



Uncovering the Concealment of Tax Evasion: Exploring Public Attitude, Interest, and Motivation about Undeclared Work Payment.

A Thematic Analysis

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Abstract: Tax evasion is a major microeconomic problem affecting society. Untaxed money, known as black money, reduces the government's revenue and leads to higher tax rates for honest taxpayers. This financial crime has profound social consequences, and although a cashless society can reduce tax evasion through better traceability of financial transactions, it does not eliminate it. Loopholes in the tax system still allow individuals to manipulate data and hide their activities.

In Sweden, undeclared work payment is not widespread because of its strict rules for Tax compliance. But some sectors still practice undeclared work payment. Studies have shown that cost-saving benefits and the social security system are the main reasons for misrepresenting wage levels. This paper also explores the socio-economic, cultural, and psychological aspects of the motivation behind undeclared work payment.

Based on thematic analysis and insights from gatekeepers, the finding provides comprehensive insight into tax evasion strategies in the Swedish labor market. In particular, the research highlighted tax evasion techniques are possible in different types of job categories and the payment methods they use.

Keywords: Tax evasion, Financial crime, Undeclared work, Cashless Society, Cashless Transactions, Social Security Number (Personnummer), attitudes, interest, and motivations.

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Introduction

Tax evasion is one of the microeconomic financial impacts in society. Money without paying taxes is called black money, and by laundering black money or avoiding paying taxes, people reduce the government's tax revenue. The loss of revenue will also lead to a higher tax rate, indirectly hurting honest taxpayers.

Tax evasion may be more difficult in a cashless society because all financial transactions are recorded and easily accessible by the financial authority. However, this does not guarantee zero tax evasion and financial crime rates. There are some loopholes in the tax system where people can hide their financial activities and manipulate their financial records making tax evaders cover their tracks. Society will inevitably feel the effects of this type of financial crime. This may make it more difficult to avoid paying taxes in a cashless future as all financial activities are registered and easily accessible by the authorities responsible for the financial system (Sritharan et al., 2022).

Background

Undeclared work in Sweden has traditionally been 'outward-facing', with people avoiding taxes through informal positions. However, stricter laws have led to a decline in this type of work, with an increase in unreported 'exception' work involving vulnerable workers with few alternatives. This change is particularly evident among workers born outside Sweden, including employed and migrant workers, who are at higher risk of exploitation. Obtaining accurate data on undeclared work in Sweden is difficult due to its hidden nature. However, according to the Swedish Tax Agency (Skatteverket report : 2006) study, about 12% of the population aged 18 to 74, or about 700,000 people, are engaged in undeclared work, representing about 5% of total work and 3% of Sweden's GDP. Participants worked an average of five undeclared hours per week, with the average annual income from undeclared work being SEK 25,000. Most of the participants for undeclared work were young men, migrants, student or small business owner. Undeclared work was most common in services between friends and family, domestic services, manual work, and in some sectors such as restaurants and transport.

Undeclared work in Sweden is defined by tax law, and the National Audit Office provides detailed information. Tax law requires that all compensation related to work should be reported. Violating these laws can result in penalties, including up to two years in prison for serious crimes. According to Skatteverket (Tax Office) in Sweden, undeclared work (black work) means -

“By black work or concealed income, we mean that a person in their income tax return shows a lower income from work than prescribed by law. In fiscal term, this is a matter of a too low or undeclared income from employment or a too low or undeclared income from personal business by self-employee”. (Skatteverket, 2006)

In 1998, the National Economic Crime Bureau (EBM-Ekobrottsmyndigheten) was established to combat economic crime, including tax fraud, related to undeclared work. The National Economic Crime Bureau has carried out several projects, such as a pilot project in the hairdressing sector in Malmö, to combat undeclared work payment (Riksrevisionsverket report 1998:61). The Swedish Tax Agency is one of nine public authorities working against committing work-related crimes. They have checked more than 2,600 workplaces in 2022 as

part of the collaboration efforts. They also checked on almost 1,900 businesses under current regulations concerning staff registers and cash registers and issued penalty charges to 31% of the businesses they checked.

This research will study uncovering the concealment of Tax Evasion by understanding public attitude, interest, and motivation about undeclared work payment in Sweden.

Objectives

The purpose of this study is to understand public attitudes, interests, and motivations toward tax evasion in undeclared work payment from the perspective of accountants who are handling accounting or the economy for different kinds of companies and self-employment. The study aims to explore the interest factors in different demography or sectors in undeclared work payment. Also, the research tries to understand the socio-economic, psychological, and cultural factors that motivate individuals to engage in undeclared work payment. The study focused on two research questions from the accountant's point of view:

1. What are the public attitudes toward tax evasion and tax compliance in undeclared work payments?
2. What are the interest factors and motivation behind the undeclared work payment?

Literature Review

Under the definition of undeclared work, it is any activity that is reimbursed and complies with all relevant rules and regulations but is not disclosed to the competent authorities. In addition to being used more frequently, the Swedish word 'svartarbete' is also a synonym for the English phrase of undeclared work payment. Various terms are used to describe clandestine work, including "secret", "black", "unofficial" and "domain/secret" (Williams et al., 2011). Swedish government terminology has evolved, from 'undeclared work' to 'grey sector' (Thörnquist, 2015), and more recently the term 'professional crime' (arbetslivskriminalitet) has also been used. It is understood that any paid work carried out in the context of a formal endeavour that is either partially or fully not disclosed to the appropriate authorities is considered "undeclared work" under European Union (EU) law.

