Effects of Tax Incentive Measures, A Facilitated Tax System and Tax Fairness and Equity Perception on Corporate Tax Compliance Behavior: Evidence from Small and Medium- Sized Enterprises in Thailand

Nimnual Visedsun [a], Montree Piriyakul [b], Angsana Sriprasert [c], Wattanee Rummapor [d], Wattana Srithaworn [e]

[a, c, d,e] *Faculty of Accountancy, Rangsit University, Thailand*
nimnuan@rsu.ac.th
angsana.s@rsu.ac.th
wattanee.r@rsu.ac.th
wattana.s@rsu.ac.th
[b] *Faculty of Science, Ramkhamheang University, Thailand*
mpiriyakul@yahoo.com

ABSTRACT

Using Path modeling, this study intends to investigate the effects of tax incentive measures on Thai SMEs' corporate tax compliance behavior under the conditions of a facilitated tax system, as well as tax fairness and equity perception. In this study, samples were collected from 209 Thai SMEs. The study's findings show that tax incentive measures have a direct effect on corporate tax compliance behavior, but the two-way interaction "Tax Incentive Measures* Facilitated Tax System" and the three-way interaction "Tax Incentive Measures* Facilitated Tax System* Tax Fairness and Equity Perception" do not. This implies that the two moderators' fluctuating levels have no effect on the direct effect. As a result, Tax incentive measures are the only significant factor for SMEs in their commercial operations and activities. Executives of SMEs must critically evaluate, implement, and utilize Tax incentive measures in order to build, develop, and realize the advantages of these measures in doing business.

JEL Classification: M40, M41, M48

Keywords: tax incentive measure, facilitated tax system, tax fairness and equity perception, corporate tax compliance behavior, Thai SMEs

https://doi.org/10.55802/IJB.029(2).006

I. INTRODUCTION

Small and medium-sized businesses (SMEs) are currently one of the main industries driving Thailand's GDP. They are Thailand's most numerous commercial entities. The potential for sustainability of the SMEs has a significant impact on their economies. In 2021, the third wave of the COVID-19 epidemic led to the establishment of 72,958 new businesses, each with an authorized capital of 229,802 million baht, according to registration data. The number of businesses has increased since 2020 by 15.18 percent. As a result, 89.29 percent of this amount has been used as the capital of these SMEs with permitted capitals of less than 5 million baht (Department of Business Development of Thailand, 2021). An increase in SMEs is a more comprehensive indication of the business sector. As a result, SMEs have emerged as essential drivers of Thai business values and economies.

In Thailand, the Small and Medium Enterprise Promotion Committee, as a major organization in accordance with the Small and Medium Enterprises Promotion Act, B.E. 2543 (2000), has promoted and enhanced the development of SMEs continuously. This committee has issued a guideline for SMEs' development plans from 2021 to 2022 by adjusting business environments that are convenient and appropriate for SMEs' development, including legislative changes and a review of tax policies to ensure that tax is used to support their growth. It includes tax complications, incentive programs, benefits, and payment mindsets. The committee and other relevant government entities have set as aims both the willingness to pay taxes and the right and economical payment of taxes. In addition, the Small and Medium Enterprise Promotion Committee has reported SMEs situations in 2021 for a total gross domestic product (GDP) of SMEs that is 5,603,444 million baht, or 34.6 percent of the nation's, increasing from 2020 at approximately 30 percent (The Office of Small and Medium Enterprise Promotion Office, 2022). Accordingly, SMEs' incomes and profits from their operations have been considered as the basis for tax collection. The Revenue Department of Thailand has issued tax incentive measures in order to motivate SMEs' tax payments and promote their officials' tax collection in accordance with the laws and the related regulations (Thiraratanasathit, 2017). Therefore, corporate tax collection can efficiently rank as the second largest amount of the government's tax collection.

It's interesting to note that there are both economic (tax laws and regulations, tax inspections, tax penalties, tax incentive programs, and a simplified tax system) and non-economic (attitude toward taxes, social norms, and perceptions of fairness based on the legitimacy of the laws) factors that influence tax compliance or willingness to pay tax (Feld and Frey, 2006; Kirchler, 2007; Murphy, 2007; Amaeshi et al., 2020; Neumark et al., 2020). Additionally, paying taxes has evolved into a civic duty for all businesses (Jenkins and Newell, 2013). On the other hand, tax evasion and inaccurate tax compliance result when taxpayers' predicted advantages outweigh the expenses of incorrect tax compliance (Vincent, 2021; Nicodime, 2008). When the economy of extra fines or inspected prosecutions is considered, their actions have occurred. Furthermore, previous research employed behavioral economics theory concepts combining economic factors and taxpayer behavior factors to explain factors affecting tax compliance behavior and tax non-compliance behavior (Sour, 2004; Ameyaw and Dzaka, 2016; Malik and Younus, 2019; Rashid et al., 2021; Vincent, 2021), with the focus on explaining the effects of factors on such behaviors. Thus, a study of how tax incentive measures have affected

https://doi.org/10.55802/IJB.029(2).006

SMEs' corporate tax compliance behavior is important and necessary.

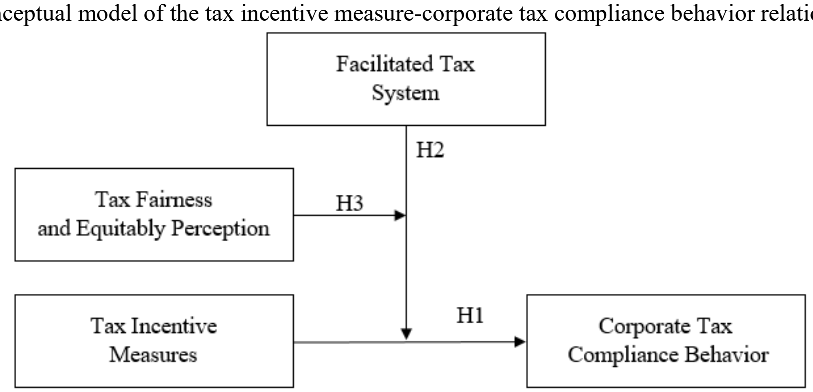
The researchers investigate the tax compliance behavior of SMEs following the implementation of tax incentive measures by the Revenue Department to encourage SMEs to participate in the tax system and pay taxes correctly in accordance with the SMEs development plan. This study will investigate the effects of tax incentive measures on the tax compliance behavior of SMEs under the conditions of a facilitated tax system (Abubakari and Adafula, 2013; Braga, 2017; Li et al., 2020) and tax fairness and equity perception (Armstrong et al., 2019; Neumark and Williams, 2020; Taing and Chang, 2020). The goal of this study is to collect empirical evidence on the necessity to utilize tax incentive measures to increase the amount of corporate tax collected from SMEs within the conditions of tax fairness and equitability perception, as well as a facilitated tax system. The key research question is how tax incentive measures affect corporate tax compliance behavior. The specific research questions are: (1) how the facilitated tax system moderates the tax incentive measure-corporate tax compliance behavior relationships; and (2) how tax fairness and equity perception moderate the relationships among the tax incentive measures, the facilitated tax system, and corporate tax compliance behavior.

