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Exploring behavioral drivers of tax compliance: The mediating role of attitude and moral value

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ARTICLE INFO	ABSTRACT
	Tax compliance remains challenging for the government due to the interconnection of economic, social, cultural, and perceptual elements that harm taxpayer behavior. This study aims to investigate the influence of behavioral drivers on tax compliance, focusing on attitudes and moral principles as mediators. A quantitative technique was used to survey 265 taxpayers in Riau Islands Province. Structural equation modeling (SEM-PLS) was used to investigate relationship between variables. The results demonstrate BC exerts a direct and significant influence on MV and ATT, while also exhibiting a positive correlation in bootstrapping tests or via the median variable with TC. The correlation between BC and TC is statistically insignificant. This result is noteworthy, as the cognitive dimensions of tax behavior—specifically morality and attitude—are more significant in influencing taxpayer behavior regarding tax compliance levels. It is crucial to highlight subjective perceptions in creating a favorable environment for taxpayers. This research theoretically enhances behavioral-based tax compliance model by incorporating psychological and ethical aspects. The findings indicate that tax authorities should formulate policies and campaigns that foster positive attitudes and improve moral responsibility, alongside traditional law enforcement, to augment voluntary compliance and fortify the tax system.

Introduction

Taxes function not only as a source of government revenue but also as a strategic tool for redistributing benefits and regulating budgetary policy. The degree of taxpayer compliance from both individuals and enterprises primarily influences the efficacy of the tax system in sustainable development. Maintaining stable and sustainable fiscal revenues, which fund public services such as healthcare, education, and infrastructure development, depends heavily on tax compliance.

According to Bakija (2024) and Piketty et al (2014) the efficacy and efficiency of the tax system are crucial for maintaining social stability and promoting inclusive economic growth. A tax system that continually promotes compliance guarantees the sustainability of state income and enhances public trust in the government.

Tax compliance issues remain a significant problem worldwide, particularly in developing countries where tax administration is limited and the public has limited knowledge of public finances (Kaufmann et al., 2019; Witte & Woodbury, 1985; Xin Li, 2010). This study highlights the importance of refining strategies to enhance tax compliance as a crucial component of efficient taxation and sustainable development. The traditional tax compliance model as articulated by Allingham and Sandmo (1972) emphasizes the importance of deterrents, including audits and penalties as incentives for compliance. This methodology provides a theoretical framework for explaining taxpayer behaviour, grounded in logical risk assessments.

However, the evolution of the contemporary tax system renders this theory inadequate, as it does not adequately explain the phenomenon of voluntary compliance, which occurs without the coercion of audits or the threat of fines. Research by Kirchler et al. (2008) and Torgler (2007) demonstrates that trust in governmental institutions, fiscal transparency, and social norms have a significant impact on tax compliance behaviours.

This phenomenon is clearly evident in practice, as numerous individuals or entities comply with tax obligations despite a relatively low probability of being audited. This suggests that classical rational theory is insufficient for fully elucidating compliance behaviour. Psychological and social determinants, including ethical

principles, perceptions of financial equity, and positive attitudes towards tax responsibilities, significantly affect this behaviour (Feld & Frey, 2007; Luttmer & Singhal, 2014).

The improvement of current tax compliance literature highlights that the effectiveness of tax policy depends not only on penalties but also on the government's ability to foster public trust, strengthen social norms, and enhance moral awareness to support voluntary compliance.

Tax compliance, correlated with tax morale has significant influences on taxpayer adherence in Indonesia. Saptono and Khozen (2023) conducted a study that demonstrated moral values, through attitudes, significantly influence tax compliance, revealing a partial mediation effect. Research conducted in Indonesia and Malaysia by Nawawi et al (2023) and Oktris et al (2024) indicates that perceptions of public service quality can enhance tax morale, mediating between public service and compliance behaviour.

The findings indicate that tax compliance is affected by external factors, including sanctions and audits, as well as internal mechanisms shaped by values, perceptions, and attitudes. Hence, a few studies have concurrently incorporated behavioral control variables into tax compliance, mediated by moral values and attitudes, within a structured, cross-population framework.

The necessity of employing a behavioural approach in tax compliance research is becoming more evident in contemporary discussions. Trust in tax authorities, perceived fairness of the tax system, and individual moral values significantly influence attitudes toward taxes (Torgler & Schneider, 2009). This attitude acts as a bridge between what people believe and what they do when it comes to avoiding paying taxes. Additionally, a positive attitude toward taxes may be a crucial mediating variable elucidating the relationship between moral reasoning and tax compliance behaviour

Consequently, a thorough examination of behavioural drivers is essential, positioning attitude and moral value as fundamental components in the model for analyzing tax compliance. Thus, it is essential to quantitatively explore the interaction between behavioural factors, specifically attitudes and moral values, in shaping voluntary tax compliance, particularly in the context of diminished public trust in government.

