

## **Income tax evasion and artificial reference point: two experiments**

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This paper copes with a well known problem of the standard theory on tax evasion, i.e. the reactions of the tax payers to an increase in the tax rates. The standard theory prevision is that an increase in the tax rates should have effects on the propensity to pay taxes but the sign of the tax payers' reaction depends on the composition between income and substitution effects. The experimental evidences do not clear this ambiguity because some experiments report increases in the propensity to pay taxes, as a consequence of an increase in the tax rate, while others report reductions. In our paper we follow the Prospect Theory approach and we test the effects produced by modifications of the experimental subjects' reference point "artificially" introduced in the experiment.