Editorial note

We are pleased to present this Special Issue of our journal, drawing on the papers presented and discussed at the 4th Shadow Conference that took place at the Tax Administration Research Centre, University of Exeter, on 23-25 July 2015. The themes of the conference were the shadow economy, tax evasion and fiscal intermediaries. We are grateful to all the authors that have contributed to this issue.

The first paper is one of the Keynote addresses of the conference: Reflections on the Meaning and Measurement of Unobserved Economies: What Do We Really Know about the "Shadow Economy"? by Edgar Feige. This paper discusses the various definitions of the shadow economy and the ways in which the different concepts can be measured. It also draws attention to some of the criticisms that have been made of the MIMIC macroeconomic estimation method that has been widely used to estimate the size of the shadow economy in a wide range of countries. The second paper, Estimating the Underground Economy using MIMIC Models by Trevor Breusch, was not presented at the conference, but was heavily cited by Professor Feige in his address and in discussions at the conference. The editors feel that it would help readers to be able to read this paper in its entirety. It provides a comprehensive analysis of the features of MIMIC models and raises concerns about the reliability of this methodology.

The third paper, A Semantic Network Analysis of Laundering Drug Money by Martin Neumann and Nicholas Sartor, describes a fascinating use of semantic analysis to analyse police records to determine the structure of a network that was involved in money laundering.The fourth paper, Drivers of Suspicious Reporting Levels: Evidence from a Legal and Economic Perspective by Julia Braun, Matthias Kaspar, Alicja Majdanska and Maryte Somare, is also about money laundering. It analyses data of the levels of reporting suspicious transactions in a variety of countries and uses both legal and statistical analysis to provide new insights into the characteristics of countries that influence the number of reported suspicious transactions. The fifth paper, Behavioural Economics and Tax Evasion – Calibrating an Agent-based Econophysics Model with Experimental Tax Compliance Data by Cécile Bazart, Aurélie Bonein, Sascha Hokamp, and Götz Seibold, describes a method of modelling tax evasion that exploits similarities between observed social interactions and the physical theory of magnetism. It calibrates the model and obtains results about the behaviour of individuals deciding whether or not to evade tax. The last paper, The Taxation of Micro and Small Businesses in Transition Economies: Country Experience with the Introduction of Special Tax Regimes by Michael Engelschalk and Jan Loeprick, makes use of the extensive experience of the authors in transition economies to describe and evaluate the many special tax regimes that transition economies have used, including the opportunities for tax avoidance that they sometimes provide.

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On behalf of the Managing Editors