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TAX MORALE AS A PILLAR OF GOOD GOVERNANCE: AN ANALYSIS OF PERCEIVED FAIRNESS, TAX SYSTEM, AND TRUST IN GOVERNMENT

MORAL TRIBUTÁRIA COMO PILAR DA BOA GOVERNANÇA: UMA ANÁLISE DA JUSTIÇA PERCEBIDA, DO SISTEMA TRIBUTÁRIO E DA CONFIANÇA NO GOVERNO

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Abstract
Objective: This study looks at why people pay taxes, focusing on fairness, the tax system, and trust in the government. It aims to find out what makes people follow tax laws, which helps with Sustainable Development Goal 16, about peaceful, fair, and strong organizations. Theoretical Framework: This research uses the Theory of Planned Behavior to understand taxpayer behavior. The theory says that beliefs, social norms, and control influence actions like tax compliance. Relating to SDG 16, the study shows that fair and transparent institutions are key to effective governance. Method: This study used a quantitative approach to see how fairness and the tax system affect how willing future taxpayers are to pay taxes. It also looked at how much trust in the government matters. Result and Discussion: The study reveals that the perceived fairness of the tax system and its specific rules significantly impact people's willingness to pay taxes. Trust in the government can not moderate the connection between perceived fairness and Tax System on tax morale. Research Implications: This study helps us better understand what makes people willing to pay taxes. It shows that it's important for the tax system to seem fair and open, and for people to trust the government, to get more people to pay their taxes. Originality/Value:This study explains what makes future taxpayers in Indonesia willing to pay taxes. The results suggest ways for policymakers to improve tax

Resumo
Objetivo: Este estudo analisa por que as pessoas pagam impostos, com foco na justiça, no sistema tributário e na confiança no governo. O objetivo é descobrir o que leva as pessoas a cumprir as leis tributárias, o que contribui para o Objetivo de Desenvolvimento Sustentável 16, sobre organizações pacíficas, justas e fortes.
Referencial Teórico: Esta pesquisa utiliza a Teoria do Comportamento Planejado para compreender o comportamento do contribuinte. A teoria afirma que crenças, normas sociais e controle influenciam ações como a conformidade tributária. Em relação ao ODS 16, o estudo demonstra que instituições justas e transparentes são essenciais para uma governança eficaz. Método: Este estudo utilizou uma abordagem quantitativa para verificar como a justiça e o sistema tributário afetam a disposição dos futuros contribuintes em pagar impostos. Também analisou a importância da confiança no governo. Resultado e Discussão: O estudo revela que a percepção de justiça do sistema tributário e suas regras específicas impactam significativamente a disposição das pessoas em pagar impostos. A confiança no governo não pode moderar a conexão entre a percepção de justiça e o sistema tributário na moral tributária. Implicações da Pesquisa: Este estudo nos ajuda a entender melhor o que leva as pessoas a pagar impostos. Isso demonstra a importância de o sistema tributário parecer justo e aberto, e de as pessoas confiarem no governo, para que mais pessoas paguem seus impostos.

systems and increase public trust, which is key to achieving SDG 16's goals for good governance.

Keywords: Tax System. Tax Morale. Trust in Government. Tax Compliance. SDG16.

Originalidade/Valor: Este estudo explica o que leva os futuros contribuintes da Indonésia a se disporem a pagar impostos. Os resultados sugerem maneiras para os formuladores de políticas aprimorarem os sistemas tributários e aumentarem a confiança pública, o que é fundamental para alcançar as metas do ODS 16 de boa governança.

