



Developing the Concept of Post-Covid-19 SMEs Voluntary Tax Compliance Through a Social Contract Perspective: The Role of Incentive, Fairness, and Trust

Alvien Gunawan¹(✉), Unti Ludigdo², Noval Adib², and Mohamad Khoiru Rusydi²

¹ Faculty of Economic and Business, University of Maarif Hasyim Latif, Sidoarjo, Indonesia
alvien_gunawan@dosen.umaha.ac.id

² Faculty of Economic and Business, University of Brawijaya, Malang, Indonesia

Abstract. This study uses a literature review method that aims to developing voluntary tax compliance for SMEs after Covid-19 era from the social contract's perspective. The declining level of tax compliance during the Covid-19 pandemic is a special concern for the government. The social contract elevates three main principles, namely freedom, common needs and reciprocity. In the perspective of taxation means that the taxpayer gives up his freedom in the management of economic assets to the government for the welfare of the people. On the contrary, the government provides reciprocity in the form of services to the community and the provision of good and adequate public facilities. The social contract among the government and the taxpayer requires mutual trust. The results of this study show that the social contract between taxpayers and the government can be realized if there is an element of justice first. A form of justice for taxpayers such as providing tax incentives in the midst of the Covid-19 pandemic. The justice felt by taxpayers will foster trust in the government. Trust in the government is a good thing to encourage voluntary compliance from taxpayers.

Keywords: Post-Covid-19 · SMEs · Voluntary Tax Compliance · Social Contract · Incentive · Fairness · Trust

1 Introduction

The Covid-19 pandemic that has hit all countries in the world has had a devastating impact not only on human health conditions [1], but also on the economic conditions of a country, including in Indonesia [2–4]. Taxes, which are one of the country's main sources of income [5–8], have also been affected by Covid-19 [2]. In Indonesia, the realization of tax revenue until the first semester of 2020 only reached IDR 513.65 trillion or 44.02% of the initial target of IDR 1,198.8 trillion. This value was reduced to 12.01% compared to the first semester of 2019, which was Rp604.3 trillion [4]. This happened due to the weakening of the business sector which resulted in an economic downturn and had an impact on tax revenues in Indonesia [9].

© The Author(s) 2023

A. F. Wijaya et al. (Eds.): AICoBPA 2022, ASSEHR 764, pp. 52–62, 2023.

https://doi.org/10.2991/978-2-38476-090-9_6

The economic downturn during the pandemic also had an impact on the financial condition of SMEs [9, 10], especially in terms of sales quantity [11]. SMEs are the backbone of the country's economy [12–14]. Most of the world economy has achieved high development due to the contribution of SMEs [12]. SMEs have a large contribution to GDP and job creation [12]. However, the implementation of social distancing in various countries, including Indonesia, has limited community mobility during the pandemic which has an impact on reducing people's income [1], including for SMEs business people [15]. Even in the forecast, the Covid-19 pandemic can also kill many businesses, including SMEs [12, 16]. A decrease in income can degrade the condition of the financial position. The financial position of the taxpayer reflects the taxpayer's ability to meet various types of needs and settle various kinds of financial obligations, including tax obligations. A person is in a very good financial state if he can meet all such needs, both primary, secondary and tertiary, and settle his tax obligations on the basis of income completely without outside assistance [17].

The decline in economic conditions that occur during the pandemic tends to reduce tax compliance, including SMEs taxpayers. This confirms the influence of SMEs finances on tax compliance in the Covid-19 pandemic. The economic condition of the taxpayer will have an impact on compliance attitudes and behaviors [18]. Walsh, through empirical research states that, taxpayers with excessive income have the opportunity or motivation to avoid taxes, but taxpayers with low incomes have determined various ways to reduce cash outflows and make them reluctant to pay taxes [19]. Therefore, any income both low and excessive can negatively affect tax compliance.

