Teachers and Taxes: A Study of Compliance Behavior in Malaysia's Education Sector

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ABSTRACT

The objective of this study is to examine the relationship between tax knowledge, perception of tax fairness, and perception of trust on tax compliance behavior among public sector teachers in Malaysia. Understanding the factors that influence tax compliance is crucial for developing strategies to enhance voluntary compliance and improve tax revenue collection. Data was collected through online surveys distributed to 500 public sector teachers across Malaysia, with 216 valid responses obtained. The collected data was analyzed using SPSS, and Pearson Correlation was employed to assess the relationships between the variables. The findings reveal significant positive relationships between all three independent variables—tax knowledge, perception of tax fairness, and perception of trust—and tax compliance behavior. These results suggest that improving tax education, ensuring a fair tax system, and building trust in tax authorities can effectively encourage voluntary tax compliance. The insights gained from this study can inform policymakers on strategies to improve compliance rates and optimize tax revenue collection.

Keywords: tax compliance, tax knowledge, tax fairness, trust, public sector teachers, Malaysia

INTRODUCTION

Numerous governments worldwide depend heavily on tax revenue as a primary source of income. The implementation of taxation serves as a crucial mechanism for sustaining national development, funding public expenditures, and upholding essential national services for all citizens. According to a report from the Ministry of Finance (MOF) in 2019, tax revenue—comprising both direct and indirect taxes—constituted approximately 75.4% of the total Malaysian government revenue that year. In Malaysia, the Inland Revenue Board (IRB) functions as the principal agency responsible for collecting revenue on behalf of the MOF. Since its establishment in 1996, the IRB has made substantial contributions to overall government revenue. Notably, it is on track to achieve another historic milestone by surpassing last year's record of RM175.4 billion in direct tax collection, the highest recorded yet, as stated by Deputy Finance Minister II Steven Sim (Calvanho, 2023).

However, beneath this impressive financial achievement lies a significant issue: in 2019 alone, 53,741 cases were registered to restrict individuals from leaving the country under Section 104 of the Income Tax Act 1967 and Section 22 of the Property Gains Tax Act 1976, until their outstanding taxes were settled. The implementation of travel restrictions typically occurs after extensive efforts to recover taxes, often hindered by the taxpayers' own reluctance. Thus, to ensure the equitable operation of the taxation system for all taxpayers, the IRB found it necessary to undertake these decisive measures, leaving no room for evasion. As stated in the IRB Annual Report 2019, all taxpayers should be treated fairly, as it is their right to be taxed equitably.

The social perception of tax compliance also plays a role. According to a 2022 survey by the Institut Darul Ehsan (IDE), a significant portion of Malaysian taxpayers believe that tax evasion is somewhat or very common. This perception can be attributed to a lack of transparency in how tax revenue is utilized or even a cultural acceptance of bending the rules. Furthermore, a weak whistleblower protection system discourages individuals with knowledge of tax evasion from coming forward due to fears of retribution. Addressing these social factors, alongside stricter enforcement measures, is crucial for fostering a culture of tax compliance in Malaysia.

While the Inland Revenue Board (IRB) has achieved commendable success in tax collection, the issue of tax evasion remains a significant hurdle. The high number of travel restrictions imposed on tax defaulters, coupled with Malaysia's ranking in tax compliance compared to its neighbors, paints a concerning picture. The problem is further exacerbated by sophisticated tax avoidance schemes and a social perception that tolerates non-compliance. To ensure a more equitable and sustainable financial future, the IRB must continue its efforts to combat evasion through stricter enforcement and improved detection methods. Additionally, fostering a culture of tax responsibility requires increased transparency in government spending, a robust whistleblower protection system, and public education campaigns that emphasize the importance of tax compliance for national development. By addressing these challenges, Malaysia can create a more efficient tax system and ensure that everyone contributes fairly to the nation's well-being.

