

# Unlocking Tax Compliance Intention MSMEs: Exploring the Roles of Tax Moral, Incentives, and Trust in Government

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## Abstract

This study addresses the persistent challenge of low tax compliance among Micro, Small, and Medium Enterprises (MSMEs), a sector that plays a vital role in economic growth and state revenue generation. Despite their strategic significance, MSMEs often demonstrate inadequate compliance with tax regulations due to a range of psychological, institutional, and financial factors. The objective of this research is to examine the influence of tax moral, tax incentives, and trust in government on the tax compliance intentions of MSME actors. Employing a quantitative research approach with a cross-sectional survey design, the study targeted MSME owners and managers in Makassar as its population. Respondents were selected through stratified random sampling to ensure representation across different business sizes and sectors. Data were collected using a structured questionnaire and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The findings reveal that tax moral, tax incentives, and trust in government each have a significant positive effect on MSMEs' tax compliance intentions, with tax moral emerging as the most influential factor. These results highlight the necessity for integrated policies that strengthen ethical tax awareness, optimize incentive programs, and improve public trust in government institutions. The study's implications suggest that such multidimensional strategies are essential for enhancing voluntary tax compliance. However, the research is limited by its focus on a specific regional context and cross-sectional design, indicating the need for broader and longitudinal investigations in future studies.

*Keywords:* MSMEs; Tax compliance; Tax moral; Trust in government; Tax incentives.

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## 1. Introduction

The issue of tax compliance among Micro, Small, and Medium Enterprises (MSMEs) has garnered significant attention in recent scholarly literature, acknowledging the vital role these enterprises play in economic development and tax revenue generation. Studies highlight that enhancing tax compliance within the MSME sector is critical for achieving government fiscal goals, especially in developing economies. Factors influencing tax compliance are diverse, including tax moral, governmental trust, administrative efficiency, and the introduction of tax incentives. For instance, a study found that lower tax rates substantially enhance compliance, indicating a direct link between perceived tax fairness and taxpayer willingness to comply with tax obligations (Bulutoding et al., 2024; Nartey, 2023; Subagio & Aresteria, 2023). Furthermore, digitizing tax administration has been recognized as an effective strategy for reducing compliance costs and improving overall tax adherence among MSMEs (Murnidayanti & Putranti, 2023).

Tax moral has emerged as a key factor influencing tax compliance intentions among MSMEs. Higher tax moral is associated with perceptions of fairness in taxation and a sense of civic duty, which can significantly motivate compliance behaviors (Luthfiana et al., 2023; Swadnyani & Martini, 2024). Trust in government institutions also plays a crucial role in shaping taxpayers' motivations. When MSME owners perceive their government as reliable and transparent, they tend to comply more with tax regulations, as trust mitigates the perceived burden of compliance

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(Sofianti et al., 2024). Nonetheless, many studies indicate persistent compliance challenges faced by MSMEs, underscoring the need for targeted solutions (Alkhatib & Alshrouf, 2024).

The primary research problem addressed in this study revolves around understanding and enhancing tax compliance intentions among MSMEs, particularly the influence exerted by tax moral, the effectiveness of tax incentives, and the level of trust in government institutions. A comprehensive approach, combining qualitative and quantitative methodologies, will be essential to uncover the multifaceted relationships between these variables and their impact on tax compliance intentions (P. Putra et al., 2020; Tiwari, 2021). The scientific literature explores behavioral interventions as specific solutions to tackle compliance issues among MSMEs. Establishing tax incentives specifically designed for MSMEs has been recognized as an effective strategy to elevate compliance rates. For instance, temporary tax relief measures during economic downturns, like the COVID-19 pandemic, have demonstrated a notable impact on compliance intentions (Fauziah & Halim, 2023). Additionally, capacity-building initiatives that enhance tax literacy and administrative transparency can help bridge the gap in tax compliance among MSMEs (Rahayu Rahmadhani et al., 2020).

