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Determinants of enforced and voluntary tax compliance: Adopting slippery slope framework

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Abstract

Research aims: This research aims to scrutinize the influence of factors impacting voluntary tax compliance and enforced tax compliance using the variables of power of authorities and trust in authorities.
Design/Methodology/Approach: This study employed a research sample of Micro, Small, and Medium Enterprises (MSMEs) taxpayers in the Special Region of Yogyakarta represented by business school students, utilizing a questionnaire survey via Google Form with a purposive sampling method. The total number of questionnaires distributed was 60 questionnaires, with 59 questionnaires that could be processed. Data analysis was then carried out using the partial least squares (PLS) approach.
Research findings: The results of this study demonstrated that using the slippery slope framework theory, trust in authorities was positively associated with voluntary tax compliance, while the power of authorities was negatively associated with voluntary tax compliance. Trust in authorities, however, did not have any impact on enforced tax compliance. Additionally, the power of authorities exerted a positive effect on voluntary tax compliance.
Theoretical contribution/Originality: This study provides an understanding of the factors influencing tax compliance by referring to the slippery slope framework theory. Apart from that, this research field is still relatively underexplored in Indonesia.
Practitioner/Policy implication: This study can be used to determine the factors driving and inhibiting MSMEs' taxpayer compliance so that it can be used as input and consideration to improve services related to taxpayer compliance further.
Research limitation/Implication: This study can serve as a valuable resource for future research and the generation of new ideas. Also, it can be utilized as a reference in educational materials pertaining to aspects that promote taxpayer compliance.
Keywords: Power; Trust; Enforced Tax Compliance; Voluntary Tax Compliance

Introduction

Tax compliance pertains to the adherence to government regulations about the payment of taxes (Yong & Fukofuka, 2023; Timothy & Abbas, 2021). This entails accurately reporting income and promptly paying the appropriate taxes owed. Non-compliance with tax laws can result in fines and other legal consequences (Kaplanoglou et al., 2016; Jimenez & Iyer, 2016). Ensuring tax compliance is essential to uphold the integrity of the tax system, guarantee equitable contributions from all individuals, and provide the government with the funds necessary to support public services and infrastructure (AbdelNabi et al., 2022). Tax compliance is also crucial for the state to effectively achieve its objective of fair welfare distribution (Khozen & Setyowati, 2023).

Tax compliance can be viewed in two approaches, i.e., enforced tax compliance and voluntary tax compliance; enforced tax compliance refers to using penalties, fines, and legal consequences to ensure taxpayers comply with tax laws and regulations. This approach relies on the threat of penalties to encourage taxpayers to report their income and pay taxes on time. To ensure compliance, tax authorities employ a variety of enforcement measures, including audits, investigations, and legal action. On the contrary, voluntary tax compliance is contingent upon the taxpayer’s volition to comply with tax laws and regulations in the absence of coercion from law enforcement. This approach prioritizes education, communication, and building trust between taxpayers and tax authorities. Tax authorities provide information and assistance to taxpayers to help them understand their tax obligations and encourage them to comply voluntarily (Yong & Fukofuka, 2023; Kaplanoglou et al., 2016).

According to Batrancea et al*.* (2022), voluntary tax compliance emerges in a climate of mutual trust and taxpayer-oriented policies, where authorities and taxpayers collaborate. In contrast, enforced tax compliance occurs in climates with lower levels of trust. Policies that provide a deterrent effect, such as inspections, fines, and criminal sanctions, need to be implemented to ensure taxpayer compliance.

