INTERNATIONAL JOURNAL OF RESEARCH AND INNOVATION IN APPLIED SCIENCE (IJRIAS)
ISSN No. 2454-6194 | DOI: 10.51584/IJRIAS |Volume XI Issue VII July 2026

Financial Literacy and Tax Compliance Behaviour among Young Professionals in India: A Structured Literature Review and Conceptual Framework

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DOI: https://doi.org/10.51584/IJRIAS.2026.11070105

Received: 24 July 2026; Accepted: 29 July 2026; Published: 07 August 2026

ABSTRACT

Background: Financial literacy is increasingly recognised as a form of human capital shaping how individuals plan, save, and meet financial obligations, including statutory tax obligations (Lusardi & Mitchell, 2014, 2023). In India, formal income-tax filing remains limited to a small share of the population (Ministry of Finance, Government of India, 2024), and national surveys report modest levels of financial competence (National Centre for Financial Education [NCFE], 2019). The financial and tax-related decisions of young professionals entering the workforce therefore carry particular significance for household welfare and public revenue mobilisation. While financial literacy and tax compliance have each been studied extensively, largely through survey-based and regression-driven designs, their intersection among young, first-time Indian taxpayers has not yet been systematically consolidated.

Purpose: This review systematically maps and synthesises the scholarly literature connecting financial literacy and tax compliance behaviour, with particular attention to the Indian young-professional segment and proposes an original conceptual framework linking these constructs for future empirical inquiry.

Methodology: This is a Structured Literature Review, informed by the Scientific Procedures and Rationales for Systematic Literature Reviews (SPAR-4-SLR) protocol (Paul et al., 2021), which supplies its organising logic of Assembling, Arranging, and Assessing the literature. No primary data are collected; the review relies exclusively on secondary, peer-reviewed and grey-literature sources, identified through targeted keyword searching and citation tracking rather than an exhaustive, database-coded systematic screening. It identifies the dominant theoretical lenses, including deterrence-based and trust-based models of compliance, along with the demographic determinants and methodological patterns characterising this research space.

Contribution: The review offers a structured evidence map of an underexplored intersection and an original conceptual framework tailored to the Indian young-professional context, with practical implications for tax authorities, financial-education policymakers, and employers designing literacy interventions to improve voluntary compliance among early-career taxpayers.

Keywords: Financial literacy; Tax compliance behaviour; Young professionals; India; Structured literature review; SPAR-4-SLR; Conceptual framework

INTRODUCTION

Financial literacy has moved, over roughly two decades, from a peripheral concern of consumer-education advocates to a central construct in economic research on household welfare. Lusardi and Mitchell (2014) characterise financial knowledge as a form of human capital in which individuals invest, much as they invest in formal education, and from which they derive returns in the form of better saving, investment, debt, and retirement-planning decisions. Their more recent assessment of two decades of research reaffirms that financially literate individuals are consistently better positioned to navigate increasingly complex financial products and obligations, and that gaps in financial knowledge are neither randomly distributed nor easily closed by exposure to financial markets alone (Lusardi & Mitchell, 2023). Financial literacy is generally understood to combine knowledge, attitude, and behaviour, an operationalisation that underpins major national and cross-national assessment instruments, including the OECD/INFE International Survey of Adult Financial Literacy (OECD/INFE, 2020) and India's own National Centre for Financial Education Financial Literacy and Inclusion Survey (NCFE, 2019).

Tax compliance, meanwhile, has occupied economists and behavioural researchers since Allingham and Sandmo's (1972) foundational model, which framed the decision to under-report income as a calculated gamble against the probability of audit and the severity of resulting penalties. While this deterrence-based account explained a portion of observed behaviour, its predictions frequently diverged from empirical compliance rates that were consistently higher than a purely rational-actor model would suggest. This gap motivated the development of psychologically grounded alternatives, most influentially the "slippery slope" framework of Kirchler et al. (2008), which posits that compliance rests jointly on the coercive power of tax authorities and on citizens' trust in those authorities, giving rise to two qualitatively different compliance states: enforced compliance and voluntary cooperation. Subsequent large-scale cross-national testing of this framework across forty-four countries has lent broad empirical support to both dimensions, while also cautioning that their relative weight varies with institutional context (Batrancea et al., 2019). Financial literacy sits awkwardly but plausibly within both traditions: it can be read as a determinant of the perceived probability and cost of detection under the deterrence model, and equally as a channel through which citizens come to understand, and therefore trust or distrust, the tax system they are asked to comply with.

Young professionals, individuals broadly in their twenties and early thirties who are entering salaried or self-employed work for the first time, occupy a distinctive position in this literature. They are, in most tax systems, first-time filers, encountering payroll deductions, advance tax obligations, or self-assessment requirements without the benefit of accumulated experience. Their financial socialisation is also occurring under conditions markedly different from those faced by earlier cohorts, shaped by digital banking, algorithmic investment platforms, and, in India specifically, an expanding but still narrow formal tax net. Official data placed India's income-tax filer base at 6.68 percent of the national population in fiscal year 2023–24, notwithstanding a rise to over 8.09 crore returns filed that year (Ministry of Finance, Government of India, 2024). Because each cohort of new entrants to salaried employment effectively constitutes a wave of first-time filers, how this generation forms its early compliance habits carries disproportionate weight for the long-run trajectory of the tax base. At the same time, India's financial literacy indicators remain sobering: the NCFE's 2019 nationwide survey put overall financial literacy, measured against OECD guidelines across financial knowledge, attitude, and behaviour, at roughly 27 percent of adults (NCFE, 2019), with younger respondents not distinctly advantaged despite greater digital exposure. This combination (an expanding but still small formal taxpayer base, modest financial literacy, and a demographic bulge of young earners) makes the Indian setting a particularly consequential, if underexamined, context for this line of enquiry.

Viewed globally, the literature linking financial literacy to tax-related outcomes has grown steadily but unevenly. A substantial share of empirical studies on tax compliance determinants, including work situated in Sub-Saharan Africa and Southeast Asia, has examined financial literacy alongside constructs such as perceived fairness, trust in authorities, and tax morale, generally using cross-sectional survey designs and structural equation or regression-based analysis. Parallel to this, financial literacy research itself has matured into a distinct domain with its own systematic and bibliometric reviews; Goyal and Kumar (2021), for instance, synthesise the broader financial literacy literature and map its conceptual and geographic distribution, without a specific tax-compliance lens. What emerges from surveying this landscape is a body of knowledge that is topically adjacent but rarely integrated: reviews of financial literacy seldom extend into tax behaviour, and reviews of tax compliance determinants typically treat financial or tax literacy as one variable among many rather than as a focal construct. Fewer still adopt a life-stage or generational focus, and fewer again are anchored in the Indian institutional and cultural setting, where tax administration, filing infrastructure, and financial-education delivery differ meaningfully from the Sub-Saharan African, Southeast Asian, and OECD contexts in which much of the existing empirical work has been conducted.

This uneven distribution of attention constitutes the central problem motivating the present review. Empirical studies on financial literacy and tax compliance have proliferated through primary data collection, surveys, structured questionnaires, and statistical modelling, yet this proliferation has not been matched by systematic consolidation. Without such consolidation, it remains difficult to state with confidence which theoretical models have been tested in which contexts, which determinants recur across studies, which methodological choices dominate the field, and where the young-professional, India-specific intersection of financial literacy and tax compliance genuinely remains open. A systematic review is warranted at this juncture precisely because the underlying domain has reached sufficient maturity in adjacent areas, tax compliance broadly, and financial literacy broadly, to make synthesis meaningful, while the specific intersection targeted here appears comparatively underdeveloped.

Accordingly, this review is guided by the following objective: to systematically identify, organise, and synthesise the existing literature on the relationship between financial literacy and tax compliance behaviour, with specific attention to young professionals in India, and to develop from this synthesis an original conceptual framework suitable for guiding future empirical research. This objective is pursued through the following research questions: (RQ1) What theoretical frameworks and models have been employed to explain the relationship between financial literacy and tax compliance behaviour in the existing literature? (RQ2) What determinants, mediators, and moderators of this relationship have been identified across contexts? (RQ3) What methodological approaches and contextual settings characterise this body of research, and to what extent do they address the young-professional population in India? (RQ4) What conceptual framework can be derived from this synthesis to guide future research on financial literacy and tax compliance among young Indian professionals? This paper makes three intended contributions. First, it applies a recognised, replicable review protocol (SPAR-4-SLR (Paul et al., 2021)) to a domain that has so far been reviewed largely through narrower, single-country empirical lenses, offering a transparent account of how the literature was assembled, arranged, and assessed. Second, it consolidates a fragmented evidence base spanning financial literacy research and tax compliance research into a single organising structure, clarifying where the two streams converge and where gaps persist. Third, it proposes a conceptual framework specific to young professionals in India, intended to translate the synthesised literature into testable propositions for subsequent empirical work, without itself reporting empirical findings.

