

The role of perceived fairness, trust, and motivation on tax compliance



Nadia Fajriana¹⁺

Erwin Saraswati²

Nurkholis³

Mohamad Khoiru
Rusydi⁴

^{1,2,3,4} Universitas Brawijaya, Indonesia.

¹Email: nanadi fajriana@student.ub.ac.id

²Email: erwin@ub.ac.id

³Email: nurkholis@ub.ac.id

⁴Email: khoiru.r@ub.ac.id



(+ Corresponding author)

ABSTRACT

Article History

Received: 14 February 2025

Revised: 25 April 2025

Accepted: 12 May 2025

Published: 30 May 2025

Keywords

Fairness

Motivation

Small and medium enterprises

Tax behavior

Tax compliance

Trust.

JEL Classification:

D91; G40; H20; H26.

This article aims to analyze the influence of perceptions of procedural, distributive, and retributive fairness, cognitive-based trust, and motivation based on a commitment to voluntary compliance of small and medium enterprise (SME) taxpayers in Surabaya, East Java, Indonesia. The theoretical basis of this study is the theory of motivation and the Slippery Slope Structure. This article uses convenience sampling and a survey approach by distributing questionnaires with digital instruments, and the total number of responses from SME taxpayers is 117. Concrete evidence from the analysis shows that perceptions of fairness (distributive and retributive) and trust (cognitive) increase voluntary tax compliance of SME taxpayers. Motivation (commitment) plays an important role in mediating the perception of (procedural) fairness because the perception of procedural fairness is related to the taxation system: calculating, paying, and reporting, and including if there are things that do not comply with applicable regulations (being inspected and punished), so taxpayers need to convince themselves of their obligations as taxpayers and believe that the system is fair. This study provides a framework for analyzing tax compliance models, which consider perceptions of fairness, taxpayer trust in tax authorities, and commitment to play a major role in voluntary tax compliance, especially among SME taxpayers.

Contribution/ Originality: Motivation based on commitment as a mediator of the perception of justice. This study provides a framework for analyzing tax compliance models, which consider perceptions of fairness, taxpayer trust, and commitment.

1. INTRODUCTION

The issue of tax compliance remains a "big problem" for developing countries. Taxpayers' perceptions are essential to compliance (Braithwaite, 2003; Taing & Chang, 2021). Taxpayers in developing countries often try to avoid taxes because they consider them a burden (Mangoting, 1999; Yenni Mangoting & Sukoharsono, 2015; Nkundabanyanga, Mvura, Nyamuyonjo, Opiso, & Nakabuye, 2017). The low number of tax authorities and the complexity of the existing taxation system create loopholes for taxpayers in developing countries to evade tax obligations (Alm, 2019; Carsamer & Abbam, 2023; Darmayasa, Sudarma, Achsin, & Mulawarman, 2018; Helhel & Ahmed, 2014; Musimenta, 2020). The consequences of tax compliance issues are significant, affecting the ongoing

concern of state financing (Alshira'h, Alsqour, Lutfi, Alsyouf, & Alshirah, 2020; Saragih, Reyhani, Setyowati, & Hendrawan, 2023). Tax revenue is crucial for all state financing, so taxation issues, especially tax compliance, are very significant for the ongoing concern of both developing and developed countries (Abdu & Adem, 2023; Hassan, Naeem, & Gulzar, 2021; Taing & Chang, 2021).

The economic foundations of developing countries are dominated by the Small and Medium Enterprises (SME) sector. Indonesia is part of Southeast Asia, with 99% of its economic foundation coming from SMEs (Jaswadi, Iqbal, & Sumiadji, 2015; Utama, Yusfiarto, Pertiwi, & Khoirunnisa, 2024). SMEs in Indonesia have contributed significantly to the Gross Domestic Product and employment (Kurniawan & Iskandar, 2023; Nursini, 2020; Nuryanah, Mahabbatussalma, & Satrio, 2023). Although SMEs make a significant economic contribution, the issue of SME tax compliance in Indonesia is still not optimal because there is a need for deeper awareness in fulfilling tax administration obligations (Fajriana, 2021; Inasius, 2019). Based on the General Provisions and Tax Procedures Law that applies after the Indonesian Taxation Regulation Harmonization Law, the tax administration process plays an important role as key data for the tax authorities in assessing the tax potential that Indonesia can receive. The impact of non-compliance in carrying out tax administration can reduce the potential for state revenue (Aulia, Rosdiana, & Inayati, 2022). The low potential for tax revenue has an impact on state financing.

This study examined the influence of perceptions of fairness, commitment, and cognitive trust on voluntary taxpayer compliance in Indonesia. Voluntary compliance is Indonesia's main objective of tax system reform (Darussalam & Septriadi, 2022; Saragih et al., 2023). The tax system reform developed in Indonesia prioritizes the development of a cooperative relationship between taxpayers and tax authorities and aims to reduce tax disputes (Darussalam, Septriadi, Kristiaji, & Vissaro, 2019). Tax reform is needed to change, renew, and improve the current tax system (Dom, Custers, Davenport, & Prichard, 2019). Taxpayers' perceptions and views of taxes and the performance of the tax authorities are important factors for stimulating taxpayers to voluntarily comply with tax obligations (Nguyen, 2022). This study builds upon the research of Faizal, Palil, Maelah, and Ramli (2017) which examined the effect of fairness (procedural, distributive, and retributive) on taxpayer compliance.

The approach examined was the psychological perspective regarding the perception of justice, trust, and commitment. The perception of fairness tested was the perception of procedural, distributive, and retributive fairness because it aligns with the current reform of the taxation system in Indonesia, namely to build an adaptive taxation system and improve cooperative relations between taxpayers and the tax authorities (Darussalam & Septriadi, 2022; Darussalam et al., 2019; Saragih et al., 2023; Wenzel, 2003). Trust can support synergistic relationships between taxpayers and the tax authorities in promoting voluntary compliance (Agusti & Rahman, 2023; Nasution, Santi, Husaini, Fadli, & Pirzada, 2020). Trust, in this case, is cognitive trust because it is considered more accountable and aligns with demonstrable tax compliance principles (Gobena & Van Dijke, 2016). The motivation of the taxpayer being tested is the taxpayer's commitment because commitment is a motivation that comes from within the taxpayer that is intrinsic and plays an important role in building voluntary compliance (Braithwaite, 2003; Santoro, 2021; Wenzel, 2005). Intrinsic motivation strongly influences taxpayers to comply because intrinsically motivated actions do not depend on any outcome that can be separated from the behavior (Legault, 2020; Rahmawati & Dwijayanto, 2021).