A closer look at the existing literature reveals significant gaps that must be addressed to fully understand the tax compliance landscape among MSMEs. While studies have explored macroeconomic factors influencing compliance, fewer have focused on the micro-level psychological and social factors, such as individual taxpayer attitudes and perceptions of fairness (Saddaf et al., 2022). This lack of focus on the interplay between tax moral, government trust, and institutional effectiveness indicates a critical gap in current research, suggesting a call for more nuanced studies in these dimensions (Reschiwati et al., 2019).

This study aims to investigate the relationships among tax moral, government trust, and tax compliance intentions among MSMEs, with a focus on how financial incentives can enhance these relationships. The novelty of this research lies in its integrated approach, combining behavioral insights with practical fiscal solutions to contribute to the discourse on improving tax compliance in this sector. The investigation will employ mixed methods, incorporating both qualitative interviews and quantitative surveys, to ensure a comprehensive understanding of the influences affecting MSME tax compliance. The scope of the study is primarily limited to MSMEs operating within a specific geographical region, which will help in drawing contextual insights relevant to local tax compliance trends. Accordingly, the research questions addressed in this study are as follows:

- a. To what extent does tax moral influence the tax compliance intentions of MSME actors?
- b. To what extent does tax incentives influence the tax compliance intentions of MSME actors?
- c. To what extent does trust in governments influence the tax compliance intentions of MSME actors?

## 2. Literature Review

The Theory of Planned Behavior (TPB) is instrumental in understanding tax compliance behavior among Micro, Small, and Medium Enterprises (MSMEs). According to the TPB, an individual's intention to engage in a particular behavior, such as tax compliance, is influenced by three primary factors: attitudes, subjective norms, and perceived behavioral control (Bani-Khalid et al., 2022; Della Fadhilatunisa et al., 2024). Specifically, in the context of MSMEs, studies highlight that a taxpayer's intention to comply with tax obligations directly correlates with their belief in the necessity and fairness of fulfilling these obligations (Taing & Chang, 2021; Utomo et al., 2022). Furthermore, when taxpayers perceive the government as trustworthy and manage tax revenues effectively, their intention to comply enhances, aligning with the findings of (M. & J, 2021), which link compliance to trust in governmental processes.

Moreover, the relationship between TPB and tax morals, as well as tax incentives, suggests that ethical considerations and perceived benefits associated with compliance drive taxpayer behavior. Research shows that higher tax moral specifically, an intrinsic motivation to pay taxes due to moral or ethical beliefs significantly affects compliance intentions among MSMEs (Anggraeni et al., 2024; Wibawa et al., 2024). When taxpayers feel a sense of fairness and justice in taxation, it can enhance their moral obligation to comply. Additionally, tax incentives serve as external motivators that positively influence compliance intentions. Tax incentives not only reduce the financial burden on taxpayers but also can enhance perceptions of fairness, leading to improved compliance behaviors (Naitili et al., 2022; Subandi & Tjaraka, 2023). This interaction illustrates how both intrinsic and extrinsic motivational factors intertwine within the TPB framework in shaping MSME tax compliance.

Assessing the relationship between tax moral, tax incentives, and trust in government underscores their collective impact on tax compliance intentions. Studies consistently demonstrate that trust in government plays a crucial role in enhancing tax compliance (M. & J, 2021; Lestari et al., 2023). Taxpayers who trust that their contributions are used

effectively are more likely to comply, viewing taxes as a civic duty rather than a burden (Mukharomah et al., 2023). Furthermore, when tax incentives align with taxpayer perceptions of fairness and justice, compliance rates increase significantly. Tax incentives not only alleviate immediate fiscal pressure but are also perceived as recognition of taxpayers' contributions, further enhancing trust and the moral obligation to comply (Subandi & Tjaraka, 2023; et al., 2022). Therefore, it is evident that the Theory of Planned Behavior provides a robust framework for understanding the dynamics of tax compliance among MSMEs when considering tax morals, tax incentives, and trust in government. The interplay among these factors significantly contributes to creating an environment conducive to compliance.