In Indonesia, the growth of tax revenues has accelerated over time. Tax revenue data for 2016-2021 obtained from the Ministry of Finance of the Republic of Indonesia revealed that tax revenue was targeted to grow 2.9% or 1,444.5 trillion rupiah in 2021. From 2016 to 2019, average tax revenues grew by 6.4% annually, consistent with the surge in economic activity that ensued in the aftermath of the COVID-19 pandemic *(Kemenkeu, go.id*). Nevertheless, the Organization for Economic Cooperation and Development (OECD) highlights that Indonesia's tax revenue ratio was relatively low compared to other countries worldwide. Indonesia's tax ratio was 11.9% of Gross Domestic Product (GDP). This figure refers to tax revenue data collected by the OECD from various countries as of 2018. Of the 24 countries surveyed by the OECD, Indonesia ranked last. In comparison, the tax ratio for Thailand was 17.5% of GDP, Singapore's was 13.2% of GDP, Malaysia’s was 12.5% of GDP, and Papua New Guinea’s was 12.1% of GDP (Thomas, 2021), quoted from tirto.id.

In the national economic structure, Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in driving the economy in Indonesia by absorbing labor, thus helping to improve the welfare of MSMEs (Irmawati & Hidayatulloh, 2019). MSMEs contribute more than 60% or around IDR 8,573 trillion annually to the national Gross Domestic Product (GDP). In addition, MSMEs constitute 97% of the total workforce or 116 million people. The number of MSMEs that have registered their businesses on the Online Single Submission (OSS) platform has reached 8.71 million units by 2022, with a distribution of locations in Yogyakarta of 235,899 people who have registered their businesses (Anastasya, 2023).

Specifically, the Annual Tax Return (hereinafter abbreviated as SPT) is a document taxpayers use to report tax payment calculations. For the 2016-2020 period, the overall submission of registered taxpayers' SPT has increased, but the compliance ratio for individual taxpayers has decreased. In 2019, the compliance ratio had increased from the previous year, but in 2020, the compliance level of non-employee individual taxpayers in reporting SPT decreased compared to 2019, namely 75.93%. On the other hand, employee taxpayer compliance in submitting SPT increased from 73.23% in 2019 to 85.41% in 2020 (Data Statistik Tahunan DJP, 2020).

Research conducted by Mangoting et al. (2019) and Djajanti (2020) revealed that the power of the tax authorities and trust in the tax authorities positively affected tax compliance. Mas'ud et al. (2019) also stated that in increasing taxpayer compliance, high trust and commitment had a positive effect, but the power of the authorities did not affect tax compliance. In a study by Kastlunger et al. (2013), the trust variable was found to be positively related to voluntary tax compliance. In his research, Francis (2019) demonstrated that trust negatively affects tax compliance.

This research is a replication of previous research conducted by Kastlunger et al. (2013), who suggested conducting further research in other countries. The difference in this research lies in the location of the research, which was conducted in the Special Region of Yogyakarta. Apart from that, this research tests the influence of trust in authorities on enforced tax compliance and the influence of the power of authorities on voluntary tax compliance, which was not done in previous research.

It is expected that the implications of this research can be used as input and evaluation material for all parties with an interest in taxpayer compliance. In addition, it is important for the government, especially the Directorate General of Taxes, to create policies that can increase taxpayer compliance, especially individual taxpayers with MSME business scales, to continue to improve and explore the factors that influence taxpayer compliance so that taxes in Indonesia can be carried out in an orderly manner. In accordance with applicable legislation, it can be a source of motivation for the government and law enforcement authorities to evaluate and plan further efforts that can be made to regulate tax payments. It is also hoped that this research can provide a reference for further research in the field of taxation so that it can become a reference for future research on the topic of tax compliance.

Literature Review and Hypotheses Development

Slippery Slope Framework Theory

Taxpayer compliance in paying their obligations is influenced by several factors. Under the slippery slope framework theory, trust and authority are important factors that significantly influence taxpayer compliance (Kirchler et al., 2008). This theory describes how different qualities of power and trust interact and lead to specific relationship environments between tax authorities and taxpayers and the tax motives that determine tax payments (Katharina et al., 2020).

The primary focus of the slippery slope framework is on increasing tax compliance through power and trust (Haning et al., 2019; Johnson et al., 2019). Trust in the tax authorities arises from taxpayers' understanding of tax regulations, their perception of distributive and procedural justice, and the assumption that the tax authority works efficiently in the interests of society. The power of authorities is related to citizens' perceptions regarding the effectiveness of authorities in suppressing tax evasion through preventive measures, such as audits and fines (Kogler et al., 2023). The slippery slope framework theory also investigates tax compliance by identifying taxpayers who pay their taxes voluntarily or under coercion through economic factors such as audit probability capabilities and behavioral factors that can help measure trust and power (Mardhiah et al., 2021; Siglé et al., 2018).

