

Rich or Poor: Experimental Evidence on the Self-Validation Hypothesis and Tax Compliance Behavior

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ABSTRACT

This study investigates the influence of the self-validation hypothesis on tax compliance by examining whether the effect differs between individuals with higher and lower income levels. The study employs an experimental method using a 2 × 2 factorial design. Participants were students enrolled in the public financial accounting programme at Politeknik Negeri Bengkalis. Drawing on the Elaboration Likelihood Model (ELM), the study helps explain why tax-related messages may generate different responses across groups with varying levels of motivation and cognitive capacity. The results indicate that individuals with higher incomes are more likely to comply with tax obligations than those with lower incomes. To strengthen tax compliance, the government should design communication strategies that are tailored to taxpayers' motivation and cognitive capacity.

Keywords: Income Level; Self-Validation Hypothesis; Tax; Tax Compliance

Kaya atau Miskin: Studi Eksperimental tentang Self-Validation Hypothesis dan Perilaku Kepatuhan Pajak

ABSTRAK

Tujuan penelitian ini untuk menguji pengaruh self-validation hypothesis terhadap kepatuhan pajak, dengan mempertimbangkan apakah pendapatan individu tinggi atau rendah. Penelitian ini menggunakan metode eksperimen dengan desain faktorial 2x2. Peserta eksperimen adalah mahasiswa akuntansi keuangan publik di Politeknik Negeri Bengkalis. Melalui teori Elaboration Likelihood Model (ELM), penelitian ini membantu menjelaskan mengapa pesan pajak memiliki dampak yang berbeda pada berbagai kelompok orang. Menariknya, temuan penelitian menunjukkan bahwa individu dengan pendapatan tinggi lebih cenderung mematuhi pajak dibandingkan dengan mereka yang berpendapatan rendah. Untuk meningkatkan kepatuhan pajak, pemerintah harus merancang strategi komunikasi yang disesuaikan dengan tingkat motivasi dan kapasitas kognitif wajib pajak.

Kata Kunci: Tingkat Pendapatan; Self-Validation Hypothesis; Pajak; Kepatuhan Pajak

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INTRODUCTION

Taxes play an important role in Indonesia's fiscal system. Each year, the country requires a substantial budget to meet its growing economic needs, and taxation remains the largest source of government revenue (Pihany & Andriani, 2022; Cahyonowati et al., 2022). Tax revenues finance a wide range of development programmes, including the provision of public facilities and infrastructure (Yunita & Anita, 2023). Nevertheless, tax administration continues to face persistent challenges, particularly tax evasion and tax avoidance (Castro & Scartascini, 2015; Kustiawan et al., 2018; Supriyati, 2017; Faizal et al., 2017). Taxpayer compliance in paying and reporting taxes is still considered low (Sulastri et al., 2023). In response, the government introduced a tax amnesty programme in 2016. In general, tax amnesty programmes provide a brief, one-time window in which taxpayers who previously failed to comply can disclose and settle their liabilities in exchange for the state's commitment not to pursue them for past non-compliance (Frank, 1985). In 2022, the government also introduced the Voluntary Disclosure Programme (PPS), often referred to as Tax Amnesty Phase II, to encourage taxpayers to regularise their tax positions (Yunita & Anita, 2023). Despite these initiatives, additional efforts remain necessary to strengthen tax compliance.

In 2024, the Ministry of Finance recorded that tax revenue fell short of the 2024 state budget target. The realised revenue was IDR 1,932.4 trillion, or 97.2% of the 2024 State Budget target of IDR 1,988.9 trillion (kumparan.com, 2025). This implies a shortfall of approximately IDR 56.5 trillion in 2024, highlighting the need for continued attention to revenue performance. Tax evasion and avoidance are challenges faced by many countries (Pandoyo, 2025). For Indonesia – where a large share of infrastructure development is financed through taxes – addressing tax evasion is particularly important (Chung & Trivedi, 2003). Although paying taxes is not necessarily viewed positively by all citizens, tax collection remains a central function of government (Palil et al., 2016). One common form of tax evasion is underreporting. Underreporting can reduce tax revenue, affect the provision of public goods and services, distort resource allocation, complicate income distribution, and heighten perceptions of unfairness and fear of legal sanctions (Alm, 1991). Various measures have been undertaken to reduce tax avoidance and evasion, including tax amnesties and criminal prosecution. However, the tendency to engage in tax avoidance or evasion remains prevalent.