Based on information from the Swedish Tax Agency (Skatteverket), there are two primary categories of unreported wages: income that is not recorded during work and income that is not reported during employment. Within these two categories, there are two distinct groups of undeclared payments: employees who receive hidden pay in the form of monetary or in-kind compensation from their employers, and self-employed individuals who receive undeclared compensation for their work or product sales. Examples of situations that fall into this category are when companies pay their employees for personal expenses but do not book them as taxable benefits (Cachia and Aquilina, 2020).

Undeclared work is estimated to represent around 9% of the total private sector workforce in the European Union (Williams et al., 2011). However, accurate statistics are difficult to obtain because it is illegal and difficult to identify. For example, the Eurobarometer survey on undeclared work focused only on EU citizens, thus excluding irregular workers from third

countries and those working outside the official selection criteria (Williams and Horodnik, 2017).

Young and Woodiwiss (2021) stated that some employees who do not identify their work in the construction industry are engaged in the process of renovating or building new residential buildings which is also asserted by Williams, C. and Nadin, S. (2012). According to (Williams et. al., 2011), since the developer is prepared to deduct if the tax is not paid, some money is earmarked to complete the project. For this reason, a significant amount of painting and coating work is not recorded. Students or migrants are engaged in most of the undocumented work carried out in the agricultural sector as well. To avoid social security contributions and other labor costs, students would prefer to receive higher rewards through cash (Armelius et. al., 2020). According to Franić et. al., (2023), it is unfortunate that a large number of students are not aware of the fact that they are not entitled to health insurance or the 12% dividend on their vacation pay if they work without disclosing it.

According to Burgstaller et. al., (2022), some people do it because they need extra money to cover the basics, while others do it because the reward for undeclared work is high. Both reasons are possible. Also, several people save money for more significant events in the future. The prevalence of dishonest temporary employment agencies was highlighted by a separate inquiry conducted by the International Labour Organisation (ILO). In the context of the economic recovery in Europe, unreported employment presents a significant challenge to the implementation of labor market regulations as it has a negative effect on the economy (European Labour Authority- 2022a).

Although the biggest impact of undeclared employment is on tax collection, other sectors such as social security, labor law, and worker protection are also affected by the phenomenon. Williams and Effendic (2021) note that significant progress has already been made by a growing number of EU member states towards reducing and eliminating undeclared work. Undeclared work, defined as paid work that is not reported to the government, has been a concern for EU institutions for many years. In 1998, the European Commission(Source: European Employment Observatory) published a statement intended to stimulate debate on the causes of undeclared work and possible policy solutions to combat it, stressing the need to integrate the fight against undeclared work into a wider European employment strategy.

Since 2001, the EU Employment Recommendation has included undeclared work and called on Member States to design and implement measures to eliminate it by simplifying trade rules, providing appropriate incentives in tax and benefit systems, and improving law enforcement. In October 2003, the Council of the European Union adopted a resolution calling on Member States to address undeclared work and to encourage the social partners to address it through action programs and sectoral social dialogue committees.

Financial technology has a significant impact on consumer behavior. Over the years, Swedes have gradually distanced themselves from the use of cash. Instead, the country is rapidly moving towards a cashless society due to the widespread use of fintech payment options. It is noticed that 'card only' signs are placed next to the payment counters in most restaurants, cafes, and pubs. This is because many establishments no longer accept cash payments. Williams and Kosta (2020) state that people expect to see coins and paper money in most banking services, yet these places refuse to accept cash deposits from customers. Advances in information technology and financial markets have increased the number of electronic payment options,

but the need for cash continues. Cash usage is still significant, although it varies from country to country. The results of their study suggest that there is a relationship between different degrees of tax evasion and differences in the use of cash. Taxpayers' attitudes, values, and views of the fairness of the tax system are some other factors that can be considered more subjectively. There is no relationship between gender and taxpayers' attitudes towards compliance. The previously mentioned study indicates that there is a positive relationship between a higher level of education and a more likely attitude toward taxpayer compliance. Alieva and Ramare (2020) found that this is a positive relationship and those who are higher educated are more compliant to tax payments.

Ng et. al. (2021) suggested that peer groups can significantly influence taxpayers' attitudes. According to behavioral theory, reference groups have a significant influence on people's attitudes and behavior in tax compliance, especially in financial decisions or law enforcement. People close to them may influence their choice to avoid paying taxes, especially in areas where tax evasion is common, which may result in cash payments.

When deciding whether to engage in tax evasion or not, the taxpayer's freedom of action is necessary. Consequently, personally relevant factors such as knowledge of taxes, income expenditure, and awareness of penalties and taxpayer misconduct will change taxpayers' attitudes toward compliance. Several studies have been conducted in the past to show the correlation between knowledge of tax on taxpayer compliance. The study by Williams and Kosta (2020) points to a direct relationship between taxpayers' level of tax knowledge and taxpayers' attitudes toward tax compliance. In addition, the level of tax knowledge possessed by taxpayers is highly associated with the ability to comply with tax laws (Karagöz, 2020). With the strong social ties that already exist within the community, members of the community are more likely to pay the taxes they owe. According to Rainone (2023), several factors play important roles in paying taxes, including changes in government policy, perceptions of fairness and justice, and reference groups.