The study is organized as follows: The first section provides a conceptual framework and a review of relevant research on tax incentive measures and their effects as well as the development of hypotheses. The details of the research design are described in the following section. The findings on the effects of tax incentive measures, a facilitated tax system, and tax fairness and equity perception on corporate tax compliance behavior are presented in the next section. The study finishes with a discussion of the study's primary findings, consequences, and recommendations for future research.

II. RELEVANT LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

In this study, the tax incentive measures are an independent variable, and corporate tax compliance behavior is a dependent variable. Both the facilitated tax system and tax fairness and equity perception are moderators of the study. Figure 1 shows the conceptual model.

Figure 1
A conceptual model of the tax incentive measure-corporate tax compliance behavior relationships



https://doi.org/10.55802/IJB.029(2).006

A. Corporate Tax Compliance Behavior

Corporate tax compliance behavior is an outcome of tax incentive measures. It comprises both correct corporate tax compliance behavior and incorrect corporate tax compliance behavior, which may be with or without intention (Sorg, 1983). In this study, only correct corporate tax compliance behavior is considered. According to a study by Franzoni (1999), there are five characteristics of correct corporate tax compliance behavior. Firstly, incomes and expenditures have been shown correctly and are congruent with the facts. Secondly, a financial statement of the business has been prepared and reported in accordance with financial reporting standards. Thirdly, corporate income tax is correctly calculated based on the Revenue Code. Fourthly, a tax payment form is filed within the time requirement. Finally, the amount of the tax payment is correct. In addition, taxpayers have been holding on to assumptions of responsibilities, morality, ethics, and willingness to pay tax (Mikesell and Birskyte, 2007). Therefore, corporate income tax compliance behavior must be practiced based on tax collection principles, including tax payment ability, residence, and income source (Pongpitak, 2017). Principles of tax payment ability focus on corporate income tax payment, which depends on the accuracy of the net profits of the business as a basis for corporate income tax calculation, which must be in accordance with financial reporting standards. Corporations have taken all incomes earned from an operation during an accounting period, minus expenditures that are related to incomes and business operations, according to laws. When they have losses in the operation period, they have no tax payment. Next, principles of residence consider that incomes to be calculated have been required for only Thai corporations by collecting incomes from both inside and outside Thailand. Moreover, principles of income source concentrate foreign corporations that have operated in Thailand and have responsibilities for corporate tax payment when their incomes have occurred from business operations during the accounting period.

The net profits of a business, as the difference between recorded revenues and expenditures, are critical for using tax calculation procedures. Bookkeepers are responsible for preparing and presenting financial statements in compliance with financial reporting standards, as well as modifying net profits in accordance with Fiscal Code regulations for tax payments. Furthermore, tax collectors are responsible for inspecting and certifying the accuracy of net profits and the appropriate tax payment (Dube, 2018; Bucci, 2020). Tax auditors or certified public accountants in Thailand are responsible for certifying the acceptable accuracy of financial statements and verifying corporate tax payments to ensure the correctness of tax payments (Onuoha and Dada, 2016). As a result, when filing corporate income tax, SMEs have to provide audited financial statements. So, these tax compliance behaviors have had an impact on the government's correct income collection.

As previously noted, a range of behavioral and economic factors have influenced business tax compliance behavior. As a result, Thailand's Revenue Department announced a tax incentive policy to encourage SMEs to enter the tax system, with the goal of becoming an important strategy for increasing the efficiency of tax collection administration (The Revenue Department, 2021). In this study, tax incentive measures are expected to be a major determinant of firm tax compliance behavior. Following that, it is hypothesized that a facilitated tax system will strengthen the relationships between tax incentive measures and corporate tax compliance behavior, and tax fairness and

https://doi.org/10.55802/IJB.029(2).006

equity perception will also strengthen the relationships between tax incentive measures, a facilitated tax system, and corporate tax compliance behavior.

B. Tax Incentive Measure

The Small and Medium Business Tax Administration Division (the Revenue Department, 2022) is an entity within the Revenue Department with tasks and responsibilities to promote correct SMEs tax compliance. It had collaborated and worked with outside entities to improve knowledge, comprehension, and positive attitudes toward tax payment. It also provides tax benefits as SMEs' tax incentive measures in order to encourage a temporary exemption of corporate income tax for new supported corporations, rights for tax refunds, an investment tax credit, a tax credit for research and development, accelerated depreciation, and other related benefits. Similarly, governments in numerous nations, particularly in developing countries, have used tax incentive measures for SMEs to encourage these taxpayers to pay taxes (Avdeev and Nassiriponr, 2019).

Tax incentive measures have been used in the literature to promote and solve corporate operations (Rashid et al., 2021). It is a better indicator of tax compliance than other enforcement methods. A condition of government trust is also a mediator in the relationship between tax incentive measures and company tax compliance behavior. Furthermore, tax credit programs that stimulate the nation's economic conditions have considerable and positive effects on tax compliance behavior (Bunel and Hadjibeyli, 2021). Next, R&D expenditures have become the beneficiaries of a few taxes that are equal to or greater than these expenditures and have affected greater rates of employment (Mulkay and Mairesse, 2013). Tax credit measures for innovation have also promoted registered patents and created opportunities for innovative creation (Ivus et al., 2021). It has a relationship with corporation size and is directly linked to the corporate tax rate, which decreases corporate tax and positively impacts tax compliance behavior. Moreover, responses of SMEs taxpayers towards an encouragement to use credit cards for goods' payment result in increased incomes and higher tax compliance (Slemrod et al., 2017). Then, a tax incentive measure is likely to promote correct compliance behavior. It has a significant and positive effect on corporate tax compliance behavior. Therefore,

H1: Tax incentive measures have a positive effect on corporate tax compliance behavior.

C. Facilitated Tax System

Thailand's tax collection system has evolved and improved through the use of modern information technology, which can speed up and simplify the process for all taxpayers who contact government agencies, such as access to the tax system, income tax payment forms, filing for tax payment, filing for tax refund, and so on. Service requirements for Thailand's Revenue Department, particularly in answering questions and providing tax compliance advice that benefits taxpayers. Tax compliance has grown after the introduction of e-services (Small, 2016). It minimizes business expenditures or costs while enhancing service transparency by amending laws. The elimination of laws and restrictions that hampered corporate operations resulted in greater tax collection

https://doi.org/10.55802/IJB.029(2).006

administration efficiency, in accordance with a strategy for developing organizational potential as a 4.0 government system (The Revenue Department, 2022). It is an advance in the government's ability to collect taxes that defines the government.

Tax compliance behavior will positively improve fair tax distribution in the provision of public services to members of the general public (Drogalas, Anagnostopoulou, Pazarskis, & Petkopoulos, 2018; Remali, Ramli, Nordin, Hamdan & Lutfi, 2020). The establishment of a tax collection system using advanced technology will enhance access to and analysis of tax collected information, as well as third-party inspection (OECD, 2017; Pomeranzk Vila-Belda, 2019; Mascagni et al., 2021; Rashid et al., 2021). Next, the tax collection system can be improved with advanced information technology, which positively affects correct tax compliance for only businesses with a high corporate income tax rate (Li et al., 2020). Taxpayers, on the other hand, perceive the taxation system as unfair when taxpayers who pay their taxes on time are subjected to a retrospective tax audit. While noncompliant taxpayers are not investigated (Torgler and Schneider, 2009), such incidents in taxation have a detrimental impact on their motivation to pay taxes. Additionally, the notion of existing tax evasion reflects the tax authorities' poor service quality. As a result, these occurrences have a negative impact on tax compliance behavior (Aregawi et al., 2021).