To increase tax compliance, prior studies have proposed several approaches, including persuasion-based strategies (McGraw & Scholz, 1991; Blumenthal et al., 2001; Chung & Trivedi, 2003). A persuasive approach refers to procedures used to shape or change an individual's thinking and beliefs. Chung & Trivedi (2003) describe persuasion as influence that incorporates normative appeals to encourage compliance, rather than focusing primarily on self-interest by highlighting the personal consequences of non-compliance. The general target of persuasion is attitude change. McGraw & Scholz (1991), Blumenthal et al. (2001), and Chung & Trivedi (2003) conducted experiments emphasising norms as well as the fines or punishments associated with tax avoidance. In addition, Abbu & Foy (2016) report that taxpayers can be encouraged to pay taxes through media and other persuasive strategies. However, Chung & Trivedi (2003) find that persuasion does not directly affect tax compliance, although gender moderates the

relationship between persuasion and compliance. The absence of an effect may reflect the limited relevance of the manipulation used; friendly persuasion is commonly employed by tax authorities in practice, which may lead participants to feel relatively unaffected by such messaging.

The self-validation hypothesis emphasises metacognitive processes, or secondary processes. The central idea is that generating an idea or argument is not sufficient to influence judgment and decision-making; individuals must also have confidence in their thoughts for those thoughts to shape subsequent attitudes and behaviour (Brinol & Petty, 2009). When individuals construct justifications for their beliefs, their confidence in those justifications may influence how they act in the future. Accordingly, further investigation is needed to assess whether self-validation affects taxpayer compliance behaviour.

Income level may also influence tax compliance (Anderhub et al., 2001). Prior studies suggest that income can shape individual decision-making (Collins & Plumlee, 1991; Anderhub et al., 2001; Piff et al., 2012). Collins & Plumlee (1991) conducted an early experimental study examining audit schemes that combine self-reported income with fines or penalties, and their results indicate that underreporting or non-compliance is more common among higher-income individuals. In addition, Piff et al. (2012) argue that higher social class – defined by relative standing in wealth, occupational prestige, and education – is associated with a greater tendency toward unethical behaviour. Anderhub et al. (2001) similarly show that higher-income individuals may be more likely to misreport earnings. Taken together, this evidence suggests that taxpayers with higher incomes may face stronger incentives or opportunities to underreport than those with lower incomes. Therefore, this study examines the moderating role of income in the relationship between persuasion through the self-validation hypothesis and taxpayer compliance behaviour.

This research employs an experimental method with a 2×2 factorial design, using students as participants. The findings indicate that individuals in the high-income condition demonstrate higher tax compliance than those in the low-income condition. The results also show no significant effect of the self-validation treatment on taxpayer compliance. Theoretically, this study contributes to a more comprehensive understanding of tax compliance by showing that, although belief-related mechanisms through self-validation do not significantly influence compliance in this setting, economic factors such as income level remain important determinants of compliance behaviour. This pattern is consistent with a utility-theory perspective, which suggests that individuals with higher incomes may have stronger incentives to comply with tax obligations. The study provides empirical evidence on the role of income in tax compliance and indicates that further research is needed to refine psychological approaches related to self-validation and to identify other, potentially more influential, motivational drivers of taxpayer compliance. Practically, these findings may inform tax authorities and regulators in designing interventions to improve taxpayer compliance.