Research Methodology

Research method

The research methodology chapter provides a proper description of the selected methods, which are applied to conduct the study. Several steps were identified in this context. Firstly, the study design was focused on data collection from different sources and in-depth interviews, which required significant time and resources for transcription and analysis (Hennink et al., 2020). Secondly, the study's specific goal and time limitations dictated a manageable sample size. Finally, reaching data saturation is a key consideration in qualitative research.

The study also refers to the philosophical framework that lays out the essential approach for gathering, assessing, and dealing with the necessary data. There are two major schools of thinking in philosophy, and they are interpretivism and positivism (Alharahsheh and Pius, 2020). When it comes to adapting to reality, interpretivism stresses the use of an emotional approach, in contrast to positivism's emphasis on objectively viewing reality. The study

chooses interpretivism over positivism to learn more about public attitudes, interests, and motivations about undeclared work payment (Junjie and Yingxin, 2022).

Qualitative research, which incorporates rich hypothetical material and emotional experiences, would have greatly enhanced this study. Qualitative research helps to understand people's attitudes, interests, and motivations about undeclared work payment, which encompasses all facets of tax evasion (Muzari et al., 2022). The qualitative study can draw valid inferences from the interview data and provide useful results because of the structured framework (Tomaszewski et al., 2020).

Sampling and Interview

The study conducted a semi-structured interview with open-ended questions to 5 accountants in Malmö City, Sweden. Each accountant is handling 50 -100 different sizes and types of company accounts. By interviewing them, different sectors information was collected. The sample for the interview was chosen randomly based on the sectors the accountants work for.

All the study participants were contacted by telephone for an interview. The interview ranged from 20 to 30 minutes, allowing for a focused explanation of key themes. The interviews were recorded with a phone in airplane mode after verbal consent from the participants was given. The audio recording was done to ensure data accuracy, capture rich details, and avoid possible loss of information. Telephone interviews offer scheduling flexibility, and cost savings, and can make accountants more comfortable sharing sensitive information, especially anonymously. It is suitable for busy professionals, allowing for short, spontaneous engagements. The absence of visual contact can reduce social desirability, leading to more honest responses. However, rapport building can be difficult, and the lack of nonverbal cues can limit the depth of data. Additionally, distractions in the interview setting and the lack of a controlled environment can impact the quality of the interview. These factors were taken into consideration while using telephone interviews with accountants for qualitative research. After the interviews were transcribed, the audio recordings were deleted which ensured data security and protected the participant's privacy, as no further information could be obtained from the recordings.

Data Collection and Analysis

The study examined the available literature related to uncovering undeclared work payment to analyze people's attitudes, interests, and motivations toward undeclared work payment. Interviews collected primary data to understand public attitudes, interests, and motivation toward tax evasion and undeclared work payment, and for secondary data, the study uses books, journals, the internet, and other academic publications.

The study utilized a thematic data analysis method, employing Braun and Clarke's (2006) six-step approach, which is widely recognized for analyzing qualitative material like interviews. Thematic analysis is a key method of qualitative research, valued for its flexibility and accessibility. It allows researchers to identify, analyze, and report patterns in data, providing a detailed and organized understanding of various topics. According to Braun and Clarke (2006), the process involves several steps: The first step after the conducted interviews is the familiarisation with the data which includes transcribing the material and enabling thorough

study of the gathered material. The second step is keynotes, which identify meaningful units within the data. It can be words, sentences, and paragraphs. The third step is thematizing which means that the researcher systematically organizes and starts grouping codes based on similarities and patterns. In this part, it is important to look for connections between keynotes and how they are related to the research question. The fourth step includes reviewing the themes where the researcher has to review and refine identified themes to ensure they accurately reflect the data. The fifth step includes defining and naming themes, themes are given descriptive and meaningful names that reflect their content. The final step involves presenting all themes which enables a final research assignment or written account. The thematic analyses for the present study resulted in four themes. Although criticized for its inflexibility, leading to potential inconsistencies, when applied carefully, thematic analysis provides profound results of the study.

Ethical consideration

Ethics should be at the forefront when interviewing participants for a range of data. There was no sensitive data was handled in the interview and the interview was a general overview, experience, and knowledge sharing of the accountants. Thus, this research did not require any formal ethical review. At the same time, it followed the Swedish ethical guidelines for research. The information of interviewees' data stated that all information would be used solely for the study purpose and would remain confidential. It ensured that all collected data would be deleted upon completion of the study and that the final work fulfilled both the benefit and confidentiality requirements. The transcription is stored in the researcher's home directory for safety as per the Malmö University data protection guidelines.

Two important ethical principles are ensured which are consent and transparency. Participants were fully informed about the purpose of the study, its function, the interview method, and its handling of the data (Pascoe Leahy, 2022). The study considered the potential long-term effects and findings for evidence-based navigation.

Results

Theme 1. Public attitude towards Tax Evasion and Compliance about Undeclared Work payment.

Overall responses indicate that undeclared work is less common in Sweden due to the country's strict tax laws and increased awareness among individuals and companies about the consequences of tax evasion. The Swedish Tax Agency conducts regular inspections and has advanced systems to detect these activities. Many companies prefer to maintain a sense of identity, and employers often choose to advertise their jobs in exchange for benefits such as pensions and social security. One of the respondents said in this context:

"...in my experience, undeclared work paid in cash or through informal way is unusual in Sweden. The country has strict tax rules, and most individuals and companies know the tax

evasion penalties. The tax agency (Skatteverket) conducts regular checks, and they have sophisticated systems to detect this activity”.

