

**Challenges of International Students in Filing Taxes and Using Tax  
Services in Canada**

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## **Abstract**

Starting new lives in an unfamiliar environment, international students may encounter difficulties in dealing with their tax reports. They are often faced with challenges about the ways in which tax works. In this thesis, three main tax filing challenges of international students are defined: identity and tax, tax complexity and tax knowledge. As previous tax literature has not sufficiently explored the tax experiences of international students, there is a need for research that addresses the lived tax experiences of this minority group. Therefore, this thesis aims to explore the phenomenon of international students' tax filings. Providing an interpretive exploration of international students' tax-related challenges, the researcher interviewed 20 international students to explore what challenges they are experiencing and how they are experiencing the challenges. To deepen the understanding of tax filing challenges, the researcher uses functional attitude theory (FAT) to analyze international students' lived experiences and employs a phenomenological approach to gain profound insights into international students' tax filings. Looking into international students' functional attitudes towards the tax filings reveals the impacts that the challenges have on their perspectives of tax filings. The findings show that international students make tax decisions in relation to their utilitarian attitudes, willingness of social adjustment, different values and knowledge about tax. Particularly, this thesis contributes to the understanding regarding the international students' tax filing challenges in Canada.

**Keywords:** tax filing challenges, identity, tax complexity, tax knowledge, functional attitudes

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# Chapter 1

## Introduction

### 1.1. Background

While studying in Canada, international students bring various benefits to the country. They contribute to the local economy, provide a diverse workforce and society, and participate in innovation through their research and studies. These students are granted study permits by the Canadian government or may hold a refugee status (IRCC, 2017). Over the past two decades, an increasing number of international students have enrolled in postsecondary institutions in Canada. International students totaled 245,895 in 2016/2017, representing 12% of overall enrolments (Statistics Canada, 2018).

After their study in Canada, some international students go back to their home countries, while many of them seek opportunities to work and continue their life in Canada. In the early 2000s, among the international students who received study permits or study extension permits, 25% became permanent residents (Statistics Canada, 2015).

Based on their impact on Canada, its post-secondary institutions and its economy and society, it is surprising that more research has not been completed on these international students' experiences in Canada. Undoubtedly, international students are permanently facing various challenges when starting a new life in Canada. One of the significant challenges for them is filing annual tax returns.

Tax connects the lives of international students to Canada. According to International Education (2017), international students contribute to the local economy through personal spending and tax payments, such as direct tax (personal income) and indirect tax (the sales tax). International Education (2017) stated that, in 2016, international students in Canada contributed around \$2.8 billion in direct and indirect taxes. With the continuously growing number of international students, their spending has a great influence on the local economy. Because international students' tax experiences have been barely discussed in prior academic or policy literature, their tax filing issues call for more attention.

It is not a simple task for lay persons, especially newcomers, to fully understand their tax responsibility. Larkins (2000) stated that international students are often confused about the ways in which tax works, as they may report income, which is not taxable, or may fail to claim tax credits.

Therefore, this research aims to study the phenomenon of international students' tax filing challenges. Providing an interpretive exploration of international students' tax-related challenges, I am inspired to explore these types of challenges and how international students are experiencing them. I will theorize their attitudes towards these challenges and outline various impacts that they have on tax filing.

Based on the existing literature, three main challenges are defined in this paper: identity and tax, tax complexity and tax knowledge. This study seeks to deepen our understanding of how international students are experiencing these challenges using Functional Attitude Theory (FAT). According to FAT, attitudes and opinions influence psychological functions reflecting individual attitudes, causes of their attitudes and ways to change attitudes accordingly (Katz, 1960). Through exploring the particular phenomenon of international students' tax filing challenges in Canada and providing an in-depth analysis of these students' functional attitudes, this research tries to respond to the following questions: What are the filing challenges that international students are faced with in Canada? What are their functional attitudes towards these challenges? How do international students attempt to solve these challenges? Providing elements of answers to these key questions would enrich the qualitative tax research, which has so far ignored the lived experience of most taxpayers, and, in particular, has ignored the experiences of students and international students. Addressing the questions related to international students' lived experience as a specific group of taxpayers also benefits institutions and authorities. By giving suggestions on policies that could help international students become tax-compliant, this research can help them integrate into Canadian society.

To better understand the subject of international students' tax filing experiences, I used a qualitative-based approach to collect primary data by interviewing international students (participants are mostly from University of Ottawa). To deeply interpret international students' lived experiences, I applied FAT to analyze how they deal with the challenges

thereby broadening the scope of current tax research and deepening the understanding of international students' tax-related challenges.

## **1.2. Research Questions**

This study examines the subject of international students' tax filing challenges while focussing on the types of challenges these students are facing and how they are experiencing them.

The main research question is the following: what are the challenges of international students in filing taxes in Canada?

Relatedly, two subordinate questions are examined to discuss these challenges.

Firstly, what are the international students' functional attitudes towards tax filings?

Secondly, how do international students solve their challenges according to their functional attitudes?

## **1.3. Statement of Research Purpose**

Our knowledge about the international students' tax filing challenges, especially in the Canadian context, is very scant. This research seeks to fill in this gap. The main purposes of this research are threefold.

Firstly, this research seeks to improve our understanding of international students' tax filing challenges by exploring and delineating their lived experiences and attitudes. There is a need to understand international students' attitudes towards the challenges they are experiencing, as Oberholzer and Stack (2009) claimed that attitudes could have negative or positive influences on taxpayer's behaviors. Therefore, this research aims to investigate the aforesaid challenges and attitudes. In so doing, it helps international students better understand their tax-related experiences and decisions.

Secondly, previous tax literature has failed to address the tax experiences of international students who arguably represent a disregarded cluster of taxpayers in this literature. This research thus aims to add to this literature by revealing the international students' tax experiences and challenges in Canada while calling on accounting researchers to pay more attention to such a less visible group of taxpayers. Sherry, Thomas and Chui (2010)

pointed out that international students tend to think that the institutions and the government fail to address their needs, which leaves them frustrated, unsatisfied or even exploited. These students may find it hard to understand their tax issues and feel unable to integrate into Canada. In addition, not only are international students not represented in the literature on tax, but more broadly, neither are refugees or other immigrants. And yet, it is a requirement for refugees to file an income tax return if they want to claim their refugee benefits in Canada. These vulnerable newcomers who are undergoing social exclusion, cultural shock and language barriers need not only more help and guidance in their tax practice but, in particular, more academic attention.

Lastly, this qualitative-based research aims to enrich the extant tax literature, which includes tax studies that have predominantly used a quantitative approach to measure tax challenges, such as tax compliance and tax ethics (Andreoni, Erard and Feinstein, 1998; Song and Yarbrough, 1978). A qualitative approach based on interviews can provide more detailed and richer information about what international students perceive with respect to their tax problems. With interpretive feedbacks, international students can express their thoughts, concerns and desires. In addition, because I am also an international student, I feel that I can gain the trust of international students during the research process. Therefore, I am in a very strong position as a researcher to gain important insights that might not be accessible to several researchers who do not understand the experience of being an international student or newcomer, because they have not lived through the experience themselves.

#### **1.4. Significance of This Study**

By using FAT to analyze how international students are experiencing the challenges, this study expands the scope of current tax research. The discussion about international students' tax experiences triggers researchers' interests in exploring the lived experiences of vulnerable individuals' tax filings. This topic is quite recent and closely related to the practical work of Canada Revenue Agency (CRA) (CRA, 2019a). Further, international students are not only an expanding social group (Sherry et al., 2010; Koehne, 2005; Larkins, 2000) but they might also be considered as belonging to the group of

minorities, including refugees and asylum seekers; their experiences are thus becoming more important to researchers.

For these newcomers, not only are their studies an important task, but their tax responsibilities are also significant, especially for international students who wish to live and work in Canada in the future. Once landing in Canada and starting to earn income, students are obliged to file tax if they have tax dues. Filing tax is also a way to present and prove status in Canada, which records their working experience. While I was interviewing some of my participants, surprisingly, the interactions brought a positive influence on their attitudes towards tax filings, as they learned that filing tax is a way to claim their benefits. Some participants ignore that, even in the case of not working, they could still file tax reports to claim their tax refund, such as Goods and Services Tax (GST) credits (payments made to offset all or part of the tax paid on purchases) (Government of Canada, 2019).

Lastly, this research presents international students' tax experiences from the perspective of potential immigrants since many international students decide to become permanent residents or Canadian citizens after finishing their studies. Getting insights into international students' tax experiences can enrich tax research related to immigrants. This research tries to unravel their tax challenges and to see how it affects their attitudes towards tax filings. Existing research has not provided us with sufficient insights into the interaction of tax and migration, and less is understood about newcomers' tax experience. Immigration, trans-border migration, refugees, asylum seekers, studying abroad are all features of the current global movement of people. Thus, the topic is very timely. It is meaningful to study these newcomers' tax experiences with the purpose of revealing the experience at their life transition phase, which responds to the requirements raised by tax researchers who call for further studies on tax practices at an individual level (e.g., Jeacle, 2009). Consequently, this research broadens the extent of tax study.

### **1.5. Delimitations**

This study focuses on individual taxpayers, which are defined as "persons". Therefore, entities such as corporations, partnerships, trusts, and not-for-profit organizations are not included in this study. Also, this study intends to look at international students who are

attending post-secondary schools, because they are more mature, compared to those who are still in high schools.

As this is a qualitative study aiming to define the phenomenon of tax filing challenges that international students are facing and how they are experiencing it, the sampling of participants in this study is limited to international students and mostly selected from the University of Ottawa for the consideration of convenience. This research adopts a convenience sampling approach and a snowball sampling approach. As a result, the findings of this study could not be generalized to the whole population of individual taxpayers in Canada.

This study represents a snapshot of international students' challenges in filing taxes at a particular point in time (life transition in Canada). Therefore, changes to respondents' characteristics and reforms of legislation may impact similar future studies.

## **1.6. Assumptions**

In this research, it is assumed that the participants (international students) in my interviews are taxpayers in Canada. These international students make contributions to local taxes by paying direct taxes, indirect taxes or both.

The participants of this study are assumed to have previous tax filing experience in Canada or are going to file their first tax return requests in 2020. As I discovered during the research process, not all participants have filed a tax return, and some had no immediate plans to do so. However, their feedbacks about the topic remain important.

## **1.7. Thesis Outline**

This research is presented in seven chapters: introduction (chapter 1), literature review (chapter 2), theoretical framework (chapter 3), methodology and research design (chapter 4), findings (chapter 5), discussion (chapter 6) and conclusion (chapter 7).

Chapter 1 provides a brief discussion on the study background and highlights the statement of this research, the research gap as well as the purpose of the study.

In Chapter 2, the literature review, I begin with providing the background information to contextualize this study while explaining what challenges an individual may be faced with when dealing with tax filings. I review empirical findings from existing quantitative and

qualitative tax literature related to newcomers. In addition, I explain how newcomers deal with the challenges while emphasizing their behaviors related to their lived experiences. Also, I identify a gap in the research on international students' tax filing experiences and attitudes whilst outlining how my research addresses this gap.

Chapter 3 explains the theoretical framework applied in this research. To begin with, I draw on concepts and theoretical insights from several studies. This framework outlines three major theoretical insights about attitudes, taxpayers' attitudes and FAT, which explains how the theory is used to respond to the research question.

Chapter 4 introduces the methodology and the research design of this study. In this qualitative research, interview-based data are collected. Individual, semi-structured interviews, lasting approximately one hour each, were conducted. An interview guide, encompassing both structured and open-ended questions, was deployed.

Chapter 5 presents the description of participants' lived experiences of tax filing challenges. Data from the interviews have generated four main themes that refer to international students' functional attitudes. Each theme has one or two probes which are further explained based on participants' description of their experiences.

In Chapter 6, I discuss and analyze the research findings while highlighting the challenges related to tax filing faced by international students and linking them to the challenges identified in the literature. To interpret how international students are experiencing these tax challenges, I use FAT.

In Chapter 7, I conclude by presenting the contributions and implications of this study as well as the limitations and the future research avenues.

## Chapter 2

### Literature Review

#### 2.1. Introduction

This thesis approaches tax filing challenges from the perspective of international students. The examination of newcomers' tax filing experiences builds on a review of qualitative studies and shows how taxpayers' experiences translate the phenomenon of their challenges. I begin with a background section on various tax-related challenges. I then divide these challenges into three sections related to my study more specifically: *international students' identity, tax complexity and the newcomers' tax knowledge*.

#### 2.2. Background: Challenges of Individuals in Dealing with Tax

Most people think tax is complicated and confusing, especially for newcomers (CRA, 2019a) such as international students and refugees. CRA has indicated that some newcomers' home countries do not require individuals to file an income tax return. These newcomers also do not have the experience in claiming tax benefits through the tax system, so filing an annual tax report can be a complex task for most of them. It also may not make sense to them why they need to file a tax return in order to receive certain benefits, or what a "tax refund" actually is.

Despite an increasing number of international students, these students' tax experiences have not drawn much attention in either the academic literature or in tax policy. The only place where these students appear to have support is in some of the community-based tax clinics often staffed by volunteers and run on-campus. For these reasons, I will end my thesis with recommendations for how to improve the experience of international student taxpayers. According to CRA (2019a), vulnerable individuals (like the international students) are faced with different challenges such as unemployment, language barriers and cultural differences. These students encounter the dual challenge of facing a complex tax system and being new in the country.

The first challenge identified in the literature is “identity and tax”, which refers to how international students are experiencing a period of adjustment to integrate into a new country. They may find it challenging to get what they expect, as this is a period in which their identities are reconstructing because of changes in society, politics and finance (Annisette and Trivedi, 2013).

The second challenge that the literature suggests is “tax complexity”. Tax complexity arises due to the increased sophistication in the tax system and tax laws (McCaffery, 1990).

Finally, the last challenge is “lack of tax knowledge”. Beyond a lack of knowledge of tax and of the local tax systems, individuals’ lack of knowledge about their rights may lead to non-compliance behavior (Saad, 2014) and negatively impact taxpayers’ attitudes.

### **2.3. Identity and Tax**

Paul (2015) defined identity as qualities, beliefs, personalities, looks and expressions, which make a person or group. Gendron and Spira (2010) stated that “identity work allows one to examine how broader discursive forces are experienced and translated by individuals and can contribute to inform the research community about important themes.” The literature has looked at how tax relates to identity in several different ways. Tax is an accounting concept, and accounting processes are not only involved in creating economic entities, but they also help establish the type of persons or identities that inhabit these entities (Mennicken and Miller, 2012). It is in large part through accounting process that individuals come to know, or are told, what they are relative to what they should be, which in turn shapes their identity (Mennicken and Miller, 2012).