### **Hypotheses**

Concerning the literature review section above, the relationship between tax moral, tax incentives, trust in government and tax compliance intention is summarized through the following hypotheses. To validate all the hypotheses, the structural model was analyzed using PLS-SEM. In addition, the measurement model was assessed to confirm its construct validity and reliability. This study included three hypotheses:

- H1 : Tax moral has a positive effect on tax compliance intention
- H2 : Tax incentives has a positive effect on tax compliance intention
- H3 : Trust in government has a positive effect on tax compliance intention

### **3. Research Method and Materials**

This study employs a quantitative research approach (Cresswell, 2017) to examine the relationships between tax moral, incentives, trust in government, and tax compliance intention among MSMEs. The quantitative approach facilitates the systematic collection and analysis of numerical data, allowing for objective testing of hypotheses and generalization of findings. A cross-sectional survey design was utilized to capture data from MSME owners and managers at a single point in time. This design is appropriate for assessing the prevailing attitudes, perceptions, and intentions related to tax compliance and enables the identification of patterns and associations among key variables.

The research subjects comprised owners and managers of MSMEs operating within the formal sector in Makassar. The inclusion criteria required participants to be actively involved in the management or financial decision-making of their enterprises. Stratified random sampling was used to ensure representation across various business sizes, sectors, and geographic locations.

Data were collected using a structured questionnaire developed based on validated scales from previous studies. The instrument consisted of sections measuring tax moral, perceived incentives, trust in government, and tax compliance intention (Della Fadhilatunisa et al., 2024; Karima Aras et al., 2024; Rahmawati & Dwijayanto, 2021; Swadnyani & Martini, 2024). All items employed a five-point Likert scale ranging from "strongly disagree" to "strongly agree." The questionnaire was pre-tested and refined to ensure clarity and reliability. Questionnaires were administered through both online and face-to-face methods to maximize participation. Respondents received a detailed explanation of the study's purpose and provided informed consent prior to participation. Data collection was conducted over a three-month period, with follow-up reminders issued to enhance the response rate.

The collected data were analyzed using inferential statistical techniques. Inferential analysis was conducted using Partial Least Square Structural Equation Modeling (PLS SEM) to test the hypothesized relationships among tax moral, incentives, trust in government, and tax compliance intention. Reliability and validity of the instrument were assessed prior to hypothesis testing to ensure the robustness of the measurement model. Reliability was evaluated using composite reliability and Cronbach's alpha, while validity was examined through convergent validity (Average Variance Extracted) and discriminant validity (HTMT and cross-loadings). All analyses were performed using Smart PLS SEM 4.1.0.3 software packages.