Research has shown low levels of SMEs tax compliance during the pandemic such as in Malaysia [20], Vietnam [21], and Greece [22]. Likewise, in Indonesia, the dominance of SMEs in the industrial sector in Indonesia is inversely proportional to the level of tax compliance of SMEs [14, 23, 24]. In anticipation of low tax compliance of SMEs, the government is more focused on using a deterrence approach by providing tax audits, sanctions, and administrative fines to create a deterrent effect. Based on the Economic of Crime theory, explains that taxpayers will tend to commit fraud if the utility obtained to avoid taxes is greater than fines and penalties, so to ensure that taxpayers will be compliant in paying their taxes is to use a deterrence policy, namely in the form of tax inspections and sanctions [25].

However, Kaplanoglou and Rapanos [26] showed that the deterrence approach was ineffective for improving voluntary tax compliance. The deterrence approach will only be effective on the short-term goal of punishing non-compliant taxpayers, while the important long-term goal of influencing the behavior of the taxpayer to realize voluntary tax compliance behavior has not been achieved. Thus, the compliance that will be produced by applying the deterrence approach is forced tax compliance, not voluntary tax compliance.

In addition, the use of a deterrence model with variable tax audits, sanctions, and administrative fines shows that it seems as if the government is only oriented towards the material aspect (tax revenue) without trying to form a voluntary tax compliance behavior in the taxpayer [27]. Kołodziej, explained that audits and fines will be effective in increasing tax revenues if the taxpayer has a low level of trust in the government and the tax authority, and such audits and fines also become ineffective when between the

taxpayer and the tax authorities trust each other, and it is this trust between the taxpayer and the tax authorities that can trigger a willingness to cooperate with each other and the voluntary compliance of the taxpayer [28].

Therefore, governments and taxpayers must understand that tax responsibility requires a good social contract among the government and the taxpayer based on mutual trust by establishing reciprocal relationships to create common prosperity. The government believes that the taxpayer is conduct to paying taxes and the taxpayer also believes that the government is conduct to using the payment of taxes as a source of funds to create prosperity for the whole society. So that this trust will stimulate the tax compliance behavior of the taxpayer in order to achieve common welfare.

This study is a literature review with the aim to developing voluntary tax compliance through a social contract perspective. The result of this study is the development of the concept of voluntary tax compliance as a result of constructive thought based on the theory of social contracts. This concept of voluntary tax compliance can provide benefits for the authorities in understanding taxpayer behavior as a step to increase voluntary tax compliance.

2 Literature Review

2.1 Social Contract Theory

The theory of social contract presents a variety of perspectives on human nature and the social processes that make up conflict, cooperation, and compliance. Thus, this theory can be used to assess the obstacles and challenges that professions face when they seek to create common values and ideals and ensure ethical practice [29]. The emergence of social contract theory was pioneered by Thomas Hobbes, John Locke, to Jean Jacques Rousseau [29–32], which was backgrounded by natural human life. They have no government and no law to govern it [32], thus making human beings a free life to preserve their own lives, even if it means having to destroy the lives of others [31]. This raises anxiety in humans in the long run about the possibility of losing their property that could threatens their long-term life [30].

Hobbes developed the social contract argument with the notion that naturally mankind tend to think rationally and have the liberty to manage their own lives [30, 31]. Such freedoms include the freedom to control their property (autonomy) in order to maximize wealth at all costs in an effort to maintain their long-term life [30]. All power will be exercised by human beings in an effort to preserve life, despite having to commit acts that violate norms and ethics including fraud, cheating, theft and even murder as a form of implementation of their freedom and the assumption that every human being is an equal [30].

While Rousseau argues that ethical behavior is a social product [29], and in the long run human beings cannot freely preserve their own proprietary. Therefore they requires other agencies to be able to giving protection and manage their property [32]. Consistent with Rousseau, Hobbes perceive that humans in the long-term have a fear of losing their property that could threatens their long-term life [30]. Therefore, Rousseau and Hobbes apply the brainchild of a social contract to anticipation of those anxieties and worries of the human being.

Rousseau's social contract focus on the three key basic principle namely freedom, community interest, and mutual (reciprocity). The point of Rousseau's contribution was to put forward ethical behavior as a result of social processes to preserve mankind [29]. The social contract makes people compromising their freedom [31–33]. In the social contract, Rousseau also emphasized shared worthiness as a force and passion for realizing the Common good [32, 34]. In addition, Rousseau state that community would give up their resources to declare on condition that the government also returned the equal amount [33].