Research Objectives

This study aims to answer research questions based on the research objectives provided. These questions' purpose is to see how the independent variables can affect the variable that is being measured by the researcher. The research question are:

1. To identify the relationship of tax knowledge between the tax compliance behaviour among the public sector teachers
2. To identity the relationship of perception of fairness between the tax compliance behaviour among the public sector teachers
3. To identify the relationship of perception of trust between the tax compliance behaviour among the public sector teachers

LITERATURE REVIEW

Tax Compliance

Andreoni, Erard, and Feinstein (1998) describe tax compliance as the willingness of taxpayers to adhere to tax regulations, which is essential for maintaining a nation's economic stability. Similarly, Kirchler (2007) defines tax compliance as a neutral term that reflects taxpayers' readiness to fulfill their tax obligations. Song and Yarbrough (1978) provide a broader definition, framing tax compliance as the ability and willingness of taxpayers to adhere to tax laws, shaped by factors such as ethics, the legal environment, and situational circumstances. This perspective emphasizes the distinctive operation of the American tax system, which relies heavily on self-assessment and voluntary compliance. Similarly, tax authorities like the IRS (2009), and IRB (2009) define tax compliance as the capacity and willingness of taxpayers to accurately report their income and pay the correct amount of taxes promptly.

Different scholars have approached tax compliance from various angles. For instance, Allingham and Sandmo (1972) conceptualized it as the act of "reporting actual income," noting that taxpayers' behavior is influenced by situations where uncertainty compels them to make decisions (Clotfelter, 1983). Essentially, taxpayers might gain financial benefits by underreporting income, but if caught, they face penalties that surpass the original tax liability. This risk-reward dynamic plays a crucial role in shaping compliance behavior. Given the extensive research on this topic, this study adopts a definition of tax compliance as the

willingness of taxpayers to follow tax laws, accurately declare income, claim appropriate deductions, and fulfill their tax obligations on time (IRS, 2009; ATO; IRB, 2009; Kirchler, 2007).

Tax Knowledge

Tax knowledge is widely recognized as a critical determinant of tax compliance behavior. According to Eriksen and Fallan (1996), individuals' attitudes and opinions toward taxes are shaped significantly by their understanding of tax laws. However, the direct impact of tax knowledge on compliance remains a complex issue, partly due to the constantly evolving nature of tax regulations, which challenges both taxpayers and practitioners in staying adequately informed (Choong et al., 2011). Despite these complexities, the existing literature presents a varied but insightful exploration of the relationship between tax knowledge and compliance.

A substantial body of research supports the positive correlation between tax knowledge and compliance. For instance, Mohd Rizal Bin Palil (2010) emphasized that tax knowledge is fundamental to a voluntary compliance system, as it enables taxpayers to determine their liabilities accurately. His findings suggest that well-informed taxpayers are more likely to adhere to tax regulations. This conclusion aligns with earlier studies by Kirchler et al. (2006), who demonstrated that increased awareness and understanding of tax laws not only enhance compliance rates but also help in reducing both intentional and unintentional non-compliance.

Similarly, Al-Zaqeba et al. (2018) conducted a comprehensive review of factors influencing tax compliance, identifying tax knowledge as one of the most crucial determinants. In Yemen, Al-Ttaffi (2020) corroborated these findings, suggesting that higher levels of tax knowledge lead to improved compliance, as taxpayers who understand their obligations are more likely to fulfill them accurately.

However, despite the general consensus on the benefits of tax knowledge, some studies have yielded contradictory findings. For example, Fauziati et al. (2016) examined the relationship between tax knowledge and compliance among taxpayers in Kota Padang, Indonesia, and found no significant impact. Their analysis, which encompassed general, legal, and technical tax knowledge, suggested that other factors might play a more influential role in determining compliance behavior.

In Malaysia, Salawati et. Al., (2021) conducted a survey involving 419 individual taxpayers and reported a surprising negative and insignificant correlation between tax knowledge and compliance. The findings indicate that even well-informed taxpayers might not necessarily demonstrate higher compliance levels, possibly due to other underlying issues such as perceived fairness, complexity of tax procedures, or enforcement inconsistencies.

Similarly, Manual and Xin (2016) explored compliance among self-employed taxpayers in West Malaysia and discovered that while tax deterrence (e.g., enforcement and penalties) significantly affected compliance, tax knowledge and compliance costs had no substantial impact. This suggests that tax knowledge alone may not be sufficient to drive compliance, especially when other factors such as the perceived threat of enforcement and the deterrence effect of penalties are at play.