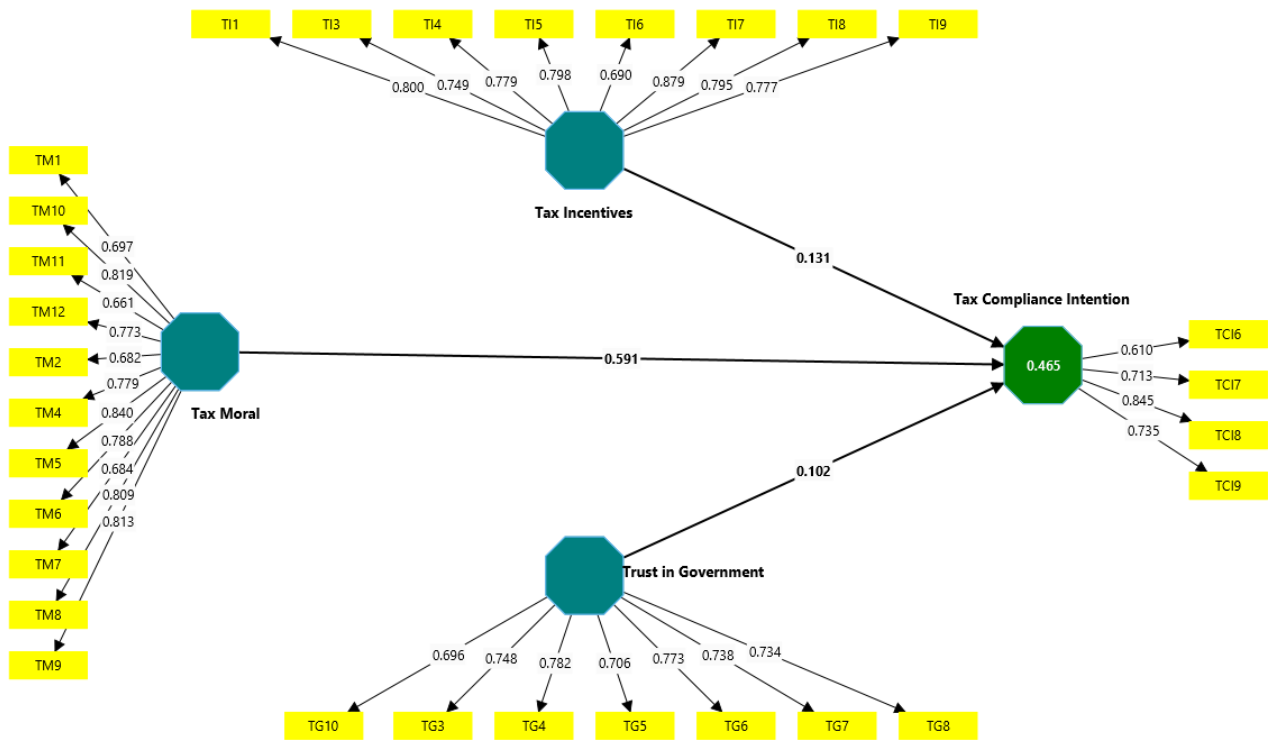
### **4. Results and Discussion**

#### **4.1. Outer Model**

The most recent guidelines by (J. F. Hair et al., 2020) emphasize that the assessment of reflective measurement models involves evaluating factor loadings, convergent validity, discriminant validity, and internal consistency reliability. In this study, the measurement model (Figure 2) was analyzed using the PLS algorithm in SmartPLS version 4.1.0.3, with all constructs estimated reflectively. The initial step consists of assessing the reliability of the underlying factors by examining the factor loadings of items within each reflective construct. For constructs

developed formatively, indicator weights were assessed rather than factor loadings. The main focus is on the strength of the relationships among items within each construct (Ketchen, 2013). According to (J. Hair et al., 2010; Kock, 2014), a loading value greater than 0.5 is required to demonstrate that each construct (latent factor) explains more than 50 percent of the variance in its items.

Within the measurement model, reflective indicators with loadings below 0.5 were removed, as they do not meaningfully contribute to their respective constructs. Consequently, one item each from the Tax Moral (TM) and Tax Incentives (TI) constructs, three items from Trust in Government (TG), and five items from Tax Compliance Intention (TCI) were excluded due to their low loading values (< 0.5), indicating minimal contribution to the model. Despite these exclusions, each construct retained at least four indicators, exceeding the minimum recommended threshold of three indicators per construct (J. Hair et al., 2010).



**Figure 1.** Complete evaluation of the suggested framework using a uniform PLS Algorithm

To evaluate internal consistency reliability, the researchers utilized three approaches: Cronbach's alpha, Composite Reliability (CR), and Rho\_A. These measures assess the degree to which the variance in observed variables is attributable to the underlying latent constructs, with values ranging from 0 to 1 (Henseler et al., 2014). A coefficient above 0.7 is generally considered acceptable (J. F. Hair et al., 2019a). As presented in Table 1, the constructs in this study demonstrated internal consistency reliability coefficients ranging from 0.705 to 0.926. Table 1 further confirms that the indicators of the measurement model satisfied the established criteria for reliability, loading, and validity.

