



Tax Compliance Beyond Deterrence: The Role of Tax Morale and Institutional Trust

Kepatuhan Pajak Melampaui Perspektif *Deterrence*: Peran Moral Pajak dan Kepercayaan Institusional

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Abstract

Traditional tax compliance models systematically overemphasize strict deterrence mechanisms, leaving a persistent theoretical blind spot regarding exactly how intrinsic motivation and institutional relationships shape taxpayer behavior without direct administrative enforcement. This study conducted an integrative literature review across diverse institutional contexts to evaluate the distinct mechanisms underlying enforced and voluntary compliance outcomes. The analysis reveals that while deterrence remains necessary for externally enforced compliance, its explanatory capacity is fundamentally limited. Tax morale functions as an essential internal motivational mechanism, yet it requires specific complementary conditions to influence actual behavior effectively. Furthermore, institutional trust acts as a critical relational catalyst that directly supports this moral commitment by establishing stable perceptions of administrative fairness and legitimacy. The novelty lies in conceptualizing these mechanisms as a complementary multidimensional framework rather than competing models, providing practical pathways for revenue authorities to shift economic policy interventions from coercive enforcement toward cooperative institutional governance frameworks universally.

Abstrak

Model kepatuhan pajak tradisional secara sistematis terus menekankan mekanisme penegakan ketat, menyisakan titik buta teoretis persisten mengenai bagaimana tepatnya motivasi intrinsik dan relasi institusional membentuk perilaku wajib pajak tanpa penegakan administratif langsung. Studi ini melakukan tinjauan literatur integratif lintas konteks institusional yang beragam untuk mengevaluasi mekanisme spesifik yang mendasari hasil kepatuhan paksaan serta sukarela. Analisis tersebut mengungkapkan bahwa meskipun deterrence tetap diperlukan bagi kepatuhan eksternal, kapasitas penjelasannya pada dasarnya sangat terbatas. Moral pajak berfungsi sebagai mekanisme motivasional internal esensial, namun selalu membutuhkan kondisi pelengkap spesifik untuk memengaruhi perilaku aktual secara efektif. Selain itu, kepercayaan institusional bertindak sebagai katalisator relasional kritis yang langsung mendukung komitmen moral tersebut melalui pembentukan persepsi stabil tentang keadilan administratif maupun legitimasi. Kebaruan riset ini terletak pada konseptualisasi mekanisme tersebut sebagai kerangka multidimensional komplementer bukan model kompetitif, menyediakan jalur praktis bagi otoritas penerimaan untuk menggeser intervensi kebijakan ekonomi dari penegakan koersif menuju tata kelola institusional kooperatif universal.



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A. INTRODUCTION

1. Background

Tax compliance is a central issue in tax administration because the effectiveness of revenue collection depends not only on the design of tax regulations but also on taxpayers' willingness and ability to fulfill their obligations. Traditionally, tax compliance research has been strongly influenced by the deterrence perspective, which explains compliance through the perceived probability of detection, audits, sanctions, and penalties (Adem & Jerene, 2026; Benkraiem et al., 2021; Marfiana & Santoso, 2024). From this perspective, taxpayers are assumed to respond to the expected costs of non-compliance, making enforcement an important instrument for encouraging compliance (Dzhumashev et al., 2023; Nguyen, 2022).

Although deterrence remains relevant, growing evidence suggests that enforcement alone cannot fully explain taxpayer behavior (Mammadli et al., 2026). Taxpayers may comply not only because they fear detection or sanctions but also because they possess an internal motivation to fulfill their tax obligations and perceive taxation as a legitimate social responsibility (Saptono & Khozen, 2023). This development has increased scholarly attention to tax morale, generally understood as the intrinsic motivation or moral commitment to comply with tax obligations (Cummings et al., 2009). The literature shows that tax morale is associated with voluntary and committed forms of compliance, although its effects are not necessarily uniform across contexts or administrative interventions (Lisi, 2015).