For developing countries, the use of advanced information technology for tax collection administration can improve the tax collection system, increase the efficiency of tax law enforcement, and increase tax compliance (Li et al., 2020). Inequality of information can be reduced, and the potential to prevent immoral acts, injustice, and conspiracy in the enforcement and administration of taxes can be increased. As a result, the use of information technology can become a smart policy for improving the government's revenue collection capability. Recent advances in digital technology have aided in reducing the complexity of tax payments and facilitating the prevention of tax fraud and errors. The enhancement of services for taxpayers has promoted the modification of payment stages, the issuance of refunds, and access to useful information. The digital information can then be used by executives to reduce costs, operational times, and hazards in the tax collection system, as well as boost tax inspection efficiency (Oyedokun, 2016; Alasfour, 2019; Bruce-Twum and Schutte, 2021). Furthermore, switching from the original tax collection system to the digital tax collection system allows for real-time reporting of SMEs' money transfers (Lagodiienko, Pozhydaieva, & Krylov, 2022). Fast inspection and data analysis can promote more accurate tax compliance while also favorably influencing and correlating with tax compliance behavior. As previously said, improved information technology for tax collection administration can make the tax system more efficient and effective. A more simplified tax system is likely to improve tax incentive measures and encourage more corporate tax compliance behavior. As a result, it is expected that a facilitated tax system will act as a moderator of the tax incentive measure-corporate tax compliance behavior relationship. Therefore,

H2: Facilitated tax system moderates the tax incentive measure-corporate tax compliance behavior relationship.

D. Tax Fairness and Equity perception

https://doi.org/10.55802/IJB.029(2).006

A tax collection system entails determining income types, tax rates, calculations, and the filing of tax payment forms. It is concerned with openness and being inspected by officials in accordance with tax collection regulations and duty performance criteria for all taxpayers. According to tax collection legislation, these determinants are the primary tasks of authorized agencies. However, the difficulties of the tax collection system, improper treatment of wrongdoings against tax laws, and non-disclosure of tax collection information to the public increase the likelihood of non-compliance (Vincent, 2021). These facts reflect and affect the public's trust in the government. Moreover, the use of fairness principles in the tax collection system provides a better tendency for correct tax compliance and can help achieve taxpayers' reliability and confidence in the system (Faizal et al., 2017). The development of the tax refund system can be conducted quickly. These activities have been factors that boost morale among taxpayers with correct tax compliance (Inasius, 2019; Bruce-Twum and Schutte, 2021; Fotiadis and Chatzoglou, 2021). In addition, costs for tax law compliance decrease when the government has improved the transparent tax collection system and has treated taxpayers as partners and with respect for each other, which affects their willingness to pay taxes (Malik and Younus, 2019; Dobos and Takács-Győrgy, 2020). The improvement of the tax collection system can increase trust among taxpayers (Ali and Hassan, 2019). For directing tax compliance behavior, tax morale, tax fairness and equity perception, and tax complexity play significant roles in driving and determining taxpayers' behaviors (Taing and Chang, 2020). An authorized usage of tax collectors, the trust of the government, the disclosure of the government's income collection information, and the implementation of public interest are supporting factors for taxpayers to have a perception of tax fairness and equity (Boadway, 2015; Bruce-Twum and Schutte, 2021). Next, an adjustment of the corporate income tax rate that is appropriate for the business size will enable SMEs to perceive fairness in an increasing manner and increase their willingness to comply with tax (Ameyaw and Dzaka, 2016).

A performance of tax collection in accordance with the laws and without discrimination against any taxpayer can indicate the fairness and equitability of the tax collection system. While taxpayers perceive a fair tax collection system, they can have confidence in their tax compliance and encourage correct tax compliance (Kiconco, Gwokyalya, Sserwanga, & Balunywa, 2019). Furthermore, the government can change social norms and foster positive attitudes toward tax payment by conducting public relations on the control of tax collection usage for the development and improvement of public service quality or national development by ensuring people's rights to such products and services. Whenever the level of confidence and fairness in the tax system can be increased, Taxpayers are more likely to follow the laws (Morris and Klesnes, 2010). According to Ajzen's (1991) theory of planned action, an intention to express oneself in any scenario arises from one's attitude toward such topics. Then, taxpayers' behaviors are impacted by their norms, and these behaviors do not happen instantaneously. It is vital to allow time to build and attain the intention to act. Internal mobilizations that improve trust in the tax system and affect the intention to comply with the laws are social norms and a sense of fairness in the tax system as a result of confidence and trust in the government's performance (Jimenez and Iyer, 2016). As mentioned earlier, tax fairness and equity perception can help taxpayers emphasize tax incentive measures, achieve a facilitated tax system, and present corporate tax compliance behavior better. Thus, it is hypothesized to strengthen the relationships among tax incentive measures,

https://doi.org/10.55802/IJB.029(2).006

the facilitated tax system, and corporate tax compliance behavior. Therefore,

H3: Tax fairness and equitability perception moderate the relationships among tax incentive measures, facilitated tax system and corporate tax compliance behavior.

III. RESEARCH METHOD

A. Procedure for Sample Selection and Data Collection

As mentioned earlier, SMEs have been major businesses that have driven Thailand's economies and have been the business units with the highest number in Thailand. Thus, SMEs' capacities for sustainability are important factors that affect the nation's economies. In this study, 5,864 SMEs that had established and operated in Bangkok, Thailand, in 2021 are the populations of the study (Department of Business Development, 2020). According to Kock and Hayada (2018), 284 SMEs in Thailand are the appropriate samples for the study because the minimal regression coefficients from our literature review phase were discovered to be 0.148. In addition, the questionnaire with dichotomous scales was utilized as a key instrument for collecting data. With regard to the questionnaire distribution, 209 responses were received and were usable. The effective response rate was approximately 73.59%. Thus, the response rate for a mailed survey of more than 200 responses was considered acceptable (Piriyakul, 2021).

B. Measurement

Measurements of these constructs are self-developed from existing literature on tax incentive measures, the facilitated tax system, tax fairness and equity perception, and corporate tax compliance behavior. Multiple items are needed to measure each construct. Despite the fact that all constructs are obviously defined, it is impossible for one to directly manifest or observe the scale due to the abstract nature of the construct. Certainly, variables are estimated from their definitions and are applied from the relevant research mentioned earlier and other related literature through the measurements using a 7-point Likert scale (1 = strongly disagree to 7 = strongly agree), except for control variables. Therefore, all measurements from this study are presented as Tables 2–5 in Appendix A.

C. Assessment of the Research Tool Quality

To achieve the validity and reliability of the model, Cronbach alpha coefficients of 0.94 as well as composite reliability scores greater than 0.07 are required. In addition, an examination of convergent validity is considered by assessing a correlation between construct scores and their indicator scores. According to the convergent validity threshold, all the loading factors met the requirements for a positive value and were statistically significant. The value follows a requirement of greater than 0.70. However, it must be larger than 0.50. As shown in Appendix B as Table 6, an average item reliability, which is the average variance extract, must be greater than 0.40, and a composite reliability must be higher than 0.60 (Fornell and Larcker, 1981; Hair et al., 2017). Using the heterotrait-homotrait approach and the Fornell and Larcker criteria, relationships between the scores of latent variable indicators were examined to determine discriminant validity (Fornell and Larcker, 1981).

