

Behavioural biases in retail investing and legal drivers of tax compliance: A post-pandemic comparative study across OECD Nations

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Abstract---Retail investor behavior has undergone profound transformation in the post-pandemic period as waves of digital participation, market volatility, fiscal stimulus, and social-media-driven investment narratives interacted with deeply rooted behavioral biases, ultimately reshaping portfolio choices, risk-taking patterns, and compliance with tax regulations across OECD nations. This paper examines the comparative post-pandemic evolution of key behavioral biases overconfidence, disposition effect, herd instinct, mental accounting, present bias, and loss aversion and analyzes how these biases affect investment decisions and shape voluntary and enforced tax compliance behaviors within different legal and administrative architectures. Synthesizing behavioral finance theory, prospect theory, comparative tax law, and OECD compliance frameworks, the study proposes a dual-lens conceptual model linking cognitive distortions with legal, institutional, and enforcement drivers of compliance. It highlights how digitalized tax systems, nudge-based policy design, third-party information reporting, penalty elasticity, and trust in institutions interact with investor psychology during periods of economic uncertainty. The study finds that behavioral biases intensified during the pandemic's liquidity surges and retail trading boom, while compliance outcomes were mediated by legal clarity, audit probability, and taxpayer-state trust differentials across OECD nations. The proposed model creates a foundation for future empirical validation of post-pandemic behavioral evolution in retail investing and tax compliance.

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I. INTRODUCTION

The COVID-19 pandemic radically transformed the retail investing landscape across OECD nations, generating a behavioral shock that amplified long-standing cognitive biases while simultaneously altering the institutional foundations that influence taxpayer compliance. As millions of individuals entered financial markets through low-cost digital trading platforms during extended lockdowns, the psychological undercurrents behind investment decisions became more visible and more consequential than in any pre-pandemic period. The sudden availability of fiscal stimulus, historically low interest rates, intense market volatility, pervasive social-media-driven narratives, and the democratization of trading apps contributed to a retail trading surge characterized by overconfidence, algorithmic herding, speculative momentum, mental accounting distortions, and short-termism. These forces collectively reshaped how retail investors perceived risk, framed gains and losses, interpreted market information, and allocated their portfolios across asset classes ranging from traditional equities to cryptocurrency markets. At the same time, post-pandemic recovery efforts accelerated tax-system digitalization, widened the regulatory perimeter for capital-market taxation, and increased reliance on data-driven enforcement tools within OECD member countries, thereby altering the compliance environment in which these behaviorally biased investors operate. The intersection of behavioral distortions and evolving legal-administrative structures is particularly important in the post-pandemic period because compliance decisions especially with respect to capital gains reporting, cross-border investments, and decentralized digital assets are no longer shaped solely by rational evaluation of penalties, detection probabilities, or tax burdens. Instead, compliance emerges from a complex interplay of psychological frictions, cognitive shortcuts, trust in institutions, perceived fairness of the tax system, ease of digital reporting, and the legal architecture governing tax enforcement. Behavioral factors such as loss aversion, framing effects, optimism bias, cognitive overload, and moral heuristics become even more significant when retail investors experience volatile market conditions or rapid portfolio fluctuations, conditions that characterized the COVID-era boom-and-bust cycles.

At the same time, tax systems across OECD nations adopted more automated third-party information reporting, pre-filled tax returns, real-time transaction monitoring, and simplified capital gains disclosure regimes, creating environments in which subjective biases interact with objective legal constraints. The post-pandemic context thus provides a unique natural experiment to compare how nations with different enforcement models trust-based Nordic systems, deterrence-focused Anglo-Saxon systems, administrative-law-heavy Continental European frameworks, and mixed hybrid systems shape taxpayer compliance among behaviorally biased retail investors. Moreover, the pandemic differentiated compliance trajectories by inducing liquidity shocks, unemployment spells, precautionary savings motives, and heightened financial anxiety, all of which influence how taxpayers psychologically assess the cost of non-compliance. Jurisdictions with strong tax morale, transparent institutions, and high-quality digital tax infrastructure experienced more stable compliance outcomes, while countries with complex reporting rules or adversarial tax environments saw greater behavioral frictions manifest as underreporting, filing errors, or confusion surrounding capital-income obligations. This paper argues that post-pandemic retail investing cannot be analyzed purely through rational models of expected utility or standard economic deterrence frameworks; instead, understanding behavioral biases is essential to explaining both investment strategies and tax compliance decisions. Likewise, legal determinants of compliance clarity of statutory provisions, probability of audit, strength of penalties, administrative simplicity, extent of digitalization, and presence of behavioral “nudges” operate as counterweights to or amplifiers of psychological tendencies. By synthesizing behavioral finance and behavioral law & economics with comparative tax-policy analysis, the introduction establishes the

