

## The Effect of Tax Incentives and Tax Services on Taxpayer Compliance and the Moderating Role of Tax Socialization

**Mehdi Saberi Esfarjani**

Assistant Professor, Department of Accounting, Fir.C., Islamic Azad University, Firoozabad, Iran.

(Corresponding Author)

Email: m.saberi@hafez.ac.ir

**Shima Yazdanparast**

Master's Degree in Accounting.

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### Abstract

**Objectives:** This study examines the impact of tax incentives and tax services on taxpayer compliance, with a focus on the moderating role of tax socialization. The research aims to clarify whether tax socialization can enhance the effects of incentives and service quality on tax compliance behavior.

**Methodology/Design/Approach:** The study adopts a causal-correlational research design. The statistical population includes tax auditors and taxpayers in Shiraz County. Data were collected through a structured questionnaire and analyzed using partial least squares structural equation modeling (PLS-SEM).

**Findings:** The results show that both tax incentives and improved tax services have a significant positive effect on taxpayer compliance. Tax socialization also directly and positively influences compliance behavior. However, the moderating role of tax socialization is not supported, indicating that it does not significantly alter the relationship between tax incentives or tax services and taxpayer compliance.

**Innovation:** This study contributes to the existing literature by empirically examining the interconnected effects of tax policy tools and social factors on taxpayer behavior. It provides practical insights for policymakers aiming to promote tax compliance through enhanced services and targeted socialization strategies.

**Keywords:** Tax Incentives, Tax Services, Taxpayer Compliance, Tax Socialization.

## 1. Introduction

The taxation sector accounts for the largest share of government revenue. The Tax Affairs Organization, as a governmental institution under the Ministry of Finance, aims to increase tax revenues by raising taxpayer awareness. Engaging new taxpayers is one strategy to broaden the tax base. To maximize tax revenue, taxpayers' knowledge must be enhanced to ensure compliance with their tax obligations. The introduction of a self-assessment system, replacing formal evaluation methods, has provided taxpayers with full confidence to exercise their tax rights and fulfill obligations. However, the self-assessment system relies heavily on taxpayers' honesty and compliance, which can lead to frustration or even intentional misuse. Many taxpayers still do not know how to calculate their tax liabilities, while some deliberately violate tax laws (Kusumawati, 2006).

Taxpayer compliance has always been a critical issue, as non-compliance often leads to tax evasion. Taxpayers attempt to minimize their tax responsibilities through both legal and illegal means. Meanwhile, tax authorities aim to enhance compliance, detect tax evasion, enforce tax laws, and close unintended loopholes that facilitate legal tax avoidance (Alm, 2024). The growing literature emphasizes tax awareness as a key factor explaining why some taxpayers engage in legal tax avoidance. Taxpayer awareness of tax regulations depends on the prominence of taxation in their environment (Bolnick, 2024).

Nogroho (2012) argues that when taxpayers understand how to calculate, pay, and report taxes according to regulations, their awareness naturally increases. Taxpayer awareness and compliance are influenced by multiple factors, including tax socialization, tax incentives, and the quality of tax officers' services. Compliance and willingness to settle tax obligations are essential for increasing tax revenues. Tax socialization enhances taxpayers' knowledge, while tax incentives encourage voluntary compliance. Taxpayers who understand tax regulations

support the effective implementation of the self-assessment system (Rahmawati et al., 2013).

By adhering to tax regulations, taxpayers are expected to fulfill their obligations. Benefits of tax compliance include proper registration, timely filing of returns, accurate calculation and payment of taxes, and settlement of overdue liabilities (Winerungan, 2013). Tax compliance can be voluntary or compulsory. Voluntary compliance occurs when taxpayers report and pay taxes honestly without intending to commit fraud. Compulsory compliance, on the other hand, arises when taxpayers fulfill obligations due to fear of penalties, audits, or fines (Muttaqin, 2022).

Taxpayer non-compliance is influenced by internal and external factors. Internal factors originate from the taxpayer and relate to individual characteristics driving compliance. External factors arise from the environment and circumstances surrounding the taxpayer. The General Tax Office has introduced numerous innovations to facilitate taxpayer participation and improve compliance. Increased compliance not only raises tax revenue but also strengthens the government's treasury (Nurkhain et al., 2018).