Literature Review

Tax compliance is a significant issue in developed and developing nations, affecting public revenue generation and overall economic stability. Traditional deterrence models, which emphasize audit probability and penalty severity, have been found inadequate in explaining voluntary tax compliance. Consequently, researchers have redirected attention to behavioural, psychological and institutional factors (Alm, 2019). Current research on tax compliance integrates various factors, including personal norms, attitudes, institutional trust, and social influences.

The planned behaviour, established by Ajzen (1991) serves as a foundational framework. It asserts that attitudes toward compliance, perceived behavioural control, and subjective norms influence the intention to comply. Empirical studies support the relevance of this theory in tax behaviour, demonstrating that attitudes toward taxation, such as viewing tax as a civic duty, significantly correlate with compliance levels (Bobek et al., 2007). Recent studies have shown that extended versions of the Theory of Planned Behaviour incorporate moral values and tax morale as essential mediators linking internal motivations to actual behaviours (Torgler, 2007).

Tax morale, which refers to the inherent motivation to fulfil tax obligations, has emerged as a significant psychological concept within compliance research. Torgler and Schneider (2009) highlighted that taxpayers' perceptions of fairness, government transparency, and procedural justice play a significant role in their moral commitment to meet tax obligations. In numerous contexts, particularly in developing economies, the perception of corruption and the misappropriation of public funds have an adverse impact on tax morale, resulting in diminished compliance despite increased statutory rates (Feld & Frey, 2007).

The role of trust in authorities has emerged as a critical factor. Kirchler et al (2008) introduced the slippery slope framework, distinguishing between voluntary and enforced compliance. This model posits that voluntary compliance is improved by a high level of trust in tax authorities and a perception of fairness within the tax system. In contrast, enforced compliance is dependent on deterrence mechanisms. Nations characterized by elevated institutional trust generally demonstrate increased voluntary tax compliance, highlighting the importance of transparent governance and effective service delivery.

A growing body of research illustrates the importance of social norms and peer behaviours in influencing tax compliance decisions. Mechanisms of social influence, including the observation of peers' tax behaviours and the perception of prevalent evasion, can lead to the normalization of non-compliance (Fellner et al., 2013). In experimental contexts, taxpayers who perceive others as compliant exhibit a higher likelihood of compliance. Conversely, perceptions of systemic evasion may lead to rationalizations for tax avoidance, thereby diminishing individual adherence to compliance norms.

Recent advancements incorporate personality psychology into compliance research. Traits like honesty, humility, and high conscientiousness are positively associated with increased compliance (Savitri & Musfialdy, 2016; Wenzel, 2005). The findings suggest that internal characteristics influence individuals' interpretations of tax

obligations and their interactions with institutional norms. Affective factors, including guilt, shame, and pride, have been recognized as emotional motivators or deterrents in tax decision-making (Khedekar & Umranikar, 2025).

At a structural level, simplifying tax procedures, digitalisation, and taxpayer education contribute to enhanced compliance. Implementing e-filing systems has been linked to increased taxpayer satisfaction and compliance, as it alleviates bureaucratic burdens and minimises opportunities for discretionary abuse. However, technology is inadequate without initiatives to improve taxpayer trust and ethical involvement.

Cross-country comparisons indicate that cultural dimensions, including individualism versus collectivism and power distance, influence compliance tendencies (Cummings et al., 2009). Collectivist societies often prioritise social responsibility and group-orientated moral values, potentially enhancing voluntary compliance when state institutions are legitimate.

Despite these advancements, disparities persist—the causal relationship between attitude and behaviour remains unclear: does a positive attitude result in compliance? Or does consistent compliance foster a more favourable attitude? Furthermore, although tax morale and trust have been thoroughly examined in OECD countries, additional evidence is required in emerging economies characterised by unique socio-political contexts.

Tax compliance is a complex phenomenon influenced by behavioural intentions, moral norms, institutional trust, and sociocultural contexts. Integrative models that connect psychological theories with institutional economics may provide a more comprehensive understanding of taxpayer behaviour. Future research should incorporate longitudinal designs and mixed methods approaches to effectively capture the dynamic interaction between individual motivations and systemic structures.