Therefore, in order to be able to realize the common good, Rousseau also emphasized that the system have to giving a mutual contract for two sides, namely the society and the government. The government and the people are two elements that have a close relationship, and the policy faith results from a communicative process between the two [34]. People unite and promise to obey authority and surrender all or part of their freedoms and rights to authority. While authority guarantees the protection of the life and property of each person to a certain extent of freedom [32]. For Hobbes, the social contract can reflect an ethic of voluntary obedience [29].

Thus, the payment of taxes in the theory of the social contract means that people in society give up their economic freedom through the paying of taxes in order to embody community interests for the nation and society. In return, the government uses the taxation to guarantee life and create prosperity for society. The surrender of people's economic freedom to the government to realize common welfare through reciprocal relations is a form of voluntary compliance behavior.

2.2 Tax Compliance Among SMEs Before the Covid-19 Pandemic

The willingness of taxpayers to report taxes in appropriate with tax law and administration without the application of tax law enforcement activities is a form of voluntary tax compliance [35]. Some researchers state that SMEs taxpayers tend to comply with tax regulations, such as in African countries namely Botswana [36] and in Nigeria [37].

However, in contrast to SMEs in Rwanda who tend not to comply with tax laws [38]. SMEs in Zimbabwe do not trust with the tax system, and SMEs do not complies with taxes [39]. Further, it was revealed that most SMEs in Zimbabwe evaded taxes by temporarily relocating businesses during compliance attacks and paying bribes. In addition, 67% of respondents in the study admitted to never complying [39] and it was also revealed that a large number of SMEs in Zimbabwe do not pay their taxes [40]. In line with research in Zimbabwe, in a Survey conducted in Tanzania it was found that the majority of 68% of SMEs taxpayers defaulted in the form of inconsistency in conducting tax reporting in accordance with the required tax regulations [41].

In European countries such as Belgium, Ethiopia, and Greece as well as countries in Asia such as Malaysia and Vietnam it was revealed that SMEs face a higher tax burden than large companies. Therefore, SME taxes are harm to the survival of SME business actors and have an impact on reducing the level of tax compliance [20–22, 42–44].

In Indonesia, research on the understanding of SME taxpayers in Indonesia towards tax regulations shows that, overall, SME Taxpayers understand and comply with in carrying out tax obligations [45]. In addition, SME Taxpayers are well aware of the substance of taxes that include an obligation, are used for public expenditure, and are

based on laws and regulations [46]. On the other hand, SMEs do not yet understand which taxes are final and which taxes are not final [47]. In addition, SME taxpayers feel burdened with taxes and tend to perform the obligation to pay taxes because they feel that there is no other option but to pay. Therefore, tax payments are made in order to cancel the obligation to pay taxes. In addition to it, taxes for SMEs are considered unfair and burdensome, so this unfairness must be reassessed and corrected [48].

The fairness of taxes felt by taxpayers, can encourage them to be willing to cooperate and more likely to comply with decisions made by tax authorities [49]. On the contrary, discriminatory tax treatment has resulted in low compliance [50]. Unfair taxation can affect taxpayers' perceptions of the government [28]. Taxpayers tend to have low trust and tend to avoid paying taxes if they consider the tax system unfair [51, 52]. Low trust in the government can affect low tax compliance [53, 54]. Trust becomes very important and becomes one of the determinants of tax compliance [54, 55]. The loss of trust in the government is considered to be the cause of low public compliance with government authorities in the field of taxation [56]. It is thus seen that the importance of the dimensions of fairness and trust as variables affecting tax compliance behavior [50, 57], and the government has a fundamental role in ensuring tax compliance behavior [6].

3 Result and Discussion

3.1 Tax Levy in Social Contract Perspective

A contract is an agreement or promise approved upon by two sides. The social contract in the context of taxation is the interaction among the government and the taxpayer. The idea of the social contract of Hobbes and Rousseau provides three basic principle for the authorities to meet taxpayer compliance. The three basic principle are liberty, community interests, and reciprocity. Although this social contract among the government and the taxpayer is figurative because there is no official signature on paper, but the contractual relationship still implies the duty and right for each contractual partner [58] to fulfill the principle of reciprocity. Therefore, both the taxpayer and the government have rights and obligations that must be implemented. Taxpayer in this case is obliged to hand over the freedom of management of its economic resources to the government to obtain welfare, while the government manages those economic resources to create common welfare for the people.