Bujaki, Gaudet, and Iuliano (2017) studied immigrants’ identity construction through their personal income tax returns. They noted that individual income tax shows the tax identity work carried out by taxpayers, as taxpayers represent themselves and make their activities visible with each tax filing they report, which explains newcomers’ economic activities in the host country. Newcomers interact with tax, and their income tax is linked with their identities (Bujaki et al., 2017), both right after arriving in a new country and after many years in the country. CRA (2019a) pointed out that taxes help a newcomer to find the meaning of his or her new identity in Canada, but as outlined by Bujaki et al. (2017),

during this process, newcomers may feel it is hard to integrate into the new environment due to language barrier, unemployment, cultural changes, etc.

Dagan (2019) stated that tax could shape newcomers' personal and social identities through links with both economic life (jobs) and personal life (family, friendship and community). Also, paying taxes is an approach for newcomers to portray themselves as citizens since it is a "performative act of citizenship" (Jackson and Bauder, 2014, p. 374).

Not only does tax shape newcomers' identity, but newcomers with a different culture or from various nations also have a different sense of tax. According to Likhovski (2007), immigrants to Israel from different countries were perceived to have different levels of tax compliance. Those who come from countries with advanced tax system are willing to pay taxes; those who are from countries with less advanced tax systems try to evade them (Likhovski, 2007, p.685). Likhovski (2007, p. 679) argued that the establishment of tax compliance could be a transition of the newcomers' efforts to become a citizen – defining the process as "training in citizenship". In other words, not only does outward conduct adapt into the country but so too does the "inner soul" (Likhovski, 2007, p.692).

Exploring the international students' identity in their tax activities allows us to examine the role of income tax filing challenges in their life transition. It not only deepens our understanding of tax as accounting processes with implications for individuals' identity construction, "but also contributes ... to our understanding of the identity work required of immigrants as they create a life and identity for themselves in a new country" (Bujaki et al., 2017, p. 56). Newcomers - such as international students – have been identified in the literature as a group which has integration problems and identity issues (Koehne, 2005).

CRA (2019a) indicates that newcomers in Canada need to adjust to a new environment, which leads to discomfort, pressure, anxiety and other emotions. In the CRA's words: "One encounters differences in unexpected places, social expectations may be unclear and confusing, and everyday tasks like navigating the public transit system or paying a bill may be challenging and stressful. For some people, culture shock leads to depression, isolation or fatigue" (CRA, 2019a, p.4). As a result, these vulnerable newcomers are faced with many challenges, such as not being able to communicate fluently in an official

language, understand the Canadian tax filings system, find a job and fulfil their original life goals which they had before coming to Canada (CRA, 2019a).

## **2.4. Tax Complexity**

Tax complexity has many dimensions, and could be defined in various ways, and occurs in large part because of the sophistication of the tax law (Gale, 2001). Tax complexity exists in various forms, such as computational complexity (American Institute of Certified Public Accountants, 1992), compliance or rule complexity (Carnes and Cuccia, 1996), and procedural complexity (Cox and Eger, 2006). McCaffery (1990) categorized tax complexity into technical complexity, structural complexity and compliance complexity. McCaffery (1990, p.1270-1271) explained the three aspects in detail.

According to McCaffery (1990), first, technical or rule complexity means that a taxpayer may have a hard time to understand tax rules, which results in the taxpayer investing lots of time and effort in applying it to his or her tax decisions. Some people may seek advice from professionals to help with tax rules. Second, structural complexity happens when a taxpayer can read or understand tax rules, but he or she may not be able to apply it to one's tax decision correctly or with confidence. Third, compliance complexity addresses the difficulties in the administrative and procedural process, which relates to record-keeping and form-completing tasks for a taxpayer to perform and comply with the tax law.

Different people perceive tax complexity differently based on their use and interaction with tax (Oberholzer and Stack, 2009). A taxpayer's perception is influenced by the level of knowledge, time spent on research and government supports in facilitating the use of tax systems (Owens and Hamilton, 2004).

Oberholzer and Stack (2009) stated that tax complexity was one of the factors that influence taxpayers' attitudes and tax compliance. In the Canadian tax system, individual tax consists of federal and provincial tax, and a taxpayer must report his or her income annually if he or she owes a tax due. Observers often describe the Canadian tax system as complex (Poschmann, Vaillancourt and Fuss, 2019). The Canadian Council of Chief Executives (CCCE) stated that the Canadian tax system is difficult for taxpayers to comply with, mainly due to the complexity of Canadian tax legislation, the number of rules taxpayers are subject to, and the complexity of the tax system (PwC, 2014). The

Canadian Chamber of Commerce (CCC) also indicated that the Canadian tax system needs to be reformed, as it has become complex, and is now a challenge for taxpayers (CCC, 2015).

Chartered Professional Accountants Canada (CPA Canada) (2018) claimed that, as the Canadian tax system is a self-assessment system, it is time-consuming and expensive for the government to regulate taxpayers completely. Due to the self-assessment system, taxpayers may file their taxes incorrectly and diminish their confidence in the tax system. As most people are not skilled at taxation, taxpayers find it challenging to manage their tax issues (Carnes and Cuccia, 1996). These authors argued that tax complexity is one of the main factors leading to tax evasion and involuntary non-compliance. People's perception of tax as complex or overwhelming might have a negative impact on tax compliance (Mikesell and Birskyte, 2007).

Among vulnerable individuals, such as newcomers, refugees and asylum seekers, CPA Canada (2018) stated that the complex tax system makes it difficult for them to comply with tax law. The complexity of the Canadian tax system makes it hard for newcomers to find the support that solves their problems. CPA Canada (2018) stated that although the government makes tremendous investments in improving CRA's customer services, expanding community outreach and developing Community Volunteer Income Tax Program (CVITP), taxpayers still find that current supports are not sufficient. Various barriers negatively influence taxpayers' experiences with CVITP. The study also put emphasis on another concern about CVITP - the quality of their work.

Additionally, Durodola, Tippins, Camarota and Fusch (2017) noted that it is not clear if the government provides adequate financial support for immigrants. They suggested that the Canadian government needs to provide a formal way to prepare immigrants with financial awareness when they arrive in Canada, as a systematic process in all provinces is nonexistent. Tax support from government is neither sufficient nor of a high quality, which causes misunderstandings and errors in newcomers' tax reports (Durodola et al., 2017).

## **2.5. Tax Knowledge**

Tax knowledge is defined as the understanding or awareness of the rules and regulations instructed by the tax law in terms of taxpayers' responsibilities and obligations in filing their tax returns (e.g., Bardai, 1992; Eriksen and Fallan, 1996). Bornman and Ramutumbu (2019, p. 825) stated that tax knowledge includes aspects of general fiscal awareness, an understanding of the processes and responsibilities of being tax compliant, as well as a specialized understanding of tax specific rules and legislation. Therefore, a framework of tax knowledge can include three elements categorized as general tax knowledge, legal tax knowledge and procedural tax knowledge (Bornman and Ramutumbu, 2019, p. 826). For individuals, tax knowledge is an essential element of a voluntary compliance tax system (Kasipillai, 2000), particularly in determining an individual tax liability (Palil, 2010; Saad, Mansor and Ibrahim, 2004). Tax literature finds that knowledge of tax can develop taxpayers' attitudes and tax morale (Eriksen and Fallan, 1996; Alm and Torgler, 2006). Song and Yarbrough (1978) found that individuals with more fiscal knowledge tend to have more positive tax ethics scores than people with lower fiscal knowledge. This is empirically sustained by several other studies (Kasipillai and Jabbar, 2003; Kirchler, Niemirowski and Wearing, 2006), which documented that possessing tax knowledge would lead to higher compliance rates. Loo, McKerchar and Hansford (2009) suggested that tax knowledge is one of the most influential factors determining taxpayers' compliance behavior under the self-assessment system. Such evidence was also documented among individual taxpayers in Malaysia who unintentionally committed mistakes in their tax returns (Loo et al., 2009).

On a similar note, the *absence* of tax knowledge may lead to non-compliance behavior among taxpayers, either intentionally or unintentionally. This is pointed out by McKerchar's (1995) study of small business taxpayers in Australia. McKerchar (1995) indicated that small business taxpayers are not even aware of their lack of tax knowledge, which may lead to inadvertent non-compliance behavior.

The study of tax knowledge has been examined in many financial literacy papers (e.g., Durodola et al., 2017; Hastings, Madrian and Skimmyhorn, 2013). For example, Durodola et al. (2017) studied the sources of financial literacy education for immigrants in Canada and how it influences immigrants' financial and tax decisions. The authors stated that the

immigrants gain access to financial knowledge in formal and informal ways, suggesting that immigrants gain their knowledge from questionable sources, which can be inaccurate and unreliable. They indicated that if the government could offer immigrants financial or tax education with a systematic and reliable curriculum, immigrants would be equipped with the required knowledge to make correct tax decisions, a situation that would positively influence their wellbeing. However, most immigrants are deficient in general financial knowledge and therefore lack the tax knowledge needed to well settle in Canada (Durodola et al., 2017, p.38). Consequently, since Canada has an “immigrant dependent economy”, providing immigrants with supportive and reliable financial education is necessary, which in turn would improve Canada's wellbeing (Durodola et al., 2017, p.46). Another issue is that due to newcomers’ unawareness of the benefits which they are eligible for, many of them do not understand that they can also claim eligible tax refunds through the tax system, which leads to no urgency to file tax, although most newcomers know their obligation to file a tax return (CRA, 2019a).

Besides the sources of tax knowledge and unawareness of tax benefits, language barriers lower the effectiveness and willingness of newcomers to learn tax, especially for refugees and international students who have more problems in communicating in the official languages fluently (CRA, 2019a).

While researchers carried out many studies on tax knowledge as related to tax compliance or tax decisions, they have rarely explained how individuals’ tax knowledge can influence their attitudes towards tax (Eriksen and Fallan, 1996). Eriksen and Fallan (1996) also pointed out that individuals’ education level is not a direct method to measure a person’s tax knowledge level, as some people with a shorter degree course may have a better understanding of tax than someone who has a higher degree.

Generally speaking, newcomers’ lack of tax knowledge lowers their willingness to learn tax and the possibilities to make the right decisions. Some newcomers may have a relatively high level of financial or tax knowledge, but it is hard for them to make relevant decisions, as they are not familiar with the system. The literature is lacking on the influence of tax knowledge on newcomers and the newcomers’ attitudes towards learning tax.

## 2.6. Summary

After reviewing relevant research, this study aims to deepen the understanding of the experiences of international students' tax filing challenges from 3 aspects, namely: international students' identity, tax complexity and the newcomers' tax knowledge. With the exploration of international students' tax experiences in Canada, this research provides a detailed description of international students' challenges in filing taxes.

Furthermore, this research addresses the gap existing in the current literature, which is the tax filing challenges of international students, as well as the roles of attitudes in solving these challenges. To better interpret their lived experiences, this paper applies FAT to analyze this phenomenon, which broadens the scope of individual tax research, as previous studies have barely paid attention to newcomers' tax filing experiences. I looked at the international student's tax filing experience as a process: why does the student have the tax challenge? How does the student solve it? How does a tax challenge shape the students' attitudes or their attitudes shape their behaviours towards such a challenge?

With the changes in population and increasing global mobility, it is necessary for the countries that have an immigrant-dependent economy to gain insights into newcomers' experiences to attract immigrants. Of note, the status of international students may fall into the category between students and immigrants. Due to their identity as students, their experience in the host country affects how they position themselves after they complete their studies. Will they go back to their home countries? Or will they stay in the host countries longer and one day become a citizen?

To better analyze the phenomenon of the tax challenges and how international students are experiencing them, this research deploys the FAT. The next chapter introduces the theoretical framework of this research.

## Chapter 3

### Theoretical Framework

#### 3.1. Introduction

This chapter presents the theory used to analyze the phenomenon of international students' filing challenges. More specifically, this paper analyzes their functional attitudes, which explain what functions their attitudes serve and how functional attitudes influence international students' tax decisions. Functional Attitude Theory (FAT) indicates that attitudes and opinions influence psychological functions (Katz, 1960). Here, the "attitude" is not just terminology. It acts as a psychological tool that influences an individual's behavior. For example, an attitude tied to *knowledge* would influence the individual in being motivated to learn more about a phenomenon. This, in turn, would impact how they confront the challenges related to the phenomenon: by learning about it and wanting to learn about it. In contrast, an attitude tied to a person's *values* could make the individual more willing to take on challenges when the phenomenon aligns with their values, versus when it does not. FAT is a useful tool for this study, since looking at these different attitudes helps us to better understand how the international students approach the challenges related to tax filings.

In this section, I introduce three theoretical insights related to the theoretical framework, namely: *attitudes*, *taxpayers' attitudes* and *FAT*. Firstly, I introduce the concepts of attitudes while discussing the definition of attitude and its role. Secondly, as this research focuses on individual taxpayers, a short review of the taxpayer's attitude is presented. Lastly, I present FAT and its five elements. These insights are inter-related, but each includes a variety of concepts found in different disciplines. The theory that informs my research intersects with these insights, so I outline the major concepts of each part and formulate my theoretical framework.

#### 3.2. Attitudes

Attitudes are defined as people's opinions towards a particular object, person, behavior, etc. (Ajzen, 1991). In psychology, attitude is a psychological construct, which is

considered as a mental and emotional entity that characterizes a person. Ajzen (1991) pointed out that attitude is complicated and is a formed state through experiences. It is important to learn people's attitudes, as it is valuable in studying their behavior and perceptions stimulating a person's feelings and actions (O'Callaghan, 2012). Ajzen (1991) stated that in the case of an attitude related to behavior, each attitude links the behavior to a perceived consequence. Ajzen (1991, p. 191) noted:

“Since the attributes that come to be linked to the behavior are already valued positively or negatively, we automatically and simultaneously acquire an attitude toward the behavior ...we learn to favor behaviors we believe have largely desirable consequences and we form unfavorable attitudes toward behaviors we associate with mostly undesirable consequences.”

Attitudes reveal how individuals link with the outside world and are engaged in various objects or social activities by solving problems to show their characteristics or maintain their identity (Pratkanis and Greenwald, 1989). However, it was pointed out by Ajzen (1991) that general dispositions or personalities tend to predict human behavior in specific circumstances poorly. In the field of psychology, there is a long tradition in investigating the link between attitudes and behavior (Onu, 2016). For this author, attitudes are sometimes not quite related to behaviors. In other words, people sometimes say one thing but do another thing instead.

Still, attitudes have played a significant role in predicting and explaining individuals' behaviors. It is quite common that many researchers investigate behavior by assessing attitudes, especially in the qualitative research stream, as attitudes are conceptualized to be reliable to assess individuals' behaviors and are supposed to be useful in indicating the actions people take (Ajzen and Fishbein, 1977).

