Behavioral Drivers of Tax Compliance Among Individual Entrepreneurs

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ABSTRACT

Tax compliance behavior among individual taxpayers has become an important topic globally, encompassing both economic and socio-psychological aspects that influence individuals' willingness to fulfill tax obligations. Despite growing interest, research on this issue remains scattered and varies across different contexts. **This study** aims to systematically examine and map global research trends concerning individual tax compliance behavior, identifying key determinants, theoretical frameworks, and empirical indicators used in the literature. A **systematic literature** review was conducted using data from the Scopus and Web of Science databases, focusing on peer-reviewed publications from 2013 to 2023. An initial set of 123 articles was identified, screened for methodological rigor and relevance, and refined to 28 studies. Bibliometric and citation data were analyzed using Publish or Perish software to identify emerging patterns and conceptual frameworks. **The finding**s show that while the research volume on individual tax compliance remains limited, its thematic coverage is broad and includes multiple national perspectives. Two main theoretical paradigms dominate the field: economically oriented models, focusing on deterrence mechanisms such as audits, penalties, and compliance costs; and socio-psychological frameworks, emphasizing factors like religiosity, mental accounting, perceptions of fairness, and institutional trust. Indicators commonly measure taxpayers' willingness and ability to comply accurately and punctually with filing obligations. **This review** contributes to a deeper understanding of the academic discourse on tax compliance behavior and highlights potential directions for future research, particularly in exploring cross-cultural perspectives and the implications of digital taxation systems.

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1. INTRODUCTION

The issue of tax compliance is a challenge that continues to be discussed by most governments around the world and attracts the attention of many researchers. Tax compliance is very important for developing countries where if there is non-compliance with tax laws, it will result in a lack of state revenue which can disrupt the economy of a country. Tax compliance is a complex process influenced by multiple behavioral and administrative factors. The study of tax compliance behavior increasingly draws upon psychological theories to explain shifts in individual decision-making, particularly those prompted by external prompts such as social influence, guidance, or persuasive communication. This perspective aligns with insights from consumer behavior research, where compliance is conceptualized as a response to persuasive stimuli that encourage individuals to act, such as making a purchase at strategically significant moments. The underlying mechanisms of influence and behavioral adjustment appear to operate similarly in the context of taxation, wherein individuals may be swayed by perceived norms, authority cues, or targeted interventions. Moreover, the tax compliance literature frequently incorporates ethical and normative frameworks to explain compliant behavior, emphasizing the role of moral reasoning, perceived fairness, and civic duty in shaping taxpayers' willingness to comply with tax regulations. A further argument against the belief that taxpayers are merely rational agents is the importance of social variables in decision-making processes. Paying taxes is a classic example of a social dilemma, as it involves a tension between what is best for the individual and what is best for society as a whole.

Therefore, in the last 20 years, many studies have discussed economic and psychological factors that contribute to tax compliance. In Malaysia, a taxpayer's strong belief in his or her beliefs makes religion and tax compliance understandable, and which influences the fulfillment of tax obligations. Later in China it was pointed out that any effort to encourage greater tax compliance should emphasize the importance of taxes as a contribution to public funding for the welfare of families and society. Thus, as argued by claiming that tax compliance and its mechanisms cannot be fully explained by purely economic considerations, just as law enforcement is not the only determinant that affects it.

This situation contrasts markedly with the tax compliance landscape in Indonesia, where systemic uncertainty characterizes both enforcement and behavioral outcomes. In the Indonesian context, compliant taxpayers are not necessarily shielded from sanctions, while non-compliant individuals are not invariably subject to penalties. Such inconsistencies contribute to a perception of procedural arbitrariness, thereby weakening the credibility of the tax system. Accordingly, this study adopts an uncertainty-based perspective in examining taxpayer behavior, positing that taxpayers in Indonesia are guided less by institutional predictability and more by a pragmatic orientation toward uncertainty. This orientation is largely a consequence of Indonesia's implementation of the Self-Assessment System, which places a significant burden on individual taxpayer integrity and voluntary compliance. While this model theoretically promotes autonomy and efficiency, it frequently results in administrative disappointment and is susceptible to intentional misuse, thereby undermining trust in the tax authority and diminishing compliance incentives. There are many taxpayers who still do not understand how to calculate their tax liabilities and some of them deliberately violate tax rules [1, 2].

Beyond legal obligations, tax compliance plays a strategic role in entrepreneurship and technopreneurship. A compliant tax posture creates a stable institutional environment, reduces administrative uncertainty, and allows entrepreneurs to allocate resources toward innovation. Conversely, non-compliance increases financial and legal risk, limiting access to funding, incubators, and government incentives factors critical for digital and technology-based ventures. Thus, tax compliance becomes a strategic capability that supports business scalability and sustainability. Unlike prior tax compliance reviews that mix various taxpayer categories and rely on single theoretical lenses, this review focuses exclusively on individual entrepreneurs whose tax behavior differs due to autonomy in income reporting and higher uncertainty. Earlier reviews map themes broadly but do not integrate socio-psychological factors and economic deterrence within one model. Through a PRISMA-based systematic review and classification of determinants into economic and non-economic dimensions, this study offers a clearer conceptual structure and reveals research gaps overlooked in previous literature, reinforcing its originality contribution [3, 4].

