



A Study on the Factors Shaping Taxpayer Behaviours and Compliance Attitudes

Sreelakshmy C, Dr. P. Shanmugapriya

Kumaraguru School of Business, Coimbatore, Tamil Nadu, India

sreelakshmychandran2004@gmail.com

Kumaraguru School of Business, Coimbatore, Tamil Nadu, India

shanmughapriya.p@ksbedu.in

How to Cite this Article:

C, S. (2026). A Study on the Factors Shaping Taxpayer Behaviours and Compliance Attitudes. International Journal of Creative and Open Research in Engineering and Management, <i>02</i>(03).
<https://doi.org/10.55041/ijcope.v2i3.038>

License:

This article is published under the terms of the Creative Commons Attribution 4.0 International License (CC BY 4.0), which permits unrestricted use, distribution, and reproduction in any medium, provided the original author(s) and the source are credited.

© The Author(s). Published by International Journal of Creative and Open Research in Engineering and Management.



<https://doi.org/10.55041/ijcope.v2i3.038>

ABSTRACT

The study of taxpayer behaviour shows that tax compliance is mainly influenced by ethical values and a sense of responsibility toward society. Many taxpayers pay taxes because they believe it is their moral duty. However, the level of tax knowledge among taxpayers is moderate, which sometimes leads to confusion in understanding tax rules and procedures. The usability of digital tax systems also affects compliance, as some taxpayers face difficulties while using online filing platforms. Due to these challenges, many individuals rely on tax consultants to manage their tax matters. The study also finds that age has a moderate positive relationship with tax compliance. Older taxpayers tend to be more responsible and consistent in paying taxes. In addition, income level has a strong relationship with tax awareness. Higher-income individuals usually have better knowledge about taxation. Therefore, improving tax literacy and simplifying digital tax systems can help strengthen voluntary tax compliance.

Keywords: Taxpayer Behaviour, Tax Compliance, Tax Administration, Tax Awareness, Digital Tax Systems

I. INTRODUCTION

Taxation is a vital component of modern economies, providing the revenue needed for public services, infrastructure, and social welfare. The effectiveness of a tax system depends not only on legal frameworks but also on how taxpayers behave. Taxpayer behaviour includes the choices made by individuals and businesses regarding compliance, avoidance, evasion, and income reporting. Understanding these behaviours helps policymakers and tax authorities design systems that enhance revenue mobilisation while fostering fairness, trust, and voluntary compliance.



II. OBJECTIVES OF THE STUDY

- To understand the taxpayer behaviour and compliance patterns by examining the factors such as income level, occupation, sources of tax knowledge.
- To examine the relationship between demographic and economic factors (such as age and income) and taxpayers' compliance behaviour and awareness.
- To analyse whether gender significantly influences overall taxpayer behaviour.
- To provide the suggestion for improving the taxpayer compliance behaviour.

III. SCOPE OF THE STUDY

This study of taxpayers shows that compliance is largely ethics-driven, but it is affected by moderate tax knowledge, usability issues in digital systems, and heavy reliance on consultants. Age has a moderate positive relationship with compliance, and income has a very strong relationship with tax awareness, highlighting the need to improve tax literacy and simplify online systems to strengthen voluntary compliance.

IV. NEED FOR THE STUDY

The study is needed to improve voluntary tax compliance, reduce tax evasion, and help design fairer and simpler tax policies that align with public expectations. By analysing taxpayers' behavioural patterns, motivations, and awareness levels, the study assists tax authorities and CA professionals in developing better engagement strategies, simplifying procedures, and improving revenue collection.

V. LIMITATIONS OF THE STUDY

- **Short-Term Focus:** The study is limited to a short time period, which may not capture long-term trends and developments related to the subject.
- **Time Constraint:** The limited time available for the study restricted extensive data collection and detailed analysis.
- **Resource Constraint:** Limited resources affected the sampling size and the ability to explore different aspects of the research topic in depth.

VI. REVIEW OF LITERATURE

Jeni Susyanti and Noor Shodiq Askandar (2019) examined the role of tax knowledge and understanding in tax compliance and found that well-informed taxpayers comply more accurately and on time. The study emphasised that education and awareness programs are essential for reducing errors, delays, and improving voluntary compliance.