Commitment is a significant point in this study, as it plays a role in maintaining a synergistic relationship between taxpayers and tax authorities (Mangoting, Christopher, Kriwangko, & Adriyani, 2020). Taxpayer commitment also impacts long-term decision-making and compliance (Koessler, Torgler, Feld, & Frey, 2019; Mittone & Saredi, 2016). This study examines the role of taxpayer commitment in intervening between perceptions of fairness and trust in voluntary compliance. Trawule, Gadzo, Kportorgbi, and Sam-Quarm (2022) reveal that tax knowledge plays an important role in increasing taxpayer commitment to compliance, but it must be assessed alongside other aspects that may influence taxpayer commitment to voluntary compliance. This study also constructs a conceptual framework that explains taxpayer behavior in fulfilling tax obligations. The perception of tax fairness and trust in the tax

authority is part of the extrinsic factors, while commitment is part of the intrinsic factors that explain taxpayer behavior.

2. HYPOTHESIS DEVELOPMENT

2.1. Motivation Theory

Commitment in psychology is motivation that comes from the individual. Commitment is closely related to personal identity and behavior (Burke & Reitzes, 1991). Commitment as identity is defined as a person's meaning in carrying out a role, for example, as a student, auditor, and so on (Foote, 1951). Commitment as personal behavior is a form of action that shows a person's role in a system or organization (Becker, 1960, 1964). Commitment is a form of personal motivation to contribute and play a role in a specific group.

Taxpayer commitment represents an internal motivation to positively impact the state. A taxpayer's identity demonstrates the pivotal role that taxpayers play in the country's development through tax payments and reporting. Behavior as a taxpayer is inseparable from tax morale, which significantly impacts taxpayers' motivation to commit to being more compliant in carrying out their tax obligations. (Gangl & Torgler, 2020; Iqbal & Sholihin, 2019) According to Braithwaite (2003) and Kirchler (2021), dedication influences taxpayers to be more compliant rather than trying to avoid taxes.

2.2. The Slippery Slope Structure

The Slippery Slope Structure is a psychological framework that outlines the reactions of taxpayers to tax obligations. The main focus of The Slippery Slope Structure is the relationship between taxpayers and the tax authorities (Batrancea et al., 2022; Mas'ud, Abd Manaf, & Saad, 2019). The more dominant the taxpayer's trust in the tax authority, the more likely the taxpayer will be to voluntarily fulfill tax obligations, and a synergistic tax climate is formed (Cahyonowati, Ratmono, & Juliarto, 2023; Chong, Yusri, Selamat, & Ong, 2019; Iqbal & Sholihin, 2019; Kirchler, Hoelzl, & Wahl, 2008; Kumi, Bannor, Oppong-Kyeremeh, & Adalety, 2023). In contrast, the more dominant the power of the tax authorities in taxation, the more taxpayers are encouraged to fulfill their tax obligations, and the relationship that is built between taxpayers and the tax authorities tends to be separate (Chong et al., 2019; Iqbal & Sholihin, 2019; Kirchler et al., 2008).

The Slippery Slope Structure has established a foundation of trust that continues to grow. Gobena and Van Dijke (2016) developed cognitive and affective-based trust to explain more comprehensively how trust psychologically affects taxpayers' actions. Cognitive trust is considered more rational than affective trust in decision-making because it has an accountable track record. (Fajriana, Irianto, & Andayani, 2023; Gobena & Van Dijke, 2016) A track record of good performance from the tax authorities certainly increases taxpayer confidence, enabling taxpayers to comply without coercion. (Fajriana et al., 2023) Based on the description above, the hypothesis developed is:

H₁: Cognitive trust can enhance voluntary tax compliance.

Commitment is an individual's intrinsic belief in acting and behaving. Taxpayer commitment instills trust in the actions and conduct of taxpayers in fulfilling their tax obligations. A track record of successful performance by the tax authorities undoubtedly increases taxpayer confidence, leading to a greater commitment to voluntary tax compliance (Fajriana et al., 2023; Gangl, Hofmann, Hartl, & Berkics, 2020; Mangoting, Junfandi, & Vania, 2021). Based on the description above, the hypothesis developed is:

H₂: Commitment intervenes between cognitive trust and voluntary tax compliance.

The Slippery Slope Structure also explains that other factors significantly contribute to shaping taxpayer compliance. Crucial factors that shape compliance, especially voluntary compliance, are the perception of fairness and taxpayer motivation (Kim & Wan, 2022; Kirchler et al., 2008). Psychological justice refers to a person's perception of the justice they receive (Güzel, Özer, & Özcan, 2019; Van den Bos, Maas, Waldring, & Semin, 2003). Perceptions of justice influence a person's behavior. Someone who feels injustice tends to behave defiantly and commit violations

H₅: Perceptions of retributive fairness can enhance voluntary tax compliance.

H₈: Commitment intervenes between the perception of retributive fairness and voluntary compliance.

```
graph LR; CT[Cognitive trust] -- H1 --> VC[Voluntary compliance]; PPF[Perception of procedural fairness] -- H3 --> VC; PPF --> C[Commitment]; PPF -- H2;H6; H7; H8 --> VC; PDF[Perception of distributive fairness] --> C; PDF -- H4 --> VC; PRF[Perception of retributive fairness] --> C; PRF -- H5 --> VC; C --> VC;
```

769

3. RESEARCH METHOD

The population in this study consisted of small and medium-sized business taxpayers in Surabaya. This study used convenience sampling to obtain data through an online questionnaire. The questionnaire was developed and distributed using Google Forms. The questionnaire developed in this study refers to [Murphy \(2003\)](#) for the perception of procedural justice, [Verboon and Van Dijke \(2007\)](#) for the perception of distributive justice, [Saad \(2016\)](#) for the perception of retributive justice, [Gobena and Van Dijke \(2016\)](#) for cognitive trust, [Olsen, Kasper, Kogler, Muehlbacher, and Kirchler \(2019\)](#) for taxpayer commitment, and [Kirchler and Wahl \(2010\)](#) for voluntary taxpayer compliance. The collected data was classified based on the criteria of [Law Number \(2021\)](#) concerning the Harmonization of Tax Regulations, namely the type of Small and Medium Enterprises that are in the form of a private individual business, have a Taxpayer Identification Number, have a gross circulation between 500 million rupiahs and 4.8 billion rupiahs in one year, and keep financial records. The data that can be processed after classification is 117 respondents.