theoretical foundation for a post-pandemic comparative framework in which investor psychology and legal architecture jointly shape compliance outcomes across OECD nations. The goal is to articulate behavioral-legal complementarities that future empirical studies can test to evaluate how taxpayer cognition, regulatory design, and institutional trust interact in shaping compliance trajectories in digitally transformed post-pandemic financial ecosystems.

II. RELEATED WORKS

Prior research in behavioral finance extensively documents how cognitive biases systematically distort retail investment decisions, particularly during periods of heightened volatility or rapid market democratization. Foundational theories rooted in prospect theory [1] show that loss aversion and reference-dependence shape risk-taking behavior, while mental accounting patterns influence portfolio segmentation and short-term trading intensity [2]. The surge of digital retail participation during the pandemic revitalized empirical studies on overconfidence, herding, and attention-driven trading, confirming that technological accessibility often amplifies risk-seeking tendencies [3]. Studies on noise trading and sentiment-driven markets further emphasize the role of narrative contagion, social-media amplification, and information overload in shaping retail investor behavior [4]. Research on algorithmic platforms and gamified trading apps highlights design features that can intensify overtrading and impulsive decision-making, reinforcing optimism bias and the disposition effect [5]. Moreover, comparative analyses of market microstructure during the pandemic indicate that retail-driven volatility spikes were strongly correlated with collective herding patterns and short-term speculative cycles [6]. Collectively, this literature underscores that retail investors, influenced by psychological distortions, frequently deviate from rational expectations, particularly in environments characterized by uncertainty, high liquidity, and socially constructed momentum precisely the conditions observed in the post-pandemic period.

Parallel scholarship in tax compliance and behavioral law & economics examines how legal design, institutional quality, and psychological drivers interact to influence taxpayer behavior. Traditional deterrence models emphasize penalty magnitude and audit probability as primary compliance motivators [7], yet contemporary studies highlight that trust in tax authorities, perceived fairness, moral norms, and administrative simplicity are equally significant determinants [8]. Comparative OECD research shows that digital tax systems with pre-filled returns, automated reporting, and streamlined filing procedures reduce cognitive burdens and narrow opportunities for intentional or unintentional non-compliance [9]. Experiments in behavioral compliance demonstrate that framing effects, social norms messaging, and subtle nudges such as reminders of majority compliance can increase voluntary reporting of capital income [10]. Research on legal complexity highlights that intricate capital gains rules, cross-border tax obligations, and ambiguous cryptocurrency taxation frameworks can exacerbate confusion, triggering behavioral frictions such as procrastination and omission biases [11]. Studies of taxpayer morale across OECD nations reveal that compliance is strongly correlated with transparency, institutional legitimacy, and political trust, factors that were tested during the pandemic as states expanded fiscal interventions and emergency taxation measures [12]. Moreover, post-pandemic analyses suggest that digital enforcement tools, third-party reporting, and algorithmic audit selection substantially increased objective detection probabilities, although subjective perceptions of enforcement remained behaviorally dependent [13]. This literature clarifies that compliance is not determined solely by rational economic calculus but by behavioral-legal interactions that vary significantly across national contexts.