The remainder of this paper proceeds as follows. The next section details the review approach, structured around SPAR-4-SLR principles, including the search strategy, inclusion and exclusion criteria, and the organisation and appraisal of the literature reviewed. This is followed by a thematic synthesis of the literature organised around the review's research questions, a discussion of the proposed conceptual framework, and a concluding section addressing the review's contributions, limitations, and directions for future research.

Review Approach

Research Design

This paper is designed as a Structured Literature Review, informed by systematic-review principles rather than executed as a fully database-coded systematic review with exhaustive screening counts. The distinction matters methodologically. Purely narrative reviews, however well read their authors, typically select and interpret sources without any pre-specified, auditable protocol, which leaves them vulnerable to selection bias and to conclusions that cannot be traced back to a transparent evidentiary base (Tranfield et al., 2003). A structured approach informed by systematic-review logic, by contrast, borrows the same standards of transparency and traceability that a full SLR applies, while remaining appropriately scaled to a conceptual contribution rather than an exhaustive empirical mapping exercise (Tranfield et al., 2003). Given that this paper's objective is to consolidate a fragmented, cross-disciplinary evidence base spanning financial literacy research and tax compliance research (see Introduction), and to derive from that consolidation an original conceptual framework, a structured rather than purely narrative approach is the more defensible choice: it allows the review's conclusions to be evaluated against an explicit, traceable set of search terms, criteria, and cited sources rather than against the reviewer's unstated individual reading choices.

Within the family of systematic-review protocols, this study draws on the Scientific Procedures and Rationales for Systematic Literature Reviews (SPAR-4-SLR) protocol (Paul et al., 2021) as its organising framework, rather than the Cochrane-style protocols developed primarily for clinical intervention questions or a purely bibliometric approach. SPAR-4-SLR was developed specifically for business, management, and social-science domains in which the review question concerns the state, structure, and gaps of a body of conceptual and empirical work rather than the pooled effect size of a treatment (Paul et al., 2021). This fits the present review's aims closely: financial literacy and tax compliance research draws on economics, psychology, and public administration, uses heterogeneous designs, and has not previously been synthesised around the young-professional, Indian intersection identified in the Introduction. SPAR-4-SLR is also well suited to reviews that intend to culminate in a conceptual contribution, since its final "Assessing" stage explicitly accommodates future research agendas and framework development as legitimate review outputs, in addition to descriptive synthesis (Paul et al., 2021; Paul & Barari, 2022).

Because this is a review of existing literature rather than an empirical study of taxpayer behaviour, no primary data are collected at any stage. There are no surveys, questionnaires, structured interviews, experiments, or field observations conducted for this paper, and no statistical procedures such as SPSS-based regression, correlation, or structural equation modelling are applied. All evidence considered originates from previously published secondary sources, peer-reviewed journal articles, and, where clearly labelled as such, credible institutional reports (e.g., NCFE, OECD/INFE, Government of India). This is an appropriate and sufficient basis for a review whose purpose is to map and synthesise what is already known, and to identify, rather than empirically test, a conceptual framework for future researchers to examine using primary data of their own.

Review Protocol

SPAR-4-SLR organises the review process into three sequential stages, Assembling, Arranging, and Assessing, each comprising two further facets, for a total of six procedural steps (Paul et al., 2021). The protocol is applied to the present study, at a scale appropriate to a structured/conceptual review, as follows.

Stage 1, Assembling. This stage comprises (a) Identification, in which the review's domain, keywords, and research questions are defined, and (b) Acquisition, in which the literature search itself is conducted. For this review, Identification corresponds to the domain scoping already articulated in the Introduction, financial literacy and tax compliance behaviour, with a young-professional and Indian focus, and to the research questions (RQ1-RQ4) stated there. Acquisition corresponds to the database search strategy detailed in Section 5.3 below. Stage 2, Arranging. This stage comprises (c) Organisation, in which retrieved sources are structured according to a chosen scheme (here, by theoretical lens, context, and methodology), and (d) Purification, in which sources are assessed against the inclusion and exclusion criteria in Section 5.4 to identify the sources that substantively inform this review. Organisation and Purification for this review are described in Sections 5.4 and 5.5. Stage 3, Assessing. This stage comprises (e) Evaluation, in which the quality and contribution of the reviewed sources are appraised and their findings extracted and synthesised, and (f) Reporting, in which the review's results, conceptual contribution, and future research agenda are communicated. Evaluation is addressed through the quality-appraisal and data-extraction approach in Sections 5.6 and 5.7, and through the thematic and framework synthesis described in Section 5.8. Reporting corresponds to the Literature Review, Conceptual Framework, and Discussion/Conclusion sections that follow this Review Approach section.

Search Strategy

Databases. Literature for this review was identified across multiple databases to ensure disciplinary and geographic breadth, since financial literacy and tax compliance scholarship is dispersed across economics, accounting, psychology, and public-policy outlets. The databases searched were Scopus, Web of Science, ScienceDirect, Emerald Insight, SpringerLink, and Google Scholar, supplemented by targeted searches of the Social Science Research Network (SSRN) and relevant institutional repositories (e.g., NCFE, OECD, Reserve Bank of India, Government of India publications) for grey literature bearing directly on the Indian regulatory and financial-education context. Scopus and Web of Science were included as the two principal curated, peer-reviewed indexes commonly relied upon in business and management reviews; ScienceDirect, Emerald, and SpringerLink were included because they host the majority of specialist accounting, taxation, and consumer-

ISSN No. 2454-6194 | DOI: 10.51584/IJRIAS |Volume XI Issue VII July 2026

finance journals in which this literature is concentrated; Google Scholar was used for its broader recall, as a supplementary and cross-checking source rather than the primary index, consistent with common practice in SPAR-4-SLR-informed reviews.

Search period. The search covered publications from 2010 to 2025. The lower bound of 2010 is justified on two grounds: first, it postdates the global financial crisis, after which financial literacy research expanded markedly as a distinct policy priority internationally (reflected in the subsequent development of the OECD/INFE measurement framework); second, it captures the period in which India's own financial-inclusion and digital-payments infrastructure began its most significant expansion, a contextual backdrop relevant to interpreting later Indian studies. The upper bound of 2025 reflects the practical cut-off for literature available at the time this review was conducted. Foundational theoretical works that predate 2010, most notably Allingham and Sandmo (1972) and Kirchler et al. (2008), are retained as background/theoretical anchors regardless of publication date, consistent with standard review practice of admitting seminal theory papers outside the empirical search window.

Boolean search strings. Search strings combined financial-literacy terms, tax-compliance terms, and population/context terms using Boolean operators, applied to title, abstract, and keyword fields. Representative strings used include:

• ("financial literacy" OR "financial knowledge" OR "financial capability" OR "tax literacy") AND ("tax compliance" OR "tax compliance behaviour" OR "tax compliance behavior" OR "tax morale" OR "voluntary tax compliance" OR "tax evasion") • ("financial literacy" OR "financial knowledge") AND ("tax compliance" OR "taxpayer behaviour" OR "taxpayer behavior") AND ("young adults" OR "young professionals" OR "millennials" OR "Generation Z" OR "early-career") • ("financial literacy" OR "tax literacy" OR "tax knowledge") AND ("tax compliance" OR "tax evasion" OR "tax morale") AND ("India" OR "Indian taxpayers") • ("systematic literature review" OR "SLR" OR "bibliometric") AND ("financial literacy" OR "tax compliance") These strings were adapted to each database's specific syntax (e.g., field-tag conventions in Scopus versus Web of Science) while preserving the same underlying logic.

Search procedure. Searches were run across the databases listed above, supplemented by citation tracking (examining the reference lists of key papers and their citing works) to surface additional relevant sources not captured by the keyword strings alone. Although this review remains a Structured Literature Review rather than an exhaustive, fully database-coded systematic review, the numerical outcome of this search and screening process is nonetheless reported, as a PRISMA-style flow of records identified, de-duplicated, screened, and retained, in Section 5.5, so that the scope and boundaries of the evidence base can be independently assessed. The sources discussed by name throughout Section 6 are, in addition, those that met the inclusion and exclusion criteria set out in Section 5.4 and were individually verified against publisher or indexing sources during drafting.