The variables in this article were abbreviated to facilitate mention in the research results: cognitive trust (CT), perception of procedural fairness (PPF), perception of distributive fairness (PDF), perception of retributive fairness (PRF), commitment (CO), and voluntary compliance (VC). Before proceeding with the hypothesis testing method, the data that passed the classification were tested for validity and reliability to ensure accuracy. The results of the convergent validity test showed that the loading factor on several indicators of the constructs of procedural justice perception (PPF), commitment (CO), and voluntary compliance (VC) showed values below 0.7, so these indicators must be excluded ([Chin, 1995](#)). The indicators with values below 0.7 include PPF5, PPF6, PPF7, PPF8, CO3, CO4, VC4, and VC6 - reflecting the outcomes of the validity and reliability test after removing indicators with values below 0.7.

Table 1. Cross loading.

| Indicator | Loading factor >0.7 |
|--|---------------------|
| Cognitive trust (ct1) | 0.894 |
| Cognitive trust (ct2) | 0.889 |
| Cognitive trust (ct3) | 0.919 |
| Cognitive trust (ct4) | 0.893 |
| Cognitive trust (ct5) | 0.901 |
| Cognitive trust (ct6) | 0.922 |
| Perception of procedural fairness (PPF1) | 0.959 |
| Perception of procedural fairness (PPF2) | 0.914 |
| Perception of procedural fairness (PPF3) | 0.949 |
| Perception of procedural fairness (PPF4) | 0.936 |
| Perception of procedural fairness (PPF9) | 0.919 |
| Perception of procedural fairness (PPF10) | 0.939 |
| Perception of procedural fairness (PPF11) | 0.950 |
| Perception of distributive fairness (PDF1) | 0.929 |
| Perception of distributive fairness (PDF2) | 0.960 |
| Perception of distributive fairness (PDF3) | 0.878 |
| Perception of distributive fairness (PDF4) | 0.921 |
| Perception of distributive fairness (PDF5) | 0.899 |
| Perception of retributive fairness (PRF1) | 0.954 |
| Perception of retributive fairness (PRF2) | 0.966 |
| Perception of retributive fairness (PRF3) | 0.953 |
| Commitment (CO1) | 0.926 |
| Commitment (CO2) | 0.934 |
| Commitment (CO5) | 0.896 |
| Commitment (CO6) | 0.910 |
| Commitment (CO7) | 0.947 |
| Commitment (CO8) | 0.952 |
| Voluntary compliance (vc1) | 0.786 |

| Indicator | Loading factor >0.7 |
|-----------------------------|---------------------|
| Voluntary compliance (vc2) | 0.882 |
| Voluntary compliance (vc3) | 0.904 |
| Voluntary compliance (vc5) | 0.820 |
| Voluntary compliance (vc7) | 0.803 |
| Voluntary compliance (vc8) | 0.830 |
| Voluntary compliance (vc9) | 0.843 |
| Voluntary compliance (vc10) | 0.806 |

Note: The value of the loading factor must be more than 0.7.

Source: Results of the research.

Table 1 summarizes the results of cross-loading data processing. It shows that the indicators of each variable construct have passed the threshold of 0.7, so the data is declared to be not related to each other. The loading factor results of each indicator are the results after removing the indicators PPF5, PPF6, PPF7, PPF8, CO3, CO4, VC4, and VC6.

Table 2. Test of discriminant validity.

| Indicator | $\sqrt{\text{AVE}}$ | Perception of procedural fairness | Perception of distributive fairness | Perception of retributive fairness | Cognitive trust | Commitment | Voluntary compliance |
|-------------------------------------|---------------------|-----------------------------------|-------------------------------------|------------------------------------|-----------------|------------|----------------------|
| Cognitive trust | 0.902 | 0.268 | 0.081 | 0.290 | 1.000 | 0.200 | 0.413 |
| Perception of procedural fairness | 0.938 | 1.000 | 0.277 | 0.205 | 0.268 | 0.416 | 0.367 |
| Perception of distributive fairness | 0.917 | 0.277 | 1.000 | 0.167 | 0.081 | 0.198 | 0.412 |
| Perception of retributive fairness | 0.957 | 0.205 | 0.167 | 1.000 | 0.290 | 0.200 | 0.418 |
| Commitment | 0.927 | 0.416 | 0.198 | 0.200 | 0.200 | 1.000 | 0.475 |
| Voluntary compliance | 0.834 | 0.367 | 0.412 | 0.418 | 0.413 | 0.475 | 1.000 |

Note: The root of the average variance extracted (AVE) must be greater than the correlation between constructs.

Source: Results of the research.

Table 2 summarizes the results of the discriminant validity data test. It shows that the root of the Average Variance Extracted (AVE) in each construct is greater than the correlation between one construct and another, so the data is declared to have passed the discriminant validity test. The results of the discriminant validity test of each construct are the results after removing the indicators PPF5, PPF6, PPF7, PPF8, CO3, CO4, VC4, and VC6.

Table 3. Test of validity and reliability.

| Indicator | Cronbach's alpha | Composite reliability | Average variance extracted (AVE) |
|-------------------------------------|------------------|-----------------------|----------------------------------|
| Rules | > 0.7 | > 0.7 | >0.5 |
| Cognitive trust | 0.955 | 0.964 | 0.815 |
| Perception of procedural fairness | 0.977 | 0.981 | 0.881 |
| Perception of distributive fairness | 0.953 | 0.964 | 0.842 |
| Perception of retributive fairness | 0.955 | 0.971 | 0.917 |
| Commitment | 0.968 | 0.974 | 0.861 |
| Voluntary compliance | 0.938 | 0.948 | 0.697 |

Note: The value of Cronbach's Alpha and the composite reliability must be more than 0.7, and the value of average variance extracted (AVE) must be more than 0.5.

