

Behavioral Insights on Business Taxation: Evidence from Two Natural Field Experiments

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Abstract. This paper presents the findings of two natural field experiments that were conducted in collaboration with the Australian Taxation Office (ATO). The first experiment tests the effect of changes to letters on businesses paying the correct amount of tax. The second experiment consists of two parts. The first part aims to raise awareness of the relevance of tax debt payment by changing internal guidelines used by field auditors. The second part focuses on studying the effect of changing the phone script used by desk auditors to facilitate payment arrangements and simplifying a follow-up letter. While the first experiment had no effects on any of the outcome measures considered, the results of the second experiment indicate that changing the phone script of desk auditors and simplifying the letter reduced the proportion of default assessments raised by the ATO by 69 percent, suggesting that businesses are responsive to certain types of nudges.

JEL-Classification: C93, H25, H26

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