We develop a research hypothesis testing by following theory, previous research and logical argumentation as shown in Figure 1. After the explanation is formulated, the hypothesis are:

H_1 : Behavioural control (BC): The perception of an individual's capacity to adhere to tax obligations.
BC_1 : Possess the ability to calculate and remit taxes accurately;
BC_2 : The existing tax system facilitates compliance;
BC_3 : Possess the necessary resources and information to meet my tax obligations.
H_2 : Moral value (MV): An individual's responsibility to fulfil tax obligations based on ethical considerations.
MV_1 : Paying taxes constitutes a moral obligation of citizenship;
MV_2 : Experience guilt when I do not comply;
MV_3 : My adherence to tax obligations indicates my integrity.
H_3 : Attitude (ATT): an individual's evaluative judgement regarding tax compliance is characterised as either positive or negative.
ATT_1 : The payment of taxes contributes positively to societal welfare;
ATT_2 : I assert that paying taxes is a constructive action;
ATT_3 : I experience a sense of fulfilment when fulfilling my tax obligations.
H_4 : Tax Compliance (TC): The degree to which an individual meets their tax obligations.
TC_1 : I consistently remit my taxes before the deadline.
TC_2 : I accurately report all of my income.
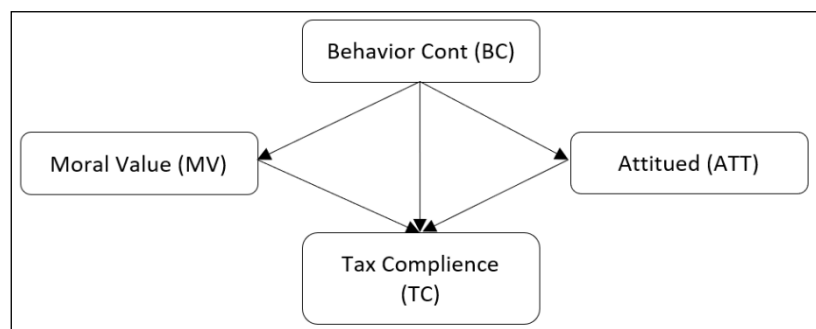TC_3 : I adhere to all tax regulations without any form of manipulation.

Figure 1. Research Framework

Research Method

We employed a quantitative methodology to analyze the relationships affecting taxpayer compliance via the median variable. Quantitative data were selected due to their ability to offer quantitative empirical evidence and enable testing intricate theoretical models that include mediating variables. Data were concurrently gathered to assess the impact of behavior, attitudes, and moral principles on taxpayer compliance. This strategy corresponds with the

research aims, prioritizing the analysis of correlations between variables over longitudinal investigation (Creswell, 2009).

The research population comprised individual and corporate taxpayers registered with the Tax Service Office (KPP) in Riau Islands Province. Participants were chosen through a purposive sampling method, comprising (i) taxpayers who have consistently reported and remitted taxes for a minimum of two years, (ii) individuals possessing a fundamental comprehension of tax responsibilities, and (iii) those willing to complete the survey.

265 respondents were selected and eligible for the structural model from the population that met the criteria. The sample size refers to the recommendation of Hair et al (2019), which states that the minimum sample size is 10 times the most significant number of indicators in the model; therefore, they-or-the respondents met the requirement for generating valid model estimates.

The research variables consist of exogenous variables, mediating variables, and endogenous variables. Exogenous variables include behavioral control (BC), which represents behavioral and cognitive factors influencing taxpayer compliance. Mediating variables consist of attitude (ATT), moral value (MV), and tax compliance (TC), the endogenous variable that is the primary focus of the study. Variables are measured using a 1–5 Likert scale, with one representing "disagree" and five representing "strongly agree." Indicators for the variables were adopted from previous studies, such as Bobek et al (2007) - an attitudes and subjective norms, Torgler and Schneider (2009) - moral values and tax compliance, and Kirchler (2007) - for measuring compliance behavior.

Data collection involved the distribution of questionnaires to research participants. The questionnaire was formulated using constructs validated in prior literature and subsequently subjected to content validity assessment by experts in taxation and research methodology. A pilot test was performed with participants to verify the clarity of the questions and the consistency of the responses. The results informed the revision of the questions' wording before comprehensive distribution to respondents.

Data analysis was conducted utilizing partial least squares-structural equation modeling (PLS-SEM) facilitated by SmartPLS. PLS-SEM was chosen due to several methodological factors: (1) its capacity to manage non-normal data, (2) its suitability for moderate sample sizes, exemplified by 265 respondents, and (3) its facilitation of models incorporating multiple mediation and intricate variable relationships (Hair et al., 2019). The analysis comprised two primary stages: assessment of the measurement model (outer model) and evaluation of the structural model (inner model).

Convergent validity in the measurement model evaluation was assessed by examining loading factor values exceeding 0.70 and an average variance extracted (AVE) >0.50. Discriminant validity was evaluated using the Fornell-Larcker criteria and the Heterotrait-Monotrait Ratio (HTMT), which should <0.85. Reliability was assessed through composite reliability (CR) and Cronbach's alpha >0.70. After confirming the measurement model's validity and reliability, the analysis advanced to the structural model phase.

