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# Editorial

## **The Complex and Critical Relationship Between Tax and Corruption**

Tax and corruption are global phenomena. No society is immune from corruption,<sup>1</sup> and within any society taxation plays a pivotal role in relation to such activity – which can be both positive and negative. Positively the tax system can provide the kind of regulatory framework and institutional foundations which can help to eradicate or constrain corrupt practices. On the negative side, corruption reduces tax compliance.<sup>2</sup> Even perceptions of corruption, whether ‘grand’ or ‘petty’, seriously undermine taxpayers’ intentions to report actual income or sales.<sup>3</sup> The relationship between tax and corruption is

Editor I am grateful to all the participants at the two symposia, and to all the referees, for their invaluable thoughts and comments. I particularly appreciate the insightful summations made by my colleagues at the two symposia: Adjunct Professor Grant Wardell-Johnson of KPMG at the Sydney symposium; Professor Jim Alm from Tulane University at the Johannesburg symposium; and Professor Richard Krever, now at University of Western Australia, present at both of the symposia. I also appreciate the time and effort invested by the authors of the articles assembled here.

The two opening articles are designed to set the scene for the articles that follow in this Issue. They provide contrasting perspectives on the relationships between tax and corruption. Vito Tanzi, the former Director of the Fisc(i)-4(m)1

Marriott. The article appropriately reminds us that corruption cannot simply be labelled as a developing country issue – developed countries have their own issues and problems too.

Finally, an article by Heidi Zummo, Bronwyn McCredie and Kerrie Sadiq explores the

1. there is the widespread perception that corruption is widespread, but exactly how much corruption is there? That is, can country-level estimates of the extent of corruption be calculated?
2. t