Tax compliance refers to a taxpayer's ability to file returns on time and accurately, in accordance with applicable regulations and court decisions. To comply with tax law, individuals must declare the correct amount of income and expenses, and pay the appropriate tax by the due date. The government's role has grown, necessitating increased tax revenue to support its operations. Governments struggle to collect necessary taxes for a variety of reasons. The primary reason is tax noncompliance. Tax non-compliance is a widespread issue that must be addressed [5–7].

2. LITERATURE REVIEW

This section discusses the literature review of the tax compliance individual and explained its components. Mentioned that paying taxes is an important element of a society that functions well as a taxpayer, as the economic development of a country can be severely hampered by lower incomes. This implies that tax compliance decisions must be based on motivations which cannot be fully explained by the basic economic-criminal approach. claimed a person has a relatively stable attitude towards many aspects of social life, including the environment in which they live, the system of government and the tax system and their obligations as taxpayers to pay taxes. Taxpayers demonstrate varying attitudes toward taxation, ranging from resistance to voluntary compliance. Mentioned that in the development of the obligation to pay taxes has undergone many changes into various forms and implications which are mostly related to political and economic and institutional factors. claimed that the tax compliance and tax-related issues themselves have been going on for a long time and still continue to be a hot topic even today.

Claimed that fulfilling tax obligations voluntarily is still a phenomenon until now because taxpayers still think that paying taxes on time is only afraid of the law and no one likes to pay taxes. This makes tax compliance behavior greatly influenced by the penalty factor and the power of the tax authority in fulfilling its tax obligations. Mentioned that initially tax compliance was a form of decision made by taxpayers in reporting actual income to the fiscal office under conditions of uncertainty. However, in reality it is different, taxpayers decide whether the tax liability to be reported with an accurate amount or not, depends on the opportunity and the level of fines that will be obtained. However, empirically it does not support this model because taxpayers' compliance behavior is related to social and psychological factors that can affect taxpayers' beliefs and attitudes in fulfilling their tax obligations.

Claimed that the taxpayers have two options to declare their actual income or to underreport their income. Cost-benefit analysis is used to determine whether or not to comply. Unpaid taxes are regarded special revenue, and the risk of getting caught and the severity of the potential penalty is viewed as a special expense [8, 9]. Mentioned according to this viewpoint, tax-compliant or non-tax-compliant conduct is the outcome of cost-benefit calculations and is mostly dependent on the activeness of executing coercive measures.

Identified that tax compliance is influenced by isomorphic factors, tax fairness, and strategic responses. Tax fairness has a considerable impact on mediation, as do strategic responses. Both kinds of respondents had distinct viewpoints on the parameters of the study, which helps explain why the mystery surrounding tax compliance remains relevant. Found that holistic elements such as an individual's economic understanding, communal consensus, and religious convictions all have an impact on tax compliance. Because rational people do not trust the tax authorities, they regard tax payments as economic choices (i.e., costs and benefits) that reduce or build wealth. As a result, they frequently evade or change payments. Social pressure on taxpayers to conform to being respectable citizens conducting legitimate business is counterproductive to economic interests. According to this viewpoint, there is no distrust of the tax officials. In terms of the spiritual aspect, paying taxes is regarded as a religious responsibility, comparable to zakat, that must be fulfilled in order to gain spiritual favor. Provide empirical evidence that tax knowledge is necessary and mediates the relationship between behavioral control and taxpayer compliance.

Claimed the taxpayers' primary obligations are universal and do not vary based on their profile or field of activity [10, 11]. In general, these tasks include enrolling as a registered taxpayer, reporting on time, providing complete and accurate information, and paying tax obligations on time [12]. Claimed that there are three types of taxpayers based on an understanding of what reasons motivate compliance behavior and the means that can influence these behaviors, namely:

- Compliance in terms of taxpayers' compliance with tax payments is based on when they feel threatened by the tax legal system.
- Identification in terms of taxpayer compliance with tax payments is carried out when receiving influence from individuals or groups through social norms.
- Internalization in terms of taxpayer compliance with tax payments when consistent with their own beliefs.

Taxpayer compliance in Malaysia is influenced by strong religious beliefs, making tax payment a voluntary moral obligation [13, 14]. Furthermore, claimed China taxpayers' behavior in viewing regulations has an effect on encouraging people to comply with their tax obligations [15].