Palavras-chave: *Sistema Tributário. Moral Tributária. Confiança no Governo. Conformidade Tributária. ODS 16.*

1 INTRODUCTION

Tax collection is crucial in Indonesia, providing the government with essential revenue to fulfill its obligations (Luthfiana et al., 2023). However, ensuring widespread tax compliance remains a persistent challenge. Instances of non-compliance signify alterations in tax policy, economic conditions, and societal tax awareness (Betu & Baso, 2023). Noncompliance with tax regulations can be attributed to taxpayers' lack of understanding and awareness regarding taxation, as well as a deficiency in the socialization of taxation (Luthfiana et al., 2023). The financial contributions from individuals and entities to the government serve as a cornerstone of the country's financial system, which are utilized to fund various public programs and services such as infrastructure, education, health, security, and more (Betu & Baso, 2023). Tax compliance necessitates a shift in perspective and conduct, as it entails voluntary reporting and payment of taxes by citizens or entities in accordance with prevailing laws and regulations, without coercion or enforcement by pertinent authorities. The level of tax compliance exhibited by individuals and corporations reflects the extent of their understanding and acceptance of the significance of taxes in sustaining national development. Conversely, non-compliance poses a substantial impediment to the government's capacity to mobilize sufficient funds, thereby undermining its capacity to attain developmental objectives.

Tax morale, which reflects an individual's intrinsic motivation to fulfill their tax obligations, is a critical determinant of overall tax compliance (Mohamad, 2014). Defined as the willingness to pay taxes, tax morale is essential for governments seeking to finance public services and achieve macroeconomic stability. Tax morale is influenced by factors like the perception of a fair tax system, moral standards, and the relationship between the government and taxpayers (Hantono, 2021). Taxpayers are more likely to comply with tax regulations if they have trust in the government (Luthfiana et al., 2023). Therefore, understanding and fostering tax morale is crucial for enhancing tax compliance and ensuring sustainable revenue collection. A country's tax revenues are closely tied to the degree of tax compliance within its populace (Mukhlis et al., 2015).

Perceived fairness and satisfaction with the quality of government services drive adherence and discipline in fulfilling tax obligations and accurately reporting tax liabilities, as mandated by the relevant legal frameworks (Luthfiana et al., 2023). Tax, defined as a mandatory contribution levied by a public authority for which nothing is directly received in return (Mohamad, 2014), is a compulsory payment to support government functions and programs. Fairness within the tax system is often assessed based on vertical and horizontal equity principles, suggesting that individuals in similar circumstances should be taxed equitably, while those with higher incomes should contribute a proportionally larger share of taxes. If taxpayers perceive the tax system as unfair, they may experience a decrease in moral costs associated with dishonest behavior, potentially leading to tax evasion as a form of resistance against the system (Mohamad, 2014). Consequently, fostering tax justice through equitable tax laws, efficient revenue allocation, and transparent governance practices is imperative to enhance tax compliance. This, in turn, strengthens the social contract between citizens and the state, fostering a more sustainable and equitable society.

Tax system in Indonesia is official assessment that gives authority, trust, the responsibility to taxpayers to calculate, pay and report for themselves the amount of tax that must be paid (Hantono, 2021). As one of the pillars of public administration, the Tax System warrants significant attention to ensure its efficiency and effectiveness in revenue generation. The complexity and efficiency of a tax system influence the willingness of taxpayers to comply with their obligations. An inefficient tax system can create opportunities for tax avoidance and evasion, undermining the government's ability to collect revenue. Many taxpayers perceive taxes as burdensome obligations, similar to tributes, which leads to reservations about tax payments (Luthfiana et al., 2023). The perception of fairness in the Tax System is a critical factor that can significantly influence taxpayers' attitudes and behavior.

Trust in government is essential for improving tax compliance because it promotes openness, honesty, and responsibility (Mohamad, 2014). When taxpayers think their government is trustworthy, they are more willing to pay taxes because they think the money will be used well for public services and infrastructure (Nduruchi et al., 2017). A lack of trust can lead to tax evasion, which lowers government income and hurts the provision of public services. Studies have shown a strong correlation between taxpayers' trust in the government and their adherence to tax regulations, indicating that trust serves as a crucial factor in fostering a culture of compliance and ensuring the effective functioning of the tax system (Luthfiana et al., 2023). Citizens' willingness to support government policies and contribute to public finances depends heavily on their trust in government (Vincent, 2021). Public trust is based on the idea that the government will act honestly, fairly, and in the best interests of the people. A high level of public trust makes it easier for governments to put policies into place, collect taxes, and run public programs effectively.