Clarifying the relationship between the dimensions of power of authorities, taxpayer trust, and tax compliance is carried out using three-dimensional graphic images. When the power of authorities is weak, and the trust of taxpayers is low, it will impact tax avoidance by the public; in contrast, when the power of authorities is high, even though the trust of taxpayers is low, it will lead to lower tax avoidance (Djajanti, 2020).

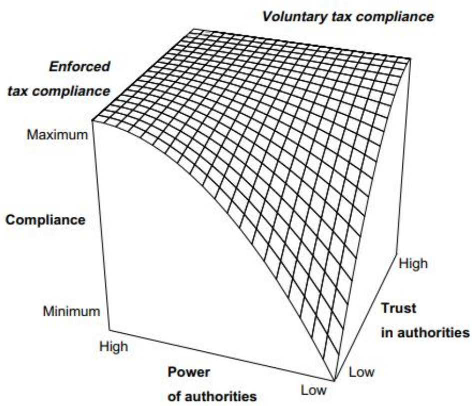

Figure 1 Theory Slippery Slope Framework
Source: Kirchler, 2008

The dimensions of this framework depict the potential for synergistic or antagonistic interactions between authorities and taxpayers. While synergistic interactions are based on mutual trust between authorities and taxpayers, thus encouraging voluntary tax compliance, antagonistic interactions are based on mutual distrust between authorities and taxpayers, leading to enforced tax compliance (Batrancea et al., 2019; Mutanga et al., 2021). In synergistic interaction, the relationship between the tax authority and taxpayers is described as a servant and customer, namely that the tax authority acts firmly in providing services to the public. In contrast, in antagonistic interactions, the relationship between taxpayers and tax authorities is illustrated as cops and robbers, and tax authorities believe that taxpayers always try to evade their tax obligations so that tax authorities find ways to punish them (Tsikas, 2020).

Trust and Voluntary Tax Compliance

Trust in tax authorities alludes to the general belief in society that tax authorities work for the common good (Siglé et al., 2018). A sense of trust will be a key indicator of the success of various government policies, programs, and regulations, which rely heavily on community cooperation and compliance (Saruji et al., 2019). Timothy and Abbas (2021) suggest that incentives to comply with tax obligations also increase when trust in the government increases. The higher the trust in the government, the greater the voluntary tax compliance. It is noteworthy that when individuals trust the government, they are more likely to obey the law; as a result, they are more compliant with tax obligations (daSilva et al., 2019).

Studies conducted by Gobena and Van Dijke (2016), da Silva et al. (2019), Kumi et al. (2023), and Kastlunger et al. (2013) asserted that trust had a positive effect on voluntary tax compliance. In line with the slippery slope framework theory, trust in authorities is an essential factor that greatly influences taxpayer compliance. Thus, the first hypothesis could be formulated:

H_1*: *Trust in authorities positively affects voluntary tax compliance.

Power and Enforced Tax Compliance

Enforced tax compliance is taxpayer compliance with tax obligations that are enforced by force by the government or tax authority. This includes using various legal instruments, rules, and sanctions to ensure taxpayers fulfill their obligations to pay taxes following applicable regulations. Nevertheless, power will increase negative emotions and is associated with low levels of tax compliance and high levels of tax avoidance (Olsen et al., 2018). A coercive tax power approach can also have a psychological impact, where some taxpayers may feel burdened or distrust the tax system. This can cause some individuals or entities to look for loopholes or ways to avoid tax obligations. As such, increasing transparency in government decision-making and spending, for example, could be a way to increase taxpayers' trust in authorities (Muehlbacher et al., 2011).