Source: Results of the research.

Table 3 summarizes the results of the validity and reliability data tests. Table 3 shows that Cronbach's Alpha and Composite Reliability for each construct are more than the threshold of 0.7, and the Average Variance Extracted (AVE) for each construct is more than the threshold of 0.5, so the data is declared to have passed the validity and reliability test. The validity and reliability tests for each construct are the results after removing the indicators PPF5, PPF6, PPF7, PPF8, CO3, CO4, VC4, and VC6. The results of the data tests in Tables 1, 2, and 3 show that the existing indicators can explain the constructs that cover them.

4. RESULTS

This study examined the role of perceptions of justice based on psychology, namely procedural, distributive, and retributive justice. Based on the results of hypothesis testing (Table 4), it was shown that perceptions of justice (distributive and retributive) play a direct role in building the voluntary compliance of SMEs; hence, hypotheses 4 and 5 are accepted. This study investigated both perceptions of fairness and the influence of cognitive trust on voluntary compliance in SMEs. Based on the results of hypothesis testing (Table 4), cognitive trust was proven to play a role in building SME voluntary compliance. Thus, hypothesis 1 was accepted.

Table 4. Direct hypothesis testing.

| Indicator | β | T statistic | Significant | Hypothesis |
|-----------|---------|-------------|-------------|-------------|
| CT -> VC | 0.241* | 2.680 | 0.008 | H1 accepted |
| PPF -> VC | 0.055 | 0.613 | 0.540 | H3 rejected |
| PDF -> VC | 0.270* | 3.390 | 0.001 | H4 accepted |
| PRF -> VC | 0.218* | 2.741 | 0.006 | H5 accepted |

Note: *significant at 0.05; CT: Cognitive trust. PPF: Perception of procedural fairness; PDF: Perception of distributive fairness; PRF: Perception of retributive fairness; VC: Voluntary compliance.

Source: Results of the research.

This article also investigates the role of commitment as an intermediary variable between the dimensions of justice perception (procedural, distributive, and retributive) and cognitive trust. The results of testing the indirect hypothesis (Table 5) indicate that commitment fully intervenes between the views of procedural justice and the voluntary compliance of SMEs, and hypothesis 6 is accepted. The absence of evidence of a direct relationship between the perception of procedural justice and voluntary compliance proves that commitment fully intervenes.

Table 5. Indirect hypothesis testing.

| Indicator | β | T statistics | Significant | Hypothesis |
|-----------------|---------|--------------|-------------|-------------|
| CT -> CO -> VC | 0.021 | 0.629 | 0.530 | H2 rejected |
| PPF -> CO -> VC | 0.102* | 2.350 | 0.019 | H6 accepted |
| PDF -> CO -> VC | 0.023 | 0.665 | 0.507 | H7 rejected |
| PRF -> CO -> VC | 0.027 | 0.872 | 0.384 | H8 rejected |

Note: *significant at 0.05; CT: Cognitive trust. PPF: Perception of procedural fairness; PDF: Perception of distributive fairness; PRF: Perception of retributive fairness; VC: Voluntary compliance.

Source: Results of the research.

The test results showed that perceptions of fairness, trust, and commitment played an important role in building voluntary compliance among SMEs. As the second largest city in Indonesia, Surabaya has a high tax potential for state revenue. The results reinforced the argument of Alm, Kirchler, Muehlbacher, et al. (2012) and Paleka and Vitezić (2023) that psychological aspects drive voluntary compliance rather than economic factors. The psychological elements of taxpayers are heavily influenced by the surrounding social environment involved in taxation, such as fellow taxpayers, tax authorities, government, and other social groups (Alm, Kirchler, & Muehlbacher, 2012). Figure 2 is the final model of this research.

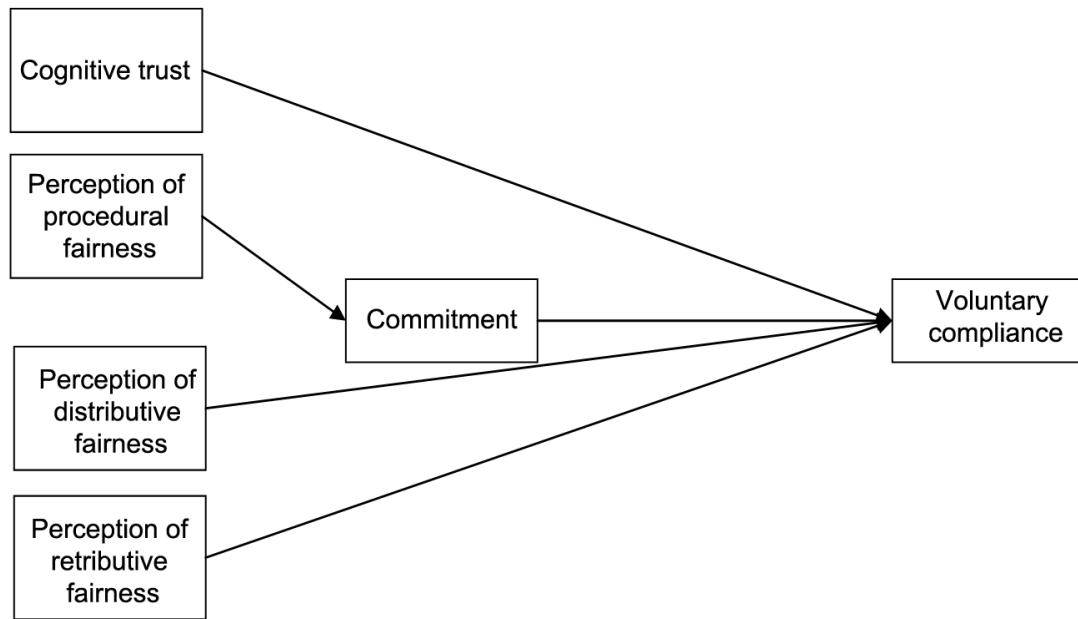


Figure 2. Final model.

Source: Results of the research.