**Table 1.** Loadings, reliability, and validity indicators for first-order construct

Item code	Loading	Alpha	Rho_A	CR	AVE
		0.926	0.930	0.938	0.580
TM1	0.697				
TM2	0.682				
TM3	Out				
TM4	0.779				
TM5	0.840				
TM6	0.788				
TM7	0.684				

Item code	Loading	Alpha	Rho_A	CR	AVE
TM8	0.809				
TM9	0.813				
TM10	0.819				
TM11	0.661				
TM12	0.773				
		0.911	0.916	0.928	0.616
TI1	0.800				
TI2	Out				
TI3	0.749				
TI4	0.779				
TI5	0.798				
TI6	0.690				
TI7	0.879				
TI8	0.795				
TI9	0.778				
		0.887	0.908	0.907	0.521
TG1	Out				
TG2	Out				
TG3	0.743				
TG4	0.761				
TG5	0.681				
TG6	0.766				
TG7	0.745				
TG8	0.705				
TG9	Out				
TG10	0.696				
		0.705	0.724	0.819	0.534
TCI1	Out				
TCI2	Out				
TCI3	Out				
TCI4	Out				
TCI5	Out				
TCI6	0.609				
TCI7	0.714				
TCI8	0.845				
TCI9	0.734				

Table 1 allows to confirm both convergent and discriminant validity. Researchers employed two primary metrics to evaluate the study's validity: convergent and discriminant validity. Convergent validity measures the degree of correlation among variables within a single construct. To establish convergent validity, researchers examine the Average Variance Extracted (AVE) scores, which should exceed 0.5 for each composite construct in the measurement model (J. F. Hair et al., 2019b). The analysis showed that the AVE scores ranged from 0.521 to 0.616, while the Composite Reliability (CR) scores varied from 0.819 to 0.938 (refer to Table 1). These results indicate that the constructs used in this study meet the criteria for convergent validity.

Discriminant validity assesses the extent to which constructs are empirically distinct from one another (Franke & Sarstedt, 2019). In this research, discriminant validity was evaluated using the heterotrait-monotrait (HTMT) ratio approach. Discriminant validity is established when the square root of the Average Variance Extracted (AVE) for each construct exceeds the correlations between constructs, with AVE values greater than 0.5 (J. Hair et al., 2010). The results based on this approach are presented in Table 2. In addition, the HTMT criterion was utilized, where discriminant validity is supported if HTMT values are below 0.9 or 0.85 (Henseler et al., 2015). As reflected in Table 2, discriminant validity was confirmed based on the HTMT 0.85 standard. The findings demonstrated that all constructs in this study satisfied the discriminant validity requirements according to the adopted methods.

Table 3 shows that there are no concerns regarding discriminant validity. The diagonal elements, which are the square roots of the Average Variance Extracted (AVE), are greater than the inter-construct correlations listed beneath them.

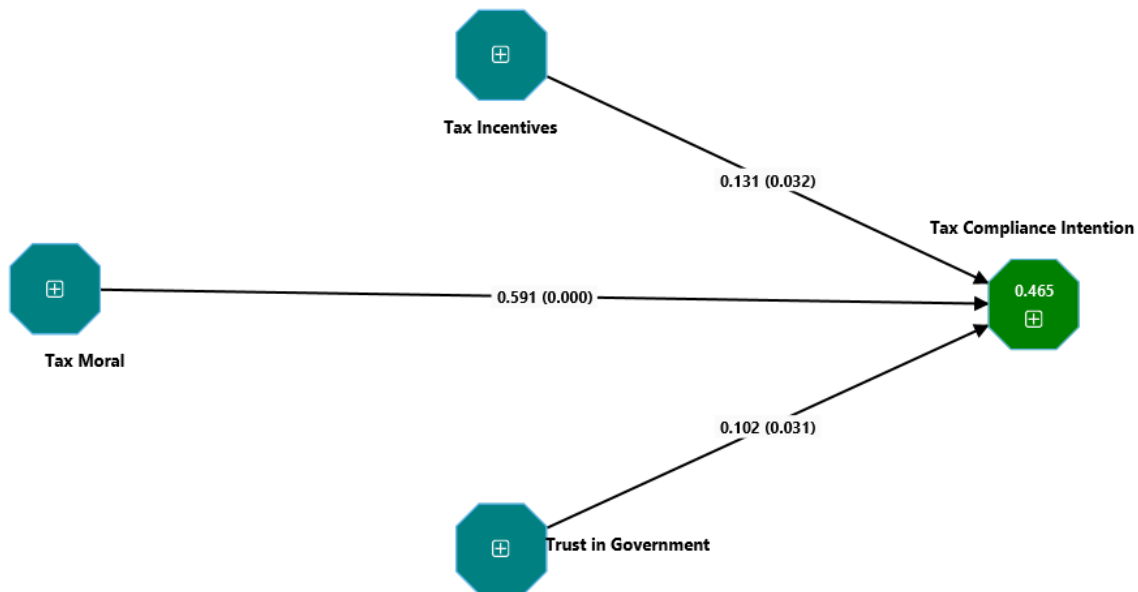
This indicates that the participants were able to clearly differentiate and comprehend the distinct constructs used in this study.