The conclusion of research by Inasius et al. (2020) stated that government power did not influence taxpayers' perceptions of enforced tax compliance. Kastlunger et al. (2013) also inferred that enforced tax compliance causes an increase in tax avoidance. Therefore, the second hypothesis could be established:

H_2: *The power of authorities negatively affects enforced tax compliance.*

Trust and Enforced Tax Compliance

Trust in government authorities is the public's perception of how efficient, fair, and non-corrupt government institutions are and how well government-supported policy instruments are managed (Davidovic et al., 2020). Trust in the tax authorities occurs when taxpayers view the tax authority favorably, and both try to maintain good relations (Betu & Mulyani, 2020).

Research by Inasius et al. (2020) stated that trust in the government did not influence taxpayers' perceptions of enforced tax compliance. However, studies by Inayati et al. (2022), Batrancea et al. (2022), Kirchler et al. (2014), and Tsikas (2020) concluded that trust had a positive effect on tax compliance. This aligns with the slippery slope framework theory, explaining that trust in authorities is a crucial factor that greatly influences taxpayer compliance. Hence, the third hypothesis can be put forward:

H_3: *Trust in authorities positively affects enforced tax compliance.*

Power and Voluntary Tax Compliance

Tax authorities have the power to reduce tax avoidance. The power possessed is implemented by providing strict sanctions for taxpayers who are proven to have committed tax evasion. Strict implementation of tax authorities will build positive perceptions of taxpayers towards them (Betu & Mulyani, 2020). The more power and authority the tax director has, such as carrying out inspections, billing, and prosecuting taxpayers, the more taxpayer compliance will increase (Surya, 2018).

Studies conducted by Siglé et al. (2018) revealed that the power of authorities negatively affected voluntary tax compliance. On the other hand, research results from Gobena and Van Dijke (2016) and da Silva et al. (2019) asserted that the power of authorities positively affected voluntary tax compliance. The stronger the authority perceived by taxpayers, the higher the likelihood they will pay taxes voluntarily. This is consistent with the slippery slope framework, which suggests that the power of the tax authorities influences taxpayer compliance. As such, the fourth hypothesis can be derived:

H_4: *The power of authorities positively affects voluntary tax compliance.*

Based on existing literature and the hypotheses described above, this research model is formulated as in Figure 2.

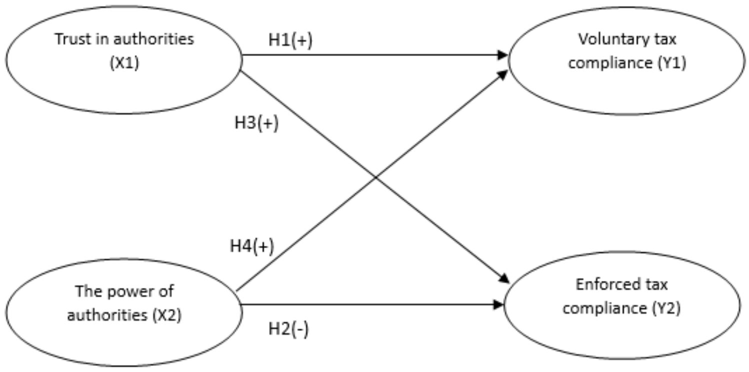

Figure 2 Research Model

Research Method

Selection of Data and Data Sources

The sample for this research was Micro, Small and Medium Enterprises (MSMEs) in the Special Region of Yogyakarta, represented by business school students. The reason for using a sample of business school students who had taken taxation courses is that they are considered capable of acting as representatives of MSME entrepreneurs in filling out the questionnaire. This type of quantitative research obtained primary data directly from the source without going through intermediaries. Data collection was carried out using a questionnaire survey. The sampling technique in this research employed a purposive sampling method, with sample categories: students majoring/studying in accounting and who had/were currently taking tax/taxation law courses.

The data collection technique utilized in this research was a questionnaire. A questionnaire is a data collection technique in which respondents are asked questions about the variables studied (Sugiyono, 2013). Then, the questionnaire was tested utilizing the SmartPLS v.3.0 application, with a Likert scale with levels: score/value 1: Strongly Disagree (SD); score/value 2: Disagree (D); score/value 3: Neutral (N); score/value 4: Agree (A); score/grade 5: Strongly Agree (SA).