According to Andrew and Sari (2021), tax incentives are government policies designed to encourage and facilitate taxpayers' compliance with current and future obligations. Alfiana and Diana (2021) found that tax incentives—either alone or combined with taxpayer awareness—significantly affect compliance in filing annual returns. Rahmawati and Ramayanti (2016) emphasized that incentives simplifying the calculation, payment, and reporting of taxable income positively and significantly influence taxpayer compliance.

Efforts to increase tax revenue can also be achieved by improving the quality of services provided to taxpayers. Enhancing service quality involves upgrading the skills and technical capabilities of tax personnel, improving infrastructure such as integrated service centers, and using information and technology systems to facilitate compliance. The better taxpayers perceive service quality, the higher their compliance

levels. Service quality reflects excellence in meeting taxpayers' expectations, which can be assessed by comparing expectations with actual service experience (Kayuno, 2017).

Tax socialization refers to efforts to disseminate information about taxation. Providing tax-related information increases public awareness and ensures compliance, leading to more effective tax collection and revenue growth. Through socialization, the public gains a deeper understanding of tax regulations and procedures, enhancing knowledge and awareness (Herawati et al., 2017). Consequently, tax socialization helps people recognize the benefits of paying taxes, and active participation in tax payments supports national financial development (Winerungan, 2013).

Given the significance of taxation in any country, including Iran, the main research question of this study is whether tax incentives and tax services influence taxpayer compliance, and whether tax socialization acts as a moderating factor in this relationship.

## 2. Theoretical Foundations and Research Background

Tax compliance can be either voluntary or compulsory. Voluntary compliance occurs when a taxpayer is motivated to report and pay taxes honestly without any intention of fraud. In contrast, compulsory compliance arises when taxpayers fulfill their tax obligations out of fear of penalties, audits, or fines in case of detected fraud (Muttaqin, 2022).

Kersch et al. (2023) explain that in both developed and developing countries, legislators focus on strategies to achieve and maintain a high level of tax compliance. Tax compliance refers to taxpayers' willingness to fulfill their obligations according to applicable tax laws without requiring strict examinations, investigations, threats, warnings, or sanctions such as legal or administrative penalties (Okafor, 2023). It reflects taxpayers' commitment to their duties while earning the rights and responsibilities assigned to them, without external enforcement (Putry, 2022).

Murphy (2008) identifies two main approaches to compliance strategies: deterrence and adaptation. The deterrence approach, based on the tax evasion model, posits that higher penalties and a greater likelihood of detection reduce tax evasion. In contrast, the adaptive approach represents a "softer" strategy that has gained attention among researchers and policymakers, as it can sustainably enhance tax compliance (Rillstone, 2015). The most effective strategy often integrates both approaches while considering taxpayer characteristics and the operational needs of tax authorities (Okafor & Farrar, 2021).

Tax compliance decisions are influenced by a variety of factors, including personal and social norms, tax knowledge, perceptions of fairness, demographic characteristics, attitudes, and taxpayer motivations (Hoffman et al., 2017; Kirchler, 2007). Studies indicate that lack of knowledge and insufficient understanding of tax laws contribute significantly to non-compliance (Fjeldstad & Heggstad, 2012).

### 2.1. Tax Incentives

Tax incentives are benefits provided by the government for specific activities within society. Their primary goal is to reduce the tax burden on taxpayers while motivating them to comply with their tax obligations and encouraging engagement in certain economic or social activities. In many cases, tax incentives are not only aimed at increasing government revenue but also at supporting economic development and stimulating growth (Bin-Nashwan & Muneeza, 2023).

Tax incentives remain a widely used policy tool for attracting foreign direct investment in developed, transitional, and developing countries. According to the United Nations (2018), tax incentives are special provisions that grant exemptions, credits, preferential tax rates, or deferrals on tax liabilities. Differentiating between regulations that are part of the general tax system and those that provide targeted benefits can be challenging, particularly in countries with limited capacity to implement focused tax incentives.

For instance, a country may set a corporate tax rate of 10% for income derived from manufacturing. This low rate can be interpreted either as a general feature of the overall tax system, applying to all taxpayers, or as a specific tax incentive limited to the manufacturing sector. Tax incentives can also be defined based on their effect in reducing the effective tax burden for particular projects or activities (Magaji et al., 2022).