In evaluating the structural model, the predictive power is quantified through the R^2, reflecting the extent to which the exogenous and mediating variables can account for the variance in the endogenous variable. A predictive relevance (Q^2) test assesses the model's capacity to forecast new data. The hypothesis testing employs a bootstrapping procedure involving 5,000 subsamples to evaluate the significance of both direct and indirect influence paths. The path coefficient, T-statistic, and p-value are fundamental metrics for determining the acceptance or rejection of the hypothesis under investigation.

Moreover, the investigation complies with ethical guidelines and scholarly standards. All participants gave informed consent before completing the questionnaire, affirming their involvement was voluntary and their data would remain confidential. The findings were utilized solely for academic purposes, ensuring that participants' identities and personal information remained confidential.

The quantitative research design - utilizing PLS-SEM offers an in-depth exploration of the mechanisms underlying tax compliance behavior by integrating attitudes and moral values as mediating variables. The findings from this analysis can help explain tax behavior theory and offer actionable insights for tax authorities aiming to boost taxpayer compliance.

Results and Discussion

The outer model was measured to establish reliability and construct validity, serving as a foundation for the quality of empirical research. As we mentioned, PLS-SEM effectively elucidates causal relationships among variables concurrently. Furthermore, Hair et al (2019) and Kapoor (2025) offer the PLS flexibility in handling small data sets and sample sizes, eliminating the need for stringent distributional assumptions across the entire dataset.

The 13 assessment indicators were considered valid for characterizing the variables and offering statistical support for the model. The results demonstrate the absence of conflicting effects that would reduce other coefficients and elucidate the strengthening correlations among the study variables. Table 1 displays the results for outer loadings (0.70), Cronbach's alpha (0.70), composite reliability (CR) (0.70), and average variance extracted (AVE) (0.50).

All variables and their dependent indicators surpassed the threshold values, demonstrating robust reliability and validity and the acceptability of the measurement model's sustainability. The results elucidate a synthesis of discussions pertinent to the significance of empirical research practice, specifically regarding the correlation among all variables that constitute the primary link in taxpayer compliance. Refer to Table 1.

Table 1. Outer Model

		Outer Loading	Cronbach Alpha	Composite Reliability	AVE
Attitude (ATT)			0.895	0.914	0.825
	ATT1	0.874			
	ATT2	0.935			
	ATT3	0.914			
Behavioral Control (BC)			0.847	0.943	0.758
	BC1	0.914			
	BC2	0.880			
	BC3	0.815			
Moral Value (MV)			0.902	0.912	0.835
	MV1	0.912			
	MV2	0.946			
	MV3	0.882			
Tax Compliance (TC)			0.815	0.823	0.642
	TC1	0.816			
	TC2	0.852			
	TC3	0.757			
	TC4	0.777			

Assessing discriminant validity in a reflective measurement model requires the evaluation of variables about their corresponding indicators. Cross-loading results are analyzed to achieve this. The outer loading of the research data, influenced by the cross-loading mechanism, is established by the measurement item exhibiting a stronger correlation with the assessed variable and a weaker correlation with other variables. The results on Table 2 demonstrate that all measurement items (ATT, BC, MV, TC) exhibit a stronger correlation with their respective measurement variables and a weaker correlation with other variables.

Table 2. Discriminant Validity

	Attitude (ATT)	Behavioral Control (BC)	Moral Value (MV)	Tax Compliance (TC)
Attitude (ATT)	0.908			
Behavioral Control (BC)	0.460	0.871		
Moral Value (MV)	0.491	0.828	0.914	
Tax Compliance (TC)	0.659	0.703	0.800	0.801

The inner model or structural evaluation examines the relationships among variables, emphasizing the significance of both direct and indirect relationships, the extent of the mediating role and the effect size of these relationships. This stage involves conducting a VIF or multicollinearity test to assess the inflation factor between constructs, with a threshold value of <5. The objective is to evaluate fit by examining the correlation among constructs within the model to prevent confusion or bias in the analysis. If the value exceeds 5, it is essential to recalculate each indicator utilized in the study.

Our findings indicate the absence of multicollinearity in the research model. This analysis is predicated on the variability of values for each indicator variable within the range of 1.755 to 4.197, suggesting robust or unbiased PLS-SEM parameters. The VIF values for BC about MV, ATT, and TC range from 1.000 to 3.214, comparable to the VIF values for MV and ATT about TC, ranging from 1.335 to 3.338. The results indicate that collinearity among variables is not present in the path coefficients derived from the structural model.

Table 3 presents the findings derived from the bootstrapping method. This analysis outlines each variable's direct, indirect, and total effects, including the path coefficient, standard deviation, T-statistic, 95% confidence interval, significance (p-value), and effect size (F2). Chin (1998), Cohen (1998) and Hair et al (2014) indicates a

value below 0.005 restricts the significance of the relationship between variables. The F2 classification delineates effect sizes: 0.02 represents a small effect, 0.15 denotes a moderate effect, and 0.35 signifies a significant effect.