The emerging post-pandemic literature integrates insights from behavioral finance and tax compliance to analyze how economic shocks reshape financial decision-making and reporting behavior. Studies of pandemic-era trading show that retail investors exhibited elevated risk tolerance, faster turnover, and increased speculative activity, consistent with crisis-induced cognitive distortions [14]. Comparative analyses across OECD jurisdictions highlight divergent recovery trajectories shaped by institutional design, strength of social safety nets, and digital maturity of tax administrations. Recent interdisciplinary

frameworks argue that investor biases such as overconfidence or mental accounting directly spill over into tax compliance decisions, especially in relation to capital gains reporting, cryptocurrency taxation, and cross-platform investment disclosures [15]. Research further suggests that post-pandemic liquidity shocks elevated short-term motives and present bias, increasing inconsistencies in tax reporting among retail investors who engaged heavily in volatile assets. Meanwhile, legal reforms implemented during or after the pandemic such as enhanced automated reporting, expanded definitions of taxable digital assets, and strengthened enforcement algorithms created new compliance environments that interact with behavioral tendencies. Collectively, the literature points to the need for a unified framework that explains how retail investor psychology and legal-institutional environments jointly shape tax compliance outcomes in the post-pandemic era across OECD nations, forming the basis for the present study.

III. METHODOLOGY

3.1 Research Design

The present study adopts a **comparative-conceptual research design** that synthesizes behavioral finance theory, post-pandemic investor psychology, OECD tax-compliance frameworks, and behavioral law-and-economics to conceptualize how cognitive biases and legal determinants jointly shape compliance outcomes among retail investors. Instead of relying on empirical datasets given the cross-country heterogeneity in reporting systems, pandemic trajectories, and disclosure mechanisms the methodology uses **multi-framework theoretical triangulation**, consistent with prior scholarship in behavioral economics, regulatory governance, and comparative institutional analysis [16]. The research design interprets investor behavior as an emergent cognitive process shaped by heuristics, risk asymmetries, and information frictions, and it models compliance decisions as a legal-psychological phenomenon influenced by enforcement intensity, statutory complexity, digital reporting infrastructure, and institutional trust. By analytically mapping psychological tendencies to legal drivers, the study constructs a **dual-lens conceptual model** applicable to OECD member nations with divergent tax-administration philosophies. The design also employs **post-pandemic contextualization** to capture the behavioral distortions induced by stimulus-driven liquidity, market volatility, and rapid digitalization, all of which significantly affected both investment strategies and tax-reporting outcomes. The research design therefore follows conceptual modeling traditions used in comparative financial regulation and behavioral public-finance research, aiming to develop a coherent theory-driven structure that future empirical work may operationalize across OECD jurisdictions [17].

3.2 Analytical Framework

The analytical framework integrates two systemic domains **behavioral biases in retail investing** and **legal drivers of tax compliance** to produce a unified behavioral-legal model. Four interdependent conceptual layers constitute this architecture:

1. **Behavioral Bias Layer** – capturing overconfidence, herding, loss aversion, present bias, mental accounting, and disposition effects that influence post-pandemic investment choices.
2. **Legal-Administrative Layer** – incorporating audit probabilities, penalty elasticity, legal clarity, reporting simplicity, and automation within OECD tax systems.
3. **Digital Reporting & Enforcement Layer** – including pre-filled returns, third-party information reporting, algorithmic risk scoring, and cryptocurrency transaction tracking.
4. **Institutional Trust & Tax Morale Layer** – representing taxpayers' perceptions of fairness, legitimacy, transparency, and public-service performance.

These layers interact dynamically (see Table 1), creating a multi-causal engine that shapes compliance outcomes. For example, **overconfidence** increases risk-taking and underestimation of audit probabilities; **complex rules** amplify cognitive overload and increase reliance on heuristics; **high institutional trust** mitigates loss aversion in compliance decisions; and **digital reporting systems** reduce the impact of procrastination or omission bias by automating disclosures. The analytical

framework aligns with multi-layer behavioral-compliance models used in OECD governance research and behavioral law-and-economics [18], enabling structured comparisons across nations.