Natrah Saad (2014) has done a study titled Tax Knowledge, Tax Complexity and Tax Compliance which explored the interrelationship between tax knowledge, system complexity, and compliance behaviour. The research has revealed that higher levels of tax knowledge led to increased compliance among taxpayers.

Sucahyo Heriningsih, Lita Yulita Fitriyani, and Dwi Sudaryati (2011) have conducted a study titled **Determinants of Tax Compliance Behaviour** to identify factors influencing taxpayers' compliance. It has found that internal factors such as awareness, attitudes, and knowledge strongly affect compliance behaviour.

Erich Kirchler, Erik Hoelzl, and Ingrid Wahl (2008) have conducted a study titled Enforced versus Voluntary Tax Compliance which examined how enforcement and voluntary cooperation influence taxpayers' behaviour. The study has demonstrated that true compliance arises from mutual respect and balanced authority.

Hofmann, Hoelzl, and Kirchler (2008) have done a study titled Preconditions of Voluntary Tax Compliance: Knowledge and Evaluation of Taxation, Norms, Fairness, and Motivation to Cooperate to investigate the determinants of voluntary compliance. The study has found that tax knowledge, social norms, fairness perception.



VII. THEORITICAL BACKGROUND

The theoretical framework of this study explains the basic concepts and theories related to taxpayer behaviour and tax compliance. It focuses on understanding how different factors influence taxpayers' attitudes toward paying taxes. Taxpayer behaviour is affected by economic, social, and psychological factors such as awareness of tax laws, perception of fairness in the tax system, trust in government, and the influence of penalties and audits. When taxpayers believe that the tax system is fair and transparent, they are more likely to comply voluntarily. On the other hand, lack of knowledge, complex procedures, or low trust in government may lead to non-compliance.