Researchers theorize that attitude has three components, which are used to analyze how people's attitudes form and are related to their behaviors. Rosenberg and Hovland (1960) theorized the three components of the attitudes. The first component is the cognitive component which are the thoughts and evaluation an individual has towards an object. Then, the affective component refers to an emotional response towards an attitude object, such as individual likes/dislikes. A person's attitude is not simply determined by

categorizing its beliefs, because simultaneously, emotion works together with the cognitive component towards an object. The affect (emotions) and cognitive (beliefs or opinions) are combined together to interpret an individual attitude and his or her choice. The last component is the behavioral one, which refers to the individual's attitude and influences on how one behaves. The behavioral component can be a verbal or non-verbal behavioral tendency and consists of behaviors or responses that are the consequences of an attitude. It involves an individual response to do or not to do something.

As attitude is a reflection of individuals' evaluation, it is considered to impact specific behavioral intentions either negatively or positively (Ajzen and Fishbein, 1980). Since attitude is thought to be stable throughout time, researchers have long been interested in investigating it. Bohner and Dickel (2014) claimed that attitudes could be informative of a wide range of individuals' behaviors. Attitude also raises the interests of tax researchers in measuring a taxpayer's general attitude towards one's tax issues (Saad, 2014). In the tax field, researchers look into individuals' attitudes in observing tax decisions and tax compliance behaviors (e.g., Braithwaite and Braithwaite, 2001; Schmolders, 1959).

Therefore, this research examines international students' challenges by analyzing their attitudes and discussing how their attitudes function in dealing with their challenges. Investigating the international students' attitudes responds to key questions such as: What are the attitudes of international students towards tax? How do these attitudes influence their tax decisions? Do they file tax on time or not? Do they use professional tax services or not? Etc.

### **3.3. Taxpayers' Attitudes**

Some scholars have assessed taxpayers' attitudes. For example, Schmolders (1959) investigated social and psychological factors of tax compliance and explained taxpayers' 'tax mentality': their overall positive and negative opinions toward paying taxes. Another example is 'tax morale', which is described as peoples' 'intrinsic motivation' to pay taxes (Alm and Torgler, 2006).

Kirchler (2007) noticed that a wide range of tax studies focus on concepts quite similar to taxpayers' attitudes, and that what differs is the object of taxpayers' attitudes. For example, some studies focus on people's attitudes towards the 'tax system' (e.g.,

Schmölders, 1959), or 'tax complexity' (e.g., Muli, 2014). Other studies focus on examining taxpayers' attitudes towards the fairness of a tax system (e.g., Saad, 2014; Razak, 2013), e.g., the extent to which they perceive a tax system to be fair or not. Also, Richardson (2006) claimed that perceived fairness of the tax system is strongly related to taxpayers' behavior. Jackson and Milliron (1986) found that taxpayers' behaviors link with their attitudes and tax burden. They stated that it is necessary to understand taxpayer's attitudes about tax as these attitudes can have a positive or negative impact on taxpayers' compliance with tax (Oberholzer and Stack, 2009).

In addition, Hanno and Violette (1996) noted that examining taxpayers' behavioral intentions helps understand a specific individual taxpayer's behavior. A set of motivational attitudes defines taxpayer's behavior (Braithwaite and Braithwaite, 2001). These attitudes indicate primary values, manners and beliefs and are the result of the interaction between individuals and tax authorities (Taylor, 2003).

#### **3.4. Theorizing Taxpayers' Attitudes in This Study**

As taxpayers' attitudes facilitate the understanding of their tax decisions and behaviors, this study aims to theorize international students' filing challenges by applying FAT. Among the qualitative tax-related studies, researchers observe and explain what happens in practice when taxes are applied (e.g., Boll, 2014; Annisette and Trivedi, 2013). This literature considers tax to be a social and institutional practice (Boll, 2014).

This research uses FAT to analyze the development of international students' attitudes towards tax filings by asking them about the challenges they face. Katz's (1960) and Smith, Bruner and White's (1956) studies suggested that people have attitudes related to their goals. They posited that different people might have the same attitude, while the attitude can serve different functions for each person. For example, person A might have a negative attitude towards tax filings, as he or she thinks it is too complicated. However, person B might also have a negative attitude towards tax filings, because he or she thinks the tax burden is too heavy. The main purpose of FAT is to understand how individuals' attitudes are developed and, accordingly, how attitudes influence their behaviors (Harris and Toledo, 1997).

Looking outside tax and accounting studies, FAT has been used by scholars in other disciplines. For example, Lutz (1977) used FAT to problematize consumers' attitudes and represented a functional approach in investigating consumers' attitudes. Khan and Pedersen (2010) deployed this theory to investigate community prejudice towards Black African immigrants in Australia in both quantitative and qualitative ways.

These examples show that FAT has been used to theorize various forms of individuals' attitudes – a theoretical path that this study is also pursuing. Instead of looking at attitudes towards consumer products or towards other people, in this study I use FAT to capture the different attitudes that international students have as they face the challenges in dealing with tax. The core analysis is the interplay between international students' challenges and attitudes. This paper looks into how they deal with these challenges based on their attitudes through their descriptions of tax filing challenges.

#### **3.4.1. Functional Attitude Theory (FAT)**

Functional Attitude Theory (FAT) indicates that attitudes and opinions influence psychological functions (Katz, 1960). FAT was first developed by two groups of scholars in the 1960s, arguing that attitudes serve different functions (Katz, 1960; Smith et al., 1956).

Smith et al. (1956) focused on the connections between attitudes and personality. They conducted in-depth interviews to investigate the character of ten individuals and their attitudes towards the Soviet Union. Later, Katz's (1960) study defined the main concepts of FAT. This scholar conceptualized attitudes according to their motivational basis. In other words, attitudes vary due to a set of functions that influence cognition and behavior (Katz, 1960). Researchers indicated that people develop attitudes to satisfy their needs (Katz, 1960; Smith et al., 1956). Also, a certain attitude may perform several functions, but, in turn, the attitude would generally serve the main function (Katz, 1960; Smith et al., 1956).

FAT aims to understand how individuals' attitudes develop and how to influence the attitudes that influence individuals' behaviors (Harris and Toledo, 1997). Both Smith et al. (1956) and Katz (1960) theorized that FAT has the following five components: utilitarian,

social-adjustive, value-expressive, ego-defensive, and knowledge. These attitudes are further explained below.

### **3.4.2. Five Traditional Functional Attitudes of FAT**

#### *Utilitarian attitudes*

Attitudes that serve a utilitarian function are formed and held to maximize rewards and minimize the punishments attained from objects (Katz, 1960; Smith et al., 1956). Mori (1986) explained that the purpose of utilitarian attitudes is to select the correct action in a given situation. The right action will maximize the goal of pleasures and reduce pains for all affected beings; when no act is available to gain a net pleasure, the right act is to produce the least net pain (Driver, 2009).

For example, an individual attitude towards ice cream may serve a utilitarian function. The individual's utilitarian functional attitude could be based on the pleasure (e.g., taste, feelings) and pains (e.g., gaining weight, high calories). Therefore, it is likely the individual is maximizing benefits and minimizing costs (e.g., having low-calorie ice cream) (Shavitt and Nelson, 2002). Generally speaking, an individual who holds a utilitarian attitude is thinking about how an object, a person or behavior will improve their quality of life.

#### *Social-adjustive attitudes*

Individuals with a social-adjustive attitude are concerned with status, popularity or positions. They also care about how others think of them and seek ways to help develop their desired social status (Carpenter, Boster and Andrews, 2012). Although Katz (1960) discussed the social influence of functional attitudes, he did not take the social influence as its own functional attitude. However, Smith et al. (1956) indicated that social-adjustive attitudes regulate relationships. Such an attitude enables individuals to climb the social ladder and facilitate the ability to communicate with a desirable individual or social group members or to impress other people (Smith et al., 1956). In other words, attitudes performing a social-adjustive function facilitate the ability to connect individuals with their desired social group members or to impress them. In this study, I incorporate social-adjustive attitudes as related to how international students try to integrate into Canadian culture, and whether that is important or relevant to them.

Carpenter et al. (2012) took buying a car from BMW as an example. A person's attitude towards luxury cars serves a social-adjustive function, when the person cares about whether or not the car will make him or her attractive or impress others. While paying taxes might not relate to "impressing" others, it does relate to feeling integrated into society and doing things because it is expected by that society. In other words, the person cares about the opinions of others in that society and meeting their demands.

### *Value-expressive attitudes*

Attitudes serve a value-expressive function, which expresses people's abstract values (Katz, 1960). Carpenter et al. (2012) indicated that some attitudes are meaningful, as they express beliefs that are important to individual self-concepts (i.e., who they are). They explained that a value-expressive attitude facilitates an individual ability to express and stay consistent with their values. Different from utilitarian attitudes, value-expressive attitudes do not provide direct, actual pleasures or pains; also, different from social-adjustive attitudes, value-expressive attitudes do not have the needs of fitting in with a social group or impressing others (Carpenter et al., 2012). The main difference between value-expressive and utilitarian or social-adjustive functions is that an individual does not necessarily benefit from having a value-expressive attitude. Value-expressive functions are about a sense of satisfaction that one has been consistent with one's own rules. This functional attitude can be best understood as satisfying an individual value that makes an individual feel unique and true to oneself (Carpenter et al., 2012).

Carpenter et al. (2012) gave an example of buying BMW to explain value-expressive functions. If a car salesperson wanted to sell a BMW to an environmentalist whose attitude(s) towards BMW served a value-expressive function, the salesperson should introduce the BMW Corporation's efforts to support green technology and environment-friendly policy. Undoubtedly, it is not enough to know that an individual's attitude serves value-expressive functions. One must also understand what the individual value is so that to be able to target a persuasive message (Maio and Olson, 2000). Although an attitude toward BMWs may serve a value-expressive function, it is not necessary that BMW's attitude is anchored to environmentalism if one's values are concerned with equality and fair labor practices rather than environmentalism (Carpenter et al., 2012).

In this study, a value-expressive attitude is important because when one acts in a way that is consistent with their own values, it matters whether those values are consistent with what is expected by a Canadian taxpayer. Students who have a value-expressive attitude and whose value expression is similar to the Canadian culture might act differently towards paying taxes.

### *Ego-defensive attitudes*

According to Katz (1960), attitudes that serve an ego-defensive function (externalization for Smith et al., 1956) protect the individual from both internal and external unpleasantness. Carpenter et al. (2012) explained that ego-defensive attitudes could advocate protecting self-esteem. They stated that threats to self-esteem include poor behavior or feelings. Katz (1960) claimed that ego-defensive attitudes often involved rationalizing and other defense mechanisms.

For example, students might adopt a strongly negative attitude to all sports, which defends themselves against embarrassment they have experienced in gym classes (McLeod, 2018). Katz's (1960) research in ego-defensive focused on individuals who had negative attitudes toward minority groups to increase their self-esteem. Stotland, Katz and Patchen (1959) stated that ego-defensive function could be improved by helping the individual gain insight into the defense mechanisms supported by these attitudes.

As detailed below, international students barely held ego-defensive attitudes towards tax filing. Though some students explicitly stated that they didn't care about filing tax or not, none of them expressed hatred or showed ego-defensive attitudes to protect their self-esteem.

### *Knowledge attitudes*

The last functional attitude – knowledge – helps individuals understand the world. Carpenter et al. (2012) explained that individuals with a knowledge attitude often try to understand situations, not because it is closely relevant to their needs or pleasures, but because they are curious and want to understand. Attitudes that serve a knowledge function help people understand occurrences and operations of the world (Katz, 1960).

Taking the auto example again, an attitude toward BMWs may develop because of interests and curiosity in the auto industry. Katz (1960) argued that knowledge attitudes could be changed by clarifying that an individual's understanding of the world is not sufficient and that gaining knowledge provides a more accurate world view.

In this study, knowledge as a functional attitude is linked to learning about tax and its complexity. Table 1 presents the origins and causes of the aforementioned five functions.

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**Table 1: Origins and Causes in Relation to Type of Function**

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<i>Functions</i>	<i>Origin</i>	<i>Causes</i>
Utility	<ul style="list-style-type: none"><li>• The utility of object to satisfy needs</li><li>• Maximizing rewards and minimizing punishment</li></ul>	<ul style="list-style-type: none"><li>• Personal needs</li><li>• Product's quality and function</li></ul>
Social adjustment	<ul style="list-style-type: none"><li>• Individual desirable social status, popularity and positions</li></ul>	<ul style="list-style-type: none"><li>• Impressing other people</li><li>• Ability to communicate with desirable social group members</li></ul>
Ego defense	<ul style="list-style-type: none"><li>• Protection against internal conflicts and external dangers</li></ul>	<ul style="list-style-type: none"><li>• Defense of threats to self-esteem</li><li>• Response to hatred</li></ul>
Value expression	<ul style="list-style-type: none"><li>• Maintaining self-identity</li><li>• Enhancing favorable self-image</li><li>• Self-expression and self-determination</li></ul>	<ul style="list-style-type: none"><li>• Individual's expressions of self-image</li><li>• Reaction to self-concept</li></ul>
Knowledge	<ul style="list-style-type: none"><li>• Needs for understanding</li></ul>	<ul style="list-style-type: none"><li>• Interests in learning and understanding old problem or of old problem itself</li></ul>

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Source: Adapted from (Katz, 1960) and Carpenter et al. (2012).

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### **3.5. Summary**

This paper weaves together two distinct streams – functional attitudes and tax – to present an integrated perspective on international students' tax in practice. Analyzing these students' tax filing experiences helps readers understand their lived experiences and how it leads to their tax decisions.

Based on the concept of FAT, five components were introduced. A utilitarian attitude is formed and held to maximize rewards and minimize the punishments attained from objects (Katz, 1960). Social-adjustive attitudes regulate relationships and enable individuals to climb the social ladder (Smith et al.,1956). Carpenter et al. (2012) indicated that the value-expressive attitude expresses beliefs that are important to the individual self. The ego-defensive attitude serves a defensive function which protects the individual from both internal and external unpleasantness (Katz, 1960). The last component is knowledge attitudes, which help individuals understand the world (Carpenter et al., 2012). I now will describe the methodology I used in this research.

## Chapter 4

### Methodology and Research Design

#### 4.1. Introduction

The purpose of the study is to explore the phenomenon of international students' tax filings challenges as related to their functional attitudes. This chapter aims to describe the methodological approach adopted in this research. The methodological approach includes a description of the following key parts: the interpretive framework and research approach, the data collection (data collection methods and sampling), the data analysis (procedure, coding and presentation), the ethics, validity and reliability of the research.

