amounted to 395,814 Danish kroner (app. 53,000 EURO). Compared to the steel scrap project – which the project was in the initial phase – this does not amount to anything near the 412 cases and its adjustments which exceeded 16 million Danish kroner (app. 2 million EURO). Hence, in relation to the aim of lowering the tax gap the project was a terrible failure as neither many cases nor any large quantity of money were found.

The above illustrates that there are – of course – different parameters for success and that they change during the project. Measuring up against the aim of investigating whether there is fraud connected to ‘inverted invoices’ when dealings cars, then the project has solved its task. However, measuring up against an aim of: (1) getting an increase of 25 percent in the registrations by the non-registered dealers, (2) finding (many) cases, and (3) doing actual (extensive) regulations in taxable income to make the tax gap decrease, then the project is a failure. The project has neither succeeded in doing many adjustments nor in mapping the ‘real’ fraudsters. The project leader commented on this result by stating that the project had only found the persons that were not that “canny and clever in the game”. (Final reporting of project)

To conclude my review of the ‘inverted invoice’ project I will cite a telling statement from one of the project participants. This was written in the final evaluation of the project:

Like most of the other project participants, I had expected that there would be more problems with the ‘inverted invoices’ than was actually the case. Though, I still believe that there are problems in this line of business [car auctions] as several project members’ state that cars are dealt before the actual actions. The existing ‘inverted invoices’ can, hence, very well be correct. However, it is a problem if the invoices do not represent the actual dealings….The eternal question is how one can control a market that is not registered. (Final reporting of project)
6.6. Discussion and conclusion
The article started out by posing the question as to how a tax authority can know who is working where and when, and who is selling and buying what. In investigating how the state ‘sees’ such activities I have shown how there are layers of translations where different visions cascade down from form to form (see Latour & Hermant, 2006, 19). In this way a number of car dealings are reduced to a number of dodgy car dealings (Reiner’s 24 dealings) and a total amount of increase in taxable income (395,815 Danish kroner). Hence, I have followed a process where car dealings stage by stage are ‘transmuted’ into numbers that can be managed by the tax inspectors. I have focused on revealing “without missing a single one, without omitting the tiniest step” (23) the activities enabling the inspectors to ‘see’ the misdoings of the taxpayers and to make them amenable for intervention.

At each of the stages I have characterized the specific visions that were created. The first vision connected to the risk assessment process I characterized as a tunnel vision describing how the tax inspectors excavated a tunnel to see fraud, i.e. they started cutting to size the phenomena they wanted to focus on. The second vision connected to getting the buyers’ information about the sellers, which was done visiting a number of car auction houses, I characterized as starting to become oligoptic as the tax inspectors actually saw the 13 specific cases. Also, I indicated that the inspectors somehow tried to conceal their increasingly narrow view by appearing omniscient. In the third vision, connected to discussing the few cases, I emphasized that the tax inspectors’ vision was both study and fragile, and contained both gains and losses. In the final vision, where Reiner is summoned to the meeting at the tax office, I described the vision as approximating the perfect oligopticon. This was due to the fact that now a very limited subset of fraud was made visible; it was a sturdy and extremely narrow vision. Also, this vision was – despite its oligoptic character – ‘staged’ as a panoptic vision implying that Reiner was dominated, observed and watched by an ‘all-seeing’ tax authority.

6.6.1. Performing the dodgy dealings, the state and success
A central reason for doing such an analysis is to show how things we normally take for granted are actually performed in various ways. It would be quite ‘normal’ to take for granted that Kathrine’s representation of Reine’s 24 car dealings is a one-to-one representation of 24 dealings; there is a word (her papers) representing a thing (his dealings). This is indeed what it looks like when this representation is constructed and the papers are scattered in front of us. However, now that we have
been following the project’s activities over the last 10 months through its different stages, this slow wandering has shown us that Reiner’s car dealings are being constructed as *dodgy as long as* the project comes along.

Reiner’s car dealings – done back in 2007 and 2008 – were not at that time defined as ‘dodgy dealings’. They were just dealings done by a man who liked repairing and reselling used cars. However, as the inspectors start their work in the ‘inverted invoice’ project; as they do all their work of selecting businesses, of getting the comma-separated file, of searching SKAT’s other databases etc., then Reiner slowly emerges as an offender of the tax law. The work which has been done in the project thus has a *transformative* and *performative effect* as Reiner by the end of the project is defined as a fraudster. This means that the *representations* created in the project are not neutral representations of a given pre-existing reality, but the *representations* are powerful actors in *performing* and in *changing* peoples’ lives.

Hence, instead of simplifying the ‘reference operation’ by saying that the tax authority simply represents what happens outside the tax office, I have shown how the authority participates in constructing what it refers to and that a lot of work is needed to be in place for the representations to appear as ‘correct’ visions. Latour writes:

> We always simplify this reference operation. We want there to be words and things; we then ask how a word refers to a thing – which never happens, of course. Instead of jumping over the divide in a *salto mortale*, let's wander slowly along all these little shifts, the accumulation of which ends up charging the words with meaning. (Latour & Hermant, 2006, 22)

Latour’s quote is telling for the approach employed in the article; I have tried to avoid jumping in a *salto mortale* between Reiner’s car dealings and Kathrines’ representation of these. Instead, I have shown their mutual construction. The above thus suggests that (random) *car dealings* are performed as *dodgy car dealings* during the project. However, what is also performing during the project is the *state*. Basically much of the article thematizes the relationship between a viewer (the state) and a recipient of a view (the taxpayers). I have divided these recipients roughly into two categories: the ‘found and anxious’ fraudsters and the ‘invisible and laughing’ fraudsters. These two perceive the state’s vision quite differently.
For the first category the vision of the state provokes *anxiety* and the sense of being *dominated, observed* and *watched* by the state. This is exemplified by the upbeat auctioneer who is curious about the inspectors’ doings, but who are only provided with little information about the state’s intentions and knowledge from the visiting inspectors. Also, it is shown in the case of Reiner, who ends up in a situation where his private life is rolled out for display and Kathrine describes him as a nervous wreck after receiving the letter from SKAT about the dealings. Finally, the anxiety about when and how the tax inspectors ‘strike back’ is evident from the interview citations; they describe the fear of being found and the anxiety about what SKAT can possible do to their businesses. In relation to this group of recipients of SKAT’s vision, SKAT is performed as a *dominant omniscient* actor. As indicated earlier, I interpret this as the state is here performed as *panoptic*: it has a penetrating gaze. In relation to this it should be emphasized, though, that having this panoptic vision and creating the effect of being dominant need constant maintenance. The tax authority is never *per se* panoptic or dominant (or oligoptic for that matter), but it (sometimes) achieves this *effect* by its meticulous work of making representation of the taxpayers’ doings.

In relation to the latter category, the ‘invisible and laughing’ fraudsters – the ones who deal prior to the auctions or who intentionally states wrong phone numbers and names – these recipients of the state’s vision are all too aware that the inspectors’ vision is an oligoptic one; they know that the tax inspectors cannot – at least not as long as SKAT keeps working as it does – see their dealings. For these recipients of the state’s view the state is *performed* as *weak* and *powerless*; as an actor one can (easily) trick.

As a subset of the state being performed *outwardly* as *powerful/dominant* or as *powerless* there is also an issue of *how the project participants are performed* during the project. On the one hand, they are the ones shaping the tax authority *outwardly* towards the taxpayer. On the other hand, they themselves also construct an image of their work *inwardly* to the rest of the organization. This work of relating *inwardly* to the organization I have illustrated by the various descriptions of the (at times) problematic organizational set up around the project. Hence, despite the initial project aim of getting an increase of 25 percent in the registrations by the non-registered dealer, despite the aim of getting as many regulations as the steel scrap project, despite the turnover of participants in the project, and despite the general sentiment of unease because of relocations, the project succeeds in defining (at least in the written material reflecting the project) the project as a success. For the
project participant there is thus several things at stake in their work; they meticulously stage their vision outwardly as panoptic holding the taxpayers accountable for their doings, and also they inwardly work to stage their own accountability towards the management in SKAT in a positive way. The latter being done in the newly restructured organization where this way of working is neither formalized nor habitual.

In addition, what is interesting in relation to the inspectors’ work is the two different risk analyses done in the project. The project’s trajectory shows that both the initial risk analysis (represented in the Identification of risks – 2008) which pointed towards ‘inverted invoices’ as an area with potential for collecting non-reported income, and the risk assessment conducted at the first stage of the project were car auction houses were chosen were in fact not accurate. Neither of these risk analyses did in fact point out areas where the inspectors were able to ‘see’ risks. However, instead of criticizing these risk analyses for not pointing out identifiable risks, the project leader inverts the argument and points out that it is a success that the project has discovered that there is no risk connected to the identified risks of using ‘inverted invoices’.

These different examples of performativity illustrate the many things which are at stake in the project. Hence, first of all, the analysis shows that dodgy dealings are constructed and that certain taxpayers receive new identities due to the project. Secondly, the analysis highlights that the state, that is, the Danish Tax and Customs Administration, is performed quite differently as an effect of the project. The authority is both performed as powerful/dominant and as powerless dependent as to which recipients the focus is on. Lastly, the analysis also highlights that the tax inspectors in the mist of all this also themselves work hard to present/perform their work as a success inwardly. What this makes clear is that the tax inspectors are not only the viewers and the taxpayers the recipients of that view, but the inspectors themselves are also recipients of an organizational view towards which they try to act strategically.

6.6.2. Evaluating the use of the analytical concepts
In the article I have followed Bruno Latour’s maxim of getting away from the tendency of being too impressed by the state’s panoptic surveillance and to get away from this one-sided discourse of paranoia and megalomania. A way of reasoning which characterizes many of the Foucault-inspired critical tax studies reviewed in the beginning of the paper. I believe that Latour’s concept of the oligopticon and James C. Scott’s notion of tunnel vision are useful concepts in questioning the
panoptic surveillance and for characterizing the different visions created by the state. Using their concepts as axioms I have been capable of problematizing the state’s visions. However, instead of being nearly ironic at the expense of the ‘paranoiacs and the megalomaniacs’ which Latour tends to be in his description of their “naïve belief” in the possibility of domination and being dominated, I have tried to stay true to some of the taxpayers’ experiences of both anxiety, uncertainty, amusement and laughter. And thereby acknowledging that the visions created by the tax authority do indeed in some cases create panoptic-like visions.

The balance is to capture a delicate duality in one’s analysis. Theoretically speaking – as the analyst analyses the state’s vision – this vision is narrow, specific and prone to gains and losses. The treatment project necessarily has limits in what it can see, and I believe that what applies to the present analyzed project applies equally to other projects initiated by the authority; these are necessarily constructed with blind spots. The state can never achieve the production of a ‘God’s eye’. However, no matter how much the analyst insists on this characteristic of the created vision, this does not change that this vision is perceived by some recipients as panoptic and indeed powerful and dominant.

The point being that both Latour’s and Scott’s concepts do indeed inspire the analyst to make a pragmatic analysis of how state’s visions are constructed. However, such an analysis needs to be supplemented by sensitivity towards the (panoptic) effects of this visibility – despite the visibility’s actual construction. Looking at the current research on state visions the critical tax researchers seem to have emphasized this panoptic effect, but they disregard the actual characteristics of visibility. Looking at the Gad and Lauritsen analysis they go to the opposite ‘extreme’ by claiming that the fishery inspectors’ surveillance is fragile, limited and partial. Only somewhat tentatively indicating that this visibility is sought to be staged by the inspectors as a more panoptic-like visibility. I have endeavored to capture both the oligoptic and the panoptic aspects of the state’s visibility by suggesting that the oligoptic aspect refers to the production of the specific kind of visibility, while the panoptic aspect refers to an anxiety sometimes evoked in the inspected
7. Chapter Seven: The 2010 Information Note

An Analysis of the Drafting of the OECD 2010 Information Note and an Illustration of How a Specific Scientific Literature Engages with a Particular Policy Area

7.1. Introduction

The previous chapters in the thesis have centered on how tax compliance is currently constructed at various locations in Denmark. These analyses have looked in detail at how encounters between taxpayers and tax inspectors unfold in the daily practices of enforcing tax regulation in Denmark. This article supplements these chapters by shifting focus from the daily practices of doing enforcement to the activities of drafting the documents which shape the compliance paradigms influencing the enforcement approach in both the Danish Tax and Customs Administration and in several other tax administrations. My point is to illustrate what is contained in the documents that shape these daily practices of enforcement. In this respect this article also follows up on concerns raised in chapter one. They relate to SKAT’s and the OECD’s call for knowledge and insights into why taxpayers act as they do and insights into which factors influence taxpayers’ compliance behaviors. Indeed this article will show how the OECD has produced a document which presents the current scientific literature on taxpayers’ compliance behavior and which presents the leading edge approach to working with tax compliance.

Two general ethnographic approaches to the analysis of documents can be identified. One is the anthropology of policy approach. Anthropologists such as Cris Shore and Susan Wright have developed this as a critical approach to analyzing documents; focusing on how documents create or consolidate new rationalities of governance or regimes of knowledge and power (Shore & Wright, 1997; Shore, et al., 2011). The other approach is represented by the work of anthropologist Annelise Riles and her colleagues (Riles, 1998, 2001, 2006). Riles’ approach to document analysis is different from the anthropology of policy approach in that she proposes to shift focus away from “documents as instruments of political or ideological control” (Riles, 1998, 378). Instead, she suggests focusing on the implications of the particular aesthetics or form of such documents. Such document aesthetics she analyzes by looking at the patterns that recur in documents and how documents circulate as units among the drafters of the documents and at the conferences where the
documents are presented. Riles describes this mode of analysis as ‘inside out’ because it proceeds from finding access points to analysis from within the documents themselves rather than by analyzing them with reference to a dominant political context. I might summarize this distinction by saying that whereas the anthropology of policy is primarily interested in how documents represent, foster and consolidate certain rationalities of government, Riles’ approach primarily investigates how documentary practices in bureaucracies are shaped *qua* the aesthetics guiding the drafting process.