General feedback from the respondents found that the threat of legal prosecution, coupled with increased government oversight and the ease of electronic payments, is pushing more companies away from undeclared work payments. In contrast, some of them asserted that some individuals and companies use various strategies to reduce their tax obligations and avoid paying social security contributions. One of the most common methods they use for undeclared work is to pay in cash. In this method, the employer or client avoids any formal registration or paperwork. This strategy makes it difficult for the tax authorities to track and control the revenue.

Another method mentioned by some of the respondents during interviews is barter. Instead of exchanging money, individuals exchange services or goods. Such payments are especially common between friends, family members, or neighbors, making it more difficult for authorities to detect these transactions. We can see one of the interviewer’s comments in this context :

" ...some people work without informing Skatteverket (Tax authority). It benefits both parties by avoiding VAT or Taxes. Compensation for such work may be in the form of cash, goods or services that are exchanged, such as between relatives, friends, neighbors or even others in or outside of the home."

Some workers choose to report only a portion of their income and intentionally hide the rest to reduce their taxable income. This is a direct attempt to reduce the tax burden, but it still appears to be complying with the tax rules.

Some of the respondents highlighted that undocumented employment has also been an important issue. In this case, the worker is employed without a person number, a formal contract, or an official employment record. This makes it possible for employers to avoid tax and social security contribution demands and thus operate outside the legal system.

Additionally, misclassification of workers has been identified as a common strategy. Employers can designate their workers as independent contractors instead of regular employees. This allows them to withhold wages and social security contributions, thereby shifting the tax burden onto the workers themselves.

Them 2. Demographic Variations in attitudes toward Undeclared Work payment.

The aggregate response has shown that in some sectors such as construction, hospitality, domestic services, and small businesses or the self-employed, undeclared work through informal payment still occurs occasionally. This is especially true in areas where the financial rewards can be high.

According to some respondents, in Sweden, small businesses, especially in the construction, renovation, or maintenance sector, are more likely to work illegally or prefer to accept cash. Because these industries often take on short-term projects and involve individual clients or one-time clients. Many of these companies operate on tight margins, so are tempted to pay cash to avoid taxes or reduce administrative burdens. This keeps them competitive as they can offer

lower prices. They also pointed out that freelancers and gig workers who provide services such as cleaning, babysitting, and tutoring have direct contact with the customers, and it is easy to pay in cash or other forms of payment. Freelancers may choose this route because of the tax burden of declaring income. Because in Sweden, including taxes and social security contributions, is comparatively more for those with fluctuating incomes.

Some accountants experienced in restaurants, salons, bars, and small hospitality businesses are tempted to hide the tax burden by undeclared work. This is because these companies process many small direct payments, which makes it easy to underestimate income. In addition, there may be temporary or part-time employees willing to accept cash to avoid their income tax, especially if the employees are young, seasonal workers or immigrants who are not familiar with the Swedish tax system.

Two of the respondents explained that Self-employed traders such as electricians or plumbers sometimes choose cash to avoid reporting income or VAT, to reduce their tax liability. Many customers may also prefer to pay in cash because they often receive "discounts" for services that are not officially registered, creating a mutually beneficial situation. For small, urgent repairs, paperwork often seems unnecessary, which may encourage cash payments.

Also, some of the accounts encountered undeclared work payment systems in immigrant-owned small businesses, especially in industries such as retail, transportation, or personal services (such as hairdressing) where most of the employees do the overtime. This happens sometimes due to unfamiliarity with Swedish tax regulations, language barriers, or the challenges of adapting to Sweden's complex administrative system. For them, accepting cash can make it easy to operate the business and avoid perceived difficulties in dealing with formalities.

While explaining the public general attitude towards tax compliance from the respondents a comprehensive response found that the public has high trust in the tax system but is frustrated with its complexity. One of the respondent's observations is as follows:

".....Swedes generally think that tax compliance is seen as a civic duty and this tax fund goes to social benefits such as health care, education, and social security. But there is also frustration with the complexity of the tax system, especially for small businesses and individuals with more complex financial situations."

While most people are willing to comply, the burden of administrative work may force some to look for ways to legally reduce their tax liability. One of the respondents explains in this context:

" there is sometimes resistance from tax compliance among small businesses and the self-employed due to high tax rates and regulatory burdens. These groups feel overwhelmed and try to find ways to reduce their tax burden, which pushes them to engage in undeclared work or exploit the legal framework."

These responses reflect the general attitude in Sweden, where tax compliance is valued, but also highlight areas of frustration, particularly regarding complexity and high tax rates, which can lead to legal tax evasion or low levels of non-compliance.

Them 3. Motivations and Interests Underlying Participation in Undeclared Work

According to the Cumulative response from the respondents, the following factors have been identified for the interest and motivation about undeclared work payment:

- A desire for anonymity and confidentiality:

Some of the respondents said that many people and small businesses still like to use cash for undeclared work payments because of the anonymity it offers. In Sweden, where digital payments are widely used and the knowledge of how to track each transaction is improving. Some people still value their privacy and don't want to leave a digital footprint. This is especially useful for those who don't want to monitor their activities for personal reasons or to avoid the attention of law enforcement, even if they are not involved in illegal activities.