4.2. Inner Model

Figure 2 shows the results of the structural model analysis used to examine the relationship between the main variables in this study, namely tax morals, tax incentives, trust in government, and tax compliance intention. This model maps the direct influence path of each independent variable on tax compliance intention, complete with the path coefficient value and its significance level. The presentation of this model aims to provide a visual description of the relative contribution of each variable to the formation of tax compliance intention, which will then be explained in more detail in the next paragraph through the interpretation of hypothesis testing results.

**Table 2.** Discriminant validity based on HTMT criterion

	Tax Compliance Intention	Tax Incentives	Tax Moral	Trust in Government
Tax Compliance Intention				
Tax Incentives	0.480			
Tax Moral	0.802	0.414		
Trust in Government	0.277	0.308	0.190	



**Figure 2.** The Structural Model

To assess the statistical significance of the path coefficients and examine the hypotheses concerning direct and indirect effects, we utilized a bootstrapping method. This approach involved generating 10,000 subsamples and applying a significance level of 5%. Particularly with regard to the mediation effect of social norms on tax knowledge and quality tax service with tax compliance. This calculation setting follows the recommendations of (Patricia Aguilera-Hermida, 2020)

**Table 3.** Overview of results based on path coefficients

Hypothesis	Path coefficient	T Statistics	p	Conclusion
TM → TCI (H1)	0.591	10.582	0.000	Supported
TI → TCI (H2)	0.131	1.846	0.032	Supported
TG → TCI (H3)	0.102	1.872	0.031	Supported

Table 3 presents the results of hypothesis testing regarding the effects of tax moral, tax incentives, and trust in government on the tax compliance intentions of MSME actors. This table provides detailed information on path coefficients, t-statistics, significance levels (p-values), and the conclusions for each hypothesis tested. Accordingly, the table serves as a basis for evaluating the strength and significance of the influence of each independent variable on

MSMEs' tax compliance intentions. According to the data in Table 3, tax moral (TM) shows the strongest influence, with a path coefficient of 0.591, a t-statistic of 10.582, and a p-value of 0.000. This result confirms that tax moral is the primary factor driving tax compliance intentions among MSMEs. In addition, tax incentives (TI) also exert a significant effect, with a coefficient of 0.131, a t-statistic of 1.846, and a p-value of 0.032, indicating that tax incentives can increase MSMEs' intentions to comply with tax regulations. Meanwhile, trust in government (TG) also has a significant influence, with a coefficient of 0.102, a t-statistic of 1.872, and a p-value of 0.031. All hypotheses tested in this study are supported, as indicated by p-values below 0.05.

Overall, the findings in Table 3 indicate a clear and positive relationship between each independent variable and tax compliance intention among MSMEs. Specifically, the results show that higher tax incentives are associated with a greater intention among MSME actors to comply with tax regulations. This suggests that when MSMEs perceive meaningful and accessible tax incentives, they are more motivated to fulfill their tax obligations. Similarly, tax moral demonstrates the strongest influence on tax compliance intention. This means that as the sense of moral obligation or ethical responsibility to pay taxes increases among MSME actors, so does their intention to comply with tax regulations. Strengthening tax moral, therefore, can significantly enhance voluntary compliance in the MSME sector. Furthermore, trust in government also plays a significant role. As MSMEs develop greater confidence in the integrity, transparency, and effectiveness of government institutions, their willingness to comply with tax requirements increases. This underscores the importance of government credibility and good governance in fostering a culture of tax compliance. Together, these findings highlight that improving tax incentives, nurturing tax moral, and building trust in government can collectively drive higher tax compliance intention among MSMEs. An integrated policy approach that addresses these three dimensions is essential for promoting voluntary compliance and supporting the growth of the MSME sector.