The empirical focus of this article is on two documents published by the OECD: the 2004 guidance note *Compliance Risk Management. Managing and Improving Tax Compliance* (OECD, 2004) and the 2010 information note *Understanding and Influencing Taxpayers' Compliance Behaviour* (OECD, 2010a). The 2004 guidance note introduces and provides guidance for implementation of the so-called compliance risk management process. The 2010 information note is a successor to the 2004 note that provides information about factors that influence taxpayers’ compliance behavior. Starting out from these two documents, the article makes two related arguments. First, following the anthropology of policy approach I argue that the 2004 guidance provides a ‘window onto’ a new emergent rationality of governance within tax administrations; several tax administrations have embarked on or are currently orienting their practices towards this new rationality of governance which focuses on understanding the factors that influence taxpayers’ compliance behaviors and on providing differentiated treatments. This paradigm of *responsive regulation* stands in contrast to a *traditional enforcement paradigm* relying on reactive intervention strategies and comprehensive audits. Secondly, following Annelise Riles’ focus on document aesthetics, I continue the analysis by arguing that the 2010 information note embodies a document aesthetics *qua* its use of a certain psychologically-inspired and quantitative scientific literature. I argue that this document aesthetics, which has a predominant taste for certain kinds of *positivist* social science, is nevertheless complicated by a certain kind of bureaucratic and analytical *relativism*. This relativism is evident from the note’s disavowals of its own findings. This apparent epistemological paradox does on the one hand privilege a specific kind of positivistic scientific literature, but on the other hand it also anticipates the occurrence of an alternative relativizing science. In the conclusion I recapitulate on the relevance of the article’s analyses. The relevance lies in the analyses’ highlighting of how new states of affairs come about in tax administrations’ enforcement practices as a specific *scientific literature* engages with a particular *policy area*. 
7.2. Embarking on a new compliance paradigm

In this opening section of the article I argue that the 2004 guidance note is a prime example of how a guidance note from the OECD has exercised a tremendous influence over developments within tax administrations. With inspiration from the anthropology of policy I show how this particular OECD document participates in shaping “larger processes of governance, power and social change” (Shore, et al., 2011, 1). Of course, these changes occurring within tax administrations are not solely to be attributed to a single OECD publication. However, I draw attention to this particular note and to the scientific literature it draws on as this epitomizes and explicitly promotes a new compliance paradigm within tax administrations.

This mode of analysis exemplifies the anthropology of policy approach that investigates how the power of documents is affected as part of broader political landscapes (Henry, Lingard, Rizvi, & Taylor, 2001; Shore & Wright, 1997; Shore, et al., 2011). One of the main analytical inspirations of this approach is Michel Foucault and its central concerns relate to: “How do policies construct their subjects as objects of power, and what new kinds of subjectivity or identity are being created in the modern world?” (Shore & Wright, 1997, 3). This approach to document analysis broadly perceives documents as ‘windows onto’ or ‘representations of’ power and rationalities of governance and sees documents as ‘powerful vehicles for social change’. In the recent book Policy Worlds (Shore, et al., 2011) the editors summarize their focus in this way:

we see policies as windows onto political processes in which actors, agents, concepts and technologies interact in different sites, creating or consolidating new rationalities of governance and regimes of knowledge and power. (2)

There is no doubt that the guidance note Compliance Risk Management. Managing and Improving Tax Compliance (OECD, 2004) from the OECD has been ‘a vehicle for change’ in creating and

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42 The Organisation for Economic Co-operation and Development (OECD) is an organization that provides guidance and information on various governance themes to its member countries: “The mission of the … OECD is to promote policies that will improve the economic and social well-being of people around the world” (2011b). The OECD publishes a wealth of information and guidance notes which the member countries are recommended to follow. What is central about the OECD’s work is that the member countries do not have any legal or juridical obligations to follow the recommendations. Central to the OECD’s ‘success’ is therefore its engagement of its members and its ability to convince the members of the importance and correctness of its advices and best practices. As will be apparent from this chapter The OECD has indeed succeeded in ‘convincing’ some of its tax administration members of the advantages of embarking on a new compliance paradigm.
consolidating the restructurings of SKAT taking place from 2005 and onwards. Particularly, this restructuring was set in motion with the ‘Compliance-project’ in 2007 as this project provided the specific segments on which working with differentiated treatments could be started (see chapter five for a description of the project). The core of the 2004 guidance note is a description of the compliance risk management process. In relation to this process the notes state that: “All revenue authorities are appropriated a finite level of resources…As a result, revenue authorities require a methodology for determining the most rational allocation of their resources” (OECD, 2004, 8).

According to the note, this methodology for allocating resources takes the form of the compliance risk management process. The note then continues to explain how risks can be identified, how risks can be prioritized, and how taxpayers’ compliance behaviors are influenced by various factors (economic and behavioral factors) and how they can be segmented. In describing the segmentations, the research of Valery Braithwaite on the segmentation model is invoked and her characteristic pyramid-shaped model is also reproduced in the note (41). The model is described as one of the central tools for “recognizing a spectrum of compliance behaviour” (41).

SKAT itself has repeatedly stated the influence of Braithwaite’s work in its implementation of the treatment strategy enhancing the approach of differentiated treatments. SKAT is also explicitly inspired by the OECD’s promotion of this particular enforcement paradigm. SKAT writes:

Revenue bodies across the world are faced with the challenge of adapting to a changing environment ... In so doing they benefit from initiatives by the OECD and FISCALIS [The European Commission, Taxation and Customs Unit] to develop and promote new and more effective approaches to the regulatory task [such as the 2004 guidance note does]. These approaches (centered on the notion of compliance and the concept of compliance risk management) depart radically from the enforcement approaches traditionally applied by most regulatory authorities. In this way they constitute an emerging new compliance paradigm. The Danish Tax and Customs administration has since 2007 embraced key elements of this paradigm and adapted them to the context of the Danish tax system under the umbrella of an overarching compliance strategy. (SKAT, 2009a, 2)

As this excerpt makes clear, SKAT emphasizes that it is entering into a new compliance paradigm of the kind promoted by the OECD. This compliance paradigm focuses on the systematic
assessments of taxpayers’ motivational postures coupled with the most appropriate treatments (4). This is what is referred to as responsive regulation. Embarking on such a change in paradigm is a trend which also characterizes tax administrations in countries such as Australia, New Zealand, Canada, The Netherlands and the other Scandinavian countries. The 2011 series of comparative information from the OECD on tax administrations supports this claim:

Many revenue bodies are undergoing, or have recently introduced, major organizational reforms to achieve improved outcomes; common themes in these reforms were the integration tax and customs administration, increasing application of customer segment approaches (incl. large taxpayer units) and rationalization to increase efficiency. (OECD, 2011c, 40)

The comparative information in the report states that many tax administrations (e.g. Australian, UK and the United States) use the ‘taxpayer segment’ organizational model (41). This entails that taxpayers are segmented in relation to different characteristics and compliance behaviors. The treatments that are targeted these taxpayers “are appropriated to the unique characteristics and compliance issues presented by each group of taxpayers” (42). Thus, according to the report these countries use a compliance paradigm similar to the one used in Denmark. Further on in the report on the comparative information it is concluded that:

Today, many revenue bodies (e.g. Denmark, the Netherlands, New Zealand and the United Kingdom) have adopted this model, or a variant of it, to guide their planning for delivering improved compliance outcomes. (90)

That these countries work towards understanding taxpayers’ compliance behavior by segmentation and variable treatments is also substantiated in different presentations from revenue bodies. For instance, during my PhD I participated in two Fiscalis exchanges, between Denmark and Sweden and between Denmark and the Netherlands. They are bilateral meetings in which tax administrations exchange experiences. In the meetings with Dutch colleagues one presentation was entitled “Why do people comply – Individual differences”, focusing on factors influencing compliance (such as the degree of enforcement and personal and social norms). Another presentation was called “Changing compliance strategies in the Netherlands”. Among other things, this presentation described how the Dutch tax administration segments businesses according to
different risks. At the conference on taxpayers’ compliance behavior, described in more detail later in the article, I heard a presentation from a representative from the Inland Revenue in New Zealand. His presentation was called “New Zealand’s compliance approach”; it described this tax administration’s segmentation of taxpayers, their work with risk analysis and how they “Identify targeted and tailored intervention for different risks groups based on behaviour”. A representative from the Swedish Tax Agency likewise held a presentation on small and micro businesses focusing on “Drivers behind behaviour” and how they could be classified into different types; again confirming the recent belief that a ‘one size fits all’-approach will not work for these businesses. Instead, tax administration needs to “have a better understanding of the businesses” to provide support based on taxpayers’ demands.

Based on the comparative information report from 2011 and these presentations it is clear that the previous belief in using a ‘deterrence only’ approach that treats all taxpayers alike, that is, as economically rational agents who are shaped by clearly defined economic motivations is no longer au courant. Instead taxpayers are to be segmented and treated differentially. It seems clear that the development of the segmentation model in the late 1990s (as described in chapter one it was developed in collaboration between the Australian Tax Office, John and Valery Braithwaite and the research team at the Centre for Tax System Integrity) and the publication of the 2004 guidance note which legitimizes and promotes this enforcement-approach has been key accelerators for consolidating this new compliance paradigm. Before these developments, many of the now ‘converted’ tax administrations primarily based their enforcement on inspection and control, referred to currently in SKAT as the ‘traditional enforcement paradigm’.

The 2010 information note Understanding and Influencing Taxpayers' Compliance Behaviour, also published by the OECD, describes this overall change as a shift from a classic economic model of rational agents to a model of taxpayers that relies on understanding the behaviors of taxpayers (11-12). It is thus clear that over recent years several tax administrations’ perceptions of the taxpayers have shifted, which again means that these tax administrations’ way of approaching the taxpayers and their ways of doing enforcement are beginning to change. These changes can be interpreted as indicating a general reform of the way tax administrations work with and perceive taxpayers’ compliance behavior. Concerning these reforms and changes SKAT furthermore writes:
The OECD and FISCALIS have played a pivotal role in the latter regard [promoting the new paradigm]. Inspired by leading revenue body experience and new insights from research, these multilateral bodies have embraced, developed and promoted a set of new ideas that, when taken together, could loosely be termed an emerging new compliance paradigm. (4)

We see then that SKAT as well as several other tax administrations have taken great inspiration from Valery Braithwaite’s research both as it has been articulated in her own work, and as her approach to enforcement has been embraced, promoted – and, not least, translated – by the OECD in the 2004 guidance note.

7.3. **Too explicit to invoke interest?**

What I have highlighted in the above section is an example of how a guidance note from the OECD has exercised tremendous influence over developments within tax administrations. As we have seen, several tax administrations have already embraced this new rationality of governance by aiming to understand the factors that influence taxpayers’ compliance behaviors and on providing differentiated treatments. Also, looking at the document brings to light the political processes through which the traditional enforcement approach – relying on deterrence and understanding the taxpayers through a classic economic model of rational agents – is questioned by another approach which has a broader perception of- and interest in- which factors influence taxpayers’ compliance behavior. In this way the 2004 guidance note plays a central role in fostering and consolidating a new rationality of governance (a compliance paradigm based on responsive regulation) within tax administrations. The document is indeed a powerful vehicle for change.

In spite of these interesting relations between the OECD and the new agenda for tax administrations there is also something curious about the bold *explicitness* with which these developments are advocated. As I have sought to make clear in the descriptions of both the Danish tax administration’s and several other tax administrations’ embarking on this new compliance paradigm there is nothing *hidden* or *concealed* in this. On the contrary, these developments are stated *loudly* and *clearly*. This explicitness is in opposition to the anthropology of policy’s assumption that the strongest forms of domination and power are often *hidden*: “the most effective forms of domination are often those that go undetected; where power is hidden from view and presents no visible targets to oppose or resist”. (Shore, et al., 2011, 9)
With inspiration from anthropologist Annelise Riles, I believe that this explicitness of the documents’ change agendas compels the analyst to evaluate whether a focus on other aspects of documents than seeing them as instruments of power might, indeed, also be fruitful. Riles notes in the article “Infinity Within the Brackets” (1998) that only a few anthropological studies of documents in bureaucratic practices have been conducted. After which she states that:

What little attention has been given to documents has, for the most part, focused narrowly on documents as instruments of political or ideological control. This attention to the hidden politics of meaning … has its uses. Yet where the ‘norms’ are not hidden but are excessively explicit and located on the surface, insistently posed and restated at every turn, the documents themselves may have different uses altogether, and so might the work of anthropological analysis. (378)

This citation seems to describe the situation of the 2004 guidance note. As Riles indicates, looking at documents as instruments of political control has its use. The kind of analysis I have made above with reference to the anthropology of policy is indeed an attempt to follow this analytical strategy in showing that the note plays a central role in fostering and consolidating a new compliance paradigm. However, the caveat arises as this new paradigm or rationality of governance is not hidden in any sense, but instead excessively explicit and located on the surface of the 2004 guidance note. This explicitness of the way the OECD openly seeks to establish a new compliance paradigm is reflected in my descriptions of the changes within tax administrations reviewed in the opening section of the article. Also, to argue additionally for this explicitness one simply needs to read what the 2004 guidance note states. For instance, concerning its own promotion of a risk based approach: “Revenue authorities are encouraged to follow the compliance risk management processes described within this note” (OECD, 2004, 6) and “The challenge for the future is to infuse risk management into organisational culture and everyday business operations …” (12). These statements show that tax administrations are encouraged to follow the note’s recommendations and that it seeks to infuse its ideas to organizations and businesses. The various presentations described in the previous section also indicate that embarking on this new compliance paradigm is an explicit endeavor of several tax administrations.

Riles’ analytical answer to this situation of explicitness is to shift the focus away from “documents as instruments of political or ideological control” (1998, 378), an approach she also attributes to
Foucault (378), and towards the aesthetics or form of documents. This document aesthetic is manifest in a pattern that recurs in documents, which Riles construes as independent units that circulate among the drafters of the documents and at the conferences at which the documents are presented. Following Riles, I propose to look at documents like the 2004 guidance note as something more than merely instruments of political control. Because, as Riles reminds us, documents seen as instruments of control are already explicit on the surface of the documents. And, indeed, I would argue that it is also just as explicit in the talk among tax practitioners themselves about the changes they initiate. A different set of analytical insights are thus enabled if the analyst focuses on how these documents might also themselves be drafted due to certain forms and document aesthetics. Whereas Riles describes this drafting by focusing on the aesthetics of a document qua document (see also Strathern, 2006), I will focus on the drafting by looking at the aesthetics of a document qua its use of a certain psychologically-inspired and quantitative scientific literature. This connection between drafting and use of a specific scientific literature is especially clear in the 2010 information note. I have devoted the remaining part of the article primarily to an analysis of this note because I was involved in the drafting of this document and because reading the document and observing its drafting made me aware of how the note’s drafting proceeded in specific ways.