The total cross-correlation of any two groups' indicators divided by the sum of the correlations between those two groups' indicators is known as the heterotrait-homotrait. Its value must be less than 1. Moreover, the value of the heterotrait-homotrait should be any figure less than or equal to 0.85 (Henseler et al., 2015). In this study, the result of the heterotrait-homotrait was less than 0.85 for every pair of constructs in Appendix B, as shown in Table 6. This indicates that the indicators of latent variables are independent of other latent variables (Hensler et al., 2015). In addition, the average variance extract of one latent variable had a larger value than the square of the correlations between those latent variables and other latent variables. As indicated in Appendix B as Table 7, these indicators presented discriminant validity according to Fornell and Larcker criteria.

IV. RESULTS AND DISCUSSION

A. Effects of Tax Incentive Measures on Corporate Tax Compliance Behavior

To achieve the research results, the effects of tax incentive measures on corporate tax compliance behavior are investigated. Next, the moderating effects of both the facilitated tax system and tax fairness and equity perception on the research relationships are examined. Table 1 presents the results of these effects in the study.

Figure 2 shows the results of the tax incentive measure-corporate tax compliance behavior relationships.

The findings reveal that even if the two moderating variables (facilitated tax system and tax fairness and equity perception) are included, the direct impacts of tax incentive measures on corporate tax compliance behavior remain significant (beta = 0.319, t = 4.073, p-value = 0.000). They are significantly different from the total effects of 0.370 (t = 5.725, p-value = 0.000) that illustrate the effects of tax incentive measures on corporate tax compliance behavior when no mediator is present. This suggests that tax incentive measures have a natural high impact on corporate tax compliance behavior or that there may be other hidden aspects that aid in the transmission of tax incentive measures' effects to corporate tax compliance behavior. In addition, there is a very strong and significant direct influence of tax fairness and equity perception on corporate tax compliance behavior (beta = 0.361, t = 3.603, p-value = 0.0000). This implies that SMEs will increasingly practice corporate tax compliance behavior because of tax fairness and equitability perceptions. Next, there are very low and non-significant direct influences on corporate tax compliance behavior (beta = 0.029, t = 0.356, p-value = 0.722). This could lead us to believe that corporate tax compliance behavior must first interact with tax fairness and equity perception before having an impact on corporate tax compliance behavior, or that corporate tax compliance behavior acts as a moderator to change the impact of tax incentive measures on corporate tax compliance behavior.

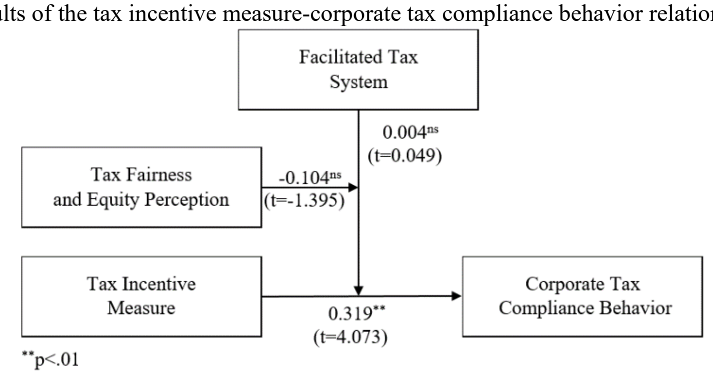
https://doi.org/10.55802/IJB.029(2).006

Table 1
Results of multiple regression analysis and hypotheses testing [a]

	coefficient	se	t	P	LLCI	ULCI
constant	-0.041	0.074	-0.547	0.585	-0.188	0.106
TMR	0.319	0.078	4.073	0.000	0.164	0.473
SYS	0.029	0.081	0.356	0.722	-0.130	0.188
TMR*SYS	0.004	0.085	0.049	0.961	-0.164	0.172
FEQ	0.361	0.100	3.603	0.000	0.163	0.559
TMR*FEQ	-0.266	0.099	-2.705	0.007	-0.461	-0.072
SYS*FEQ	0.188	0.071	2.629	0.009	0.047	0.328
TMR*SYS*FEQ	-0.104	0.074	-1.395	0.165	-0.251	0.043

[a] TMR as tax incentive measure (dependent variable); SYS as facilitated tax system; FEQ as tax fairness and equity perception; TCB as corporate tax compliance behavior.

Figure 2
Results of the tax incentive measure-corporate tax compliance behavior relationships



To examine the conditions determining change in corporate tax compliance behavior, the effects of these moderating factors are split into categories, comprising the two-way interactions of tax incentive measures and facilitated tax systems (TMR*SYS), the two-way interactions of facilitated tax systems and tax fairness and equity perception (SYS*FEQ), and the three-way interactions of tax incentive measures, tax fairness and equity perception, and facilitated tax systems (TMR*FEQ*SYS). The two-way interactions of a facilitated tax system and tax fairness and equity perception as moderating effects are significant, with beta = 0.188 (t = 2.692, p-value = 0.009). This shows that, while the direct impacts of the facilitated tax system on corporate tax compliance behavior are not statistically significant, their interactions with tax fairness and equity perception are. This demonstrates that taxpayers prepare more corporate tax compliance activity when they have some level of tax fairness and equity perception and are aware of a facilitated tax system in a variety of ways.

Furthermore, the two-way interaction between tax incentive measures and a facilitated tax system as moderating effects shows very modest and non-significant effects with beta = 0.004 (t = 0.049, p-value = 0.961). This suggests that tax incentive measures do not encourage corporate tax compliance behavior in the facilitated tax system at any level of change (low, moderate, or high). The two-way interaction between tax incentive measures and tax fairness and equity perception as moderating effects is significant and negative, with beta = -0.266 (t = -2.705, p-value = 0.008). Even though

https://doi.org/10.55802/IJB.029(2).006

SMEs are less conscious of tax fairness and equity, tax incentive measures encourage them to pay the correct amount of tax. Tax fairness and equity perception have both direct and interactive roles in enhancing the tax incentive measures of the public sector. Moreover, with beta = -0.104 (t = 1.395, p-value = 0.166), the three-way moderating effects of tax incentive measures, tax fairness and equity perception, and a facilitated tax system do not show any statistically significant level. This demonstrates that even when tax collection agencies completely function in all attempts to promote tax fairness and equity perception and enhance a facilitated tax system, their operations would not enhance corporate tax compliance behavior in accordance with the effects of tax incentive measures.

B. Pick-a-Point Interaction Inspection

Overall, there are no statistically significant influences on corporate tax compliance behavior from the interactions of tax incentive measures, tax fairness and equity perception, and a facilitated tax system (TMR*FEQ*SYS). However, the pick-a-point technique should be considered in circumstances that are dependent on the degree of tax fairness and equity perception and a facilitated tax system, as illustrated in Figures 3-5. Three figures reveal that, as the levels of tax fairness and equity perception gradually rise at any level of facilitated tax system, the slopes of all three lines of the group gradually decrease. This serves as a roadmap for subsequent research to identify those factors. Thus, the research findings show that tax incentive measures can encourage SMEs to make correct tax payments. Figures 3-5 show the effects of tax incentive measures on corporate tax compliance behavior.