Alongside tax morale, institutional trust has emerged as an important dimension of tax compliance (Dimitras et al., 2025). Trust in government and tax authorities reflects taxpayers' perceptions of institutional competence, fairness, reliability, and legitimacy (Fitriandi et al., 2026). Previous research indicates that institutional trust is associated with tax morale and may provide an institutional environment in which voluntary compliance can develop (Adem & Jerene, 2026). Thus, compliance may be influenced by the interaction between external enforcement, internal motivation, and taxpayers' relationships with public institutions.

Recent research increasingly distinguishes between enforced and voluntary compliance, providing a useful framework for integrating these perspectives (Kirchler et al., 2008). Deterrence is particularly relevant to compliance under conditions of monitoring and potential sanctions, whereas tax morale and institutional trust are more

closely associated with voluntary and committed compliance. However, these mechanisms should not be treated as mutually exclusive (Prinz et al., 2014). Taxpayers may simultaneously respond to enforcement incentives, maintain internal moral motivations, and evaluate the trustworthiness of tax authorities. The literature therefore suggests a shift from viewing tax compliance primarily as an outcome of deterrence toward understanding it as a multidimensional phenomenon involving external, internal, and institutional mechanisms. The reviewed evidence supports this broader perspective, while also showing that the relationships among these mechanisms remain context-dependent.

Despite this development, the literature remains fragmented across different theoretical and empirical traditions. Studies of deterrence tend to emphasize audits, detection, and sanctions; studies of tax morale focus on intrinsic motivation; while research on institutional trust examines taxpayers' relationships with governments and tax authorities (Cahyonowati et al., 2023; Frey & Feld, 2002). Moreover, empirical findings are not entirely consistent. For example, evidence from field experiments indicates that explicit appeals to tax morale do not necessarily increase compliance, whereas observational and survey-based studies frequently report positive relationships between tax morale, institutional trust, and voluntary compliance. This divergence indicates the need for an integrative examination rather than assuming that one mechanism has replaced another.

Accordingly, this literature review synthesizes existing evidence to clarify how deterrence, tax morale, and institutional trust contribute to different dimensions of tax compliance. The review particularly focuses on the distinction between enforced and voluntary compliance and examines whether these three perspectives should be understood as competing explanations or complementary mechanisms. By integrating findings across different institutional and national contexts, this study seeks to provide a broader conceptual understanding of contemporary tax compliance research and identify directions for future research.

2. Research Questions

Based on the background and the identified fragmentation in the literature, this review addresses the following research questions:

- a. RQ1. How has tax compliance research evolved from a predominantly deterrence-based perspective toward broader behavioral and institutional

explanations?

- b. RQ2. What role does deterrence play in explaining taxpayer compliance, particularly in relation to enforced compliance?
- c. RQ3. How does tax morale contribute to the explanation of voluntary and committed tax compliance?
- d. RQ4. What role does institutional trust play in shaping tax morale and taxpayer compliance?
- e. RQ5. How can deterrence, tax morale, and institutional trust be integrated to provide a broader conceptual understanding of tax compliance?
- f. RQ6. What gaps and future research directions emerge from the integration of these perspectives?

3. Research Methods

This study employed an integrative literature review to examine the evolution of tax compliance research from deterrence-based explanations toward broader behavioral and institutional perspectives, with particular attention to tax morale and institutional trust. An integrative review was adopted to enable the synthesis and critical interpretation of findings from diverse empirical and conceptual studies rather than statistical aggregation of effect sizes. The literature search was conducted exclusively through Google Scholar, which was used to identify relevant academic publications addressing tax compliance, tax deterrence, tax morale, institutional trust, and voluntary compliance. The primary search terms included “tax compliance,” “tax deterrence” AND “tax compliance,” “tax morale” AND “tax compliance,” “institutional trust” AND “tax compliance,” and “tax morale” AND “institutional trust” AND “tax compliance.” Additional searches used related terms, including “trust in tax authorities” and “trust in government” AND “tax compliance.”