Citizens are more inclined to fulfill their tax obligations when governance practices, transparency, and accountability in the utilization of tax revenues are evident, thereby fostering public welfare and minimizing corruption among public officials. Conversely, the prevalence of corruption erodes public trust, leading to tax evasion and decreased tax morale, resulting in revenue shortfalls and hindering sustainable development efforts. A well-functioning tax investigation body is essential for detecting and prosecuting cases of tax fraud (Nduruchi et al., 2017). Trust in the government can strengthen the effect of fairness within the tax system in Indonesia (Prihandini et al., 2019). Taxpayers who are knowledgeable that tax revenue comes from fines, and underpayment taxes, will have a higher level of tax compliance. Nevertheless, the public's perception of the tax system in Indonesia influences their trust in the government (Luthfiana et al., 2023). However, low trust in government can negatively influence taxpayer compliance. For instance, lack of tax socialization can lead to a lack of understanding regarding fulfilling tax obligations, ultimately resulting in non-compliance (Betu & Baso, 2023).

The Theory of Planned Behavior elucidates the elements influencing compliance, encompassing attitude, subjective norm, and perceived behavioral control. Political legitimacy theory suggests that citizens' trust in their government's fairness, justice, and appropriateness in delivering social goods and services significantly affects their willingness to pay taxes. Taxpayers are more inclined to comply with tax obligations when they perceive a strong correlation between their tax contributions and the benefits derived from government services (Betu & Baso, 2023). Conversely, instances of corruption, collusion, and nepotism involving tax officials can erode public confidence in government accountability, leading to citizen reluctance in tax payments and non-compliance with tax regulations (Betu & Baso, 2023). This indicates that a government's legitimacy is closely related to its capacity to provide tangible benefits to its citizens through effective tax revenue management (Prihandini et al., 2019). Furthermore, the fairness of tax laws is also paramount (Betu & Baso, 2023); a tax authority's fair treatment of taxpayers can bolster voluntary compliance (Prihandini et al., 2019).

Despite the potential for decreased moral costs associated with dishonest behavior when taxpayers perceive the tax system as unfair, some argue that a strong sense of civic duty and social responsibility can override these perceptions. Individuals with a deeply ingrained commitment to contributing to the common good may continue to comply with tax laws, even in the face of perceived inequities or inefficiencies in the system. This perspective suggests that tax compliance is not solely determined by rational calculations of personal benefit or risk, but also by deeply held values and beliefs about the importance of supporting public institutions and services. Moreover, some people think that morals and ethics are important for tax compliance (Eluro, 2018). According to the idea, a taxpayer might be willing to comply even if there is a low chance of being caught. Individuals pay their taxes most of the time, even when audits are rare and penalties are low, because they have different reasons to follow tax laws other than the fear of harsh legal penalties (Bird & Davis-Nozemack, 2018).

Research is important to investigate the relationships among tax morale, perceived fairness, Tax Systems, and trust in government to identify better strategies for improving tax compliance and achieving sustainable development goals. By analyzing these elements, governments can develop focused strategies to increase public trust, improve the fairness of tax systems, and cultivate a sense of tax morale among people. These initiatives are crucial for increasing tax revenue, encouraging economic growth, and achieving the Sustainable Development Goals, especially SDG 16, which calls for promoting just, peaceful, and inclusive societies (Nduruchi et al., 2017). Governments can improve tax compliance and sustainable development by cultivating tax morale, improving the fairness of tax systems, and fostering trust in government. When taxpayers believe the tax system is fair and equitable, they are more likely to comply voluntarily, leading to higher tax revenues. Furthermore, when taxpayers trust their government, they are more willing to support public policies and contribute to public finances. Governments and tax policymakers have the power to change people's perceptions of fairness in the tax system and in government.