In Figure 3, when perceptions of tax fairness and equity are poor, the effects of tax incentive measures on corporate tax compliance behavior consistently increase along with the level of tax incentive measures, regardless of what values the facilitated tax system has modified. Despite the fact that all of the graph lines have subjectively high and favorable slopes, the beneficial influence of tax incentive measures on corporate tax compliance behavior tends to increase more when the tax system favors taxpayers at a greater level. As a result, when perceived tax fairness and equity are low, the larger the gain from facilitated tax system change, the greater the impact of the tax incentive measures on corporate tax compliance behavior.

Figure 4 shows that the slope of the influence of tax incentive measures on corporate tax compliance behavior diminishes when tax fairness and equity perception are at a medium level. Similarly, it remains the same as in Figure 3' s example of tax fairness and equity perception at a low level. This shows that the slope remains positive but somewhat decreases at the level of moderate tax fairness and equitability perception. Even when the public sector works to guarantee that SMEs have a better level of tax fairness and equity perception awareness, the effects of tax incentive measures on corporate tax compliance behavior tends to grow as tax incentive measure does. However, compared to the previous scenario, the strengths of such an influence are lower. This is true regardless of how much facilitated tax system can help taxpayers.

In addition, Figure 5 shows that the slope of the graph line illustrating the relationships along the path from the tax incentive measures to corporate tax compliance behavior would drop to a lower level when tax fairness and equity perception is at a high level compared to when it is at a low or moderate level. This demonstrates that the impact

https://doi.org/10.55802/IJB.029(2).006

along the route from the tax incentive measure to corporate tax compliance behavior is significantly reduced. Next, the slope of the curve decreases. This indicates that SMEs are more likely to accept corporate tax compliance behavior. When they believe that the taxation system is fair and equitable and see that the system is highly favorable to taxpayers. Therefore, tax incentive measures have little effect on corporate income tax compliance behavior. By examining and enhancing the administration of taxation system, the government should prioritize establishing fairness and equity in the taxation system as opposed to the pre-existing conditions shown in Figures 1 and 2. to increase taxpayers' perceptions of fairness and equality. However, if the sense of fairness and equity in the taxation system is still low or moderate, a facilitated tax system will be one of the elements that can help increase the influence of tax incentive measures on corporate income tax compliance behavior.

Figure 3

Effects of tax incentive measures on corporate tax compliance behavior at low tax fairness and equity perception with any level of a facilitated tax system

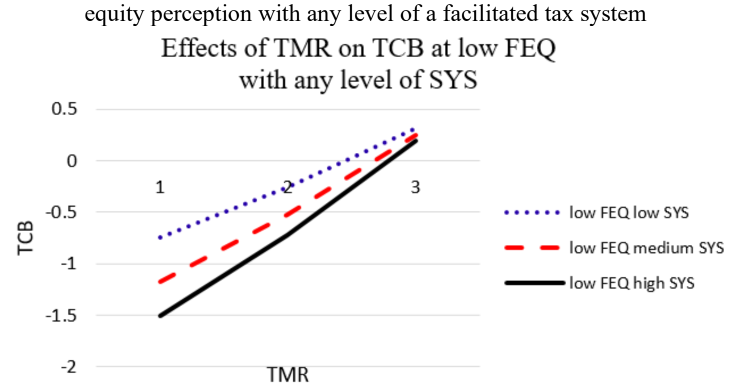


Figure 4

Effects of tax incentive measure on corporate tax compliance behavior at medium level of tax fairness and equity perception with any level of facilitated tax system

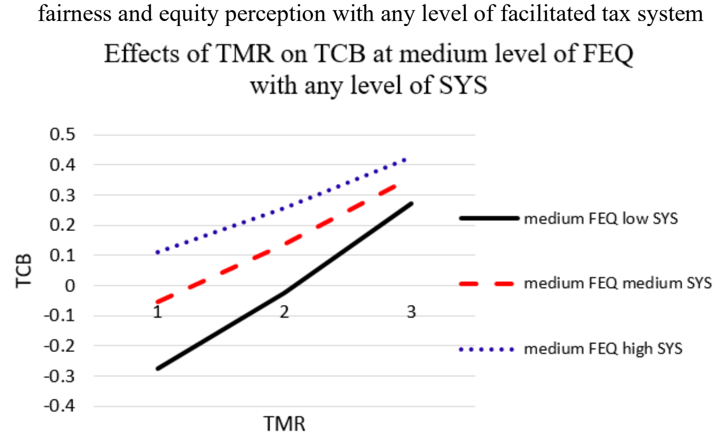
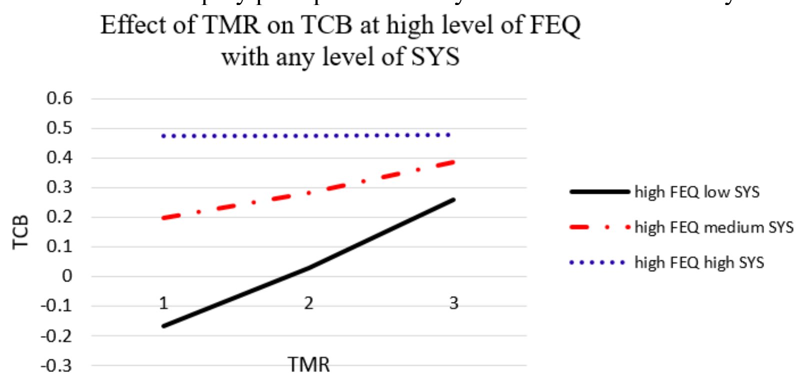


Figure 5
Effects of tax incentive measure on corporate tax compliance behavior at high level of tax fairness and equity perception with any level of facilitated tax system



V. CONTRIBUTIONS AND DITRECTIONS FOR FUTURE RESEARCH

A. Theoretical Contribution

With a focus on the effects of tax incentive measures on corporate tax compliance behavior, the Revenue Department of Thailand uses tax incentive measures as a strategy to encourage SMEs to participate in the tax system and pay taxes properly and affordably to meet the objectives of the SMEs development plan in Thailand and be competitive. Tax advantages are one type of tax incentive measure that has been used in the past (an adjustment of the tax rate to be appropriate with the business size, an addition of alternatives to calculate corporate income tax, and a deduction of expenses higher than actual expenses). To encourage SMEs to join the tax system and agree to the single account measure, there are retroactive tax exemption provisions in Thailand. According to existing literature, Tax incentive measures are the strategy that tax collection agencies have employed to help SMEs run their businesses continuously and sustainably while also supplying them with information on the laws. However, the issues with tax evasion and inaccurate corporate tax compliance behavior persist for unknown reasons. According to the theory of taxpaying behavior, this results from the taxpayers' acceptance of risks because they believe that doing so is worth any tax costs that may result from being scrutinized. The tax incentive measure of the Revenue Department, which has been run in Thailand, has not been the only component examined by the researchers in this study that has been linked to corporate tax compliance behavior.