5. DISCUSSION

The perception of psychological justice, as described through procedural, distributive, and retributive justice, is important in building voluntary compliance among SME taxpayers. Furthermore, cognitive-based trust and commitment from taxpayers are crucial factors in realizing voluntary compliance. Cognitive-based trust shows that taxpayers make decisions to carry out tax obligations with demonstrable confidence. The perception of distributive and retributive justice also shows that taxpayers decide to carry out tax obligations with tangible evidence that can be felt directly. Distributive justice refers to the distribution of tax funds (Okafor, 2023; Wenzel, 2003). Proper distribution of tax funds can convince SME taxpayers to voluntarily carry out tax obligations. Retributive justice refers to imposing sanctions for deviations in carrying out tax obligations (Chun, 2021; Wenzel, 2003). Tax reforms aimed at reducing tax dispute cases and increasing transparency in each tax dispute case can convince MSME taxpayers to be more voluntary in carrying out tax obligations and build synergies for taxpayers and the tax authorities (Darussalam et al., 2019; Hidayah, Suhariningsih, & Istislam, 2018).

The commitment of taxpayers intervenes in the relationship between the perception of procedural justice and voluntary compliance. Procedural justice refers to the procedures for carrying out tax obligations that influence taxpayers' decisions to comply with applicable regulations (Gobena, 2024; Hartner, Rechberger, Kirchler, & Schabmann, 2008). The perception of procedural justice can provide feedback and perceptions of the fairness of a prevailing system (Rottman, 2007). The taxation system is very complex because it involves revenue (economic), administration, and compliance (Carnahan, 2015). If taxpayers feel indications of unfairness from procedures in the taxation system, it is likely to affect their perception of the fairness of the prevailing tax system (Alm & Kasper, 2023). Therefore, tax reforms will continue to be carried out on an ongoing basis to improve and adapt the taxation system to achieve the primary objective of tax collection.

6. CONCLUSION

The psychological role of taxpayers is the key to building voluntary compliance. Perceptions of fairness, cognitive trust, and commitment are important in creating awareness among SME taxpayers in carrying out their tax obligations. The perception of distributive and retributive justice, as well as cognitive trust, can directly enhance voluntary compliance because of concrete evidence that can be seen and proven (distributive justice in the form of regional development, retributive justice in the form of sanctions for disobedience, and cognitive trust in the form of

a track record of performance from the tax authorities). The perception of procedural justice is a system-oriented principle, requiring the commitment of taxpayers to ensure that perceived procedural injustices do not equate to systemic injustices, thereby reinforcing the notion that taxpayers bear complete responsibility in fulfilling their tax obligations.

This article still has research limitations and requires updates for subsequent investigations. The primary limitation is the reliance on questionnaire instruments for data collection, which are susceptible to respondent bias. Future research should use methodologies beyond questionnaires to enhance empirical evidence regarding the significance of perceptions of fairness (procedural, distributive, retributive), cognitive trust, and commitment to fostering voluntary tax compliance.

Funding: This study received no specific financial support.

Institutional Review Board Statement: The Ethical Committee of the Universitas Brawijaya, Indonesia has granted approval for this study (Ref. No. 04836/UN10.F0201/B/PT/2025).

Transparency: The authors state that the manuscript is honest, truthful, and transparent, that no key aspects of the investigation have been omitted, and that any differences from the study as planned have been clarified. This study followed all writing ethics.

Data Availability Statement: Upon a reasonable request, the supporting data of this study can be provided by the corresponding author.

Competing Interests: The authors declare that they have no competing interests.

Authors' Contributions: All authors contributed equally to the conception and design of the study. All authors have read and agreed to the published version of the manuscript.

REFERENCES

- Abdu, E., & Adem, M. (2023). Tax compliance behavior of taxpayers in Ethiopia: A review paper. *Cogent Economics & Finance*, 11(1), 2189559. <https://doi.org/10.1080/23322039.2023.2189559>
- Agusti, R. R., & Rahman, A. F. (2023). Determinants of tax attitude in small and medium enterprises: Evidence from Indonesia. *Cogent Business & Management*, 10(1), 2160585. <https://doi.org/10.1080/23311975.2022.2160585>
- Alm, J. (2019). *Can Indonesia reform its tax system? Problems and options can Indonesia reform its tax system? Problems and options*. In *Tulane Economics Working Paper Series (Vol. 1906, Issue October)*. Retrieved from www.tulane.edu
- Alm, J., & Kasper, M. (2023). Using behavioural economics to understand tax compliance. *Economic and Political Studies*, 11(3), 279-294. <https://doi.org/10.1080/20954816.2022.2117676>
- Alm, J., Kirchler, E., & Muehlbacher, S. (2012). Combining psychology and economics in the analysis of compliance: From enforcement to cooperation. *Economic Analysis and Policy*, 42(2), 133-151. [https://doi.org/10.1016/S0313-5926\(12\)50016-0](https://doi.org/10.1016/S0313-5926(12)50016-0)
- Alm, J., Kirchler, E., Muehlbacher, S., Gangl, K., Hofmann, E., Kogler, C., & Pollai, M. (2012). Rethinking the research paradigms for analyzing tax compliance behaviour. *CESifo Forum*, 13(2), 33-40. <http://hdl.handle.net/10419/166479>
- Alshira'h, A. F., Alsqour, M. d., Lutfi, A., Alsyuf, A., & Alshirah, M. (2020). A socio-economic model of sales tax compliance. *Economies*, 8(4), 88. <https://doi.org/10.3390/economies8040088>
- Ambrose, M., Hess, R. L., & Ganesan, S. (2007). The relationship between justice and attitudes: An examination of justice effects on event and system-related attitudes. *Organizational Behavior and Human Decision Processes*, 103(1), 21-36. <https://doi.org/10.1016/j.obhdp.2007.01.001>
- Aulia, S., Rosdiana, H., & Inayati, I. (2022). Trust, power, and tax risk into the "slippery slope": A corporate tax compliance model. *Sustainability*, 14(22), 14670. <https://doi.org/10.3390/su142214670>
- Batrancea, L. M., Nichita, A., De Agostini, R., Batista Narcizo, F., Forte, D., de Paiva Neves Mamede, S., . . . Pántya, J. (2022). A self-employed taxpayer experimental study on trust, power, and tax compliance in eleven countries. *Financial Innovation*, 8(1), 96. <https://doi.org/10.1186/s40854-022-00404-y>
- Becker, H. S. (1960). Notes on the concept of commitment. *American Journal of Sociology*, 66(1), 32-40. <https://doi.org/10.1086/222820>
- Becker, H. S. (1964). Personal change in adult life. *Sociometry*, 27(1), 40-53. <https://doi.org/10.2307/2785801>