Independent variable

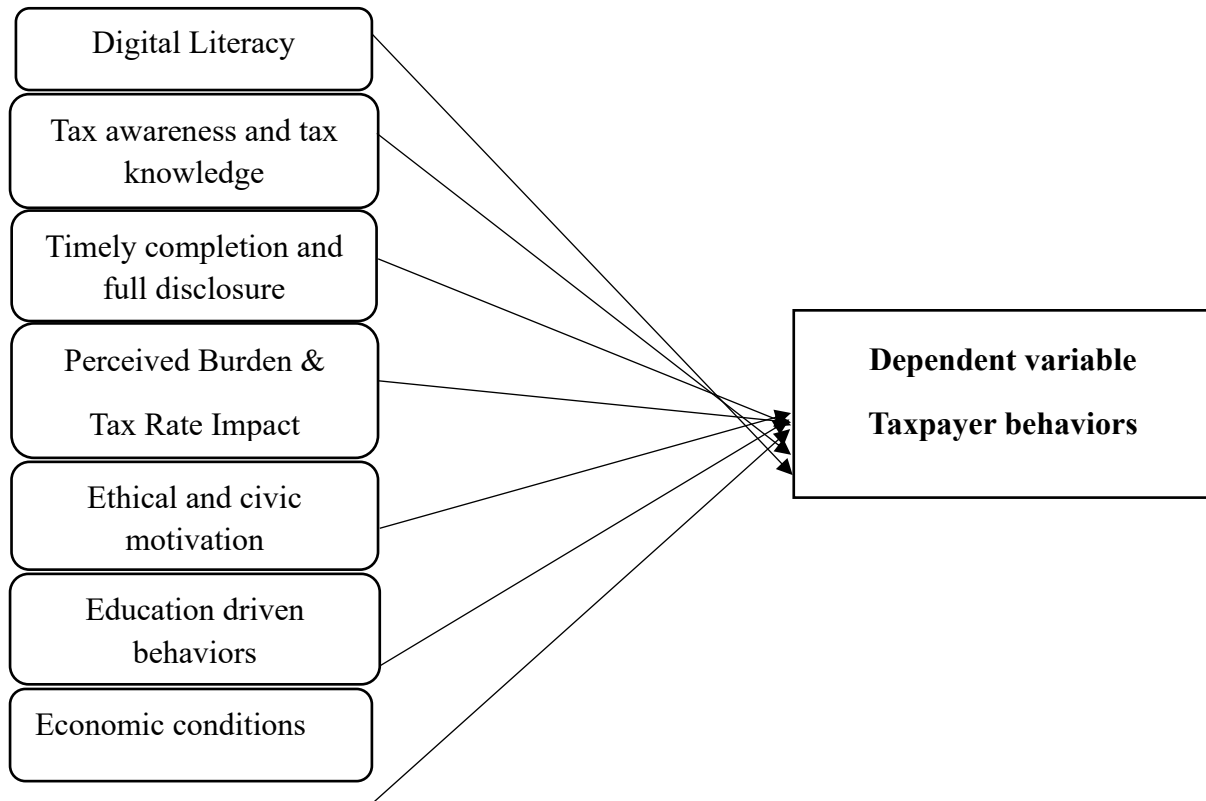


Figure No: 1 – Conceptual Model

VIII. RESEARCH DESIGN:

This study uses a descriptive quantitative research design, collecting primary data from 120 respondents through a structured questionnaire on taxpayer behaviour and compliance. The data, gathered with assured confidentiality, are analysed to identify key determinants and support policy and administrative improvements.

IX. DATA ANALYSIS

The data collected for this study were analysed using appropriate statistical tools to understand the factors influencing taxpayer behaviour. Factor Analysis was applied to reduce a large number of variables into a smaller number of significant factors. This technique helps in identifying underlying dimensions that influence taxpayer behaviour by grouping related variables together. Through factor analysis, the study identified key factors that affect taxpayers' attitudes, perceptions, and compliance behaviour. The results of the analysis provide meaningful insights into the major determinants of taxpayer behaviour and help in interpreting the research findings more effectively.



DESCRIPTIVE ANALYSIS OF DEMOGRAPHIC VARIABLE

The descriptive analysis of demographic variables provides an overview of the respondents' characteristics such as gender, age, income level, category of taxpayer, and source of tax information. The results show that most respondents are middle-aged, middle-income taxpayers, with a higher proportion of salaried individuals. It also indicates that many respondents rely on tax consultants as their primary source of tax-related information.

Table No.1 Descriptive Analysis of Demographic Variable

Gender of Respondents		
Variable	Frequency	Percentage (%)
Male	76	63.3
Female	44	36.7
Total	120	100
Age of Respondents		
Above 25	15	12.5
31–40	45	37.5
41–50	35	29.2
Above 50	25	20.8
Total	120	100
Income of Respondents		
Below ₹2.5 Lakhs	20	16.7
₹2.5–5 Lakhs	35	29.2
₹5–10 Lakhs	30	25.0
₹10–20 Lakhs	21	17.5
Above ₹20 Lakhs	14	11.7
Total	120	100
Category of Taxpayer		
Salaried Individuals	59	49.2
Business Owners	44	36.7
Professionals	17	14.2
Total	120	100
Source of Tax Information		
Tax Consultant	62	51.7
Online Articles / Blogs	31	25.8
Government Sources	27	22.5
Total	120	100

FACTOR ANALYSIS

Total Variance Explained Using Principal Component Analysis of Taxpayer Behaviour Variables. And identify the key dimensions influencing taxpayer behaviour, factor analysis was conducted using Principal Component Analysis (PCA).



Table No.2 Taxpayer Behaviour

Component	Total Variance Explained					
	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
1	4.486	28.037	28.037	4.486	28.037	28.037
2	2.170	13.562	41.599	2.170	13.562	41.599
3	1.839	11.492	53.090	1.839	11.492	53.090
4	1.360	8.503	61.593	1.360	8.503	61.593
5	1.134	7.085	68.678	1.134	7.085	68.678
6	1.077	6.732	75.410	1.077	6.732	75.410
7	1.023	6.392	81.802	1.023	6.392	81.802
8	.789	4.928	86.730			
9	.724	4.522	91.253			
10	.609	3.805	95.057			
11	.199	1.242	96.300			
12	.171	1.068	97.368			
13	.127	.793	98.160			
14	.121	.754	98.914			
15	.094	.586	99.500			
16	.080	.500	100.000			

INTERPRETATION

Principal Component Analysis identified seven components with eigenvalues greater than 1, collectively explaining 81.80% of the total variance. The first three components alone account for over half of the variation (28.04%, 13.56%, and 11.49%), while the remaining four contribute moderately (6–8% each). Overall, taxpayer behaviour can be effectively summarized using these seven underlying factors, reducing data complexity while retaining most information.