In other work such as The Network Inside Out (2001) and her edited volume Documents: Artifacts of Modern Knowledge (2006) Riles terms her analysis of documents as an ‘inside out’ analysis (as touched upon in the introduction). What this entails is that analysis proceeds from within, by locating a specific access point to analysis within the drafting of- and within the actual from and aesthetics of documents. Hence, with inspiration from Riles I seek to analyze the 2010 information note by locating a specific access point to analysis within the drafting of- and within the aesthetic of the document qua its use of certain psychologically-inspired and quantitative scientific literature.

7.4. The 2010 information note

In 2010 the OECD published the information note Understanding and Influencing Taxpayers’ Compliance Behavior:

The purpose [of the 2010 Information note] is to describe current knowledge on taxpayer compliance behaviour in order to assist countries in their effort to cost effectively influence taxpayer behaviour to improve compliance. (2010a,4)
To describe the current knowledge on taxpayers’ compliance behavior, the note contains an “extensive review of compliance literature on the subject of influencing taxpayer behaviour” (8). Following this a number of factors are singled out in the note as motivating taxpayers’ compliance behavior. These are: deterrence, norms, opportunity, fairness and trust, economic factors, and interactions. These factors are described in detail in the note. Despite singling out these factors the note concludes that:

…there is no simple answer as to how best influence taxpayer behaviour, the findings described in the note suggest that revenue bodies adopt a compliance strategy which combines both a deterrence approach and a normative approach. (OECD, 2010a, 6)

What I regard as most significant about the 2010 information note is that it oscillates between wanting to point out and provide evidence for factors influencing taxpayers’ compliance behavior, while at the same time also disavowing this attempt by emphasizing that ‘there are no simple answers’ to this question. How this oscillation is present in the 2010 information note and how it connects to the aesthetics of the document qua its extensive references to certain scientific literature will be unpacked in the remaining sections of the article.

To provide a bit of background for the 2010 information note a number of things should be mentioned. In 2002, a forum called Forum on Tax Administration was established within the OECD by the Committee on Fiscal Affairs. The aim of the forum was to bring together senior tax administrators “to share information and experiences and to develop successful international best practices for resolving particular tax administration issues” (OECD, 2011a). To coordinate and develop such responses, the forum has since its inception published at least 48 publications dealing with ‘Compliance’ (OECD, 2010b). These publications have been prepared by two sub-groups. Here I focus on the work in the group called the ‘compliance sub-group’. This group has about 25 member countries and a number of full time employees from the OECD, who use a smaller part of their time working in different sub-groups. The mandate for the compliance sub-group has been to monitor and report on trends in compliance approaches, consider and compare compliance objectives and structures, and “develop and maintain papers describing good country practices as well as develop discussion papers on emerging trends and innovative approaches” (OECD, 2010a, 4 - my italics). To respond to its task of developing and maintaining OECD papers the compliance sub-group was responsible for the publication of the already mentioned guidance note in 2004 and
in 2010 it was responsible for the publication of the 2010 information note as a supplement to the
guidance note.

To draft the 2010 information note, certain preparations were needed. In total, a sub-group of the
compliance sub-group initiated four different initiatives to draft the note: (1) a survey was sent out
to member countries to account for their work with tax compliance, (2) several draft versions of the
note were circulated among member countries for comments, (3) a conference “Influencing
Taxpayers’ Compliance Behavior” was held where academics were invited to present recent
findings on tax compliance, and (4) a multilateral meeting in continuation of the conference was set
up in which representatives from the different member countries were assembled to discuss the
content of the 2010 information note based on the insights from the conference.

7.4.1. Studying and drafting the note
In this section I describe how I studied and participated in drafting the 2010 information note. As
Industrial PhD in SKAT (see chapter one for an introduction to this) I was somewhat both an
outsider and insider in relation to the drafting of the note. This dual position is relevant to describe
and highlight as it both effected the observations that I could make of the note’s drafting and the
analytical approaches which I found suitable to use in the analysis of the note.

Doing a PhD in Denmark, one is normally required to spend a certain amount of ‘duty hours’ on
teaching. As an Industrial PhD there is an exception for doing this teaching. Instead, the PhD
student is required to spend an equal amount of hours working in the organization that is the
primary sponsor of the research. This work is supposed to be relevant to the PhD project, but not
directly part of the PhD. The work should function as a way of including or making use of the PhD
student in solving and working with relevant tasks. Planning my duty hours, I agreed with the head
of my office at SKAT that I should team up with the two employees already appointed who were
responsible for the collaboration with the OECD and who were appointed the task of following and
commenting on the drafting of the 2010 information note. Consequently, as the OECD sub-group
produced the first drafts of the 2010 information note and started circulating these to the member
countries, I had a number of meetings with the two Danish tax officials and we formulated the
Danish amendments to the note. Following this preliminary work, in the fall of 2009 I accompanied
the two tax officials on a three day trip to the Hague. Here, we participated both in the conference
on taxpayers’ compliance behavior and in the whole day multilateral meeting in which findings from the conference were discussed in relation to the 2010 information note.

My involvement in this drafting process shows how I started out my PhD being an outsider, but later became enrolled as an insider participating in the drafting of the documents that I was also studying. At the outset of my PhD I was immediately introduced to the 2004 guidance note because SKAT saw this as a key document that described the changes it wanted to accomplish. At this point in time, I primarily understood this document as an influential agent in the new compliance paradigm being embarked upon by SKAT. I was thus in a position where the approach of anthropology of policy seemed somewhat appropriate to my analysis; from this position I could stand at the outside and view the document as a ‘window onto’ the political processes going on in SKAT. However, what happened as I was asked to work off my duty-hours participating in drafting the 2010 information note was that I was catapulted from this outside position to an inside position. Suddenly, I was supposed to participate in drafting the documents that I was also analyzing. This shift provoked my interest in Riles’ ‘inside out’ approach. Instead of seeing my participation in the drafting of the 2010 information note as a bias or hindrance to analysis, Riles ‘inside out’ approach allowed me to turn this specific position into an analytical advantage. This position allowed me to find an access point to analysis from within the drafting process.

Because I was assisting the two Danish tax officials and because I was actually employed by SKAT, I appeared as a ‘normal tax official’ in the eyes of the sub-group. This meant that I was invited to participate in the conference and in the following multilateral meeting. In a moment of now frustrating naiveté I imagined that I would be analyzing discussions at the multilateral meeting in order to write about how documents are drafted within the OECD. However, due to my double role I was present at the meeting without having negotiated a written confirmation from the OECD describing that I could use citations from the meeting. Because of this, I was subsequently asked by the organizers not to reproduce citations and not to describe how the work took place. The organizers argued that these multilateral meetings are not public and that the participants must feel that they can express their views openly without being cited publicly for this afterwards. Thus my initial idea of reporting closely on the actual process of drafting the 2010 information note vanished into thin air. Nevertheless, this issue of confidentiality paved the way for ‘slicing’ my analysis slightly differently. As indicated earlier, the result of this is that my present focus is on the
7.5. Influencing Taxpayers’ Compliance Behaviour

The conference Influencing Taxpayers’ Compliance Behaviour was arranged by the Dutch Tax Administration and the OECD compliance sub-group. As already indicated in the above, the conference was arranged as part of the preparatory work for drafting the 2010 information note and insights from the conference were to be used as input into developing the 2010 information note. The conference ran over two days and took place in the Hague in September 2009. The list of participants included tax officials from Australia, Belgium, Canada, Finland, France, Ireland, Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States, Chile, South Africa, Singapore and Denmark. Thus, a wide spectrum of national revenue authorities was assembled; in total there were approximately 50-60 participants. The participants had official titles such as Deputy Administrator General of the Administration of Fiscal Affairs, Assistant Commissioner, Director General, Director, Senior Director, Directeur des Grandes Entreprises, Principal Officer, International Director etc. (Participants list, the Hague conference).

The conference was aimed at presenting the participants with some of the most recent “scientific literature” on taxpayers’ compliance behavior (OECD, 2010a, 4). The conference was therefore organized around three plenary speeches, given by prominent social researchers: Professor Dr. Robert Cialdini from Arizona State University, US, talked about compliance and social influence. Professor Dr. Hans van Oosterhout from Erasmus Research Institute of Management, The Netherlands, talked about corporate governance and (tax) compliance. And, finally, Professor Dr. Valerie Braithwaite from Australia National University talked about taxation, revenue bodies and taxpayer behavior. While Hans van Oosterhout was not well known among the participants, both Robert Cialdini and Valery Braithwaite were nearly ‘celebrities’ within the tax administration community as their approach to compliance is used by several of the represented tax administrations. In my description of the conference proceedings Cialdini’s and Braithwaite’s presentations will be at the center for this reason.

After the official opening, Robert Cialdini gave the first plenary speech. Cialdini talked about two issues. First, about persuasion; that is, how the behavior of a person can be changed through a persuasive process. Second, he discussed the application of persuasion to the field of tax.
started out by explaining that there are six fundamental principles of persuasion. These are “universal principles which work in all settings” (Notes from plenary talks, the Hague conference). These principles are: reciprocation, scarcity, authority, consistency, liking and consensus. Reciprocation means that there is a basic relationship of reciprocity between people; people say ‘yes’ to those people they owe things and people ‘will return favors’. Authority means that people follow authority. As an example of this, Cialdini explained that experiments have shown that if a man in a suit crosses a street, even when pedestrians are not supposed to cross, other people will follow because wearing a suit is a ‘sign of authority’. Consistency means that if you have already said yes one time, you will say yes again. Cialdini explained each of the six principles and emphasized that they were based on evidence collected by him and his students through a series of experiments.

In the second part of his speech, Cialdini asked what implications these principles might have for taxpayers’ compliance behavior. He emphasized that his research has shown that decision-makers often rely too much on financial and legal factors as influencing tax compliance. Cialdini claimed that decision-makers often ignore what is known about psychological motivators; they should understand how such motivators influence taxpayers’ compliance behavior. Finishing his presentation, Cialdini rhetorically asked how anyone in the conference room was ever going to remember his six principles. To the delight of the audience he then handed out a credit card sized laminated card that described the six principles and said:

Carry the card with you and when you come into a situation, see what kind of persuasion is available to you. Ask the questions and generate the right influence in the person by socializing the person in question using persuasive communication.

(Notes from plenary talks, the Hague conference)

Cialdini was clearly aware that principles do not turn into practices without some practical guidance. He provided such guidance by distributing the small card to his listeners.

43 In this presentation of Cialdini’s ideas of persuasion I refer to his conference presentation. However, the exact same principles are also described in his book Influence: The Psychology of Persuasion (1998) and at his webpage: http://www.influenceatwork.com/. Here he is presented as such: “Dr. Robert Cialdini: credentialed, respected, powerful, and proven”.

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In her plenary speech, Valery Braithwaite talked about resistant and dismissive defiance and termed this a ‘challenge beyond compliance’. In her discussion, she also talked about motivational postures: “Motivational postures are sets of beliefs and attitudes that sum up how individuals feel about and wish to position themselves in relation to another social entity, in this case a tax authority” (Notes from plenary talks, the Hague conference). Such postures include commitment, capitulation, resistance, disengagement and game playing. These postures were known to most of the conference participants as Braithwaite had described these postures in her well known book *Taxing Democracy* (2003c) and as the 2004 guidance note also describes them (OECD, 2004, 41).

What Braithwaite elaborated in her presentation was a description of how sociality, in the form of motivational postures, was measured. Measurement could be conducted by respondents rating statements on a five-point scale: from strong agreement to strong disagreement. Examples of these statements included: “Paying tax is the right thing to do”, “I feel a moral obligation to pay my tax” and “I think of tax paying as helping the government do worthwhile things”. Braithwaite’s analysis of Australian taxpayers based on such rating of responses showed that 82-84 per cent of taxpayers had the motivational posture called commitment. According to Braithwaite, this insight should incline tax administrators to focus more on servicing and guiding the taxpayers as opposed to subjecting them to inspection and deterrence.

Following my presentation of how different tax administrations have embarked on a new compliance paradigm, it should be evident that this is an argument, which both the OECD and several of the listening tax officials have adopted in their compliance strategies. In her presentation Braithwaite then continued to present some of her recent research on disengagement and how a disengaging attitude affects taxpayers’ relations to the tax authorities. The two final slides of her presentation can be found online at http://vab.anu.edu.au/.

Such a scale is also described as the Likert scale. It is a ‘psychometric’ scale, meaning that respondents specify their level of agreement to a specific statement. For instance, in terms of; strongly disagreeing, disagreeing, neither agreeing nor disagreeing, agreeing, and strongly agreeing. These were the levels used in the survey conducted by Braithwaite.

In her presentation at the conference Valery Braithwaite thus reproduces the basic assumption about most of the taxpayers being in the bottom white segment. Recalling my discussion of this assumption in chapter five on the segmentation model only emphasizes the need to question how this ‘state of affairs’ come about as an effect of the use of the segmentation model and how this assumption is in no way a ‘given’, as it is portrayed both in the model and in the conference speech.
presentation offered a snapshot of the webpage of the Centre for Tax System Integrity which is the platform for communicating about her research done together with the Australian Tax Office and she showed a picture of the page presenting “Publications and presentations” from the centre. Here, she explained, the audience could find more useful information.

7.6. The in vogue research

The link between the conference and the 2010 information note is that the conference aimed to present in person some of the academics who have produced the current “scientific literature on taxpayer compliance behaviour” (OECD, 2010a, 4): “The purpose [of the 2010 information note] is to describe current knowledge on taxpayer compliance behaviour” (4). What I want to highlight here is what the note regards as ‘current knowledge on taxpayer compliance behavior’. Following my introduction to the work of Riles, I believe that looking at the aesthetic of the document qua its use of a certain scientific literature tells us something about the document’s drafting; namely how there are not only norms and ideas about a new compliance paradigm expressed in the documents, but also how there are certain aesthetics expressed in the bureaucratic procedures of drafting the documents.