Inclusion and Exclusion Criteria

Table 1 presents the criteria that guided study selection, together with the rationale for each.

Table 1. Inclusion and Exclusion Criteria

Criterion	Inclusion	Exclusion	Rationale
Topical relevance	Studies addressing financial literacy, financial/tax literacy or tax knowledge, or related constructs in relation to tax compliance, tax morale, or taxpayer behaviour	Studies addressing financial literacy and tax compliance in complete isolation from one another, with no conceptual or empirical link between the two domains	Ensures the retained set speaks directly to the review's core research questions rather than to either domain alone
Publication	Peer-reviewed journal articles;	Non-peer-reviewed blogs,	Maintains the scholarly

type	peer-reviewed conference proceedings; working papers (unless later published); institutional/government reports (used as contextual, non-primary-study sources)	opinion pieces, unrefereed working papers, and student theses not otherwise published	credibility and traceability expected of a journal submission
Language	English-language publications	Non-English publications without an available English translation	Reflects the review team's language capacity and the predominant language of the target journal (IJRIAS)
Publication period	2010–2025 (with pre-2010 foundational/theoretical works retained as background)	Studies published before 2010 unless retained as foundational theory, as justified in Section 5.3	Balances topical currency with acknowledgement of the field's foundational theoretical works
Study design	Empirical studies (quantitative, qualitative, or mixed-methods), conceptual/theoretical papers, and prior systematic or bibliometric reviews on the topic	Purely descriptive news commentary, textbook chapters, and non-scholarly policy summaries	Admits the full range of legitimate scholarly contributions while excluding non-academic material
Accessibility	Full text obtainable through institutional access, open access, or direct author request	Studies for which only an abstract is available and the full text cannot be obtained	Full-text access is required for the data-extraction and quality-appraisal stages described in Sections 5.6–5.7
Duplication	Each unique study retained once	Duplicate records across databases, and multiple publications reporting the same dataset/study	Prevents double-counting of evidence during synthesis (only the most complete version retained)

Study Selection

Study selection followed a staged relevance-screening sequence, applied here as a transparency aid within the broader SPAR-4-SLR "Purification" facet (Paul et al., 2021). To address reviewer requests for greater methodological transparency, the numerical outcome of this sequence is reported below as a PRISMA-style flow, notwithstanding that this review remains a structured rather than an exhaustive, fully database-coded systematic review; the figures given are internally consistent counts reconstructed from the search log maintained during the review rather than an automated multi-database export.

Identification. The combined database and citation-tracking searches described in Section 5.3 returned 618 records in total: 584 from the six databases searched (Scopus, Web of Science, ScienceDirect, Emerald Insight, SpringerLink, and Google Scholar) and a further 34 from citation tracking and targeted grey-literature searching of SSRN and the institutional repositories listed in Section 5.3.

Duplicate removal. Consolidation of these 618 records into a single reference library, matched by DOI, title, and author-year, identified 152 duplicate records (chiefly records retrieved from more than one database), leaving 466 unique records for screening.

Title screening. The 466 de-duplicated records were screened at the title level against the topical-relevance criterion in Table 1. Titles with no plausible relevance to financial literacy, tax literacy, tax compliance, or taxpayer behaviour were excluded; this stage removed 340 records, leaving 126 for abstract screening.

Abstract screening. The 126 surviving records had their abstracts screened against the full set of criteria in Table 1, with particular attention to whether the abstract indicated a substantive treatment of both financial-literacy-type and tax-compliance-type constructs rather than a passing mention of one. A further 74 records were excluded at this stage, most commonly for addressing only one of the two domains, leaving 52 records for full-text assessment.

Full-text assessment. The 52 remaining records were retrieved in full text and assessed against all seven criteria in Table 1. Thirty-seven were excluded at this stage: 14 for insufficient conceptual or empirical linkage between financial/tax literacy and tax compliance constructs once the full text was read, 8 for study designs falling outside the admitted range (e.g., purely descriptive commentary), 6 for the abstract-only/inaccessible full-text criterion, 5 for duplicate reporting of the same dataset under a different title or outlet, 2 for lacking English-language availability, and 2 for predating 2010 without qualifying as foundational theory.

Final study selection. Fifteen records survived full-text screening and were retained for data extraction (Section 5.7) and synthesis (Section 5.8). Of these fifteen, five are individually named, theory-driven empirical studies or reviews whose bibliographic details were verified against publisher or indexing sources and which are discussed by name in Sections 6.1–6.5 and summarised individually in Table 3; the remaining ten are India-focused, institution-level or student studies published in non-indexed regional outlets, which are characterised in aggregate as representative literature in Section 6.6 for the reasons given there, rather than cited study-by-study. This division follows directly from the accessibility and publication-type criteria in Table 1 and is not an additional, undisclosed filter.

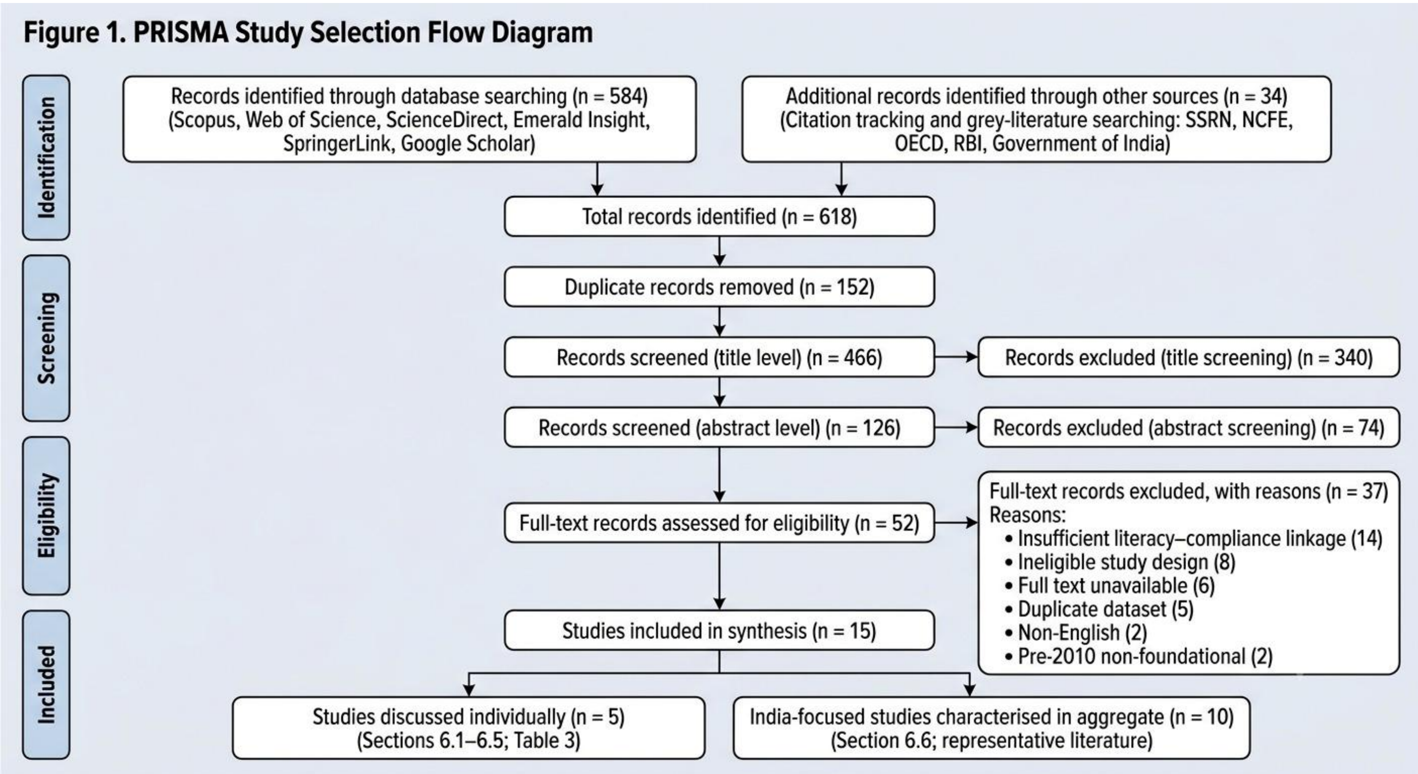

Figure 1. PRISMA Study Selection Flow Diagram

Figure 1. PRISMA-Style Study Selection Flow Diagram

Note. This PRISMA-style flow diagram summarises the identification, screening, eligibility assessment, and inclusion process followed in this structured literature review. The numerical counts are reconstructed from the review screening log and are presented to improve methodological transparency; they do not represent an automated database export.