Studies were selected based on their relevance to the objectives of the review, particularly their contribution to understanding deterrence, tax morale, institutional trust, and voluntary or enforced tax compliance. Priority was given to peer-reviewed empirical studies and influential conceptual or theoretical publications. Studies from different countries and institutional contexts were considered to identify common patterns as well as contextual differences in the determinants and mechanisms of tax compliance.

The analysis employed a critical thematic synthesis. The identified literature was organized into four main analytical themes: (1) deterrence as an external mechanism of

compliance, (2) tax morale as an internal motivational mechanism, (3) institutional trust as a relational mechanism, and (4) the integration of these mechanisms in explaining enforced and voluntary tax compliance. Findings were compared across studies to identify areas of convergence, divergence, and contextual variation. Particular attention was given to differences between evidence concerning associations among variables and evidence derived from field or natural experiments evaluating specific compliance interventions.

B. RESULTS

1. Evolution from Deterrence-Based to Broader Tax Compliance Perspectives

The literature indicates that tax compliance research has progressively expanded from a predominantly deterrence-based perspective toward broader behavioral and institutional explanations. Deterrence emphasizes audit probability, detection, sanctions, and penalties. Evidence from Malaysia and Nigeria confirms its continuing relevance. Manual & Xin (2016), for example, found a significant relationship between tax deterrence and compliance among 150 self-employed taxpayers in West Malaysia, while Vincent (2021), based on 392 Nigerian respondents, identified deterrence sanctions as a significant determinant of tax non-compliance. However, deterrence alone does not fully explain taxpayer behavior. De Neve et al. (2021), using four natural field experiments among Belgian income taxpayers, found that deterrence messages generated additional positive effects, but communication simplification produced substantial compliance effects, while explicit tax-morale appeals did not consistently improve compliance. These findings suggest that deterrence should be viewed as one component of a broader compliance framework. Accordingly, recent research increasingly distinguishes enforced compliance from voluntary compliance. Adem & Jerene (2026) found that coercive power primarily predicted enforced compliance, whereas trust in tax authorities and tax morale were associated with voluntary and committed compliance. This development provides a basis for integrating external enforcement mechanisms with internal and institutional factors.

2. The Role of Deterrence in Tax Compliance

Deterrence explains compliance through the perceived probability and consequences of detection, particularly audits and penalties. Manual and Xin (2016) found that tax deterrence significantly influenced compliance among self-employed

taxpayers, whereas tax knowledge and compliance costs were not significant in their model. Similarly, Vincent (2021) identified deterrence sanctions, together with tax information, system complexity, and taxpayer attitudes, as significant determinants of compliance behavior. Nevertheless, these findings also indicate that deterrence operates alongside informational and attitudinal factors. De Neve et al. (2021) further demonstrated that communication and simplification could influence compliance beyond conventional deterrence messages. Thus, deterrence remains an important external mechanism, particularly where compliance is influenced by perceived detection and punishment, but it provides limited explanation for compliance that occurs without immediate enforcement pressure.

3. Tax Morale as an Internal Mechanism of Tax Compliance

Tax morale represents the intrinsic motivation or moral commitment to fulfill tax obligations. Unlike deterrence, which relies on external consequences, tax morale emphasizes taxpayers' internal willingness to comply. Horodnic (2018) found that tax morale is closely embedded in formal and informal institutional environments, with trust emerging as an important determinant. Consistent with this perspective, Anjarwi (2025) found that trust mediated the relationship between governance and institutional factors and tax morale among 418 individual taxpayers. Matthaei et al. (2023) similarly identified significant relationships between trust in national and international institutions and individual tax morale, with trust in national government showing the strongest association. However, tax morale does not automatically translate into higher compliance. De Neve et al. (2021) found that explicit appeals to tax morale did not consistently improve compliance. Conversely, Adem (2026), using 400 taxpayers and SEM, found tax morale to be a strong predictor of voluntary and committed compliance. Taken together, these findings position tax morale as an internal motivational mechanism whose relationship with compliance depends on the institutional and social context.