Looking at the references at the back of the 2010 information note and at the choice of having Robert Cialdini and Valery Braithwaite as plenary speakers at the conference, provide indications that a specific kind of psychologically-inspired and quantitative science is being promoted. There are several references to both Braithwaite’s and Cialdini’s work in the note. The economic psychologist Eric Kirchler, too, is represented through his book The Economic Psychology of Tax Behaviour (2007) which relies on quantitative surveys. Furthermore, several of the researchers connected to Valery Braithwaite’s research center (the Center for Tax System Integrity) are cited; they include Kristine Murphy, Natalie Taylor, Tom R. Tyler and Michel Wenzel. Also, John Hasseldine and Benny Torgler are cited (OECD, 2010a, 42ff). There is a considerable overlap between the research referenced in the note and the research presented in the part of my review that deals with studies that seek to answer ‘why people comply’ (chapter two of the thesis). As indicated in my review, this body of research is primarily inspired by psychology; it uses quantitative surveys.
and mostly aims to determine the key factors that influence taxpayers’ compliance behavior\textsuperscript{47}. Looking at the references in the note, the most obvious reason for these to appear here is that the psychologically-inspired and quantitative research is indeed the most common research in the area of taxpayers’ compliance behavior. Aside from this rather obvious explanation, however, it is also possible to turn the question around and ask what is the kind of appeal that this research has that makes it so common and citable? My answer to this question is that this research is cited because it provides answers to certain concerns and question, because it builds on robust empirical research, and because it refers to universality. This is what makes it common and citable.

Hence, first of all, the choice of references is connected to the concerns and questions raised by the OECD through its notes. For instance, in the 2004 guidance note it is stated that: “the guidance encourages revenue authorities to give greater attention to understanding the factors that shape taxpayers’ compliance behaviour” (2004, 10). Also, “understanding the factors that drive specific compliance behaviour is essential to guide the selection of appropriate treatment strategies” (41). The 2004 guidance note thus encourages developing understanding of the factors shaping and driving taxpayers’ compliance behavior. This is based on the assumption that knowing these factors allows for selecting the most appropriate forms of treatment towards taxpayers. Also, the 2010 information note encourages such knowledge as revenue bodies might benefit from “knowledge about patterns of behavior, the main drivers behind the behavior and about ways and possibilities to influence these drivers through interventions and treatment” (8). And plainly the 2010 information note states that: “The information note will focus on drivers of tax compliance behaviour” (8).

It would be too simplistic to state that these concerns and questions from the OECD have arisen out of pure interest in tax compliance and that specific scientific literature subsequently is enrolled to respond to these. More likely, the OECD and the compliance sub-group had already read, for instance, Valery Braithwaite’s work and raised these concerns based on this knowledge. Moreover, moving further back in tracing why these concerns are on the agenda is, as far as I can judge, the growing awareness of the ‘compliance puzzle’ (see also chapter two). Basically the puzzle points out that the high level of tax compliance in many western countries proves that taxpayers are not

\textsuperscript{47} As an aside it should be mentioned that none of the academics doing critical tax studies (for instance, Boden, et al., 2010; Preston, 1989; Tuck, 2010), nor any interpretive ethnography or STS-studies are referred to in the note.
economically rational agents primarily interested in their economic self-interest; if they were, many more taxpayers ought to under-report their income as there is such modest likelihood that cheating will be detected. The high level of tax compliance coupled with a low likelihood of being caught cheating provokes the researchers in the area to suggest that other factors than pure economic self-interest must affect why people pay taxes. In continuation of this reasoning, a broader focus on taxpayers’ compliance behavior is thus deemed relevant.

Hence, from this a nice circle or loop can be outlined; the specific demand for understanding the drivers of taxpayers’ compliance behavior is an effect of the awareness of the compliance puzzle. However, this also prospectively affects what kind of scientific literature is deemed relevant in the note, which is indeed, the literature that in the first place placed the compliance puzzle on the tax administrators’ agendas. To put it crudely, wanting to know about drivers of taxpayers’ compliance behavior citing a critical tax study focusing on the ‘hidden power plays at work’ (Boden, et al., 2010, 541) seems rather a mismatch; and of course such a study does not point out any ‘key drivers’. In contrast, citing a survey study that argues that an investigation of 2,292 taxpayers shows that trust is a variable that needs to be considered when managing noncompliance (Murphy, 2004, 187) is more in line with what is asked; it is an operationalizable finding in relation to the concerns raised. Hence, my point is that the questions and concerns relating to taxpayers’ compliance behavior are produced by a specific interest in the compliance puzzle. This prospectively calls for answers that can best be given by the psychologically-inspired and quantitative oriented researchers because this research tends to focus on identifying key factors and drivers. This scientific literature is thus immediately enrolled as relevant whereas other research fields (such as critical tax studies) are immediately judged irrelevant or out of context.

This relates to the second reason I see for why this psychologically-inspired and quantitative scientific literature is omnipresent in the note. This mode of research which is characterized by the use of huge datasets, surveys and setting up experiments is rather similar to economists’ style of reasoning. This is central to keep in mind, as it is indeed the economists’ reasoning and perception of the taxpayers as economically rational agents that the note’s approach seeks to ‘battle’. And in this battle the compliance puzzle plays a central role as legitimizer; it reveals that the economists’ perception of taxpayers is not adequate. Therefore, the 2010 information note and the 2004 guidance note seek to move tax administrations from a traditional enforcement paradigm based on
reactive intervention strategies and comprehensive audits to an enforcement paradigm relying on understanding the diverse factors determining taxpayers’ compliance behavior and on responding accordingly. To do this, my claim is that both the 2010 information note and the 2004 guidance note seek to invoke scientific literature that in its mode of analysis is as robust, true and evidence based as the counterpart’s (the economists’) reasoning is assumed to be.

One example of this is the 2004 guidance note’s description of the economic psychologist Paul Webley’s work:

In a recent work, economic psychologist Paul Webley focuses on business tax compliance. Despite the relative scarcity of research in this area, he provides an overview of robust empirical findings ... According to Webley, the main reasons or non-compliant behaviour can be categorised as… (OECD, 2004,38)

And the note states the categories as equity, opportunity for non-compliance, individual differences, social norms and dissatisfaction with revenue authorities (38). Hence, based on ‘robust empirical findings’ Webley’s achievement is to single out the main reasons for non-compliance. Consider also the way in which Valery Braithwaite characterizes the motivational postures termed ‘capitulation’: “Capitulation (alpha reliability coefficient = .63; homogeneity ratio = .27)”’. Or the posture termed ‘resistance’ “Resistance (alpha reliability coefficient = .68; homogeneity ratio = .31)” (Conference slides, Valery Braithwaite). Further on in her PowerPoint show she indicates how the Centre of Tax System Integrity at the Australian National University has conducted “6 tax focused national mail surveys between 1999 and 2005. 3 national mail surveys on governance between 2000 and 2005”; her slides are filled with graphs, percentages and numbers. The audience was indeed assured that she (re-) presented robust, true and evidence based knowledge on taxpayers’ compliance behavior.

This notion of empirically robust and quantifiable science is contrasted in the 2004 guidance note with ‘guesswork’: “understanding compliance behaviour is more than guesswork: several factors are now supported by robust empirical research” (OECD, 2004, 71). The point about the psychologically-inspired and quantitative research is thus that it introduces different answers in relation to understanding the taxpayers’ compliance behavior compared to the economists’ view of the taxpayers as simply economically rational agents. However, in doing this the psychologically-inspired and quantitative research is credible due to the aesthetics of its science; it presents itself in
the form of an evidence-based approach to studying taxpayers’ compliance behavior that employs the same aesthetics of science as the economists.

The last reason for mobilizing this research relates to the willingness of this to talk about ‘universality’. In “The Chimera of Relativism” (2011) literary and cultural theorist Barbara Herrnstein Smith reminds us that in certain strands of research in evolutionary psychology and cognitive anthropology there is now evidence of “the psychic unity of mankind” (18) in the form of universal cognitive mechanisms. What is interesting is that a quite similar understanding is implied in Robert Cialdini’s presentation at the conference. It is expressed in Cialdini’s six principles of persuasion (reciprocation, scarcity, authority, consistency, liking and consensus) presented as generic means to be used to turn taxpayers more compliant. Indeed, Cialdini emphasized time and again that what he presented was universal principles of persuasion. What Cialdini provided the listeners with was a general theory; since his principles were universal, they (obviously and quite conveniently) also applied to the area of tax compliance. Presenting these universal principles of persuasion to tax officials at the conference was seemingly convincing; the audience was equipped with unequivocal recommendations on how to persuade taxpayers to be compliant. Even so, the tax officials – though maybe hoping for universal solutions – were aware that changing a taxpayer’s compliance behavior is rather more difficult. This is also reflected in the 2010 information note; more precisely in its oscillation between universal principles and relativist uncertainty.

I have suggested that the 2010 information note references a specific kind of psychologically-inspired and quantitative research to provide understanding of the taxpayers’ compliance behavior and thereby for the claim that taxpayers are indeed motivated by a variety of factors in their compliance-decisions. This in vogue research is indeed the most common research on taxpayers’ compliance behavior. However, I have also argued that its use relates to the questions asked in the note concerning understanding of the drivers of taxpayers’ compliance behavior, to the idea of presenting robust empirical research, and to its references to the idea of presenting universally true statements. Referring back to my inspiration from Annelise Riles, the analysis of the 2010 information note has thus not been evolving around the aesthetics of the document solely qua its documentary form. Instead, my analysis has focused on the aesthetics of the 2010 information note in terms of how a particular kind of social scientific literature fits in with the requirements of bureaucratic argumentation in an institution such as the OECD. This aesthetics qua scientific
literature is predominant in the note and in the conference presentations. However, as indicated in my introduction to the 2010 information note, what is indeed significant is that the note promotes this aesthetics, but also disavows it.

7.7. Oscillation between positivism and relativism

The 2010 information note raises questions concerning understanding the factors that influence taxpayers’ compliance behavior. Considering how the psychologically-inspired and quantitative research seeks to present different kinds of robust, true and evidence based claims concerning taxpayers’ compliance behavior, one could assume that this aesthetics would result in an information note containing a clearly defined perspective on the behavior of taxpayers. However, this is not quite what one finds. Instead, the note oscillates between what I might best describe as an inclination for both positivism and relativism. Its taste for positivism is illustrated by the previous section’s analyses that point out how the note favors a particular kind of research. The epistemological relativism of the note, however, emerges in the note’s disavowals and in its rather vague formulations about what the ‘factors’ it outlines actually express:

This information note contains an extensive review of compliance literature on the subject of influencing taxpayer behaviour as well as the results obtained from a questionnaire sent to revenue bodies participating in the Forum’s Compliance Sub-group. The findings of the note are presented under six main headings: (1) Deterrence; (2) Norms; (3) Opportunity; (4) Fairness and Trust; (5) Economic factors and (6) Interactions. (OECD, 2010a, 5)

The formulation that the ‘findings of the note are presented under six main headings’ is interesting. The factors in question here are expressed as headings, that is, as categories around which the note’s sections are structured. This formulation claims nothing about the headings also being expressions of the factors influencing taxpayers’ compliance behavior. Next, one will notice that the note is about ‘understanding and influencing taxpayers’ compliance behaviour’ and one will notice that the description of deterrence, norms, opportunity, fairness and trust, economic factors and interactions is indeed done under a rubric called “Factors and drivers that influence taxpayer compliance behaviour” (OECD, 2010a, 2). These observations could easily persuade (!) the reader into seeing deterrence, norms, opportunity etc., not only as headings or categories, but also as expressions of the actual factors and drivers influencing taxpayers’ compliance behavior.
Such an ‘error’ or ‘misreading’, however, is disavowed by the note. For instance, after summarizing what is implied with deterrence, norms, opportunity, fairness and trust, economic factors and interactions the note states that: “there is no simple answer as to how best to influence taxpayer behaviour” (5). And under the rubric “Things to be aware of” and in the conclusion the note further states:

Taxpayer compliance concerns human behaviour and is complex. This also means that it is a complex task to influence behaviour. Drivers and context are interlinked in ways that we currently do not fully understand. (OECD, 2010a, 10). And:

The research discussed in this information note shows that taxpayers’ compliance behaviour has different motives and drivers and that there are different routes to compliance behaviour. (39)

Statements such as these indicate the note’s inclination for relativism; it states clearly that univocal answers to how best to influence taxpayers’ compliance behavior cannot be given. In a way the note wants to and, indeed, needs to present the main factors influencing taxpayers’ compliance behavior, while at the same time it seems not to want to, or at least to be unable to do so, since it acknowledges the impossibility of this aspiration and calls for the application of different perspectives in order to understand the issue.

This oscillation of the note between a taste for positivism and for relativism suggests a number of matters which are central in the analysis of the 2010 information note. First, the analysis shows that it is possible for the 2010 information note to draw in a specific kind of social science and thereby expand and enrich tax administrators’ understanding of tax compliance. It is indeed enriching that this research has succeeded in placing the compliance puzzle on the agenda of the tax administrators and that the research thereby has succeeded in questioning the viewing of taxpayers as economically rational agents. Second, however, a caution arises as my analysis also shows that it is not possible to draw in any kind of research. There are indeed certain aesthetics of science based on positivism that need to be in place for research to be enrolled as useful and credible. Third, this has the consequence that some research, notably critical tax studies and indeed a study like my own, is simply not heard, or maybe cannot be heard in this drafting process. Despite the often interesting
findings on tax compliance that these studies produce, they fall outside the current document aesthetics followed by the OECD. Fourth, I may ask whose problem this is?

This latter question depends on what 'battle’ one is engaged in. The point being that what I have described in this article reveals that there are two fronts. One front is the already mentioned between those who believe that taxpayers are primarily economically rational agents, and those who believe that a much wider set of motivations influence taxpayers’ compliance behavior. This front’s focal point is in the compliance puzzle. At this front a wide set of social sciences are brought together in unison; I believe that the psychologically-inspired and quantitative research, as well as the critical tax studies and I agree that there is more to compliance than simply economic interest. However, disputes over how to handle this insight in academic research practice outline the second front. The psychologically-inspired and quantitative research adheres to using surveys and huge datasets, whereas the critical tax studies and I adhere to using qualitative approaches. The latter probably provides more abstract or maybe diffuse explanations of tax compliance compared to the former approach’s style of presenting singular factors and drivers of taxpayers’ compliance behavior.