COMPONENT MATRIX OF TAXPAYER BEHAVIOUR VARIABLES (PRINCIPAL COMPONENT ANALYSIS)

Table No.3 Component Matrix of Taxpayer Behaviour

	Component Matrix						
	Component						
	1	2	3	4	5	6	7
Basic Understanding	.923	-.035	-.136	-.002	.054	.034	-.005
Tax Slab Knowledge	.944	.017	-.079	.023	-.046	-.085	.084
Online Accessible	.234	-.611	.654	-.113	.144	.178	-.015
Deduction Familiarity	.946	-.013	-.090	.020	-.014	-.062	.346
Education Improves	.012	-.015	-.021	.531	-.249	.561	.051
Stay Updated	.903	-.007	-.169	-.058	-.016	-.011	.030
Digital Improved	.209	-.623	.676	-.098	.170	.119	.124



File Before Deadline	.186	.765	.504	-.035	.072	.139	-.232
High Rates Discourage	.164	.079	.186	.660	-.154	-.213	.146
Civic Duty	.006	.353	.077	.027	.603	-.405	-.372
Consult Professional	-.053	.078	-.295	-.536	.214	.454	-.300
Audit Burdensome	.114	.082	-.273	.421	.461	.461	.214
Faced Penalties	.006	-.307	-.202	.289	.589	-.069	.723
Economic Affect	-.133	.045	-.353	-.193	.039	.125	.044
Declare Full	.165	.762	.510	-.062	.084	.192	.046
Seek Updates	.901	.032	-.106	-.158	-.100	.014	.018

INTERPRETATION

The Component Matrix indicates that taxpayer behaviour is mainly influenced by tax knowledge and awareness (Component 1), compliance behaviour (Component 2), and digitalisation of tax processes (Component 3). Other components reflect factors such as perceived tax burden, civic responsibility, penalties, and economic impact, showing that multiple dimensions shape overall compliance behaviour.

X. MANAGERIAL IMPLICATIONS

Tax authorities should strengthen tax literacy programs to address knowledge gaps and promote informed compliance behaviour. Efforts must be made to simplify digital platforms and improve online accessibility for taxpayers. Reducing excessive reliance on consultants through clear and transparent official guidance is essential. Continuous support and awareness initiatives can enhance trust, voluntary compliance, and overall administrative efficiency. Additionally, organizing regular awareness campaigns, workshops, and seminars can help taxpayers better understand tax procedures and available benefits. Strengthening communication channels such as helplines and online support systems can further assist taxpayers in resolving queries quickly and encourage timely compliance.

XI. CONCLUSION

The study reveals that although taxpayers in Palakkad District exhibit a strong sense of civic duty, compliance is constrained by limited awareness, dependence on tax consultants, and gaps in digital adoption. While digitalisation has improved convenience, the need for more user-friendly platforms and tax education remains evident. Targeted awareness programmes, simplified procedures, and supportive administration are essential to encourage voluntary compliance. Strengthening trust, awareness, and technology use can foster a fair and effective tax culture and support long-term revenue growth.

XII. REFERENCES

1. Alm, J. and Torgler, B., 2011. Economic and behavioural determinants of tax compliance. *Journal of Economic Psychology*.
2. Chinmay, N.K., 2022. The determinants of tax morale in India. *Journal of Asian Economics*.
3. Hofmann, E., Hoelzl, E. and Kirchler, E., 2008. Preconditions of voluntary tax compliance: *Journal of Psychology*.
4. James, S. and Alley, C., 2002. Tax compliance, self-assessment and tax administration. *Journal of Finance and Management in Public Services*.
5. Kirchler, E., Hoelzl, E. and Wahl, I., 2008. Enforced versus voluntary tax compliance: The “slippery slope” framework. *Journal of Economic Psychology*.



6. Mehmet, N., 2015. The effects of behavioural economics on tax amnesty. *International Journal of Economics and Financial Issues*.
7. Saad, N., 2014. Tax knowledge, tax complexity and tax compliance: Taxpayers view. *Procedia – Social and Behavioural Sciences*.
8. Suchahyo, H., Fitriyani, L.Y. and Sudaryati, D., 2011. Determinants of tax compliance behaviour: Village treasurers' perspective. *Journal of Administrative Sciences and Policy Studies*.