Table 3. Direct and Indirect Result

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values	F-Square	Confident Interval (95%)	
							2.5%	97.5%
Direct Effect								
BC > MV	0.828	0.830	0.018	45.543	0.000	2.175	0.792	0.864
BC > ATT	0.460	0.470	0.068	6.781	0.000	0.269	0.336	0.604
BC > TC	-0.053	-0.058	0.064	0.832	0.406	0.004	0.627	0.778
ATT > TC	0.322	0.321	0.054	6.019	0.000	0.387	0.215	0.424
MV > TC	0.735	0.740	0.069	10.730	0.000	0.807	0.607	0.874
Indirect Effect								
BC > MV > TC	0.609	0.615	0.057	10.593	0.000	-	0.504	0.730
BC > ATT > TC	0.148	0.151	0.036	4.125	0.000	-	0.090	0.231

The correlation between "BC" and "MV" demonstrates a significant positive linear relationship, measured at 82.8% or 0.828, with a p-value less than 0.000. F2 test demonstrates significant and consistent results, quantified at 2.175. Changes in the "BC" variable may influence the "MV" variable. The confidence interval (CI) extends from 0.792 to 0.864 and does not approach zero. The t-statistic value of 45.543 demonstrates a highly significant effect of "BC" on "MV" within the research model.

The relation "BC" and "ATT" demonstrates a positive linear effect, though it is of lesser magnitude compared to the prior calculation involving "BC" and "MV." The value quantified as 46% (0.460), with a significant effect of 0.000. Additionally, evidence is provided by the moderate effect size (0.269) observed between the two variables. Despite the relatively low values compared to prior results, the consistency of "BC" contributes to the increase in "ATT." The confidence interval (CI) spans from 0.336 to 0.604 and does not converge to zero. The t-statistic value of 6.781 suggests a significant effect between "BC" and "ATT."

The relation between "BC" and "TC" exhibits a contrast effect compared to prior research, indicating a negative correlation of -0.053. The findings suggest an insignificant relationship between the two variables, evidenced by a correlation coefficient of 0.406, a weak effect size of 0.004, and a t-statistic of 0.832. The confidence interval for the two variables does not include zero, with a range of 0.672 to 0.778. These findings distinguished from other evaluations and necessitate additional investigation. The complexity "BC" arises from insufficient environmental factors, economic considerations for taxpayers, and various obstacles that hinder compliance with tax obligations.

The direct relationship between "ATT" and "TC" demonstrates a significant correlation (p=0.000) with a positive slope of 32.2% (0.322). An effect size of 0.387 influences the results, encompassing a confidence interval of 0.215 to 0.424, which excludes zero.

The direct relationship between "MV" and "TC" exhibits a dominant positive slope of 73.5% (0.735), demonstrating a highly significant effect (p<0.001). A substantial effect size of 0.807 and a confidence interval of 0.607 to 0.874 further substantiate the findings.

Among the five direct relationships in the research model, only one correlation produced insignificant results. This conclusion necessitates a focused effort to enhance tax awareness. The remaining results indicate significant findings with positive support, as evidenced by the coefficient lines, effect size, and confidence intervals derived from the evaluation of the research model.

The indirect relationship within the research model is detailed as follows. The relationship between "BC" and "TC," mediated by the variable "MV," demonstrates a consistent and statistically significant value, indicated by a p-value of 0.000. The findings suggest a significant positive effect of 60.9% (0.609), with a t-statistic of 10.593 and a confidence interval of 0.504 to 0.730 that does not include zero.

In contrast to earlier findings, the correlation between "BC" and "TC" via the median variable "ATT" demonstrates significant results, with a p-value of 0.000. The correlation observed is modest, quantified at 14.8% or 0.146. The t-statistic is 4.125, and the confidence interval approaches zero, ranging from 0.090 to 0.231.

Bootstrapping tests utilizing the PLS-SEM method show that the indirect effect significantly enhances tax compliance among individual taxpayers. Statistical evidence is presented via the direct and indirect effects of the research variables and indicators. The primary factors include advancements in technology, transparency, and sufficient facilities, which enhance the effectiveness of the tax collection process and ensure its reach across all

societal levels. The cognitive aspects of individual taxpayers are indirectly shaped by a supportive environment and compliance with laws and regulations, which enhances their moral values regarding tax payment.