Definition of Operational Data

The operational definition explains the variables studied and measurement indicators. In this research, four variables were used, including: 1) Voluntary tax compliance (VC) refers to the willingness of taxpayers to pay their taxes on time and in full without being coerced by tax authorities. Voluntary tax compliance is behavior motivated by a sense of responsibility, justice, and trust in the tax system (Gobena & Van Dijke, 2016). Voluntary tax compliance variables were measured using a questionnaire (Yücedoğru & Sarisoy, 2020); 2) Enforced tax compliance (EC) alludes to complying with tax laws due to fear of punishment or sanctions from tax authorities. In the context of use tax compliance, enforced tax compliance occurs when taxpayers report their use tax liabilities because they perceive non-compliance costs as too high. This type of compliance is largely based on the power of authorities, such as the perceived risk of detection and awareness of sanctions (Liu, 2014). The enforced tax compliance variable was assessed using a questionnaire (Gobena & Van Dijke, 2016); 3) The power of the tax authorities (PTA) is the taxpayer's view of the tax authority regarding the possibility of inspections to detect illegal tax evasion. The tax authority carries out comprehensive tax audits and imposes fines if taxpayers commit evasion. The power aspect is also related to the knowledge and attitudes of taxpayers (Batrancea et al., 2019). The power of authorities was determined using a questionnaire from the research (Saptono & Khozen, 2023); 4) Trust in the tax authorities (TTA) is measured by how much taxpayers trust the tax authorities. Trust in authorities is the taxpayer's trust in the authorities in managing taxation properly and correctly and used for the interests of the state and the welfare of society. Trust in authorities causes individuals or groups to assume that the tax authorities carry out their duties well and are trustworthy. If trust in authorities is low, taxpayers will avoid tax, so compliance decreases, and tax revenues do not meet expectations (Kirchler et al., 2008). The variable measuring trust in authorities used a research questionnaire (Trifan et al., 2023).

Data Analysis

The hypothesis in this study was tested using SmartPLS software. Variance-based structural equation modeling (SEM) is a type of multivariate analysis that assesses multiple relationships simultaneously to provide statistical efficiency. Hypotheses were tested with statistical values; the t-value is 1.96 for an alpha of 5%, accepted if the t-statistic is greater than 1.96.

Results and Discussion

Descriptive Statistics

Table 1 Descriptive Test Results

	N	Theoretical Estimate			Actual Estimate			Std. Deviation
		Min	Max	Mean	Min	Max	Mean	
Power of Authorities (KOP)	59	3	15	9	8	15	12.46	1.664
Trust in Tax Authorities (KPOP)	59	4	20	12	8	20	15.61	2.142
Enforced Tax Compliance (KPA)	59	8	40	24	8	32	23.42	6.092
Voluntary Tax Compliance (KS)	59	5	25	15	13	25	20.92	2.908
Valid	59							

As displayed in Table 1, the total data used for this study was 59. For the power of authorities (PTA) variable, the actual average (mean) was 12.46, greater than the theoretical mean of 9. The variable also had a standard deviation of 1.664. Based on these values, it is possible to conclude that the average level of authority is high. With a standard deviation of 1.664, the variable trust in tax authorities (TTA) had an actual average (mean) value of 15.61 > 12 theoretical means. These values indicate that the average level of trust in authorities is high. For enforced tax compliance (ETC), the actual mean was 23.42, less than the theoretical mean of 24. The variable's standard deviation was 6.092. Based on this value, it can be concluded that the average level of enforced tax compliance is low. Furthermore, the actual mean value of the voluntary tax compliance (VTC) variable was 20.92, greater than its theoretical mean of 15, and its standard deviation was 2.908. Based on these values, it can be inferred that the average level of voluntary tax compliance is high.