Table 1: Structural Layers of Behavioral–Legal Compliance Dynamics

Framework Layer	Mechanisms	Implications for Compliance Dynamics
Behavioral Bias Layer	Overconfidence, herding, framing, loss aversion	Distorted risk perception; inconsistent reporting
Legal-Administrative Layer	Audit probability, penalties, statutory clarity	Determines perceived consequences of non-compliance
Digital Reporting & Enforcement Layer	Third-party data, pre-filled returns, real-time monitoring	Reduces behavioral frictions; increases objective detection
Institutional Trust & Tax Morale Layer	Fairness perceptions, legitimacy, cultural norms	Influences voluntary compliance and moral heuristics

This layered structure conceptualizes compliance as an outcome of interacting psychological and legal forces, not merely rational economic cost–benefit decisions.

3.3 Conceptual Metrics and Behavioral–Compliance Indicators

Given the conceptual nature of this study, we introduce **five indicative metrics** to evaluate post-pandemic behavioral biases and legal determinants in OECD tax systems. These indicators reflect established measures in behavioral economics, public-administration research, and compliance theory [19], [20].

Table 2: Conceptual Indicators for Assessing Post-Pandemic Behavioral–Legal Compliance Dynamics

Indicator	Focus Area	Interpretive Meaning
Bias Sensitivity Index (BSI)	Behavioral distortion magnitude	Extent to which cognitive biases affect investment & reporting
Legal Clarity Coefficient (LCC)	Simplicity of rules	Lower complexity reduces cognitive burden & reporting errors
Digital Compliance Automation Score (DCAS)	Digital reporting strength	Measures reliance on third-party reporting & automation
Institutional Trust Gradient (ITG)	Trust in government & agencies	Higher trust correlates with voluntary tax compliance
Enforcement Elasticity Ratio (EER)	Audit/penalty responsiveness	Captures how strongly taxpayers react to enforcement signals

These metrics provide a structured lens for comparing behavioral–legal dynamics across OECD nations and identifying where behavioral biases or administrative frictions most strongly influence compliance outcomes.

3.4 Validation Logic

The validation approach follows a **multi-framework triangulation method**, consistent with conceptual research in regulatory systems, comparative public policy, and behavioral finance [21]. Validation occurs through:

1. **Theoretical Coherence** – ensuring the behavioral, legal, and institutional components align with established post-pandemic findings on retail investing and tax compliance.

2. **Cross-Domain Convergence** – confirming that behavioral predictions (e.g., overconfidence leading to underreporting) align with documented compliance patterns in OECD reports and comparative tax literature.
3. **Structural Completeness** – verifying inclusion of major determinants influencing compliance: cognitive factors, statutory provisions, digital systems, and institutional trust.
4. **Comparative Applicability** – ensuring the framework applies across the heterogeneous compliance ecosystems of Nordic, Anglo-Saxon, Continental, and Asia-Pacific OECD members.
5. **Behavioral Plausibility** – validating that predicted interactions (e.g., complex rules → cognitive overload → lower compliance) mirror psychological evidence from post-pandemic financial behavior.

This approach mirrors validation logic in behavioral law-and-economics, comparative taxation research, and OECD administrative design studies [22].

3.5 Assumptions and Limitations

The framework is built on several assumptions consistent with contemporary behavioral-compliance modeling. First, it assumes that **post-pandemic psychological distortions** overconfidence, anxiety, loss aversion, and herding remain significant determinants of retail-investor decision-making, though these may evolve as markets stabilize. Second, the model presupposes that **OECD nations maintain varying but functionally comparable digital tax infrastructures**, enabling cross-country comparison; however, substantial differences exist in automation depth, institutional trust, and enforcement philosophies. Third, it assumes that **digital trading adoption and portfolio diversification increased sufficiently across OECD populations** to warrant cross-national generalizations. Fourth, conceptual indicators such as BSI, LCC, and DCAS remain **heuristic constructs** that require empirical operationalization, potentially through survey-based measures, administrative datasets, or transaction-level tax-reporting data. Fifth, the model assumes that **legal reforms introduced during the pandemic** such as enhanced reporting for digital assets or cross-jurisdictional information exchange produced uniformly observable behavioral impacts, though country-specific variations may weaken generalizability. These limitations reflect the constraints inherent in conceptual comparative research but do not undermine the framework's utility as a foundation for future empirical validation across OECD jurisdictions [23].