The social contract is motivated by the freedom of human beings to surveillance the economic resources they have to their long-term life [30]. The social contract perspective is constructed to restraint the taxpayer's freedom who tend to be rational and selfish in the ownership of economic resources [32, 34]. With the existence of a social contract, the freedom of the taxpayer is under the control of the government as an elected bodies to arrange the welfare of the people [31, 32]. Therefore, the Government as the ruler must realize and appreciate the sacrifice of the taxpayer, that is, the taxpayer must sacrifice economic asset to paying the tax that will be delighted by everyone, including people who have not been obliged to paying the tax.

The perspective of the social contract has made taxpayers individuals who are willing to sacrifice their individual freedoms to be Common freedoms [31, 32]. Through tax

payments, taxpayers distribute their economic resources to the government to be further distributed equally by the government to the entire community.

Taxpayers have applied the principle of common interest to developing voluntary tax compliance. Tax compliance is no longer driven by rationalism, egoism and economic interests of the taxpayer, but tax compliance is more driven by aspects of altruism, morality, social norms and justice [59]. Governments should be aware that there is already a shift in ways and reasons for understanding taxpayer behavior and how to improve voluntary tax compliance behavior of taxpayers. Therefore, the authorities have to prioritize the basic of public interest of the entire community in determining and creating a tax administration system to sustain the commitment of taxpayer to keep the voluntary compliance behavior.

The reciprocity that taxpayers are expected to receive for tax payments is good public services, the availability of adequate and good public facilities, and the absence of corruption among state officials. The benefits of public services perceived by the taxpayer are a reflection of the implementation of the government's obligations in managing the economic assets of the taxpayer, and it is also the embodiment of the principle of reciprocity.

In some countries such as Russia, Tanzania and Nigeria, taxpayers associate between the tax payments they make with the benefits they receive in the form of adequate public services. Taxpayers state that if they get tangible benefits from the government for the payment of taxes, then they will be willing to pay those taxes [60–62].

The government needs to perceive that voluntary tax compliance by taxpayers can't be realized by penalty as a deterrent. But under different conditions, a taxpayers can become resistant when they begins to doubt the commitment and sincerity of the government in providing public services [59]. Taxpayers establish the belief that tax payments are synonymous with the principle of costs and benefits. The advantages to be received by the taxpayer in the form of community services must be commensurate with cost of taxes paid by the taxpayer [63].

In addition to poor public services, another reason for taxpayers to avoid taxes is corruption and poor bureaucracy [64]. In addition, the survey results show that taxpayers will have high level of tax compliance if the authorities carries out high level of controlling the budget management to minimize the chances of fraud and irregularities in the bureaucracy [64]. Jordan could be a reference, one of the solving offered to improve tax compliance and at the same time discourage tax avoidance is by regain the belief of taxpayers after the negative stigma attached to the government [65].

3.2 The Role of Tax Incentives, Tax Justice, and Trust in a Social Contract Perspective to Increase Voluntary Tax Compliance

One of the efforts of governments in various countries in the field of taxation in the recovery of the country's economic system is the tax incentive policy [66]. Tax incentive policy efforts are carried out to help move the wheels of the country's economy which has experienced a sharp decline since the era of Covid-19 pandemic. In Indonesia, the tax incentive regulation for taxpayers influenced by the Covid-19 pandemic was first stated in the Minister of Finance Regulation (PMK) number 86 of 2020 and was last updated with PMK number 82 of 2021 which is valid until December 2021. Tax incentives in

accordance with PMK number 82 of 2021 include income tax article 21 covered by the authorities (DTP), final income tax for SMEs, income tax DTP in certain labor-intensive sectors, exemption from the collection of final income tax article 22 about imports, and a decrease in income tax installments article 25.

One of the sectors that received attention by the provision of tax incentives was SMEs. This is reasonable, considering that SMEs are the most essential milestone in the country's economy [12–14, 66], including Indonesia [23]. The number of SMEs in Indonesia is very large. Data from the Ministry of Cooperatives and SMEs of the Republic of Indonesia in 2019 shows that the number of units or actors, which reached 99.99% (or around 65,465,497 units) of the total business actors in Indonesia [23].