Mentioned that the main factors of the intention to comply with tax laws are perceived fiscal trade-off, tax morality, tax fairness, tax complexity, and the strength of tax authorities [16]. This means taxpayers' intention to comply with the law is greater if perception, morale and tax administration are efficient [17]. Showed from the results of research that has been carried out that the variables that affect the taxpayer's intention to fulfill their obligations are the behavior and morals of the taxpayer itself, while the attitude and subjectivity of taxpayers do not affect taxpayer compliance. Research conducted located in Jakarta where it is considered to be representative of the characteristics of Indonesian taxpayers shows that the perception of equity, moral and social norms and penalty magnitude have a positive effect on tax compliance intentions [18, 19].

The findings of the literature review indicate that the phenomenon of tax compliance is inherently interdisciplinary, drawing upon insights from economics, psychology, sociology, political science, and legal studies to explain the complexity of taxpayer behavior. Therefore, several behavioral theoretical frameworks were borrowed and used in previous research from economics and psychology that can be very useful in classifying variables in analyzing tax compliance behavior [20].

3. METHODOLOGY

The method used in this study is a Systematic Literature Review using Harzing's publish or perish. Publish or Perish is an application that takes and analyzes academic citations. The device uses various data sources to obtain raw citations, then analyzes and presents multiple citation metrics including the number of papers, total citations, and h-index. A Systematic Review has an important role because it can provide a synthesis of a particular area of knowledge, identify future research priorities, answer questions that individual studies cannot answer, identify a problem in a study that should be corrected in future research and can generate or evaluate theories about how or why a phenomenon occurs [21].

A systematic literature review constitutes a rigorous and methodical approach to synthesizing existing research, designed to yield reliable, valid, and unbiased insights [22]. To ensure methodological robustness and enhance the scholarly quality of the review, the present study adheres to the procedural framework outlined by Fisch and Block, specifically tailored for systematic literature reviews within the domains of business and management sciences [23]. The review process is structured around the following sequential steps:

- The identification of a clearly defined research problem and corresponding research question.
- The systematic selection of pertinent and high-quality literature.
- The maintenance of an appropriate balance between comprehensiveness and depth.
- An emphasis on theoretical and conceptual contributions rather than individual empirical studies.
- The derivation of analytically meaningful and substantiated findings, and
- The presentation of results within a coherent and logically organized framework.

4. RESULTS AND DISCUSSION

Over a series of weekly, hour-long meetings held on campus, the research team engaged in collaborative discussions to systematically refine the design and execution of the literature review. These sessions addressed critical components of the review process, including the formulation of inclusion and exclusion criteria, the establishment of a consistent methodological framework, and the synthesis of key conceptual themes across studies. This iterative dialogue facilitated the development of a shared epistemological foundation, thereby ensuring methodological coherence and enhancing the reliability of the review.

In accordance with established protocols for systematic literature reviews, the identification of relevant search terms was guided by the central research question to ensure comprehensive coverage of the target domain. The initial set of keywords included: "tax compliance individual," "taxpayer compliance," "individual tax obedience," and "individual tax compliance." These keywords were employed to construct structured search queries intended to retrieve a representative and conceptually relevant body of literature. To evaluate and refine the effectiveness of these search terms, a pilot test was conducted. In this pilot phase, the first six articles retrieved through a basic Google search were randomly allocated to pairs of researchers for review and assessment. Feedback from this preliminary analysis informed the subsequent modification and optimization of keyword strategies.

Primary searches were conducted using three major academic databases Scopus, ScienceDirect, and HeinOnline selected for their comprehensive indexing of peer-reviewed literature and their global academic credibility. Complementary studies were identified through backward reference searching and citation chaining techniques. Consistent with the methodological recommendations [24], the use of multiple databases was intended to enhance the breadth and triangulation of sources, thereby reducing potential biases associated with single-source dependency. This multi-database approach also served to minimize geographic and institutional bias by incorporating a diverse array of scholarly contributions [25].

To maintain methodological rigor, only studies retrieved from the aforementioned databases were considered for inclusion, in line with the criteria proposed [26, 27]. To ensure consistency, replicability, and academic quality in systematic reviews. The literature search was conducted over a ten-day period, from 2 February to 22 March 2024. Prior to execution across formal databases, all search queries were preliminarily tested using Google Scholar to assess keyword precision and to refine the syntax and scope of search strategies.

Researchers used a snowballing method to examine a list of references to the relevant reviewed research to ensure adequate coverage and to identify a possible lack of research studies to include in the preliminary sample, which was supplemented by a forward-looking reference verification on Google Scholar to track where these research findings appear after that [28]. Furthermore, researchers manually searched specific articles to locate papers that were missing from the list of references and conducted database searches [29]. The overall research procedure yielded thirty studies for inclusion in the preliminary sample. The criteria for inclusion and exclusion were specified such that any relevant study might be included (step 2).

This review contains primarily English-language research that studies the factors that influence individual tax compliance. Because of a shortage of money for translation services, the researchers only included English research to make the reviewed literature available to a global English-speaking population. The study examined publications released between 2013 and 2023. Researchers began working on this post in 2024, the year's final month. Several studies were selected as part of the study methodology. Some of the studies chosen looked relevant for the investigation, while others did not. Step 3: Each researcher identified appropriate research. The titles and abstracts of the papers were first examined and verified. This was done to avoid wasting funding on research that did not meet the necessary inclusion conditions [30, 31].