These fronts in this battle-field became clear as one of my colleagues in SKAT kindly reminded me that I should not be too critical towards the psychologically-inspired and quantitative studies investigating taxpayers’ compliance behavior; the reason being that we were partners in the current battle. That I used a different methodology and research aesthetics in my work was here a minor detail as we both participated at the front against the economists’ perception of taxpayers as primarily economically rational agents.

Hence, the fact that critical tax studies presently are not heard, nor included as allies in the battle against the opposing view on taxpayers’ compliance behavior may after all not mean that the battle cannot be won. Indeed, the present referenced scientific literature is doing a good job on its own in promoting a new compliance paradigm and in questioning seeing the taxpayers as economically rational agents. There seems to be no problem in critical tax studies not being included in this warfare. However, contrary to this a central point is that an approach such as the one promoted by the critical tax studies – where focus is on seeing tax compliance as a rather more complex phenomenon – is already presently anticipated in the 2010 information note due to its disavowals and inclinations to relativise. The note’s relativising moves are presently not backed up, nor
referenced by any research. However, it seems (I hope) that the grounds have indeed been prepared for an entry of some kind of different research that can fill out this impasse.

7.8. Conclusion

This article has investigated two documents published by the OECD: A guidance note on how to implement the so-called compliance risk management process and an information note that provides information about factors influencing taxpayers’ compliance behavior. With outset in the 2004 guidance note and the approach of anthropology of policy I have argued that the note promotes a new compliance paradigm which relies on segmenting taxpayers and treating them differentiated. This new paradigm has fostered and consolidated changes within several tax administrations. Within recent years several of them have sought to move from a traditional enforcement paradigm based on inspection and control to a new compliance paradigm based on understanding the diverse factors underlying taxpayers’ compliance behavior and respond to the taxpayers accordingly.

In this analysis I draw on the anthropology of policy and this approach’s focus on how documents can be seen as ‘windows onto’ political processes in which new rationalities of governance are fostered and consolidated. However, I also gently question whether this approach is suitable to analyze the documents in question as I argue that the presumably hidden and most effective forms of domination are indeed stated explicitly at the surface of the documents that I investigate. Admittedly, an analyst adhering to the anthropology of policy approach might object that I have investigated the documents too superficially; that I have not paid enough attention to hidden agendas of, for instance, New Public Management or neo-liberal rationalities of government concealed and hidden in the documents. This objection I can only refute based on my experience that the effect of the documents in shaping a new compliance paradigm based on responsive regulation is indeed the most powerful expression that I can see from the documents and this effect is indeed surfaced.

My second argument draws on inspiration from Annelise Riles and connects to the document aesthetics of the 2010 information note. In the analysis of this I have focused on the aesthetics of the 2010 information note in terms of how a particular kind of social scientific literature fits in with the requirements of bureaucratic argumentation in the OECD. I have argued that the 2010 information note references a specific research which is psychologically-inspired and which uses a quantitative methodology. This research is indeed the most common form of research in the area.
Some might say that this is sufficient explanation for the note’s choice of this research. However, I argue that this specific choice is also connected to this scientific literature’s ability to answer certain questions posed by the OECD, its ability to present robust empirical research and its presentation of universally true statements. The twist to this argument is that these aesthetics *qua* certain scientific literature are promoted by the note and at the conference, while they simultaneously are disavowed in the note. Based on this, I argue that the note is engaged in an oscillation between having a taste for positivism, and having an inclination for relativism in that it rejects its own endeavors of presenting objectively the factors and drivers influencing taxpayers’ compliance behavior.

Taking a look at the inspiration from the anthropology of policy and Annelise Riles’ approach it is clear that these approaches contribute with insights; insights which are described above. However, I might also ask what the limits of their approaches are. In relation to the anthropology of policy I have already indicated that a challenge to this approach is that in my case the presumably hidden and concealed powers are not hidden, but stated at the surface of the documents. This has the consequence that these powers and political rationales may be less interesting to describe in an analysis as they can be seen with the naked eye by all the parties involved in the changes. In relation to Riles’ work the limit which I see is that her focus on how the documents are drafted *qua* certain aesthetics might tighten the researcher’s focus too much on the forms of the documents. Doing this the analyst might miss out on the larger scope of change effected by the documents. Effects which – on the other hand – are in focus in the anthropology of policy approach.

Despite these points of reservation I believe that it is interesting to flesh out that the OECD documents have promoted a set of new ideas on enforcement and that the OECD has fostered a new compliance paradigm relying on a specific scientific literature. It is interesting because these documents have been pivotal in the restructuring of several tax administrations. In relation to this I am not talking about abstract or general changes. Indeed, the thesis’ former analyses of the unannounced raid, of the segmentation model and of the project work conducted in SKAT illustrate that these documents have very concrete effects on what models, what kind of project work and what strategies are deployed in the Danish tax administration. To understand the full scope of how these new states of affairs come about an analysis of how a specific scientific literature engages with a particular policy area is of great value. The analysis clearly shows that academia – particularly some parts of academia – have had tremendous influence on practices of regulating
citizens and on practices of enacting the state in specific ways on an everyday basis. Whether practices – understood as the practical experiences with working and enacting the state under this new compliance paradigm – also in due cause influence academia to develop, correct or change its present normative promotion of a specific compliance paradigm is up to the future to show.
8. Chapter Eight: Discussion and Conclusion

8.1. Introduction

In this closing chapter I recapitulate the main claims of the thesis and how the thesis has contributed to the work of the Danish Tax and Customs Administration (SKAT) and to different academic audiences. First I focus on some of the ways in which the project de facto already has been used by the practitioners connected to the project. This use is rather unexpected and somewhat limited. Second, I present the main claims of the thesis and summarize what my analysis has shown about the practical assemblage of tax compliance. Third, I discuss the new compliance paradigm that SKAT has embarked on. In doing this I draw on the work of sociologist and organizational researcher Paul du Gay and his critical analysis of the effects reforms have on public sector institutions. Fourth, I shall flesh out the contributions of the thesis. These contributions are made in relation to the psychologically-inspired research, the critical tax studies and certain state studies. I end the chapter by outlining why and how I see a focus on tax compliance practices as preferable to a narrower focus on behavior. I shall suggest such a shift in focus as a broader and more influential way in which the PhD thesis can be useful.

The chapter follows up on the thesis’ title describing tax compliance practices as “taxing assemblages”. First in the way that tax compliance are taxing assemblages composed by a variety of actors. And second in the way that these assemblages are taxing, that is laborious, strained, demanding, onerous and wearing constructs which need to be laboriously built up and nurtured.

8.2. The numerous meanings of usefulness

In chapter one I described the attachments of the PhD by introducing the different hopes and expectations that have been connected to the project by its partners. In the conclusion it is tempting to evaluate the extent to which the project has met its expectations, whether it has been useful and how it has intervened. Recalling, however, Casper Bruun Jensen’s words “that one cannot choose to intervene, just as one cannot choose to refrain from intervening” (2010b, 113) such evaluative questions may not be ideal for considering what the thesis has accomplished. Indeed, concerning researchers own judgments of their usefulness, Jensen suggests that:
In reality, the researcher is frequently disabled from making an unequivocal assessment of his or her activities, since they are part of that might be called intervention assemblages, operating simultaneous and fractally across multiple levels. (113)

Refraining from the hubris of positively evaluating my own ‘equivocal’ interventions, and recognizing that their success is ‘in the hands of later users’, I choose instead to start out by providing my reader with some images of the intervention assemblages which I have participated in during the project.

During my study I have been met with expectations to provide practical guidance for how to improve the tax compliance of Danish businesses. The logic from some of the tax practitioners that I have worked with seem to be that, since I study tax compliance, I ought to be able to provide answers as to how the tax administration can accomplish its tasks better and more efficiently. I ought to be able to take “substantive positions on concrete issues” (Jensen, 2010b, 146). Particularly, I recall one of my first presentations at SKAT where I presented the idea of talking about tax compliance practices instead of behaviors. To the best of my ability, I described how I saw tax compliance practices as assemblages and achieved phenomena that were played out in various locations. In other words, I tried as Jensen describes to put forth the “attention to complexities and ambiguities…that characterize the best STS research” (2010b, 115).

However, doing this I was met with the question of what businesses I planned to look at, which of my many actors I saw as the most determining for tax compliance practices, and how I saw the validity of my ethnographic observations. These questions did indeed stem from tax officials acquainted with Valery Braithwaite’s work and the guidance and information notes from the OECD on taxpayers’ compliance behavior. Their main reference point was a document or research aesthetic qua the positivistic research as described in chapter seven. My research aesthetics did not map onto this. Thus in my engagement with SKAT I did experience banging my head right against a brick wall of positivism. Indeed, there seemed to be a gulf between on the one side these practitioners’ ideas of good science and their hope that I could offer valid recommendations and provide clear answers, and on the other side my own understanding of the project as much more explorative in figuring out how tax compliance practices are constructed. Hence, at that presentation my attentiveness to complexity which in STS is seen as a central analytical virtue was translated
into my major weakness. At that particular meeting my project was constructed as ‘useless’ as the
criteria used to measure it stemmed from another (positivistic and quantitative) research paradigm.

Handling such situations, I was comforted by my ‘partners in crime’, that is, by the critical tax
researchers. As stated earlier, they point out that the area of tax is indeed a rule-bound field that is
“easy prey for positivism” (Boden, et al., 2010, 541). This I experienced both in my engagement
with SKAT and in the work conducted in the OECD. Experiencing this pervasive and strong
disciplinary adherence to positivism I do not in any way believe that this can be changed overnight.
However, on the positive side I have also seen that in SKAT (as well as in the 2010 information
note’s oscillation) tax compliance is not only prey for positivism, but there are also predators of
positivism inside tax administrations. Hence, SKAT is itself a heterogeneous organization and there
are other employees with other expectations and perceptions of science. For instance, the head of
the office at SKAT where I worked was clear in communicating that he saw my PhD project as an
experiment; as a ship SKAT had sent out to sea to test whether it could float and to see in what
direction it would eventually head. Also, I was comforted by another colleague in SKAT: I should
not worry too much about seeking to meet the expectations and concerns expressed by SKAT as
that would only lead to the production of more of the kind of knowledge that SKAT already had.
Instead, I should explore tax compliance practices in a way I found most fruitful. “Karen”, he said,
“whatever you find interesting in your PhD we will also find interesting”.

These much more open and explorative perceptions of the project which acknowledged and
accentuated its specific methodology have been with me all along. They have helped me develop
my own approach to tax compliance and assisted me in refraining from feeling obligated to
“churning out purely instrumental advice” (Jensen, 2010b, 113). Also, this has forced me to
formulate the usefulness of my study in other terms than providing recommendations and providing
clear answers. This chapter will exemplify how I see my study as useful and indicate that my
approach also allows for opinions on how the present analysis of tax assemblages provides a richer
set of understandings of the varied issues SKAT faces in dealing with compliance, than both the
economistic and behavioral ones presently dominant.

Another idea of how my research has been used in SKAT was made visible to me in the fall of
2008, when I had been working on the project for about half a year. At this point in time I was
asked to make a so-called brief of the project to the managing director of SKAT and for the
Minister of Taxation. Such briefs are circulated up the organization. Hence, first my head of office and the person primarily in charge of the PhD project approved the brief and we signed it together. Afterwards, it passed from the managing director of the ‘treatment office’, to the managing direction of SKAT and eventually it reached the Minister of Taxation. After the circulation, the brief was returned with a few handwritten comments. One just says “Fine!” Another one: “Is the minister informed about this? He can use it in festive speeches” (Brief, 06.11.08). The last comment cannot but provoke a smile. Apparently, my PhD was seen by the higher echelons at SKAT as being useable for ‘festive speeches’. I have not (yet) been informed about the minister using my project at any such occasion but the comment points to the potential for using the project for publicity.

At yet another occasion I also saw the publicity potential of my project. This happened as I attended a seminar on Intelligent treatment strategies for inspection and supervision held at the SAS Institute in Copenhagen, 2009. Here, several high ranking civil servants from different authorities, all of whom worked with inspecting citizens, were assembled to share views on new treatment strategies. The managing director of the ‘treatment office’ at SKAT was invited to give a keynote on how SKAT works with differentiated treatment based on the treatment strategy and the segmentation of businesses. In the presentation the managing director introduced me in person and referred to my project, indicating that it helps SKAT to develop a ‘knowledge based’ organization. As the director explained:

We’re employing an ethnologist, Karen. Karen conducts interviews with businesses and she looks at why the businesses make mistakes. We reckon we will benefit from this work. She is about to make her report. It is good to have that knowledge next to the statistics. (Notes from the seminar, SAS, 24.09.09)

Clearly, here my project was used to tell about SKAT’s various initiatives to work with the treatment strategy and to illustrate how SKAT is a ‘knowledge based’ organization.

As I indicated in chapter three, I gave quite a few presentations of my project during the project time. Two of my presentations were for the so-called Enforcement Committee\textsuperscript{48}. This was a cross-ministerial committee appointed by the Minister of Economic Affairs. The committee’s task was to

\textsuperscript{48} Danish: Håndhævelsesudvalget. See appendix three for a listing of the presentations.
draft a collective enforcement strategy covering all the ministries and agencies in Denmark that are involved in enforcement in order to ensure some coherence in how this work is done by the various administrations. I presented my work twice to this committee: speaking about the segmentation model and SKAT’s endeavors to differentiate treatments. Subsequently, I received an email from a deputy manager of the Danish Veterinary and Food Administration. She would like to engage me in presenting theoretical knowledge on treatments and compliance to her employees. In a following phone conversation she offered to pay me to do consultancy work for her agency. Here, the usefulness of my project was thus connected to information of a more theoretical kind combined with a consultancy function. I was seen as an expert in how to understand (tax) compliance.

I believe that these different images of my engagements with practitioners connected to the project bring to light how my work has been useful in a number of rather unexpected (and somewhat limited) ways. Despite this peculiarity, however, the examples illustrate that there are indeed multiple meanings of usefulness in play. There are different intervention assemblages; the presentation with the critical questions, the ship-talk with my head of office, the suggestion about using the thesis in festive speeches, and the director who would like me to be consultant. This shows that SKAT embodies different notions of usefulness in relation to the thesis. Hence, as Jensen suggested, what should be resisted when discussing social science interventions is not the notion of usefulness and relevance as such; “rather, it is the narrow conception of what counts as ‘useful’” (2010b, 154). Indeed, from some perspectives my project could and, likely, will be considered more or less useless. After all, I have not pointed out the key factors that influence taxpayers’ compliance behaviors, nor have I provided the missing clues to how the Danish Customs and Tax Administration can enhance tax compliance. However, defining differently what counts as usefulness I will – in the following sections – describe that I see the project as useful due to its alternative analyses of tax compliance and due to its focus on practices.