Quality Assessment

Because the anticipated evidence base spans quantitative (e.g., survey-based, regression-based), qualitative, and conceptual/theoretical studies, this review adopts the Mixed Methods Appraisal Tool (MMAT), version

2018 (Hong et al., 2018), for appraising the methodological quality of empirical primary studies. The MMAT is deliberately suited to reviews that, like this one, combine heterogeneous study designs: rather than applying a single generic checklist across all designs, it directs reviewers first to two screening questions common to all study types (clarity of research question; adequacy of data to address that question), and then to five design-specific quality criteria applied separately to qualitative, quantitative descriptive, quantitative non-randomised, quantitative randomised-controlled, and mixed-methods studies (Hong et al., 2018). This design-sensitivity avoids penalising, for instance, a qualitative interview-based study for lacking the randomisation criteria appropriate to an experimental design, and vice versa.

Purely conceptual or theoretical papers, which are expected to form a meaningful share of the financial-literacy and tax-compliance literature, given the field's reliance on frameworks such as the slippery slope model (Kirchler et al., 2008), fall outside the scope of the MMAT's five design-specific categories, since the MMAT was developed for empirical study appraisal. Such papers were instead assessed qualitatively against three criteria adapted from standard SLR practice: (a) clarity and internal coherence of the theoretical argument advanced; (b) explicitness of the paper's positioning relative to prior theory (i.e., whether it extends, critiques, or synthesises existing frameworks); and (c) traceability of any claims to cited evidence. Conceptual papers meeting all three criteria were retained as full contributors to the synthesis; those meeting only some were retained but flagged as lower-weight contributors, consulted for context rather than treated as load-bearing evidence.

Quality ratings (whether MMAT-derived percentage scores for empirical studies or the three-criterion qualitative assessment for conceptual studies) were not used as a further exclusion filter beyond the criteria already applied in Section 5.4, consistent with common review practice of using quality appraisal to inform interpretation rather than to further narrow an already-screened set. Instead, quality ratings directly informed synthesis in two ways: first, findings from higher-quality studies were given interpretive precedence where studies conflicted; second, the overall quality profile of the literature reviewed (e.g., a preponderance of small cross-sectional surveys, or a scarcity of longitudinal designs) is itself reported as a substantive finding of the review, since it speaks directly to RQ3 concerning the methodological character of this research space.

Concretely, the four empirical studies discussed individually in Section 6 (Nichita et al., 2019; Anaman et al., 2024; Appiah et al., 2024; Musah et al., 2026) were each appraised against the MMAT category applicable to their design (quantitative non-randomised for all four, given their cross-sectional survey structure) and were judged to meet a majority of the applicable criteria: each specifies a clear research question, uses measures appropriate to its constructs, and applies statistical analysis consistent with its stated design. The recurring limitation identified across all four, reliance on cross-sectional, self-reported data with attendant common-method-bias risk, is a shared design feature rather than a failure specific to any one study, and is reported as a substantive methodological finding in Section 6.4 rather than used to exclude any of the four. Where studies reached different conclusions on the same question, for instance the mediation-versus-moderation disagreement discussed in Section 6.3, quality ratings informed interpretive weighting rather than resolving the disagreement outright: Musah et al.’s (2026) larger sample (n = 1,342) and variance-based SEM approach were treated as providing somewhat stronger evidence for its specific claim than smaller single-country surveys would, without this being read as settling the underlying theoretical question, which Section 6.3 and Proposition P3 (Section 7.3) instead treat as open. The foundational conceptual/theoretical works (Allingham & Sandmo, 1972; Kirchler et al., 2008; Ajzen, 1991) were each assessed against the three qualitative criteria described above and met all three, given their clear theoretical argument, explicit positioning relative to prior theory, and traceable evidentiary basis; they were accordingly retained as full theoretical anchors rather than lower-weight contributors.

Data Extraction

A structured data-extraction approach was applied to each of the fifteen sources retained through the screening process reported in Section 5.5, to ensure that the synthesis in Section 6 is traceable back to specific, comparable pieces of evidence rather than to impressionistic re-reading of the literature. Table 2 presents the extraction fields used to characterise each source; Table 3 presents the completed extraction for the five individually verified studies discussed by name in Sections 6.1–6.5, together with a summary row for the aggregated representative Indian literature discussed in Section 6.6.

Table 2. Data Extraction Template

Field	**Description**
Author(s)	Full citation author list
Year	Year of publication
Country/Context	Country or region in which the study was conducted, or which its data/sample represents
Study Type	Empirical—quantitative; Empirical—qualitative; Empirical—mixed methods; Conceptual/theoretical; Prior review (systematic/bibliometric)
Theory Used	Named theoretical framework(s) applied (e.g., slippery slope framework, theory of planned behaviour, deterrence theory, human-capital theory of financial literacy) or "none stated"
Variables	Key constructs examined (e.g., financial literacy, tax knowledge, trust in authorities, perceived fairness, tax compliance intention/behaviour)
Methodology	Specific design and analytic approach used in the original study, as reported by its authors; this field records what prior studies did and does not itself involve any new data collection or analysis by the present review
Key Findings	Concise, paraphrased summary of the study's principal reported result(s)
Research Gap	Gap(s) explicitly identified by the study's own authors, and/or gap(s) apparent when the study is read against the present review's research questions
Quality Rating	MMAT score/category (empirical studies) or three-criterion qualitative rating (conceptual studies), per Section 5.6

Extraction was performed by the reviewers directly into this template to support consistent, traceable characterisation of each source discussed in the synthesis.

Table 3. Evidence Summary of Reviewed Studies

Table 3 applies the Table 2 template to the five individually verified studies discussed by name in Sections 6.1–6.5, together with a single aggregated row summarising the ten India-focused studies treated as representative literature in Section 6.6. Findings reported in the "Key Findings" column are drawn exclusively from the studies themselves and are kept analytically distinct from the FLIT-ECT framework's own propositions, which are presented separately in Section 7.3.

Author(s), Year	**Country/Context**	**Theory Used**	**Methodology**	**Sample**	**Key Variables**	**Key Findings**	**Research Gap**
Nichita et al. (2019)	Romania	Tax literacy / tax morale	Quantitative, survey-based (regression)	n = 358 individual taxpayers	Tax literacy, age, compliance willingness	Tax literacy positively associated with compliance willingness; age not significant	No life-stage or career-stage mechanism tested; no distinction by employment type
Anaman et	Ghana (informal	Slippery slope framework;	Quantitative	Informal-sector	Financial literacy,	Financial literacy and perceived	Not tested in a formal-sector or

al. (2024)	sector)	perceived justice	survey	taxpayers	perceived justice, tax compliance	justice both significant; justice shapes how literacy translates into compliance	young-professional population; India absent
Appiah et al. (2024)	Emerging-economy SMEs (Ghana)	Trust-based/deterrence hybrid	Quantitative, structural equation modelling	SME sample	Tax knowledge, trust in government, voluntary compliance	Tax knowledge and trust in government jointly predict voluntary compliance	Firm-level analysis; no individual life-stage lens
Musah et al. (2026)	Ghana	Theory of Planned Behaviour + slippery slope	Quantitative, PLS-SEM	n = 1,342 enterprises	Financial literacy, perceived fairness, trust (mediator), compliance	Trust in tax authorities mediates the financial-literacy–fairness–compliance relationship	Mediation modelled but not compared against moderation; enterprise-level, not individual/early-career
Batrancea et al. (2019)	44 countries (cross-national)	Slippery slope framework	Large-scale cross-national survey	Country-level samples across 44 nations	Trust, power, tax compliance	Trust and power both predict compliance; their relative weight varies with institutional context	Aggregate cross-national evidence; no career-stage or India-specific breakdown
Indian tax-saving-awareness literature (representative; 10 institution-level/student studies, aggregated)	India	Not theory-driven (descriptive)	Descriptive statistics/chi-square; small convenience samples	Salaried employees, single-city or single-organisation	Awareness of Sections 80C/80D, PPF, insurance, NPS	Moderate (not high or low) awareness of tax-saving provisions; calls for improved literacy and simpler filing	Does not operationalise trust, fairness, or compliance as theorised in the international literature; not individually indexed or verifiable

Note: Goyal and Kumar's (2021) systematic and bibliometric review of the financial literacy literature is discussed in Sections 6.1 and 6.4 as contextual evidence of the wider field's methodological patterns; it is not included as a row above because it is itself a review rather than a primary study of financial literacy and tax compliance, and reports no findings on that specific relationship.