- Avoid tax reporting and administrative complications:

Almost all the respondents stated that small business owners, retailers, or sole traders, prefer cash payments for undeclared work can be a way to avoid the administrative burdens associated with digital payments, such as reporting cash amounts for tax purposes or processing paperwork. Cash allows them to bypass official systems, especially for one-off or small transactions. It is also found in those who are engaged with industries such as construction, cleaning, or home renovation, where VAT and income tax avoidance are seen as a viable option to maintain profitability.

- Quick settlements for small transactions :

Despite the prevalence of digital payments in Sweden, according to some respondents there are still cases where cash is more convenient, especially for small-scale transactions. For example, in informal settings such as flower markets, salons, vegetable markets, or street vendors cash processing can be faster and simpler than digital payments. It's getting easier for buyers and sellers to get cash for small, quick transactions that don't require a card or mobile payment. It is easy for them to hide the right declaration of work from the authorities by paying cash or another payment system.

- High tax rates encourage illegal employment:

According to most of the respondents, the relatively high rates of income tax and VAT system in Sweden, motivate individuals and companies to perform undeclared work payments. Individuals and small businesses use cash as one of the common ways to avoid high tax burdens, especially in industries such as construction, cleaning, and renovation, where profitability is already low. By accepting or paying in cash, they can make the business more accessible to customers and increase the profits of the service provider which may lead to tax evasion.

- Pressure on small businesses to remain competitive:

According to some respondents, economic factors such as tax rates and regulatory costs put a lot of pressure on small businesses to remain competitive, especially compared to larger companies. In Sweden, small businesses sometimes use cash in undeclared work to offer

customers lower prices without VAT or other additional taxes. This gives them an advantage in highly competitive markets such as home services or cleaning. One of the interviewers said:

"...some business owner prefers cash transactions for undeclared work which helps them reduce operating costs. High taxes and complex regulations created financial pressures that made it difficult to maintain profitability. With his undeclared income, he can offer more competitive prices and easier retention of their employees."

➤ Illegal work as a survival strategy for low-income workers:

High tax rates combined with the high cost of living in Sweden make undeclared work an attractive option for people on lower incomes. According to some of the respondents, this is particularly common among part-time workers, the self-employed, and informal sector workers who do not earn enough to live comfortably on their fully declared income. Undeclared work allows them to maximize their income and reduce financial pressure. Cost savings have also become an important factor for employees which is highlighted by one of the respondents who said :

".....students and those who don't have person-number are vulnerable for black job.... sometimes it is very difficult to trace unreported work in the home service, restaurant, cleaning, construction, and agricultural sectors. Some of the employees are not reporting all their income. In this way, they can save money that would otherwise be lost to taxes, which he uses to cover basic living expenses during periods of unemployment or his day-to-day life."

Theme 4. Social, Cultural, and Psychological Motivation for Undeclared Work Payment.

➤ Social factors:

Though some of the respondents agree Sweden has a strong welfare state tradition where most people consider paying taxes as their civic duty. However, they explain also in some areas, especially in small communities or in some professions (such as construction or cleaning), undeclared work can be found. While justifying as a social reason for undeclared work it is found from the cumulative response that people justify this by commenting to each other that high taxes make it harder to survive. Sometimes if people feel that they are not receiving the services that they expect, or if their economic situation is difficult by any cause, they are more likely to engage in undeclared actions. According to some of the respondents, loyalty is also found in families or close communities where people help each other without reporting their work. In rural business, people also help each other without official documents. It is seen to survive economically without harming anyone because the social networks in which they operate can reinforce this, especially in close-knit groups where everyone does it.

➤ Cultural factors:

Some of the respondents uttered that though Sweden is historically a law-abiding country and has a high level of trust in public institutions, they feel there has been a small change in recent years. Those born outside Sweden or younger generations may not have the same belief, which could lead them towards undeclared work payment or black-market activities. One of the respondents said in this context:

‘... there is a cultural difference between “formal” and “informal” workplaces. It is quite common among some immigrant communities to help each other without resorting to formal channels. It is sometimes culturally acceptable, especially if people feel excluded from the mainstream economy.’

➤ Psychological factors :

As reflected by the respondent's answers about psychological factors engaging in undeclared work, some people think of undeclared work payment to overcome a system considered unfair or too bureaucratic. Psychological justifications for undeclared work are often connected with the feeling of being overwhelmed or exploited.

Declared work can provide a sense of control in a highly regulated economy like Sweden. However, some respondents asserted that undeclared work provides immediate financial relief without tax deferral. There is also the emotional aspect of receiving a direct bonus without the burden of taxes. Psychological satisfaction comes from realizing that a person gets full value for their work or service. One of the respondents replied about psychological factors:

‘... there is also the psychological safety net that they feel instead of running errands for their friends or family members by undeclared work payment.’

Discussion

The interview results and data from different literature comprehensively explain tax evasion, public attitude, interest, and motivation for undeclared work payments in Sweden. The respondents (accountants) who are controlling financial aspects, noted that the methods of undeclared work payments are rare and difficult to identify. According to Schneider et al. (2010), the accurate estimation of undeclared work is hard to identify because the individuals involved prefer to remain anonymous.

