

Factors Influencing GST Return Filing: A Study Based on Theory of Planned Behaviour among Entrepreneurs in Kerala

Swathy Krishna* and V. Shacheendran

Department of Management Studies, Dr. Janaki Ammal Campus, Palayad, Kannur – 670661, Kerala, India

Professor, GPM Government College, Manjeshwaram, Kasaragod – 671323, Kerala, India

Abstract

The study used the Theory of Planned Behaviour (TPB) to examine the GST return filing intention of entrepreneurs across Kerala. The extended TPB model examines the impact of attitude toward GST filing, subjective norms, perceived behavioural control, and moral obligation on compliance intention with respect to the filing of GST returns. The analysis was performed using the information gathered from 205 entrepreneurs residing in Kerala. The interconnection among the variables was examined using PLS-SEM. The results indicate that an entrepreneur's attitude and subjective norms could enhance the certainty of GST compliance decisions, meanwhile, perceived behavioural control does not have any relevant impact on an entrepreneur's intention to file GST returns on time. The study further delves into the least explored area by focusing on the role of moral obligation in influencing the timely filing of GST returns. The study provides evidence that tax compliance intention is positively associated with the level of moral values possessed by entrepreneurs.

Keywords: Goods and Services Tax, GST Compliance Intention, GST Filing, Revenue Performance, Tax Compliance, Theory of Planned Behaviour

1. Introduction

The Director General of GST Intelligence, India, reported a revenue loss of Rs 1.01 lakh crore during the financial year 2023 due to the non-compliance of taxpayers. The number of evading cases has increased from 12,574 cases in 2021-22 to 14,000 cases in 2022-23 (pib.gov.in). The major portion of tax deficiency was the result of fake invoicing, undervaluation of goods, non-payment of GST, wrong availment of ITC, and fraudulent availment of tax exemptions. Existing literature acknowledges that tax compliance can reduce tax gaps, which in turn can facilitate better economic growth (Hauptman *et al.*, 2014). The increasing nature of the fiscal budget and economic downturn emphasize the urgent need for efforts to enhance tax compliance.

Tax compliance has been a long-explored area (Jimenez & Iyer, 2016; Bobek *et al.*, 2013), but existing studies focus on an economic perspective (Musimenta *et al.*, 2019), while there is limited knowledge of behavioural aspects that influence tax compliance. The existing economic model focuses on administrative action or enforcement measures (Nkundabanyanga *et al.*, 2017; Alm *et al.*, 2010) as a way of enhancing the level of business tax compliance, the social psychological or behavioural influence is a least explored area, especially with respect to consumption taxes. The contradictory results about behavioural factors create a need for further exploration of the antecedents of tax compliance. Moreover, increased administrative efforts could have an adverse effect on government spending and can cause substantial resistance. Empirical results

*Email: swathykrishnaek@gmail.com

found that a person's decision-making is not only impacted by expected utility but can also be framed using non-economic considerations (Torgler, 2007). The economic aspects like audit frequency, penalty rates, and other enforcement measures are not merely the function of tax compliance, but humanistic aspects can play an influential role in understanding individuals' compliance decisions (Alshir'ah *et al.*, 2016).

According to James and Alley (2002) tax compliance "is the willingness of individuals and other taxable entities to act by the spirit as well as the letter of tax law and administration without the application of enforcement activity". Under the GST system, tax compliance relates to timely compliance with all rules and regulations specified under the GST Act, and, includes timely gaining of GST registration, proper invoicing, timely submission of GST returns, proper availment of input tax credit and refunds, and proper generation of e-way bill. GST introduction was a strategic move to reduce the economic downturn by encouraging better voluntary compliance. The GST adoption is a significant reform that focuses on revenue enhancement, improved tax compliance, and enhancement of overall economic productivity. However, over the years, the GST revenue loss due to non-compliance has significantly risen. Some of the major GST defaults relate to the wrong valuation of goods and services, improper use of exemptions, faulty utilization of ITC, and not paying taxes. The GST non-compliance cases have gone up by 2, 574 cases and reached 14, 000 cases in 2022-23, and till now, 1402 tax evaders have been detained and Rs 1.03 lakh crore were recovered by the GST officials. GST non-compliance has been a significant discussion area among policymakers, but there exists limited knowledge on tax compliance regarding Goods and Services Tax, especially at the entrepreneurial level.