4. Institutional Trust as a Relational Mechanism of Tax Compliance

The reviewed literature indicates that institutional trust, particularly trust in government and tax authorities, constitutes an important relational mechanism in tax compliance. Unlike tax morale, which reflects taxpayers' internal motivation to comply, institutional trust concerns taxpayers' confidence in the competence, fairness, reliability, and legitimacy of public institutions. Horodnic (2018) identifies trust as one of the important institutional factors associated with tax morale, suggesting that taxpayers'

willingness to comply is shaped partly by their perceptions of the institutional environment. This relationship is supported by subsequent empirical evidence. Matthaei et al. (2023) found that trust in national government was significantly associated with individual tax morale, while Anjarwi (2025) reported that trust mediated the relationship between institutional conditions and tax morale. More directly, Judijanto et al. (2026) found that trust in the tax authority was positively associated with tax morale, which in turn was associated with tax compliance among Indonesian MSME taxpayers. Adem (2026) further distinguished enforced from voluntary compliance, reporting that trust in tax authorities and tax morale were particularly relevant to voluntary and committed compliance. Collectively, these findings suggest that institutional trust can contribute to compliance not merely as a direct determinant, but through the development of taxpayers' internal motivation to comply.

5. Integrating Deterrence, Tax Morale, and Institutional Trust

The cross-study evidence reveals three complementary mechanisms underlying tax compliance. Deterrence represents an external mechanism in which compliance is influenced by the perceived probability of detection and sanctions. Tax morale represents an internal mechanism based on taxpayers' moral commitment and willingness to fulfill tax obligations. Institutional trust represents a relational mechanism reflecting taxpayers' confidence in tax authorities and public institutions. These mechanisms should therefore be viewed as complementary rather than mutually exclusive. Adem (2026) provides particularly relevant evidence by distinguishing enforced and voluntary compliance. Coercive power was associated with enforced compliance, whereas trust in tax authorities and tax morale were associated with voluntary and committed compliance. At the same time, De Neve et al. (2021) demonstrated that deterrence messages can influence compliance, while explicit appeals to tax morale do not necessarily produce similar effects. These findings indicate that the presence of tax morale does not mean that deterrence becomes irrelevant, nor does the use of deterrence eliminate the role of moral and institutional considerations. Thus, the literature supports a broader framework in which deterrence explains the external enforcement dimension of compliance, tax morale captures its internal motivational dimension, and institutional trust explains an important relational condition through which voluntary compliance may develop. The relative importance of these mechanisms may vary across taxpayers, institutional settings, and forms of compliance.

6. Voluntary Compliance as the Key Point of Convergence

Voluntary tax compliance emerges as an important point of convergence between tax morale and institutional trust. While deterrence primarily explains compliance under conditions of monitoring, detection, and sanctions, voluntary compliance concerns taxpayers' willingness to fulfill their obligations without relying exclusively on immediate enforcement pressure. This distinction helps explain why contemporary tax compliance research increasingly incorporates psychological and institutional dimensions. The evidence indicates that tax morale provides an internal basis for voluntary compliance, whereas institutional trust can create conditions that support the development of such moral commitment. Judijanto et al. (2026), for example, identified a relationship between trust in the tax authority, tax morale, and tax compliance, while Adem (2026) reported that trust and tax morale were associated with voluntary and committed compliance. Horodnic (2018) and Anjarwi (2025) further indicate that tax morale is embedded in broader institutional conditions. However, voluntary compliance should not be interpreted as simply the absence of enforcement. Taxpayers may simultaneously consider enforcement risks, maintain a level of tax morale, and evaluate the trustworthiness of tax authorities. Moreover, De Neve et al. (2021) show that direct attempts to activate tax morale through administrative messages do not necessarily increase compliance. This suggests that voluntary compliance may depend on broader institutional and social conditions rather than on explicit moral appeals alone.