#### 4.3. Discussions

The results presented in Table 3 concerning the effects of tax moral, tax incentives, and trust in government on tax compliance intentions of MSME actors reveal several critical insights into the factors that influence this compliance. Firstly, tax moral (TM) emerged as the most significant predictor of tax compliance intentions, with a notably high path coefficient of 0.591 and a t-statistic of 10.582, yielding a p-value of 0.000. This aligns with existing literature that emphasizes the substantial role of tax moral in fostering compliance behavior among taxpayers. Research by (Devos, 2014) has established that moral considerations significantly influence tax compliance, reinforcing the notion that a strong ethical commitment to fulfilling tax obligations tends to lead to enhanced compliance rates among taxpayers, particularly within the MSME sector. Furthermore, the sentiment that moral obligations drive compliance is consistent across various studies, emphasizing the importance of cultivating tax moral in enhancing voluntary compliance (Anggraeni et al., 2024; Michael & Widjaja, 2024).

In addition to tax moral, tax incentives (TI) also exhibited a significant, albeit comparatively lower influence on compliance intentions as evidenced by a path coefficient of 0.131, a t-statistic of 1.846, and a p-value of 0.032. This finding suggests that when MSME actors perceive tax incentives as meaningful and beneficial, their intention to comply with tax regulations increases. The results of the study are corroborated by previous findings that demonstrate how tax incentives can serve as potent stimuli for compliance behavior. For instance, (Subandi & Tjaraka, 2023) indicated that the provision of tax incentives positively influences individual and corporate decision-making related to tax compliance. This suggests that effective tax incentive programs could stimulate MSMEs to enhance their compliance rates, underscoring the necessity for policymakers to craft incentives that are attractive, comprehensible, and readily accessible to MSME actors (Prastiwi et al., 2021).

Furthermore, trust in government (TG) was found to exert a significant influence on tax compliance intentions, exemplified by a coefficient of 0.102, a t-statistic of 1.872, and a p-value of 0.031. This illustrates the critical importance of government credibility and the perceived integrity of tax administrations in shaping taxpayer behavior. The findings resonate with research that highlights that taxpayer perceptions of government effectiveness and integrity play a pivotal role in promoting a culture of compliance (Francis, 2019). Poor trust in government can deter compliance, as MSME actors may perceive the tax system as unjust or corrupt, which diminishes their willingness to adhere to mandated tax obligations (Widjaja et al., 2024).

The interplay of these variables suggests a nexus of factors that can collaboratively enhance tax compliance intentions among MSMEs. As evidenced in the data, higher tax moral, favorable perceptions of tax incentives, and trust in government amplify compliance intentions. The importance of government transparency and proactive engagement with the taxpayer base cannot be overstated, as outlined by (Murnidayanti & Putranti, 2023), who argue that simplification of tax regulations and processes can alleviate compliance burdens and, in turn, improve compliance

levels. An integrated policy approach that recognizes and leverages these interdependent factors could therefore prove beneficial for enhancing voluntary tax compliance in the MSME sector.

Moreover, an effective implementation strategy that involves comprehensive tax socialization initiatives could facilitate a better understanding of tax incentives and promote improved engagement between tax authorities and the MSME sector (D. A. Putra, 2024). Tax socialization has been shown to play a vital role in bridging gaps between taxpayers and authorities and instilling a sense of compliance, thereby further bolstering the positive relationship between incentives and compliance intentions (Yuniarta & Purnamawati, 2020). The manifestation of this socialization would ideally encompass education regarding tax obligations, the benefits of compliance, and the availability of incentives, thereby fostering a more informed taxpayer base.