Regional and cultural differences further complicate the relationship between tax knowledge and compliance. At-Ttaffi (2022), for example, examined taxpayer behavior in Yemen, highlighting the role of intrinsic motivations such as religiosity and knowledge. The study found that while tax knowledge positively correlated with compliance, religiosity had a negative association, illustrating the nuanced and multifaceted nature of compliance behavior in varying cultural contexts.

Shahnaz Noorul Amin (2022) also investigated tax compliance in Malaysia, focusing on the role of tax awareness. The study identified tax knowledge as a key factor but raised concerns regarding the quality of tax education and public awareness programs. These findings imply that while knowledge is important, the

effectiveness of educational outreach and the way information is disseminated to taxpayers also play a critical role in shaping compliance behavior.

The literature suggests that tax knowledge is generally seen as a significant driver of compliance, yet the relationship is not straightforward. While numerous studies (e.g., Mohd Rizal Bin Palil, 2010; Al-Zaqeba et al., 2018; Al-Ttaffi, 2020) support the notion that better-informed taxpayers are more likely to comply with tax regulations, others (e.g., Fauziati et al., 2016; Salawati, 2021; Manual & Xin, 2016) highlight that knowledge alone may not suffice. The influence of tax knowledge on compliance behavior is affected by various factors, including enforcement mechanisms, cultural norms, and perceptions of fairness. Consequently, policymakers must not only focus on improving tax education but also consider broader systemic issues such as transparency, simplicity of tax procedures, and the perceived credibility of enforcement to foster a more compliant tax environment.

Perception of Trust

Research has consistently shown that individuals are more likely to cooperate with authorities and comply with regulations when treated with trust, fairness, respect, and impartiality (Murphy & Tyler, 2008). Numerous studies have explored the interplay between perceptions of trust, justice, and tax compliance, revealing varying outcomes across different contexts and samples.

Faizal et al. (2017) categorized justice into three dimensions: distributive, retributive, and procedural, and examined their impact on tax compliance in Malaysia. Their findings indicate that procedural justice and trust are key drivers of tax compliance, establishing a positive and significant correlation between the two. However, the study also found that trust does not mediate the relationship between justice and compliance, providing nuanced insights into how different aspects of justice interact with trust and compliance.

Similarly, Aktaş Güzel et al. (2019) investigated 392 accounting professionals in Turkey, analyzing the effects of tax justice perception and trust in government on compliance. Their study demonstrated a positive and statistically significant relationship between trust in government and tax compliance, with tax justice perception acting as a mediator. These results emphasize the critical role of trust in fostering compliance, highlighting how perceptions of fairness contribute to building this trust.

Gobena et al. (2016) further explored the interplay between tax justice, trust, and compliance using the slippery slope framework and fairness heuristic theory. Conducting a field survey of Ethiopian business owners, the study found that procedural justice promotes voluntary tax compliance, especially when the tax authority's power is seen as strong but lawful. This study underscores the significant influence of trust, suggesting that when taxpayers perceive tax authorities to be fair, their trust—and subsequently, compliance—improves.

Research from various regions has supported the importance of trust. Al-Zaqeba et al. (2018) conducted a comprehensive review, integrating findings from multiple studies and confirming trust as a critical determinant of tax compliance. Similarly, Widuri and Irawan (2021) examined individual taxpayers in Indonesia, concluding that trust in government significantly enhances tax compliance. Their study also established a positive relationship between tax justice perceptions and trust, reinforcing the idea that fair treatment by authorities leads to higher compliance.

In Pakistan, Zahid Riaz et al. (2019) used a quantitative approach to assess taxpayer perspectives on the fairness of tax regulations. Their findings confirmed a significant positive relationship between trust and compliance behavior, underscoring that building public trust is vital for improving compliance rates. Similarly, Hamizah Azizah and Sobri (2022), drawing on Fiscal Exchange Theory and Economic Deterrence Theory, found strong correlations between perceptions of justice, tax penalties, and compliance among Malaysian taxpayers.

A unique angle on the subject was provided by Syatila Che Saruji et al. (2019), who examined adolescent perspectives on tax compliance in Malaysia. Recognizing the importance of engaging youth, especially in light of recent legal changes allowing 18-year-olds to participate in elections, the study concluded that trust in government significantly influences the tax attitudes of young people. Their findings suggest that building trust at an early age could foster a culture of compliance.