7. Cross-Study Synthesis

The cross-study synthesis produces four main findings. First, deterrence remains an important explanation of tax compliance. Evidence from Malaysia, Nigeria, and Belgium indicates that sanctions, detection, audit-related considerations, and deterrence-oriented communication can influence compliance. However, the effects vary across contexts, indicating that deterrence does not provide a comprehensive explanation of taxpayer behavior. Second, tax morale represents an important internal dimension of compliance, particularly in explaining voluntary and committed compliance. Nevertheless, the evidence is not uniformly positive. Observational studies generally identify a positive association between tax morale and compliance, whereas De Neve et al. (2021) demonstrate that explicit tax-morale messages do not necessarily produce higher compliance. This distinction suggests that tax morale should be understood primarily as an underlying motivational orientation rather than simply as an administrative

intervention. Third, institutional trust is consistently associated with tax morale across different contexts. Horodnic (2018), Matthaeei et al. (2023), and Anjarwi (2025) indicate that trust in public institutions is related to tax morale, while Judijanto et al. (2026) extends this relationship to trust in tax authorities and tax compliance. This evidence positions institutional trust as an important relational condition for the development of voluntary compliance. Fourth, the literature increasingly distinguishes between enforced and voluntary compliance. Deterrence is particularly relevant to externally enforced compliance, whereas tax morale and institutional trust provide important explanations for voluntary and committed compliance. The mechanisms are not mutually exclusive; rather, taxpayers may simultaneously respond to enforcement incentives and institutional or moral considerations.

Table 1 summarizes the principal studies reviewed in this study by identifying their institutional context, methodological approach, dominant compliance mechanism, compliance dimension, and principal findings. The synthesis highlights both convergence and divergence across the literature and provides the empirical basis for the multidimensional interpretation developed in the discussion.

Table 1. Evidence Synthesis of Tax Compliance Mechanisms

Study	Context and Method	Mechanism Examined	Compliance Dimension	Principal Finding	Role in the Present Synthesis
Manual & Xin (2016)	150 self-employed taxpayers in West Malaysia; survey	Tax deterrence	Tax compliance	Tax deterrence was significantly associated with tax compliance, while tax knowledge and compliance costs were not significant in their model.	Supports the continuing relevance of deterrence as an external mechanism.
Vincent (2021)	392 respondents in Nigeria; empirical survey	Deterrence sanctions, tax information, system complexity, and taxpayer attitudes	Tax non-compliance	Deterrence sanctions were significant, alongside informational, institutional, and attitudinal factors.	Shows that deterrence operates together with non-deterrence factors.
De Neve et al. (2021)	Belgian income taxpayers; four natural field experiments	Deterrence messages, communication, simplification, and tax-morale appeals	Tax compliance	Deterrence messages generated additional positive effects, while communication and simplification produced substantial effects; explicit tax-morale appeals did not consistently	Demonstrates that compliance interventions do not operate through a single mechanism.

Study	Context and Method	Mechanism Examined	Compliance Dimension	Principal Finding	Role in the Present Synthesis
				improve compliance.	
Horodnic (2018)	Systematic review across institutional contexts	Institutional factors and tax morale	Tax morale	Tax morale is embedded in formal and informal institutional environments, with trust emerging as an important factor.	Establishes the institutional embeddedness of tax morale.
Matthaei et al. (2023)	Cross-institutional empirical study	Trust in national and international institutions	Tax morale	Trust in national and international institutions was significantly associated with individual tax morale, with national government trust showing the strongest association.	Supports institutional trust as a relational condition of tax morale.
Anjarwi (2025)	418 individual taxpayers; empirical mediation analysis	Trust, governance, and institutional factors	Tax morale	Trust mediated the relationship between governance and institutional factors and tax morale.	Provides evidence for an indirect institutional pathway to tax morale.
Judijanto et al. (2026)	Indonesian MSME taxpayers; empirical study	Trust in tax authority and tax morale	Tax compliance	Trust in the tax authority was positively associated with tax morale, which was associated with tax compliance.	Connects institutional trust, tax morale, and compliance in the Indonesian context.
Adem & Jerene (2026)	400 taxpayers in Ethiopia; SEM	Coercive power, trust in tax authorities, and tax morale	Enforced, voluntary, and committed compliance	Coercive power was primarily associated with enforced compliance, whereas trust and tax morale were associated with voluntary and committed compliance.	Provides a direct basis for distinguishing external enforcement from internal and relational mechanisms.
Cummings et al. (2009)	Survey evidence and artefactual field experiment	Tax morale	Tax compliance	The study provides empirical evidence that tax morale is associated with tax compliance, while also illustrating the relevance of institutional context.	Provides foundational evidence linking tax morale to tax compliance and complements later evidence distinguishing moral orientation from specific administrative interventions.