## 2.2. Tax Services

High-quality tax services are an effective means of enhancing taxpayer satisfaction within the tax administration. Voluntary tax compliance is largely built on trust and the overall tax service environment; therefore, strengthening tax services and improving the organizational structure to support businesses can enhance taxpayer compliance. Numerous studies have confirmed that the quality of tax services influences taxpayer compliance, with service quality typically assessed through factors such as responsiveness, reliability, empathy, and the facilities provided by tax authorities (Hidayat et al., 2014). By establishing trust and satisfaction through a supportive tax service environment, taxpayers are more willing and prepared to follow the recommendations of tax authorities and adhere to national tax regulations, encouraging voluntary compliance without the need for enforcement actions (Nguyen, 2022).

Tax services encompass the facilities provided by the General Tax Office to the public in accordance with applicable tax regulations. The convenience of services, particularly online offerings by tax authorities, is expected to increase taxpayers' satisfaction, making them more inclined to meet their tax obligations. Simplified facilities, such as online tax payment and reporting systems, help taxpayers fulfill their obligations more comfortably and efficiently (Pebrina & Hidayatulloh, 2020).

## 2.3. Tax Socialization

Tax socialization is an effort by the General Tax Office to inform, guide, and create understanding among all taxpayers. To achieve its objectives, tax

socialization activities are typically categorized into three types: (a) socialization for potential taxpayers, (b) socialization for new taxpayers, and (c) socialization for registered taxpayers (Hariyanto & Tuli, 2013). Broadly, socialization is understood as a learning process that occurs through interaction with others, enabling individuals to understand how to think, feel, and act—an essential process for effective social participation (Purba, 2021).

In the context of taxation, tax socialization refers to government initiatives that provide information on specific tax regulations to help taxpayers gain an appropriate understanding. Through these efforts, tax authorities aim to increase taxpayer awareness and compliance. Taxpayers can fulfill their tax obligations only if they possess sufficient knowledge and awareness of taxation (Limantoro et al., 2022).

According to Susanto and Visiana (2023), tax authorities must establish strong communication with the public and provide clear, transparent information as part of tax socialization. Effective socialization ensures that taxpayers acquire adequate knowledge, enabling them to comply with tax regulations. Consequently, tax socialization not only enhances taxpayers' understanding but also strengthens their overall tax awareness, which is expected to improve compliance and align tax revenues with targeted growth (Ardiani et al., 2022).

One of the key roles of tax socialization is to provide taxpayers with detailed information regarding their tax obligations. This includes educational efforts by tax officials and auditors, who help shape taxpayers' attitudes toward compliance. As representatives of the government, tax officials convey the quality of public services; their approach during socialization can significantly influence public perception. Tax auditors are considered competent when they provide accurate information on tax calculation, reporting procedures, and legal compliance (Safitri & Silalahi, 2020).

Hosseini Nourian et al. (2023) examined the effects of social trust on tax culture among taxpayers in Nowshahr and Chalous. Their findings indicate a

significant positive correlation: higher levels of social trust strengthen tax culture, explaining approximately 34% of the variance. This suggests that enhancing trust—both social and institutional—can improve tax-related behaviors and reduce tax evasion.

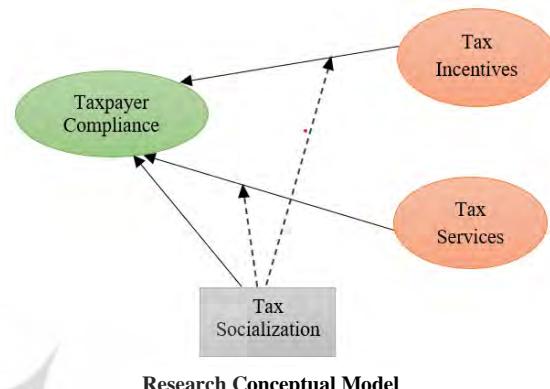
Rahmani et al. (2023) explored the impact of ethical behavior theory and Machiavellianism on tax compliance to support sustainability reporting. Ethical components included ethical skills, behavior, foundations, and commitment, while Machiavellian traits included dominance, confidence, honesty, and support for sustainability reporting. The study found that adherence to ethical objectives and avoidance of Machiavellian tendencies promoted tax compliance and participation in sustainability reporting.

Moazzi et al. (2023) examined how tax incentives affect taxpayers' compliance and business outcomes using agent-based modeling. Their results suggest that tax incentives can alter taxpayers' perception of their tax burdens, thereby influencing both compliance and financial performance.