Researchers used a data extraction spreadsheet for the abstract and title suitability screening, evaluated it beforehand, and made changes as needed. When the title and abstract evaluations failed to provide a clear choice on whether to deny or approve the research paper for assessment, the beginning and/or conclusion were assessed. Furthermore, when the review of a research's beginning along with conclusions had been insufficient, the whole research was evaluated to decide its inclusion in the evaluation. To increase the validity of the study results, the researchers intended to analyze only published journal articles (step 4). After deleting irrelevant and duplicated research, the final sample consisted of only twenty-eight studies, which were inspected and assessed. Figure 1 shows a flowchart of the study selection procedure.

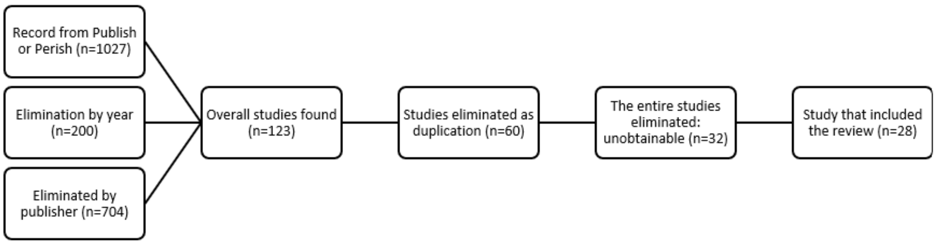

Figure 1. Flowchart of the Study

Figure 1 illustrates the systematic screening and selection process conducted in this review, following the PRISMA-based flow procedure. The initial search generated 1,027 studies from the Publish or Perish database. The first screening removed 200 studies that did not meet the required publication year range. The next filtering step applied publisher and indexing criteria, eliminating 704 studies due to being non-indexed, non-scholarly, or outside the target scope, leaving 123 studies for detailed assessment. A duplication check removed 60 repeated records across databases. The remaining 63 studies underwent full-text evaluation, where 32 were excluded due to incomplete access, missing data, or incompatibility with the research focus. Ultimately, 28 studies satisfied all inclusion criteria and were incorporated into the final qualitative synthesis. This structured approach ensures transparency, minimizes selection bias, and reinforces the validity and reliability of the literature consolidation process.

A combined data extraction sheet (step 5) was created to ensure the investigations were appropriate and capitalized on their strengths. This contained details such as the authors, year of publication, research title, research purpose, sample, research design, methods employed, and study findings. Before implementation, the study's team reviewed and altered the beginning point as needed. The authors assessed the appropriateness of full-text research and described its characteristics. A two-person team of researchers carefully analyzed each study to ensure robust and impartial conclusions. A list of publications to be reviewed was established, and the principal investigator assigned these investigations to a person who cycled on a regular timetable, thereby eliminating bias generated by frequently evaluating the same research simultaneously. Researchers avoided introducing bias into the research evaluation process by having different people examine the work.

The completed research was examined, and a final decision on its eligibility for inclusion in the evaluation was made. Any study that did not match the qualifying requirements was deleted at this stage. Finally, data summary and evaluation (step 6) were performed utilizing a data collection table, chart, and graph. This work employed an explanatory-analytical strategy to explain the implementation of individual tax compliance and to identify research gaps in the current literature. Findings are occasionally backed by quotations from the evaluated study, and the discussions are based on a thorough literature assessment.

After removing irrelevant and duplicate studies, the final sample consisted of eligible papers and evaluated in the literature review section. The twenty-eight studies included in this review are all qualitative, as would be expected for a relatively new study subject. Surprisingly, the majority of the research in the final sample used primary, original data, however several studies relied on secondary data. Table 1 displays the distribution of the selected papers by publication. 61% (17/28) of the publications assessed were from Scopus journals, 36% (10/28) from Sciencedirect, and 3% (1/28) from Heinonline. Figure 2 displays the total number of evaluated publications from 2013 to 2023 by year of publication.