The tax incentive provided by the government to SMEs is in the form of exemption from the final income tax obligation of 0.5%, from the gross circulation regulated in PP 23/2018. PP-23/2018 regulates Income Tax on income from businesses obtained by taxpayers with a certain Gross income, which is not more than Rp. 4.8 billion in one tax year (SMEs). So that the final income tax obligation of 0.5% for SMEs actors, becomes borne by the government (DTP) or exempted by the government. Thus, SMEs taxpayers are not obliged to pay taxes until December 2021.

The provision of this tax incentive is carried out in order to increase the voluntary tax compliance of SMEs [5, 42, 58, 67]. In addition, tax incentives for SMEs can also provide space for SMEs business development during the pandemic and better opportunities to survive in the mid of competitive market conditions [5, 42].

In addition, the provision of tax incentives during a pandemic is a form of implementation of tax justice because it considers the ability to pay from taxpayers. Tax fairness can foster taxpayer confidence in the government [49, 50]. Taxpayer trust in the government is a mandatory condition for a good social contract to be established among the government and the taxpayer. Taxpayer trust in the government is very important because it can support voluntary tax compliance [53–57].

Therefore, the government is expected to be able to make tax policies for SMEs after the Covid-19 pandemic while still paying attention to things that are able to provide a sense of justice to taxpayers (such as: Incentives, etc.). Tax policy must be able to provide justice for taxpayers by taking into account the ability to pay taxes from taxpayers, in the sense that taxpayers with high incomes will pay more taxes than taxpayers with lower incomes [5]. The fairness felt by taxpayers will have an impact on increasing taxpayers' trust in the government [49, 50]. The taxpayer's trust in the government will make taxpayers voluntarily compliant and willing to cooperate with the government by complying with the regulations made by the government, with the aim of realizing common welfare [56, 57].

4 Conclusion

To be able to improve voluntary tax compliance, it is necessary to have a social contract among the authorities and the taxpayer. The social contract desperately needs mutual trust between taxpayers and the government. One of the variables that can foster taxpayer confidence in the government is tax fairness. Tax fairness can be either tax incentives provided by the authorities to taxpayers when economic conditions are declining. Tax

fairness perceived by taxpayers can encourage taxpayer trust in the authorities. The high confidence of taxpayers in the authorities can make taxpayers voluntarily compliant and willing to cooperate and comply with the rules made by the government. This is a form of voluntary compliance behavior of the taxpayer.