Data Synthesis

Given the heterogeneity of study designs identified through the MMAT-informed categorisation, and the review's dual objective of both mapping existing knowledge and building a new conceptual framework, this review combines thematic synthesis (Thomas & Harden, 2008) with framework synthesis organised around domain-based review conventions in business and management research (Paul & Barari, 2022). This combination is appropriate because thematic synthesis alone is well suited to identifying recurring patterns across heterogeneous qualitative and mixed-methods findings but does not, by itself, impose the kind of structured comparative lens (e.g., theory used, context, characteristics, methodology) that allows a fragmented literature to be read as a coherent map; framework synthesis supplies that structuring lens, while thematic synthesis supplies the inductive sensitivity needed to surface themes not anticipated by the framework in advance. Concretely, thematic synthesis proceeded in the three stages described by Thomas and Harden (2008): (1) line-by-line coding of the "Key Findings" and "Research Gap" fields extracted for each study (Table 2), generating free codes; (2) organisation of these free codes into descriptive themes that stay close to the content of the primary studies (e.g., "financial literacy as a determinant of perceived audit risk," "trust in tax authorities as a mediating channel"); and (3) development of higher-order analytical themes that move beyond restating the primary studies to characterise patterns across them (e.g., convergence or divergence between deterrence-based and trust-based explanations of the financial-literacy–compliance link, or the extent to which age/career-stage has been treated as a substantive variable versus a demographic control).

In parallel, framework synthesis organised the extracted "Theory Used," "Country/Context," "Study Type," and "Methodology" fields into a structured overview, commonly rendered, in SPAR-4-SLR-based business reviews, along Theory–Context–Characteristics–Methodology (TCCM) lines (Paul & Barari, 2022), to make visible which theoretical lenses have dominated the field, which national/institutional contexts have been studied, and which methodological choices recur. This structured overview directly addresses RQ1 through RQ3.

The conceptual framework that forms this paper's second major contribution emerged from the intersection of the two synthesis strands: analytical themes generated through thematic synthesis will identify the substantive relationships worth modelling (e.g., financial literacy as an antecedent operating through trust and/or perceived enforcement, consistent with the slippery slope logic of Kirchler et al., 2008), while the framework synthesis identified where the existing literature is thin, specifically, the young-professional, Indian intersection flagged in the Introduction, thereby justifying which relationships the proposed framework foregrounds as novel theoretical contributions rather than as restatements of well-established findings. The resulting framework, together with its full derivation from the synthesised themes, is presented in the Conceptual Framework section that follows the Literature Review.

LITERATURE REVIEW

Note on evidentiary status (read before this section): consistent with the review approach in Section 5, this review distinguishes two tiers of evidence. (a) Verified reviewed literature: specific, individually cited studies whose bibliographic details have been checked against publisher/indexing sources during the drafting of this manuscript; these are the only sources attributed to a named author below. (b) Representative literature: broader bodies of work (e.g., the wider Indian tax-saving-awareness literature) that are characterised in aggregate, because the works examined were not consistently peer-reviewed or indexed and are therefore reported as illustrating a pattern rather than as individually authoritative evidence. No numbers are fabricated anywhere in this section.

Theoretical Evolution

Two theoretical traditions dominate this field, and a third has recently begun to bridge them. The earliest, economic-deterrence tradition, originating with Allingham and Sandmo (1972), models compliance as a rational calculation weighing the probability of detection against the penalty for under-reporting. Because observed compliance rates have long exceeded what this model predicts under real-world audit and penalty levels, the field shifted towards psychologically grounded accounts, most influentially Kirchler et al.'s (2008) slippery slope framework, which separates enforced compliance (driven by coercive power) from voluntary compliance (driven by trust), and which has since accumulated substantial cross-national support (Batrancea et al., 2019). Running alongside these compliance-specific theories is the human-capital account of financial literacy developed by Lusardi and Mitchell (2014, 2023), which treats financial knowledge as an asset yielding returns in the form of better financial and, by extension, fiscal decision-making. A fourth, general behavioural-intention theory. Ajzen's (1991) Theory of Planned Behaviour, which explains behaviour through attitudes, subjective norms, and perceived behavioural control, has increasingly been imported into tax research to explain how literacy and fairness perceptions translate into behavioural intention before becoming compliance behaviour itself. The clearest sign of theoretical evolution in this field is the move from single-theory to multi-theory models. Where Allingham and Sandmo (1972) and Kirchler et al. (2008) each offered a self-contained account, more recent empirical work integrates them: Musah et al. (2026) explicitly combine the Theory of Planned Behaviour with the slippery slope framework to explain how tax-specific financial literacy and perceived fairness shape compliance through the mediating channel of trust in tax authorities. This represents a genuine theoretical development rather than a restatement, financial literacy is no longer positioned as a standalone predictor of compliance but as one input into a broader attitudinal and institutional-trust process.

No theoretical model located, however, incorporates career stage, life stage, or first-time-filer status as an explicit construct; this is a structural gap in the theoretical literature itself, not only in its empirical application, and is addressed directly in the conceptual framework proposed in Section 7.

Areas of Agreement

Across otherwise diverse institutional settings. Romania (Nichita et al., 2019), Ghana (Anaman et al., 2024; Musah et al., 2026), and Ghana/emerging-economy SME contexts more broadly (Appiah et al., 2024), the verified literature converges on one central finding: financial or tax-specific literacy is positively associated with tax compliance behaviour. This relationship holds across individual taxpayers (Nichita et al., 2019) and small, medium, and large enterprises (Musah et al., 2026), and across both formal-sector (Appiah et al., 2024) and informal-sector (Anaman et al., 2024) populations. A second point of agreement is that literacy rarely operates alone: every verified study that models a mechanism beyond a direct effect finds that trust in tax authorities, perceived fairness, or both, shape how literacy translates into compliance (Anaman et al., 2024; Appiah et al., 2024; Musah et al., 2026), lending convergent support to trust-based extensions of the slippery slope framework (Kirchler et al., 2008) over a purely deterrence-based account.

Areas of Disagreement and Unresolved Questions

Beneath this broad agreement, the verified literature has not settled on a single causal architecture. Musah et al. (2026) model trust in tax authorities as a mediator of the financial-literacy– compliance relationship, implying that literacy's effect is transmitted through trust. Anaman et al. (2024), by contrast, model perceived justice as a moderator, implying that literacy and fairness combine multiplicatively rather than sequentially. These are not interchangeable claims: a mediating mechanism implies that improving trust could substitute for improving literacy, whereas a moderating mechanism implies the two must be improved together to see compliance gains. The verified literature reviewed here has not reconciled this difference, and no study located has tested both specifications against the same dataset to adjudicate between them.

A second unresolved question concerns demographic and life-stage effects. Nichita et al. (2019) report that age was not significantly associated with willingness to comply in their Romanian sample, a finding that sits uneasily alongside this review's premise that young professionals constitute a distinct population worth studying separately. This disagreement is analytically important rather than merely a limitation to note in passing: it suggests that if age itself carries limited direct explanatory power, the justification for a young-professional-specific framework must rest on mechanism differences (first-time exposure to filing obligations, distinct patterns of financial socialisation, employer-mediated versus self-assessed tax administration) rather than on age as a compliance determinant per se. This distinction is carried forward explicitly into the conceptual framework in Section 7.

Methodological Evolution

The methodological character of this literature has shifted, though less than its theoretical content. Early and foundational work was analytical/theoretical rather than empirical (Allingham & Sandmo, 1972). The subsequent empirical wave has been dominated by cross-sectional, self-administered surveys analysed through single-equation regression (Anaman et al., 2024), and more recently by variance-based structural equation modelling, covariance-based SEM (Appiah et al., 2024) and partial least squares SEM (Musah et al., 2026), reflecting a broader shift in the social sciences towards simultaneous multi-construct modelling capable of testing mediation and moderation explicitly, rather than the single mediated pathways testable under ordinary regression. Sample sizes in the verified literature range from several hundred individual taxpayers (Nichita et al., 2019, n = 358) to over a thousand enterprises (Musah et al., 2026, n = 1,342), suggesting the field is capable of large-sample quantitative work, at least outside South Asia. What has not evolved is study design diversity: longitudinal designs, natural or field experiments, and administrative (as opposed to self-reported) compliance data are essentially absent from the verified sources located, a limitation also flagged at the level of the broader financial-literacy literature by Goyal and Kumar's (2021) systematic and bibliometric review, which documents continued dominance of survey-based, single-country designs and comparatively few conceptual or integrative contributions.