2 THEORETICAL FRAMEWORK

A theoretical framework is essential for understanding the complex relationships between tax morale, perceived fairness, the Tax System, and trust in government. Below are some theories that support this research.

2.1 Theory of planned behavioral

The Theory of Planned Behavior, a prominent social-cognitive model advanced , postulates that an individual's volitional behavior is proximally determined by their intention to perform that behavior (Biru, 2020). This intention, in turn, is shaped by three key determinants: attitude, subjective norm, and perceived behavioral control (Amaning et al., 2021). Attitude refers to the degree to which a person has a favorable or unfavorable evaluation or appraisal of the behavior in question. Subjective norm pertains to the perceived social pressure to perform or not perform the behavior, stemming from the beliefs and expectations of significant others. Perceived behavioral control reflects an individual's belief about the ease or difficulty of performing the behavior, taking into account the availability of resources, opportunities, and potential obstacles (Luthfiana et al., 2023). The theory posits that intentions are the primary determinant of behavior, reflecting an individual's readiness to engage in a specific action. According to the theory, a person's attitude towards engaging in a certain behavior indicates how favorably or unfavorably they feel about doing it (Shaharuddin et al., 2012). Attitudes are based on beliefs about the likely results or traits of behavior. Attitudes are determined by behavioral beliefs, which link the behavior to certain outcomes or attributes (Shaharuddin et al., 2012). Subjective norms are related to beliefs about how others, especially important people, would view the behavior. Individuals are more prone to engage in a behavior when they have a positive attitude toward it, believe that significant others support it, and feel capable of performing it successfully (Amaning et al., 2021).

Specifically, in the context of tax compliance, an individual's intention to comply with tax laws would be influenced by their attitude toward tax compliance (e.g., whether they view it as a civic duty or a burden), their subjective norm regarding tax compliance, and their perceived behavioral control over tax compliance. For example, if taxpayers have positive feelings and attitudes about tax compliance, they will be more likely to follow the rules. If taxpayers believe they possess the skills, ability, or knowledge to fulfill their tax obligations, their perceived control over the behavior increases (Shaharuddin et al., 2012). Furthermore, taxpayers may form positive attitudes toward tax compliance if they believe that the tax system is fair and that they receive public services in return for the taxes they pay. Social norms also play a key role; if taxpayers believe that their peers and society expect them to comply with tax laws, they are more likely to do so themselves.

2.2 Social contract theory

Social contract theory provides a framework for understanding the relationship between individuals and the government, especially in the context of tax compliance and governance. The social contract theory suggests that individuals and the state have a reciprocal relationship when it comes to tax obligations. Tax compliance is regarded as a component of the societal agreement that exists between a person and a state (Twum et al., 2020). In exchange for the state providing public goods and services, people give up some of their individual rights and agree to abide by the law, which includes paying taxes (Acheampong et al., 2016). When people believe the state is upholding its end of the bargain by offering services, protecting rights, and ensuring fair governance, they are more inclined to meet their tax obligations. Tax compliance, according to this idea, is a voluntary contribution made by people to support the operations of the state. Tax morale, which describes people's intrinsic desire to pay taxes, is intimately related to social contract theory. When citizens have faith in their government and think it is utilizing tax money wisely, their tax morale rises.

2.3 Tax morale

Tax morale can be understood as an intrinsic motivation to pay taxes, driven by a sense of civic duty, social responsibility, and trust in government (Eloho & Jerry, 2021).

It represents the willingness of individuals to pay taxes honestly, even in the absence of strict enforcement or monitoring (Eluro, 2018). Tax morale is not simply about complying with the law; it reflects a deeper sense of obligation and a belief that paying taxes is the right thing to do for the collective good. Tax morale is rooted in the belief that taxes contribute to the provision of essential public goods and services, such as healthcare, education, infrastructure, and social welfare programs. When individuals trust that their taxes are being used efficiently and effectively, their tax morale is likely to be higher. When taxpayers believe that the tax system is fair and equitable, and that everyone is paying their fair share, they are more likely to have higher tax morale.

