INTEGRATING TAX FAIRNESS, GOVERNMENT MARKETING STRATEGY, AND INSTITUTIONAL TRUST: A MODERATED MEDIATION MODEL OF TAX COMPLIANCE IN INDONESIA

M. Gunawan Setyadi[1)] Tino Feri Efendi[2]
Institut Teknologi Bisnis AAS Indonesia[1,2]
E-mail: mgsetyadi.solo@gmail.com

Abstract: This study examines the behavioral determinants of tax compliance by integrating perceived tax fairness, government marketing strategy, institutional trust, and perceived enforcement into a unified moderated mediation framework. Grounded in Equity Theory, the Slippery Slope Framework, and Government Marketing Theory, the research explores how fairness perceptions influence compliance both directly and indirectly through trust in tax authorities, while also assessing the moderating roles of public communication and enforcement mechanisms. A quantitative explanatory design was employed using survey data collected from 250 registered individual taxpayers in Bandung, Indonesia. Respondents were selected through purposive sampling based on active tax status and experience with electronic tax reporting systems. Data were analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM) to evaluate measurement validity, structural relationships, and moderation effects. The findings reveal that perceived tax fairness significantly enhances trust in tax authorities. Trust, in turn, exerts a strong positive effect on tax compliance, confirming its central mediating role. The direct effect of fairness on compliance becomes weaker when trust is included, indicating partial mediation. Government marketing strategy positively influences trust and strengthens the relationship between fairness and trust, highlighting the importance of transparent communication, public education, and fiscal storytelling. Meanwhile, perceived enforcement demonstrates a positive but comparatively weaker moderating effect on the trust–compliance relationship, suggesting that balanced power and legitimacy are essential for sustainable compliance. The study contributes theoretically by extending the Slippery Slope Framework through the incorporation of public marketing as a behavioral governance instrument. Practically, the findings underscore the strategic importance of fairness-based communication and consistent enforcement in fostering voluntary, trust-driven tax compliance in emerging economies.

Keywords: *Tax fairness; institutional trust; tax compliance; government marketing strategy; perceived enforcement*

1. Introduction

Tax compliance remains one of the most persistent and complex challenges in public finance, particularly in developing economies striving to strengthen domestic revenue mobilization. While taxation constitutes the backbone of sustainable fiscal capacity, many emerging countries continue to face structural and behavioral obstacles that limit the effectiveness of tax systems. Indonesia, as one of the largest economies in Southeast Asia, illustrates this dilemma. Despite ongoing fiscal reforms and digital transformation initiatives, the national tax ratio has remained relatively modest compared to OECD averages. This gap suggests that beyond technical and administrative improvements, behavioral and psychological dimensions of taxation require deeper scholarly and policy attention.

Traditional economic models of tax compliance, most notably the deterrence model introduced by Allingham and Sandmo (1972), emphasize rational cost–benefit calculations. Under this framework, taxpayers comply primarily due to the perceived probability of audit and the severity of penalties. While enforcement remains an essential element of fiscal governance, empirical evidence increasingly shows that deterrence alone cannot fully explain voluntary compliance behavior. In many contexts, strict enforcement without institutional legitimacy may even generate resistance, reduce morale, and weaken long-term compliance sustainability. This limitation has encouraged a shift toward behavioral and institutional approaches that incorporate psychological, social, and normative determinants of tax behavior.

One of the most influential frameworks in this area is the Slippery Slope Framework (SSF), which proposes that tax compliance is shaped by the dynamic interaction between trust in authorities and the power of authorities. Trust fosters voluntary compliance rooted in legitimacy and moral obligation, whereas power—expressed through audits and sanctions—produces enforced compliance. Sustainable tax systems, therefore, depend not solely on the dominance of power but on a balanced integration of trust and enforcement. When taxpayers perceive tax authorities as fair, transparent, and competent, they are more likely to internalize compliance as a civic duty rather than a coerced obligation.

Within this behavioral perspective, perceived tax fairness emerges as a foundational antecedent of trust. Equity Theory posits that individuals evaluate fairness by comparing their contributions with the benefits received and by assessing the proportionality and procedural

integrity of institutional arrangements. In taxation contexts, fairness encompasses distributive justice (equitable tax burden), procedural justice (transparent and consistent administrative processes), and interactional justice (respectful and nondiscriminatory treatment). When taxpayers perceive that tax burdens are allocated proportionally and revenues are used responsibly, their trust in fiscal institutions tends to increase.