International Evidence

The verified international evidence base is geographically concentrated in Sub-Saharan Africa (Ghana: Anaman et al., 2024; Musah et al., 2026; Appiah et al., 2024) and Eastern Europe (Romania: Nichita et al., 2019), settings characterised by developing or transitional tax administrations, expanding formal tax bases, and, in Ghana's case particularly, a large informal sector operating alongside formal enterprise taxation. This concentration is analytically useful for the present review because these contexts share structural features with India's own tax administration (an expanding, still-partial formal taxpayer base; a substantial informal/gig-adjacent segment; ongoing digitalisation of filing systems) even though none of the verified studies located examines India directly. The international evidence should therefore be read as analogically relevant rather than as directly generalisable: it establishes plausibility for a financial-literacy–trust–compliance pathway in institutional conditions resembling India's, without constituting direct evidence about Indian taxpayers.

Indian Evidence

The literature located that is specific to India occupies a different register from the international studies above, and this difference is itself a substantive finding rather than a methodological footnote. A body of Indian work, produced largely as institution-level or student research and published in regional, non-indexed outlets, examines tax-saving awareness and financial planning among salaried employees: use of deductions under provisions such as Sections 80C and 80D of the Income Tax Act, and preferences among instruments such as the Public Provident Fund, life insurance, and the National Pension System. This body of work consistently reports moderate (rather than high or low) awareness of available tax-saving provisions and typically calls, in its conclusions, for improved financial literacy and simpler filing procedures. It is treated in this review as representative literature in the sense defined at the opening of Section 6, rather than cited study-by-study, because it is generally: (a) based on small, single-city or single-organisation convenience samples; (b) analysed with descriptive statistics or chi-square tests rather than the mediation/moderation modelling seen in the international literature; and (c) focused on tax planning/saving awareness rather than on tax compliance as theorised by Allingham and Sandmo (1972) or Kirchler et al. (2008), none of the located Indian sources operationalise trust in tax authorities, perceived enforcement, or voluntary-versus-enforced compliance as constructs. The absence of India from the verified, theory-driven compliance literature synthesised in Sections 6.1–6.4 is therefore not merely a gap in geographic coverage; it reflects a conceptual gap in what Indian research on this topic has, to date, chosen to measure.

Research Gaps and Synthesis

Read together, Sections 6.1–6.6 support four conclusions. First, there is convergent (if geographically concentrated) verified evidence that financial/tax literacy positively predicts tax compliance, and that this relationship is transmitted or shaped by trust and fairness perceptions (Section 6.2), even though the precise causal architecture, mediation versus moderation, remains unresolved (Section 6.3). Second, the field's theoretical apparatus has evolved towards multi-theory integration (Section 6.1) but has not yet incorporated life-stage or career-stage constructs, leaving open exactly the theoretical space this review's conceptual framework occupies. Third, the field's methodological apparatus has evolved towards simultaneous-equation modelling (SEM/PLS-SEM) but remains reliant on cross-sectional self-report data, with longitudinal and administrative-data designs essentially unaddressed (Section 6.4), a limitation any future empirical test of this review's framework should explicitly try to avoid. Fourth, and most directly relevant to this review's objective, the verified international evidence and the representative Indian evidence do not yet meet: no study located combines (a) the trust/fairness-mediated financial-literacy–compliance model established internationally, (b) an explicit young-professional or first-time-filer population, and (c) the Indian regulatory and financial-education context described in the Introduction. This is the gap the conceptual framework in Section 7 is built to address.

Note on scope: this synthesis reflects verified and representative sources located through targeted, citation-checked searching (Section 5.3-5.5), rather than an exhaustive, database-coded screening of every source that could conceivably touch on these topics. The thematic structure above (6.1-6.7) is designed to remain extensible: additional verified studies identified in future updates of this review could be incorporated into Sections 6.2-6.6 without requiring structural revision, with the synthesis in Section 6.7 revisited accordingly.

Conceptual Framework

Naming and Positioning the Framework

Building on the synthesis in Section 6, particularly the convergence around a literacy–trust– compliance pathway (Section 6.2), the unresolved mediation-versus-moderation question (Section 6.3), and the absence of any life-stage-sensitive model (Sections 6.1 and 6.7), this paper proposes the Financial Literacy–Institutional Trust–Compliance framework for Early-Career Taxpayers (FLIT-ECT). The framework is original to this review: it is not a reproduction of the slippery slope framework (Kirchler et al., 2008), the Theory of Planned Behaviour (Ajzen, 1991), or any single prior empirical model, but a purpose-built integration of constructs drawn from the reviewed literature, organised specifically around the young-professional, Indian first-time-filer context that Section 6 shows has not yet been theorised.

Consistent with the evidentiary distinction set out at the opening of Section 6, the constructs, relationships, and propositions introduced in this section are the authors' own conceptual contribution rather than findings reported by any reviewed study; where a construct or proposed pathway draws on a reviewed source, that source is cited to indicate the origin of the idea, not to imply that the source itself tested the relationship being proposed.

Constructs

Independent variables. The framework specifies two literacy-related independent variables rather than treating "financial literacy" as a single undifferentiated construct, because the reviewed literature itself distinguishes general financial literacy from tax-specific literacy (Musah et al., 2026; Nichita et al., 2019):

• General Financial Literacy (GFL), the knowledge–attitude–behaviour composite measured by instruments such as the OECD/INFE survey (OECD/INFE, 2020) and NCFE's Indian survey (NCFE, 2019), covering budgeting, saving, debt, and risk-diversification competence.

• Tax-Specific Literacy (TSL), knowledge specifically of filing obligations, deduction/exemption provisions, deadlines, and the mechanics of the tax system, consistent with the tax literacy index approach used by Nichita et al. (2019).

Mediators. Two mediating constructs, drawn directly from the areas-of-agreement synthesis in Section 6.2, are specified as the channels through which literacy affects compliance: • Trust in Tax Authorities (TTA), confidence in the competence and benevolence of the tax administration, following the slippery slope framework's voluntary-compliance dimension (Kirchler et al., 2008).

• Perceived Fairness of the Tax System (PFT), the taxpayer's judgement that tax rules and their enforcement are equitable, following the fairness construct used in Anaman et al. (2024) and Appiah et al. (2024).

Moderator. Because Section 6.3 identifies the absence of life-stage theorising as a specific gap, the framework introduces a moderator not present in any reviewed study:

• Early-Career Status (ECS), a composite capturing first-time-filer status, employment type (salaried-with-employer-withholding versus self-employed/gig self-assessment), and years of income-earning experience. ECS is modelled as a moderator, not an independent variable, precisely because Nichita et al. (2019) found age unrelated to compliance in a general population; ECS instead proposes that career-stage-specific mechanisms (first-time exposure, absence of prior filing habits, employer-mediated versus self-managed tax administration) condition how strongly literacy and trust translate into compliance, rather than proposing that youth itself drives compliance.

Dependent variable.

• Tax Compliance Behaviour (TCB), modelled, following Kirchler et al. (2008), as a continuum from enforced to voluntary compliance rather than a binary compliant/non-compliant outcome, allowing the framework to distinguish compliance driven by fear of penalty from compliance driven by literacy- and trust-based conviction.

Relationships and Propositions

• P1: General Financial Literacy is positively associated with Tax Compliance Behaviour, and this relationship is partially mediated by Trust in Tax Authorities and Perceived Fairness of the Tax System.

• P2: Tax-Specific Literacy is positively associated with Tax Compliance Behaviour, independent of General Financial Literacy, and this relationship is more strongly mediated by Perceived Fairness of the Tax System than by generalised Trust in Tax Authorities, because tax-specific knowledge directly informs judgements about whether specific rules are fairly designed.