From the result, it is understood that undeclared work payment is not widespread due to strict tax rules, compliance measures, and social awareness. In Sweden, individuals and businesses are aware of the legal consequences of tax evasion, which has led to a moral sense of legal and social responsibility. Many factors contribute to this phenomenon, including the efforts of the Swedish Tax Administration (Skatteverket), which conducts regular audits and uses sophisticated systems to detect tax evasion. Sweden's focus on electronic payments promotes greater transparency and accountability for tax compliance. According to the Skatteverket report (2022), gross tax revenue in 2022 amounted to SEK 2,409.2 billion, which is 6.4% higher than in 2021. Net tax revenue reached SEK 1,472.2 billion after the Swedish Tax Agency's control, which is a 6.5% increase compared with 2021. These include changes relating to tax regulations and compliance in different segments, like salaries, prices, and economic conditions. Furthermore, the provision of benefits such as pensions and social security provides strong incentives for workers to formalize their employment status, further reducing the attractiveness of undeclared work. According to Schneider (2015), the size of the undeclared economy declined gradually between 2008 and 2009, in most EU27 countries. It

fell from the equivalent of 22.3% of GDP in 2003 to 18.4% in 2012, observed in all EU27 member states.

However, despite the effectiveness of these regulatory mechanisms, the results demonstrate that some individuals and businesses still utilize tax avoidance strategies. One method often cited is paying workers in cash, which allows employers to avoid paperwork and avoid taxes. In 2020, the tax gap report by Skatteverket showed that the annual tax gap related to employment income is estimated at SEK 3.9 billion for employees in small and medium-sized enterprises and SEK 0.2 billion for employees in large companies. This leads to a total tax gap of SEK 4.1 billion (estimated) which is mostly done by cash payment. Difficulty in detecting cash transactions continues to be a challenge for authorities.

According to results and data from different sources undeclared work can be classified into three categories: first, undeclared workers, who do not have formal employment contracts and are not registered with the authorities, making them ineligible for financial assistance but potentially eligible for social benefits under those in need of the social security system. Second, undeclared workers, who are officially employed but receive undeclared "pay envelopes" in addition to declared wages, allow employers to avoid their tax and social obligations partially. Third, self-employed or dependent workers, who are registered as self-employed but work under the same conditions as regular employees, often rely on a single employer for most or all of their income. These employees are not eligible for the work-related benefits that regular employees receive. These three forms of illegal work are also found in the Swedish Audit Court's classification, including labor exploitation, welfare fraud, violations of occupational safety and health (OSH) laws, abuse of immigration laws, and financial crimes (Riksrevisionsverket, RRV 1998:61).

The interview responses reveal important insights into public attitudes and demographic differences in some sectors such as construction, service, and small domestic services companies are particularly vulnerable to informal transactions using cash. These industries, which rely on short-term projects and direct interaction with customers, often operate on low profit margins. This makes them more likely to engage in undeclared activities. Small businesses, especially in construction, repair, and maintenance, often face administrative challenges such as complex tax returns. These factors force companies to operate informally to remain competitive. They offer lower prices by paying in cash. The focus on competition rather than tax compliance is particularly prevalent in the construction industry. According to Williams and Kosta (2020), in 2019 the Nordic nations and East-Central Europe had nearly a third (30%) of all undeclared work in the construction sector, and in Sweden, it was 31% which is 7% of undeclared work payment.

Self-employment and some sectors like cleaning, childcare, and training face similar challenges, by resorting to cash payments to avoid the administrative burden of tax returns. Temporary, part-time, or foreign workers in the service sector make cash payments attractive to both employers and employees. Similarly, small businesses owned by immigrants, especially retail, transport, and personal services companies prefer cash transactions to avoid tax complications. It is generally considered fair and necessary to finance public services. Arbetsmiljöverket (The Swedish Work Environment Authority) in Sweden carried out a survey between 2016 and 2017 and the result showed that half of the employers in the cleaning sector and a third of workers in construction, transport, hospitality, and agriculture admit to breaking

the rules to stay competitive (Arbetsmiljöstatisik Rapport 2018:2). According to the European Labor Authority (ELA, 2022a), still opportunities for undeclared work payment found in some sectors, for example, construction, agriculture, road transport, salon, tourism, renovation or repair work, cleaning, childcare, and childcare services (ELA, 2022a). These sectors were identified by Swedish government agencies, including construction, catering, cleaning services, car repair shops, beauty salons, transport, and agriculture/forestry (Migrationsverket et al., 2021).

Restaurants are found in Europe (ELA, 2022a) and Sweden (Migrationsverket, 2021) where undeclared employment is most prevalent. During the COVID-19 pandemic, governments provided financial assistance for restaurants and other businesses. Many undeclared workers were active in this sector who, according to the rules, were not eligible for government assistance (Williams and Efendic, 2021). The result also shows that barter is one of the most common techniques used between friends, family, or neighbors to avoid taxes. This method of exchanging goods or services rather than paying cash makes it more difficult for tax authorities to track taxable activity.

The results show that tax evasion by undeclared work payment is mostly found in the construction industries and cleaning companies. The government has proposed legislation to prevent undeclared work, including a scheme whereby part of the cost of a construction contract is paid directly to the tax authorities. Tax credits (RUT and ROT) were introduced in 2007 and 2008, which stimulated businesses by offering tax credits for family services. In 2016 the regulations for ROT (building and repair) and RUT (household services) tax deductions in Sweden changed. The ROT deduction now allows for 30% of labor costs to be deducted, up to SEK 50,000 per year, and the RUT deduction allows for 50% of labor costs, capped at SEK 25,000 per year or SEK 50,000 for those 65 and older. These tax breaks were intended to create jobs, reduce undeclared work, and improve work-life balance by making it less expensive to hire undeclared workers. But the government is now working to reduce the cuts, citing concerns that it will lead to an increase in undeclared work (Skatteverket: Riksvisionsverket Rapport 2011:1). Critics argue that the changes could reverse progress in encouraging public employment, as fewer people choose to pay taxes for such services. It is also noted that while the tax break likely helped change attitudes toward undeclared work, it's hard to predict how recent changes will affect those attitudes. The debate over RUT and ROT also involves the issue of distributive justice, since the benefits of these tax breaks are considered to favor high-income earners.