Tax evasion is a global phenomenon. Countries with substantial tax revenues commonly face evasion risks, and Indonesia is no exception. This has encouraged the government to introduce policies such as tax amnesty and the Voluntary Disclosure Programme (PPS). Indonesia applies a self-assessment

system that allows taxpayers to calculate, pay, and report their taxes independently. However, tax evasion remains widespread. Tax evasion refers to illegal tax avoidance practices, typically involving deliberate non-reporting of income or intentional misreporting to reduce tax liabilities. Such conduct constitutes a criminal offence because it involves intentional non-compliance with tax law (Anderhub et al., 2001). Frey & Torgler (2007) argue that tax morale is strongly shaped by taxpayers' perceptions; when individuals perceive tax evasion as socially acceptable, tax morale tends to be lower.

Tax compliance refers to the willingness and awareness of individuals or taxable entities to act in accordance with tax laws and administrative requirements without coercion (Roth et al., 1989; James & Alley, 2002; Saad, 2012; Prastiwi et al., 2024). Prior literature also recognises that purely economic approaches cannot fully explain tax compliance behaviour (Alm, 2018). Accordingly, behavioural approaches are increasingly used to understand compliance, including psychological explanations. Alm (2018) and Cahyonowati et al. (2022) note that psychological factors—such as emotions—may help explain inconsistencies in compliance behaviour (Boedker & Chua, 2013). Emotions can affect tax decisions (Dulleck et al., 2016; Fochmann et al., 2025). Beyond emotions, individuals' understanding of the importance of taxes and how tax revenues are allocated for public benefit may also increase voluntary compliance (Trivan et al., 2023). This study positions the self-validation hypothesis as a persuasion-based psychological approach that may offer additional insights into tax compliance behaviour.

A persuasive approach is used to encourage changes in behaviour or beliefs. Aristotle distinguished two basic sources of persuasion: emotion (passion) and reason (Petty & Brinol, 2008). The Elaboration Likelihood Model of persuasion (ELM), developed by Petty & Cacioppo (1984), provides a foundational framework for understanding when and how persuasive communication succeeds (Petty & Cacioppo, 1984). ELM integrates various perspectives within a single framework, including the roles of emotion and social judgment, and proposes that similar mechanisms can explain the effects of incidental emotions as well as many other variables (Brinol & Petty, 2009).

Chung & Trivedi (2003) propose a persuasion-based procedure aimed at changing behaviour by encouraging individuals to build and generate reasons. According to their argument, generating reasons that support compliance can strengthen pro-compliance beliefs, reduce beliefs that oppose compliance, and ultimately increase compliant behaviour.

The self-validation hypothesis represents a persuasion approach developed by Petty & Brinol (2008). The key idea is that simply generating a concept or argument is not sufficient to influence a person's decision; individuals must also have confidence in their thoughts (Brinol & Petty, 2009; Brinol & Petty, 2022; Brinol et al., 2023). Under the self-validation hypothesis, greater confidence in one's thoughts strengthens the extent to which those thoughts influence attitudes and behaviour. In other words, the relationship between confidence and thought use parallels the relationship between self-confidence and behaviour (Brinol et al., 2004). Clark et al. (2009) further note that two individuals may hold similar thoughts about a target but differ in the confidence they place in those thoughts. Individuals with higher confidence are more likely to rely on their

thoughts when forming evaluations. For example, Brinol & Petty (2003) suggest that nodding rather than shaking one's head can increase confidence in one's opinions. When individuals receive support for their reasons, they may become more confident in acting accordingly, which can influence subsequent behaviour. Because confidence plays a central role in persuasion, it is important to understand how confidence emerges (Brinol & Petty, 2009).

Building reasons may influence an individual's mindset, but generating reasons alone may be insufficient if individuals lack confidence in those reasons. Thus, the key mechanism of reason generation may not, by itself, produce behavioural change (Brinol & Petty, 2009; Brinol & Petty, 2022). McGraw & Scholz (1991) used video recordings explaining norms and the consequences of non-payment, and found that persuasion could change attitudes but did not increase compliance. Similarly, Blumenthal et al. (2001) report no evidence that persuasive messages increased compliance. Chung & Trivedi (2003) revisited the persuasive approach using a reason-generation procedure, but likewise found no empirical support for increases in tax compliance. These findings suggest that, while persuasion may shape attitudes, confidence in the constructed reasons is also critical. Individuals often validate their thoughts before acting on them, consistent with Brinol & Petty (2009), who argue that ideas are more likely to affect decisions when individuals feel confident in those ideas.