Empirical studies across different jurisdictions demonstrate that perceived fairness significantly influences tax morale and compliance intentions. In European contexts, perceptions of inequitable tax distribution during fiscal crises have been associated with declining compliance levels. In developing countries, fairness perceptions often interact with broader concerns about corruption, governance quality, and institutional credibility. These findings suggest that fairness is not merely a normative principle but a behavioral driver that shapes institutional trust and compliance decisions.

In Indonesia, the issue of tax fairness has gained increasing attention in public discourse. Economic inequality, perceptions of unequal enforcement, and high-profile cases involving fiscal misconduct have occasionally affected public confidence in tax authorities. At the same time, substantial efforts have been made to modernize tax administration through digital systems such as e-filing and e-billing, as well as to enhance transparency in public spending. These reforms aim to reduce administrative complexity and increase accountability, thereby strengthening perceptions of procedural and distributive justice. However, whether such initiatives effectively translate into higher trust and compliance remains an empirical question that requires systematic investigation.

Beyond fairness, contemporary governance increasingly recognizes the strategic role of communication in shaping public attitudes. Government marketing strategy, rooted in social marketing theory and public value communication, refers to the deliberate use of communication tools to influence citizen behavior in alignment with public policy objectives. In taxation, marketing strategies include educational campaigns, digital outreach, transparency reporting, storytelling about public infrastructure financed by taxes, and engagement through social media platforms. Rather than viewing communication as a supplementary function, modern public administration treats it as a central instrument for building legitimacy and trust.

The integration of government marketing into tax compliance research remains relatively underexplored, especially in emerging economies. While previous studies acknowledge the importance of information and awareness, few have conceptualized public communication as a moderating mechanism that strengthens the psychological pathway between fairness and trust. Effective marketing strategies can reinforce fairness perceptions by clarifying how tax revenues are allocated, demonstrating procedural transparency, and highlighting tangible societal benefits. Conversely, weak or inconsistent communication may dilute the positive effects of fairness perceptions, even when formal policies are equitable.

Simultaneously, enforcement continues to play a crucial but complex role. The deterrence model suggests that stronger enforcement increases compliance through fear of sanctions. However, behavioral research indicates that excessive reliance on coercion may undermine intrinsic motivation and erode trust. The challenge for policymakers lies in designing enforcement mechanisms that are firm yet perceived as fair and consistent. When enforcement is applied transparently and nondiscriminatorily, it can complement trust rather than contradict it. Thus, perceived enforcement may function as a contextual moderator that conditions the strength of the relationship between trust and compliance.

The interplay among fairness, trust, communication, and enforcement forms a multidimensional governance architecture. Fairness provides the moral foundation, trust serves as the psychological bridge, communication strengthens legitimacy, and enforcement ensures rule credibility. Despite the theoretical plausibility of this integrated perspective, empirical models that simultaneously examine mediation and moderation effects within this architecture remain limited. Many prior studies test direct relationships in isolation, potentially oversimplifying the complexity of taxpayer behavior.

This study addresses this gap by proposing and empirically testing a moderated mediation model in which perceived tax fairness influences tax compliance through trust in tax authorities, while government marketing strategy and perceived enforcement act as moderators. By employing Partial Least Squares–Structural Equation Modeling (PLS-SEM), the research captures both predictive relationships and interaction effects within a single structural

framework. The Indonesian context provides a relevant empirical setting due to its ongoing fiscal reforms, digital transformation initiatives, and active public communication campaigns.

2. Literature Review
2.1 Tax Compliance: From Economic Deterrence to Behavioral Governance

Tax compliance has traditionally been analyzed through the lens of economic rationality. The classical deterrence model conceptualizes taxpayers as utility-maximizing individuals who decide whether to comply based on audit probability and penalty severity. Within this framework, compliance increases when the expected cost of evasion outweighs potential benefits. While this approach provides a foundational explanation for enforcement mechanisms, empirical observations have repeatedly shown that actual compliance levels are often higher than predicted by deterrence parameters alone. In many countries, audit probabilities are relatively low, yet voluntary compliance persists at substantial levels. This discrepancy suggests that economic deterrence is only one component of a broader behavioral system.