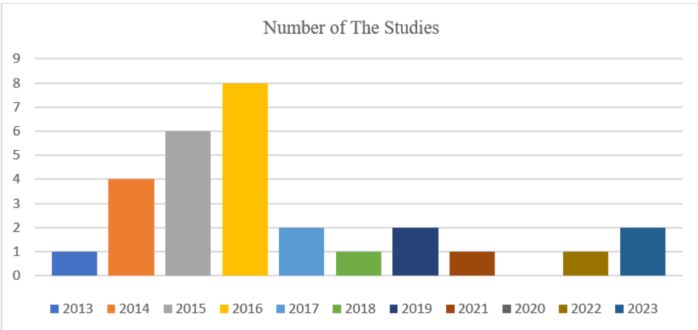

Figure 2. Studied reviewed from 2013 to 2023

Figure 2 illustrates the annual number of assessed papers published. The examination of publication years shows that the field of individual tax compliance research is still emerging and continues to develop and growing. As a result, there is a steady flow of scholarly publications in this domain. 72% of the research papers were published during the last eight years, although the data were collected between 2013 and 2023. Therefore, these various factors can be simplified into the categories of economic variables and non-economic variables. In the category of economic variables such as tax audit, tax evasion, tax rates, tax fines, tax compliance costs, income, punishment, economic factor, horizontal equity, vertical equity, perceived fiscal exchange, power of authority, tax information, tax awareness, tax knowledge, complexity of the tax system. And those that belong to the category of non-economic or socio-psychological variables are trust, social pressure, social norms, morals, physical stress, psychological factor, social frame, attitude, behavioral intention, mental accounting, religiosity, gender, taxpayer perception, interactional fairness, and tax fairness.

Table 1. Classification of study considered

Heinonline	**Scopus**				**Science Direct**	**Overall**
	Q1	Q2	Q3	Q4		
1	9	4	2	2	10	28

Table 1 presents the classification of the 28 studies that met the inclusion criteria based on publication source and journal quality index. Of the selected articles, 1 originated from Heinonline, 10 from Sciencedirect, and 17 were indexed in Scopus, with the Scopus publications distributed across Q1 (9 studies), Q2 (4 studies), Q3 (2 studies), and Q4 (2 studies) journal quartiles. The predominance of Q1 and Q2 publications indicates that most of the reviewed research was published in high quality and reputable journals, which strengthens the reliability and academic rigor of the synthesized findings. The variation of outlets across quartiles also reflects diversity in perspectives, methodologies, and research contexts, showing that tax compliance especially when examined from behavioral and socio psychological perspectives has gained increasing scholarly attention and relevance in international academic discourse.

Table 2. Summary of Tax Compliance Determinants and Frameworks

Study / Author	Country Context	Variables / Determinants Examined	Framework / Theory Used	Type of Compliance Focused
[32]	Austria	Trust, fairness perception, voluntary compliance	Slippery Slope Framework	Voluntary compliance
[33]	Vietnam	Psychological antecedents, compliance intention	Theory of Planned Behavior	Voluntary vs. enforced compliance
[34]	Indonesia	Digital tax service quality, taxpayer satisfaction	Service Quality Model	Digital tax compliance
[35]	United States	Voluntary compliance, social norms, behavioral drivers	Behavioral Economics	Voluntary compliance
[36]	Malaysia	Digital tax systems, perceived usefulness	Technology Acceptance Model (TAM)	Digital compliance
[37]	Indonesia	Tax literacy, compliance intention	Behavioral Intention Theory	Entrepreneur tax compliance
[38]	Ethiopia	Trust in authority, distributive justice, moral norms	Fairness heuristic theory	Trust-based compliance

Table 2 summarizes recent empirical studies on tax compliance, highlighting the key determinants, theoretical frameworks, and types of compliance investigated. The table shows how different studies from 2022–2024 examine behavioral, psychological, and digital adoption factors using theories such as the Slippery Slope Framework, Theory of Planned Behavior, TAM, and Behavioral Economics. This comparison helps identify research gaps and demonstrates that current tax compliance studies increasingly emphasize voluntary and digital tax compliance, particularly among individual taxpayers and entrepreneurs.

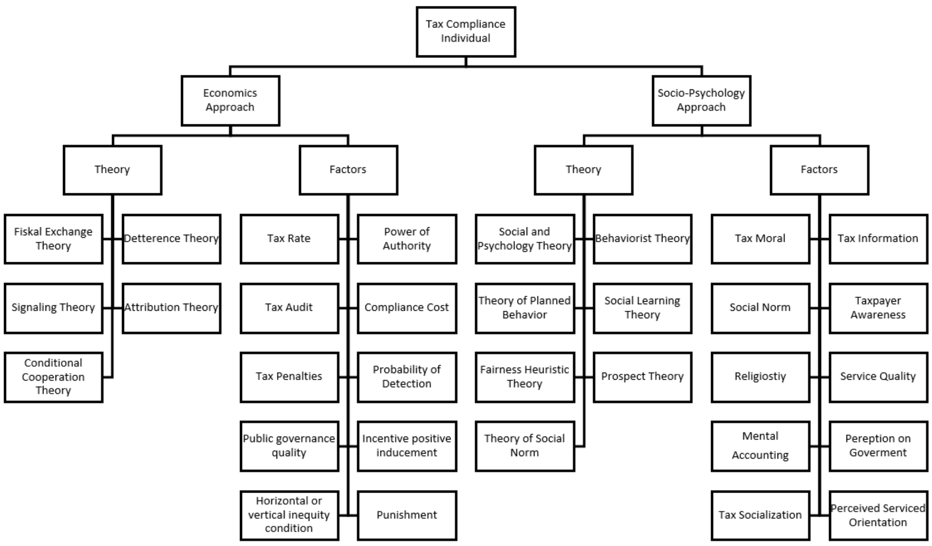

Figure 3. Study model of Individual Tax Compliance

Figure 3 shows the conceptual framework of individual tax compliance, combining economic factors such as tax rates, audits, penalties, and compliance costs with socio-psychological factors like tax morale, social norms, religiosity, and awareness, indicating that compliance is driven by both economic incentives and behavioral influences.