#### 4.2. Methodology

##### 4.2.1. Interpretive Framework

This study follows the social constructivism paradigm while deploying an interpretive framework to analyze the data gathered. In qualitative research, interpretive frameworks often combine with philosophical assumptions (Creswell and Poth, 2018). Denzin and Lincoln (2011) defined four philosophical assumptions – ontology, epistemology, axiology, and methodology - as key premises that are included in qualitative research. Creswell and Poth (2018, p. 30) explained these assumptions as follows: "they are beliefs about ontology (the nature of reality), epistemology (what counts as knowledge and how knowledge claims are justified), axiology (the role of values in research), and methodology (the process of research)." The assumptions of social constructivism related to this research are discussed below.

Ontology in social constructivism claims that there are "multiple, equally valid and socially constructed realities" (Ponterotto and Grieger, 2007, p. 410). Reality is multiple and constructed through human activities (Creswell and Poth, 2018). In this study, I focused on the tax experiences of a sample of international students to gain deep insights about the tax filings challenges they face. Most of them are experiencing challenges, and these challenges arise from different aspects. For example, some of them have difficulties in

using the e-filing system, while others are worried about misreporting taxes due to language barriers.

Epistemology, in the social constructivism paradigm, assumes that the reality is socially co-constructed by the researcher and the participants (Denzin and Lincoln, 2011) as the research product includes not only the participants' lived experiences but also the researcher's own interpretation and subjectivity. In this research, I focus on the international students' tax experience while paying a particular attention to their historical and cultural backgrounds. Given that I am also an international student, I was able to pave the way for a constructive interaction with my participants to spur them to openly share with me, and discuss, their tax experiences. Therefore, in this research, I account for and interpret the international students' tax challenges and attitudes as developed through my discussion with the participants about their own experiences and stories.

In the constructivist paradigm, axiology assumes that "individual values are honored and are negotiated among individuals" (Creswell, 2013, p. 36). This research is an empirical study, which tries to understand individual lived experiences. An interview guide was developed based on prior literature and on my own experience as an international student. To gain deep insights into participants' experiences and opinions, the interview guide includes open-ended questions so that participants can express their ideas freely and confidently. The researcher's work is then to analyze and interpret the meanings of the participants' responses.

#### **4.2.2. Research Approach**

In this qualitative research, I use a phenomenological approach to investigate the phenomenon related to the participants' challenges of tax filings and their functional attitudes. Creswell and Poth (2018) stated that, using a phenomenological approach, researchers define the common understanding for individuals' lived experiences of a concept or a phenomenon by collecting information and perceptions from qualitative research methods such as interviews. In other words, a phenomenological study focuses on interpreting a phenomenon based on the participants' experience. In this study, I focus on the international students' tax experience. Accordingly, the phenomenological study

aims to interpret individual experiences with respect to a lived phenomenon (van Manen, 1990).

This interpretation includes what phenomenon the participants experience and how they experience it. In this section, I outline the feature of this phenomenological approach, as theorized by Creswell and Poth (2018), while describing the methodological procedures I carried out.

The tax filing phenomenon is interpreted based on the feedbacks of international students who have experienced the phenomenon. This research uses purposeful and snowball sampling technique. The interviews are conducted with twenty international students who accepted to share their experiences about their tax filings challenges.

A systematic data analysis procedure was deployed to analyze, narrow down and categorize the gathered interview data. Moving from narrow units (e.g., significant statements) to broader units (e.g., meaning units), I aim to interpret the phenomenon in detail: “what the individuals have experienced and how they have experienced it” (Creswell and Poth, 2018, p.106). In this study, I collect information about international students’ experiences of their tax filing challenges while categorizing their experiences and perspectives into each code (e.g., utilitarian attitudes, social-adjustive attitudes, etc), and using FAT to interpret how they are going through these challenges. For example, some international students stated that it was demanding for them to file tax, or they could barely gain anything through tax filings. “Demanding” and “no gains” here are the significant statements, which are generated from first-cycle coding. Both “demanding” and “no gains” fall into the same and broader meaning unit of “utilitarian attitude”, which suggests that filing tax does not maximize the benefits or minimize the pains.

A discussion is then presented from the perspective of international students’ lived tax filing challenges while paying a particular attention to the students’ functional attitudes. The participants were asked about their attitudes or perceptions towards these challenges. It is important to know how they experience and overcome their challenges. Of note, an individual may describe their attitudes as positive, while the way they solve the problem does not match with what they think their attitude is (Creswell and Poth, 2018). Therefore,

I asked the participants how they found a way to deal with their tax problems, whether they found it challenging or easy to deal with, etc.

In conclusion, the phenomenological approach is a good fit for this study, as this research is concerned with the lived experiences of international students. The phenomenological study enables the research to interpret a comprehensive understanding of the phenomenon – international students' challenges of tax filings (what they are experiencing) and their functional attitudes (how they are experiencing them).

### **4.3. Data Collection**

#### **4.3.1. Data Collection Methods**

This phenomenological study focuses on capturing lived experiences (van Manen, 1990). It aims to describe a phenomenon as concrete as possible and in lived-experience terms. Thus, data were collected through individual semi-structured interviews. I used an in-depth interviewing approach to collect the data. I followed the below steps as outlined by Patton (2015).

The interview protocol has three major topics, each with a few potential inquiries. For example, by asking participants' challenges in identity and tax, I tried to learn their experience in constructing their identity through individual tax and how they solve it. To deepen our understanding of the phenomenon being studied in this thesis, I focused on the students' functional attitudes and on how they dealt with the problems according to their own attitudes. The further investigation during the interview was based on the interviewees' responses and additional information capturing my interest (see Appendix A about the interview protocol).

As I speak both English and Chinese fluently, the interviews were conducted in either English or Chinese language based on the participants' preference<sup>1</sup>. Interviews in Chinese were transcribed and translated in English afterwards. Interviews were digitally recorded and manually transcribed to ensure all details were captured for analysis.

#### **4.3.2. Sampling and Participants**

<sup>1</sup> Many participants in this study are from China, and they chose to have the interviews in Chinese. Other participants from India, France, Peru and Iran have the interview in English.

## *Sampling*

In this qualitative study, I used purposeful sampling to recruit participants through the snowball technique to collect data from information-rich participants. The rationale for using purposeful sampling was to identify the participants having experienced tax filing challenges in Canada. Polkinghorne (2005) claimed that qualitative research uses a purposeful sampling in which the researcher purposely recruits participants who serve as providers of the phenomenon of lived experiences. Purposeful sampling is an intentional selection of participants in which rich and informative data from several individuals with the lived experiences in this research will be chosen.

In selecting the participants, the researcher needs to decide about the sample size of participants. Patton (1990, p.155) stated that there are no specific rules for selecting a sample size in qualitative research as long as the data gathered help achieve some empirical saturation. However, in the case of phenomenological research, Creswell and Poth (2018) suggested the following:

The exploration of this phenomenon with a group of individuals who have all experienced the phenomenon. Thus, a heterogeneous group is identified that may vary in size from 3 to 4 individuals to 10 to 15. (p. 137)

In this study, twenty participants were selected through a purposeful sampling following the convenience sampling technique. For the purpose of theoretical saturation, data were collected until each theme was saturated. In the beginning, potential participants were recommended by classmates and then recruitment materials were sent to them to see if they had an interest to participate in the study. To cover the broadest types of cases as much as possible, I was trying to maximize the variation based on international students' employment status and income sources. Due to study permit requirements, international students can only work part-time during school with a limit of 20 hours and also full-time during summer break. This study includes both full-time and part-time working students. I was expecting that the interviewed international students only earn employment incomes. However, while hiring participants, I found it interesting that some students own houses and have rental incomes. So, the sources of income were amid the key criteria of participants' selection.

### *Participants' Demographic Information*

The criteria eligibility for the participants in this study is that participants should be part-time or full-time international students at the University of Ottawa and had already filed tax reports or are going to file tax in the year of 2020 and are experiencing tax filing challenges. Interviews with participants started after receiving ethical approval (from March 2020 to May 2020).

All interviewees are full-time international students holding a study permit. Recall that most international students are considered to be vulnerable individuals for this study, because international students face particular challenges to integration.

Fifteen participants have employment income from either full-time or part-time jobs. Two interviewees have rental income and business incomes. Three interviewees do not have any income, as 2019 is their first year in Canada, but they intend to file 2019 tax. All students are considered to be low-income individuals, as their individual adjusted net income is below \$38,500. Twelve participants are female, and all of them were young adults in their 20s.

All participants have received a bachelor's degree or are pursuing one. Fifteen participants are graduate students. Notably, the participants are majoring in various disciplines, such as finance, data science, chemistry, etc.

More importantly, as I am investigating the challenges in tax filing faced by international students, my participants are mostly from non-English speaking countries, such as China, India, and likewise from countries without a self-assessment tax system.

Due to the constraints of time, financial and especially the quarantine caused by the pandemic Covid-19, seven interviews were conducted in person while twelve were carried out by distance through video calls. (see Appendix B about the Demographic Information)

## **4.4. Data Analysis**

### **4.4.1. Data Analysis Procedure**

To analyze the data collected, I adopt a systematic approach, which incorporates the following steps (Creswell and Poth, 2018; Creswell, 2014).

I primarily organized and went through all the data to grasp a general sense of the data gathered and its overall meaning. Then, I developed a list of first cycle codes (significant statements), such as tax filing is demanding, tax filing brings no benefits, etc.

After the first cycle coding, I performed a second coding and grouped the codes (significant statements) into broader units of information. For example, I categorized the first cycle codes of “filing tax is demanding” and “filing taxes brings no benefits” as the utilitarian attitudes; and the first cycle codes of “international students’ recognition of their new identity” and “tax filing as a social adjustment tool” as the social-adjustive attitude. The larger units (e.g., utilitarian attitudes, social-adjustive attitudes, etc.) provide the foundation for interpretation. The coding procedure is discussed more in detail in the next section.

After the second cycle coding, I precisely looked at what phenomenon the participants in the study experienced, based on their description, perception and interpretation of their own experiences. More importantly, I then analyzed the gathered data using FAT’s insights.

#### **4.4.2. Coding**

For the coding procedure, I primarily followed the guidance of Miles, Huberman and Saldana (2014), using two stages of coding – first and second cycle coding:

First Cycle coding methods are codes initially assigned to the data chunks. Second Cycle coding methods generally work with the resulting First Cycle codes themselves (p. 80).

Firstly, I reduced various data chunks to smaller units. The reduction includes removing unimportant words, so it helps recognize themes and identify textual meanings. Moustakas (1994) stated that data reduction leads to observe experiences of the phenomenon conceptually. In the process of reduction, the first step I used was bracketing, which involved recognizing the keywords or phrases of what phenomenon of tax filings challenges the participants had experienced. For example, some participants stated that they do not file taxes as it is hard to understand it in a short time. The research coded this term as “filing tax is time-consuming” (e.g., “cost” of preparing tax returns).

Secondly, I used second cycle coding, also known as pattern coding. Miles et al. (2014) argued that first cycle coding is a means to interpret pieces of data initially. Pattern coding is a means to group those pieces of data into a smaller number of units. For example, other participants indicated that filing taxes could bring eligible benefits and maximize profits. I coded this term as “benefits and refunds brought by tax filings”. Both “filing tax is time-consuming” (e.g., “cost” of preparing tax returns) and “benefits and refunds brought by tax filings” are second coded as “utilitarian attitudes”.

In addition, to generate codes, I deployed the deductive and inductive approach (Charmaz, 2006). I used a combination of deductive and inductive approaches, which “entails considering all possible theoretical explanations for the data, forming hypothesis for each possible explanation, checking them empirically by examining data and pursuing the most plausible explanation” (Charmaz, 2006, p. 104).

My deductive codes are based on theory, with the purpose of not being influenced by participants’ experiences. Deductive coding ensures the structure and theoretical relevance of this research. The deductive codes originate from a short literature review of the FAT. Examples of deductive codes include “filing tax is demanding” and “international students’ recognition of new identity”. Inductive codes are generated from the interviews where participants’ answers captured my interests, as the phenomenon of international students’ challenges in tax filings is broader than I expected at the beginning. Following are some examples of inductive codes: “social ladder”, “different culture”, etc. The inductive approach gives voice to enrich the interpretation.

While the first coding cycle sought to use information-rich terms, the second coding cycle was more analytical in that it linked generated codes with concepts and themes from existing theories so that to enhance the understanding and interpretation of the phenomenon studied (Gioia, Corley and Hamilton, 2013).

#### **4.4.3. Data Presentation**

My data presents what tax filings challenges the participants are experiencing and how they are experiencing these challenges by using FAT. These experiences were presented in four main pattern coding and various first cycle coding. Each code is linked with different aspects (origins and causes). Table 2 illustrates the international students’

functional attitudes towards tax filings and the causes of their functional attitudes. The reason I have chosen this presentation is that it highlights the participants' experience. It also explains the participants' functional attitudes and how these attitudes are related to their experiences. (See Appendix C re: Codebook)

#### **4.5. Ethics**

The following ethical principles are applied throughout the study. Only after obtaining the research approval from the Institutional Research Ethics Board of the University of Ottawa, I began recruiting the participants. Anonymity and confidentiality were maintained, as participants were given pseudonyms. Participants were aware that their responses would be used for academic purposes only. They were asked to read and sign consent forms before the interview starts.

Participation was on a voluntary basis and participants could withdraw from the study anytime without incurring any negative consequences. Each participant was awarded \$15 for appreciating their time and participation. No participant experienced any harm physically or psychologically while participating in the study. The participants had the right to not respond to particular questions. Moreover, interviews were recorded and stored on a secured hard drive (see Appendix D for recruitment material, Appendix E for the consent form, and Appendix F for ethical approval).

#### **4.6. Validity and Reliability**

The following strategies were applied in this study to secure the data validity (Creswell, 2014). Firstly, I explained the bias that I may have on the study, because self-reflection generates an open and reliable interpretation. In this study, raw data are categorized into smaller units utilizing the phenomenological reduction of data (Moustakas, 1994). To increase the research validity and secure my impartiality, I first present my own opinions about taxpayers' challenges. I would like to explain my interest and experience with tax filing challenges. My personal experience consists of being challenged by tax filings as an international student and misinterpretation of my tax filings. In this case, I can personally feel and comprehend some of the emotional and psychological frustration that the participants may have experienced when they were dealing with tax filings.

Expressing my personal thoughts on the questions helps me to interpret data fairly and properly. My research on the challenges related to tax filing as experienced by international students derives from an inherent passion to help. As an international student, I once struggled with shaping my own identity. I was frustrated when I made mistakes and was not able to find someone for help, but I was fortunate enough to integrate into the local community gradually. This research is also influenced by a personal interest in becoming a tax professional in the future. Consequently, I hope that my research about exploring how the tax experience of international students, and other vulnerable newcomers such as refugees, could serve as a way of inspiration for future studies in related matters.