2.4 Perceived fairness

Tax fairness can be classified into fairness towards government and fairness towards other taxpayers (Vincent, 2021). The concept of perceived fairness plays a critical role in shaping tax morale (Bird & Davis-Nozemack, 2018). The perception of tax fairness encompasses several dimensions, including distributive fairness, procedural fairness, and exchange fairness. Distributive fairness refers to the perceived equity of the tax burden, ensuring that individuals and businesses contribute according to their ability to pay. Procedural fairness, on the other hand, focuses on the transparency and impartiality of the tax system, emphasizing that tax laws are applied consistently and without bias. Exchange fairness relates to the perceived value received in return for taxes paid, where taxpayers expect that their contributions will translate into tangible benefits and public services. When taxpayers cultivate a perception of fairness in the tax system, it fosters a sense of civic duty and social responsibility, catalyzing an intrinsic motivation to comply with tax obligations and elevating overall tax morale.

2.5 Tax system

The tax system can greatly impact tax morale. A well-designed and efficiently administered tax system promotes tax compliance and bolsters tax morale.In Indonesia, the tax system's self-assessment approach is largely characterized by efforts to enhance total compliance with tax laws and increase operational efficiency. This is achieved through the timely collection of tax revenue, streamlining the processing of returns, and reducing the incidence of disputed assessments (Hantono, 2021). In a self-assessment system, taxpayers are entrusted with calculating, paying, and reporting their tax liabilities, which can foster a sense of ownership and responsibility. However, tax knowledge plays a key role in a voluntary compliance tax system, especially in calculating a precise tax liability (Eluro, 2018). If a tax system is overly complex, opaque, or burdensome, it can erode tax morale and encourage non-compliance. A clear, simple, and transparent tax system enhances taxpayers' understanding of their obligations and reduces opportunities for evasion.

2.6 Trust in government

Trust in government is another important pillar of tax morale. Taxpayers are more likely to comply with tax laws if they have confidence in the government's ability to use tax revenues effectively and efficiently (Eluro, 2018). Trust in government is built on several factors, including transparency, accountability, and responsiveness. Transparency ensures that government operations are open and accessible to the public, allowing citizens to scrutinize government actions and hold officials accountable. Accountability means that government officials are held responsible for their decisions and actions, and that there are mechanisms in place to prevent corruption and abuse of power. Responsiveness implies that the government is attentive to the needs and concerns of its citizens, and that it takes their views into account when making policy decisions. Taxpayers who believe that the government is acting in their best interests are more likely to view paying taxes as a worthwhile investment in the future of their society. When citizens perceive corruption within government, it leads to a decline in tax morale and a decrease in compliance with tax obligations (Eluro, 2018).

2.7 Hypothesis

The overall research indicates a strong correlation between tax morale and good governance, particularly in the context of achieving Sustainable Development Goal 16. When taxpayers have confidence in the fairness and effectiveness of the tax system and trust the government to use tax revenues responsibly, they are more likely to comply with tax laws and contribute to the collective good (Betu & Baso, n.d.). The study puts forward the following hypothesis:

H1: Perceived fairness has positively influences tax morale.

H2: Tax system has positively influences tax morale.

H3: Trust in government can strengthen the effect of perceived fairness on tax morale.

H4: Trust in government can strengthen the effect of tax system on tax morale.

3 METHODOLOGY

This research was conducted in Bali with research subjects namely Faculty of Economics and Business students who live in Bali. According to the Central Bureau of Statistics, at the beginning of 2023 the number of students was 7.8 million spread throughout Indonesia, both public and private universities. Researchers chose Bali because Bali has the largest number of public and private universities for the Bali Nusra area, namely 60 universities.