Tax compliance research is grounded in theories that explain how individuals respond to tax authorities and what shapes compliance behavior. This review identifies that many studies still isolate economic deterrence (penalties, audits) or socio-psychological factors (norms, trust, fairness), rather than integrating them into a unified model. Fiscal Exchange Theory emphasizes that tax compliance increases when taxpayers perceive that tax revenues are used wisely and public services meet expectations [39]. Social and psychological perspectives further suggest that compliance is influenced by social norms, perceived fairness compared to other taxpayers, and trust in political institutions.

Other studies apply Deterrence Theory, which assumes taxpayers act to maximize personal utility and comply when the perceived risk of audit or penalty is high [40, 41]. However, the effectiveness of enforcement is still debated some evidence shows audits do not consistently generate long-term compliance, while other findings indicate increased compliance after taxpayers undergo audits. This reinforces the argument that deterrence alone is insufficient and that future research should combine economic and behavioral perspectives, especially in entrepreneurship and technopreneurship contexts where tax behavior influences business growth and access to funding.

The next theory is the Behaviorist Theory. Most behavioral models arise because of theorists experiencing frustration with the prevention theory's approach to explaining the deliberate actions of individuals [42]. Psychological and neurological evidence strongly suggests that people often misconceive objective measures rationally when faced with decisions. Finally, the researcher also used Signal Theory. Tax authorities focus on signals to motivate voluntary compliance. This theory views taxpayers' perception of the strength of the tax authority's audit function as another compliance incentive. Signal theory differs from prevention theory in that it does not rely on the calculated probabilities of non-compliant taxpayers undergoing audits. Instead, the theory focuses on taxpayers' perception of the government as a strong auditor, tax authorities have a good reputation for accurately selecting tax returns for audits that contain non-compliance, and the audits themselves are highly effective at finding non-compliance on audited tax returns [43].

The Theory of Planned Behavior (TPB) explains that intention is the foundation of behavior; individuals comply when they hold a positive attitude toward compliance, believe that others expect them to comply, and feel confident in their ability to do so [44]. However, TPB assumes that individuals are always rational and able to predict outcomes, which limits its ability to fully explain tax compliance behavior. Compliance can also be explained through Attribution Theory, which states that behavior arises from individuals' interpretation of the causes behind events, and Social Learning Theory, which argues that behavior can be learned through observation and direct experience. In addition, Fairness Heuristic Theory emphasizes that tax compliance is influenced by perceived fairness taxpayers are more willing to comply when they feel they are treated fairly and receive collective benefits, but are more resistant when they perceive government actions as exploitative [45].

Prospect theory explains that individuals evaluate the outcome of a decision based on a reference point that differentiates between the domains of gains and losses. Since losses are felt more intensely than equivalent gains, individuals tend to take risks to avoid losses, but are risk-averse when potential gains are involved. In the context of taxation, this theory suggests that taxpayers facing the possibility of additional payments are more prone to tax avoidance compared to those expecting a refund or subjective benefit from compliance [46, 47].

Social norms describe the unwritten rules that shape the behavior of group members. Injunctive norms direct what is considered right to do, descriptive norms show how others typically behave, while subjective norms relate to the expectations of significant others such as family or colleagues [48]. By combining economic factors like audits and penalties with psychological and social factors, tax compliance can be categorized into two forms: voluntary compliance driven by the moral awareness to contribute to public welfare, and enforced compliance which arises due to concerns about audits or penalties [49].

Use psychological concepts to explain the reasons why individuals decide to pay their taxes [50]. They try to emphasize that paying taxes is not just an economic phenomenon and should not be considered only from a legal point of view. They focused their research on different approaches, namely in terms of compliance and non-compliance of the tax system. Balla said that naturally non-compliant taxpayers will seek to hide deviant behavior to avoid penalties. So it means that tax avoidance cannot be observed and must be estimated and tax morale must be obtained by conducting a survey.

Said a large number of surveys investigating tax behavior focused on attitude measures [51]. Many of these studies rely on the assumption that attitudes are an indication of taxpayer behavior. For example, they may assume that if most people agree with statements such as 'tax avoidance is sometimes justified, then this result is an indication of some kind of non-compliance. However, the link between such attitude measures and actual behavior has been intensely debated in psychology over the past few decades and has recently been questioned concerning tax compliance behavior.

Taxpayer compliance and awareness are shaped by tax socialization, tax knowledge, the usefulness of Tax Identification Numbers (TIN), and service quality from tax officers. When taxpayers receive clear socialization and understand tax rules, their willingness to comply increases, supporting the Self-Assessment System [52]. The usefulness of TIN also strengthens taxpayers' realization of their tax obligations, especially when supported by responsive officer services.