The extensive body of research across different regions and demographics consistently supports the notion of a positive correlation between perceptions of trust and tax compliance. Most studies highlight that when taxpayers perceive tax authorities as fair, transparent, and trustworthy, their willingness to comply voluntarily increases. However, the relationship is complex and occasionally inconclusive, as seen in the works of Gobena and Van Dijke (2016), Faizal et al. (2017), and Al-Zaqeba et al. (2018). These findings underscore that while trust is a critical factor, its interaction with other elements such as justice, procedural fairness, and power dynamics must be considered to fully understand tax compliance behavior.

Tax Fairness

The global focus on the relationship between taxpayers' perceptions of tax fairness and compliance behavior has grown significantly in recent years. Natrah (2012) emphasizes that individuals are more likely to adhere to tax regulations when they perceive the tax system as fair. Supporting this view, Azmi et al. (2008) identified a close link between tax compliance and perceptions of fairness in tax administration, suggesting that individuals who believe taxes are administered justly are more inclined to fulfill their obligations.

Numerous studies have sought to explore the hypothesis that perceptions of fairness correlate with taxpayer compliance. For instance, Jayawardane (2015) underscores the crucial role of tax compliance in revenue generation for government development, highlighting that perceptions of tax fairness, alongside trust, tax morale, and intrinsic incentives, significantly impact taxpayer behavior. This suggests that a fair tax system can enhance compliance, thereby supporting governmental fiscal objectives.

Sellywati Mohd Faizal and Mohd Rizal Palil (2015.) delved deeper into the dimensions of fairness by examining distributive, procedural, and retributive fairness. Their study, based on responses from 82 academics, revealed that while all three dimensions were thought to influence compliance, only procedural fairness exhibited a strong positive correlation. This finding underscores the importance of procedural justice, highlighting that transparent and consistent processes play a pivotal role in shaping taxpayer attitudes and behaviors.

Expanding on this, Musimenta et al. (2017) examined how tax fairness, external pressures, and strategic responses among SMEs mediate tax compliance. Their results indicated that perceptions of tax fairness, alongside strategic responses, significantly influence compliance, although perceptions varied across different respondent groups. This study underscores the importance of considering sector-specific dynamics when addressing tax compliance.

Exploring further, Naeem Hayat et al. (2022) assessed Malaysian taxpayers' compliance intentions and actual behavior. Their analysis identified key compliance drivers, including tax awareness, penalties, and perceptions of fairness, reinforcing the importance of taxpayer confidence and streamlined tax processes to foster greater compliance.

Jonathan Farrar and Tisha King (2023) affirmed that perceptions of fairness play a crucial role in fostering compliance. An analysis of data from 389 taxpayers showed that both distributive and procedural fairness positively influence compliance behavior, with these effects being additive. This indicates that fairness in both the distribution of tax burdens and the administration of tax processes can significantly encourage taxpayer compliance.

Research by Oladipo et al. (2022) in Nigeria highlighted the impact of fairness perceptions on tax compliance among listed manufacturing companies. Their survey revealed that corporate taxpayers'

willingness to adhere to tax laws was heavily influenced by their perceptions of fairness and their knowledge of tax regulations. These findings suggest that enhancing fairness and tax education could improve corporate tax compliance.

Similarly, Brainyyah et al. (2012) examined the compliance decisions of SME entrepreneurs in Malang, Indonesia. They found that perceived tax fairness and tax complexity were significant factors influencing compliance, while tax knowledge did not have a notable effect. This highlights the importance of simplifying tax systems and ensuring perceived fairness to encourage compliance among SME taxpayers.

In Jordan, Al-Rahamneh et al. (2022) explored the tax compliance behavior of SME owners and managers, focusing on moral obligation and tax fairness. Their findings showed that a strong sense of moral responsibility and fair perceptions of the tax system significantly reduce sales tax evasion. Conversely, peer pressure was found to increase evasion, underscoring the need for tax policies that promote justice and moral responsibility while addressing external influences that may deter compliance.