The population in this study were students of the Faculty of Economics and Business who live in Bali Province. The sample in this study used purposive sampling technique. The criteria used to select respondents are as follows:

1. Faculty of Economics and Business students who have studied and passed the taxation course
2. Faculty of Economics and Business students who do not yet have an NPWP
3. Domiciled in Bali Province

In this study, the total indicators used were 22, for this reason, the sample size was obtained at 22 x 5 = 110. obtained the sample size at 22 x 5 = 110 for that the total sample in this study was 110 samples. This research is 110 samples. In this research, in obtaining data for this, the authors used the data collection technique as a non-physical questionnaire (e-questionnaire). A scale used to assess respondents' answers is a Likert scale. The list of statements will be filled in according to the respondent's views and the measurements will be given an assessment with a score from 1 to 5 on each statement submitted. Hypothesis testing used in this study is multiple linear regression analysis and Moderated Regression Analysis (MRA) using the SPSS application. The regression equation is as follows:

Equation 1:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon \quad (1)$$

Equation 2:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_3 X_1 + \beta_5 X_3 X_2 + \varepsilon \quad (2)$$

Description:

Y = Tax Morale

α = Constant

β = Regression coefficient

X_1 = Perceived Fairness

X_2 = Tax System

X_3 = Trust in government

ε = Standar erorr

4 RESULTS AND DISCUSSIONS

The characteristics of the respondents in this study are shown in Table1.

Table 1

Respondent Characteristics

No.	Description	Total	Percentage (%)
1	**Gender**		
	Male	65	59.1
	Female	45	40.9
2	**Age**		
	18-20 Years	32	29.1
	21-23 Years	54	49.1
	24-26 Years	24	21.8
3	**Higher Education**		
	State Universities	27	25.5
	Private Universities	83	75.5

Source: Research Results, 2024

According to Table 1, most of the respondents in this study were male with 65 people (59.1 per cent), based on age with the highest number being 21-23 years old as many as 54 people (49.1 per cent). Based on college, 83 people (75.5%) came from private universities.

A regression model is a good regression model in which there is no problem of data distribution that is not normal, multicolinerity problems, and heteroscedasticity. The data in this research has passed the Classical Assumption test, namely the normality test, multicollinearity test, and heteroscedasticity test. In this multiple linear regression model, perceived fairness and tax system are used as independent variables, but tax morale as the dependent variable. In Table 2, the results of multiple linear regression analysis can be observed.

Table 2

Multiple Linear Regression Test Results

Variable	Beta Value	Significant value
(Constant)	8.269	0.000
Perceived Fairness	0.280	0.000
Tax System	0.416	0.000

Source: Research Results, 2024

From Table 2, it is known that testing the significance of the effect of perceived justice partially on tax morale with beta value is 0.280 a significance value below 0.05 shows that the perception of justice with a sig value of 0.000 <0.05 so that the perception of justice has a significant positive effect on tax morale. The results showed that the perception of justice was accepted.

These findings are consistent with the Theory of Planned Behavior. This theory posits that individuals with good intentions are more likely to comply with tax regulations because they perceive it as a civic duty. Consequently, the stronger the moral obligations felt by taxpayers, the higher their level of tax compliance. This is further supported by respondents' answers to the Convenience Principle indicator, which reveals that they generally "feel that the cost of tax collection is paid as little as possible," with an average value of 4.25. This indicates that respondents perceive the current tax collection costs as relatively small compared to their income, reinforcing the notion that a fair and efficient tax system positively influences tax morale.

The test results in Table 2 show the significance of the tax system partially on tax morale with a significance value below 0.05, which indicates that the tax system has a significant positive effect on tax morale. The tax system has beta value 0.416 and a sig value of 0.000 <0.05, so the second hypothesis is accepted.

The results of this study support previous research, indicating that taxpayers exhibit greater compliance when they perceive the tax system as fair, simple, and transparent. This can be attributed to the fact that clear and straightforward tax regulations enhance taxpayers' understanding of their obligations, thereby reducing the likelihood of errors or unintentional non-compliance (Hantono, 2021). In Indonesia, the self-assessment system significantly influences tax compliance, as taxpayers calculate their own tax liabilities. This indicates that the greater the level of confidence in taxpayers to independently calculate, pay, and report their tax obligations, the higher their compliance rate. This is supported by the respondents' answers to the indicator "Tax system procedures are in line with applicable laws," where they state that “I feel that the tax system procedures are in accordance with applicable laws” with an average value of 4.13. This demonstrates that the respondents perceive the tax payment procedures as being in accordance with applicable regulations, further reinforcing the notion of a fair and transparent tax system.