References

1. Akseer, N., Kandru, G., Keats, E.C., Bhutta, Z.A.: COVID-19 pandemic and mitigation strategies: Implications for maternal and child health and nutrition. *American Journal of Clinical Nutrition*, 112(2), 251–256 (2020).
2. Kolahchi, Z., De Domenico, M., Uddin, L.Q., Cauda, V., Grossmann, I., Lacasa, L., Grancini, G., Mahmoudi, M., Rezaei, N.: COVID-19 and Its Global Economic Impact. *Advances in Experimental Medicine and Biology*, 1318 825–837 (2021)
3. Andrew, J., Baker, M., Guthrie, J.: Accounting, inequality and COVID-19 in Australia. *Accounting, Auditing and Accountability Journal*, 34(6), 1471–1483 (2021).
4. Budiman, N.A., Indaryani, M., Mulyani, S.: Dampak Covid-19 dan Pemanfaatan Insentif Pajak terhadap Keberlangsungan Usaha pada UMKM Tenun Trosro Jepara. *Jurnal Manajemen dan Keuangan*, 9(3), 276–285 (2020).
5. Atawodi, O.W., Ojeka, S.A.: Factors That Affect Tax Compliance among Small and Medium Enterprises (SMEs) in North Central Nigeria. *International Journal of Business and Management*, 7(12), 87–96 (2012).
6. Sinnasamy, P., Bidin, Z., Ismail, S.S.S.: A Proposed Model of Non-compliance Behaviour on Excise Duty: A Moderating Effects of Tax Agents. *Procedia - Social and Behavioral Sciences*, 211(September), 299–305 (2015).
7. Abuselidze, G.: Optimality of tax policy on the basis of comparative analysis of income taxation. *European Journal of Sustainable Development*, 9(1), 272–293 (2020).
8. Hutauruk, M.R., Ghozali, I., Sutarmo, Y., Mustofa, A., Suyanto, Yulidar, M.A., Yanuarta, W.: The impact of self-assessment system on tax payment through tax control as moderation variables. *International Journal of Scientific and Technology Research*, 8(12), 3255–3260 (2019).
9. Marlyna, D., Mareta, A.R., Yufantria, F.: Evaluasi kepatuhan pajak UMKM selama pandemi covid 19. *Jurnal Ilmiah Akuntansi dan Keuangan*, 4(1), 5008–5016 (2022).
10. Krüger, N., Meyer, N.: Covid-19 pandemic business relief: A comparative study of south africa and selected european countries. *Polish Journal of Management Studies*, 23(2), 249–266 (2021).
11. Fairlie, R., Fossen, F.M.: The early impacts of the COVID-19 pandemic on business sales. *Small Business Economics*, 58(4), 1853–1864 (2022).
12. Syed, M.H., Khan, S., Rabbani, M.R., Thalassinou, Y.E.: Model Combining Zakat and Qardh-Al-Hasan for Countering the Adverse Impact of COVID 19 on SMEs and Individuals. *International Journal of Economics and Business Administration*, VIII(2), 351–364 (2020).
13. Wang, S.S., Goh, J.R., Sornette, D., Wang, H., Yang, E.Y.: Government support for SMEs in response to COVID-19: theoretical model using Wang transform. *China Finance Review International*, 11(3), 406–433 (2021).
14. Kristiana, I., Nurkatik, Nurcahyono, N.: The effect of sak emkm-based accounting implementation, accounting knowledge, education level, and revenue on msme taxpayer compliance in reporting its tax obligations during the covid-19 pandemic. *Universal Journal of Accounting and Finance*, 9(6), 1422–1432 (2021).
15. Le, H.B.H., Nguyen, T.L., Ngo, C.T., Pham, T.B.T., Le, T.B.: Policy related factors affecting the survival and development of SMEs in the context of Covid 19 pandemic. *Management Science Letters*, 10(15), 3683–3692 (2020).