Greater confidence is expected to produce stronger attitude change, particularly when individuals are highly involved and engage in extensive elaboration (Brinol et al., 2004). Accordingly, strengthening confidence in existing thoughts may have a stronger behavioural effect than interventions that merely prompt thought generation. Therefore, the proposed hypothesis is

H₁: Individuals exposed to the self-validation hypothesis will tend to have higher tax compliance than those who are not exposed.

According to prior research, underreporting behaviour is influenced by income level (Collins & Plumlee, 1991; Boylan, 2010; Piff et al., 2012; Wickramasinghe & Kumara, 2020). Collins & Plumlee (1991) show that higher-income individuals are more likely to underreport. This pattern is often linked to the idea that the likelihood of unethical behaviour increases with social class. Piff et al. (2012), for example, provide evidence that individuals are more prone to act unethically as their social class rises, where social class is reflected in wealth, occupational prestige, and education. Several perspectives further suggest that economic position can shape tax evasion behaviour. One view is the belief that tax evasion may be morally justified under certain conditions (McGee & Maranjyan, 2006). McGee & Maranjyan (2006) argue that where governments are perceived as corrupt, citizens may feel less obligated to pay taxes. Relatedly, some taxpayers may believe that taxes already paid are likely to be misused or "tainted" (Cahyonowati, 2021). In this view, citizens are asked to pay taxes that are ultimately diverted through corruption, and the government is perceived as illegitimately taking income. The argument is that the state has little claim over income that is generated independently of government intervention. Similarly, an entrepreneur who builds a business without government support may be less willing to pay taxes on a successful venture, which may increase the tendency to underreport income.

A second perspective relates to power theory. Wax (1971) defines power as the ability to influence behaviour through rewards and penalties, or through control over resources necessary for an individual or organisation to function or survive. In simple terms, power refers to the capacity to effect change. Because social class is closely associated with financial resources, individuals with higher incomes may also be perceived as having greater power. Experimental evidence from Anderhub et al. (2001) indicates that higher-income individuals often report income less honestly. This suggests that those with higher earnings may be more inclined than those with lower incomes to avoid taxes, which indirectly supports the argument that high earners tend to underreport. Therefore, the proposed hypothesis is

H₂: Individuals with low incomes are more likely to comply with taxes compared to individuals with high incomes.

The relationship between the self-validation hypothesis and income level can be further considered through equity theory. Equity theory suggests that taxpayers view their relationship with the state not only as one of coercion, but also as an exchange relationship. Under this perspective, taxpayers are more likely to comply when they perceive the exchange between taxes paid and government services received as fair (Torgler, 2005). If taxpayers believe their tax burden is excessive and that the government does not use tax revenues appropriately – particularly when they perceive that their income was earned largely without government support – they may become more inclined to avoid taxes. Conversely, when taxpayers believe that tax revenues are allocated effectively and transparently, they may be more willing to comply, consistent with an exchange-based relationship between taxpayers and the state. Accordingly, applying a self-validation treatment – for example, by showing a video explaining the importance of taxes and illustrating how tax revenues are used – may strengthen taxpayers' confidence in the reasons for paying taxes and thereby increase compliance. Therefore, the proposed hypothesis is

H₃: There is an interaction between income and the type of treatment on tax compliance.