Secondly, I use a rich and thick description to present findings. In this approach, the researcher seeks to provide a detailed interpretation of findings and offers various and nuanced ways of interpreting these findings. For example, this study presents that the utilitarian attitude as one of the international students' functional attitudes. Such attitude can have several causes. Individuals may have the attitudes towards the same challenges according to their backgrounds, yet their behavior can be different. This indicates that their attitudes and behavior need to be interpreted in different ways. Conveying rich and thick interpretation increases the validity of the findings.

Being aware of my past tax experiences, I focussed on interpreting students' lived experiences. By using an inductive emphasis, I tried to be flexible and open to any issues that the participants expressed. Therefore, interview questions were mostly open-ended questions which helped students to express their thoughts freely.

#### **4.7. Summary**

This chapter provides the methodology, research approach, data collection, data analysis, and the rationale to conduct a phenomenological qualitative research on international students' filing challenges. The phenomenological approach was chosen to study the phenomenon of tax filing challenges as encountered by international students through studying what they are experiencing and how they are experiencing them.

In this study, participants were selected through purposeful sampling. The convenience and snowball sampling technique were applied to identify the potential participants who meet the eligibility in this study. Data were collected through semi-structured interviews with open-ended questions. Complying with the research ethics, I maintained trust with my participants and am non-judgmental and courteous about their reported experiences.

## **Chapter 5**

### **Findings**

#### **5.1. Introduction**

In this chapter, I present the description of participants' lived experiences of tax filing challenges. Data from the interviews has generated various statements from twenty participants. I proceeded with a theme reduction as some common themes refer to similar meanings. The themes were categorized into meaning units according to participants' functional attitudes, from which four key themes surfaced: utilitarian attitudes, social-adjustive attitudes, value-expressive attitudes and knowledge attitudes. In the interviews, I found four out of the five possible functional attitudes as identified by FAT (I found no instances of ego-defensiveness).

Each of the four themes has one or two probes to be explored. These probes are developed based on participants' descriptions of their functional attitudes. From the interviews, it is inferred that international students hold different functional attitudes towards their tax filing challenges. Although some students experience the same challenges (e.g., complexity of the tax system), their experiences and decisions vary, influenced by their different functional attitudes.

#### **5.2. Utilitarian Attitudes**

My findings demonstrate that some participants hold utilitarian attitudes towards tax filing. Their utilitarian attitudes can be summarized as follows: if filing tax maximizes their tax refunds or eligible benefits and minimizes possible fines as well as negative influences on their records, they confront the challenge actively and prepare their tax return; if the participants perceive filing tax is time-consuming and demanding, and they can only receive a small amount of tax refund, they consider tax filing as a waste of time and do not care about filing it or not.

The utilitarian attitude is related to the idea of tax complexity, which has been demonstrated in the literature as one of the challenges confronted by taxpayers. From

the interviews, the findings show that participants often hold a utilitarian attitude when facing complex tax issues like administrative complexity and understanding the tax system itself. This attitude seems to be shared by the majority of the participants. The findings show that participants with utilitarian attitudes decide whether to confront this complexity and file tax or not depending on how demanding the exercise of filing tax could be and how much tax refund they could get.

### **5.2.1. Filing Tax is Demanding**

Canada uses the self-assessment tax system, which requires taxpayers to complete their tax returns each year, reporting their income and deciding if they owe tax to CRA or can claim tax refunds (CRA, 2019b). The CRA (2019b) considers such a self-assessment tax system as “the most economical and efficient way to collect income tax”. Here, it is important to highlight that taxpayers need to effectively communicate with CRA especially when they face tax filing issues thereby to save their time and minimize the difficulties to do the filings.

My analysis highlights specific issues related to tax filings as reported by the participants. For instance, Woody reported a communication problem with CRA as follows:

“I didn’t file my tax last year. I’m going to file it for the first time this year and doing e-filing ... I don’t have a CRA account now, but the system needs my CRA account activated. So, I need to open a CRA account, and they will give me a code, but the thing is if I don’t have a CRA account, how can they mail me something. ... I tried to call CRA twice, and they helped me out. The wait time was extremely long, one and half an hour. You need to be pretty patient. Sometimes the representative is not very helpful, so you need to wait again and transfer you to someone else. It cost much more time than I expected.”

Woody’s experience indicated that communicating with CRA can be time-consuming. Not only is the wait time too long, but students also believe that even if they have problems, some representatives could not answer their concerns immediately. Therefore, some international students tend to avoid calling CRA, as they think it would not be effective and they would not obtain satisfactory guidance concerning their requests. Some

students prefer asking their connections for advice and help. Being asked why he didn't file his tax last year, Woody responded as follows:

"I actually know I could file my tax last year. But I didn't really care about it. I did research on the CRA website. They said if I don't owe any tax. It's not mandatory to file. So, I was like, well, then maybe next time. ... I decide to file it because my girlfriend is applying for CERB this year, so I also want look into mine. And then I realize it caused many problems because I didn't file it last year. Like how to activate the account, how to file my last year return; should I do paper filing or e-filing? Especially now, because of the quarantine, the tax due deadline is extended. I'm filing it really slow. Just take too much time."

Woody did not file his tax because he did not consider tax filing as a mandatory task. He thought as there was no punishment of not filing tax, he could file it next year. Likewise, other participants pointed out that they need to spend tremendous time and put great efforts into contacting CRA and understanding what is going on with their reports. They think filing tax is a time-consuming task. Therefore, it is not worth this time to file taxes, if skipping a particular year's tax return causes them no harm. They perform a cost-benefit calculation in thinking about their tax behavior.

Woody claimed that he could concomitantly file two tax returns in the following year, which costs less effort and less time. However, he misunderstood the wording of CRA. It's true that if a person does not owe a tax amount in that year, it is not mandatory for the person to file it that year, but an individual can still file tax to get a tax refund (CRA, 2020b), which would provide a benefit. Misunderstanding tax rules leads to some students' loss of benefits and well-being.

Some international students also showed that they might hold negative attitudes towards tax, which in turn affects their tax decision. According to the interviews, as a result of some of their lack of understanding while performing their utilitarian analysis, these students file tax late or are not able to fully understand tax rules. This is the main consequence of this attitude.

Besides participants' perceptions that tax filing is too demanding, insufficient help from the tax authorities also impacts their utilitarian attitudes. To reduce newcomers' difficulties

in tax filings and enlarging benefits, CRA offers help in many ways. Newcomers, such as international students, are eligible to receive filing assistance from free tax clinic services – e.g., the Community Volunteer Income Tax Program (CVITP). Most of the time, the CVITP is organized by the local community, but the majority of the participants in this study conveyed negative feedback towards the services provided by the University's student association. Some participants indicated that the individuals working in such volunteer services sometimes misinterpret their tax reports, which results in not maximizing their tax refunds. The participants reported that such experience negatively influences their utilitarian attitudes towards tax filings. For example, Erin, who was registered for free tax filing provided by the student association last year, criticized the volunteer program as follows:

“I registered for the volunteer services last year. I don't think it was very professional. The lady who helped me file my tax made some mistakes. The tax reports she gave to me did not help me get enough tax credits. I knew that because my friend also went there, and she had similar tax returns as mine. When the volunteer finished inputting my tax information, I found that my tax refund didn't include some items that my friend has. ... I asked the volunteer if it was right or wrong. She insisted that she was correct, but I doubt that. So, I asked to change my volunteer and it turned out that I was right. I feel lucky that I changed one, otherwise, maybe I filed my tax wrong.”

Erin claimed that she did not think the volunteers are well-trained based of her interaction with the free tax services. Other participants also stated that volunteers at the University tax services are not experienced, and some of them are third-year students who simply had attended tax courses but did not file tax reports for others. Such a situation results in students' doubts about the quality of the volunteer program. They think even if they spend time reaching out to government services, their problems would not be solved effectively. This impacts the cost-benefit calculation they perform internally as they hold a utilitarian attitude towards their tax preparation.

Concerning the negative influence of the volunteer program's quality, I asked another participant – Tina, about her opinions on CVITP's services:

“I think it's ok. The objective of the program is definitely good. But I think some of tax preparers are not experts. I checked the free tax clinic's services online. One of the requirements is that the client's tax is simple, so I guess they are not able to help if your tax is difficult. But generally, my experience with school tax services was good. I feel bad if I judge the free volunteer services, although I prefer my tax filing experience in Australia.”

Tina reported that her experience with the school tax service was generally good. Yet, she pointed out the fact that the volunteers were not tax professionals and did not receive systematic tax training. Furthermore, it is important to stress that some students emphasized that they felt unconformable to be very demanding when using free tax services. As a result, even if they had questions about their tax reports, they preferred not to ask them directly. However, this leads to some complaints of the volunteers' work afterwards and decreases their confidence in benefiting from such tax services.

Of note, Tina already went through tax filing experience in Australia which captured my interest. She described her tax experience in Australia, compared to that in Canada, as follows:

“In Australia, I also need to file my tax and claim tax refunds. I feel the biggest difference is that I could go to ATO [Australian Taxation Office] and there were well-trained volunteers offering help and guiding you to file it. It's free. ... I think compared to our school's tax services, ATO is more professional. It's not students there. Not like here, for the tax services provided by the student association, I need to join in their group chat or subscribe to the webpage and register for it. I think they only provide tax filing once or twice a month, limited people. It's not very flexible. ... I prefer the filing experiences with ATO, because it saves my time and I don't need to be worried about if my filing is correct or not or received all my tax refunds.”

Tina stated that ATO offers tax filing services to certain individual taxpayers. Comparing her two different tax experiences, Tina underscored that CVITP was less well-trained or professional, which made her worried whether she had received the refund she was entitled to.

To summarize, filing taxes for newcomers is demanding, and when part of a utilitarian attitude, includes the services provided to help overcome these demands. Since students often do not have good experiences with these services, they weight them heavily as part of the cost of preparing taxes, impacting their utilitarian attitude and making them doubt whether tax filing is worth it. Next, I turn to the 'benefit' side of their utilitarian attitude.

### **5.2.2. Low Benefits of Filing Taxes**

An interesting fact is that some participants perceive that tax is a governmental tool that is intended only to collect the residents' profits. They did not think that tax was closely related to their own benefits or things they might receive that are paid for with taxes. Although they know the benefits originated from residents' taxpaying, in practice, they think benefits and tax are two completely independent items. This is probably because international students are not eligible, or believe they are not eligible, for most benefits. Talking about the problem of contacting with CRA, Woody indicated the following:

“Another reason [that I didn't file tax] is I don't think I could get much tax refunds, because I didn't work the first year. My friends told me I could probably get \$200 back for that year. It feels nothing”

Woody claimed that due to his tax refund is relatively low, he decided not to file the first year. Participants often consider the tax refunds as a stimulus which more or less influences their decisions.

Jeanne is another participant who did not file her tax last year but decide to file it this year. When being asked why she decided to file this year, she answered the following:

“I'm filing it this year, because I got lots of tax refunds this year. Also, I think I'm eligible for CERB this year. Last year, I didn't file it last year, because I didn't know anything about tax and was too busy to get into it. Also, not I'm at home all day and night due to the quarantine. In a way, it helps me to kill time and get my money back.”

Form Jeanne's response, one can understand that she decided to file taxes because of the benefits and higher tax refunds. Although the tax filing is still complex for her, she had time to figure it out during the quarantine, as filing taxes maximized her profits. At the same time, she had enough to deal with her filing this year.

David is an international student who owns a house in Ottawa. When I asked him if he perceived tax filing as a challenging task, he reported the following:

“I found an accountant to file my tax. I myself don’t feel it hard. This year my tax is different from the last one, as I just bought a house and have some rental income. I think it’s always better to have a tax accountant. It’s faster and not that expensive. At first, I didn’t know I need to report the rental income. Fortunately, I had someone help me out, so I won’t get a fine if CRA later reviews my tax.”

Some international students, such as David, claimed that they have limited tax knowledge and not aware of their tax responsibilities as international students and landlords concurrently. They are willing to find tax professionals to help them as they look to maximize their tax credits. Meanwhile, some participants stated that they are not interested in learning tax pondering learning tax only relevant for tax professionals.

In summary, my interviews demonstrate that international students find tax filing complex and demanding, and are motivated by any benefit or refund if they are entitled to one. They do not link their tax filing to broader tax-funded benefits but mostly to ones that directly benefit them. This utilitarian approach was common in my interviews.

### **5.3. Social-adjustive Attitudes**

In this section, I outline the decisions of participants who hold various social-adjustive attitudes towards tax filing. I find that participants with a *low* social-adjustive attitudes may not understand their identity or may not care about or bother with integrating into the local communities; this influences their willingness to file tax returns and overcome the challenges of doing so. Conversely, participants, who are aware of their identity or desire to integrate into local communities, tend to actively solve their tax-filing challenges.

#### **5.3.1. International Students’ Recognition of their New Identity in Canada**

Starting new lives in an unfamiliar environment, international students may feel uncomfortable and have complicated emotions. Due to their identity, some international students claim that they are “outsiders”, especially those who are from non-native language speaking countries. The findings show that many international students lack a sense of belonging. Although they are in Canada, they are not well adapted to the new

culture. Consequently, they do not seek a social adjustment to, or interact much with, local communities.

Eleanor is a first-year student at the University of Ottawa. She came to Canada four years ago when she was under eighteen. She encountered problems including leaving her home country when she was young, lacking a sense of belonging and being homesick. When asked how she first learned about tax, she responded as follows:

“One of my friends told me that we can file tax reports, but I am not sure if I’m going to do that. I don’t know anything about tax and who can help me file it. I’m only an international student here and will go back to China after studying, so I don’t think tax is important for me. My friend didn’t say it is a must to file it. School also didn’t ask me to do it.”

Some respondents claimed that they did not file tax, and tax was useless to them, as they would not stay in Canada. Due to the lack of social adjustment, some international students thought only people who have income or have the intention to stay and work in Canada are required to file their taxes. When I asked Eleanor if she had other sources to learn about tax except for her friend, she responded as follows:

“I don’t know. I didn’t have a chance to learn more from others. I know my friend found a tax professional and paid \$200 for her tax filing, but my friend is in Toronto so that I couldn’t go with her. I am still new here and do not know anyone can help ... maybe you can help me do that?”

Clearly, Eleanor’s friends represent the only sources for her to learn about tax. Some young international students like Eleanor claimed that universities did not ask them to file tax or offer help in their tax issues, so they did not file it. This is not the case for other participants who indicated that the university did help students in tax filings. These young international students explained that they were new in Ottawa and did not know that a volunteer program existed. Their sources of the information mostly relied on their friends from high school.

Surprisingly, as I was interviewing Eleanor and the interview was about tax, she seemed to think that I was somehow a tax filing professional from whom she can receive help. As

helping students was not related to my research, I kindly rejected Eleanor's request. The purpose was to maintain my objectivity and independence during the research process. Eleanor's situation demonstrates that international students who do not feel the need for social adjustment and who are not aspiring to impress or belong to the local community are often less informed of their tax responsibilities and have limited sources of reliable tax services.

