ORIGINAL ARTICLE

DETERMINANTS OF TAX COMPLIANCE INTENTION: A REVIEW OF NON-ECONOMIC FACTORS

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ABSTRACT – Taxes are the primary source of income for the government. Tax collection is the most reliable method of fostering national development. In order to collect the correct amount of total national tax income, taxpayer compliance must occur. Because of this, any kind of tax non-compliance activity could result in large losses for the government. Tax compliance issues have received a lot of attention from scholars over the past few decades due to the pressing requirement to make sure that the tax revenue is sufficient to cover the budgeted national spending. This prompted thorough and in-depth examinations that exposed various viewpoints. Based on this, this research study examines the prior literature on the non-economic factors of tax compliance issues in order to emphasise the scope, methodology, and models employed by earlier researchers in order to identify research gaps and suggest those for future studies. Previous research's scope, geographic location, theories/models, and technique were all analysed to help with understanding the topic at hand. The report has also highlighted and made recommendations for important areas where future research should focus. Finally, it has identified the patterns of earlier studies with reference to these three elements.

INTRODUCTION

Compliance studies have received great attention from researchers in various fields. The issues discussed mainly focus on the behavioural compliance of individuals. The level of tax non-compliance is a serious concern among the tax authorities due to the increase in the number of audit cases. According to Rosli et al. (2018), tax non-compliance includes not reporting other incomes which could be secondary income or other illegal income. The study also revealed the types of non-compliant activities, such as underreporting other incomes (67.7%), over-claiming reliefs (15.3%), over-claiming purchases (7.2%), and underreporting the tax liability by underreporting sales/income (6.8%) or claiming unallowable expenses (3%).

However, many empirical studies had been conducted on tax compliance issues with the aim of investigating factors that influence the intention to comply with tax regulations. In view of this, the aim of this paper is to review the findings from previous studies and to suggest directions for further research on tax compliance literature. The main sections of the paper will discuss the overview of non-economic factors of tax compliance intention. The next sections of this paper provide an analysis of various empirical studies conducted on tax compliance issues around the globe based on critical issues ranging from methods used, adapted models, and scope with a view to recommending areas that need further research.

LITERATURE REVIEW

Tax Compliance Intention

The non-economic factors are known as socio-psychological factors. Due to the critical need toensure that the tax collected is sufficient to meet the budgeted national spending, tax compliance concerns have drawn great attention from researchers over the past few decades. This has led to comprehensive and in-depth analyses that revealed different perspectives. According to Pope and Mohdali (2010), the non-economic factors allow for a better understanding of taxpayers' behaviour. Itrefers to a person's intrinsic motivation and willingness to adhere to the regulations set by the authority(Torgler, 2003). According to Devos (2014), this approach views taxpayers not only as utility maximisers but also as individuals shaped by their beliefs and social conventions that influence their decisions about tax compliance. Variables that are the focus of the tax compliance literature include personal characteristics, tax literacy, tax complexity, taxpayer attitudes, ethics, compliance costs, and demographic variables such as age, gender, ethnicity, and occupation.

Various disciplines have focused on tax compliance since its emergence as an area of concern to tax policymakers due to its frequent occurrences and unsolved status (Bagdad et al., 2017). The issues discussed encompass various variables such as psychology, economics, ethics, legislation, tax administration, and demographic variables. Low tax

compliance among taxpayers has been in the limelight due to the numerous cases of tax gaps reported by many developing countries. The tax gap refers to the difference between the tax owed by the taxpayer and the tax payment collected by the government (Tax Policy Centre, 2018). This difference is one of the non-compliant behaviours. The taxgap arises from tax non-compliance activities, such as underreporting, underpayment, and non-filing. Ithas become an issue for countries worldwide and costs governments billions of dollars each year. Thus,tax non-compliance behaviour is an area of concern to tax policymakers that is continuously occurring and regarded as an unsolved issue (Bagdad et al., 2017). Non-compliant behaviour cases are not necessarily intentional. According to Chardon et al. (2016), individuals with low levels of tax literacywho completed their own tax return are more likely to unintentionally non-comply with the tax regulation. This notion is supported by the study conducted by Hassan et al. (2016), which highlightedmany cases of unintentional non-compliance have arisen due to limited knowledge about tax and poor familiarity with the tax system. Uncertainty about the requirements of the tax regulation can lead to a high degree of involuntary non-compliance without any intention to evade tax (Latiff et al., 2005).