The moderating variables of tax fairness and equity perception and a facilitated tax system are used by the researchers to examine the effects of tax incentive measures on corporate tax compliance behavior. This presents the circumstances under which tax incentive measures effects on corporate tax compliance behavior would change. The results of the study might explain the corporate tax compliance behavior of SMEs in Thailand. As a result, there would be more research on corporate tax compliance behavior in Thailand, as well as research to compare the effects of variables affecting corporate tax compliance behavior within the context of a nation with various tax systems. The topic to be researched in the future is the search for moderating effects of tax incentive

https://doi.org/10.55802/IJB.029(2).006

measures other than the parameters examined in this study, such as taxpayer attitudes and social norms, that might affect the corporate tax compliance behavior of SMEs.

B. Managerial Contribution to Tax Administration

The results of the research would assist tax administrators in understanding the issues with business tax collection that fall short of expectations. They provide a fresh perspective when formulating tactics to boost the effectiveness of tax collection. They present that tax incentive measures have a direct effect on the corporate tax compliance behavior of SMEs, as well as a direct and moderating effect on tax fairness and equity perception, and a facilitated tax system. This is a crucial issue to consider in order to enhance the tax system and increase trust and confidence among taxpayers and SMEs. They understand the value of being accountable to society as citizens who must fulfill their tax obligations. In addition, a better tax collection system can help taxpayers utilize cutting-edge information technology for quick access and convenience that reduces tax payment errors. It is necessary to improve the performance of corporate income tax officials across the nation to have uniform standards. By raising corporate tax compliance behavior, this study also improves the effectiveness of tax administration.

VI. CONCLUSION

SMEs have a significant role in driving Thailand's economy. The growth and promotion of SMEs are important. In this study, the effects of tax incentive measures on the corporate tax compliance behavior of SMEs in Thailand are empirically investigated through the moderating effects of the facilitated tax system and tax fairness and equity perception. The study's eligible samples are 209 SMEs in Thailand. According to the study's findings, tax incentive measures have a crucial role in explaining and predicting company tax compliance behavior. It has a strong favorable impact on business tax compliance behavior. To reinforce the research relationships, tax fairness and equitable perception, as well as a facilitated tax system, are advocated as moderators. They do not, however, modify the tax incentive measures-business tax compliance behavior linkages or the relationships between tax incentive measures, the facilitated tax system, and corporate tax compliance behavior. To summarize, Thailand's Revenue Department must continue to use, improve, and implement the aforementioned tax incentive measures, as well as seek out new effective measures, in order to promote, enhance, encourage, and facilitate SMEs with a critical willingness to pay correct taxes. Meanwhile, executives at SMEs must critically examine, implement, and capitalize on the potential characteristics of tax incentive measures in order to grow, develop, and realize the advantages and benefits of these measures in conducting business.

https://doi.org/10.55802/IJB.029(2).006

REFERENCES

Abubakari, A.R., and Adafula, C.J., 2013, "Evaluating Taxpayers' Attitude and Its Influence on Tax Compliance Decisions in Tamale, Ghana", *Journal of Accounting and Taxation*, 5, 48–57.

Ajzen, I., 1991, *Organisational and Human Decision Processes: The Theory of Planned Behaviour*, Massachusetts, Academic Press Inc.

Alasfour, F., 2019, "Costs of Distrust: The Virtuous Cycle of Tax Compliance in Jordan", *Journal of Business Ethics*, 155, 243-258. https://doi.org/10.1007/s10551-017-3473-y

Ali, M., and Hassan, F., 2019, "The Study of Potential Shariah Non-Compliance Risks in Murabahah along with Their Risk Management", *Journal of Finance and Economics Research*, 4, 44-58. https://doi.org/10.20547/jfer1904104

Amaeshi, C., Adi, B., Ikiebey G., and McCilloch, N., 2020, "Corporate Tax Responsibility in Africa: Insight from Nigeria", *Africa Journal of Management,* 6, 115-131. https://doi.org/10.1080/23322373.2020.1753494

Ameyaw, B., and Dzaka, D., 2016, "Determinants of Tax Evasion: Empirical Evidence from Ghana", *Modern Economy*, 7, 1653-1664.

Aregawi, H.T., Patnaik, B.C.M., and Satpathy, I., 2021, "Attitude and Perceptions of Business Profit Taxpayer's Compliance Behavior with Moderating Effect of Financial Condition in Tigray Ethiopia", *SCMS Journal of Indian Management*, 18, 78-90.

Armstrong, C.S., Blouin, J.L., Jagolinzer, A.D., and Larcker, D.F., 2015, "Corporate Governance, Incentives and Tax Avoidance", *Journal of Accounting and Economics*, 60, 1-17.

Avdeev, V., and Nassiripour, S., 2019, "Tax-Return Screening Inefficiency of the Internal Revenue Service: What can be done to Increase Compliance and Detection of Erroneously Claimed Educational Credits?", *Proceedings of the Northeast Business & Economics Association,* 12–12.

Boadway, R., 2015, "Tax Compliance Costs: A Review of Cost Burdens and Cost Structures", *Canadian Tax Journal,* 63, 1149–1150.

Braga, R. N., 2017, "Effects of IFRS adoption on tax avoidance," *Revista Contabilidade & Finanças - USP*, 28, 407–424. https://doi.org/10.1590/1808-057x201704680

Bruce-Twum, E., and Schutte, D., 2021, "Tax Compliance Cost of SMEs in Ghana", *Journal of Accounting Finance and Auditing Studies*, 7, 1-22.

Bucci, V., 2020, "Presumptive Taxation Methods: A Review of the Empirical Literature", *Journal of Economic Surveys*, 34, 372-397.

Bunel, S., and Hadjibeyli, B., 2021, "An Evaluation of the Innovation Tax Credit", *Economics and Statistics*, 526/527, 113-135.

Dobos, P., and Takács-György, K., 2020, "The Impact of the Relationship Between the State, State Institutions and Taxpayers on Willingness to Pay Tax", *Serbian Journal of Management*, 15, 69-80.

Drogalas, G., Anagnostopoulou, E., Pazarskis, M., and Petkopoulos, D., 2018, "Tax Ethics and Tax Evasion, Evidence from Greece", *Theoretical Economics Letters,* 8, 1018–1027. https://doi.org/10.4236/tel.2018.85070

Dube, G., 2018, "The Design and Implementation of Minibus Taxi Presumptive Taxes", *Service Industries Journal*, 38, 723-741.

https://doi.org/10.55802/IJB.029(2).006

Faizal, S.M., Palil, M.R., Maelah, R., and Ramli, R., 2017, "Perception on Justice, Trust and Tax Compliance Behavior in Malaysia", *Kasetsart Journal of Social Sciences*, 38, 226-232.

Feld, L.P., and Frey, B.S., 2007, "Tax Compliance as the Result of a Psychological Tax Contract: The Role of Incentives and Responsive Regulation", *Law & Policy Journal*, 29, 102–120. https://doi.org/10.1111/j.1467-9930.2007.00248.x

Fotiadis, K., and Chatzoglou, P., 2021, "Tax Morale: Direct and Indirect Paths between Trust Factors: Empirical Evidence from Greece", *Journal of Economic Issues*, 1066-1100.

Fornell, C., and Larcker, D.F., 1981, "Structural Equation Models with Unobservable Variables and Measurement Error Algebra and Statistics", *Journal of Marketing Research*, 18, 382-388.

Franzoni, L.A., 1999, "Tax Evasion and Tax Compliance, Italy", *Encyclopedia of Law and Economics*, 4, 51–94.