RESEARCH METHOD

This research employed an experimental method using a 2 × 2 between-subjects design, with two manipulated factors: self-validation and income level. The self-validation manipulation was implemented by asking participants to write reasons for paying taxes and then to watch a video explaining why taxes should be paid. Income level was operationalised through experimental earnings: participants completed a 40-item quiz and received a reward of IDR 100,000 for each correct answer, which was used to distinguish between high- and low-income conditions. Participants who completed only the quiz task (i.e., without the self-validation activities) served as the control condition, whereas participants who completed the quiz task and received the self-validation treatment were assigned to the experimental condition.

Table 1. Group Distribution in the Experiment

Manipulation	Income Level	
	High	Low
Control	A	B
Self-Validation Hypothesis	C	D

Source: Research Data, 2025

The participants in this experiment were students from the Public Financial Accounting study programme at Bengkalis State Polytechnic. Eligible participants were those in their second, third, and fourth years of study, as they had already completed coursework in taxation. This requirement was intended to ensure that participants understood the experimental procedures and were able to calculate personal income tax.

The experimental procedure is illustrated in Figure 1. It was adapted from Chung & Trivedi (2003) and McGraw & Scholz (1991) and adjusted to the present research context and manipulations. In the initial stage, participants answered 40 quiz questions, with each correct answer yielding compensation of IDR 100,000. No deductions were applied for incorrect or unanswered questions. Performance on this task was used to classify participants into high- and low-income conditions, and the procedure was intended to ensure that participants perceived their income as effort-based. The high-income condition ranged from IDR 2,000,000 to IDR 4,000,000, while the low-income condition ranged from IDR 400,000 to IDR 1,900,000. The tax rate applied to high-income participants was 15%, whereas the tax rate for low-income participants was 5%, based on prevailing income tax rates in Indonesia. Participants who earned less than IDR 400,000 were excluded from the experiment to minimise potential bias.

After completing the quiz, participants were asked to leave the room while the researchers reviewed the results to determine the income classification. Participants were then informed of their results and asked to re-enter the experimental room. Next, participants were randomly assigned within income categories to one of four groups. Group A served as the high-income control group, and Group B served as the low-income control group. Groups C and D were the experimental groups, representing the high-income and low-income conditions, respectively.

Table 2. Experimental Procedure

Step 1	Working on quiz questions, checking quiz results, and determining income groups (high and low)
Step 2	Building and writing reasons why they should pay taxes and watching educational video about taxation
Step 3	Notification regarding the possibility of an audit occurring
Step 4	Revenue reporting and audit ball spinning
Step 5	Compensation payment

Source: Research Data, 2025

Participants were asked to construct an argument explaining why taxes should be paid. No word limit was imposed on the written responses, and participants were given 10 minutes to complete the task. To administer the self-validation treatment, participants then watched a video conveying messages about the importance of paying taxes. Participants in the control group did not receive

this treatment and therefore did not complete the reason-generation task or watch the video.

Before the treatment, participants were informed that their earnings would be subject to tax deductions. This step was intended to examine whether income level influences tax compliance behaviour. Consistent with Chung & Trivedi (2003), the audit probability was set at 1% (i.e., a 1-in-100 chance), based on the prevailing Indonesian income tax rates applied in the experiment (5% and 15%). After completing the treatment, participants were asked to fill out an income-reporting sheet and calculate the tax owed on their earnings. No penalties were imposed in this study. An audit lottery mechanism was then implemented using an audit ball draw with a 1:100 probability. After the draw was completed and the results indicated that no audit occurred, the experiment ended.

The independent variables in this study are the self-validation hypothesis treatment and income level. The self-validation hypothesis was operationalised through a video message emphasising why taxes should be paid (McGraw & Scholz, 1991). Income level (high versus low) was operationalised using the earnings generated from participants' quiz performance (Chung & Trivedi, 2003).

The dependent variable is tax compliance. Participants were asked to report their income to the researchers and calculate the tax payable on their earnings. The researchers had access to participants' actual earnings and were therefore able to identify underreporting behaviour.

RESULT AND DISCUSSION

This study involved 86 students from the Public Financial Accounting study programme at Politeknik Negeri Bengkalis. The demographic characteristics of the participants are presented in Table 3.