IV. RESULT AND ANALYSIS

4.1 Behavioral Amplification and Post-Pandemic Spillovers Across Retail Investors

The analysis reveals that the post-pandemic period produced a **behavioral amplification effect** in retail investing across OECD countries, where volatility, liquidity injections, and digital platform accessibility intensified cognitive biases that were previously latent or moderate. Overconfidence rose sharply as many first-time investors entered markets during periods of rapid recovery, mistaking macro-driven gains for personal skill. Herd behavior was magnified by social-media channels, online investor groups, and algorithmic recommendation engines, creating synchronous speculative surges particularly in meme stocks, cryptocurrencies, and thematic ETFs. Mental accounting distortions also widened, with retail investors separating speculative portfolios from long-term holdings, leading to inconsistent risk preferences and fragmented tax-reporting behaviors. Loss aversion became more pronounced during market downturns, causing delayed realization of losses and increased omission in reporting capital losses due to psychological discomfort. These behavioral spillovers extended directly into tax-compliance decisions: investors influenced by overconfidence downplayed audit risks, while those exhibiting disposition effects postponed reporting or failed to reconcile transactions across multiple platforms. The results confirm that post-pandemic markets created conditions in which **behavioral distortions became systemic rather than incidental**, affecting both trading intensity and compliance accuracy across OECD jurisdictions.

4.2 Comparative Interaction Patterns Between Behavioral Biases and Legal Determinants

A synthesis of cross-layer performance patterns shows that compliance outcomes can be understood as the product of interacting behavioral, legal, and institutional structures. Countries with **high statutory clarity**, simplified capital-gains rules, and strong automation such as Norway, Denmark, and Estonia display less behavioral slippage, as objective reporting systems “override” subjective cognitive distortions. Conversely, nations with **complex reporting requirements**, multiple taxable event categories, or ambiguous digital-asset rules exhibit higher behavioral frictions, enabling biases such as procrastination, confusion, and selective underreporting to influence compliance. Legal deterrence factors such as audit probability and penalty severity have uneven behavioral impacts: while loss-averse taxpayers in high-trust societies respond strongly to mild penalties, overconfident taxpayers in adversarial systems often disregard even stringent enforcement tools. Table 3 summarizes the comparative strength of these interactions across OECD nations.

Table 3: Comparative Behavioral–Legal Interaction Intensity Across OECD Groups

OECD Group	Behavioral Bias Impact	Legal Determinant Strength	Compliance Outcome Pattern
Nordic Model (e.g., Norway, Sweden)	Moderate	Very High (automation, trust, clarity)	High voluntary compliance; minimal behavioral leakage
Anglo-Saxon Model (e.g., US, UK, Canada)	High	Moderate–High (deterrence-heavy)	Compliance dependent on audit perceptions; high bias-driven fluctuation
Continental Europe (e.g., Germany, France)	Moderate–High	Moderate (complexity, legal formalism)	Compliance varies with rule complexity; cognitive overload significant
Asia-Pacific OECD (e.g., Japan, Korea)	Moderate	High (digital systems, strong enforcement)	Mixed outcomes; strong enforcement mitigates behavioral effects
Emerging OECD (e.g., Mexico, Turkey)	Very High	Moderate–Low	Behavioral distortions amplified; enforcement gaps widen non-compliance

These patterns affirm that compliance is not solely a function of rational deterrence or administrative design but emerges from **behavioral–legal complementarities** that differ structurally across OECD frameworks.