According to the results, some sectors offered undeclared work payment in different socio-economic settings for example construction, agriculture, hotels, salons, restaurants, etc which are also asserted by Taiwo (2013) and Williams and Horondic (2015). Regarding socio-economic and spatial differences in undeclared work, there are two opposing views: marginalization and reinforcement. Socio-economically marginalized groups (eg migrants, unemployed, women) are more likely to engage in undeclared work. In contrast, the undeclared economy reinforces inequalities generated by the reported economy (Williams and Horodnic, 2015). In this regard, Williams and Nadine (2014) stated that the perspectives of marginalization and reinforcement apply in the countries of Eastern, Central, and Western Europe, where the unemployed are more likely to engage in undeclared work but earn significantly less than those who work black. The undeclared work involves heterogeneous types of labor relations involving different degrees of social integration and arising from

different motivational factors and strategies of firms, workers, contractors, and their interactions (Pfau-Effinger, 2009).

Economic poverty is one of the factors that leads to tax evasion according to Bhuiyan et al (2024). This is because when people go through financial problems, they usually pay for essential survival tools which include food and rent with other things being the least priority. Individuals in dire financial straits are more likely to support them with tax evasion tools. A higher incidence of financial constraints linked to a certain class of people compared to less financially constrained people. The classical theoretical economic model assumes that the probability of audits and punishment plays an important role in the decision of taxpayers to pay their fair share of taxes. To discourage taxpayers from contemplating tax evasion, the risk of an audit and the severity of the penalty both work together to have the desired effect. Kim et al., (2022) stated that it is possible that there would be a reduction in tax evasion if individuals were aware of the crimes they were doing and the consequences of not paying their "fair share." In addition to demographic and personal factors, the social lives of taxpayers also have an impact on the degree to which they comply with their tax obligations.

From the results, the motivation behind undeclared work payment can be identified into three factors which is also stated by Pfau Effinger (2009): To escape from poverty or economic hardship, workers used to avoid tax to earn more. This is particularly common whose formal employment is limited by legal status (e.g., students, asylum seekers, undocumented migrants) or having low qualifications. From a demand perspective, undeclared work payment is used by private firms and households implementing cost-saving strategies for low-skilled jobs. Secondary job types of undeclared work include secondary jobs for skilled craftsmen and self-employed and unregistered professionals. Finally, the unit-oriented type of undeclared work is primarily driven by mutual support within social networks rather than financial gain.

An unspecified action may arise from choice or necessity. Some researchers distinguish between "pushed out" informal work, where individuals intentionally leave the formal economy to avoid paying taxes, and "pushed out" informal work, where individuals perform this work out of necessity (Williams and Nadin 2012). Another view suggests the existence of a dual labor market for informal work, consisting of an exclusion-motivated "lower class" and an exit-motivated "upper class" (Williams and Nadin 2014). The concept of informal exclusionary work is linked to marginalization theory, which sees informal work as a survival strategy for those who are marginalized by the institutional economy and have no other means of livelihood. As a result, informal work is more common in poorer countries and regions than in richer countries and regions. Workers in informal jobs are more likely to experience unemployment and economic hardship. (Williams and Efendic , 2021).

According to the results: social, cultural, and psychological factors also play a strong motivation for tax evasion as well. Some communities, particularly immigrants and younger generations, question the strict application of Swedish tax laws and find the government's economic system burdensome or unfair. During a survey in 2006, the Swedish Tax Agency asked respondents about one of the main reasons for tax evasion. 63% of respondents indicated that the reason for tax fraud was not following the norms in the society and 61 percent chose: The taxes are too high. (Source: Taxes in Sweden - An English Summary of Tax Statistical Yearbook of Sweden, Swedish Tax Agency, December 2008). In these cases, informality

becomes the norm in social networks, where mutual trust encourages participation in unplanned activities which is connected to the social acceptability of undeclared work (Williams, 2020).

From the result, it is found that engaging in informal work provides empowerment, economic independence, and emotional well-being. Katarina Nordblom, associate professor of economics at the University of Gothenburg, explains that the decision to work undeclared is influenced by several factors, including financial considerations, social norms, and personal attitudes toward taxes. People are less likely to cheat on taxes if there is a strong social norm against it and if they trust the government's ability to use their taxes effectively (Nordic Labour Journal, Sep 2015). For some, it serves as a form of resistance to an overly complex and oppressive tax system, allowing them to regain control of their finances and avoid over-regulation. In some areas, especially where unemployment is high, or wages are low, undeclared work may be seen as a necessary evil. Social acceptance may be higher among people who do not feel sufficiently supported by the system, such as those working in the informal economy or poorly paid jobs. The decision to engage in undeclared action often stems from an emotional need for security. People may feel that taxes are too high or that their business cannot survive despite all these costs. This feeling of indulgence leads them to engage in undeclared work to control their economy.