Similarly, highlight that low tax compliance in developing countries such as Pakistan and India is caused by perceptions of unfairness, complex tax systems, and weak enforcement [53]. Tax morale, procedural justice, and retributive justice influence compliance, as taxpayers tend to follow tax rules when they believe tax payments are exchanged for quality public services. Although tax rates can affect compliance emphasize that simplification of tax procedures has a stronger impact than tax rate reductions.

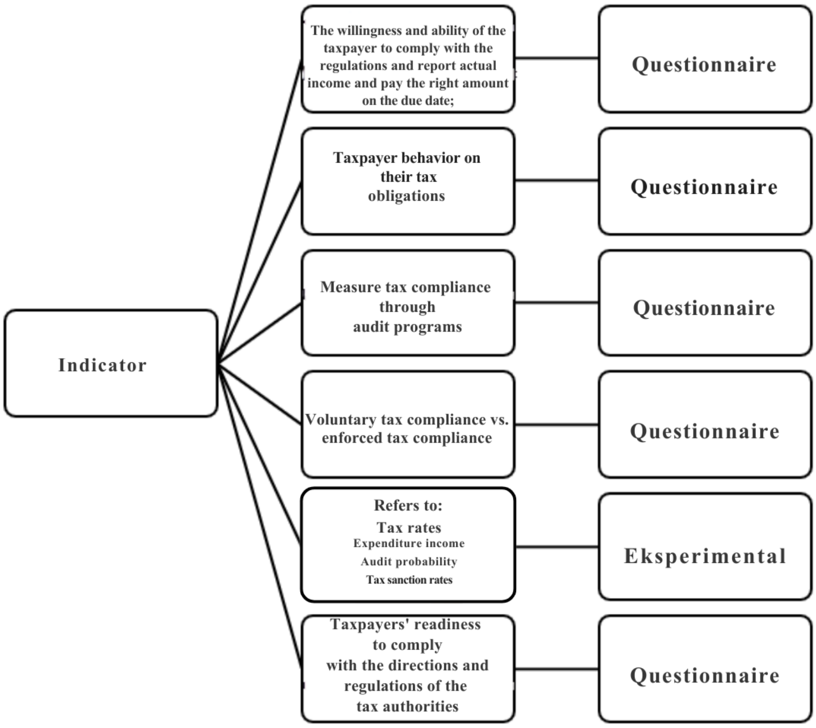

Figure 4. Indicators of Individual Tax Compliance Study

Figure 4 shows the indicators commonly used to measure individual tax compliance, including willingness and ability to comply, taxpayer behavior, audit-based compliance assessment, voluntary versus enforced compliance, and economic factors such as tax rates and sanctions. These indicators are generally measured using questionnaires, while economic variables are examined experimentally.

Show that tax compliance can be classified into two forms voluntary and enforced compliance using the Tax Compliance Inventory [54]. Other studies use audit-based measurements [55], although this method cannot distinguish intentional from unintentional errors. In contrast, Indonesia emphasizes willingness and ability to comply, measured through formal and material compliance [56]. Similarly, define compliance as the willingness of taxpayers to report actual income and pay the correct amount of tax on time [57].

Beyond measurement, several studies highlight that tax compliance is influenced by psychological and social factors, not only enforcement [58]. Argue that compliance decisions are shaped by social norms and cognitive dissonance. Provide neurobiological evidence that integrating economic and psychological perspectives offers a more realistic explanation of tax behavior than assuming taxpayers are fully rational. Finds that trust in the tax system affects tax morale, while Onu shows that attitudes play a key role in decision-making. Improving tax knowledge and service quality can increase compliance, and consistent monitoring along with strong authority roles can further enhance taxpayer trust and compliance [59].

Found in their research that tax precautions and social or psychological aspects of taxpayers affect the level of tax compliance [60]. The psychological aspects in question such as the perception and attitude of taxpayers have a more fundamental impact on personal income tax compliance compared to tax preventive measures such as fines and penalties. If the fiscal office wants to use prevention as a form of taxpayer compliance, it must include a psychological aspect where the fiscal office must know when and how to combine strict preventive measures with persuasive actions by providing tax education and tax socialization so that it will fundamentally encourage the attitude and perception of taxpayers in fulfilling their obligations. The research findings indicate two important implications for tax authorities. First, the rationale behind treating zakat as a tax rebate must be clearly communicated to taxpayers or reassessed to prevent negative sentiment among certain groups that may escalate into wider issues. Second, strong religious values can be leveraged to encourage higher tax compliance by designing targeted policies that align with differing taxpayer attitudes and behaviors.

