CONTENTS

Acknowledgement

I INTRODUCTION 1-55
Tax Evasion and Compliance : The Genesis 1
The Tax Structure and Tax Compliance 7
Tax Evasion and Equity 10
Tax Evasion : A Decision under Uncertainty 13
Tax Evasion : Some Results 17
Works in the portfolio choice framework
Punishment as a deterrent : some theories
Tax evasion : A game theoretic approach
Audit policies and their effectiveness
Tax evasion and labor supply
Tax aversion : Avoidance cum evasion
Tax amnesties and tax revenue
Some empirical works and their findings
Tax evasion and corruption

Results : A Commentary 45

An Overview of the Later Chapters 47

Notes 50

II TAX EVASION UNDER ALTERNATIVE PENALTY SCHEMES 56-87
Introduction 56

The Model 59
Random audit regime
The compliance level-dependent audit regime
The income level-dependent audit regime

Summary and Conclusion 83

Appendix 86
### III ON AUDIT POLICIES AND REVENUE MAXIMIZATION 88-125

**Introduction** 88

**The model** 93
- Determining the optimum audit policy
- The analysis
- An extension

**Summary and Conclusion** 114

**Notes** 118
- Appendix I 121
- Appendix II 124

### IV ON TAX EVADERS AND CORRUPT AUDITORS 126-161

**Introduction** 126

**The model** 130
- Determining the equilibrium bribe, \( B^* \)
- Determining the Nash equilibrium pair \((\alpha^*, e^*)\)
- An extension

**Summary and Conclusion** 151

**Notes** 156
- Appendix I 158
- Appendix II 159

### V ON MAXIMIZING TAX REVENUE IN A CORRUPT ATMOSPHERE 162-199

**Introduction** 162

**The Model** 166
- The optimal audit policy in the game situation 1
- The analysis
- The optimal audit policy in the game situation 2
- The analysis

**Summary and Conclusion** 178

**Notes** 184
- Appendix I 186
- Appendix II 187
- Appendix III 192

### VI CONCLUSION 193-199

**BIBLIOGRAPHY** 202-209