### **5.3.2. Tax Filings as a Social Adjustment Tool**

A common problem mentioned by participants is that international students discover it is hard to integrate into their community and find jobs. Jenny is an MBA student. She is eager to find a job in Canada and considers filing taxes as a social necessity that helps her integrate into the community. When I asked her how she first learned about Canadian tax, she answered as follows:

“I received the most information from my classmates and group chats of my community. They had lots of information, and it is very helpful for new students. I went to CVITP to have a volunteer to file my taxes. Also, I was a volunteer there.”

Jenny learned about tax from her classmates and her community. The information she received was initially limited, but she reached out to meet new people, which helped enrich her understanding of tax. Unexpectedly, Jenny was the only one of the twenty participants that have tax volunteer experiences in Canada. She was a tax volunteer and had CVITP to help her file taxes. Asking her how and why she needed a volunteer to help file her tax while being at the same time a tax volunteer, she responded as follows:

“I decided to be a volunteer, because some of my friends did. I learned some taxes before. Honestly, I didn't know much tax at that point. ... I was told before volunteering there would be tax training, but it did not help much. The sessions only told us how to install and use the system. So, I was actually just sitting there and coordinating things. ... I chose to be a volunteer, because you know it's hard for international students to find a job. I wanted to put something on my resume, like Canadian experience. Last year, I did not know much about tax, so I asked the volunteer to file my tax.”

Jenny showed her desire to integrate into Canada and gain work experience in this country. She also saw the opportunity to help others with taxes as a way to assist with this integration. Some international students stated that it is necessary to seize any chance to integrate into the Canadian society if they plan to stay in this country after graduation. International students need to adapt to new cultures. Volunteer programs such as CVITP indeed offer opportunities for international students to gain experience in Canada. However, as some volunteers are non-experienced or not well-trained, students also mentioned concerns about the program's quality.

#### **5.4. Value-expressive Attitudes**

I found that participants with a value expression similar to the Canadian culture are more willing to comply with tax filing rules. In contrast, participants with different value-expressive attitudes care less about their tax duties and rights. More specifically, in this study, international students who are less influenced by the Canadian culture or are used to living in a country with a different tax system showed little interest in their tax issues.

##### **5.4.1. Different Value Expression to the Canadian Tax System**

Participants' behaviors often align with their ethical values, and so do their tax behaviors. Particularly, my research findings show that Chinese students' perceptions of tax are quite different from other international students. Two main reasons explain such a difference. First reason related to the difference in value system. In China, standard ethical behaviour is identified by in-group members, which bind members within the group to obey to its rules. If primary group members comply with tax rules and regulations, a greater level of tax compliance is likely to be achieved. Chinese taxpayers are less likely to be influenced by social and institutional factors such as perceived fairness, taxpayers' evaluation of the tax system and the tax authority, as found in western countries (Young, Lei, Wong and Kwok, 2016). Second, in China there is no self-assessment tax system, and Chinese tax authorities apply a withdrawing tax system. Many Chinese students indicated that they did not know that individuals need to file tax by themselves before coming to Canada. Both factors lead to a consequence that Chinese students' tax filing is greatly influenced by their friends or family members.

Kara is a graduate student in her early 20s and came to Canada in 2018. After being asked if she had any difficulty understanding the Canadian Tax and benefits system, she answered the following:

“Tax is a new thing for me. Canadian Tax is different from the tax system of my home country. In my home county, the government withdraws tax directly from individual income. I think it’s better to have tax withdrawn directly. Filing taxes is too hard for me. My friends and families never did tax filings in China, because we don’t need to. ... That’s also why I didn’t file my tax last because I don’t know it and don’t have any friends did it.”

Kara expressed that she preferred the tax system in China, which makes things much easier for the taxpayer. This Chinese student indicated that she is not familiar with the Canadian tax system, as she has never gone through the process of tax filing before; neither do her friends or family. For some Chinese students, like Kara, the decision to file their tax return can be hugely influenced by their friends or families which is mainly related to cultural factors. This aligns with Young et al.’s (2016) claim that family members and close friends can influence an individual taxpayer’s decisions. It can be especially true when the student is international and mainly rely on friends and family in a new or strange situation. Those close values come from their friends and family back in their home country, not in their new country. Depending on how different or similar those values are, the student might feel more or less pressure to learn about the Canadian tax system.

Similar to Kara, Mike is also a Chinese student and has different ethical values from the Canadian culture. Different from other participants, Mike had rental income and a small amount of business income. Mike bought a house in Ottawa and rented out parts of his house. When I asked Mike how he filed his tax in the last few years, he responded as follows:

“I filed my tax 3 years ago, but after that I forgot to do it. You know, nobody likes tax, neither do I. I think even if I did not file last year, I can still file it this year, right? I think my income is not over the low-income limit, so I did not have any tax due.”

Mike has been in Canada for six years and is now a fourth-year international student. He bought his house four years ago. Compared to other participants, Mike knew more about

the Canadian tax system. He perceived himself as a low-income person, so he did not think he owed money to CRA. However, CRA (2020a) states that: “the person who owns the rental property has to report the income or loss.” Of note, though some participants seem to be familiar with filing taxes, they did not follow the CRA requirements. Being asked why he did not file his taxes in the last years, Mike responded as follows:

“I wanted to file my tax last year. But sometimes I was too busy to file it or couldn’t find the tax documents and then I forgot it. Then the due date passed. In my home country, I never needed to file tax. I’m not really used to file it. But this year I’m going to ask a professional to help me, you know, it’s better to obey the tax rules. I want to make sure that I don’t have a tax due and receive any fine.”

The above illustrations reveal how tax responsibilities might be perceived differently by students originating from different countries. For some international students, their home countries do not require taxpayers to file their tax reports. Although international students do not deliberately disobey the tax requirements, their misunderstanding about tax could result in filing taxes incorrectly or missing the deadlines.

#### **5.4.2. Similar Value Expression to the Canadian Tax System**

Contrary to those who have different cultures or are originating from countries without self-assessment systems, some participants hold similar value expression to the Canadian tax system and are more willing to complete tax filings and well understand their tax benefits and responsibilities. Guillaume is a French student. When talking about his attitude towards Canadian tax, he responded as follows:

“I think filing taxes is necessary, although a bit annoying. You don’t want to miss the deadline. Tax reports can prove my work experience and get benefits. Like this year, the Canadian government is giving CERB for the current situation [Covid-19]. I had income last year and filed my tax, so it helps me to get these easily.”

The case of Guillaume is an example showing similar value-expressive attitudes towards the Canadian tax system, because filling tax reports not only helps him record his work experience but also get tax benefits. Like Guillaume, some students who went through tax filing experiences in different contexts, such as in Australia and the U.S., before

coming to Canada, may develop a relatively positive attitude towards tax filings. As argued by Likhovski (2007), those who came from countries with advanced tax systems are willing to pay taxes.

### **5.5. Knowledge Attitudes**

In this section, I explain that most students do not have sufficient knowledge attitudes towards tax filings, except accounting and finance students. It is mainly because participants are not learning tax. Meanwhile, some participants stated that, as they could pay a fair amount of tax service fees offered by tax professionals, learning tax would not be worthwhile.

The majority of participants of this study admitted that their level of knowledge was limited to a basic level of income tax, such as the purpose of tax, types of income tax and sales tax rates. Most participants claimed that their knowledge about filing tax emanate mainly from their need to complete their tax obligations. Some International students stated that, though tax matters, they would rather leave all their tax-related issues to professionals. At this point, David declared the following:

“My tax knowledge is very limited. I know I pay for sales tax and also need to file income tax. I don’t know how to file tax reports. Actually, I don’t think I have to know. I prefer having an accountant, because it saves my time and maximizes my tax refunds. Why not? ... I’m not interested in learning tax, honestly. I’m busy with my study and life. You know there are tax professionals. They need clients like me to pay for their service, and I need their skills to help me. There are needs and demands for tax services.”

Among my participants, David is the only person who explicitly expressed that he had no interest in learning tax. He claimed that tax professionals offer paid tax filing services and have the financial brains. From his perspective, using professional services is a win-win solution for both taxpayers and tax accountants. Most international students think that tax filing is a one-time case for each tax year, which is separated from other financial activities. They finish their tax obligation, and then everything is done. Nevertheless, tax is more than a separate financial activity as it involves tax planning, minimization, etc.

Ebby, majoring in finance, showed a great interest in learning tax. When I asked her about the way in which she perceives the challenges of learning tax knowledge, she responded as follows:

“I think I’ve got a good level of tax knowledge, but there is always more to learn. I’m kind of interested in learning tax, because it helps me save money. I majored in finance and learned some tax. It really helps. Also, I enjoy learning it, because the tax in Canada is more transparent. Whenever I buy something, I can see how much tax I paid. It’s easier to know how much I contribute to the government and where my money goes. In my home country, tax is included in the total price, so I never know how much I paid. We call it ‘invisible tax’, as you never know about it or where it ends.”

As a finance student, Ebby stated that she is interested in learning tax. The findings reveal that participants who have a higher level of financial knowledge appear to present more interest in enriching their tax knowledge compared to other participants. Like Ebby, other interviewees confirmed that they do not consider learning tax by themselves as a challenging or irrational task. Notably, they showed interest in tax planning. For example, they claimed that they would be eager to learn more about Registered Retirement Savings Plan (RRSP) and Tax-free Savings Account (TFSA) in their future investment, contrary to other participants who showed no interests in tax planning or did not know how tax planning would work.

Lucy, who is another finance student and had a basic understanding of accounting and tax terms in Chinese language, indicated the following:

“I tried to file it last year by myself. It was hard at first. I asked my accountant friend lots of questions, but after I get into it, I think it’s easy. ... It’s not the calculation or tax terms are hard, but the process and requirements I was confused about. ... Because I’m a finance student, I feel bad if I just leave it to the others. I’m confident in my financial knowledge, and I want to practice it more in real life, also practice my English.”

Lucy claimed that filing tax was initially a complicated exercise for her mainly due to language barriers and lack of knowledge of the process; this situation significantly

improved once being familiar with the whole process. It is not surprising that international students who might be considered as introverted would prefer referring to the service of a professional who speaks their mother tongue to assist them. Yet, some students consider their tax activity as a path to learn and practice English.

## Chapter 6

### Discussions and Analysis

#### 6.1. Introduction

In Chapter 5, I outlined my findings related to each of the functional attitudes of FAT that emerged in the interviews. Through the interviews, I found that the participants' attitudes were related to four main functions – utilitarianism, social adjustment, value expression and knowledge. No participant was found having ego-defensive attitudes. I believe that this is mainly because most participants are mature, and tax filings did not harm their self-esteem. In this Chapter 6, Discussion and Analysis, I will further elaborate on these four attitudes, and, in addition, I will link them to the tax challenges identified in the literature: identity, complexity and knowledge. For example, a knowledge attitude (in which the taxpayer is interested to learn) will likely impact the challenges related to “tax knowledge” or “tax complexity”. A social adjustive attitude may impact the challenge related to “identity”.

Generally, the participants in this study perceived filing taxes as being challenging. International students believed that filing tax required a high level of tax knowledge and filing experiences. Consistent with this finding, individuals believe that inadequate tax knowledge is a barrier to understand their tax activities (Saad, 2014). The negative experiences appear to be particularly common among international students from non-English or non-French speaking countries. CRA (2019) claimed that newcomers are adapting to a new environment, which resulted in difficult emotions in their life transitions. Experiencing life transitions in the host countries, many international students are going through cultural shock and encountering several issues, including financial and housing challenges (Calder et al., 2016), and, in particular, tax issues.

Weaving together the literature and the research findings, I outline the four functional attitudes. Each functional attitude is interpreted in detail and in relation to the literature.

#### 6.2. Utilitarian Attitudes Influence International Students' Willingness to Prepare Tax filings

Participants in this study stated that it is too demanding and time-consuming to understand tax filings. They stated that filing taxes would not increase their benefits. In other words, participants do not think tax filings will maximize the goal of pleasures and reduce pain; when no act is available to increase net pleasure, the right act is to produce the least net pain (Driver, 2009). Therefore, filing tax might be conceived of as not the “right act” (Miller, 1990). This is an important finding because it means that individuals see tax as something individual, not as something that relates to broader society or broader benefits.

In this research, international students stated that it is very challenging to deal with their tax filings. Some participants indicated that it is time-consuming to contact CRA. They highlighted that, even if they talk to an agent, their problems would not be effectively solved or not solved at all. Furthermore, the poor quality of government supports decreases their willingness to file taxes. Filing tax requires significant time and many efforts, while the perceived return (benefits and refunds) are deemed to be low. Besides the problem of administrative complexity, international students underestimated their tax refunds, which also lowers their intention to comply with tax filing requirements. I found that international students often had difficulties in understanding the specific tax terminologies such as benefits and tax credits, which impacted their understanding of eligible benefits.

These problems result in some participants' misunderstanding of their benefits and obligation linked to tax filings, which fed their decisions not to file taxes, as they will not benefit from it. At this point, Kirchler et al. (2006) claimed that taxpayers were more likely to comply when the tax law was perceived as less complex. The complexity seems to be part of a utilitarian attitude, since the approach is to see if it is “worth it” to file taxes.

An interesting misunderstanding of tax is that tax is perceived as a governmental tool to grab individuals' money. Some international students believe CRA collects too much from them. As international students could barely claim any benefits due to their identity, they felt frustrated with benefits applications. Consequently, some participants stated that there is no advantage for them to file tax, which only makes them pay taxes. These

challenges lead to newcomers' lack of urgency on tax filings. Also, they are not aware of the consequences of not filing taxes, such as receiving fines.

From the perspective of functional attitude, these international students' attitudes serve a utilitarian function, as proposed by Katz (1960), which stated that the objects are to satisfy individuals' needs, and the more the satisfaction is perceived the more positive individuals' utilitarian attitudes are. My research findings show that most participants wanted to file their taxes. However, they hold a negative utilitarian attitude, as they consider the rewards (e.g., eligible benefits and tax refunds) of filing taxes is low, while the cost (e.g., time and effort) is relatively high. Of note, some students do not even know that they could claim benefits and refunds through tax filings.

For example, Woody stated that he was too "lazy" to file taxes. Last year, he tried to contact CRA but was not patient enough to wait to talk with an agent. He thought he wouldn't get many refunds or have any benefits to claim, so he decided to do it this year. However, this year, he found it even harder to contact CRA because everyone is calling CRA due to Covid-19. Jeanne stated that, as this year (2020) she could apply for CERB (Canada Emergency Response Benefit), she was patient enough to complete the tax filings. Such a situation actually happened to several participants, when they learned that they could apply for CERB, all of them were trying to communicate with CRA to create a CRA account actively.