8.3. The main claims of the thesis

In the foreword to The New Fiscal Sociology (Martin, Mehrotra, & Prasad, 2009) the authors state that:

Although all of us sometimes feel that our governments are robbing us on behalf of worthy causes, mostly we pay. So did our ancestors. How does tax compliance ever
come about? … How do regimes compel or cajole their citizens to yield resources repeatedly? (xii)

This thesis has investigated some of the many different ways in which tax compliance is assembled, i.e. how it ‘comes about’. The main claim of the thesis is that tax compliance practices are achievements; they are the constructions of multiple actors. In chapter two, I made this argument at a ‘petit-scale’ in the analysis of how tax compliance is assembled in a carpenter business as a bookkeeper enacts tax compliance. The analyses in chapter four to seven embody this point at a ‘broader-scale’. Looking at what ‘makes tax compliance come about’ through the lenses provided in these chapters, we see that various actors and encounters participate in constructing tax compliance differently and for different purposes.

In chapter four, I showed how tax compliance, or rather non-compliance, is constructed as a fact as tax inspectors conduct unannounced raids in businesses suspected of fraud with the purpose of adjusting these erroneous practices. I used the analysis of the raid to argue that the tax inspectors are not primarily responsive to the behaviors of the individual businesses as the literature primarily suggests. Instead, the inspectors are to a greater extent responsive to the ‘general public’.

In chapter five, I showed how the segmentation model used by the Danish tax administration to segment businesses posits a cleverness in that it at one and the same time alters what it represents and represents this altered reality to confirm the accuracy of its own ‘model’ of the taxpayers’ postures. Also, however, I indicated that the model has a blind spot in that it assumes a world wherein everything around the model is in motion and can be shaped, whereas it believes itself to be stable. This has the consequence that the model’s segmentations are not really used by SKAT for yearly comparisons.

In chapter six, I showed how tax compliance, or indeed again non-compliance, is constructed as a fact through project work and regulatory activities relating to tax inspectors’ seeing and adjusting dodgy car dealings. In the chapter I analyzed the process through which the car dealings became visible to the tax inspectors. I argued that this process depends on the tax inspectors’ ability to create different visions of the citizens’ doings. Interestingly, the tax inspectors’ work of seeing the dodgy car dealings embodies an endeavor concerning covering up the narrow and specific visions as more omniscient and powerful visions that can monitor and constantly see the subjects.
Finally, in chapter seven, I showed how various tax administrations’ perceptions of tax compliance have changed over the last decade. These changes are tightly connected to the OECD’s publication of different notes that embrace and promote a focus on understanding the factors influencing the taxpayers’ compliance behaviors. Due to these developments tax compliance has shifted from being closely affiliated with a classic economic model of rational agents to being linked to a scientific literature that focuses on the taxpayers’ compliance behavior. This chapter thereby highlights how new states of affairs come about in tax administrations’ enforcement practices as a specific scientific literature engages with a particular policy area.

All in all, these chapters illustrate practical instances and activities in which particularly the Danish tax administration is engaged in the laborious task of understanding, compelling or cajoling the taxpayers into compliant postures. Needless to say one could find many other instances of the assembly of tax compliance. However, I believe that the chosen foci are telling because they simultaneously provide breadth and surprise to the understandings of the locations, concerns and assembling of tax compliance. What do I mean by this? Let me explain.

First of all, what is remarkable in the thesis’ analyses is that tax compliance is something that concerns people at very different locations; from car dealers and pizzeria owners in their businesses, to bookkeepers and accountants in their offices, to tax inspectors in different local tax units, to OECD bureaucrats in the Hague, and to academic researchers at universities. The activities of all these differently located persons are tied together by tax compliance practices. For instance, who would immediately think that there is a clear circulation of a ‘tax compliance behavior’-taken from Valery Braithwaite’s research center in Australian, to the OECD’s offices in the Hague, to SKAT’s main office and to the encounter between tax inspectors and taxpayers at a pizzeria? My analyses illustrate how this bit of ‘tax compliance behavior’ has indeed travelled far. During this journey it has to some extent remained stable; SKAT still talks about taxpayers’ compliance behavior, but it has also encountered resistance (for example, when SKAT chooses to ignore the numbers produced in the latest segmentations). Following the assembly of tax compliance have thus allowed me to see relations between the dispersed locations in which tax compliance is practiced. To my knowledge such locations and their relations have not previously been described in an academic analysis in the area of tax compliance.
Moreover, the analyses also show that while all these actors are concerned about shaping, managing and otherwise grappling with the phenomenon of tax compliance, their concerns are expressed in very different ways. They include, for example, the invisible (and laughing) fraudsters who deal their cars prior to the car auctions and who intentionally state wrong phone numbers and names – these people could probably not care less about tax compliance. The tax bureaucrats, on the other hand, do care about tax compliance; they work meticulously to create methods for segmenting the motivational postures of the taxpayers. Meanwhile many of the bookkeepers and business owners just try to keep a status quo in relation to tax compliance by not making too much fuss and by trying to keep a low profile so that they avoid unnecessary inspections. Aside from all these activities in which different people with different agendas construe and push and pull at the phenomenon of tax compliance, there are also intellectual struggles concerning tax compliance. Some academics (notably the psychology-inspired researchers) see tax compliance as residing inside the individual; for these researchers tax compliance takes the form of individual ‘decisions’. Yet others (notably the critical tax researchers) perceive tax compliance as a result of state ‘discipline’. While these are, perhaps, both ingredients in tax compliance, neither provides comprehensive explanations of tax compliance practices. They cannot do so, as we have seen, because they zoom in on different, delimited aspects of a far wider set of activities, which pull in multiple directions and which make up ‘taxing assemblages’.

Finally, it should be mentioned that the actors that I have focused on in the thesis are only actors in so far as they are made to act by many other actors; that is, they are themselves actors with various assembling qualities. When the bookkeeper in the carpenter business enacts tax compliance she, as an actor, can only do so by being equipped with IT-systems, weekly notes, reminders and respect of deadlines. Likewise, when Professor Robert Cialdini argues that tax compliance is a choice that can be influenced by persuasive communication, he needs his students’ work, his experiments and his credit card sized laminated ‘pocket reminder’ to construct his version of tax compliance and enroll bureaucrats in it. Also, the bureaucrats in the OECD are part of broader assemblages as they draw on the authority of the OECD (its respected tradition of publishing information and guidance notes, its conferences and its meetings) to produce their behavioral version of tax compliance. Hence, all the actors in the tax compliance ‘battlefield’ are themselves made up of various assemble; some of which I have sought to describe in the thesis.
The analysis thus highlights the rather fascinating way in which actors at very different locations and with very different concerns and assembling qualities, together push and pull at tax compliance. Some want it to be stronger and more stable, whereas others just want it to be done with without too much hassle, and yet others want to trick it and make it more fragile. And what the ‘taxing assemblages’ turn out to be is the outcome of all of this. The thesis thus exemplifies and embodies the point that tax compliance practices are laborious achievements of multiple actors, although not perhaps exactly the ideal of any one set of actors. Certainly this indicates why tax compliance must be seen as more than the standard operations of registering, filing, lodging, reporting and paying taxation obligations. However, this ‘more’ is neither anything above nor beneath the mundane office activities, it is just mundane activities played out in a far broader range of practical settings and linked in more varied and surprising ways than usually imagined.

For instance, the way tax compliance is constructed in the drafting process of the 2010 information note has to do with the mundane practices of bureaucrats; people who circulate drafts, make comments, arrange a conference and have meetings. The OECD bureaucrats, as well as the bookkeepers we have encountered, are all engaged in constructing tax compliance. They all do it on an everyday basis by drawing different things together. The only reason why the OECD bureaucrats seem more important and powerful in shaping a new compliance paradigm (compared to for instance bookkeepers and accountants) is that the bureaucrats’ practices are connected to the distribution of notes to the member countries and to a (seemingly) robust, true and evidence based scientific literature.

The editors of The New Fiscal Sociology (Martin, et al., 2009) state that “it is surprising, even shameful, that social scientists and historians have paid so little attention to taxation. It seems a dreary subject, all numbers and colorless bureaucrats” (xiii). I can indeed recognize this description of my research area. It is a marginal research area. For instance, I needed to go to the UK to find social science specialists to supervise parts of the project, since there is no qualitative research environment on tax compliance in Denmark. Also, I have repeatedly heard references to the dreariness of my object of study. Nevertheless, I hope that my work has contributed by giving due attention to this subject area from a novel social science perspective. One that meticulously focus on the laborious work of making up tax compliance in various locations; I hope this bring to light the excitement and color of this field.
8.4. Taxing assemblages in the new compliance paradigm

One Saturday morning June 2011 a good month before I was to hand in the PhD I read a newspaper article with this headline “Debts to the Public are Exploding” (Ritzau, 04.06.2011). The article stated that the new Minister of Taxation, Peter Christiansen, had published a number of statements showing that the Danes’ debts to the local municipalities and the state had increased dramatically over the past few years. In 2005 the debts to the municipalities were 4.5 billion Danish kroner, whereas in 2010 they had increased by 85 per cent to 8.3 billion Danish kroner. In the same period the debts to the state had increased by 56 per cent; from 18 billion to 28 billion Danish kroner. The article noted that this development had made the Social Democrats criticize the Liberal-Conservative government. The Social Democrats argued that if the money had been collected they could have been used to finance welfare services. Furthermore, they said that the “cause for the explosive increase is that the Government and the Danish People's Party [who supports the Government] have cut down 4,000 positions in the Ministry of Taxation over the latest 10 years” (Ritzau, 04.06.2011). The Social Democrats thus presented an argument with a clear cause-effect relationship between cuts in manpower and increased debts.

I was immediately interested in the article because it describes developments taking place in the period of time following SKAT’s restructuring and embarking on the treatment strategy from 2005 and onwards. In particular, however, I believed that the article’s claim that cuts in manpower equate increased debts could be specified. The cuts in manpower were so to speak ‘only’ a decisive factor that provoked SKAT to do something about its ways of working back in 2005. What SKAT did when facing the decrease in manpower was to orient the organization towards the new compliance paradigm focusing on responsive regulation. This change, as I have shown, was promoted by the OECD as an appropriate way to ‘most rationally allocate a finite level of resources’ (2004, 8). I may therefore say that it is not as such the cuts in manpower that has caused the increased debts, but – and here I assume that the statistics are ‘true’ – it is more precise to say that it is the embarking into this new compliance paradigm which has shaped SKAT’s ways of working which in turn has equated the increased debts. This raises an interest in what this new compliance paradigm actually brings about when it is enacted. The many initiatives that I have been looking at in the thesis; the responsive regulation enacted in the tax raid with focus on publicity, the segmentation model used to target treatments at the motivational postures of the taxpayers, and the treatment project of
‘inverted invoices’ where the project sought to target the most risky lines of businesses are all symptoms of and examples of how work is carried out under this new compliance paradigm.

As I noted in chapter one on the project’s attachments several researchers have looked upon such public sector reforms with a concern for what this brings about. In particular, Paul du Gay has raised a voice (2000, 2004, 2006, 2008). Concerning the state bureaucrat, the career civil servant or public administrator he writes:

   This category of ‘person’ has been the object of significant practical reform over the last two decades, and serious debates continue concerning whether such incessant reform has undermined key aspects of the role and function of the office to which this persona is attached. (2007, 105)

Du Gay further comments that the reforms in the public sector “have had the effect of undermining the ‘core business’ of public administration: running a state” (105). In the article “State Transformation or Regime Shift?” (2010) du Gay and Scott specify their concern for current reform by coining the difference between state and regimes. They argue that questions relating to ‘what a state is’, relates to “what a state’s necessary and constitutive tasks are, as a state” (18) and they point to issues such as monopolization of legitimate violence and security and the maintenance of sovereignty. These activities are seen by du Gay and Scott as a “relatively disembedded, historically stable and limited set of institutional devices” (14). In contrast hereto are regimes. These designate what a government does at particular times to manage its citizens. As they say: “States outlive regimes” (19). What du Gay and Scott are worried about is not so much different regime shifts, but exactly what must change – concerning sovereignty and security – in order for us to speak seriously about the transformation of the state. In this stricter sense, the state may have been changing slowly ‘behind the backs’ of epochal state theory/political sociology insofar as some of its core functions have been out-sourced, or ‘pooled’ into international institutions, in a way that does begin to problematize sovereignty. (du Gay & Scott, 2010, 19)

Seeing my description of the work carried out at SKAT and its embarking onto a new compliance paradigm in the light of du Gay and Scott’s concerns is very interesting. Is what I have observed happening at SKAT ‘merely’ expressions of a regime shift? That is, the installment of a new regime
that may not even outlive the next few years, but one that nevertheless might challenge key aspects of the role and function of tax inspectors? Or does the development described express a more serious state transformation? Meaning that its new ways of working problematizes the state’s more disembedded and stable task of securing sovereignty?

These are difficult and substantial questions. It is thought-provoking to see, for instance, the differentiated treatments which are targeted taxpayers’ specific compliance behaviors, not only as the expression of a new compliance regime, but maybe also as a disturbance or transformation in the state’s sovereignty–relation to its ‘equal’ citizens; in the relation to its citizens the state is not indifferent to ‘personal beliefs’ and ‘moral identities’, but indeed highly sensitive to these (e.g. du Gay, 2007, 158ff). At first pass this might seem like an insignificant shift, but in the long run such small shifts may indeed matter. I do not believe that my study turns on an ‘alarm’ in relation to transformation in sovereignty and security taking place in front of us when looking at SKAT’s daily enforcement. However, the nitty-gritty details of how the state, i.e. SKAT, actually functions on an everyday basis can open for a discussion of how the state’s sovereignty is played out and challenged in these very practical instances of doing enforcement. Having this approach in mind, we do not only learn why the debts possibly have increased over the last few years due to organizational turbulence; we can also start to learn to be alerted to how the core task of the state is managed (and possibly threatened) as this work is being remolded.