16. Mirza, N., Rahat, B., Naqvi, B., Rizvi, S.K.A.: Impact of Covid-19 on corporate solvency and possible policy responses in the EU. *Quarterly Review of Economics and Finance*, 1–10 (2020).
17. Agustiantono, D.: Analisis Faktor-Faktor yang Mempengaruhi Kepatuhan Wajib Pajak Orang Pribadi: Aplikasi TPB (Studi Empiris WPOP di Kabupaten Pati). 1–72 (2012).
18. Alabede, J., Arifin, Z.B.Z., Idris, K.: Determinants of Tax Compliance Behaviour: A Proposed Model for Nigeria Public Governance Quality and Tax Compliance Behavior in Nigeria: The Moderating Role of Financial C.... *Journal of finance and economics*, (78), 122–136 (2018).
19. Walsh, K.: Understanding taxpayer behaviour - new opportunities for tax administration. *Economic and Social Review*, 43(3), 451–475 (2012).
20. Sanusi, S., Omar, N., Sanusi, Z.M., Muslichah, I.: The application of the responsive regulation theory on indirect tax compliance among small and medium enterprises in Malaysia. *Management and Accounting Review*, 20(2), 137–160 (2021).
21. Le, H.T.H., Tuyet, V.T.B., Hanh, C.T.B., Do, Q.H.: Factors affecting tax compliance among small-and medium-sized enterprises: Evidence from vietnam. *Journal of Asian Finance, Economics and Business*, 7(7), 209–217 (2020).
22. Koumanakos, E., Stantcheva, S., Al-Karablieh, Y.: Clearing the bar: Improving tax compliance for small firms through target setting. *Journal of International Economics*, 130 103452 (2021).
23. Amalia, F.A., Wicaksono, A.P.N.: Application of PP. No. 23 of 2018 and Tax Compliance: Implementation of Financial Reporting as a Moderation Variable. *AKSES: Jurnal of Economic dan Business*, 15(2), 91–100 (2020).
24. Kumaratih, C., Ispriyarso, B.: Pengaruh Kebijakan Perubahan Tarif PPH Final Terhadap Kepatuhan Wajib Pajak Pelaku UMKM. *Jurnal Pembangunan Hukum Indonesia*, 2(2), 158–173 (2020).
25. Allingham, M. G., and, Sandmo, A.: Income Tax Evasion: A theoretical analysis. *Journal of Public Economics*, 1 323–338 (1972).
26. Kaplanoglou, G., Rapanos, V.T.: Why do people evade taxes? New experimental evidence from Greece. *Journal of Behavioral and Experimental Economics* , 56 21–32 (2015).
27. Darmayasa, I.N., Achsin, H.M., Mulawarman, A.D.: Deconstruction of Tax Amnesty in Based on Pancasila Values: the Case of Indonesia. *The International Journal of Accounting and Business Society*, 25(1), 15–25 (2017).
28. Kolodziej, S.: The role of education in forming voluntary tax compliance. *General and Professional Education*, 2011(1), 22–25 (2011).
29. Jos, P.H.: Social Contract Theory Implications: Implications for Professional Ethics. *American Review of Public Administration*, 36(2), 139–155 (2006).
30. Friend, C.: Social contract theory. *Internet encyclopedia of philosophy*, (2004).
31. Mouritz, T.: Comparing the Social Contracts of Hobbes and Locke. *The Western Australian Jurist*, 1 123–127 (2010).
32. Elahi, M.: Summary of Social Contract Theory by Hobbes, Locke and Rousseau. *SSRN Electronic Journal*, (2014).
33. Rousseau, J.-J.: *The Social Contract*, GoodBook Classics (2006)
34. Wattimena, R.A.A.: *Melampai Negara Hukum Klasik*, Kanisius, Indonesia (2007)
35. James, S., Alley, C.: Tax Compliance , Self-Assessment and Tax Administration. *Journal of Finance and Management in Public Services*, 2(2), 27–42 (2002).
36. Nkwe, N.: Tax Payers' Attitude and Compliance Behavior among Small Medium Enterprises (SMEs) in Botswana. *Business and Management Horizons*, 1(1), 113–137 (2013).
37. Adebisi, J.F., Gbegi, D.O.: Effect of multiple taxation on the performance of small and medium scale business enterprises. (A study of West African Ceremics Ajeokuta, Kogi State). *Mediterranean Journal of Social Sciences*, 4(6), 323–334 (2013).
38. Gatsinzi, N.G.: Tax Compliance and Survival of Small and Medium Enterprises in Rwanda a Case Study of Medium Taxpayers in Kigali Cit. (2014)