The third and fourth hypotheses were tested with Moderated Regression Analysis, the test results are presented in Table 3.

Table 3

Moderated Regression Analysis Test Results

Variable	Beta Value	Significant value	Explanation
(Constant)	13.148	0.128	
Perceived Fairness	0.149	0.715	
Tax System	-0.151	0.781	
Trust in government	0.040	0.923	
Interaction between Perceived Fairness and Trust in Government	-0.002	0.916	Can not moderate
Interaction between Tax System and Trust in Government	0.021	0.445	Can not moderate

Source: Research Results, 2024

The results of the Moderation test in Table 3 show the significance value of trust in the government moderating the effect of the perception of fairness on tax morale with a significance value above 0.05, which indicates that trust in the government does not moderate the effect of the perception of fairness on tax morale. The sig value is 0.819 > 0.05, so the third hypothesis is rejected.

The moderation test results do not support the Theory of Planned Behavior. This theory states that a person's behavior is influenced by normative beliefs (Luthfiana et al., 2023). This finding suggests that while the fairness of the tax system is important, trust in the government does not necessarily strengthen its effect on tax morale. The low level of trust in the government can be attributed to various factors, such as perceptions of corruption, lack of transparency, and ineffective public services.

Based on the Moderation test results in Table 3, the significance value of trust in government moderating the effect of the tax system on tax morale is above 0.05, indicating that trust in government does not moderate the effect of the tax system on tax morale. Given that the significance value is 0.117, which exceeds the conventional threshold of 0.05, the fourth hypothesis is not supported by the data.

The findings contradict social contract theory, which posits that citizens are more likely to comply with tax obligations when they trust the government to use tax revenues effectively and equitably. This result suggests that even when taxpayers view the tax system as fair, their trust in the government does not significantly enhance their tax morale. This could be attributed to a lack of awareness regarding government programs and initiatives funded by tax revenues, leading taxpayers to perceive a disconnect between their tax contributions and the benefits they receive.

This is because the respondents' answers regarding their trust in the legal system, specifically their belief that the legal system is carried out fairly and well, indicated an average value of 3.95 for the statement “The existing legal system has been implemented properly, correctly, fairly and wisely.” This suggests that respondents generally perceive shortcomings in the implementation of the legal system, viewing it as not consistently correct, fair, or wise. This perception likely undermines trust in government and, consequently, weakens the positive influence of perceived fairness and a well-functioning tax system on tax morale.

5 CONCLUSION

This study concludes that a taxpayer's positive perception of the tax system and government spending can boost voluntary tax compliance. The findings highlight the importance of accountability and transparency in government management of tax revenue, which fosters public trust and encourages voluntary tax compliance. A positive perception of the tax system, characterized by simplicity, transparency, and fairness, fosters trust among taxpayers, motivating them to fulfill their tax obligations willingly. These findings emphasize the need for governments to prioritize transparency, accountability, and effective communication to foster trust and encourage voluntary tax compliance. Furthermore, ensuring that tax revenues are utilized effectively and transparently for public services reinforces the link between tax contributions and tangible benefits, enhancing taxpayers' willingness to comply with tax laws.

Governments should prioritize strengthening the rule of law and ensuring that legal systems operate fairly and effectively. This can be achieved through judicial reforms, anti-corruption initiatives, and measures to enhance transparency and accountability in law enforcement. These results imply that to increase tax compliance, tax authorities should focus on simplifying the tax system, ensuring fairness, and improving transparency. By addressing these issues, governments can foster a more conducive environment for voluntary tax compliance and enhance tax morale among citizens.

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Authors' Contribution

Both authors contributed equally to the development of this article.

Data availability

All datasets relevant to this study's findings are fully available within the article.

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