Convergent Validity and Reliability Testing

Table 2 Convergent Validity and Reliability Test Results

Variable	Indicator	Loading
	Power of Authorities (AVE= 1.0000; CR= 1.0000; CA= 1.000)	
KOP2	Tax authorities have broad powers to ensure that individuals pay their taxes honestly.	1.0000
	Enforced tax compliance (AVE= 0.6429; CR= 0.8999; CA= 0.8610)	
KPA1	I pay taxes because I feel forced to pay taxes.	0.7785
KPA2	I pay taxes because many tax audits are carried out.	0.8556
KPA4	I pay taxes because the tax authorities frequently carry out investigations.	0.7905
KPA5	I pay taxes because I know that I will be audited.	0.7883
KPA7	I pay taxes because I do not know exactly how to avoid taxes without attracting attention.	0.7983
	Trust in Authorities (AVE= 0.6942; CR= 0.8193; CA= 0.5621)	
KPOP2	I have full confidence in cooperating with the tax authorities.	0.8005
KPOP4	My cooperation with tax authorities is based on mutual respect and honesty.	0.8646
	Voluntary tax compliance (AVE= 0.5597; CR= 0.8355; CA= 0.7473)	
KS2	I still pay taxes even though there is no audit.	0.7935
KS3	I pay taxes because, for me, it is the normal thing to do.	0.7352
KS4	I pay taxes to support the country and other citizens.	0.7423
KS5	I pay taxes even though I know other people do not.	0.7194

AVE = *Average Variance Extracted*; CR = *Composite Reliability*; CA = *Cronbach's Alpha*.

Measurement tests were carried out by testing data quality and hypothesis testing. Data quality testing requires two stages, a measurement model (outer loading) and a structural model (inner model), utilizing SmartPLS. In evaluating the measurement model, convergent and discriminant validity were tested by looking at the outer loading. The outer loading value used in this test must be more than 0.7, with an average variances extracted (AVE) value of 0.5, so the indicator is considered valid (Hussein, 2015).

The indicator for testing discriminant validity is by comparing the values between constructs for each targeted construct, which must be greater than the cross-loading values of other constructs (Hussein, 2015).

The data displayed in Table 3 reveals that the AVE value for all variables in this study was greater than the value of the relationship between the variables. For example, the AVE root value for the variable voluntary compliance (KS) was 0.748, greater than the value of the relationship between the variable voluntary compliance and trust in authority (KPOP) of 0.457. Thus, all variables could be said to be valid.

Tabel 3 Fornell Lacker

	KOP	KPA	KPOP	KS
KOP	1.000			
KPA	-0.329	0.802		
KPOP	0.208	-0.197	0.833	
KS	0.395	-0.561	0.457	0.748

Reliability testing can also be seen from Cronbach's alpha and composite reliability values. Cronbach's alpha is generally used to measure the lower limit of the reliability value of a construct. In contrast, composite reliability is employed to measure the actual value of the reliability of a construct. A variable is said to be reliable if Cronbach's alpha and composite reliability values are more than 0.6 (Ghozali & Latan, 2015).

Table 4 *Adjusted R-Square*

	R Square	R Square Adjusted
KPA	0.1259	0.0947
KS	0.3031	0.2782

Measurement of the level of variation in changes in the independent variable towards the dependent variable used the structural model measurement of the Adjusted R-Square value. The greater the Adjusted R-Square value, the better the prediction model of the research model. Table 4 demonstrates that the ability of the variable power of authorities and trust in authorities could explain the enforced tax compliance variable by 9.47%, and other factors outside the research influenced the remaining 90.53%. On the other hand, the ability of the variable power of authorities and trust in authorities could explain the voluntary tax compliance variable by 27.82%, and other factors outside this research influenced the remaining 72.18%.

Hypothesis Testing

Table 5 Hypothesis Testing

Hypothesis	Original Sample	T-Statistic	P-values	Conclusion
Trust in Authorities → Voluntary tax compliance	0.3916	4.5824	0.0000	H1 is supported.
Power of Authorities → Enforced tax compliance	-0.3015	2.4722	0.0013	H2 is supported.
Trust in Authorities → Enforced tax compliance	-0.1345	0.9883	0.3235	H3 is not supported.
Power of Authorities → Voluntary tax compliance	0.3140	3.4982	0.0005	H4 is supported.