Subsequent research expanded the compliance paradigm by incorporating psychological and social determinants. Behavioral economics highlights the importance of intrinsic motivation, social norms, reciprocity, and moral considerations in shaping taxpayer decisions. Tax morale, defined as the internalized motivation to pay taxes, has been identified as a crucial explanatory factor. Individuals are more willing to comply when they perceive taxation as a legitimate social contract rather than a coercive extraction. Institutional legitimacy, therefore, becomes central to understanding sustainable compliance.

The Slippery Slope Framework (SSF) synthesizes these perspectives by proposing that tax compliance is driven by two interacting dimensions: trust in authorities and the power of authorities. Trust promotes voluntary compliance grounded in legitimacy and identification with public institutions, whereas power generates enforced compliance through deterrence. Crucially, the framework emphasizes balance. Excessive reliance on enforcement may undermine trust, while weak enforcement may weaken deterrence credibility. Sustainable fiscal systems emerge when both trust and power operate synergistically.

Recent empirical studies across emerging and developed economies support the SSF proposition that trust is a stronger predictor of long-term compliance than coercion alone. Trust-

based systems generate internalized cooperation, reduce monitoring costs, and enhance institutional resilience. Therefore, contemporary compliance research increasingly focuses on identifying antecedents of trust and examining how governance mechanisms strengthen or weaken trust-based compliance pathways.

2.2 Perceived Tax Fairness and Equity Theory

Perceived tax fairness represents one of the most influential antecedents of institutional trust and compliance behavior. Equity Theory posits that individuals evaluate fairness by comparing their inputs (e.g., tax payments) with outcomes (e.g., public services) and by assessing proportionality relative to others. In taxation, fairness perceptions typically encompass three dimensions: distributive fairness, procedural fairness, and interactional fairness.

Distributive fairness refers to the perceived equity of tax burden allocation. Progressive taxation systems are generally considered fair when individuals believe that contributions align with ability to pay. However, perceptions of favoritism, loopholes for certain groups, or unequal burden distribution can undermine compliance motivation. Procedural fairness relates to the transparency, consistency, and impartiality of administrative processes. When tax rules are applied consistently and procedures are simple and accessible, taxpayers are more likely to view the system as legitimate. Interactional fairness concerns respectful treatment, non-discrimination, and clear communication between taxpayers and authorities.

Empirical research consistently demonstrates a positive relationship between perceived fairness and tax compliance intentions. Fairness influences compliance both directly and indirectly by shaping trust in authorities. When individuals perceive tax policies as equitable and transparent, they are more likely to believe that authorities act with integrity and competence. Conversely, perceived injustice may reduce moral obligation and encourage evasion as a form of psychological compensation.

In developing countries, fairness perceptions are often intertwined with broader governance challenges such as corruption and inequality. Public skepticism toward government spending efficiency may weaken the positive impact of fairness reforms. Thus, fairness must not only be structurally embedded in policy design but also clearly communicated to the public to ensure that reforms translate into perceptual legitimacy. Within this study, perceived tax fairness

is conceptualized as a multidimensional evaluation of burden distribution, procedural transparency, sanction consistency, and nondiscriminatory treatment. It is hypothesized to serve as the primary antecedent of trust in tax authorities.

2.3 Institutional Trust as a Mediating Mechanism

Institutional trust refers to citizens' confidence in the integrity, competence, and benevolence of public authorities. In fiscal contexts, trust reflects the belief that tax authorities manage revenues responsibly, enforce rules fairly, and act in the public interest. Trust operates as a psychological bridge between policy design and behavioral response. Theoretically, trust reduces perceived uncertainty and transaction costs. When taxpayers trust institutions, they are less inclined to question the legitimacy of tax obligations and more willing to cooperate voluntarily. Trust transforms compliance from a fear-based reaction into a norm-based commitment. Within the Slippery Slope Framework, trust is the driver of voluntary compliance, while power ensures deterrence credibility.

Empirical evidence indicates that trust mediates the relationship between fairness and compliance. Fairness enhances trust, and trust, in turn, strengthens compliance intentions. Without trust, fairness reforms may fail to generate behavioral change. This mediation mechanism highlights the importance of psychological processes in fiscal governance. Trust also interacts with contextual factors. High levels of trust may amplify the effectiveness of communication strategies, whereas low trust may neutralize even well-designed policies. Therefore, examining trust as a mediating construct provides a more nuanced understanding of compliance behavior than analyzing fairness and enforcement independently. In this research model, trust in tax authority is positioned as a central mediator linking perceived fairness to tax compliance, reflecting its conceptual role as the core driver of voluntary cooperation.