In conclusion, the findings from Table 3 not only elucidate the significant effects of tax moral, tax incentives, and trust in government on tax compliance intentions but also emphasize the necessity for nuanced strategies to enhance compliance rates among MSMEs. Policymakers should aim for a holistic understanding of these dynamics and develop integrated strategies that reinforce tax moral, optimize tax incentives, and strengthen public trust in government institutions. By adopting such a comprehensive policy framework, it is plausible to see sustainable improvements in MSME tax compliance, which would ultimately contribute to enhanced governmental revenue and economic stability.

Scientifically, the results contribute to the expanding literature on taxpayer behavior by empirically substantiating the pivotal roles of tax moral, tax incentives, and trust in government as multidimensional drivers of compliance intentions. This integrated perspective advances understanding beyond the conventional deterrence framework, reinforcing the importance of psychological, institutional, and policy-related factors in shaping taxpayer conduct. Practically, these findings serve as a crucial guide for policymakers in designing targeted interventions. Strategies that foster ethical awareness, enhance the attractiveness and accessibility of tax incentives, and promote transparency and accountability within tax administrations are likely to yield substantial improvements in compliance rates. By prioritizing these areas, governments can establish a more collaborative and mutually beneficial relationship with the MSME sector, thereby supporting national fiscal objectives and sustainable economic development.

In addition, the study has effectively achieved its primary objective of identifying and quantifying the influence of key psychological and institutional variables on MSMEs' tax compliance intentions. The significant statistical relationships observed between tax moral, tax incentives, and trust in government with compliance intention affirm the validity of the initial hypotheses and demonstrate that a multidimensional approach is essential for understanding compliance behavior within the MSME context. Addressing research gaps, this study responds to the paucity of comprehensive analyses that concurrently investigate the roles of tax moral, incentives, and trust in government within the MSME sector. While previous research has tended to focus on these variables in isolation or within broader taxpayer populations, this work integrates them within a single empirical model specific to MSMEs. By doing so, the study illuminates the unique interactions and relative weights of these factors, thereby filling a critical gap in the literature and providing a more nuanced foundation for future research and policy formulation.

Based on these findings, several recommendations for future research are warranted. Further studies could explore the moderating effects of demographic factors such as business size, sector, and geographical location on the relationships identified. Longitudinal research designs may also be employed to capture the dynamic evolution of compliance intentions in response to policy changes or socio-economic shifts. Moreover, qualitative approaches could provide deeper insights into the cognitive and contextual processes underpinning tax moral and trust in government, enriching the understanding of how these constructs develop and influence MSME compliance behavior over time.

## 5. Conclusion

This study has successfully addressed the three main research questions by demonstrating the distinct and significant effects of tax moral, tax incentives, and trust in government on the tax compliance intentions of MSME actors. First, the findings confirm that tax moral exerts the strongest positive influence, indicating that a heightened sense of ethical obligation and civic responsibility among MSME owners substantially increases their intention to comply with tax regulations. Second, the analysis reveals that tax incentives serve as effective motivators, as meaningful and accessible incentives encourage MSMEs to fulfill their tax obligations more willingly. Third, the research establishes that trust in government also plays a pivotal role, as greater confidence in the integrity, transparency, and effectiveness of government institutions enhances MSMEs' compliance intentions. Together, these results provide

robust evidence that fostering tax moral, optimizing incentives, and building public trust are critical strategies for improving tax compliance in the MSME sector.

Building on these findings, the study emphasizes the importance of integrated policy interventions that simultaneously address psychological, institutional, and financial aspects of tax compliance. Policymakers are encouraged to design comprehensive programs that promote ethical tax behavior, enhance the accessibility and clarity of tax incentives, and strengthen the transparency and credibility of government institutions. By adopting such a multidimensional approach, it is possible to create an environment that supports sustained voluntary compliance among MSMEs. Furthermore, these insights provide a valuable foundation for future research to explore additional factors influencing tax compliance, such as the role of digitalization, taxpayer education, and socio-cultural dynamics, thereby contributing to more effective tax administration and economic development.

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