The extensive body of research reviewed here consistently affirms that perceptions of tax fairness significantly influence compliance behavior. The consensus across multiple studies highlights the importance of fostering fairness within the tax system as a strategy to enhance compliance, improve tax morale, and ultimately boost revenue collection. The evidence suggests that policymakers should prioritize transparent and equitable tax processes, alongside simplifying tax systems, to cultivate trust and cooperation from taxpayers. Moreover, attention should be paid to sector-specific dynamics, self-interest motivations, and external pressures to develop effective, targeted strategies that promote voluntary compliance.

Hypotheses development

Tax Knowledge and Tax Compliance

The importance of the perception of tax knowledge in this study is to examine how teachers' perceptions of tax knowledge impact their compliance behavior. By exploring this relationship, researchers can gain insights into the effectiveness of tax education programs and the role of knowledge in fostering compliance. This relationship is essential as it sheds light on the psychological mechanisms underlying tax compliance and can inform policymakers about strategies to enhance compliance rates among public teachers. The expected result is that a higher perception of tax knowledge will be associated with increased tax compliance behavior among public teachers, highlighting the importance of knowledge in shaping taxpayers' attitudes and behaviors toward taxation. Notably, previous studies have indicated the significance of exploring the relationship between the perception of tax knowledge and tax compliance, emphasizing the need for further research in this area. An example of a study that also utilized perception of tax knowledge as an independent variable to investigate tax compliance behavior further supports the relevance and validity of this research direction.

Therefore, the following hypotheses are proposed:

Ha1: There is a significant and positive relationship between tax knowledge and tax compliance behavior among public sector teachers in Malaysia.

Ho1: There is no relationship between tax knowledge and tax compliance behavior among public sector teachers in Malaysia.

Perception of Trust and Tax Compliance

The relationship between the perception of trust and tax compliance behavior among public teachers is important for several reasons. The perception of trust in the tax authority and government is a key factor that can influence an individual's willingness to voluntarily comply with tax obligations. When taxpayers perceive the tax system and its administration as fair and trustworthy, they are more likely to comply with

tax laws. Studying this relationship is essential, as it can provide insights into the drivers of tax compliance, which is crucial for improving tax revenue collection and the overall efficiency of the tax system. The expected result is that a higher perception of trust will be associated with greater tax compliance behavior among public teachers, as trust in the authorities reduces the perceived risks and costs of compliance.

Therefore, the following hypotheses are proposed:

Ha3: There is a significant and positive relationship between the perception of trust and tax compliance behavior among public sector teachers in Malaysia.

Ho3: There is no relationship between the perception of trust and tax compliance behavior among public sector teachers in Malaysia.

Tax Fairness and Tax Compliance

The perception of tax fairness is essential in this study of tax compliance behavior. Previous studies have demonstrated that taxpayers' willingness to voluntarily comply with tax responsibilities can be strongly influenced by their judgments of the fairness and equity of the tax system. Teachers who believe that the tax system is equitable are more likely to view their relationship with the tax authorities as one of reciprocity, in which they are prepared to pay their fair share in return for the services provided to the public. Conversely, teachers may be less likely to comply with tax laws if they feel they are not receiving a fair return on their tax contributions. Therefore, analyzing how public teachers' compliance behavior is shaped by their perceptions of tax fairness may provide valuable insights to policymakers on how to enhance voluntary compliance and improve the overall effectiveness of the tax system.

Thus, the following hypotheses are proposed:

Ha2: There is a significant and positive relationship between the perception of tax fairness and tax compliance behavior among public sector teachers in Malaysia.

Ho2: There is no relationship between the perception of tax fairness and tax compliance behavior among public sector teachers in Malaysia.

METHODOLOGY

Data was collected through an online questionnaire distributed via Google Forms in 2023. The questionnaire was divided into five sections: (1) Part A gathered basic demographic information such as age, gender, ethnicity, salary range, and other relevant details; (2) Part B focused on questions to gauge respondents' perceptions of justice and trust; (3) Part C evaluated respondents' perceptions of tax fairness; (4) Part D assessed respondents' level of tax knowledge through a set of probing questions; and (5) Part E contained questions aimed at determining whether the respondents complied with their tax obligations. A five-point Likert scale was used to measure each item.