Source: Authors' synthesis based on the reviewed literature

C. DISCUSSION

1. From Deterrence-Centered Compliance to a Multidimensional Perspective

The findings indicate that tax compliance research has progressively moved beyond a predominantly deterrence-centered perspective toward a multidimensional understanding that incorporates behavioral and institutional mechanisms. The continuing significance of audit probability, detection, and sanctions confirms that deterrence remains relevant, particularly in explaining compliance under conditions of external monitoring. However, the evidence also shows that deterrence does not sufficiently explain why taxpayers comply when immediate enforcement pressure is limited. This finding is consistent with the evidence reported by Manual and Xin (2016) and Vincent (2021), which demonstrates the continuing relevance of deterrence-related factors, but also identifies other informational and attitudinal determinants. The findings of De Neve et al. (2021) further reinforce this interpretation by showing that communication simplification could substantially influence compliance, while deterrence messages provided an additional rather than exclusive mechanism. Thus, the evolution identified in this review should not be interpreted as a replacement of deterrence with behavioral or institutional explanations. Rather, contemporary tax compliance research appears to be expanding the explanatory framework by recognizing that taxpayers may respond simultaneously to external enforcement, internal motivations, and institutional conditions. This broader interpretation also helps explain the distinction between enforced and voluntary compliance. Deterrence is particularly relevant when compliance is influenced by perceived detection and sanctions, whereas voluntary compliance requires explanations that extend beyond immediate enforcement. The findings of Adem and Jerene (2026) support this distinction by associating coercive power with enforced compliance and trust and tax morale with voluntary and committed compliance. Theoretically, therefore, tax compliance is better understood as a multidimensional outcome rather than as a simple behavioral response to the expected costs of non-compliance.

2. Tax Morale as an Internal Mechanism, Not a Stand-Alone Policy Instrument

The findings position tax morale as an important internal mechanism underlying voluntary compliance. Unlike deterrence, which relies on external incentives and sanctions, tax morale reflects taxpayers' intrinsic willingness or moral commitment to

fulfill their tax obligations. The positive relationship between tax morale and voluntary or committed compliance identified by Adem and Jerene (2026) supports this interpretation. However, the review also reveals an important qualification: tax morale should not be treated as a stand-alone administrative intervention. De Neve et al. (2021) found that explicit appeals to tax morale did not necessarily increase compliance and could produce adverse responses in some circumstances. This apparent inconsistency with survey-based evidence linking tax morale to compliance is analytically important. It suggests that tax morale may function more effectively as an underlying motivational orientation than as a variable that can be directly activated through a standardized administrative message. The findings of Horodnic (2018), Anjarwi (2025), and Matthaei et al. (2023) provide further support for this interpretation by showing that tax morale is embedded within broader institutional and social conditions. Consequently, taxpayers' willingness to comply may depend not only on whether they possess a strong moral orientation but also on how that orientation is shaped by their perceptions of institutions, governance, and social relationships. Tax morale should therefore be understood as part of a broader compliance environment rather than as an isolated psychological determinant.