2.4 Government Marketing Strategy and Public Value Communication

Government marketing strategy derives from social marketing theory and public value management. Unlike commercial marketing, which aims to maximize profit, public marketing seeks to influence citizen behavior in alignment with policy objectives. In taxation, marketing strategies encompass public education campaigns, transparency reporting, digital engagement, service branding, and storytelling about tax-funded infrastructure.

Modern governance recognizes that communication is not merely informational but constitutive of legitimacy. Transparent communication regarding how tax revenues are allocated can strengthen perceived fairness and reinforce trust. Evidence-based storytelling that highlights tangible public benefits fosters reciprocity and civic pride. Empirical research demonstrates that strategic communication enhances compliance intentions by increasing awareness, reducing misinformation, and strengthening emotional identification with public institutions. In digital environments, interactive platforms and user-friendly reporting systems further reinforce positive perceptions of competence and transparency.

Within the conceptual framework of this study, government marketing strategy functions as a moderating variable that strengthens the relationship between perceived fairness and trust. When communication is clear and credible, fairness perceptions are more likely to translate into institutional trust. Conversely, weak communication may attenuate this psychological pathway.

2.5 Perceived Enforcement and the Moderation of Trust–Compliance Relationship

Perceived enforcement represents taxpayers' evaluation of audit probability, sanction severity, and rule consistency. In classical deterrence theory, enforcement is the primary driver of compliance. However, contemporary behavioral perspectives suggest that enforcement interacts with trust rather than replacing it. Enforcement can complement trust when applied consistently and transparently. Fair enforcement reinforces institutional credibility and signals commitment to rule integrity. However, excessive or discriminatory enforcement may erode trust and reduce voluntary compliance.

Research indicates that balanced enforcement enhances the translation of trust into actual compliance behavior. When taxpayers trust authorities but perceive enforcement as weak, compliance may decline due to diminished deterrence effect. Conversely, when trust is supported by credible enforcement, compliance becomes both voluntary and stable. In this study, perceived enforcement is conceptualized as a moderating factor influencing the strength of the relationship between trust and compliance. The model assumes that trust-driven compliance becomes more robust when supported by consistent enforcement mechanisms.

2.6 Conceptual Framework and Research Hypotheses

Integrating Equity Theory, the Slippery Slope Framework, and Government Marketing Theory, this study proposes a moderated mediation model. Perceived tax fairness influences tax compliance indirectly through trust in tax authorities. Government marketing strategy strengthens the fairness–trust relationship, while perceived enforcement conditions the trust–compliance link.

This integrative framework responds to calls for multidimensional compliance models that capture psychological mediation and institutional moderation simultaneously. By examining these mechanisms within a unified structural equation model, the study contributes to a more comprehensive understanding of tax compliance behavior in emerging economies.

3. Research Method

This study employed a quantitative explanatory research design to examine the mediating role of trust in the relationship between perceived tax fairness and tax compliance, as well as the moderating roles of government marketing strategy and perceived enforcement. The research adopted a cross-sectional survey approach, which is appropriate for testing structural relationships among latent constructs within a behavioral framework. The unit of analysis consisted of individual taxpayers registered with the national tax authority in Indonesia. The selection of respondents focused on individual income taxpayers who had prior experience with tax reporting and payment processes, ensuring that participants possessed adequate contextual understanding of tax administration practices.

Data were collected using a structured questionnaire designed to measure five principal constructs: perceived tax fairness, trust in tax authority, government marketing strategy, perceived enforcement, and tax compliance. All constructs were operationalized as latent variables measured through multiple reflective indicators adapted from established empirical studies in taxation and public governance literature. Perceived tax fairness was measured through indicators capturing distributive fairness, procedural transparency, and equitable treatment. Trust in tax authority was assessed based on perceptions of integrity, competence, and benevolence. Government marketing strategy was measured through respondents' evaluation of clarity of

communication, transparency of public campaigns, digital engagement, and informational accessibility. Perceived enforcement was operationalized through perceptions of audit probability, sanction severity, and consistency of rule application. Tax compliance was measured using self-reported compliance intentions and behaviors related to accurate reporting and timely payment. All items were rated using a five-point Likert scale ranging from strongly disagree to strongly agree.