- Braithwaite, V. (2003). Dancing with tax authorities: Motivational postures and non-compliant actions. *Taxing Democracy*, 3, 15-39. <https://doi.org/10.4324/9781315241746-8>
- Burke, P. J., & Reitzes, D. C. (1991). An identity theory approach to commitment. *Social Psychology Quarterly*, 54(3), 239-251. <https://doi.org/10.2307/2786653>
- Cahyonowati, N., Ratmono, D., & Juliarto, A. (2023). The role of social norms and trust in authority in tax compliance dilemmas. *Cogent Business & Management*, 10(1), 2174084. <https://doi.org/10.1080/23311975.2023.2174084>
- Carnahan, M. (2015). Taxation challenges in developing countries. *Asia & the Pacific Policy Studies*, 2(1), 169-182. <https://doi.org/10.1002/app5.70>
- Carsamer, E., & Abbam, A. (2023). Religion and tax compliance among SMEs in Ghana. *Journal of Financial Crime*, 30(3), 759-775. <https://doi.org/10.1108/JFC-01-2020-000>
- Chin, W. W. (1995). Partial least squares is to LISREL as principal components analysis is to common factor analysis. *Technology Studies*, 2(2), 315-319.
- Chong, K.-R., Yusri, Y., Selamat, A. I., & Ong, T. S. (2019). Tax climate manipulation on individual tax behavioural intentions. *Journal of Applied Accounting Research*, 20(3), 230-242. <https://doi.org/10.1108/JAAR-01-2019-0001>
- Chun, J. (2021). Enforced reconciliation without justice: The absence of procedural, retributive, and restorative justice in the "Comfort Women" Agreement of 2015. *Asian Journal of Social Science*, 49(2), 84-92. <https://doi.org/10.1016/j.ajss.2020.09.001>
- Darmayasa, I. N., Sudarma, I. M., Achsin, H. M., & Mulawarman, A. D. (2018). Constructed interpretation of tax compliance through the historicity, rationality, and actuality of Pancasila (cases in Indonesia). *International Journal of Trade and Global Markets*, 11(1-2), 67-76.
- Darussalam, & Septriadi, D. (2022). Recent developments, challenges, and outlook of the tax sector. In Design of Indonesian Tax System: A Review of Basic Concepts and International Experience (Digital). In (pp. 1-49). Indonesia: DDTC Center.
- Darussalam, Septriadi, D., Kristiaji, B. B., & Vissaro, D. (2019). *New era of tax authorities' relationship with taxpayers. In DDTC Taxation (Digital)*. Indonesia: DDTC Center.
- Dom, R., Custers, A., Davenport, S., & Prichard, W. (2019). *Innovations in tax compliance*. In Innovations in Tax Compliance (No. 9032; Issue October).
- Dularif, M., & Rustiarini, N. W. (2022). Tax compliance and non-deterrence approach: A systematic review. *International Journal of Sociology and Social Policy*, 42(11/12), 1080-1108. <https://doi.org/10.1108/IJSSP-04-2021-0108>
- Faizal, S. M., Palil, M. R., Maelah, R., & Ramli, R. (2017). Perception on justice, trust and tax compliance behavior in Malaysia. *Kasetsart Journal of Social Sciences*, 38(3), 226-232. <https://doi.org/10.1016/j.kjss.2016.10.003>
- Fajriana, N. (2021). *The influence of tax justice on voluntary taxpayer compliance with taxpayer trust as a mediating variable*. Malang, Indonesia: Universitas Brawijaya.
- Fajriana, N., Irianto, G., & Andayani, W. (2023). The role of tax fairness and taxpayer trust in building voluntary compliance in MSME taxpayers. *International Journal of Business and Society*, 24(1), 478-487. <https://doi.org/10.33736/ijbs.5629.2023>
- Farrar, J., Massey, D. W., Osecki, E., & Thorne, L. (2020). Tax fairness: Conceptual foundations and empirical measurement. *Journal of Business Ethics*, 162, 487-503. <https://doi.org/10.1007/s10551-018-4001-4>
- Foote, N. N. (1951). Identification as the basis for a theory of motivation. *American Sociological Review*, 16(1), 14-21. <https://doi.org/10.2307/2087964>
- Gangl, K., Hofmann, E., Hartl, B., & Berkics, M. (2020). The impact of powerful authorities and trustful taxpayers: Evidence for the extended slippery slope framework from Austria, Finland, and Hungary. *Policy Studies*, 41(1), 98-111. <https://doi.org/10.1080/01442872.2019.1577375>
- Gangl, K., & Torgler, B. (2020). How to achieve tax compliance by the wealthy: A review of the literature and agenda for policy. *Social Issues and Policy Review*, 14(1), 108-151. <https://doi.org/10.1111/sipr.12065>
- Gobena, L. B. (2024). Justice, power and voluntary tax compliance: A moderation analysis among taxpayers in Addis Ababa, Ethiopia. *Asian Review of Accounting*, 32(4), 628-645. <https://doi.org/10.1108/ARA-03-2023-0072>