Riska and Haryani (2024) investigated factors affecting taxpayer compliance, with information technology knowledge as a moderating variable. They found that accounting procedures and tax incentives positively influence compliance, while understanding of tax laws alone does not. Moreover, IT knowledge can moderate the relationship between accounting procedures or tax incentives and compliance, but not the link between tax law comprehension and compliance.

Ebele et al. (2025) studied the effect of financial incentives on corporate tax compliance in Nigeria's industrial clusters. Their findings indicate that factors such as regular audits, firm size, effective communication, deterrent messaging, business owners' education, political legitimacy, and financial incentives (including tax credits, reductions, capital allowances, and investment incentives) significantly influence corporate compliance and enhance firm performance.

Based on this review of theoretical foundations and empirical studies, the conceptual framework of the present study is developed as follows:



In pursuit of the research objectives and based on the theoretical foundations and research background, the following hypotheses have been formulated:

**Hypothesis 1:** Tax incentives have a significant impact on taxpayer compliance.

**Hypothesis 2:** Tax services have a significant impact on taxpayer compliance.

**Hypothesis 3:** Tax socialization has a significant impact on taxpayer compliance.

**Hypothesis 4:** Tax socialization moderates the effect of tax incentives on taxpayer compliance.

**Hypothesis 5:** Tax socialization moderates the effect of tax services on taxpayer compliance.

### 3. Research Methodology

Given that the results of this study are intended to inform decision-making by managers, tax authorities, and other stakeholders, the research is classified as applied. Furthermore, since it examines the relationships among multiple variables, it employs a descriptive-correlational approach in terms of both nature and methodology.

The statistical population of this study comprises all taxpayers, both individuals and legal entities, in

Shiraz. Due to the unknown population size and the lack of available variance data, the sample size is determined using Cochran's formula. Moreover, since the questionnaire employs a five-point Likert scale, with values ranging from 1 to 5, the standard deviation is 0.66 (Momani, 2008). Given a 95% confidence level and a margin of error of 0.01, the required sample size is calculated to be 170 respondents.

### 3.1. Validity and Reliability

To assess convergent validity, the Average Variance Extracted (AVE) index will be used. The AVE value should be 0.50 or higher (Chen, 1998), indicating that the construct explains at least 50% of the variance of its indicators. In this study, Cronbach's alpha will be utilized to measure questionnaire reliability, employing SPSS 25 software. Additionally, the research examines composite reliability of constructs, with an acceptable threshold set at 0.70 or higher.

### 3.2. Operational Definition of Research Variables

#### 3.2.1. Dependent Variable: Taxpayer Compliance

This variable is measured using a questionnaire designed by Purba (2021), consisting of five items on a five-point Likert scale (ranging from 1: strongly disagree to 5: strongly agree).

### 3.2.2. Independent Variables:

#### Tax Incentives

This variable is measured using a questionnaire designed by Permata and Mortanto (2022), consisting of three items on a five-point Likert scale (ranging from 1: strongly disagree to 5: strongly agree).

#### Tax Services

This variable is measured using a questionnaire designed by Permata and Mortanto (2022), consisting of five items on a five-point Likert scale (ranging from 1: strongly disagree to 5: strongly agree).

#### 3.2.3. Moderating Variable: Tax Socialization

This variable is measured using a questionnaire designed by Karnawati and Handayani (2021), consisting of three items on a five-point Likert scale (ranging from 1: strongly disagree to 5: strongly agree).

## 4. Research Findings

### 4.1. Descriptive Statistics of Research Variables

The descriptive statistics of the main research variables are presented in Table 1. The results indicate that tax incentives, tax socialization, and taxpayer compliance have averages higher than their expected range mean (i.e., 3). However, tax services have a lower average compared to their expected range mean. The highest average belongs to taxpayer compliance (3.525), while the lowest average is related to tax services (2.609).