Hair, J.F., Hult, G.T.M., Ringle, C. M., and Sarstedt, M., 2017, *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)*, 2nd Edition, California, Sage Publications.

Henseler, J., Ringle, C.M., and Sarstedt, M., 2015, "A New Criterion for Assessing Discriminant Validity in Variance-based Structural Equation Modeling", *Journal of the Academy of Marketing Science*, 43, 115-135.

Inasius, F., 2019, "Factors Influencing SME Tax Compliance: Evidence from Indonesia", *International Journal of Public Administration*, 42, 367–379.

Ivus, O., Jose, M., and Sharma, R., 2021, "R&D Tax Credit and Innovation: Evidence from Private Firms in India", *Research Policy,* 50, 1-16. https://doi.org/10.1016/j.respol.2020.104128

Jenkins, R., and Newell, P., 2013, "Tax and Development", *Third World Quarterly Journal*, 34, 378–396. https://doi.org/10.1080/01436597.2013.784596

Jiménez, P., and Iyer, G.S., 2016, "Tax Compliance in a Social Setting: The Influence of Social Norms, Trust in Government and Perceived Fairness on Taxpayer Compliance", *Advances in Accounting,* 34, 17-26.

Kiconco, R.I., Gwokyalya, W., Sserwanga, A., and Balunywa, W., 2019, "Tax Compliance Behaviour of Small Business Enterprises in Uganda", *Journal of Financial Crime*, 26, 1117-1132. https://doi.org/10.1108/JFC-03-2018-0031

Kirchler, E., 2007, "*The Economic Psychology of Tax Behavior*", Cambridge: Cambridge University Press. https://doi.org/10.1017/CBO9780511628238

Kock, N., and Hadaya, P., 2018, "Minimum Sample Size Estimation in PLS-SEM: The Inverse Square Root and Gamma-Exponential Methods", *Information Systems Journal*, 28, 227-261.

Lagodiienko, N., Pozhydaieva, M., and Krylov, D., 2022, "Digitalization of Tax dministration in Ukraine: Risks and Opportunities", *Management Theory & Studies for Rural Business & Infrastructure Development*, 44, 443-450. https://doi.org/10.15544/mts.2022.44

Li, J., Wang, X., and Wu, Y., 2020, "Can Government Improve Tax Compliance by Adopting Advanced Information Technology? Evidence from the Golden Tax Project III in China", *Economic Modelling*, 93, 384–397.

Malik, M., and Younus, S., 2019, "Determinants of Tax-Compliance Behavior Explored by Slippery Slope Framework and Theory of Planned Behavior: An Evidence from

Small Business Owner", *Journal of Management Sciences*, 6, 33-47. https://doi.org/10.20547/jms.2014.1906203

Mascagni, G., Mengistu, A.T., and Woldeyes, F.B., 2021, "Can ICTs Increase Tax Compliance? Evidence on Taxpayer Responses to Technological Innovation in Ethiopia", *Journal of Economic Behavior and Organization*, 189, 172–193.

Mikesell, J.L., and Birskyte, L., 2007, "Another View of IRS Results: A Comment on Rainey and Thompson," *Public Administration Review*, 67, 574–576.

Murphy, K., 2007, "Procedural Justice and The Regulation of Tax Compliance Behavior: The Moderator Role of Person Norm", *Andrew Young School of Policy Studies International Conference*, 1-20. Atlanta: Georgia State University.

Morris, S.D., and Klesner, J.L., 2010, "Corruption and Trust: Theoretical Considerations and Evidence from Mexico", *Comparative Political Studies*, 43, 1258-1285.

Mulkay, B., and Mairesse, J., 2013, "The R and D Tax Credit in France: Assessment and Ex-Ante Evaluation of the 2008 Reform", *Oxford Economic Papers*, 65, 746-766.

Neumark, D., and Williams, K.E., 2020, "Do State Earned Income Tax Credits Increase Participation in the Federal EITC?", *Public Finance Review*, 48, 579-626.

Nicodème, G., 2008, "Corporate Income Tax and Economic Distortions", *SSRN Electronic Journal*, CESifo Working Paper No. 2477, Retrieved 2022-01-20 from https://doi.org/ 10.2139/ ssrn.1310070

OECD, 2017, *OECD Digital Economy Outlook 2017*. OECD Publishing, Paris. Retrieved 2022-03-20 from http://dx.doi.org/10.1787/9789264276284-en.

Onuoha, L.N., and Dada, S.O., 2016, "Tax Audit and Investigation as Imperatives for Efficient Tax Administration in Nigeria", *Journal of Business Administration and Management Sciences Research*, 5, 066-076.

Oyedokun, G.E., 2016, "Relevance of Tax Audit and Tax Investigation in Nigeria", Retrieved 2022-03-06 from https://www.academia.edu/31711419

Piriyakul, M., 2021, "Sample size Determination for Structural Equation Modeling (SEM)", *The Journal of Industrial Technology*, 17, 232-246.

Pomeranz, D., and Vila-Belda, J., 2019, "Taking State-Capacity Research to the Field: Insights from Collaborations with Tax Authorities", *Annual Review of Economics,* 11, 755-781.

Pongpitak, S., 2017, "Corporate Income Tax Concept", Retrieved 2022-03-06 from https://www.taxguruthai.com/topic/46.

Rashid, S.F.A., Ramli, R., Palil, M.R., and Amir, A.M., 2021, "Improving Voluntary Compliance Using Power of Tax Administrators: The Mediating Role of Trust", *Asian Journal of Business and Accounting*, 14, 101-136.

Remali, A.M., Ramli, K., Nordin, N.K., Hamdan, N.A., and Lutfi, N.I.A., 2020, "Tax Compliance: Taxpayers' View (Perception)", *Global Business & Management Research*, 12, 189–200.

Slemrod, J., Collins, B., Hoopes, J.L., Reck, D., and Sebastiani, M., 2017. "Does Credit-Card Information Reporting Improve Small-Business Tax Compliance?", *Journal of Public Economics*, 149, 1-19.

Small, O., 2016, "The Effect of Taxpayer Service Provision on Tax Compliance for Large Taxpayers in Jamaica", *Proceedings of the Annual Conference on Taxation*, 109, 1-58.

Sorg, J.D., 1983, "A Typology of Implementation Behaviors of Street-Level Bureaucrats", *Review of Policy Research*, 2, 391-406.

Sour, L., 2004, "An Economic Model of Tax Compliance with Individual Morality and Group Conformity", *Economia Mexicana NUEVA EPOCA*, XIII, 43-61.

Taing, H.B., and Chang, Y., 2020, "Determinants of Tax Compliance Intention: Focus on the Theory of Planned Behavior", *International Journal of Public Administration,* 44, 62–73. https://doi.org/10.1080/01900692.2020.1728313

Thiraratanasathit, T., 2017, "Improve Tax Compliance", *Financial Review* 1, 1-3.