The participants, who did not find the volunteer services useful, were not helped with reducing tax complexity. As some participants were not able to find a reliable source to file their taxes, they decided not to file them until they found one. This finding is supported by Carnes and Cuccia (1996) and Mikesell and Birskyte (2007) arguing that tax complexity is one of the main factors leading to tax evasion and involuntary tax non-compliance.

The participants' experiences indicated that when their attitudes towards tax were complex or time-consuming, it negatively influenced their tax compliance behavior. According to FAT, individuals' utilitarian attitudes can be changed based on either of the two conditions: the activities related to the attitudes provide the satisfaction of individual's needs; the activities related to the attitudes mitigate the harm or punishment (Katz, 1960;

Smith et al., 1956). The examples of Woody and Erin indicate that international students' utilitarian attitudes can be positively influenced by providing great tax filing services and correcting their misunderstanding towards tax filings. Informing international students of their eligible benefits and tax refunds will encourage these students to be aware of their tax filings and greatly influence their tax compliance behavior.

CRA (2019) claimed that newcomers would receive settlement services and have a basic understanding of tax through the services. However, the results of this study suggest that international students barely receive any training or guidance on tax from government or institutions. Services provided for newcomers are mainly offered to immigrants or refugees, while international students fall outside of the scope.

Therefore, international students need the necessary supports to complete tax returns. Not only because most international students show no interest in completing a tax return by themselves, but also because necessary supports can fulfill their utilitarian attitudes and their needs and help them become more tax compliant. This resonates with Calder et al.'s (2016) research indicating that international students need significant resources and information.

### **6.3. International Students' Social Adjustment and Tax Identity**

My analysis revealed that some students have a lower level of social-adjustive attitudes. This relates to the issue of tax identity that the literature has identified as one of the challenges with filing taxes. The literature suggests that having the identity of a citizen or taxpayer is important to feel like one should file a tax return. But, for the participants who have a low social-adjustive attitude, social status or belonging is not important to them, as they do not need to regulate relationships and fit in or climb a social ladder (Smith et al., 1956). Usually, international students come to Canada for specific purposes, such as studying, getting a work permit and becoming immigrants. Arguably, while they would be willing to adapt to their new identities, integrate into the local community and practice English, in order to achieve those purposes, they might abstain to gain entrance to any particular social community. On the other hand, students, holding a highly social-adjustive attitude, seek to change their social status and integrate into the local environment. These

students adapt to their new identities faster and are keener to embrace the new culture. Likewise, these students actively comply with tax filing rules.

For example, among the participants, Eleanor seems to be an introvert and the youngest interviewee. She does not have a clear plan to work in Canada after finishing her studies, which could prompt her making little efforts to network with people outside of her class. Having no needs for social adjustment, Eleanor enjoys her own company and socializes with only Chinese students, thereby receiving only limited information about tax filings from her network. By having no network for information, Eleanor mistakenly thinks filing tax is not mandatory for her. She is also confused about where to find the right sources of tax information. Eleanor is a typical international student who shows few social adjustment needs, which results in her misinterpretation of tax obligations.

Conversely, Jenny, the MBA student who volunteered at CVTIP, tries to expand her social network as much as possible and tries every means to gain Canadian work experience. Jenny has made connections with the Chinese Students and Scholars Association (CSSA), which provided her the volunteer opportunity at CVITP. Although Jenny was not familiar with tax, she still wants to be a tax volunteer. Due to her efforts in social adjustment, Jenny was able to solve her challenges by receiving help from her connections.

Compared to Eleanor, Jenny is a typical international student with highly social-adjustive attitudes towards tax filings. This specific finding aligns with the study of Snyder and Debono (1985), which argued that social adjustment is an identity construct with adapting oneself to receive the social approval from the others; those with highly social-adjustive attitudes would be more willing to integrate into the local community. They assumed that individuals without social-adjustive attitudes would hold more utilitarian attitudes or value-expressive attitudes, as low social-adjustment tends to look the inside of objects rather than gain expectations from others (Snyder and Debono, 1985). I found that the majority of international students hold a utilitarian attitude towards tax filings, as they are delighted to receive their refunds and benefits through tax filings. Moreover, some international students indeed have a low level of social adjustment, while most of them would be willing

to learn tax if they knew that they could receive tax refunds. This is discussed later in the section of individual utilitarian attitudes.

Examining Jenny's and Eleanor's functional attitudes and perceptions about their identities, one can argue that income tax filings are a form of tax practice that not only influences individuals but also the relationships between themselves and the local community. Bujaki et al. (2017) stated that newcomers' tax filings are a main connection activity for them, as income tax returns are a primary means of direct engagement with their new country. For Jenny, who filed her tax reports since her arrival to Canada, the income tax returns present the changes in her employment and connections inside the host country. Her involvement in tax activities facilitates her ability to reconstruct her identity in Canada as she was able to expand her connection, gain a Canadian experience and integrate into a new environment. While for international students like Eleanor, experiencing tax filing has not had this impact and, due to a lack of local network, may be even more challenging.

#### **6.4. Different Value Expressions of International Students and Tax Filings**

Because of cultural differences, international students with different backgrounds hold various values and attitudes towards taxpaying. Some of them do not have any tax filing experience, which leads to their negligence of tax, especially the students from the countries without a self-assessment tax system. The findings show that students who have a higher level of tax compliance in Canada have either tax filing experiences or have seen their parents or friends doing it, and most of them have similar value-expressive attitudes to the Canadian tax. While students from countries with less advanced tax systems are less tax-moral, they have different value-expressive attitudes to the Canadian tax. This current research's result is similar to prior studies' findings. For example, Alm and Torgler's (2006) study about tax morale and cultural differences argued that value, social norms, and attitudes differ across countries, and these differences have impacts on economic behavior.

Individuals' value expression facilitates a person's ability to remain consistent with one's value (Carpenter et al., 2012), which differs from utilitarian or social adjustment, because an individual does not receive any benefit from having value-expressive attitudes. It is a

sense of satisfaction that a person is consistent with one's values. An individual's tax compliance is linked to his/her ethical values (Young et al., 2016). As many Chinese international students participated in this research, I found that their behavior is different from other students who come from western countries. The main reasons explaining such differences relate to moral principles and cultural differences. Belief systems in China are in contrast to those in developed Western economies (Young et al., 2016). From the perspective of value-expressive attitudes, the different perceptions of international students indicate their beliefs and self-concepts (i.e., who they are) (Carpenter et al., 2012). Here, the value expression of an international students indicates their backgrounds and the ethical value they believe in. The different ethical value in a way shapes their value expression towards the Canadian tax system.

The findings show that several participants, especially the Chinese students, have not filed their tax reports in the first year they arrived in Canada. These participants think it is unnecessary to file it in due time, as they think that they can always file it in the subsequent year. Compared to other participants, they tend to have a lower level of tax compliance. In China, there is no self-assessment tax system. Instead, the government withholds all individual taxpayers' income tax directly. As a result, Chinese students often found it confusing in the Canadian tax system, because back in China, they do not have any family, friends or themselves who interact with tax authorities. In other words, before coming to Canada, several international students think that tax activity is remote.

Some participants discussed how they know people who try to evade taxes by not paying them. For example, property owners and landlords may not report tenants' rental payments of exchange students who are only living in Canada for a short period of time. Auditing the non-payment of taxes is difficult. One main reason for this issue is the taxpayer's ethical values, which are shaped by their previous experiences and perceptions and are heavily influenced by their family, friends and culture.

I found that International students from countries with a self-assessment tax system, such as the U.S., Australia and France, are willing to pay taxes and comply with tax rules. It is because they have seen their parents and friends filing taxes every year, which deeply influences their behavior to fulfill their tax obligations. It is worth noting that a student

stated that it was not worth it to evade tax, as the fine could be extremely high, and tax is a way to allocate the wealth of society. For this student, it is neither ethical nor legal to evade it.

These are examples of how the value difference comes up against tax obligations. Some international students are not already familiar with tax filing rules and not aware of their tax obligations, which influences their values and beliefs about how necessary it is.

My findings show that Chinese international students' tax filing experiences are significantly influenced by their family or friends' tax behaviors. This is consistent with Young et al.'s (2016) assertion about tax compliance in China stating that "if members from the primary group comply with tax rules and regulations, a greater level of tax compliance by individuals is likely to be achieved". It is indicated in the literature that, in China, Confucianism<sup>2</sup> has a huge influence on Chinese ethical values, which builds up the ethical system, such as filial piety equating to greatness (Young, 2014). Chinese taxpayers are less likely to be influenced by social and institutional factors, as found in Western countries like the USA and the U.K. (Young et al., 2016). Here, it is worth noting that the way in which the culture of specific nations or groups shapes taxpayers' tax compliance is beyond the scope of this study, but it is important to know that different values and individual relationships with social groups are significant in understanding their tax experiences.

The decision of international students to file or their tax reports is usually in alignment with their value expressions. If a student holds a positive value-expressive attitude about taxes – i.e., that tax filing is important, he or she will probably comply with the tax rules; otherwise, he or she may ignore it. Katz (1960) finds that individuals can change their value-expressive attitudes by connecting with peoples of different races, nations, cultures, and religions to create understanding and reducing prejudice. Although changing international students' value expression can take a long time, it is still highly possible for international students to learn to have favorable attitudes towards tax. Undoubtedly, this

<sup>2</sup> Confucianism is a system of beliefs and behavior originating in ancient China, variously described as tradition, a philosophy, a humanistic religion, a way of governing, or a way of life (Yao, 2000). Confucius extrapolated several moral standards, such as filial piety, royalty, humaneness and rite (Young, 2014).

requires some engagement from tax authorities and institutions so as to provide these students with better guidance and tax education.

### **6.5. Knowledge Attitudes and International Students' Tax Knowledge**

Most participants claimed that their tax knowledge was very limited while admitting that their understanding was restricted to basic knowledge such as the purpose of income tax, types of income tax, and sales tax. This echoes the literature which finds tax complexity to be high and tax knowledge to be low. Yet, some participants are knowledgeable about the tax filing process and the documents required. A few participants learned how to file tax reports by themselves and knew where to obtain reliable support to solve their tax problems. The majority of the participants claimed that knowledge of tax filing was important due to their need to apply tax knowledge to fulfill their tax obligations.

A few students explicitly stated that they did not want to learn any tax knowledge by themselves, as they could always rely on tax professionals' services to file their taxes, which was a win-win situation for both accountants and taxpayers. Most participants claimed that they have limited knowledge about tax filings, and therefore, they need professional assistance. A similar finding was reported by Saad et al.'s (2004) study, which documented that the demand for tax agents increased due to taxpayers' lack of technical skills. Consistent with the studies of McKerchar (1995) and Loo et al. (2009), noting that the lack of tax knowledge could lead to unintentional noncompliance behavior, I found that international students with little tax knowledge sometimes omitted to file their tax reports. Recall that one participant was aware that she must file tax reports, and she was planning to learn some tax knowledge, but, finally, she "forgot" to file her tax reports.

However, my analysis shows that some accounting and finance students are quite interested in learning and deepening their tax knowledge, such as tax planning. Katz (1960) stated that people with knowledge attitudes seek knowledge to give meaning to the unorganized world. The current research findings reveal that only a few participants hold a knowledge attitude towards tax. Dealing with tax filings, only a few international students are often curious about how the tax system works. This is not only because they study finance or accounting, which spur them to develop their knowledge about the broader financial activities, but also because of their interests in learning the Canadian

tax system. The fact is that the more the students know about tax, the more they are willing to learn.

Moreover, the findings show that some participants are willing to learn tax because it benefits them in the long run. However, these participants have a utilitarian attitude rather than a knowledge attitude to learn tax. Individuals with a knowledge attitude often try to understand a challenging situation, not because it is closely relevant to their needs or pleasures, but because they are curious and want to understand (Carpenter et al., 2012).

There were some students who claimed that it was "useless" for them to learn tax at all, and they would not spend more time on it. For example, David is a student majoring in Chemistry and thought it was unnecessary to learn tax, as he would not use it. Other participants, holding a negative knowledge attitude, often have a lower level of tax literacy, explaining their low confidence in tax knowledge and poor tax compliance. My findings indicate that international students' tax knowledge is only limited to tax filings, except a particular participant who expressed her willingness to deepen her knowledge about tax planning. Being asked whether they are willing to learn tax by themselves, several participants acknowledged they would like to learn, but only if such knowledge was useful and beneficial for them.

All in all, one can argue that a good way to increase individuals' tax knowledge is to have them actually complete one tax filing. It is worth noting that some participants stated that they found tax filing to be confusing initially. But, after going through the entire process, they realized that the exercise was not really very complicated, as it seemed to be, and they expressed their willingness to learn more about tax. Similarly, focusing on tax literacy in Australia, Chardon, Freudenberg and Brimble (2016) reported that confidence in understanding financial issues is an important aspect of financial literacy and that there is often a gap between confidence and actual understanding. Consequently, it is important to provide basic tax education to international students. Educating these students about tax not only increases their confidence but also inspires their interests in deepening their tax learning.

## **6.6. Summary**

This section presented a discussion of the research's findings. I analyzed four themes that emerged from the data using functional attitudes so that to investigate how international students are experiencing and dealing with tax challenges. Deploying functional attitudes helped me apply a range of attitudes to the challenges presented by tax and helped me uncover possible ways to improve the tax filing experience of international students.

## Chapter 7

### Conclusion

#### 7.1. Contribution and Implication

This research uses FAT to analyze international students' lived experiences and employs a phenomenological approach to gain profound insights into international students' tax filing challenges. Particularly, this research contributes to deepening our understanding regarding the international students' tax filing challenges in Canada. These challenges reflect that international students need more help from the government and institutions due to issues related to identity, complex tax rules and a low level of tax knowledge.

The contribution of this research is threefold. First, it introduces and deploys a previously unutilized theory, namely FAT, in accounting and tax research. Second, this study uses a phenomenological approach to analyze and make sense of international students' lived experiences in filing tax thus expanding the scope of extant tax research that has barely paid attention to newcomers' tax filing experiences. Finally, the focus on international students' lived experiences in the tax arena enriches our knowledge about newcomers' challenges in immigrant-based countries, such as Canada, thereby offering useful insights on how tax related issues may contribute to construct newcomers' identities.

Literature identifies three categories of challenges for newcomers as taxpayers: identity adjustment, tax complexity and tax knowledge. By applying FAT to these challenges, my study helps us understand these challenges and offers ways to help newcomers overcome them.

First, concerning identity adjustment, I identified how a social adjustive attitude can impact how an international student views their role as a taxpayer. It is common for some newcomers to have a hard time integrating into the local community (CRA, 2019a). Institutions can offer a greater service to help international students interact with local communities. Not only is their study important, but also their experiences around living, social and financial activities. Another finding that relates to the identity is value expression. Students with diverse backgrounds hold different values (Young et al., 2016), which requires the authorities and institutions to guide these students correctly, as some

international students may unintentionally disobey rules simply because the values they hold were formed elsewhere. For instance, from my interview-based findings, students from a country without a self-assessment tax system may forget to file tax reports, which is mainly because tax filing is something they never had to do, or maybe, their family or friends have never filed taxes before. Filing taxes is not important to them.