Credibility, Transferability, and Limitations

In qualitative studies, the goal is to gain a deeper understanding of participants' experiences, thoughts, and feelings, making traditional measures of validity and reliability less relevant. According to Guba and Lincoln (1994), the concept of credibility is more appropriate in this context. Credibility involves assessing whether the researcher's picture of social reality is accurate and resonates with others. Achieving credibility requires appropriate research methods, including respondent validation, where participants verify the accuracy of the researcher's interpretations. In this study, the interviewer attempted to accurately capture the social reality presented by the participants. Another important concept is transferability, which relates to the extent of the study result can be applied to other contexts (Rachel H. Adler, 2022).

The results of this study are not generalizable, as the study was not intended to represent the broader population. However, qualitative research often prioritizes understanding the experiences of specific participants, thereby providing potentially valuable information and filling knowledge gaps. The study also acknowledges several limitations. First, the small sample size, despite providing in-depth information, increases the risk of missing different perspectives, which limits the generalizability of the findings. Although general methods such as questionnaires can cover a wide range of questions, they do not allow for in-depth interviews or follow-up questions that enrich understanding. The limited time frame also limited the number of interviews. The study is also limited to only the Swedish context as all interviews were conducted in Sweden. Finally, the interviewer was aware of the potential implications of respondents' answers, which could affect the results of the study. To mitigate this, follow-up questions were asked, and the interviewer refrained from expressing personal opinions to encourage honest responses.

Conclusion

Undeclared work payment is a more complex issue, which is directly related to the causation of tax evasion. In general, the cost-saving effects of tax with Social Security are the main reasons that real wage levels are overstated or understated. Underground work is similarly defined as when a person does not register his or her income to avoid paying taxes or social security contributions. This study mainly focuses on tax evasion which is a financial crime problem caused by transactions by cash or any other means of payment for undeclared work.

The discussion tries to give valuable information about public attitude, interest, and motivation about undeclared work payment. Thus, readers from different sectors and stakeholders can easily access the information and understand the complexity of evasion strategies, detection methods, challenges, and underlying motivations. Frontline professionals and gatekeepers such as accountants and auditors, who are responsible for detecting fraud, can use these findings to improve their detection methods and increase their ability to detect potential cases of tax evasion.

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Appendix-1

Semi-Structured Questionnaire for Accountants

Professional background (optional):

Years of experience as an accountant:

Sectors or industries you work in:

Provide tax advice to individuals, companies, or both and number:

Questions:

1. In your experience, how common are undeclared work payments in the Swedish labor market?
2. What types of companies or individuals are more likely to engage in undeclared work or prefer cash payments? Why do you think so?
3. From an accounting perspective, how would you describe the public's general attitude toward tax compliance?
4. How do these attitudes differ based on client demographics (eg, big, medium, and small businesses vs. individuals)?
5. From your point of view, what are the main factors that motivate people to use cash instead of other forms of payment (Exp: financial difficulties, mistrust of the system, or high tax rates contributing factors)? In your opinion do they perceive it as a means of survival, opportunity, or as a strategy?
7. How do economic factors, such as tax rates or financial regulations, affect people's decisions to use cash for undeclared work?
8. How aware are people of the legal risks associated with undeclared work and tax evasion, especially when using cash?
9. Any cultural factors do you think motivate people to engage in undeclared work to avoid taxes?
10. From a psychological perspective, what internal factors (such as fear of the government Tax system, risk, or personal financial goals) contribute to the decision to work undeclared?

Appendix-2

Consent

Research title: Uncovering the Concealment of Tax Evasion: Exploring Public Attitude, Interest, and Motivation about Undeclared Work Payment.

Researcher: Sheikh Farid Uddin Ahmmed, Criminology Department, Malmö University.

Introduction:

You are invited to participate in a research study conducted by Sheikh Farid Uddin Ahmmed, a researcher in the Criminology department at Malmö University. The purpose of this study is to investigate the concealment of tax evasion and to explore the public's attitudes, interests, and motivations regarding undeclared work payment. Participation in this study means providing insights and perspectives based on your professional experience and expertise.

The purpose of the study:

The primary purpose of this research is to gain a deeper understanding of the mechanisms and attitudes surrounding the concealment of tax evasion, particularly about undeclared work. By interviewing professionals in the financial industry, we aim to reveal insights that can contribute to the development of strategies and policies aimed at combating tax evasion and promoting financial transparency.

Voluntary participation:

Participation in this study is completely voluntary. You are not obligated to participate, and your decision will not affect your professional relationship with the researcher or any affiliated institution. You have the right to withdraw from the study without giving any reason.

Secrecy:

All information provided during the interview process will be kept strictly confidential. Your identity and all identifying information will be anonymized and stored securely. Data collected will only be used for research purposes and will not be shared with any third party without your express consent.

Benefits and risks:

Participation in this study can contribute to increasing knowledge of tax evasion and financial transparency. However, there may be minimal risks associated with discussing sensitive topics related to tax evasion and undeclared work payment. To reduce these risks, confidentiality measures will be strictly followed.

Contact information:

If you have any questions or concerns regarding the study, please contact the researcher, Sheikh Farid Uddin Ahmmed by email: sheikhfarid.se@gmail.com .

Consent:

By agreeing to participate in this study, you confirm that you have listened to and understood the information in this consent form. You verbally agree to voluntarily participate in the research study and agree to share your insights and perspectives on the subject of tax evasion concealment in the financial industry.