Torgler (2007) predicted increased tax compliance during this decade, which correlates with these findings. This study is closely linked to law enforcement, which employs varying and stringent sanctions, thereby enhancing citizens' attitudes and individual morale regarding tax payment, ultimately promoting tax compliance. Bobek et al (2007) investigated the influence of social norms on taxpayers, highlighting their reliance on the moral beliefs prevalent in their environment to guide appropriate behavior. Social norms effectively elucidate tax compliance intentions and result in higher tax compliance than those anticipated by alternative economic models (Kirchler, 2007).

Additionally, we provided a detailed analysis of the final results concerning the R2, Q2, and GoF values. The R^2 function quantifies the degree to which an independent variable accounts for the variation in the dependent variable in a regression analysis. The thresholds are established at 0.19 for weak, 0.33 for moderate, and 0.66 for strong classifications. The results reveal that the R^2 values for each variable differ in their influence on the research outcomes, exhibiting a graded scale at each stage: "ATT" has a value of 20.4% (0.204), categorized as low; "MV" has a value of 68.2% (0.682), classified as moderate; and "TC" has a value of 79.3% (0.793), categorized as strong.

The Q2 value serves as an indicator of predictive accuracy for alterations in both exogenous and endogenous variables within the research model. The determination is based on specified criteria: 0 signifies low impact, 0.25 denotes moderate effect, and 0.50 represents high impact. The findings indicate that the Q2 values for each variable exhibit a range of diversity: "ATT" at 0.193, indicating low accuracy; "MV" at 0.676, reflecting strong accuracy; and "TC" at 0.483, representing moderate accuracy.

The model fit (GoF) value provides a holistic assessment of how well the statistical model matches the observed data. The SRMR value shows model fit, and acceptable values range from 0.08 to 0.10. The GoF value was 0.564 based on the data, suggesting that the measurement and structural models were well-fitted. Furthermore, the SRMR score of 0.080 indicates a satisfactory match for understanding the correlations between the research variables and indicators .Figure 2 depicts the results of the research model.
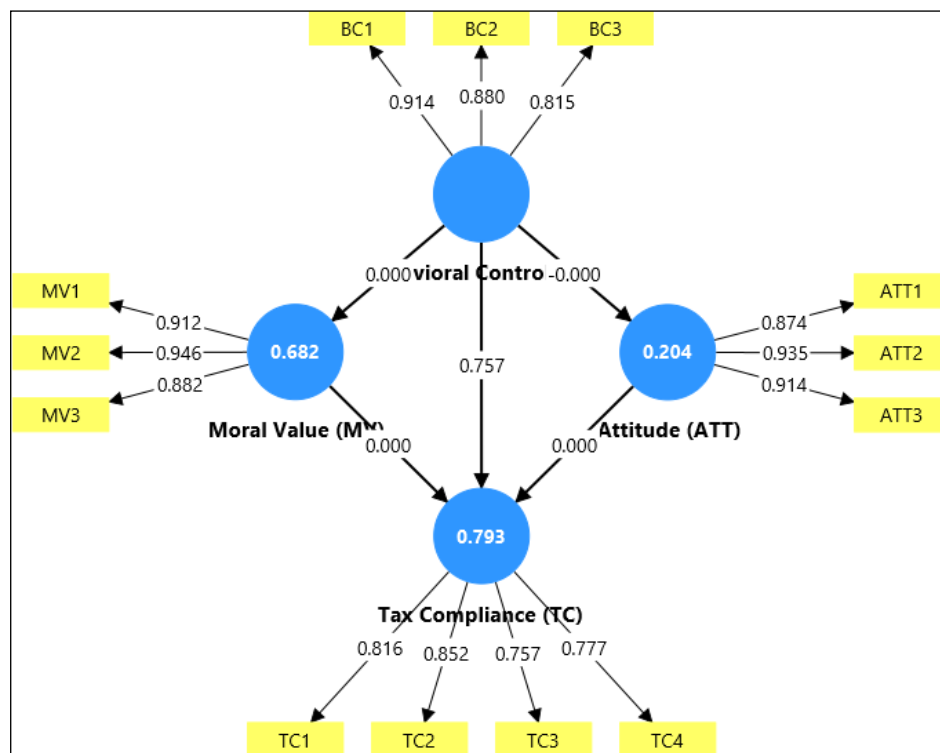

Figure 2. Evaluation Model of the Research

The investigation of factors influencing tax compliance has revealed an intriguing phenomenon. In developing countries such as Indonesia, taxes serve as a significant source of state revenue, presenting a dilemma due to their gradual and incremental increases (Irawan & Utama, 2021).

The "slippery slope" theory emphasizes the significance of upstream determinants, specifically trust and power, in shaping compliance via attitudes and moral values. Authority power, manifested through audits and sanctions, results in enforced compliance; in contrast, trust, which arises from procedural fairness, responsive service, and transparency, fosters voluntary compliance (Kogler et al., 2013). In our study, trust in the tax authority

emerges as a more salient driver of taxpayers' attitudes and moral values than perceived power, even though both factors are complementary in promoting compliance. Our findings suggest that higher levels of trust enhance the perception that paying taxes is a moral obligation and a socially responsible act, which, in turn, promotes voluntary compliance with relatively lower enforcement costs.