Second, the complexity that the literature identifies can be understood through the findings in my study. The government needs to provide more professional tax filing services to international students as most of them find it too complex. From the perspective of my participants, some volunteers at CVITP are not qualified enough. An increasing number of international students opted to use the services of tax professionals. International students also claimed that they have difficulties in finding reliable tax services. All of these complex features are thought of as costs to be compared to a benefit that the tax filing would provide, and if there is not enough benefit, students would not file their taxes.

Third, fostering international students' tax knowledge is significant. Some students, but not many, had a knowledge attitude toward tax and were interested in learning about it. The others require help with tax literacy. Financial literacy would benefit many Canadian immigrants, especially those beginning businesses in Canada (Bujaki et al., 2017, p. 72). Increasing the level of tax literacy would help ensure international students understand their tax obligations and benefits and also the importance of filing taxes as immigrants. It would ensure that newcomers find qualified services, file their reports correctly and comply with tax rules. Surprisingly, my findings pointed out that the CVITP provided by the student association was not enough well-organized. This is probably because of insufficient volunteer training or lack of funding. These should be fixed in order to help other students who need tax knowledge.

## **7.2. Limitations and Future Research**

The sample in my study entails some limitations. While this research reports the findings of individual interviews with twenty participants<sup>3</sup>, the scale of my research is relatively

<sup>3</sup> Empirically speaking, an interview-based qualitative study could reasonably provide useful insights based on a limited number of interviews.

small given the significant number of international students that might be recruited. In fact, I used purposeful sampling to recruit the participants only from the University of Ottawa. I was planning to use a poster to recruit more participants at the University of Ottawa. However, it was canceled because of the temporary shutdown due to the quarantine of Covid-19. Therefore, this small-scale research only presents a localized picture. Second, during the recruitment of participants, I tried to reach out to some international students who are self-employed, but due to the limit on available work during the imposed shutdown, few international students are self-employed. So, in this study, the tax challenges of self-employed international students are not covered. Nevertheless, my sampling tries to cover the broadest types of cases by interviewing students with full-time and part-time jobs and those having different sources of income.

For future researchers, the study of tax compliance of international students and newcomers remains under-researched. Reviewing previous literature on international students and immigrants' tax practices, I found that there were still multiple directions to explore. For example, the influences of different cultures on individuals' tax compliance or on using the immigration process; finding employment after graduation; and return migration of landed immigrants or citizens. With regards to research design, a comparative framework or a multiple-setting design that utilizes mixed methods will enable researchers to gain width as well as depth in their research. Also, this research might trigger future studies about the tax related challenges faced by international students, and other types of vulnerable immigrants and newcomers, in several settings with various tax regimes including Australia, the USA, the UK and France. These settings could vary according to whether they are immigrant-based populations, whether they have a self-assessment tax filing system, or along other lines, since the differences across jurisdictions related to tax are many.

### **7.3. Summary**

Recall that the purpose of this research is to explore the lived experiences of international students in tax filing. As I am also an international student who was majoring in accounting and experienced (and still experiences) difficulties in tax filing, gaining a better understanding of the tax related challenges, experiences and needs of international

students in Canada was the main inspiration of this study. Although this study is not a complete exploration of the whole population of international students in Canada, it still presents useful insights that might be valuable in improving international students' experiences and solving their challenges. Also, even though I have focused on students, it is very likely that my findings can be applied to the experiences of most immigrants and newcomers to Canada since they are faced with many of the same challenges as the students in my study.

The main findings of this study indicate that international students struggle to file taxes due to several factors, including identity, tax complexity and tax knowledge. Culture and value differences were found to intersect with these challenges, which deeply influence participants' involvement in tax responsibilities in Canada. In this study, international students with different cultures interpret their role in the tax system differently in the way they interpret tax filing, tax planning and fulfill their tax obligations.

Most participants had tax filing experiences, while few of them are eligible for benefits such as CERB or CESB (Canada Emergency Student Benefits), which is mainly because of their identity and limited work hours. Also, several participants experienced difficulties in communication with the CRA. Not only have international students some language barriers but they are also not literate in tax knowledge. They require help to learn about their role in the tax system.

Still, participants claimed that there were also positive experiences about tax filings. Some participants are eligible for CERB due to the Covid-19, which makes them surprised and pleased. After learning about these benefits, the students expressed appreciation towards the government and willingness to complete tax filings. It was through the tax system that they came to know about specific government programs that could benefit them. Another interesting fact is that some participants were first-year students and almost knew nothing about tax. But, after participating in the interview, they decided to complete their tax filings this year. This result shows the importance of increasing tax knowledge among international students.

In addition, if the Canadian government wants to promote the filing of taxes, it could consider ways of learning about the different attitudes that taxpayers have. If taxpayers

held a utilitarian attitude, the government could inform the students of their tax benefits and provide a more professional free tax clinic service; if they held a social-adjustive attitude, the communities and institutions could organize more social networking events to help international students better integrate into Canada; if they held a value-expressive attitude, CRA could enhance the newcomers' ethical values; if they held a knowledge attitude, the government could seek a way to improving the taxpayers' tax knowledge, which in return increases their interests in learning taxes.

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## **Appendix A**

### **Interview Protocol**

#### **Basic information**

- Gender
- Age
- Citizenship
- Level of education and major
- How long you have been in Canada
- Income level and sources of income
- Paper filing or E-filing?

#### **Challenges and Attitudes**

This part aims to understand participants' challenges and their attitudes serving what functions, by asking what their attitudes are and how they overcome the challenges.

##### *General*

1. How do you define your challenges in filing tax reports?
2. What are your attitudes towards these challenges?
3. How do you deal with your challenges? Give an example.

##### *Identity and tax*

4. As an international student, have you encountered any problem in filing taxes due to your identity?  
If yes:
  - describe your attitudes;
  - how do you solve it?

##### *Tax knowledge*

5. How do you define your tax knowledge level?
6. Do you have any challenge in filing tax due to lack of tax knowledge?

If yes:

- describe your attitudes;
- how do you solve it?

7. When you have tax problems, do you research it on your own or ask professionals for help? Please explain.

*Tax complexity*

8. Do you think it is complex to file your tax report?

If yes:

- in what ways you think it is complex;
- describe your attitudes
- how do you solve it;

*Other*

9. Do you have any particular questions for me, or would you like to add anything about your total interview experiences?

Thank you!

## Appendix B

### Demographic Information

Pseudonym	Gender	Age	Country	Degree/Major	Years in Canada	Tax filing experiences
Angie	F	21-25	China	Master/ Finance	2	2 years/e-filing
Boey	F	21-25	China	Bachelor/ Accounting	4	N/A
David	M	21-25	China	Master/ Chemistry	2	2 years/e-filing
Ebby	F	21-25	China	Master/ Finance	2	2 years/e-filing
Eleanor	F	Under 20	China	Bachelor/Math	4	N/A
Erin	F	21-25	China	Master/ Human resource	2	2 years/e-filing
Guillaume	M	21-25	France	Bachelor/ Economics	2	2 years/e-filing
Harry	M	31-35	Iran	Master/ Information system	2	2 years/e-filing
Jeanne	F	21-25	China	Master/ Marketing	2	1 year/e-filing
Jenny	F	21-25	China	MBA	2	2 years/e-filing
Karta	F	21-25	China	Master/ Entrepreneur	2	1 year/e-filing
Kira	F	26-30	China	Master/ Computer science	2	1 year/e-filing
Laura	F	21-25	China	Master/ Computer science	2	1 year/e-filing
Lucy	F	26-30	China	Master/ Finance	3	3 year/e-filing
Mike	M	21-25	China	Bachelor/ Film studies	6	2 year/e-filing
Charles	M	Under 20	Peru	Bachelor/ Communication	2	2 year/e-filing
Sara	F	21-25	India	Master/ Innovation	2	2 years/e-filing
Tina	F	26-30	China	Master/ Finance	1	N/A
Woody	M	26-30	China	Master /Information system	2	1 year/e-filing

Yuri	F	21-25	China	Master/ Innovation	3	3 year/e-filing
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## Appendix C

### Codebook

**Table 2 Origins and causes of international students' functional attitudes towards tax filings**

<i>Functions</i>	<i>Origin</i>	<i>Causes</i>
Utility	<ul style="list-style-type: none"> <li>• Low benefits of filing taxes</li>   <li>• Filing tax is demanding or time-consuming</li> </ul>	<ul style="list-style-type: none"> <li>• Personal needs</li> <li>• The misunderstanding of ineligible for benefits and tax refunds</li> <li>• Not able to find reliable tax services</li> </ul>
Social adjustment	<ul style="list-style-type: none"> <li>• Recognition of new identity in Canada</li> <li>• Tax filing as a social-adjustive tool</li> </ul>	<ul style="list-style-type: none"> <li>• Lacking a sense of belonging</li> <li>• Willingness to integrate into local communities</li> </ul>
Value expression	<ul style="list-style-type: none"> <li>• Different value expression to Canadian tax system</li> <li>• Similar value expression to Canadian tax system</li> </ul>	<ul style="list-style-type: none"> <li>• Individual's from countries without self-assessment tax system</li> <li>• Individual with filing experiences to maintain self-identity and react to self-concept</li> </ul>
Knowledge	<ul style="list-style-type: none"> <li>• Lacking interests in learning</li> </ul>	<ul style="list-style-type: none"> <li>• The low level of tax knowledge</li> <li>• Reliance on professional tax services</li> </ul>

Summarized by author

## Appendix D

### Recruitment Material

#### Are you an International Student at uOttawa?

If yes, you are invited to participate in a study about your experiences about filing your tax in Canada.

**What:** 60-80 minutes interview

**When:** Date and time of your choice

**Where:** Study room in Morisset Library or Video Call

**Who:** Lian Yan

Master's student at Telfer School of Management, University of Ottawa

**Eligibility:** Part-time or full-time international students, age 18 or over, currently on a study permit or a work study permit and able to communicate in English.

**Compensation:** Participants will be compensated with \$15 in cash.

**Overview:**

This is an invitation for you to participate the study investigating the newcomers' challenges in filing tax in Canada. This is a first-come, first-serve invitation, with 20 participants wanted. You are invited, if you are an international student in Canada and 18-year old or over.

If you are interested, please contact Lian Yan.

## Appendix E

### Consent Form



VOTRE LIEN AVEC CE QUI COMPTE — CONNECTS YOU TO WHAT MATTERS

**Principal Investigator:** Lian Yan  
Telfer School of Management  
University of Ottawa  
Telephone:  
Email:

**Supervisor:** Dr. Darlene Himick  
Telfer School of Management  
University of Ottawa  
55 Laurier East  
Ottawa ON K1N 6N5  
Telephone:  
Email:

**Study Title:** Challenges of International Students in Filing Taxes and Using Tax Services in Canada

**Invitation to participate:** I am invited to participate in this research study conducted by Lian Yan for the master's thesis under the supervision of Dr. Darlene Himick from the Telfer School of Management of the University of Ottawa.

**Purpose of the study:** I understand that the purpose of the study is to investigate the challenges of immigrants and newcomers when filing their taxes in Canada.

**Participation:** My participation will consist in taking part in an individual interview lasting about one hour. I agree to the session being recorded for better data collection purposes only.

**Compensation:** I will receive \$15 from my participation in this study. If I choose to withdraw from the project, I will still receive the compensation.

**Benefits:** My participation in this study will enhance the understanding of immigrants' and newcomers' tax filings. My participation in this interview will offer help to investigate tax practice studies. It will also help immigrants and newcomers improve their tax filing experience in the future.

**Confidentiality and anonymity:** I have received assurance from the researcher that the information I will share will remain strictly confidential. The contents will be used only for Lian Yan's master's thesis. Anonymity will be protected in the following manner.

I have been assured that in written reports, my name (and organization) will be disguised.

**Conservation of data:** The data collected (digital recording of interview and interview transcript) will be kept in a secure manner. They will be stored on a computer with secured password. Only the student researcher will have access to the interview data. The data will be conserved for five years.

**Voluntary participation:** I am under no obligation to participate and if I choose to participate, I may withdraw from the study at any time and/or refuse to answer any questions without negative consequences. If I choose to withdraw, all data gathered until the time of withdrawal will be deleted.

**Acceptance:** I, \_\_\_\_\_, agree to participate in the above research study conducted by Lian Yan of the Telfer School of Management, whose research is under the supervision of Dr. Darlene Himick. I understand that by accepting to participate I am in no way waiving my right to withdraw from the study.

If I have any questions about the study, I may contact the student at the numbers mentioned above.

If I have any ethical concerns regarding my participation in this study, I may contact the Protocol Officer for Ethics in Research, University of Ottawa, 550 Cumberland Street, Room 154, (613) 562-5387 or [ethics@uottawa.ca](mailto:ethics@uottawa.ca).

There are two copies of the consent form, one of which is mine to keep.

Participant's signature: \_\_\_\_\_ Date: \_\_\_\_\_

Researcher's signature: \_\_\_\_\_ Date: \_\_\_\_\_

# Appendix F

## Ethics Approval

11/03/2020

**Université d'Ottawa**  
Bureau d'éthique et d'intégrité de la recherche

**University of Ottawa**  
Office of Research Ethics and Integrity

### CERTIFICAT D'APPROBATION ÉTHIQUE | CERTIFICATE OF ETHICS APPROVAL

<b>Numéro du dossier / Ethics File Number</b>	S-01-20-5004
<b>Titre du projet / Project Title</b>	Challenges of Newcomers in Filing Taxes and Using Tax Services in Canada
<b>Type de projet / Project Type</b>	Thèse de maîtrise / Master's thesis
<b>Statut du projet / Project Status</b>	Approuvé / Approved
<b>Date d'approbation (jj/mm/aaaa) / Approval Date (dd/mm/yyyy)</b>	11/03/2020
<b>Date d'expiration (jj/mm/aaaa) / Expiry Date (dd/mm/yyyy)</b>	10/03/2021

### Équipe de recherche / Research Team

<b>Chercheur / Researcher</b>	<b>Affiliation</b>	<b>Role</b>
Lian YAN	École de gestion Telfer / Telfer School of Management	Chercheur Principal / Principal Investigator
Darlene HIMICK	École de gestion Telfer / Telfer School of Management	Superviseur / Supervisor

### Conditions spéciales ou commentaires / Special conditions or comments

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[www.recherche.uottawa.ca/deontologie](http://www.recherche.uottawa.ca/deontologie) | [www.recherche.uottawa.ca/ethics](http://www.recherche.uottawa.ca/ethics)