Pressing on to flesh out some of these minor shifts, two observations from my fieldwork are telling. First, it is relevant to highlight my observations of the tax inspectors’ inspections of the pizzeria and the inn described in chapter four; this shows that there is a certain destabilization in the tax inspectors’ ‘core’ work of regulating citizens. Observing the tax inspectors’ work at the inspected business offices I found this work done with clarity, consistency and professionalism; the inspectors operated with a quite clear perception of what tax compliance was and judged the businesses’ activities based on this (as expressed in the ‘one-many’ logic). In contrast, being at the tax office and following the debrief I experienced that the firm foundations for the tax inspectors’ activities were partly dissolved. During the debrief it became clear that things were not quite as clear as hoped for: consistency was missing between how the raids were done between the participating tax units, there was a problem in that the tax inspectors could not see improvement in the area despite having done inspections for years, and the inspectors experienced that many businesses were simply
classified in a wrong way whereby they could not be seen by SKAT. Thus, on the one hand, observing the work done by the inspectors in the business offices made me see the inspectors enact their core task on a (somewhat) firm ground. On the other hand, this firm ground was dissolved in the tax office. This tension the analyst might reasonable pay attention to because the destabilization in the work arises in conjunction with how the tax inspectors are expected to be responsive, nice as well as fair during the raids, and expected to base the raids on fair and rational grounds and conduct them with effectiveness and consequences. This, however, does not really happen in practice. What is of course interesting in relation to this is that the expectations expressed towards the inspectors’ work are based on the new compliance regime.

The same destabilization is also evident in my analysis of the dodgy car dealings. Here tax compliance was enforced very strongly and rigorously in relation to the (few) targeted taxpayers; their finances were indeed penetrated by the gaze of the inspectors (as exemplified by Reiner). However, at the same time the very vision of the tax inspectors was extremely narrow and fragile. It de-selected and cut-out certain taxpayers who could not be seen in the project. In this case, too, the inspectors operated between being very clear and consistent in enacting their core task of regulation towards some ‘seen’ (and in a way quite un-important) taxpayers and at the same time being frustrated as they saw the clear deficits and blind spots of their work. Thereby they lost the sense of really seeing what was indeed the more serious fraud.

Despite the above mentioned problematic aspects of the tax inspectors’ work I am not in a position to judge whether this regime for carrying out SKAT’s enforcement is better or worse in terms of efficiency, costs and/or employee satisfaction that what existed before; based on my material I do not have detailed knowledge of how work was conducted in SKAT earlier. While bearing in mind that all beginning is difficult – also beginning to restructure a whole tax administration – it is, however, worth noting first of all that there is convergence of increased debts and the new compliance paradigm. Second of all, and more importantly, it is worth noticing the specific characteristics of the tax inspectors’ work done under this new compliance paradigm. The destabilization between being both able to conducts one’s core tasks, but also feeling frustrated in doing this, is central. This point at what it actually brings about working under a new compliance regime, and thereby in direction of du Gay’s concern for what reforms do to public sector institutions in either shifting their regimes or in transforming the state as such.
8.5. The contributions of the thesis

The above indicates that one contribution of the thesis is its attention to the mundane everyday practices of doing enforcement and the associated possibility of relating this to more substantial concerns. These concerns centre on whether regime shifts or indeed state transformations are taking place as the seemingly trivial tasks of regulating the tax compliance practices of pizzerias, inns and of car dealers are unfolded. I suggest that a regime shift has indeed taken place. Furthermore, I have shown that there are indications that also transformations in the core task of enacted the state as such are present.

In addition to highlighting this, the thesis also contributes to the two bodies of literature which have by now been discussed at length in the thesis; the two dominant forms of social science research into tax compliance are thus, respectively, psychological and quantitative, and sociological and critical tax studies. The majority of the studies in the first category believe that tax compliance is an individual decision and that taxpayers’ compliance behavior can be reduced to various factors (trust, model, social and personal norms etc). This thesis has demonstrated that tax compliance cannot be confined to such behaviors because it cannot be located solely in the ‘heads’ of the taxpayers. There is no doubt that it is convenient to be able to point out single factors influencing tax compliance as such an approach can (easily) be operationalized (as viewed in chapter seven). However, tax compliance practices are shaped by a far more diverse set of actors and agendas than this research accounts for. As I see it, one central contribution of the thesis is that its acknowledgement of tax compliance’s various assemblages can help put an end to the excessive (and utopian) attempts to point out which factors influence tax compliance at large.

Critical tax studies are of course in many ways radically different. Indeed, it is relevant to stress the similarities between these studies and this PhD; clearly I have sought to conduct a study of tax compliance that reflects concerns expressed by the critical tax studies and my methodology is rather similar to these studies’ approaches. Nonetheless these affiliations, I have throughout this thesis attempted gently but persistently to question one of the central foci in the critical tax studies; namely their focus on the state’s (or tax administrations’) disciplining of the taxpayers. Though obviously different from the psychological studies, it is not far-fetched to suggest that critical tax studies, too, are engaged in a kind of reductivism. Rather than locating compliance inside the heads of taxpayers, these studies locate it strictly in institutional settings (i.e. in a state’s disciplining).
have sought to avoid this ‘institutional reductivism’ by drawing on an actor-network theory attitude (as expressed in chapter two), which aims to refrain from granting to any actors a completely pre-determined role in the assembly of tax compliance. In order to contribute to and gradually to reorient the agenda of critical tax studies it has been particularly important for me not to grant one particular actor (i.e. the state) any such clear cut role.

Now, although I began by not granting the state any specific role in disciplining the taxpayers, the state (the Danish Tax and Customs Administration) has indeed come to play a central role in large parts of my analyses. Certainly, my focus does not entail that the state is in any sense unimportant. Only does the approach assume that the analyst cannot say in advance of the study what the state is and what role it plays. My approach that closes in on what the state is and how it operates has thus departed in a certain deliberate vagueness and indeterminacy. This I think it decidedly different from the critical tax studies. They seem to have a much more firm belief in the state as a powerful – top-down – disciplinary apparatuses that can mould and shape the taxpayers’ tax compliance practices. This, the tax administration certainly achieves to do in some instances. However, the state is also often fragile and unstable; sometimes it cannot see the citizens and it cannot change their practices.

What I have sought to highlight is thus the fragility and ambiguity which in many instances characterize the state in my study. In my analysis I have not studied an abstract notion of the state; instead I have investigated risk analyses, project meetings, letters, raids, segmentation models, logo-jackets, statistics, documents etc. I have focused on how these ‘devices’ have participated in shaping tax compliance. In this respect I have never observed the state as a singular unity that disciplines taxpayers, but I have constantly particularized and specified what makes up the state and the devices it uses to ‘do’ tax compliance. I have thus emphasized how the state is made up of a variety of ‘state-devices’ that work in various ways. In this respect I have investigated the empirical reality of the state (e.g. Mitchell, 2006; Muniesa & Linhardt, forthcoming) and the equipment that the state uses to inquire the publics’ (here the taxpayers’) problems (Latour, 2007, 6).

The chapter on the segmentation model provides a telling illustration of this. Through a detailed analysis of how the segmentation model works and how it makes up new businesses and induces changes, I emphasize that the model does something. The segmentation model pictures and seeks to change the taxpayers. Even though the model is indeed influential in representing and performing
some taxpayers, it also has its blind spots and weaknesses: some taxpayers are ignorant targets, the economically bad times influence the model’s intentions about shaping the taxpayers and the model is being check-mated by its own changes. Saying that the model does something is in this relation the same as saying that the state does something. The model is literally a small but important part of the state; the model’s work with shaping the businesses participates in making up what the state is (or following du Gay and Scott’s afore mentioned terminology; the segmentation model participates in constituting the regime with which the state operates). In focusing on such ‘state-devices’ I approve Timothy Michell’s statement that the analyst should address the state as an effect of mundane processes and arrangements (Mitchell, 2006). My PhD is loaded with descriptions of such mundane ‘state-arrangements’.

Hence, it is interesting to investigate the different taxing assemblages, such as the segmentation model, the project work on the ‘inverted invoices’ and the unannounced raid, because by passing through these specific analyses of tax compliance practices we gradually learn what the state is made of and how it functions on an everyday basis. Due to this focus the PhD transforms itself from centering on the (more or less) marginal research area of tax compliance to focusing on the far more putative and broad research area centered around the state. The PhD thus parts company with the researchers who investigate in a pragmatic manner what the state is (Latour, 2007, 2010; Mitchell, 2006; Muniesa & Linhardt, forthcoming). To this research the PhD particularly contributes with its own concrete analysis of how the state is made up in conjunction with different ‘state-devices’ and how the state on an everyday basis seeks to regulate the citizens’ activities.

Consistently following the methodological prescription of seeking to find out how tax compliance is assembled in various locations and not granting the state any specific role, I will suggest that in a certain sense the present thesis is closer than most critical tax studies to Michel Foucault’s ideal of describing the practices through which subjects are governed and through which they govern themselves. That is, in describing the subtle regimes of practices which “try to shape, sculpt, mobilize and work through the choices, desires, aspirations, needs, wants and lifestyle of individuals and groups” (Dean, 1999, 12). This is illustrated most significantly in the description of the bookkeeper’s practices in the carpenter business where much more than the tax administration shape, sculpt and mobilize her compliance practices. Also, however, it is illustrated in my focus on how a specific scientific literature influences the assemblage of tax compliance. In the drafting of
the 2010 information note in which the choices, desires and aspirations of the tax officials are created, this is done through the use of specific research. In highlighting this we see that different regimes of practices shape, sculpt and mobilize the way the taxpayers and tax inspectors talk about and engage with tax compliance.

My contribution to the critical tax studies’ approach can therefore best be described first of all as my picture of the state as ‘particularized’. I have indeed tried to present a precise particularized picture of what the state is and how it operates. Also, however, and equally important, I have showed that tax compliance is also assembled in relation to actors not immediately connected to the state. Hence, my study shows that the ‘source of government’ in relation to tax compliance does not reside (only) inside the state but is the effect of a heterogeneous range of other actors and practices, including science. Precisely because of this de-emphasis on the state’s direct disciplining I can argue that my study is close to Foucault’s approach. In the study, I have indeed tried both to question and to specify the state’s ways of seeing and acting, and I have tried to show that assembling tax compliance is also done in conjunction with actors that are note per se ‘the state’. In this respect, the study might be a step closer to focusing on the ‘conduite des conduites’, that is, the guidance, not direct control, of how taxpayers and tax inspectors conduct, orient and manage themselves in relation to tax compliance.

8.6. Practices as preferable to behaviors

As indicated in chapter one, and repeated regularly since, the project has been shaped by the agendas of its partners as well as by my own research agenda of questioning the predominant discourse on tax compliance behavior and the PhD offers an ethnographically based analytical alternative. The thesis has to a great extent aimed at promoting and enhancing a focus on practices instead of on behaviors. I see such a shift in focus as a broader and (potentially) influential way in which the project in the future can be useful. The central question raised at the closing of this thesis is why, in what sense, and for what purposes conceptualizing tax compliance as a practice is to prefer to conceptualizing this as a behavior.

All my analyses considered I believe that conceptualizing tax compliance in academic analysis as a practice provides a platform for posing other questions than basing one’s analysis on behaviors. As already indicated, the main analytical question raised by ‘behavioral’ research is ‘why do people
comply?’ In contrast to this, looking at tax compliance practices allows one to ask questions about how tax compliance is assembled in conjunction with non-human actors (documents, logo-jackets, IT-systems and laminated pocket reminders) and human actors (business owners, researchers, accountants, tax inspectors and OECD-bureaucrats). These actors are absent in an analysis that focuses on tax compliance as behavior alone. It entails that such analyses miss out on the broader context of tax compliance, and on more nuanced understandings of how relations between people, states, organizations, sciences and materiality are made up and have effects. An analysis focusing on practices may not necessarily be a better analysis than one focusing on behaviors, but at least it is different from and it provides new understandings of tax compliance.

Whether it is also preferable to conceptualize tax compliance as a practice in the tax practitioners’ work is a complicated matter. I would never venture into saying that shifting focus from behaviors to practices is a ‘miracle cure’ for tax administrations working with enhancing tax compliance; just as a focus on taxpayers’ compliance behavior is a performative idiom that shapes new compliance paradigms, so too would a focus on tax compliance practices be a performative idiom which potentially could shape a new compliance paradigm whose effects are unknown. However, I believe that focusing on practices is preferable in the same sense as described above. Hence, a more broad focus on the part of the tax practitioners on tax compliance might also be ‘eye-opening’ to them. For instance, instead of decoding the individual motivational postures of a taxpayer in judging him/her as ‘opponent’ or ‘partner’, focus could be on how the taxpayer’s practices are constructed in interplay with a variety of very different actors.

In light of my analysis it is not entirely imaginary that I shall smile in silent triumph if my work one day is referenced in an OECD publication or if I hear a tax official, a tax bureaucrat or even the Minister of Taxation talk about tax compliance practices. However, simultaneously I would need to cross my fingers hoping that my compositionism – where I have participated in constructing a new approach to understanding tax compliance and where I have intervened in the field of tax compliance – has participated in constructing a version of tax compliance that is indeed in some respects better at providing understandings and analyses.
Appendix one: Interviews in first part of fieldwork

The initial 20 interviews with business owners, bookkeepers, tax inspectors and accountants.

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Appendix two: Material from local treatment project

List of material from fieldwork in local tax office that I refer to in the thesis.

Notes taken during the project meeting, Roskilde, 18.03.2009
Notes taken during the project meeting, Roskilde, 23.03.2009
Notes taken during the project meeting, Roskilde, 16.04.2009
Notes taken during the project meeting, Roskilde, 23.09.2009
Notes taken during project meeting, Roskilde, 10.06.2009
Notes taken during the meeting, Holbæk, 15.10.2009
Notes taken during the visit at the auction house, 22.06.2009
Project description, revised 30.01.09
Project description, initial
Internal announcement, 30.03.2009
Minute from project meeting, Roskilde, 18.03.2009
Participant-form, Marius
Participant-form, Kira
Participant-form, Kathrine
Interview with project leader, Dorrit
Interview with project participant, Kathrine
Interview with project participant, Jenny
Letter of confirmation to car auction house
Letter to taxpayer describing the tax adjustment
Overview form of case
Slide show, Roskilde, 23.09.2009
Mail, Christmas greeting
Mail from Peter Loft, 18.03.2011
Final reporting of project
Identification of risks – 2008
## Appendix three: Presentations for project partners

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English Abstract

Taxing Assemblages. Laborious and Meticulous Achievements of Tax Compliance

This PhD thesis is about tax compliance practices. The practitioners and academics that are traditionally most interested in tax compliance issues are tax inspectors, accountants and legal scholars. Typically, they define tax compliance as an act of reporting income and paying taxes in accordance with the applicable tax laws. They perceive tax as a (complicated) technical matter that relates to following the letter of the law. No matter how appealing such an approach is, the point of departure for this PhD is a different one. This study is an explorative, ethnographic study of tax compliance that offers a social science analytical perspective on these practices. In this thesis the social, material and relational aspects of tax compliance practices are in focus, rather than technical and legal ones.