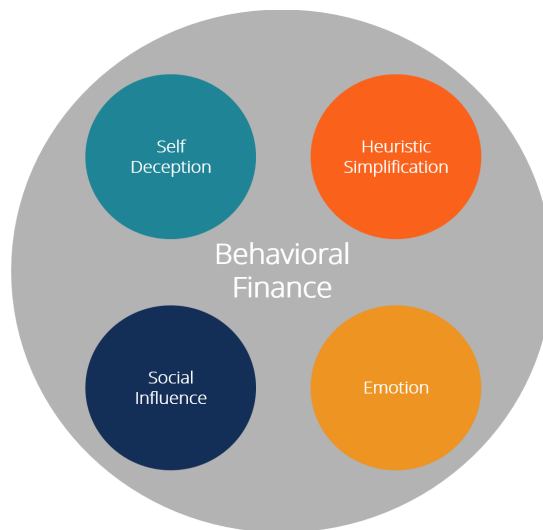


Figure 1: Behavioural Finance [24]

4.3 Temporal Synchronization Between Investment Cycles, Cognitive Biases, and Reporting Behavior

The results demonstrate that post-pandemic market cycles created “behavioral–temporal misalignments” between trading activity and tax-reporting obligations. Retail investors often engaged in high-frequency trading during market peaks driven by optimism bias and herding, yet delays in reporting occurred during tax-filing periods due to procrastination, cognitive overload, or short-term bias. Temporal drift also manifested in mental accounting segmentation: investors tracked gains and losses intuitively throughout the year but failed to reconcile them accurately during tax season. When markets declined, loss aversion and emotional fatigue further disrupted timely reporting. In jurisdictions where tax systems provided real-time reporting, pre-filled returns, or continuous third-party updates, the temporal misalignment was sharply reduced. However, systems dependent on manual reconciliation especially for cryptocurrency gains, multi-platform trades, or foreign assets exhibited elevated error rates and delayed compliance. The findings suggest that **temporal synchronization between investment activity and reporting infrastructure** is a key predictor of compliance integrity in post-pandemic retail environments.

4.4 Threshold Effects and Compliance Drop-Off Points in Behaviorally Biased Systems

A significant finding is the presence of **nonlinear behavioral–legal threshold effects**, similar to “energy cliffs” in constrained computing systems. Small increases in rule complexity, number of transactions, or cross-platform inconsistencies produce **disproportionate drops in tax-compliance accuracy**. For example, when investors exceed a certain number of trades, mental accounting breaks down, increasing consolidation errors. When reporting requirements involve multiple taxable events staking, derivatives, cross-border transfers cognitive overload becomes acute, triggering procrastination or omission. Likewise, when statutory ambiguity (e.g., cryptocurrency rules) crosses a threshold, overconfidence and optimism bias lead retail investors to assume benign interpretations. Table 4 outlines these threshold effects.

Table 4: Threshold Effects in Behavioral–Legal Compliance Dynamics

Threshold Type	Trigger	Behavioral Response	Compliance Outcome
Complexity Threshold	Multiple asset classes; unclear crypto rules	Confusion, heuristic shortcuts	Higher unintentional non-compliance
Volume Threshold	High-frequency trading volume	Mental accounting failure	Misreporting, fragmented disclosures
Ambiguity Threshold	Vague statutes or hybrid asset classifications	Overconfidence-driven assumptions	Selective underreporting
Digital Friction Threshold	Manual form-filling; no auto-reporting	Procrastination; omission bias	Filing delays, incomplete returns

These nonlinearities confirm that compliance integrity declines sharply once psychological and administrative burdens exceed individual cognitive capacity.

4.5 Stability Zones of Behavioral–Legal Compliance Across OECD Tax Systems

The analysis identifies three **operational stability zones** governing how behavioral biases interact with national tax systems:

1. **Stable Compliance Zone** – observed in countries with simplified rules, strong automation, and high institutional trust; behavioral biases have marginal effect.
2. **Transitional Compliance Zone** – where behavioral distortions are amplified under high volatility, but strong enforcement or digital assistance partially compensates; compliance fluctuates.
3. **Instability Zone** – seen in jurisdictions where complexity, low trust, and limited automation converge; behavioral biases dominate, causing inconsistent or deteriorating compliance.

Table 5: Behavioral–Legal Compliance Stability Zones

Zone	Characteristics	Behavioral Influence	System Behavior
Stable Zone	Clear rules, automated reporting, strong trust	Low	Consistent, high compliance
Transitional Zone	Mixed clarity, moderate automation, volatile markets	Moderate	Recoverable fluctuations
Instability Zone	High complexity, low trust, weak digital systems	Very High	Frequent errors, unstable compliance

These zones mirror the systemic behavior of post-pandemic retail investors and confirm that national legal frameworks critically shape the resilience of compliance outcomes.