- Gobena, L. B., & Van Dijke, M. (2016). Power, justice, and trust: A moderated mediation analysis of tax compliance among Ethiopian business owners. *Journal of Economic Psychology*, 52, 24–37. <https://doi.org/10.1016/j.joep.2015.11.004>
- Güzel, S. A., Özer, G., & Özcan, M. (2019). The effect of the variables of tax justice perception and trust in government on tax compliance: The case of Turkey. *Journal of Behavioral and Experimental Economics*, 78, 80–86. <https://doi.org/10.1016/j.socrec.2018.12.006>
- Hartner, M., Rechberger, S., Kirchler, E., & Schabmann, A. (2008). Procedural fairness and tax compliance. *Economic Analysis and Policy*, 38(1), 137. [https://doi.org/doi.org/10.1016/S0313-5926\(08\)50010-5](https://doi.org/doi.org/10.1016/S0313-5926(08)50010-5)
- Hassan, I. E., Naeem, A., & Gulzar, S. (2021). Voluntary tax compliance behavior of individual taxpayers in Pakistan. *Financial Innovation*, 7, 1–23. <https://doi.org/doi.org/10.1186/s40854-021-00234-4>
- Helhel, Y., & Ahmed, Y. (2014). Factors affecting tax attitudes and tax compliance: A survey study in Yemen. *European Journal of Business and Management*, 6(22), 48–58.
- Hidayah, K., Suhariningsih, S., & Istislam, I. (2018). Mediation for Indonesian tax disputes: Is it a potential alternative strategy for resolving Indonesian tax disputes? . *Indonesia Law Review*, 8, 154. <https://doi.org/10.15742/ilrev.v8n2.486>
- Inasius, F. (2019). Factors influencing SME tax compliance: Evidence from Indonesia. *International Journal of Public Administration*, 42(5), 367–379. <https://doi.org/10.1080/01900692.2018.1464578>
- Iqbal, S., & Sholihin, M. (2019). The role of cognitive moral development in tax compliance decision making: An analysis of the synergistic and antagonistic tax climates. *International Journal of Ethics and Systems*, 35(2), 227–241. <https://doi.org/10.1108/IJOES-10-2018-0152>
- Jaswadi, Iqbal, M., & Sumiadji. (2015). SME governance in Indonesia—a survey and insight from private companies. *Procedia Economics and Finance*, 31, 387–398. [https://doi.org/10.1016/s2212-5671\(15\)01214-9](https://doi.org/10.1016/s2212-5671(15)01214-9)
- Jurney, S., Rupert, T., & Wartick, M. (2017). Generational differences in perceptions of tax fairness and attitudes towards compliance. *Advances in Taxation*, 24(1), 163–197. <https://doi.org/10.1108/S1058-749720170000024004>
- Kim, Y., & Wan, H. (2022). The effect of fairness on tax morale in South Korea: A framed question approach. *International Review of Economics*, 69(1), 103–123. <https://doi.org/10.1007/s12232-022-00387-3>
- Kirchler, E. (2021). Strengthening tax compliance by balancing authorities’ power and trustworthiness. In: *The Cambridge Handbook of Compliance*. <https://doi.org/10.1017/9781108759458.055>.
- Kirchler, E., Hoelzl, E., & Wahl, I. (2008). Enforced versus voluntary tax compliance: The “slippery slope” framework. *Journal of Economic Psychology*, 29(2), 210–225. <https://doi.org/https://doi.org/10.1016/j.joep.2007.05.004>
- Kirchler, E., & Wahl, I. (2010). Tax Compliance Inventory: TAX-I Voluntary tax compliance, enforced tax compliance, tax avoidance, and tax evasion. *Journal of Economic Psychology*, 31(3), 331. <https://doi.org/10.1016/j.joep.2010.01.002>
- Koessler, A.-K., Torgler, B., Feld, L. P., & Frey, B. S. (2019). Commitment to pay taxes: Results from field and laboratory experiments. *European Economic Review*, 115, 78–98. <https://doi.org/10.1016/j.eurocorev.2019.02.006>
- Kumi, R., Bannor, R. K., Oppong-Kyeremeh, H., & Adalety, J. E. (2023). Voluntary and enforced tax compliance determinants and impact among agrochemical businesses in Ghana. *Arab Gulf Journal of Scientific Research*, (ahead-of-print). <https://doi.org/10.1108/AGJSR-03-2023-0133>
- Kurniawan, M., Agung, & Iskandar, Y. (2023). Tax incentive policy and recovery of SMEs post-COVID period: The moderating role of perceived policy effectiveness in Indonesia. *Journal of Tax Reform*, 9(2), 161–180. <https://doi.org/10.15826/jtr.2023.9.2.135>
- Law Number. (2021). *Law number 7 of 2021 concerning Harmonization of Tax Regulations*, Pub. L. No. 7. Retrieved from <https://peraturan.bpk.go.id/Home/Details/185162/uu-no-7-tahun-2021>
- Legault, L. (2020). Intrinsic and extrinsic motivation. In *Encyclopedia of Personality and Individual Differences* (Shackelfor). In (pp. 2416–2419). Cham: Springer.
- Mangoting, Y. (1999). Tax planning: An introduction to alternative tax minimization. *Jurnal Akuntansi Dan Keuangan*, 1(1), 43–53.