Table 1: Descriptive Statistics of Main Research Variables

Variables	Mean	Standard Deviation	Minimum	Maximum	Range
Tax Incentives	133.3	905.3	1	5	1 to 5
Tax Services	609.2	828	1	5	1 to 5
Tax Socialization	3.700	14.1	1	5	1 to 5
Taxpayer Compliance	525.3	806	1	60.4	1 to 5

### 4.2. Reliability and Validity Testing

Cronbach's alpha method is used to calculate the internal reliability of measurement instruments. Cronbach's alpha assigns equal weights to all items,

assuming their relative importance to be the same. To address this limitation, composite reliability is used instead. Since composite reliability calculations incorporate the factor loadings of items, they provide a

more accurate and enhanced measure of reliability compared to Cronbach's alpha.

An acceptable threshold for Cronbach's alpha and composite reliability is 0.70 or higher. The obtained values for these two indices in Table 2 exceed 0.70. Therefore, based on these indices, the measurement instruments demonstrate acceptable reliability.

**Table 2: Cronbach's Alpha and Composite Reliability Coefficients of Measurement Instruments**

Statistics Variables	Cronbach's Alpha	Composite Reliability
Tax Socialization	792.0	865.0
Taxpayer Compliance	809.0	867.0
Tax Services	811.0	866.0
Tax Incentives	759.0	856.0

Factor loadings equal to or greater than 0.40 for each item indicate a well-structured construct. Additionally, the factor loadings must be statistically significant, meaning their t-values should fall outside the range of  $\pm 1.96$  ( $p < 0.05$ ).

As shown in Table 3, all item factor loadings exceed 0.40 and are statistically significant. This confirms that the items are appropriate. Consequently, based on this criterion, the reliability of the measurement instruments is validated.

**Table 3: Factor Loadings of Measurement Instruments' Items**

Variables	indicators	factor load	t-value	P-value
Taxpayer Compliance (TC)	TC1	728.0	73.16	000.0
	TC2	662.0	467.6	000.0
	TC3	714.0	096.13	000.0
	TC4	867.0	261.31	000.0
	TC5	783.0	213.26	000.0
Tax Incentives (TI)	TI1	892.0	587.39	000.0
	TI2	64.0	122.7	000.0
	TI3	895.0	145.50	000.0
Tax Services (TSE)	TSe1	798.0	286.19	000.0
	TSe2	75.0	265.12	000.0
	TSe3	69.0	772.11	000.0
	TSe4	769.0	489.20	000.0
	TSe5	747.0	965.17	000.0
Tax Socialization	TSO1	672.0	039.6	000.0

Variables	indicators	factor load	t-value	P-value
(TSO)	TSO2	885.0	395.22	000.0
	TSO3	906.0	088.36	000.0

To assess validity, the Average Variance Extracted (AVE) index is used. The AVE value should be 0.5 or higher, meaning the construct explains 50% or more of the variance of its indicators.

**Table 4: Average Variance Extracted (AVE)**

Statistics Variables	AVE
Tax Socialization	685.0
Taxpayer Compliance	568.0
Tax Services	565.0
Tax Incentives	669.0

As observed in Table 4, the extracted variance values of the latent variables in the study exceed 0.5. Accordingly, the convergent validity of the measurement instruments is confirmed using the Average Variance Extracted (AVE) index.

#### 4.3. Hypothesis Testing:

**First Hypothesis:** Tax incentives affect taxpayer compliance.

The path coefficient and t-value for this hypothesis are presented in Table 5.

**Table 5: Testing the Effect of Tax Incentives on Taxpayer Compliance**

Variables	Path Coefficient ( $\beta$ )	t-value	p-value	Result
Tax Incentives and Taxpayer Compliance	32.0	10.5	000.0	Confirmation

Tax incentives have a direct positive effect of 0.32 on taxpayer compliance. Given that the t-value ( $t = 5.10$ ) falls outside the  $\pm 2.58$  range, the path coefficient is statistically significant at the 0.01 level. Therefore, this hypothesis is confirmed with 99% confidence.

This result indicates that higher tax incentives lead to greater taxpayer compliance.

**Second Hypothesis:** Tax services affect taxpayer compliance.

The path coefficient and t-value for this hypothesis are presented in Table 6.

**Table 6: Testing the Effect of Tax Services on Taxpayer Compliance**

Variables	Path Coefficient ( $\beta$ )	t-value	p-value	Result
Tax Services and Taxpayer Compliance	31.0	19.4	000.0	Confirmation

Tax services have a direct positive effect of 0.31 on taxpayer compliance. Given that the t-value ( $t = 4.19$ ) falls outside the  $\pm 2.58$  range, the path coefficient is statistically significant at the 0.01 level. Therefore, this hypothesis is confirmed with 99% confidence.