This result is consistent with previous experimental survey-based research by Alm (2019); Oktris et al (2024) and Savitri and Musfialdy (2016) which collectively shows that increasing both trust and power can enhance tax compliance, but that trust tends to exert a more direct and enduring influence on tax attitudes and tax morale than coercive power alone. By aligning our empirical evidence with these earlier studies, we reinforce the argument that building and maintaining taxpayers' trust is a critical behavioural strategy for improving tax compliance, beyond merely relying on deterrence-oriented enforcement mechanisms.

The findings of this study suggest a parallel trend: individuals develop a sense of responsibility in proportion to their roles as taxpayers. The relationship among "BC," "TC," "MV," and "ATT" demonstrates consistent results when analyzed through both the baseline assessment and the final processing of all variables and their binding indicators.

However, specific limitations strengthen this mediation analysis. Excessive enforcement can lead to a reduction in intrinsic motivation. The perception of the authority-taxpayer relationship as transactional and suspicious results in diminished moral obligations, heightened cynicism and a weakened mediation effect. This leads to decreased long-term compliance due to eroded trust and tax morale. If we do not apply deterrence fairly, it can lead to negative outcomes in attitudes, moral values, and compliance (Feld & Frey, 2007).

Secondly, procedural factors, which are challenging to evaluate from a cognitive standpoint, serve as the foundation of trust that supports both mediators. Taxpayer perceptions of respect, acknowledgment, and consistent treatment enhance trust in authorities, positively influence compliance evaluations and reinforce moral obligations, thereby strengthening intentions and behaviors related to compliance (Murphy, 2004). Fairness towards beliefs and moral attitudes leads to compliance, potentially establishing a long-term mediation chain for taxpayers.

Thirdly, heterogeneity influences mediating power, particularly in middle- and lower-income households (MSMe), which typically demonstrate low control. In such contexts, perceived behavioral control can serve as an attitudinal lever; enhancements in digital administration, simplified forms, and procedural certainty can improve utilitarian evaluations while diminishing the dissonance between the desire to comply and the capacity to comply (Harinurdin et al., 2024).

The study by Nurferyanto and Takahashi (2024) elucidates the essential distinctions between tax and legal interests, emphasizing appropriate management within their respective boundaries. The restructuring and enhancement of tax policy in Indonesia should be implemented, emphasizing a combination of primum remedium (sanctions as an initial response) and ultimum remedium (sanctions as a last resort). External investigations are necessary to ensure the quality of human resources in tax collection, thereby addressing tax crimes more effectively.

In contrast to the descriptions of behavioral theory, there exist calculations about taxpayers' social behavior and psychological state. Attitudes toward compliance encompass cognitive-affective evaluations of tax payment, which serve as predictors of intention, alongside subjective norms and perceived behavioral control. Empirical evidence from Bobek et al. (2007) and Bobek and Hatfield (2003) indicates "moral obligation" is positively correlated with compliance intention, independent of attitudes, norms, and control factors. The study also offers insight into the moral aspect, as an individual's psychology is significantly shaped by compliance, rather than solely as an instrumental extension.

In addition to behavioral control, a social orientation is inherent in the societal context, concerning individuals' identities as citizens within their communities. Caonsequently, taxes represent a distinct civic obligation and possess legitimacy as a means of civic compliance. Luttmer and Singhal (2014) explain that while enforcement is significant, tax morale accounts for variations in compliance that deterrence models fail to address. This morale is evaluated through the phenomenology and mechanisms of social norms, trust in authority, and perceptions of fairness, all of which interact with the institutional context.

Examining norms is essential for identifying loopholes that enable individuals to evade their tax obligations. Attitudes and moral considerations fundamentally influence consensus on norms. Descriptive norms indicate that taxpayers have fulfilled their tax obligations, whereas injunctive norms mandate that all individuals pay taxes (Hallsworth et al., 2017). Inductive interventions significantly influence the social environment by promoting collective descriptive messages that assess attitudes and moral obligations associated with being obedient citizens, thereby attaining the designation of good citizens.

In Indonesia, tax morale is a significant factor influencing compliance, surpassing other psychological determinants, as demonstrated by Permana and Sanjaya (2025). Enhancing tax compliance is essential for upholding a tax system that adheres to income reporting in a collective context.