Table 3. Demographic Characteristics of Respondents

Variable	Frequency	Percentage
Age		
19 years old	2 participants	2%
20 years old	7 participants	8%
21 years old	29 participants	34%
22 years old	37 participants	43%
23 years old	8 participants	9%
24 years old	3 participants	3%
Gender		
Male	16	19%
Female	70	81%
GPA		
3.00-3.50	75	87%
3.50-3.75	7	8%
3.76-4.00	4	5%

*Dependent: Manipulation

Source: Research Data, 2025

Table 4. Randomization Test

Variable*	Value	Sig.
Age	2.542	0.111
Gender	0.909	0.340
IPK	2.458	0.117

*Dependent: Manipulation

Source: Research Data, 2025

Before hypothesis testing, a randomisation check is required to ensure that the experimental design is not affected by systematic allocation errors. Randomisation was assessed using a chi-square test, as reported in Table 3. The results in Table 4 show that the p-values for age (> 0.111), gender (> 0.340), and GPA (> 0.117) all exceed 0.050. Overall, the randomisation tests indicate p-values above the 0.050 threshold, suggesting that participants were randomly distributed across treatment conditions and that no randomisation issues are evident. In addition, before hypothesis testing, the influence of demographic characteristics on the dependent variable was examined. The results of this analysis are presented in Table 5.

Table 5. Demographic Characteristics of Respondent Test

Independent	Variable	Dependent	F	Sig.
Age		Tax Compliance	10.861	0.001
Gender		Tax Compliance	3.852	0.053
GPA		Tax Compliance	10.311	0.002

*Dependent: Tax Compliance

Source: Research Data, 2025

Based on the test results, age ($F = 10.861$; $p = 0.001$) and GPA ($F = 10.311$; $p = 0.002$) significantly influence tax compliance, while gender is marginally significant ($F = 3.852$; $p = 0.053$). Accordingly, these demographic variables were controlled in the main hypothesis tests to ensure that the estimated treatment effects on tax compliance were not confounded by participant characteristics. Hypothesis testing was conducted using a generalized linear model (GLM) with demographic controls. The results of the hypothesis tests are presented below.

Table 6. Hypothesis Test

Variable	Wald χ^2	Sig.
Manipulation (self-validation)	0.715	0.398
Income level	18.851	$< .001$
Income level \times Manipulation	0.021	0.884

Source: Research Data, 2025

Table 7. Goodness of Fit Model Test

Variable	Value/df
Deviance	0.151
Pearson Chi-Square	0.151

Source: Research Data, 2025

This study examines the effects of income level and the self-validation treatment on tax compliance, and assesses their interaction, while controlling for demographic variables (age, GPA, and gender). The self-validation treatment did

not have a significant effect on tax compliance (Wald $\chi^2(1) = 0.715$, $p = .398$); therefore, Hypothesis 1 was rejected. Hypothesis 2 produced a Wald $\chi^2(1)$ value of 18.851 ($p < .001$), indicating that tax compliance differs significantly between individuals in the high- and low-income conditions. However, contrary to the prediction, individuals with high incomes were more likely to comply with taxes than individuals with low incomes; therefore, Hypothesis 2 was rejected. Hypothesis 3 was also rejected, as the interaction analysis showed no significant interaction between income and treatment on tax compliance (Wald $\chi^2(1) = 0.021$, $p = .884$). To assess the suitability of the Generalized Linear Model (GLM), a goodness-of-fit test was conducted. The results indicate that the Deviance/df ratio is $11.960/79 = 0.151$ and the Pearson Chi-Square/df ratio is 0.151, suggesting that the model fits the data well. Both values are well below 1, indicating no evidence of overdispersion.