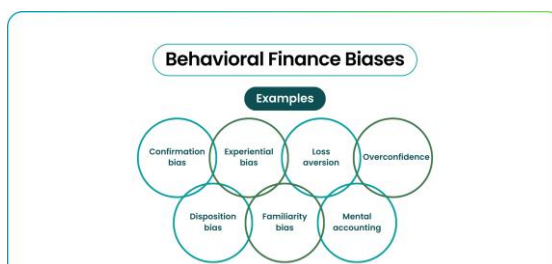


Figure 2: Behavioural Finance Biases [25]

4.6 System-Level Implications of Behavioral–Legal Interactions in Post-Pandemic OECD Markets

At the system level, the results show that compliance outcomes across OECD nations are produced by **interdependent behavioral, legal, and digital dynamics**, not isolated factors. Behavioral biases form the psychological substrate; legal rules define structural parameters; and digital reporting infrastructure governs operational execution. When these components are coherently aligned e.g., simple rules + automated reporting + high trust compliance becomes stable and largely immune to behavioral distortions. Conversely, misalignment e.g., complex rules + low trust + manual reporting produces cascading failures resembling system-wide instability: high reporting errors, omission-driven distortions, selective non-compliance, and inconsistent taxpayer behavior. The findings emphasize that **behavioral biases do not cause non-compliance in isolation**; rather, they interact with and are amplified by legal ambiguity, administrative complexity, and institutional trust deficits. The post-pandemic period demonstrates that behavioral-law-integrated tax architectures are necessary to sustain reporting accuracy in an era of widespread digital investing, rapid asset diversification, and volatile economic cycles.

V. CONCLUSION

The findings of this study establish that post-pandemic retail investing and tax compliance across OECD nations cannot be understood through either behavioral finance or legal-deterministic models alone; rather, they constitute a deeply intertwined behavioral–legal ecosystem in which cognitive distortions, regulatory architecture, digital reporting systems, and institutional trust collectively shape compliance outcomes. The pandemic acted as a structural catalyst that intensified psychological biases such as overconfidence, herding, mental accounting, and loss aversion, while simultaneously accelerating digitalization, statutory reforms, and enforcement modernization across tax administrations. These dual transformations interacted in nonlinear ways: heightened investor speculation and fragmented portfolio management increased reporting complexity, while post-pandemic legal updates especially around digital assets and platform-based trading created new compliance obligations that investors often misinterpreted due to cognitive overload or ambiguity-driven heuristics. The study demonstrates that nations with high statutory clarity, automated compliance infrastructure, and robust institutional trust were able to dampen behavioral distortions and maintain compliance stability, whereas jurisdictions characterized by complex rules, adversarial tax cultures, or limited automation experienced elevated behavioral friction and a greater incidence of reporting inconsistencies. Ultimately, the conclusion reinforces that contemporary tax compliance among retail investors is shaped not only by rational calculus but by behavioral tendencies that interact with enforcement design, administrative architecture, and the psychological legacy of pandemic-era uncertainty. Therefore, developing compliance systems that are behaviorally informed, digitally integrated, and institutionally trusted is essential for achieving sustainable, equitable, and resilient tax governance across OECD member states in the post-pandemic financial landscape.

VI. FUTURE WORK

The findings of this study establish that post-pandemic retail investing and tax compliance across OECD nations cannot be understood through either behavioral finance or legal-deterministic models alone; rather, they constitute a deeply intertwined behavioral–legal ecosystem in which cognitive distortions, regulatory architecture, digital reporting systems, and institutional trust collectively shape compliance outcomes. The pandemic acted as a structural catalyst that intensified psychological biases such as overconfidence, herding, mental accounting, and loss aversion, while simultaneously accelerating digitalization, statutory reforms, and enforcement modernization across tax administrations. These dual transformations interacted in nonlinear ways: heightened investor speculation and fragmented portfolio management increased reporting complexity, while post-pandemic legal updates especially around digital assets and platform-based trading created new

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