The findings support a model that integrates social norms, procedural justice, service quality, and fiscal transparency to enhance taxpayer trust in government. Trust fosters the development of positive attitudes and reinforces moral values; conversely, it can also mediate the impact of these factors on intentions and behavior,

while serving as a deterrent that effectively enhances tax awareness. This dual pathway corresponds with evidence indicating that normative and relational (trust-building) strategies yield relatively low-cost and sustainable enhancements in compliance. In contrast, solely deterrent strategies are susceptible to backlash when perceived as unfair.

This study has examined the behavioral factors influencing tax compliance, mediated by attitudes and moral values. The findings contribute to the existing knowledge and literature in management economics regarding taxation, attitudes, and the importance of tax collection mechanisms. Situational context, cognitive and psychological factors, social phenomena, and economic consumption patterns all interconnect and significantly influence the broader community. Research shows that a complex interplay of psychological, social, and institutional factors influences tax compliance, not just conventional deterrence mechanisms.

Tax compliance attitudes and moral values, or tax morale, link taxpayers' perceptions of fairness, trust in authorities, social norms, and administrative ease, influencing their intentions and actual behavior regarding tax obligations. Empirical findings from international studies and the Indonesian context are consistent, indicating that strategies integrating trust-building, transparency, and procedural simplification can enhance positive attitudes and promote moral values, thus facilitating sustained voluntary compliance. The psychological and ethical dimensions of the behavioral framework warrant equal consideration alongside law enforcement instruments in the design of tax policy.

Practical implications: tax authorities should develop normative-psychological interventions to influence attitudes and moral values, such as local descriptive norm messages, citizen engagement, and transparency in tax utilization. Additionally, policies must be restructured to enhance trust through fairness and service, including one-stop service, respectful communication, and consistent treatment, while maintaining proportional enforcement.

Tax authorities must implement a strategy that harmonizes enforcement capabilities with initiatives to foster voluntary compliance through normative interventions and enhancements in service delivery. Educational programs centered on values, public campaigns emphasizing taxation's collective advantages, and straightforward, transparent procedural design will enhance the mediating influence of attitudes and moral values. Simultaneously, equitable and proportional law enforcement is essential for preserving system integrity while safeguarding taxpayers' inherent motivation.

Future research may investigate multi-level mediation pathways incorporating cognitive factors, including trust, attitudes, moral values, intentions, and taxpayer behavior, contingent upon defined criteria. This can be achieved through sectoral division and the application of specific indicators. The findings may inform policies that combine normative messages with procedural enhancements to evaluate the sustainability of effects across different taxpayer segments. The moderating effects of demographic characteristics and taxpayer type should be examined to facilitate the creation of a comprehensive tax compliance model that promotes fiscal stability and social justice.

Conclusion

The findings indicates taxpayer compliance behavior is a multidimensional phenomenon influenced by structural factors, including regulations, sanctions, law enforcement mechanisms, and complex behavioral factors. The findings suggest that perceptions of fairness, trust in tax authorities, social norms, and personal experiences with the tax system significantly influence compliance decisions. In this context, attitudes and moral values are essential mediators, linking behavioral factors to taxpayer compliance levels. Favorable perceptions of taxation enhance the acceptance of fiscal responsibilities and diminish opposition to tax payments, whereas ethical principles motivate individuals to adhere to tax laws despite the presence of evasion opportunities.

The study empirically demonstrated that moral responsibility exerts a more significant mediating effect than attitudinal values. This shows the importance of fostering favorable perceptions of tax institutions, ensuring transparent administrative processes, and emphasizing the public benefits of taxes as a strategic measure to enhance compliance. Moral values are crucial in influencing taxpayers' personal integrity and ethical awareness. This study contributes to behavioral tax compliance theory by elucidating the interaction between psychological and ethical variables in shaping fiscal behavior. And presents empirical evidence supporting a dual mediation model, wherein attitudes and moral values concurrently mediate the relationship between behavioral drivers and tax compliance.

Practical implications hold significance for tax authorities and policymakers. Strategies for enhancing compliance should incorporate coercive measures like sanctions and audits, as well as behavioral interventions that foster positive perceptions of taxation. Incorporating tax ethics into educational curricula and promoting moral messages in tax campaigns can foster ethical awareness from a young age through fiscal education.

In an organizational context, especially for companies serving as tax withholding agents or collectors, internal policies promoting compliance, ongoing staff training, and adopting technology-based monitoring systems can mitigate the risk of violations. The interplay among government policies, public engagement, and private sector involvement will foster a more robust tax ecosystem.

This presents opportunities for further research into moderating variables, including tax literacy levels, trust in government, and cultural factors that may affect the mediating influence of attitudes and morale. Longitudinal research comprehensively explains how policy changes or social dynamics affect this relationship over time. In conclusion, tax compliance arises from a multifaceted interplay of regulatory, behavioral, psychological, and ethical factors. An effective strategy can enhance tax compliance, positively impacting fiscal sustainability and national development.

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