The study population primarily consisted of teachers and educators across Malaysia, specifically those employed as part of the civil workforce by the government. Although exact data on the total number of teachers in Malaysia is unavailable, an article by Suzalina Halid (2023) from the New Straits Times highlighted concerns about teacher shortages nationwide in 2023. The article, citing former Education Minister Fadhlina Sidek, estimated that there are approximately 418,000 teachers across 10,225 primary and secondary schools nationwide.

The data collected from the research were organized and analyzed to provide a clearer understanding of the study's objectives. Statistical Package for the Social Sciences (SPSS) version 28 was used to analyze the data. This software was chosen for its reliability and suitability in performing the statistical analysis required for this study.

RESULT AND DISCUSSION

Profile of respondents

Using an online platform, the researcher disseminated 500 surveys to the entire youth population of Malaysia. A total of 216 responses were received. The demographic profile of the respondents in this study is succinctly presented in Table 4.1.

Table 4.1 Demographic Profile

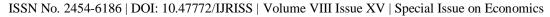| No of Respondent		Frequency	(%)
Gender	Male	90	41.7
	Female	126	58.3
Age	24 years old	31	14.4
	25-34 years old	60	27.8
	35-44 years old	48	22.2
	45-54 years old	50	23.1
	55 years old and above	27	12.5
Race	Malay	173	80.1
	Chinese	21	9.7
	Indian	22	10.2
Education Level	Diploma	83	38.4
	Degree	133	61.6
Work Experience	Less than 1 year	35	16.2
	1-2 years	63	29.2
	3-5 years	47	21.8
	6-8 years	44	20.4
	8 years and above	27	12.5

Table 4.1 presents the sample selection for this study, which consists of 216 respondents. Among them, 126 respondents (58.3%) are female, while 90 (41.7%) are male, indicating a higher representation of female participants. In terms of age distribution, the largest group of respondents falls within the 25 to 34 age range (n = 60, 27.8%). Regarding ethnicity, the majority of respondents are Malay (n = 173, 80.1%). As for educational background, most respondents hold a degree, accounting for 133 individuals (61.6%). Lastly, in terms of teaching experience, the majority have been in the profession for 1 to 2 years (n = 63, 29.2%).

Tax Knowledge and Tax Compliance Behaviour

Table 4.2 Correlation Between Tax Knowledge and Tax Compliance Behaviour

Variable		Retention	Hypotheses
Tax Knowledge	Pearson Correlation	0.807	accepted
Sig. (2-tailed)		0.000	

Based on the table above, there is a significant and positive relationship between tax knowledge and tax compliance behavior ($p = 0.001 < p = 0.05$). Therefore, Ha1 is accepted, indicating a significant and positive relationship between tax knowledge and tax compliance behavior among public sector teachers in Malaysia, while Ho1 is rejected, suggesting that there is no relationship between tax knowledge and tax compliance behavior among public sector teachers in Malaysia. Furthermore, the strength of the relationship can be

defined by the r-value. According to Table 4.3.1 above, an r-value of 0.807 indicates a very strong positive correlation.

Tax Fairness and Tax Compliance Behaviour

Table 4.3 Tax Fairness and Tax Compliance Behaviour

Variable		Retention	Hypotheses
Tax Fairness	Pearson Correlation	0.963	accepted
Sig. (2-tailed)		0.003	

According to the findings, there is no significant relationship between perception of tax fairness and tax compliance behavior (p = 0.963 > p = 0.05). Consequently, Ho2 is accepted, indicating that there is no significant relationship between perception of tax fairness and tax compliance behavior, while Ha2 is rejected, suggesting that there is a relationship between perception of tax fairness and tax compliance behavior among public sector teachers. Additionally, the strength of the relationship (r = -0.003) indicates that there is no correlation between the variables.