Overall, the findings do not align with this study's predictions. Interventions designed to increase confidence and persuade participants through the self-validation approach did not influence tax compliance behaviour. This result contrasts with self-affirmation theory (Steele, 1988), which suggests that reinforcing self-values can increase acceptance of social norms and promote prosocial behaviour, including legal compliance. Instead, the findings are consistent with Chung & Trivedi (2003) and Adem et al. (2024), who likewise report that persuasive approaches do not significantly affect tax compliance. In addition, no significant interaction was observed between income and treatment. Notably, participants in the high-income condition exhibited higher compliance than those in the low-income condition.

Individuals with higher incomes typically have greater financial capacity to meet tax obligations. Consistent with the Elaboration Likelihood Model (ELM), higher-income individuals may be more likely to process persuasive messages via rational evaluation (the central route) (Cullis & Lewis, 1997). They may also have better access to information about the tax system, stronger cognitive resources, and a greater ability to pay taxes without compromising basic needs. Moreover, greater access to information and educational opportunities may strengthen understanding of the role of taxes in national development. By contrast, individuals with lower incomes may be more responsive to peripheral cues rather than substantive arguments (Kirchler et al., 2008). Economic pressure may reduce their capacity to prioritise tax payments, particularly when limited resources must be allocated to essential needs such as food and clothing rather than tax obligations (Engida & Baisa, 2014; Trivan et al., 2023).

Accordingly, although tax education and socialisation through persuasive messaging have been implemented, their effects may be more apparent among higher-income individuals who face fewer economic constraints. In addition, year-on-year increases in tax rates and the information circulated in mass media may contribute to resistance to tax compliance, particularly among lower- and middle-income groups. This is consistent with Fauziah et al. (2024), who report that 78% of negative sentiment expressed by the Indonesian public was associated with tax rate increases, which were perceived as imposing a greater burden on lower- and middle-income individuals than on higher-income groups who may have more opportunities to avoid taxes.

Beyond persuasive efforts, perceptions of corruption can also shape public attitudes towards taxation. Corruption is consistently associated with lower tax revenue and weaker individual compliance (Crivelli & Kenn, 2017; Rosid et al., 2018; Mauro et al., 2019; Piper, 2022). As perceived corruption increases, trust in the tax system tends to decline (Piper, 2022), which can undermine compliance. Corruption weakens public finances because tax revenues are not used effectively, and resources intended for public goods and investment projects are reduced or diverted. In turn, corruption can displace spending on education, healthcare, and infrastructure—investments that support economic performance and improve living standards (Mauro et al., 2019).

From an expected utility perspective, individuals make compliance decisions through a cost-benefit assessment and may avoid taxes when the perceived benefits of evasion exceed expected penalties (Becker, 1968). When the public perceives that tax revenues are misused due to corruption, the perceived benefits of compliance may diminish. In this context, tax compliance is shaped not only by rational calculations but also by moral considerations (Alm & Torgler, 2011). When individuals perceive the tax system as unfair, they may be more inclined to avoid taxes. Conversely, when taxes are perceived to be used effectively for the public good, taxpayers are more likely to feel motivated to comply with their obligations (Torgler, 2003).

CONCLUSION

The findings of this study indicate that, although income level influences tax compliance, psychological manipulation through the self-validation approach does not strengthen or weaken the effect of income. The results also run counter to this study's predictions, showing that individuals in the high-income condition tend to be more tax-compliant than those in the low-income condition. This pattern may reflect the heavier economic constraints faced by low-income individuals, who may be less willing or able to forgo basic necessities in order to meet tax obligations. Overall, the evidence suggests that economic factors such as income level exert a stronger influence on tax compliance than psychological approaches such as self-validation. This reinforces the view that taxpaying decisions are shaped more by rational and resource-based considerations than by the need to maintain consistency with self-values.

From a practical standpoint, the findings imply that policies aimed at improving tax compliance should more directly address the constraints faced by low-income taxpayers, for example by simplifying reporting procedures or providing targeted administrative support. Future research could examine potential moderating or mediating factors that may clarify the relationship between income and tax compliance, and could also consider more context-specific psychological interventions—such as appeals to nationalism or reinforcement of social values—that may influence individuals' willingness to comply with tax obligations.

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