This result indicates that higher tax services lead to greater taxpayer compliance.

**Third Hypothesis:** Tax socialization affects taxpayer compliance.

The path coefficient and t-value for this hypothesis are presented in Table 7.

**Table 7: Testing the Effect of Tax Socialization on Taxpayer Compliance**

Variables	Path Coefficient ( $\beta$ )	t-value	p-value	Result
Tax Socialization and Taxpayer Compliance	23	10.3	002.0	Confirmation

Tax socialization has a direct positive effect of 0.23 on taxpayer compliance. Given that the t-value ( $t = 3.10$ ) falls outside the  $\pm 2.58$  range, the path coefficient is statistically significant at the 0.01 level. Therefore, this hypothesis is confirmed with 99% confidence.

This result indicates that higher tax socialization leads to greater taxpayer compliance.

**Fourth Hypothesis:** Tax socialization moderates the effect of tax incentives on taxpayer compliance.

The path coefficient and t-value for this hypothesis are presented in Table 8.

**Table 8: Testing the Moderating Role of Tax Socialization in the Effect of Tax Incentives on Taxpayer Compliance**

Variables	Path Coefficient ( $\beta$ )	t-value	p-value	Result
Tax Incentives $\times$ Tax Socialization and Taxpayer Compliance	09.0-	31.1	189.0	Rejection

Tax socialization moderates the effect of tax incentives on taxpayer compliance by -0.09. However, given that the t-value ( $t = 1.31$ ) does not fall outside the  $\pm 1.96$  range, the path coefficient is not statistically significant, and therefore, this hypothesis is rejected.

This relationship indicates that the interaction between tax incentives and tax socialization does not significantly affect taxpayer compliance.

**Fifth Hypothesis:** Tax socialization moderates the effect of tax services on taxpayer compliance. The path coefficient and t-value for this hypothesis are presented in Table 9.

**Table 9: Testing the Moderating Role of Tax Socialization in the Effect of Tax Services on Taxpayer Compliance**

Variables	Path Coefficient ( $\beta$ )	t-value	p-value	Result
Tax Services $\times$ Tax Socialization and Taxpayer Compliance	06.0-	969.0	333.0	Rejection

Tax socialization moderates the effect of tax services on taxpayer compliance by -0.06. However, given that the t-value ( $t = 0.333$ ) does not fall outside the  $\pm 1.96$  range, the path coefficient is not statistically significant, and therefore, this hypothesis is rejected.

This relationship indicates that the interaction between tax services and tax socialization does not significantly affect taxpayer compliance.

#### 4.4. Final Research Model (Section 4-5):

Figures 1 and 2 illustrate the path coefficients and t-values of the tested model, while Table 10 provides a summary of hypothesis testing results.

As previously mentioned, the t-statistic is used to assess the significance of path coefficients in the model.

- If  $t$  falls outside the  $\pm 1.96$  range, the path coefficient is significant at the 0.05 level.
- If  $t$  falls outside the  $\pm 2.58$  range, the path coefficient is significant at the 0.01 level.

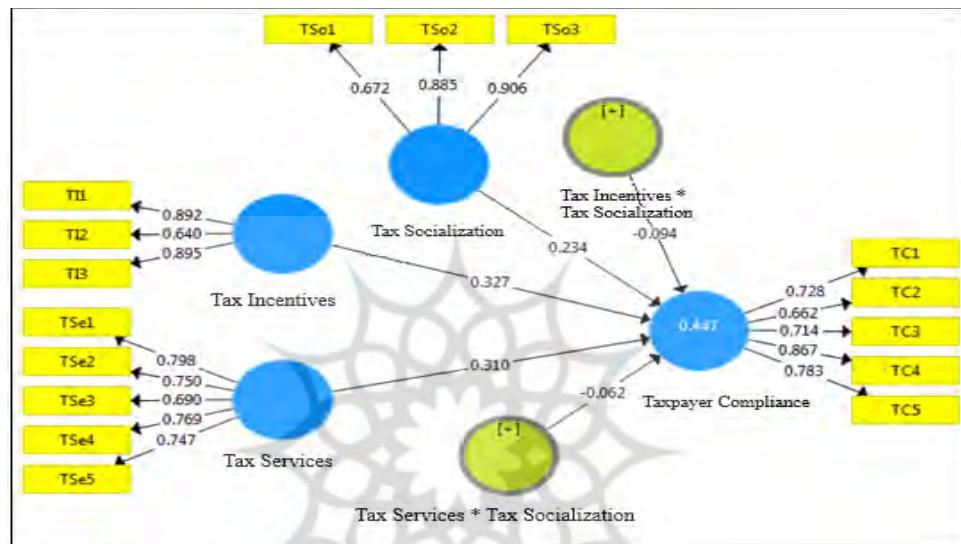


Figure 1: Path Coefficients ( $\beta$ )