The sampling technique applied in this study was purposive sampling, targeting taxpayers who had filed annual tax returns within the past two years. Data collection was conducted through online distribution to enhance accessibility and geographic reach. Prior to large-scale distribution, the questionnaire underwent a pilot test involving a small group of respondents to ensure clarity, reliability, and contextual appropriateness of measurement items. Necessary refinements were made to improve wording precision and reduce ambiguity.

For data analysis, this study employed Partial Least Squares–Structural Equation Modeling (PLS-SEM) using SmartPLS software. PLS-SEM was selected due to its suitability for predictive research, its robustness with complex models involving mediation and moderation, and its flexibility in handling non-normal data distributions. The analysis proceeded in two stages. First, the measurement model was evaluated to assess reliability and validity. Internal consistency reliability was examined using Cronbach's alpha and composite reliability. Convergent validity was assessed through average variance extracted (AVE), while discriminant validity was evaluated using the Fornell–Larcker criterion and cross-loading analysis. Second, the structural model was analyzed to test the hypothesized relationships. Path coefficients were estimated using bootstrapping procedures with 5,000 resamples to determine statistical significance. The mediation effect of trust was examined using indirect effect analysis, while moderation effects were tested through interaction term analysis within the PLS framework.

Ethical considerations were observed throughout the research process. Participation was voluntary, anonymity was guaranteed, and respondents were informed that data would be used solely for academic purposes. By integrating mediation and moderation analysis within a single structural framework, this methodological approach enables a comprehensive examination of both psychological mechanisms and governance conditions shaping tax compliance behavior.

4. Results and Discussion

4.1 Results

4.1.1 Measurement Model Evaluation

The first stage of analysis focused on assessing the adequacy of the measurement model to ensure that the latent constructs were measured reliably and validly before proceeding to structural interpretation. Given that this study employed Partial Least Squares–Structural Equation Modeling (PLS-SEM), measurement model evaluation involved examining indicator reliability, internal consistency reliability, convergent validity, and discriminant validity. Indicator reliability was evaluated through outer loading values. Most indicators demonstrated loadings above the recommended threshold of 0.70, indicating strong correlations between observed variables and their respective latent constructs. A small number of indicators with loadings slightly below 0.70 were reviewed carefully; however, because they remained above 0.60 and contributed to content validity, they were retained in the final model. This decision aligns with methodological recommendations suggesting that indicators may be preserved when theoretical justification is strong and overall construct reliability remains satisfactory.

Internal consistency reliability was assessed using Cronbach's alpha and composite reliability (CR). All constructs—perceived tax fairness, trust in tax authority, government marketing strategy, perceived enforcement, and tax compliance—recorded Cronbach's alpha values exceeding 0.70. Composite reliability values were also above the recommended threshold, confirming adequate internal consistency across indicators. These results indicate that the items consistently measure the intended latent constructs and demonstrate stability within the sample. Convergent validity was examined using Average Variance Extracted (AVE). Each construct achieved AVE values above 0.50, indicating that more than half of the variance in the indicators is explained by the corresponding latent construct. This confirms that the measurement items adequately converge to represent their underlying conceptual domain. The AVE findings strengthen the argument that the operationalization of fairness, trust, communication strategy, enforcement perception, and compliance reflects coherent theoretical constructs rather than random measurement error.

Discriminant validity was evaluated using the Fornell–Larcker criterion and cross-loading analysis. The square roots of AVE for each construct exceeded the correlations with other constructs, satisfying the Fornell–Larcker requirement. Cross-loading analysis further confirmed that each indicator loaded more strongly on its designated construct than on others, reinforcing construct distinctiveness. These results demonstrate that while the constructs are conceptually related within the theoretical model, they remain empirically distinguishable. Overall, the measurement model satisfies established reliability and validity standards in PLS-SEM analysis. The robustness of the measurement model provides a strong foundation for interpreting structural relationships and ensures that subsequent findings reflect meaningful theoretical linkages rather than statistical artifacts.

4.2 Structural Model Results

Following confirmation of measurement adequacy, the structural model was evaluated to test the hypothesized relationships among constructs. Bootstrapping with 5,000 resamples was conducted to assess the significance of path coefficients, indirect effects, and interaction terms. The coefficient of determination (R^2) for trust in tax authority indicated moderate explanatory power. Perceived tax fairness and government marketing strategy jointly explained a substantial portion of the variance in trust, demonstrating that institutional legitimacy is meaningfully shaped by fairness perceptions and communication efforts. The R^2 value for tax compliance also indicated moderate predictive relevance, suggesting that trust and perceived enforcement together provide significant explanatory power for compliance behavior.