Perception of Trust and Tax Compliance Behaviour

Table 4.4 Correlation Between Perception of Trust and Tax Compliance Behaviour

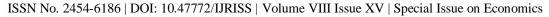| Variable		Retention	Hypotheses
Perception of Trust	Pearson Correlation	0.827	accepted
Sig. (2-tailed)		0.000	

According to the findings, there is a significant and positive relationship between perception of trust and tax compliance behavior among public sector teachers (p = 0.001 < p = 0.05). Consequently, Ha3 is accepted, indicating that there is a significant and positive relationship between perception of trust and tax compliance behavior, while Ho3 is rejected, suggesting that there is no relationship between perception of trust and tax compliance behavior among public sector teachers. The results indicate a very strong positive correlation, as evidenced by the r value (0.827).

CONCLUSION

In summary, the objective of this research was to ascertain the correlation between tax knowledge, perceptions of tax fairness, trust, and tax compliance behavior among public sector teachers in Malaysia.

The findings reveal a strong and positive correlation between tax knowledge and tax compliance behavior. This aligns with the findings of Mohd Rizal Palil and Ahmad Fariq Mustapha (2011), who stated that individuals with higher tax knowledge are more likely to be tax compliant than those with lower tax knowledge, as educated taxpayers are more aware of their responsibilities to society and the benefits provided by the state. Previous studies on small businesses have found that a lack of tax knowledge is a major contributor to unintentional noncompliance. Small business owners were also found to have less tax knowledge than employed individuals, making them feel less competent when filing their tax returns (Kamleitner et al., 2012; Loo, McKerchar, & Hansford, 2009). It was discovered that they were often unable to calculate their tax liability and were unaware of relevant government incentives and exemptions that could reduce their tax burden (Lai & Zainal Arifin, 2011; Loo et al., 2010). When taxpayers believe they are unqualified to file their taxes properly, the majority seek advice from tax practitioners (Kircher, 2007).

The second objective of this research was to determine the relationship between perceptions of tax fairness and tax compliance behavior among public sector teachers. Based on the results, there is no significant and

positive relationship between perceptions of tax fairness and tax compliance behavior (r = -0.003). This outcome may be attributed to the complex and inconsistent relationship between perceived tax fairness and tax compliance behavior (Kirchler, 2008). Perceptions of fairness encompass various factors, including the fairness of tax rates, how tax authorities treat taxpayers, and how tax revenues are spent. According to Hartner et al. (2008), procedural fairness was more important for compliance than distributive fairness. Procedural fairness refers to the processes and procedures used by tax authorities to administer the tax system, while distributive fairness relates to the actual tax burden distribution among taxpayers. This suggests that even if taxpayers perceive the tax system as unfairly distributing the burden, they may still comply if they believe tax authorities treat them fairly. Thus, the administration of taxes appears to have a greater influence on compliance than the fairness of the tax outcomes themselves.

The third objective of this study was to determine the relationship between perceptions of trust and tax compliance behavior among public sector teachers. The findings indicate a significant and positive relationship between perceptions of trust and tax compliance behavior (r = 0.827). Trust emphasizes the relationship between taxpayers and tax authorities, stemming from the taxpayer's confidence in the tax authority's actions. When taxpayers have high trust in the tax authority, compliance is perceived to increase (Kastlunger et al., 2013). This trust fosters a positive relationship between taxpayers and the tax administration, instilling a sense of civic duty and a willingness to uphold the social contract. Conversely, a lack of trust can undermine compliance, as taxpayers may be less inclined to contribute to a system they perceive as untrustworthy or unfair (Natrah Saad, 2010). Factors influencing trust include the perceived integrity of tax officials, the clarity and consistency of tax procedures, and the belief that tax funds are spent responsibly for the general welfare. Even if taxpayers disagree with certain aspects of the tax code, they are more inclined to comply when they believe their contributions are managed ethically and for the good of society. Therefore, to encourage voluntary compliance and reduce the need for strict enforcement measures, tax authorities must cultivate trust through fair treatment, transparency, and accountability.

In conclusion, this study highlights the importance of enhancing tax knowledge and building trust to improve tax compliance behavior among public sector teachers. While perceptions of tax fairness alone may not directly influence compliance, the overall approach to tax administration, including clear communication, procedural integrity, and responsible use of funds, plays a crucial role. Policymakers should focus on education initiatives to improve taxpayers' understanding of their obligations, alongside strategies to strengthen trust in tax authorities. These combined efforts can lead to higher voluntary compliance, reducing the need for costly enforcement measures and fostering a more efficient and effective tax system.

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