39. Nyamwanza, T., Mavhiki, S., Mapetere, D., Nyamwanza, L.: An analysis of SMEs' attitudes and practices toward tax compliance in Zimbabwe. *SAGE Open*, 4(3), (2014).
40. Maseko, N.: Determinants of Tax Compliance in Small and Medium Enterprises in Zimbabwe. *Journal of Economics and International Business Research*, 2(3), 1–9 (2014).
41. Lubua, E.W.: Influencing Tax Compliance in SMEs through the Use of ICTs. *International Journal of Learning, Teaching and Educational Research*, 2(1), 80–90 (2014).
42. Buyl, P., Roggeman, A.: Do Smes Face A Higher Tax Burden? Evidence From Belgian Tax Return Data. *Prague Economic Papers*, 28(6), 729–747 (2019).
43. Mascagni, G., Mengistu, A.: Effective tax rates and firm size in Ethiopia. *Development Policy Review*, 37(S2), O248–O273 (2019).
44. Lai, M.L., Arifin, M.Z.: Small business enterprises and taxation: A case study of corporate clients of a tax firm. *Academy of Accounting and Financial Studies Journal*, 15(SUPPL.1), 11–24 (2011).
45. Ekawati, L. & Radianto, W.E, D.: Survey of Understanding and Compliance of Taxpayers of Small and Medium Enterprises in Yogyakarta City. *Accredited Journal of Informatics Technology and Management*, 6(Edisi Khusus), 185–190 (2008).
46. Mutiah, M., Harwida, G. A., & Kurniawan, F.A.: Interpretasi Pajak dan Implikasinya Menurut Perspektif Wajib Pajak Usaha Mikro, Kecil dan Menengah. *Jurnal Akuntansi Multiparadigma*, 2(3), 418–429 (2011).
47. Rahayu, N.: Analysis of tax treatment of personal taxpayers engaging in business with certain gross income (small enterprise). *International Journal of Economic Research*, 14(9), 289–298 (2017).
48. Aneswari, Y.R., Irianto, G., Djamhuri, A.: Does the formulation of tax amnesty considering SMEs? *International Journal of Applied Business and Economic Research*, 14(11), 8225–8236 (2016).
49. Murphy, K.: Procedural justice and tax compliance. *Australian Journal of Social Issues*, 38(3), 379–408 (2003).
50. Faizal, S.M., Palil, M.R., Maelah, R., Ramli, R.: Perception on justice, trust and tax compliance behavior in Malaysia. *Kasetsart Journal of Social Sciences*, 38(3), 226–232 (2017).
51. Richardson, G.: Determinants of tax evasion: A cross-country investigation. *Journal of International Accounting, Auditing and Taxation*, 15(2), 150–169 (2006).
52. Slemrod, J.B.: Tax Compliance and Enforcement: New Research and Its Policy Implications, (2016)
53. Kim, C.K.: Does fairness matter in tax reporting behavior? *Journal of Economic Psychology*, 23(6), 771–785 (2002).
54. Murphy, K.: Aggressive tax planning: Differentiating those playing the game from those who don't. *Journal of Economic Psychology*, 25(3), 307–329 (2004).
55. Kogler, C., Batrancea, L., Nichita, A., Pantya, J., Belianin, A., Kirchler, E.: Trust and power as determinants of tax compliance: Testing the assumptions of the slippery slope framework in Austria, Hungary, Romania and Russia. *Journal of Economic Psychology*, 34 169–180 (2013).
56. Gangl, K., Hofmann, E., Kirchler, E.: Tax authorities' interaction with taxpayers: A conception of compliance in social dilemmas by power and trust. *New Ideas in Psychology*, 37 13–23 (2015).
57. Ariyanto, D.: Influence of justice, culture and love of money towards ethical perception on tax evasion with gender as moderating variable. *Journal of Money Laundering Control*, 23(1), 245–266 (2020).
58. Feld, L.P., Frey, B.S.: Tax compliance as the result of a psychological tax contract: The role of incentives and responsive regulation. *Law and Policy*, 29(1), 102–120 (2007).
59. Alm, J.: Expanding the theory of tax compliance from individual to group motivations, , New Orleans, LA (2013)

60. Bodea, C., LeBas, A.: The Origins of Social Contracts: Attitudes toward Taxation in Urban Nigeria, (2013)
61. Fjeldstad, O.H., Semboja, J.: Why people pay taxes: The case of the development levy in Tanzania, (2001)
62. Rothstein, B.: Trust, social dilemmas and collective memories. *Journal of theoretical politics*, 12(4), 477–501 (2000).
63. Prabhakar, R.: What do the public think of taxation? evidence from a focus group study in England. *Journal of European Social Policy*, 22(1), 77–89 (2012).
64. Picur, R.D., Riahi-Belkaoui, A.: The impact of bureaucracy, corruption and tax compliance. *Review of Accounting and Finance*, 5(2), 174–180 (2006).
65. Malkawi, B. H., & Haloush, H.A.: The Case of Income Tax Evasion in Jordan : Symptoms and Solutions. *Journal of Financial Crime*, 1–23 (2008).
66. Bergner, Ss., Brrutigam, R., Evers, M.T., Spengel, C.: The Use of SME Tax Incentives in the European Union. ZEW-Centre for European Economic Research Discussion Paper, (17), 1–125 (2017).
67. Wadesango, W., Mutema, M., Mhaka, M.: The Impact Of Self-Assessment System On Compliance Levels Of Small And Medium Enterprises: Case Study-Van Sales Company. *Academy of Entrepreneurship journal*, 24(3), (2018).

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