3. Institutional Trust as a Relational Foundation of Voluntary Compliance

The findings further indicate that institutional trust provides an important relational dimension of tax compliance. Trust differs conceptually from tax morale: tax morale concerns the taxpayer's internal motivation to comply, whereas institutional trust concerns confidence in the competence, fairness, reliability, and legitimacy of public institutions. The reviewed evidence suggests that these constructs are closely connected. Horodnic (2018), Matthaei et al. (2023), and Anjarwi (2025) consistently indicate a relationship between institutional trust and tax morale. More specifically, Judijanto et al. (2026) found a relationship between trust in tax authorities, tax morale, and tax compliance among Indonesian MSMEs. These findings suggest that institutional trust may contribute to compliance not only through a direct relationship with taxpayer behavior but also by creating conditions that support internal motivation. This interpretation is particularly relevant for understanding voluntary compliance. When taxpayers perceive tax authorities as reliable and legitimate, compliance may be viewed not merely as a response to enforcement but as part of a reciprocal institutional relationship. Nevertheless, the evidence does not justify treating trust as a sufficient condition for

compliance. Taxpayers may continue to consider enforcement risks even when they have relatively high institutional trust. Thus, trust should be interpreted as a relational condition that complements rather than replaces deterrence.

4. Integrating Deterrence, Tax Morale, and Institutional Trust

The central conceptual implication of this review is that deterrence, tax morale, and institutional trust represent distinct but complementary mechanisms of tax compliance. Deterrence operates primarily through external enforcement; tax morale through internal motivation; and institutional trust through the taxpayer–institution relationship. These mechanisms address different dimensions of the compliance decision and therefore should not be treated as competing explanations. The distinction between enforced and voluntary compliance provides a useful organizing framework. Deterrence is particularly relevant to enforced compliance because taxpayers respond to the perceived probability and consequences of detection. Tax morale and institutional trust are more closely associated with voluntary and committed compliance because they provide internal and relational foundations for compliance. However, the evidence also indicates that these mechanisms may operate simultaneously. A taxpayer can perceive a risk of detection, possess a moral commitment to taxation, and at the same time evaluate the credibility of the tax authority. This integrated interpretation extends the conventional deterrence perspective by recognizing that compliance may result from both external pressure and internalized motivation within an institutional relationship. It also avoids the opposite assumption that voluntary compliance eliminates the relevance of enforcement. Rather, the literature suggests a continuum in which taxpayers may respond to different combinations of enforcement, moral motivation, and institutional trust depending on the context.

5. Theoretical and Research Implications

The review contributes conceptually by bringing together three strands of tax compliance research that are frequently examined separately. First, it confirms the continuing explanatory relevance of deterrence while identifying its limitations as a comprehensive framework. Second, it positions tax morale as an internal motivational mechanism that is particularly relevant to voluntary compliance but whose effects depend on institutional and social conditions. Third, it highlights institutional trust as a relational mechanism connecting taxpayers with the institutions responsible for administering taxation. An important implication for future research is the need to

examine interactions and pathways among these mechanisms rather than testing them only as independent predictors. Future empirical studies could investigate whether institutional trust contributes to tax morale and whether tax morale subsequently influences voluntary compliance. Similarly, research could examine whether the effectiveness of deterrence varies according to taxpayers' levels of trust or tax morale. Such designs would move the literature from a collection of independent determinants toward a more integrated explanation of how different mechanisms jointly shape tax compliance. Future research should also pay greater attention to context, measurement, and research design. The reviewed studies differ substantially in countries, taxpayer populations, compliance definitions, and methodological approaches. Field experiments, survey-based SEM studies, longitudinal designs, and comparative research could therefore provide complementary evidence. In particular, distinguishing enforced from voluntary compliance may help explain why similar interventions produce different outcomes across taxpayer groups and institutional settings.

D. CONCLUSIONS

Tax compliance functions as a multidimensional phenomenon where external enforcement, internal motivation, and institutional relationships operate simultaneously. While deterrence mechanisms remain necessary for ensuring enforced compliance through perceived detection and sanctions, they are insufficient without tax morale, which provides the internal motivation required for voluntary and committed compliance. Additionally, institutional trust establishes a critical relational condition that shapes taxpayers' perceptions of administrative legitimacy and directly supports the development of this intrinsic tax morale. Consequently, contemporary tax frameworks and future empirical research must evaluate deterrence, tax morale, and institutional trust not as competing explanations, but as complementary mechanisms that jointly determine overall taxpayer behavior across varying institutional contexts.

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