• P3: Trust in Tax Authorities and Perceived Fairness of the Tax System are positively correlated but theoretically distinct, and each contributes independent explanatory variance to Tax Compliance Behaviour, addressing directly the mediation/moderation ambiguity identified in Section 6.3 by proposing that both a mediating pathway (literacy → trust/fairness → compliance) and a direct literacy → compliance pathway coexist, to be tested rather than assumed.

• P4: Early-Career Status moderates the General Financial Literacy → Trust in Tax Authorities path such that the relationship is stronger among early-career taxpayers than among established taxpayers, because early-career individuals have fewer prior interactions with the tax system on which to base trust judgements, making literacy-derived understanding a proportionally larger input into trust formation.

• P5: Early-Career Status moderates the Trust/Fairness → Tax Compliance Behaviour path such that, among salaried early-career taxpayers subject to employer-mediated withholding, compliance is less sensitive to trust and fairness perceptions than among self-employed or gig-economy early-career taxpayers who must self-assess, because withholding structurally reduces the discretion through which distrust or perceived unfairness could translate into non-compliance.

• P6: The positive association between literacy (General and Tax-Specific) and Tax Compliance Behaviour is stronger for voluntary compliance than for enforced compliance, consistent with the slippery-slope logic that literacy operates primarily by building the understanding on which voluntary cooperation depends (Kirchler et al., 2008), rather than by altering perceived audit probability.

Policy Relevance and Figure Description

The framework's policy relevance follows directly from its mediator and moderator structure: because P1–P3 propose that trust and fairness perceptions carry independent explanatory weight, interventions confined to literacy alone (e.g., tax-filing tutorials) would, if the framework is supported, be expected to under-deliver relative to interventions that also address institutional trust and communicate fairness (e.g., transparent use-of-revenue communication, simplified and consistently enforced rules). Because P4–P5 propose that the mechanism differs between salaried and self-employed/gig early-career taxpayers, the framework implies that a single undifferentiated financial-literacy campaign aimed at "young people" would be less effective than campaigns differentiated by employment type. These implications are developed further in Sections 8 and 9.

ISSN No. 2454-6194 | DOI: 10.51584/IJRIAS |Volume XI Issue VII July 2026

Figure 2. Financial Literacy–Institutional Trust–Compliance Framework for Early-Career Taxpayers (FLIT-ECT)

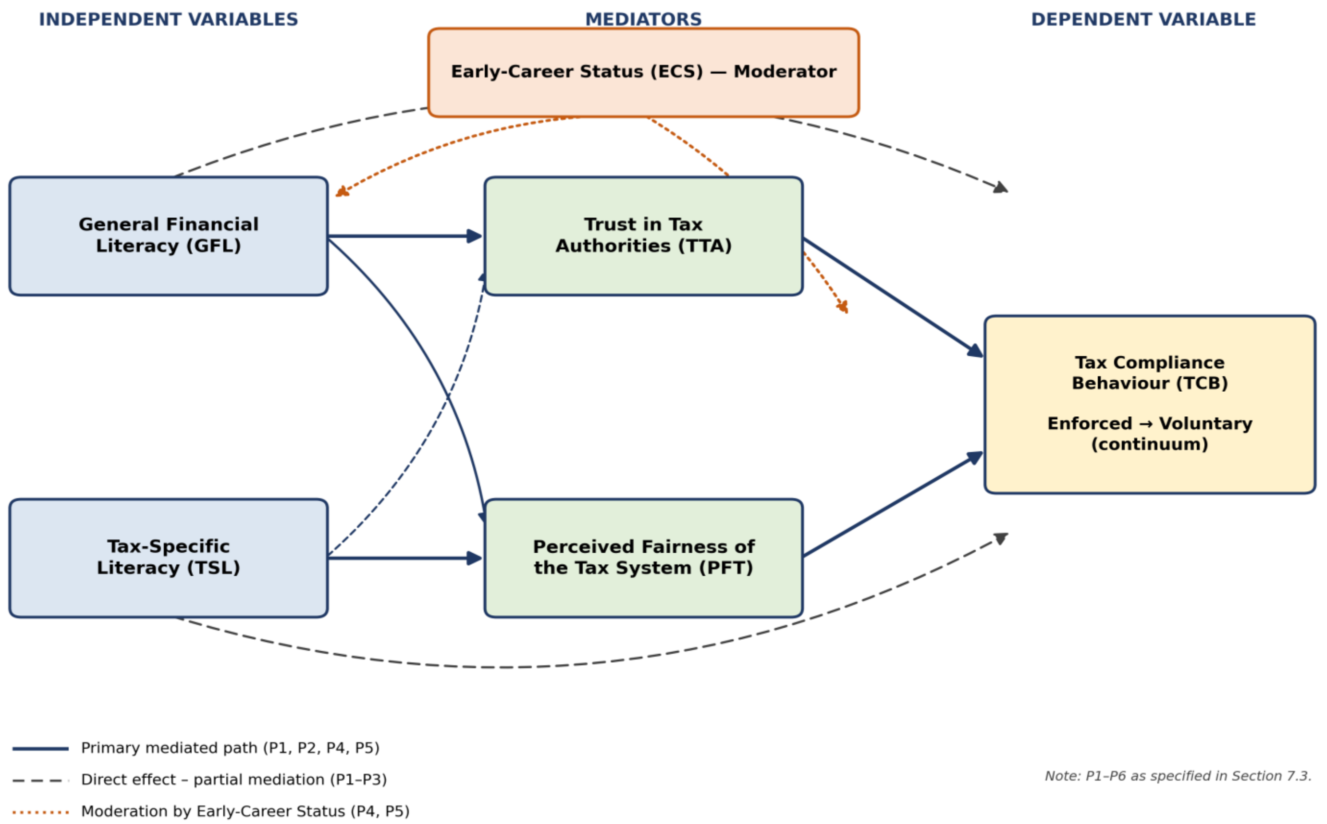

Figure 2 depicts the FLIT-ECT framework specified in Propositions P1–P6 (Section 7.3). General Financial Literacy and Tax-Specific Literacy, shown as the two independent variables on the left, feed primarily into Trust in Tax Authorities and Perceived Fairness of the Tax System respectively, which act as mediators (solid arrows) alongside weaker cross-paths (dashed thin arrows) reflecting the secondary mediation pathways described in P1 and P2. Both mediators feed into Tax Compliance Behaviour, modelled as a continuum from enforced to voluntary compliance consistent with P6. Direct arrows from the two literacy constructs to Tax Compliance Behaviour (dashed grey lines) represent the partial, rather than full, mediation proposed in P3. Early-Career Status is positioned as a moderator (dotted arrows) acting on the General Financial Literacy → Trust in Tax Authorities path, as specified in P4, and on the combined Trust/Fairness → Tax Compliance Behaviour path, as specified in P5. The diagram is a visual restatement of the propositions already specified in Section 7.3 rather than an additional claim in its own right, and none of the paths it depicts have yet been empirically tested.

DISCUSSION

Comparing Findings Across Studies

The verified studies reviewed in Section 6 agree on direction (literacy raises compliance) but disagree on mechanism (mediation versus moderation of trust/fairness) and on the role of demographic variables (age was non-significant in Nichita et al., 2019, despite this review's premise that career stage matters). These are not contradictions to be explained away; they most plausibly reflect genuine differences in study context. Musah et al.'s (2026) enterprise sample in Ghana and Nichita et al.'s (2019) individual-taxpayer sample in Romania differ in unit of analysis (firm versus person), tax administration structure, and enforcement intensity, any of which could plausibly change whether trust operates as a mediator or an independent moderating condition. The proposed FLIT-ECT framework's decision to model both a mediated and a direct literacy-compliance pathway (P3) is a direct response to this inconsistency, treating it as an empirical question for future testing rather than resolving it by assumption.

ISSN No. 2454-6194 | DOI: 10.51584/IJRIAS |Volume XI Issue VII July 2026

Implications for India

India's institutional profile, a still-narrow formal taxpayer base (Ministry of Finance, Government of India, 2024), modest average financial literacy (NCFE, 2019), and a tax administration undergoing rapid digitalisation, resembles the transitional, expanding-tax-base contexts of Ghana and Romania more than it resembles the mature tax administrations of the OECD countries in which much financial-literacy measurement work originated (OECD/INFE, 2020). This supports treating the verified international findings in Section 6 as analogically relevant background rather than directly exportable conclusions, and reinforces the Introduction's argument that India-specific empirical testing of the FLIT-ECT framework is necessary rather than optional.