I am not the first scholar who has advanced the idea of extending tax compliance research by broadening it out from technical and legal research into the domain of social science. Indeed, psychologists and critical tax researchers alike have been maneuvering in this field for years. The first is represented by a group of primarily psychologically inspired researchers who investigate how taxpayers’ compliance behavior is influenced by a number of different social and psychological factors. The second is a group of critical tax researchers. These researchers argue that tax ought to be conceived as an organizational, institutional, social and cultural phenomenon. Several of these studies use the work of Michel Foucault as their main inspiration and focus, for instance, on how tax administrations discipline and govern tax-subjects.

Comprehensive as these views on tax compliance are, they do not cover all analytical possibilities. This thesis thus presents an alternative approach to studying tax compliance. The approach adopted sees tax compliance as a relational phenomenon; as an achievement and an effect of an assemblage, or network, of various different actors. The thesis aims to characterize such a ‘tax compliance assemblage’. Its departure is the question: how is tax compliance constructed in practice? And the main claim of the thesis is that tax compliance practices are achievements; they are the constructions of multiple actors. This approach is inspired by science and technology studies (STS) and more specifically, the analytical starting point is the actor-network theory employed as an attitude. Methodologically the PhD is based on ethnography. The empirical material that the thesis
relies on has thus been gathered on different locations: in businesses offices, in tax offices and ‘on the road’.

In the PhD’s analytical chapters I show first how tax compliance, or rather non-compliance, is constructed as a fact as Danish tax inspectors conduct unannounced raids in businesses suspected of fraud with the purpose of adjusting these erroneous practices. Second, I show how a segmentation model implemented in the Danish Tax and Customs Administration (at certain times) participates in constructing compliant businesses as the businesses’ compliance practices are altered to confirm the model’s idea that most businesses are in the bottom segment of the model. Third, I show how tax compliance, or indeed again non-compliance, is constructed as a fact through project work and regulatory activities relating to Danish tax inspectors’ seeing and adjusting dodgy car dealings. Finally, I show how various tax administrations’ perceptions of tax compliance have changed over the recent decade. These changes are tightly connected to the OECD’s publication of different notes that have embraced and promoted a focus on understanding the factors influencing the taxpayers’ compliance behaviors. Due to these developments tax compliance has shifted from being closely affiliated with a classic economic model of rational agents to being linked to scientific literature that focuses on the taxpayers’ compliance behavior.

All in all, these analyses in their different ways illustrate practical instances and activities in which, particularly, the Danish tax administration is engaged in the laborious task of assembling tax compliance. The analyses thus connect to the title of the thesis: “Taxing Assemblages. Laborious and meticulous achievements of tax compliance”. This title describes that there are various assemblages constructing taxing; indeed the analyses present such different constructions of tax compliance. Also, however, these assemblages are taxing; that is they are laborious, strained, demanding, onerous and wearing constructs.

Understanding tax compliance is this way differs from the psychologically inspired researchers. This thesis does indeed demonstrate that tax compliance cannot be confined to be located solely in the ‘heads’ of the taxpayers; tax compliance practices are shaped by a far more diverse set of actors and agendas than this research accounts for. Although drawing a great amount of inspiration from the critical tax studies, the thesis also attempts to question one of the central foci of these studies; namely their focus on the state’s (or tax administrations’) disciplining of the taxpayers. In relation to this the thesis argues that the state does indeed play a central role in shaping tax compliance, but
one can never in advance of a study know what the state is and what role it plays. Consequently, in my analysis I close in – departing in a certain deliberate vagueness and indeterminacy – on what the state is and how it operates. My contribution to the critical tax studies’ approach can therefore best be described as my picturing the state as ‘particularized’; I present a particularized picture of what the state is and how it operates as it seeks to enhance tax compliance. Also, however, and as importantly, I show that tax compliance is also assembled in relation to sciences and materiality not immediately connected to the state. My study therefore shows that the ‘source of government’ in relation to tax compliance does not reside (only) inside the state but it is also the effect of a heterogeneous assembly of other actors and practices.

What is one of the main clues in the thesis is that my investigation of the different taxing assemblages (such as the segmentation model, the project work and the unannounced raids) is interesting because by passing through these quite specific analyses of tax compliance practices, I gradually describe what the state is made of and how it functions on an everyday bases. In this way the thesis transforms itself from centering on the ‘marginal research area’ of tax compliance to focusing on the assembling of the state as such. This point indicates how the PhD might in the future not only draw attention from tax compliance researchers, but also researchers interested in the composition- and working of- the state.

Based on my study I end the PhD by suggesting that it might be worthwhile promoting and enhancing a focus on tax compliance practices instead of a focus on taxpayers’ compliance behaviors. The latter being the predominant discourse within tax administrations presently. I believe that such a shift in focus might provide a platform for posing other and new questions in relation to tax compliance. For instance, questions about how tax compliance is assembled in conjunction with businesses, science, materiality, tax inspectors and tax organizations. These elements are easily disappearing in an analysis that focuses solely on understanding tax compliance as a behavior. This thesis is a first step in making such relations visible, analyzable and open for discussion.


Danish Abstract


Der er særligt to forskningstraditioner, der ligeledes fokuserer på at forstå regelefterlevelsers-praksisser i relation til skat i et samfundsvidsenskabeligt perspektiv: En tilgang er domineret af psykologisk forskning, og en tilgang er karakteriseret ved at lave kritiske analyser af, hvordan regelefterlevelse skabes. De psykologisk-inspirerede forskere fokuserer på begrebet ’skatteadfærd’ og påviser i deres studier, hvordan skatteadfærd er influeret af forskellige værdier, normer og regelsæt. I deres optik er skatteadfærd et langt stykke af vejen en beslutning, der er afhængig af, hvilke værdier og normer skatteyderen har. De kritiske skattestudier betragter skatteydernes regelefterlevelse igennem en anden optik. De fokuserer på, hvordan regelefterlevelse skabes i samspil mellem skatteyderne og de institutioner, der sørger for at skabe regelefterlevelse. De ser altså ikke regelefterlevelse som en individuel beslutning, men som et diskursivt og institutionelt fænomen der afhænger af de institutioner og (magt) strukturer, der eksisterer i en given kontekst. Disse forskere er for manges vedkommende inspireret af Michel Foucault, og de fokuserer for eksempel på, hvordan skatteadministrationer søger at disciplinere skattesubjekter gennem forskellige (håndhævelses-) teknikker.

Selve forskerne præsenterer denne ph.d. afhandling en alternativ måde til at forstå og analysere skattemæssig
Forskningsspørgsmålet, som er knyttet til denne tilgang, er: **hvordan er regelefterlevelse konstrueret i praksis?** Det svar, som afhandlingen giver, er, at regelefterlevelse netop er en bedrift, der er konstrueret i et samspil mellem varierede aktører. Tilgangen i afhandlingen er i høj grad inspireret af ”Science and Technology Studies” (STS) og mere specifikt af aktør-netværk teorien, som er en del af STS-feltet. Med hensyn til afhandlingens metodologi så tager denne udgangspunkt i etnografi. Afhandlingen bygger på observationer og på interviews for at afdekke, hvad der foregår på de forskellige steder, hvor den skattemæssige regelefterlevelse skabes. I afhandlingen præsenteres tre centrale steder, hvor feltarbejdet har udspillet sig: forskellige virksomheds kontorer hvor bogholdere står for den daglige bogføring, forskellige skattekontorer hvor skatteinspektører arbejder for at se og påvirke borgeres og virksomheders regelefterlevelse, og diverse interaktioner mellem skatteinspektører og skatteydere, hvor skatteinspektørerne i praksis forsøger at få skatteyderne til at blive regelrette.

Ph.d.ens analyser af regelefterlevelse er inddelt i fire. I den første analyse viser jeg, hvordan regelefterlevelse, eller rettere manglende regelefterlevelse konstrueres, når skatteinspektører udfører uanmeldte razziaer. I dette tilfælde ser jeg på en razzia imod pizzeriaer, kroer, restauranter m.m., og jeg viser, at skatteinspektørerne og virksomhedsindehaverne benytter forskellige logikker for at konkludere, at tingene ikke helt er, som de bør være. Ligeledes viser jeg, at skatteinspektørerne ikke i første omgang laver såkaldt ’responsiv regulering’ i forhold til de enkelte virksomheder, men i højere grad i forhold til en bredere offentlighed.

I det andet analyseafsnit ser jeg på, hvordan SKAT bruger en bestemt segmenteringsmodel til at segmentere virksomheder. Denne model er interessant, da den har tendens til at virke som en selvopfyldende profeti. I nogle situationer skaber den bestemte karakteristika ved de virksomheder, den segmenterer, som bekræfter dens egen ’model’ af disse virksomheder. Herved kan man ledes til

Den tredje analyse fokuserer på et indsatsprojekt i SKAT. Ved at følge og beskrive dette projekt viser analysen den proces, hvori skatteinspektørerne både opnår at se nogle (snydende) skatteydere; men også hvordan andre snydere bliver ’usynliggjorte’. Dette skyldes, at disse ikke efterlader sig spor de steder, som skatteinspektørerne kigger. Analysen viser, hvordan skatteinspektørerne håndterer disse aspekter af deres arbejde og i særdeleshed, hvordan de sørger for at ’camouflere’, at deres syn i nogle tilfælde er begrænset.

Det fjerde og afsluttende analysekapitel rykker fra en dansk kontekst for regulering til OECD’s bureaucratiske arbejde i Haag. Denne analyse fokuserer på to dokumenter, som er publiceret af OECD. Analysen af disse dokumenter viser først og fremmest, at disse har haft stor betydning for de reformer og forandringer, der er foregået i mange landes skatteadministrationer de seneste år, hvor mange af disse er begyndt at fokusere på skatteadfærd. For det andet viser analysen, at dokumenterne refererer til en ganske bestemt forskning, når de promoverer OECD’s tilgang til skatteadfærd. Denne forskning er en psykologisk inspireret forskning, der fokuserer på at definere de faktorer, der influerer skatteadfærden. Analysen viser, hvordan et politik-område centreret om skat udvikler sig i samspil med en bestemt form for forskning.

Ser man på de ovenstående analyser i sammenhæng, så viser de konkrete eksempler på, hvordan regelefterlevelse konstrueres i et samspil mellem forskellige aktører, og hvordan regelefterlevelse er en relationel bedrift. Det er på ingen måde let at konstruere regelefterlevelse; tvært om er det en hård og arbejdskrævende proces, hvor både skatteinspektører, virksomhedsindehavere, OECD bureaukrater og diverse skattemændere ’hiver og flår’ i forståelserne af regelefterlevelse. Det interessante er, at disse aktører befinder sig på meget forskellige steder, de har helt forskellige interesser, og de er sammensat forskelligt. Tilsammen er deres handlinger det, som konstruerer den skattemæssige regelefterlevelse.

Denne måde at forstå og analysere regelefterlevelse på er anderledes end de psykologisk inspirerede skatteforskere. Afhandlingen viser, at regelefterlevelse ikke kan reduceres til at være i ’hovedet’ på folk, og at det alene er en individuel beslutning; der er mange flere aktører og interesser på spil.

Dette studie afviser ikke, at staten, her SKAT, spiller en væsentlig rolle i at skabe regelefterlevelse: mine analyser viser tværtimod, at SKAT spiller en central rolle. Hvad, der adskiller mit studie fra de foregående, er derimod, at jeg ikke på forhånd har tilskrevet staten en bestemt (disciplinerende) rolle. Derimod har jeg set på alle de redskaber, som staten (SKAT) bruger til at skabe regelefterlevelse. Disse redskaber er f.eks. projektarbejde, risikoanalyser, logotøj, strategiske dokumenter og modeller. I min undersøgelse af disse redskaber er det centrålt at pointere, at det er dem, som sammen skaber hvad staten er. Det er igennem disse partikulære elementer, at staten søger at influere borgernes regelefterlevelse. Hvad, der mere er centrålt at påpege i relation til dette, er, at afhandlingens brede perspektiv på, hvad der indgår i konstruktionen af regelefterlevelse også inkluderer videnskab. Det er således ikke kun staten, der søger at påvirke regelefterlevelsen; også flere forskellige videnskabelige retninger søger at fremme deres specifikke version af, hvad regelefterlevelse er.

En pointe ved afhandlingen er, at dens snævre fokus på, hvordan skattemæssig regelefterlevelse skabes, ikke står alene. Derimod er studiet af regelefterlevelse en ’genvej’ til at lære noget om staten. Når afhandlingen således beskriver de utallige måder, hvorpå staten (SKAT) søger på påvirke regelefterlevelsen, lærer læseren noget om staten. Dels at dens funktionalitet er skrøbelig: den har ikke et klart syn i alle tilfælde, den bruger modeller, der ikke altid virker, og i dens udvikling lader den sig inspirere af en meget bestemt type forskning. Dels at den er en effekt af de partikulære redskaber, der skaber den. Gennem studiet af dem læres således noget om, hvordan staten fungerer på dagligdags basis.

Baseret på mine analyse afslutter jeg afhandlingen med at foreslå et fokus på skattepraksisser modsat skatteadfærd. I dag er det comme it faut at tale om skatteadfærd og dermed antyde, at regelefterlevelse i høj grad er en individuel beslutning. Dette er bestemt ikke en irrelevant pointe, men et fokus på skattepraksisser vil åbne for at stille nye og andre spørgsmål i relation til regelefterlevelse. F.eks. i relation til hvordan regelefterlevelse konstrueres i samspil mellem
References


OECD. (2011a). About Tax Administration. Retrieved 28.03.2011, http://www.oecd.org/about/0,3347,en_2649_33749_1_1_1_1_37427,00.html


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