Torgler, B., and Schneider, F., 2009, "The Impact of Tax Morale and Institutional Quality on the Shadow Economy", *Journal of Economic Psychology*, 30, 228–245. https://doi.org/10.1016/j.joep.2008.08.004

The Department of Business Development, 2020, *Data Statistic 2020*. Retrieved 2022-06-15 from http://datawarehouse.dbd.go.th/.go.th

The Department of Business Development, 2021, *Data Statistic 2021*. Retrieved 2022-06-10 from http: https://datawarehouse.dbd.go.th

The Office of Small and Medium Enterprise Promotion, 2022, *Report on the Situation of Small and Medium Enterprises for the Year 2021*. Retrieved 2022-03-10 from http://www.sme.go.th

The Revenue Department, 2021, *Government Revenue for Fiscal Year 2021*. Retrieved 2022-04-16 from http://download.rd.go.th/fileadmin/biznews.com/blog/detail/637781

The Revenue Department, 2022, *Tax for Small and Medium Enterprises*. Retrieved 2022-04-16 from http://www.rd.go.th/fileadmin/download/Tax-for-SMEs.pdf

Vincent, O., 2021, "Assessing SMEs Tax Non-Compliance Behavior in Sub-Saharan Africa (SSA): An Insight from Nigeria", *Cogent Business & Management*, 8, 1-24.

APPENDIX A

Table 2
Statistics of tax compliance behavior of SMEs (n = 209)

Items	Mean	S.D.	CV
Aware of the necessity of paying taxes (TCB 1)	6.40	0.83	0.13
Preparing financial report according to standard (TCB 2)	6.67	0.56	0.08
Managing taxes efficiently (TCB 3)	6.35	0.80	0.13
Filing tax form within the timeframe due date (TCB 4)	6.73	0.64	0.09
Ready to show evidence of income, expenses, assets, and liabilities to the authorities (TCB 5)	6.56	0.65	0.10
Pay taxes in accordance with the requirements of the law. If there is an error, it is accidental (TCB 6)	6.60	0.74	0.11
Average	6.55		

Note: CV in the range 0.00 - 0.15 indicates very reliable data. CV in the range 0.16 - 0.30 indicates that the data is moderately reliable. CV greater than 0.30 indicates that data must be used with caution (Gardner, Zhao and Kimpel, 2010).

Table 3
Statistics of tax incentive measures (n = 209)

Items	Mean	S.D.	CV
Reduce or exempt corporate income tax for SMEs entrepreneurs (TMR1)	5.92	1.393	0.23
Expense can be deducted from income 2 time (TMR2)	5.84	1.435	0.25
Exempt from dividend tax and income from share transfer for 10 consecutive accounting period (TMR3)	5.55	1.483	0.27
VAT exemption for annual income not exceeding 1,800,000 Bath (TMR4)	5.08	1.793	0.35
Tax exemption for money donated to the community forest project for global warming of the Ministry of Natural Resources and Environment (TMR5)	5.18	1.714	0.33
Set up the criteria for electronic tax invoices and electronic receipts. (TMR6)	5.34	1.449	0.27
If the goods are sold to travelers outside the Kingdom, they are entitled to a refund of VAT already charged (TMR7)	5.38	1.428	0.27
Exemption for donation made to educational institution via electronic donation system (TMR8)	5.52	1.547	0.28
Establishing reasonable grounds for not required to submit tax returns through the internet (TMR9)	5.17	1.595	0.310
Exemption from income tax on the amount paid for investments in electronic document preparation system, tax remittance system, and cash registers (TMR10)	5.49	1.398	0.250
Use the entitlement criteria to calculate the income and expenses of the company or juristic partnership (TMR11)	5.49	1.317	0.240
Average	5.39		

https://doi.org/10.55802/IJB.029(2).006

Table 4
Statistics of facilitated tax system (n = 209)

Items	Mean	S.D.	CV
There is no complicated tax collection process, easy to understand and follow (SYS1)	6.30	1.091	0.17
Flexibility, adaptable to the changing economic and social situation (SYS2)	6.27	1.212	0.19
There is criteria of suitable SME size for appropriate tax collection (SYS3)	6.32	1.072	0.17
Set up suitable tax rates (SYS4)	6.35	0.963	0.15
Facilitate electronic tax form and tax pay (SYS5)	6.32	1.009	0.16
Electronic tax form is easy to complete (SYS6)	6.25	1.033	0.17
There are channels to pay taxes both electronically and personally (SYS7)	6.27	1.016	0.16
Information inquiry can be received via call center and/or tax officer (SYS8)	6.26	1.016	0.16
Knowledgeable and capable revenue officers (SYS9)	6.38	1.028	0.16
There exist full scale electronic tax collection system and allow taxpayer access to their personal information (SYS10)	6.38	0.952	0.15
Average	6.31		

Table 5
Statistics of tax fairness and equity perception (n = 209)

Items	Mean	S.D.	CV
Revenue agents must treat everyone equally and without bias (FEQ1)	5.74	1.190	0.21
The countrywide standard of conduct for revenue officers must be the same in all offices (FEQ2)	5.69	1.330	0.23
The Revenue Code regarding taxation must not favor any business (FEQ3)	5.64	1.268	0.22
The Revenue Code and Regulation related to the collection of corporate income tax is not an obstacle to do business (FEQ4)	5.73	1.374	0.24
Tax benefits must be open thoroughly to all businesses, not conducive to large businesses only (FEQ5)	6.06	1.123	0.19
Discretion in interpreting laws must be based on legal principles without bias (FEQ6)	5.89	1.165	0.20
Enforcement of the law must be the same for all businesses without the appearance of favoring any type of business (FEQ7)	5.99	1.181	0.20
Tax law must be strict without loopholes that allows businesses to exploit unfair (FEQ8)	5.62	1.515	0.27
Governments must allow citizens to investigate spending of tax money collected (FEQ9)	5.63	1.422	0.25
All those who violate the law must be punished by the law (FEQ10)	5.81	1.204	0.21
Average	5.78		

https://doi.org/10.55802/IJB.029(2).006

APPENDIX B

Table 6
Convergent validity

Indicator	TCB	TMR	SYS	FEQ	AVE	Composite Reliability		
						rho A	rho c	alpha
TCB1	0.681**				0.546	0.853	0.878	0.835
TCB2	0.773**							
TCB3	0.746**							
TCB4	0.659**							
TCB5	0.821**							
TCB6	0.740**							
TMR1		0.613**			0.433	0.875	0.893	0.869
TMR2		0.626**						
TMR3		0.636**						
TMR4		0.635**						
TMR5		0.659**						
TMR6		0.673**						
TMR7		0.767**						
TMR8		0.704**						
TMR9		0.671**						
TMR10		0.629**						
TMR11		0.607**						
SYS1			0.774**		0.616	0.949	0.941	0.932
SYS2			0.839**					
SYS3			0.843**					
SYS4			0.873**					
SYS5			0.819**					
SYS6			0.789**					
SYS7			0.640**					
SYS8			0.770**					
SYS9			0.721**					
SYS10			0.755**					
FEQ1				0.802**	0.703	0.957	0.959	0.952
FEQ2				0.827**				
FEQ3				0.889**				
FEQ4				0.898**				
FEQ5				0.886**				
FEQ6				0.754**				
FEQ7				0.877**				
FEQ8				0.874**				
FEQ9				0.796**				

https://doi.org/10.55802/IJB.029(2).006

Table 7
Fornell-Larcker Criterion

Construct	TCB	TMR	SYS	FEQ
TCB	0.546			
TMR	0.201	0.433		
SYS	0.121	0.152	0.616	
FEQ	0.148	0.135	0.356	0.703

Squared correlations; AVE in the diagonal.

https://doi.org/10.55802/IJB.029(2).006