

Behavioral economics taps power of persuasion for tax compliance

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Chicago Tribune:

Can peer pressure make delinquent taxpayers pony up what they owe the government?

Behavioral economists say it can, and some tax agencies in both the United States and Britain are taking their advice to heart — and finding that they are reaping rewards.

Behavioral economics has already upended investing and finance with new theories on why and how people make decisions about their money.

From the simple re-wording of late notices to changing the structure of back-tax payment plans, tax collectors are getting results by tapping into basic human tendencies. Whether it is the desire to do what peers do or to stick with a voluntary commitment, persistent patterns of human conduct revealed by behavioral economics are gradually being targeted to boost tax revenues at very low cost.

Read the whole story: [Chicago Tribune](#)