- Mangoting, Y., Christopher, C., Kriwangko, N., & Adriyani, W. (2020). Commitment interaction in tax compliance dynamics. *Jurnal Akuntansi Multiparadigma*, 11(2), 265–277. <https://doi.org/10.21776/ub.jamal.2020.11.2.16>
- Mangoting, Y., Junfandi, J., & Vania, V. (2021). Relationship between taxpayers and authorities against tax compliance during the Covid-19 pandemic. *Jurnal Dinamika Akuntansi*, 13(1), 10–24.
- Mangoting, Y., & Sukoharsono, E. G. (2015). Developing a model of tax compliance from social contract perspective: Mitigating the tax evasion. *Procedia-Social and Behavioral Sciences*, 211, 966–971. <https://doi.org/10.1016/j.sbspro.2015.11.128>
- Mas' ud, A., Abd Manaf, N. A., & Saad, N. (2019). Trust and power as predictors of tax compliance: Global evidence. *Economics & Sociology*, 12(2), 192–204. <https://doi.org/10.14254/2071-789X.2019/12-2/11>
- Mittone, L., & Saredi, V. (2016). Commitment to tax compliance: Timing effect on willingness to evade. *Journal of Economic Psychology*, 53, 99–117. <https://doi.org/10.1016/j.joep.2016.01.001>
- Murphy, K. (2003). The importance of procedural justice in securing compliance: A study of tax scheme investors. *Australian Journal of Social Issues*, 38(3), 365–390. <https://doi.org/10.1002/j.1839-4655.2003.tb01151.x>
- Musimenta, D. (2020). Knowledge requirements, tax complexity, compliance costs and tax compliance in Uganda. *Cogent Business & Management*, 7(1), 1812220. <https://doi.org/10.1080/23311975.2020.1812220>
- Nasution, M. K., Santi, F., Husaini, H., Fadli, F., & Pirzada, K. (2020). Determinants of tax compliance: A study on individual taxpayers in Indonesia. *Entrepreneurship and Sustainability Issues*, 8(2), 1401–1419.
- Nguyen, T. H. (2022). The impact of non-economic factors on voluntary tax compliance behavior: A case study of small and medium enterprises in Vietnam. *Economies*, 10(8), 179. <https://doi.org/10.3390/economies10080179>
- Nkundabanyanga, S. K., Mvura, P., Nyamuyonjo, D., Opiso, J., & Nakabuye, Z. (2017). Tax compliance in a developing country: Understanding taxpayers' compliance decision by their perceptions. *Journal of Economic Studies*, 44(6), 931–957. <https://doi.org/10.1108/JES-03-2016-0061>
- Nursini, N. (2020). Micro, small, and medium enterprises (MSMEs) and poverty reduction: Empirical evidence from Indonesia. *Development Studies Research*, 7(1), 153–166. <https://doi.org/10.1080/21665095.2020.1823238>
- Nuryanah, S., Mahabbatussalma, F., & Satrio, A. A. (2023). Evaluation of government reform in tax administration: Evidence from micro, small and medium enterprises (MSMEs) in Indonesia. *International Journal of Public Administration*, 46(5), 313–325. <https://doi.org/10.1080/01900692.2021.1995746>
- Okafor, O. N. (2023). Shaming of tax evaders: Empirical evidence on perceptions of retributive justice and tax Compliance intentions. *Journal of Business Ethics*, 182(2), 377–395. <https://doi.org/10.1007/s10551-021-05011-y>
- Olsen, J., Kasper, M., Kogler, C., Muehlbacher, S., & Kirchler, E. (2019). Mental accounting of income tax and value added tax among self-employed business owners. *Journal of Economic Psychology*, 70, 125–139. <https://doi.org/10.1016/j.joep.2018.12.007>
- Paleka, H., & Vitezić, V. (2023). Tax compliance challenge through taxpayers' typology. *Economies*, 11(9), 219. <https://doi.org/10.3390/economies11090219>
- Rahmawati, Y., & Dwijayanto, A. (2021). The effect of moral tax and tax compliance on decision making through gender perspective: A case study of religious communities in Magetan District, East Java, Indonesia. *Academic Journal of Interdisciplinary Studies*, 10(6), 237–247. <https://doi.org/10.36941/ajis-2021-0168>
- Rottman, D. B. (2007). Adhere to procedural fairness in the justice system. *Criminology & Pub. Pol'y*, 6(4), 835–842. <https://doi.org/10.1111/j.1745-9133.2007.00478.x>
- Saad, N. (2016). *Fairness perceptions and compliance behaviour: Taxpayers' judgments in self-assessment environments*. In University of Canterbury (Issue January 2011). Christchurch, New Zealand: University of Canterbury.
- Santoro, F. (2021). To file or not to file? Another dimension of tax compliance-the Eswatini Taxpayers' survey. *Journal of Behavioral and Experimental Economics*, 95, 101760. <https://doi.org/10.1016/j.socec.2021.101760>
- Saragih, A. H., Reyhani, Q., Setyowati, M. S., & Hendrawan, A. (2023). The potential of an artificial intelligence (AI) application for the tax administration system's modernization: The case of Indonesia. *Artificial Intelligence and Law*, 31(3), 491–514. <https://doi.org/10.1007/s10506-022-09321-y>

- Stone, G., Walton, S., & Zhang, Y. J. (2023). The impact of online tax community advice on individual taxpayer decision making. *Advances in Accounting*, 63, 100676. <https://doi.org/10.1016/j.adiac.2023.100676>
- Taing, H. B., & Chang, Y. (2021). Determinants of tax compliance intention: Focus on the theory of planned behavior. *International Journal of Public Administration*, 44(1), 62-73. <https://doi.org/10.1080/01900692.2020.1728313>
- Trawule, A. Y., Gadzo, S. G., Kporgbi, H. K., & Sam-Quarm, R. (2022). Tax education and fear-appealing messages: A grease or sand in the wheels of tax compliance? *Cogent Business & Management*, 9(1), 2049436. <https://doi.org/10.1080/23311975.2022.2049436>
- Trifan, V. A., Szentesi, S. G., Cuc, L. D., & Pantea, M. F. (2023). Assessing tax compliance behavior among romanian taxpayers: An empirical case study. *Sage Open*, 13(3), 21582440231195676. <https://doi.org/10.1177/21582440231195676>
- Utama, S., Yusfiarto, R., Pertiwi, R. R., & Khoirunnisa, A. N. (2024). Intentional model of MSMEs growth: A tripod-based view and evidence from Indonesia. *Journal of Asia Business Studies*, 18(1), 62-84. <https://doi.org/10.1108/JABS-08-2022-0291>
- Van den Bos, K., Maas, M., Waldring, I. E., & Semin, G. R. (2003). Toward understanding the psychology of reactions to perceived fairness: The role of affect intensity. *Social Justice Research*, 16, 151-168. <https://doi.org/10.1023/A:1024252104717>
- Verboon, P., & Van Dijke, M. (2007). A self-interest analysis of justice and tax compliance: How distributive justice moderates the effect of outcome favorability. *Journal of Economic Psychology*, 28(6), 704-727. <https://doi.org/10.1016/j.joep.2007.09.004>
- Wenzel, M. (2003). *Tax compliance and the psychology of justice: Mapping the field*. In V. Braithwaite (Ed.), *Taxing Democracy: Understanding Tax Avoidance and Evasion*. Aldershot, United Kingdom: Ashgate Publishing Ltd.
- Wenzel, M. (2005). Motivation or rationalisation? Causal relations between ethics, norms and tax compliance. *Journal of Economic Psychology*, 26(4), 491-508. <https://doi.org/10.1016/j.joep.2004.03.003>
- Wilkinson, J., & Hageman, J. (2023). Inequity in a system can affect human perception and encourage change. *Journal of Taxation and Public Policy*, 45(2), 123-138.

Views and opinions expressed in this article are the views and opinions of the author(s), Asian Economic and Financial Review shall not be responsible or answerable for any loss, damage or liability etc. caused in relation to/arising out of the use of the content.