The direct path from perceived tax fairness to trust in tax authority was positive and statistically significant. This finding confirms that taxpayers who perceive distributive equity, procedural transparency, and equitable treatment are more likely to develop confidence in tax authorities. The magnitude of this path coefficient indicates that fairness serves as a strong antecedent of institutional trust within the fiscal governance context. The direct path from trust in tax authority to tax compliance was also positive and significant. This result demonstrates that trust functions as a key predictor of voluntary compliance behavior. Taxpayers who believe that authorities act competently, transparently, and in the public interest are more inclined to comply with tax obligations accurately and timely.

Mediation analysis revealed that trust significantly mediates the relationship between perceived tax fairness and tax compliance. The indirect effect was statistically significant, while the direct effect of fairness on compliance decreased but remained significant when trust was included in the model. This pattern indicates partial mediation. Fairness influences compliance both directly and indirectly through trust, but the indirect pathway through trust represents the stronger mechanism. Moderation analysis produced two significant interaction effects. First, the interaction between perceived tax fairness and government marketing strategy significantly predicted trust in tax authority. This suggests that effective communication strategies amplify the impact of fairness perceptions on trust formation. Second, the interaction between trust and perceived enforcement significantly predicted tax compliance. This indicates that the positive effect of trust on compliance is strengthened when taxpayers perceive enforcement mechanisms as credible and consistent.

4.2 Discussion

The findings of this study offer several theoretical and practical insights into the determinants of tax compliance in emerging economies. By integrating fairness, trust, communication strategy, and enforcement within a unified framework, the results move beyond traditional deterrence models and highlight the multidimensional nature of compliance behavior. First, the strong relationship between perceived tax fairness and trust in tax authority reinforces the central premise of Equity Theory within fiscal governance. Taxpayers do not evaluate tax obligations purely through economic calculation; rather, they assess the legitimacy of the system based on perceived justice. When tax burdens are viewed as proportionate and procedures are perceived as transparent and nondiscriminatory, institutional trust increases. This finding confirms that fairness is not only a normative ideal but a practical determinant of behavioral outcomes.

Second, the mediating role of trust substantiates the Slippery Slope Framework's emphasis on relational governance. Trust operates as a psychological bridge connecting policy design and behavioral response. Without trust, fairness reforms may fail to generate meaningful compliance improvements. This insight is particularly relevant for developing countries where public skepticism toward institutions may persist. Building trust requires consistent integrity, transparency, and responsiveness from tax authorities. The partial mediation result further

suggests that fairness retains a direct influence on compliance, even when trust is considered. This implies that fairness may simultaneously function as a moral obligation and a relational legitimacy factor. Taxpayers may comply because they perceive the system as inherently just, and they may also comply because fairness enhances their confidence in authorities. This dual pathway enriches theoretical understanding of compliance motivations.

Third, the moderating effect of government marketing strategy expands tax compliance literature by demonstrating that communication is not merely supplementary but structurally significant. Transparent and accessible communication strengthens the transformation of fairness perceptions into institutional trust. In practical terms, fairness reforms must be accompanied by strategic communication efforts that clearly articulate policy rationale, revenue allocation, and public benefits. Digital platforms, transparency dashboards, and educational campaigns can reinforce public awareness and credibility. This finding aligns with public value theory, which emphasizes that legitimacy is co-created through engagement and communication. In contexts where misinformation or distrust may circulate, proactive communication becomes essential to sustain public confidence. Government marketing strategies thus represent an important governance tool for enhancing voluntary compliance.

Fourth, the moderation effect of perceived enforcement highlights the complementary relationship between trust and power. Enforcement mechanisms enhance the strength of trust-driven compliance when perceived as credible and consistently implemented. This finding confirms that deterrence remains relevant but functions most effectively within a trust-based environment. Excessive coercion without legitimacy may undermine voluntary cooperation, whereas trust without credible enforcement may encourage opportunistic behavior. The interaction between trust and enforcement illustrates the balanced governance principle proposed by the Slippery Slope Framework. Sustainable compliance emerges when trust and power reinforce each other rather than operate in isolation. Authorities must therefore design enforcement systems that are transparent, proportionate, and nondiscriminatory to maintain legitimacy.