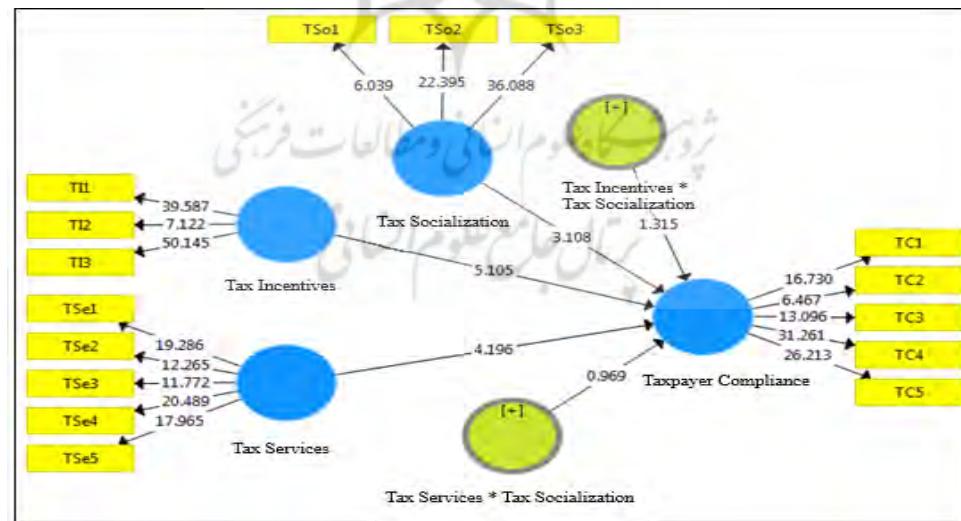


Figure 2: t-Values

**Table 10: Summary of Research Hypothesis Results**

	Variables	Path Coefficient	t-value	p-value	Result
1	Tax Incentives -> Taxpayer Compliance	32.0	10.5	000.0	Confirmation
2	Tax Services -> Taxpayer Compliance	31.0	19.4	000.0	Confirmation
3	Tax Socialization -> Taxpayer Compliance	23.0	10.3	002.0	Confirmation
4	Tax Incentives $\times$ Tax Socialization -> Taxpayer Compliance	09.0-	31.1	189.0	Rejection
5	Tax Services $\times$ Tax Socialization -> Taxpayer Compliance	06.0-	969.0	333.0	Rejection

To evaluate the structural model, the indices of the coefficient of determination ( $R^2$ ), effect size ( $f^2$ ), model predictive power or redundancy ( $Q^2$ ), and standardized root mean square residual (SRMR) have been used.

The coefficient of determination ( $R^2$ ) indicates what percentage of the variance in the dependent variable is explained and covered by the independent variable, or in other words, what percentage of the changes in the dependent variable is due to the independent variable(s). The coefficient of determination considers fewer independent variables and smaller sample sizes; therefore, some researchers prefer to use another index called the adjusted coefficient of determination. The  $R^2$  value is reported in Table 11.

**Table 11:  $R^2$  Value**

Statistics Variables	Coefficient of Determination	Adjusted Coefficient of Determination
Taxpayer Compliance	447.0	0.43

The value of the coefficient of determination ( $R^2$ ) indicates that 44% of the changes in taxpayer compliance are explained by the research model.

## 5. Discussion and Conclusion

The first research hypothesis examines the impact of tax incentives on taxpayer compliance. The results indicate that tax incentives have a positive and significant effect on taxpayer compliance; thus, this hypothesis is confirmed. The findings suggest that the greater the tax incentives, the higher the taxpayer

compliance. Tax incentives are discounts or reliefs offered by the government to taxpayers, particularly in unfavorable economic conditions. The relationship between tax incentives and taxpayer compliance can be explained using Attribution Theory, which states that internal and external factors influence behavior. Tax incentives represent an external factor that facilitates tax payments by reducing the tax burden or shifting it partially to the government.