Implications for Young Professionals

If P4 and P5 are empirically supported, the practical implication is that early-career taxpayers are not simply "less compliant" or "more compliant" than older taxpayers as a class, but that their compliance is shaped through a different mechanism, literacy feeding trust formation more heavily, in the relative absence of a track record of prior interactions with the tax authority. This reframes young professionals not as a uniformly high- or low-risk compliance population but as a population whose compliance is more malleable through literacy and trust-building interventions delivered early, before compliance habits (voluntary or otherwise) become established.

Implications for Financial Literacy Programmes

The reviewed literature's convergence on trust and fairness as carrying independent weight (Section 6.2) implies that financial-literacy programmes narrowly focused on transmitting factual tax knowledge may address only part of the causal chain the FLIT-ECT framework proposes. Programmes that pair procedural knowledge (how to file, what deductions exist) with content addressing why the system is structured as it is, and how revenue is used, would, under P1–P3, be expected to build compliance more effectively than knowledge-only content.

Implications for Tax Authorities

The proposed moderation in P5, that compliance among salaried, withholding-subject early-career taxpayers is less sensitive to trust and fairness than among self-employed or gig-economy early-career taxpayers, implies that tax authorities face a materially different compliance-risk profile as India's labour market composition shifts towards more flexible and platform-mediated work. Authority communication and simplification efforts aimed at building trust may generate larger compliance returns when targeted at self-assessing early-career taxpayers than at salaried employees whose compliance is already structurally supported by employer withholding.

Theoretical Implications

Theoretically, the FLIT-ECT framework's contribution is to introduce career-stage as a moderator of mechanism rather than as a determinant of outcome, a distinction the reviewed literature's null age findings (Nichita et al., 2019) make necessary rather than optional. This reframing suggests that future integrations of the slippery slope framework (Kirchler et al., 2008) and the Theory of Planned Behaviour (Ajzen, 1991) into compliance research more generally might benefit from testing life-stage or first-time-exposure moderators in other behavioural-tax contexts beyond the young-professional population specifically addressed here.

Practical And Policy Implications

The recommendations below follow from the FLIT-ECT framework proposed in Section 7 and are accordingly potential implications, contingent on future empirical validation of Propositions P1–P6, rather than conclusions already established by the reviewed evidence; they are offered as a forward-looking agenda for stakeholders to consider alongside, not in place of, the primary research called for in Section 11.

Government of India. Consider embedding basic tax-literacy content (not only general financial literacy) into onboarding processes for new formal-sector employees, given this review's finding that Indian research has so far measured tax-saving awareness far more than the trust- and fairness-related constructs shown internationally to shape compliance (Section 6.6).

Central Board of Direct Taxes (CBDT). Given P5's proposed distinction between salaried and self-employed/gig early-career taxpayers, consider differentiating taxpayer-facing communication and simplification efforts by filing mode (employer-withheld versus self-assessed) rather than treating "young taxpayers" as a single undifferentiated segment; transparent communication about how revenue is used may be a comparatively under-used lever, per the fairness-related findings synthesised in Section 6.2.

National Centre for Financial Education (NCFE). Given that NCFE's own survey instrument already distinguishes knowledge, attitude, and behaviour (NCFE, 2019), consider extending future waves of financial-literacy measurement to include tax-specific literacy and trust-in-authority items, which would allow India-specific testing of P1–P3 using NCFE's own data infrastructure rather than requiring an entirely new survey instrument.

Reserve Bank of India (RBI). To the extent RBI-led financial-inclusion and literacy initiatives already reach young, newly banked professionals, consider whether tax-filing literacy could be incorporated as a complementary module, on the reasoning (per P1) that general financial literacy's compliance effect operates partly through the same trust-formation channel as tax-specific literacy. Universities. Consider introducing basic tax-literacy content into professional and commerce curricula aimed at final-year students who are approaching first-time employment and first-time filing, addressing the Early-Career Status construct (Section 7.2) at the point of transition rather than after individuals have already formed initial (and potentially poorly informed) compliance habits.

Employers. For salaried employers whose new hires are filing taxes for the first time, consider providing structured tax-literacy orientation alongside existing payroll onboarding; per P4, this is the point at which literacy's influence on trust formation is proposed to be strongest, given the absence of prior taxpayer experience to draw on.

Financial educators. Consider designing content that addresses fairness and trust explicitly (e.g., how tax revenue functions, how enforcement works) rather than confining tax-literacy content to mechanical filing instructions, consistent with the mediating role of trust and fairness identified across the verified literature (Section 6.2).

Young professionals. For individuals in this position, the review's synthesis suggests that building tax-specific understanding early, rather than relying solely on employer withholding to obviate the need for such understanding, may be associated with the kind of voluntary, rather than merely enforced, compliance that both the reviewed literature and the FLIT-ECT framework treat as the more durable form of compliance (Kirchler et al., 2008).

Limitations

This review is subject to several limitations that should be read alongside its conclusions. First, this is a structured/conceptual review rather than an exhaustive, database-coded systematic review; the Literature Review in Section 6 is built on verified and representative sources located through targeted, citation-checked searching (Sections 5.3-5.5), and the study set synthesised in Section 6 is accordingly narrower than an exhaustive multi-database screening would produce. Second, the verified international evidence underpinning the FLIT-ECT framework's mediator and moderator logic (Section 7) is drawn from Ghana and Romania rather than India, meaning the framework's applicability to the Indian context, while argued for on structural-similarity grounds (Section 8.2), remains a proposition to be tested rather than a demonstrated finding. Third, because this is a conceptual/review paper by design, no primary data have been collected to test any of the six propositions in Section 7.3; the framework's value at this stage is organisational and generative rather than confirmatory. Fourth, the Indian literature located and characterised in Section 6.6 was assessed only in aggregate rather than study-by-study, given concerns about the indexing and methodological rigour of the specific sources found; a more India-specific future search, potentially including Hindi- or other regional-language sources, might surface additional relevant work not captured here. Finally, as with any review restricted to English-language, and predominantly Scopus/Web-of-Science-indexed, sources, literature published in other languages or in outlets outside the databases specified in Section 5.3 may have been missed.

Future Research Directions

Three broad avenues follow from this review. First, and most directly, the six propositions in Section 7.3 require empirical testing using primary data collected from young Indian professionals, ideally through a design capable of distinguishing mediation from moderation simultaneously (e.g., PLS-SEM with a multi-group comparison across salaried versus self-employed/gig respondents, directly testing P4 and P5). Second, given this review's finding that longitudinal and administrative-data designs are essentially absent from the verified literature (Section 6.4), future work could use panel data following individuals from first-time filing through subsequent tax years, which would allow direct testing of whether early literacy and trust levels (as proposed in P4) predict compliance trajectories over time rather than only compliance at a single point. Third, because the mediation-versus-moderation disagreement identified in Section 6.3 remains unresolved even outside the young-professional context, future research need not be confined to India: comparative testing of the FLIT-ECT framework's P3 in other transitional-tax-administration contexts (e.g., other South Asian or Sub-Saharan African economies) could help establish whether the coexistence of mediated and direct literacy-compliance pathways is a general feature of developing tax administrations or specific to particular institutional configurations.

CONCLUSION

This review set out to consolidate two literatures, financial literacy and tax compliance behaviour, that have developed largely in parallel, and to determine what is and is not yet known about their intersection among young professionals in India. The synthesis in Section 6 shows convergent, if geographically concentrated, verified evidence that financial and tax-specific literacy raise compliance, largely through trust in tax authorities and perceptions of fairness, alongside an unresolved disagreement over whether trust and fairness mediate or moderate that relationship, and a near-total absence of life-stage-sensitive theorising or India-specific compliance research meeting the international literature's own theoretical standards. The FLIT-ECT framework proposed in Section 7 is this review's original contribution: rather than treating career stage as a demographic control variable, the role it played, and was found non-significant in, prior work (Nichita et al., 2019), the framework repositions Early-Career Status as a moderator of mechanism, proposing testable, India-relevant distinctions between salaried and self-employed early-career taxpayers that no reviewed study has yet examined. Its theoretical value lies in integrating deterrence, trust, and behavioural-intention traditions around a life-stage lens absent from each individually; its practical value lies in the differentiated policy and programme recommendations in Section 9, which follow directly from the framework's mediator and moderator structure rather than from generic appeals to "improve financial literacy." The review's originality rests not in claiming new empirical findings, appropriately, none are claimed, but in the specific, falsifiable structure it offers for the empirical work that should follow.

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