



SDI Review Form 1.6

Journal Name:	<u>British Journal of Economics, Management & Trade</u>
Manuscript Number:	2014_BJEMT_15345
Title of the Manuscript:	Is tax amnesty good for tax evader?
Type of the Article	

General guideline for Peer Review process:

This journal's peer review policy states that **NO** manuscript should be rejected only on the basis of '**lack of Novelty**', provided the manuscript is scientifically robust and technically sound.

To know the complete guideline for Peer Review process, reviewers are requested to visit this link:

(<http://www.sciencedomain.org/page.php?id=sdi-general-editorial-policy#Peer-Review-Guideline>)



SDI Review Form 1.6

PART 1: Review Comments

	Reviewer's comment	Author's comment (if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)
<u>Compulsory</u> REVISION comments	Peer Review on “Is Tax Amnesty Good for Tax Evader?” <u>Summary:</u> The author examines whether tax evaders join tax amnesty programs after evading taxes and how tax amnesty programs affect taxpayers' tax compliance behavior. The author conducts this study because he/she believes that the tax amnesty theories proposed in prior literature were not complete because practical economic and social situations have not been considered. The author thus includes the possibility that tax evaders who are engaged in repeat tax evasion after participation in tax amnesty plan in his/her research model to avoid oversimplification of model assumption. <u>Suggestions:</u> This paper is too theoretical. It is not easy to understand the equations used in the analysis without a high level of mathematical knowledge.	There are a number of ways to extend discuss tax amnesty. Basically, our manuscript provides foundational explanation in Section 1. This forms the basis for our mathematical expression for the tax evaders' behavior under tax amnesty program, throughout the classical financial economics theories on utility and risk aversion. Remarks at the end of each section and in the conclusion interpret the results. We endeavor to make our manuscript intellectually acceptable. Then we began the analysis by establishing the tax –evasion model under tax amnesty. In this model, we evaluate that tax evaders are risk averters under tax amnesty, thus committing a secondary tax evasion. We then turned to set up a model based on the Arrow-Pratt theory of risk aversion. In this model, we found that people who take advantage of tax amnesty program yield relatively high levels of utility in comparison with the situation of no amnesty being offered.



SDI Review Form 1.6

	In this regard, the first concern that I, as the reviewer of this paper, have is whether this article matches with the theme of the journal that this article is going to be submitted to. The second concern is related to the contributions of the paper. Although the author mentions a lot of contributions at the end of his/her study, these contributions cannot provide a complete insight into the structure of the tax amnesty programs. Without such insight, the author's findings immediately become less convincing. The final concern is related to the writing neatness of the author. There are a certain number of typos found in the study. This can show that the author might not have a chance to proofread his/her study before the submission. An obvious example of such typo can be found in the first sentence of this study: "Whether or not tax evaders join tax amnesty programs after evading taxes, an important index is the influence of tax amnesty programson compliance". In this sentence, "programson" should be "programs on". There are quite a number of typos similar to this one throughout the study, which makes the study even more difficult to understand. <u>Conclusion:</u>	This is especially true that our conclusion firmly accords with the preference interpretation of Arrow-Pratt theory of risk aversion. From the preceding, it can be seen obviously that the cubic utility function of a tax evader is strictly increasing. That is, under such conditions, joining tax amnesty program can be more beneficial than not joining such tax amnesty program to tax evaders. We thank the anonymous referee and the dear editor for helpful comments on this and related work. We also showed that an increase in individual income leads to a decrease in tax compliance under tax amnesty, thus committing a secondary tax evasion. The main purposes of our paper are to extend the theory of risk aversion by indicating the preference implications and decision-making of tax evaders under amnesty. Because the current literatures and empirical evidences are so little to explain the long-term revenue effects of states' tax amnesty programs, thus committing a secondary tax evasion. As mentioned in our paper, empirical evidence may not be the primary objective of this study mainly. However, to reflect and observe the details
--	---	--



SDI Review Form 1.6

	I believe that the author should have a major change on his/her paper before this paper is qualified to be published, after consideration of the combined effect of the abovementioned concerns found in the study.	of tax amnesty, and with them the possibility of secondary tax evasion, our model incorporates the assumption that a secondary tax evasion occurred when tax amnesty program was implemented, in order to evaluate tax evader' expected utility and risk-related decisions. Our model denotes that a tax amnesty program brings immediate and short-run revenue impact which is in line with the successful experience recently implemented in the United States and most countries as mentioned in our paper. By virtue of proofs, we still have doubts about the long-run revenue impact of a tax amnesty program which is in line with the suggestion made by Alm et al. (2009). We find that if honest taxpayers resent the special treatment of tax evaders and if individuals come to believe the amnesty is not simply a one-time opportunity, when the assessment period ends, tax revenue stably declined and ultimately converged on a fixed value. We want to express immense gratitude to the editor and anonymous referee for helpful comments and suggestions.
--	--	---



SDI Review Form 1.6

<u>Minor</u> REVISION comments		
<u>Optional/General</u> comments		