Perceived service perception as a moderating variable enhances voluntary compliance, as taxpayers respond positively to fair and service-oriented treatment by tax authorities. Experimental studies show that perceived fairness strongly influences compliance, with women generally less likely to evade taxes than men. However, punitive measures may backfire, fostering negative attitudes among compliant individuals. Mental separation between taxes and income also correlates with age and tax attitudes, emphasizing the need for balanced enforcement and fairness to build trust. Yet, since not all taxpayers comply voluntarily, preventive strategies like audits remain essential.

The authors suggest potential research directions for the near future related to the tax compliance behavior theme:

- Theories in tax research can be seen in 2 categories, namely economics and social psychology. So if you want to research tax compliance behavior, you can use the theory of planned behavior, behaviorist theory, social and psychology theory, social learning theory, fairness heuristic theory, prospect theory, and social norm theory.
- Tax compliance determinants are based on tax behavior that focuses on the role of social and psychological factors. Psychological aspects such as the perception and attitude of taxpayers have a more fundamental impact on personal income tax compliance.
- Taxpayer behavior on their tax obligations as an indicator in measuring taxpayer compliance behavior.

5. MANAGERIAL IMPLICATIONS

The findings of this review have several practical implications. For tax authorities, understanding the balance between deterrence-based mechanisms and socio-psychological drivers enables the design of compliance strategies that go beyond penalties and audits. Improving service quality, building trust, and communicating fairness can increase voluntary tax compliance more effectively than enforcement alone. For policymakers, the synthesis highlights the importance of simplifying procedures and expanding digital tax platforms to reduce administrative burden especially for individual entrepreneurs who operate with limited resources and independent decision-making. For entrepreneurs and technopreneurs, tax compliance should be viewed not merely as a legal obligation, but as a strategic capability that improves access to funding, incentives, certification, and government support programs. By incorporating tax compliance into business planning and digital record-keeping practices, entrepreneurs can reduce uncertainty and strengthen business sustainability.

6. CONCLUSION

This review offers two key contributions. Theoretically, it integrates deterrence-based economic factors (penalties, audit probability, compliance cost) with socio-psychological determinants (trust, norms, religiosity, perceived fairness) into a unified conceptual structure, showing how they shape voluntary vs. enforced compliance among individual entrepreneurs. Practically, it demonstrates that tax compliance is a strategic capability for entrepreneurs and technopreneurs, reducing risk and enabling access to funding and government incentives. These insights help policymakers design interventions that encourage voluntary compliance through education, service quality, and trust-building not enforcement alone. Tax non-compliance is detrimental to society because it can reduce government revenue, disrupt the labor market, and weaken the stability of the country by enriching the perception of fraud and fraudulent behavior. The reasons for tax non-compliance must be known in advance to effectively reduce tax non-compliance (increase the level of compliance).

Relying on an approach to the use of authority alone will not yield comprehensive results. Therefore, tax authorities and governments should prioritize a responsible citizen approach in their efforts to improve compliance rates. Current research, which is a review paper, can also be turned into a research paper by future academics so that they can conduct in-depth research. Despite these limitations, this paper adds knowledge to various entities in the context of tax compliance. Furthermore, this paper contributes to the literature and acts as a guide for further research. Through this research, it is hoped that the psychological aspect in terms of taxpayer ethics will continue to improve and be able to continuously fulfill their responsibilities optimally so that the planned goals can run effectively and efficiently. This review also contributes to the global sustainability agenda. By demonstrating how voluntary tax compliance can strengthen government revenue and improve public service delivery, the findings support SDG 16 (building strong, transparent, and trustworthy institutions). The role of tax compliance among entrepreneurs reinforces SDG 8 (promoting sustainable economic growth and business ecosystem development). Moreover, the review highlights the importance of collaboration between tax authorities, policymakers, and entrepreneurial communities, consistent with SDG 17 (strengthening multi-stakeholder partnerships for development impacts).

This study is limited to individual taxpayers and an 11-year timeframe, reducing its representation of broader societal views and recent developments; it also relies solely on journal articles, indicating the need for future research to include book chapters, conference papers, and local databases such as SINTA. The study proposes new research directions for theoretical or experimental exploration across countries. From an entrepreneurship and technopreneurship perspective, tax compliance emerges as a key behavioral capability for business sustainability, helping entrepreneurs manage cash flow, avoid penalties, and build legitimacy. In digital ventures, voluntary compliance further enhances credibility and access to funding, government programs, and tax incentives.

7. DECLARATIONS

7.1. About Authors

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7.2. Author Contributions

Conceptualization: RI and SF; Methodology: RI and SF; Software: RI and SF; Validation: RI and SF; Formal Analysis: RI and SF; Investigation: RI and SF; Resources: RI and SF; Data Curation: RI and SF; Writing Original Draft Preparation: RI and SF; Writing Review and Editing: RI and SF; Visualization: RI and SF; All authors, RI and SF, have read and agreed to the published version of the manuscript.

7.3. Data Availability Statement

The data presented in this study are available on request from the corresponding author.

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7.5. Declaration of Conflicting Interest

The authors declare that they have no conflicts of interest, known competing financial interests, or personal relationships that could have influenced the work reported in this paper.

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