Based on the results, the first hypothesis confirms that tax incentives significantly and positively affect taxpayer compliance. These findings align with research by Sari et al. (2022) and Andrew & Sari (2021), supporting the government's objective of providing relief while improving compliance. It confirms that tax incentives can enhance taxpayer compliance by encouraging timely fulfillment of obligations.

The second hypothesis examines the impact of tax services on taxpayer compliance. The results show that tax services have a positive and significant effect on taxpayer compliance, confirming this hypothesis. These findings indicate that higher-quality tax services lead to greater taxpayer compliance. The Theory of Planned Behavior explains that internal perceptions of taxpayers and their evaluation of the environment (tax administration) influence their motivation to comply with tax obligations. Empirical studies have also shown that effective services by tax officers can improve taxpayer compliance.

Hypothesis 2 states that tax services significantly and positively affect taxpayer compliance. While this result differs from Listiyowati et al. (2021), which found no impact of tax services on compliance, it is consistent with the findings of Pravasanti & Prativi

(2021), Tan et al. (2021), Andrew & Sari (2021), and Pebriana & Hidayatullah (2020), which support the positive effect of tax services. Variations in results may be due to differences in study locations and respondent characteristics.

Hypothesis 3 examines the impact of tax socialization on taxpayer compliance. The results indicate that tax socialization has a direct, positive, and significant effect on compliance. This suggests that higher levels of tax socialization lead to greater taxpayer compliance. The effect of tax socialization can be explained using the Perceived Behavioral Control Theory, which highlights how external factors, such as the self-assessment process, influence individual beliefs and perceptions.

Hypothesis 4 investigates the moderating role of tax socialization in the relationship between tax incentives and taxpayer compliance. The results indicate that, although tax socialization moderates this relationship, the t-value falls outside the  $\pm 1.96$  range, making the path coefficient insignificant. Therefore, this hypothesis is rejected.

Hypothesis 5 examines the moderating role of tax socialization in the relationship between tax services and taxpayer compliance. Similarly, the results show that, although tax socialization moderates this relationship, the t-value is outside the  $\pm 1.96$  range, rendering the effect insignificant. Therefore, this hypothesis is also rejected.

Tax incentive policies should be effectively communicated to the public through tax socialization by the Tax Administration. The more structured and consistent the socialization process, the greater the taxpayer compliance (Shulha & Ramayanti, 2022). Tax auditors also play a key role by shaping taxpayers' attitudes toward compliance, as they represent the government and reflect the quality of services provided.

The rejection of Hypotheses 4 and 5 indicates that tax socialization has not successfully strengthened the effect of tax incentives and tax services on compliance. This suggests that existing socialization efforts have been insufficient and have had little

impact on taxpayer behavior. These findings are consistent with the results of Permata & Mortanto (2022).

## 6. Research Suggestions

After conducting a scientific study, if the research follows a systematic and investigative process, the researcher can present practical recommendations based on the findings. The following suggestions are proposed:

- 1) **Incentives to Improve Compliance:** Based on the results of Hypothesis 1, it is recommended that the Tax Administration implement incentives that positively influence taxpayer compliance. Such measures can reduce tax avoidance and evasion, ultimately increasing actual tax revenues.
- 2) **Enhancing Tax Services:** According to Hypothesis 2, the Tax Administration should provide timely and high-quality services to taxpayers. Ensuring effective tax officer services, maintaining a well-functioning and efficient tax system, and offering updated tax advisory services can strengthen taxpayers' confidence and encourage compliance with tax laws.
- 3) **Expanding Tax Socialization:** In line with Hypothesis 3, it is suggested that the Tax Administration organize educational programs, improve general tax knowledge, and expand information dissemination as part of tax socialization efforts. These measures can help enhance taxpayer awareness and compliance.
- 4) **Reassessing Socialization Strategies:** Finally, it is recommended that tax authorities enhance tax services and implement more effective socialization methods to strengthen taxpayer obligations. Given that tax socialization did not significantly moderate the effects of tax incentives and tax services on compliance, authorities should reassess their strategies to ensure socialization efforts effectively contribute to improved taxpayer compliance.

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