The hypothesis is accepted if the t-statistic value is more than 1.66, the p-value is less than 0.05, and the original sample value is in accordance with the direction of the hypothesis. Thus, the test results in Table 5 uncover that the original sample in H_1 had a positive direction with a t-statistic of 4.5824 and p-values of 0.000, proving that the first hypothesis stating that trust has a positive effect on voluntary tax compliance was accepted, as was the second and fourth hypotheses. However, the second hypothesis proposing that the power of authorities has a negative effect on enforced tax compliance was accepted, as shown by the original sample value of H_2, which was negative in the direction of the hypothesis and had a t-statistic value of 2.4722 and p-values 0.0013. Apart from that, the third hypothesis suggesting that trust in authorities has a positive effect on enforced tax compliance was rejected because it had an original sample value of H_3, whose direction was not in accordance with the hypothesis and had a t-statistic of 0.9883. The fourth hypothesis putting forward that the power of authorities has a positive effect on voluntary tax compliance was also accepted, indicated by the original sample value of H_4, which was positive in direction and had a t-statistic of 3.4982 and a p-value of 0.0005, so the fourth hypothesis was accepted.

Discussion

The results of testing the hypothesis that trust in authorities positively affects voluntary tax compliance were supported. In other words, H_1 was accepted. As such, the higher the trust in the government, the greater the voluntary tax compliance. It is noteworthy that when individuals trust the government, they are more likely to obey the law; as a result, they are more compliant with tax obligations (daSilva, Guerreiro, and Flores, 2019). The results of this research support studies conducted by Gobena and Van Dijke (2016), da Silva et al. (2019), Kumi et al. (2023), and Kastlunger et al. (2013), stated that trust has a positive effect on voluntary tax compliance. This is also consistent with the slippery slope framework theory, which explains that trust in authorities is a vital factor that greatly influences taxpayer compliance.

In the second hypothesis, the results of testing the power of authorities, which has a negative effect on enforced tax compliance, were supported, so H_2 was accepted. These results reinforce the research of Inasius et al. (2020), revealing that government power did not influence taxpayers' perceptions of enforced tax compliance.

The third hypothesis, stating that trust in authorities positively influences enforced tax compliance, was not supported. Hence, H_3 was rejected. These results corroborate with research conducted by Muehlbacher et al. (2011), which stated that enforced tax compliance is negatively related to trust. Trust in the government does not affect taxpayers' perceptions of enforced tax compliance (Inasius et al., 2020).

The results of testing the hypothesis regarding the power of authorities having a positive effect on voluntary tax compliance were supported, and H_4 was accepted. In other words, the stronger the authority perceived by taxpayers, the higher the likelihood they will pay taxes voluntarily. These results agree with the research of Gobena and Van Dijke (2016) and da Silva et al. (2019), which stated that the power of authorities has a positive effect on voluntary tax compliance and aligns with the slippery slope framework, suggesting that the power of the tax authorities influences taxpayer compliance.

Conclusion

This research examined the variables influencing voluntary tax compliance and enforced tax compliance using the power of authorities and trust in authorities. From the tests carried out, it can be concluded that trust in authorities has a positive effect on voluntary tax compliance, power of authorities has a negative effect on enforced tax compliance, trust in authorities does not affect enforced tax compliance, and power of authorities has a positive effect on voluntary tax compliance.

This research only used a sample of MSME taxpayers in the Special Region of Yogyakarta represented by business school students, so the results and conclusions cannot be fully generalized for all MSME taxpayers. Given its significant impact on tax compliance, the findings of this research exhibit how essential it is to understand the components that can increase taxpayer compliance. Therefore, future research can test the slippery slope framework theory with more specific variables, such as the power of authorities and trust in authorities related to tax compliance. MSMEs taxpayer respondents also need to be classified into Micro, Small, and Medium Enterprise groups according to the criteria determined by the government.

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