METHODOLOGY

A systematic methodology was used to find the studies that were included in this review. The review paper is obtained from the Google Scholar database due to its cost and resource efficiency and availability to both academic and non-academic publishers. The literature is based on the years 2012 to 2020 to observe the trend before until the outbreak of the pandemic. The focus of the research is based on the studies that look at factors which influence tax compliance intention, works in which tax compliance intention was the dependent variable and studies that use data from taxpayers (individuals or organisations) as their subjects and are empirical in nature. The authors identified 24 studies that met the aforementioned criteria. Table 1 lists the authors who were reviewed together with information about the analysis reviewed which includes the theory or model being used, methodology, and scope demographic.

Table 1. List of authors and year of publications

Authors	Theory / Model	Methodology	Demographic
Yuniarta & Purnamawati (2020)	Attribution Theory	Questionnaire	Indonesia
Lois et al. (2019)	Economic Theory	Questionnaire	Greece
Kiconco et al. (2019)	Theory of Reasoned Action (TRA)	Questionnaire	Uganda
Enachescu et al. (2019)	Slippery Slope Framework	Mixed-Method	Austria
Yeo et al. (2019)	None	Mixed-Method	Malaysia
Onu & Oats (2018)	None	Mixed-Method	UK
Veeramootoo et al. (2018)	Expectancy Confirmation Theory, Delone And Mclean's Information System (IS) Success Model	Questionnaire	Mauritius
Tan & Braithwaite (2018)	Postures Theory	Questionnaire	New Zealand
Alleyne & Harris (2017)	Theory of Planned Behaviour (TPB)	Questionnaire	Barbados
Sapiei et al. (2017)	Sandford's Model	Questionnaire	Malaysia
Huels (2017)	Big Five Inventory	Secondary Data Review	USA
Mohamad et al. (2017)	Fixed-effect Model	Secondary Data Review	Malaysia
Hassan et al. (2016),	Econometric Model	Questionnaire	Malaysia
Lettau (2016)	Conformity Theory	Questionnaire	USA

Chaouali et al. (2016)	Unified Theory of Acceptance andUse of Technology (UTAUT)	Questionnaire	Tunisia
Andreas & Savitri (2015)	None	Questionnaire	Indonesia
Marandu et al. (2015)	Theory of Planned Behaviour (TPB)	Secondary Data Review	Worldwide
Brizi et al. (2015)	Social Identity Theory	Questionnaire	Italy
Mohdali & Pope (2014)	None	Questionnaire	Malaysia
Al-Mamun et al. (2014)	Theory of Planned Behaviour (TPB)	Questionnaire	Malaysia
Tallaha et al. (2014)	Theory of Planned Behaviour (TPB)	Questionnaire	Malaysia

ANALYSIS

Analysis of The Theories Used

The non-economic factors focus on the behaviour of taxpayers. Thus, most of the researchers have chosen behaviour-related theories, such as TPB (see Alleyne & Harris, 2017; Marandu et al., 2015; Shaharuddin et al., 2012; Tallaha et al., 2014). Their discussions focused on the subjective norm, perceived behavioural control, and attitude towards tax compliance intention. Apart from that, many other theories have been discussed in the non-economic factor literature. In determining the ethical attitudes of workers regarding tax evasion, Lettau (2016) adopted the conformity theory in his research. Meanwhile, in a study related to social tax morale, Brizi et al. (2015) adopted the social identity theory. Other than that, attribution theory (Yuniarta & Purnamawati, 2020), postures theory (Tan & Braithwaite, 2018), and TRA (Kiconco et al., 2019) have also been used to investigate the non-economic factors for tax compliance intention. Previous studies have also widely discussed the intention to achieve tax compliance by using the electronic filing system. A few theories have been discussed concerning this issue, such as the technology acceptance model or TAM (Tallaha et al., 2014), the unified theory of acceptance and use of technology (Chaouali et al., 2016), and expectancy confirmation theory together with DeLone and McLean's IS success model (Veeramootoo et al., 2018). These studies discussed whether taxpayers have the intention to comply with tax regulations by using technology. From the analysis conducted, The Theory of Planned Behaviour was also discovered to be the model that was most frequently employed in earlier studies to assess the non-economic factors of tax compliance intentions.