From a policy perspective, the integrated findings suggest that improving tax compliance requires a multidimensional strategy. Enhancing fairness through equitable policy design is

foundational. Strengthening institutional trust through transparency and accountability is essential. Implementing strategic communication initiatives ensures that fairness reforms are recognized and understood. Maintaining credible enforcement reinforces system integrity. Together, these elements create a virtuous cycle of voluntary compliance and fiscal sustainability.

In the broader context of fiscal resilience and national development, voluntary tax compliance is critical for expanding public revenue without escalating enforcement costs. Behavioral legitimacy reduces monitoring burdens and fosters cooperative citizenship. This study therefore contributes not only to academic discourse but also to practical governance strategies aimed at strengthening domestic revenue mobilization. Overall, the results confirm that tax compliance is shaped by a dynamic interplay of fairness perceptions, psychological trust, communication strategies, and enforcement credibility. Future research may extend this framework by incorporating additional contextual variables such as digital service quality, perceived corruption, or cultural norms. Longitudinal designs could further explore causal dynamics over time.

In conclusion, the evidence supports an integrated behavioral governance model in which fairness builds trust, communication amplifies legitimacy, enforcement ensures credibility, and trust ultimately drives voluntary compliance. Sustainable fiscal systems depend not solely on regulatory authority but on the relational strength between citizens and the state.

5. Conclusion

This study examined the determinants of tax compliance by integrating perceived tax fairness, institutional trust, government marketing strategy, and perceived enforcement within a moderated mediation framework. By employing Partial Least Squares–Structural Equation Modeling (PLS-SEM), the research tested both indirect and interaction effects to provide a more comprehensive understanding of taxpayer behavior. The findings confirm that tax compliance is not solely driven by deterrence mechanisms but is significantly shaped by psychological and institutional dynamics. First, the results demonstrate that perceived tax fairness plays a foundational role in shaping institutional trust. Taxpayers who perceive distributive equity,

procedural transparency, and consistent rule application are more likely to develop confidence in tax authorities. Fairness therefore functions as a legitimacy-building mechanism that strengthens the relational bond between citizens and the state. This reinforces the relevance of Equity Theory in fiscal governance and underscores the importance of justice perceptions in shaping behavioral outcomes.

Second, trust in tax authority emerges as a central mediating mechanism linking fairness to compliance. The findings indicate that fairness enhances trust, which subsequently increases voluntary compliance. This mediation effect confirms the core proposition of the Slippery Slope Framework that trust is a key driver of sustainable compliance behavior. While fairness also maintains a partial direct effect on compliance, its strongest influence operates through trust formation. This highlights that compliance is fundamentally relational rather than purely coercive. Third, the study reveals that government marketing strategy significantly moderates the relationship between fairness and trust. Transparent, accessible, and informative communication amplifies the positive impact of fairness perceptions on institutional confidence. This finding extends traditional tax compliance literature by emphasizing the strategic importance of public value communication. Fair policies must be effectively communicated to ensure that they are recognized, understood, and internalized by taxpayers.

Fourth, perceived enforcement strengthens the relationship between trust and tax compliance. The results confirm that trust-based compliance becomes more robust when enforcement mechanisms are perceived as credible and consistently applied. This supports the balanced governance perspective in which trust and power operate synergistically rather than competitively. Effective enforcement reinforces system integrity without undermining legitimacy when applied transparently and proportionately.

Collectively, these findings suggest that sustainable tax compliance requires an integrated governance approach. Policymakers should prioritize equitable tax design, strengthen transparency and accountability to build trust, implement strategic communication initiatives to enhance public understanding, and maintain consistent enforcement to ensure rule credibility. Overreliance on deterrence without fostering trust may weaken long-term compliance, while fairness without credible enforcement may reduce system effectiveness.

This study contributes theoretically by advancing a moderated mediation model that captures the complex interplay between fairness, trust, communication, and enforcement. It also contributes practically by offering evidence-based guidance for improving voluntary compliance in emerging economies. Future research may extend this framework by incorporating longitudinal data, comparative cross-country analysis, or additional institutional variables to further enrich understanding of behavioral fiscal governance.

In conclusion, strengthening tax compliance requires more than regulatory authority; it requires building a fair, transparent, and trustworthy fiscal system supported by effective communication and credible enforcement. Such an integrated approach is essential for achieving long-term fiscal sustainability and reinforcing the social contract between citizens and the state.

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