Analysis of of The Methodology

The questionnaire is the most frequently used instrument for data collection among the empirical studies on the non-economic factors evaluated so far. These studies include Palil and Rusyidi (2013), Mohdali and Pope (2014), Tallaha et al. (2014), Al-Mamun et al. (2014), Andreas et al. (2015), Brizi et al. (2015), Chaouali et al. (2016), Hassan et al. (2016), Lettau (2016), Alleyne and Harris (2017), Sapiei et al. (2017), Tan and Braithwaite (2018), Veeramootoo et al. (2018), Lois et al. (2019), Kiconco et al. (2019), and Yuniarta and Purnamawati (2020). Some studies have also used literature searches and secondary data review to determine the non-economic factor for tax compliance, such as Ritsatos (2014), Marandu et al. (2015), Huels (2017), and Mohamad et al. (2017). Some studies have also used questionnaires in combination with secondary data sources. Enachescu et al. (2019), for example, utilised experimental mixed-method surveys to look into how tax decisions affect people's emotions. A few studies, such as Onu and Oats (2018), and Yeo et al. (2019), were qualitative in nature. Their studies have uncovered hidden issues in tax compliance, particularly the reason why people intend not to comply with the tax regulations. The studies used the interview method and analysed online discussions concerning tax matters. Based on the review which has been conducted, prior research that looked into the uptake of tax compliance issues globally primarily used survey methods.

Analysis of The Theories Used

Researchers in both developing and developed countries have looked at the non-economic factors for tax compliance. An analysis of these studies based on the country's location provides an overview of the current state of taxpayer behavioural concerns in different regions of the world. In developing countries, the discussions focused on different areas. For example, the intention to comply among small business owners has been discussed in Indonesia (Yuniarta & Purnamawati, 2020) and Uganda (Kiconco et al., 2019). Meanwhile, research on the use of e-filing in complying with tax regulations has been conducted in Mauritius (Veeramootoo et al., 2018) and Tunisia (Chaouali et al., 2016). Besides,

research on individual taxpayers has been done in Indonesia and Barbados by Andreas and Savitri (2015) and Alleyne and Harris (2017), respectively. Tax compliance intention issues have been studied in Malaysia (Shaharuddin et al., 2012; Palil & Rusyidi, 2013; Mohdali & Pope, 2014; Al-Mamun et al., 2014; Tallaha et al., 2014; Hassan et al., 2016; Mohamad et al., 2017; Sapiei et al. 2017, & Yeo et al., 2019). The studies' discussions were from the perspectives of individual taxpayers, small business entrepreneurs, and students. Only a few studies were found in developed countries such as the United States of America (USA), the United Kingdom (UK), Austria, Greece, and New Zealand. These studies include Ritsatos (2014), Lettau (2016), Huels (2017), Tan and Braithwaite (2018), Onu and Oats (2018), Lois et al. (2019), and Enachescu et al. (2019). The majority of the discussions focused on taxpayers' motivational postures, emotions, ethics, and attitudes. In tax compliance studies, researchers also looked for a standardised inventory to quantify the socio-psychological aspects. From the analysis, the majority of tax compliance studies were conducted in developing countries, particularly Asian nations.

CONCLUSION

Overall, the study conducted a critical review of prior research on global tax compliance intention. The report also reviewed earlier studies, emphasising three key components in each one, and highlighted and analysed those findings. Among them are the methodology, theories/models used, and the study's scope and geographic location. One of the conclusions of this study was that the majority of tax compliance studies were conducted in developing countries, particularly Asian nations. In addition, prior research that looked into the uptake of tax compliance issues globally primarily used survey methods. The Theory of Planned Behaviour was also discovered to be the model that was most frequently employed in earlier studies to assess the non-economic factors of tax compliance intentions. Future research may use other methods of data collection (e.g., interview or experiment), which might produce different results than a survey. The interview method allows the interviewees to express their ideas and perceptions in their own words instead of being restricted by the statements and questions provided in a questionnaire. Secondly, future research may be done in the form of a longitudinal study, where a comparison over several years may lead to different results than the time point used in the present study. Researchers may employ a longitudinal study to look into the causes and factors contributing to changes in individual taxpayers' compliance behaviour over time.

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CONFLICT OF INTEREST

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