In the context of Kerala, despite GST being a revenue-neutral tax, the revenue performance over the post-GST period has not improved much. The revenue performance of developing states is far lower than that of developed states. The revenue inefficiencies are attributed to poor sector composition, informalization, and the level of urbanization (Dash & Kakarlapudi, 2021). Despite Kerala's economic and production activities, the state had the lowest revenue performance

in comparison to other similar states. Kerala's revenue performance during the GST period falls behind the revenue performance under the VAT regime. The dominant part of economic activity is controlled by the informal sector. Many informal undertakings are unregistered and come outside the purview of GST law which causes problems for the tax administrators and becomes a barrier for revenue collection. The state with better compliance can have better revenue performance. Despite not having information about state-wise GST non-compliance rate, it is understandable that enhanced non-compliance is a significant factor attributing to poor revenue performance. Understanding the factors influencing GST compliance can provide valuable insights for improving tax compliance.

At the business level, tax adherence is treated as a burden or additional expenditure, especially for SMEs than the larger concerns. Excess burden or complexities associated with tax compliance will directly influence the business's economic performance, this increased burden can lead to the rise of the shadow economy. The business concern is managed by its owners; any benefits or losses associated with the concern have to be borne by the owners. The compliance decision of the owners is influenced by various economic or non-economic factors (Downs & Stetson, 2014). Understanding the behaviour of business owners can become a beginning point for tackling the issues concerning tax non-compliance. The current investigation focuses on using the theory of planned behaviour to analyze GST compliance intention w.r.t. return filing among entrepreneurs in Kerala.

The study's remaining sections are organized in the following manner: Section 2 constitutes related literature and hypotheses development. Section 3 outlines data and research design, followed by results estimates of the study in Section 4. Section 5 ends with the conclusion.

2. Literature Review and Hypotheses Development

2.1 Theory of Planned Behaviour

Tax compliance has been a long-discussed area by both policymakers and researchers (Damayanti *et*

al., 2015). Several studies have been undertaken by developed countries like America, Australia, and Canada. Because of country-wise disparity in political, social, and cultural characteristics, the individual's compliance behaviour also varies across regions (Kirchler, 2007). A significant variation in individuals' compliance behaviour calls for further exploration of antecedents of compliance behaviour across different regions.

Several tax compliance-related empirical and literary research have been carried out across countries like America (D'attoma *et al.*, 2017; Castro & Scartascini, 2015; Eccleston & Gray, 2014; Mikesell & Birskyte, 2007), Australia (Bobek *et al.*, 2007; Kirchler, 2007; Gilligan & Richardson, 2005), Canada (Farrar & King, 2023; Okafor, 2023), Malaysia (Faizal *et al.*, 2017; Mohdali *et al.*, 2014; Pope & Abdul-Jabbar, 2008), and New Zealand (Yong & Fukofuka, 2023; Gemmell & Ratto, 2018; Saad, 2014). Different models have been used to study tax compliance behaviour (Taing & Chang, 2021; Alm, 2019; Saad, 2014; Alm & Torgler, 2011; Kirchler & Wahl, 2010; Kastlunger *et al.*, 2009). Earlier studies used an economic perspective wherein the level of aggressive administrative tax treatment influences tax compliance. The model views an individual as a rational being who emphasizes profit maximization. Whereas in the case of the socio-psychological perspective, the moral norms or social norms influence compliance decisions. Under this perspective, tax compliance is considered as a moral obligation. According to Alasfour *et al.* (2016), tax morale has an inevitable role in building a favourable attitude towards a behaviour. Over the years, the depth of the shadow economy has risen substantially. An excessive increase in regulatory burden is the major underlying contributor to the shadow economy, while individual values can inculcate better tax behaviour (Torgler *et al.*, 2010). The socio-psychological behaviour of an individual can be described using the TPB. The research framework states that a person's behaviour is impacted by specific reasons (Ajzen, 1991). According to TPB, the behaviour can be predicted using a person's intention to behave in a specified manner. Since human beings are rational their intention to behave in a specified

manner is influenced by certain factors, and, TPB states that intention is influenced by attitude toward the behaviour, subjective norms, and perceived behavioural control. Marandu *et al.* (2015) made an extensive literature analysis to find a suitable theory to gain an understanding of tax compliance. The study suggests that the antecedent's attitude, subjective norms, and perceived behavioural control can provide a good framework to study tax compliance. Since tax morals act as a guide for entrepreneurs to act justly and rightly, the study includes an additional variable moral obligation/ tax moral to the TPB framework. Extended TPB explains compliance intention using four factors i.e., attitude towards behaviour, subjective norms, perceived behavioural control, and moral obligation.

2.1.1 Attitude

Ajzen (1991) defined attitude "as a favourable or unfavourable assessment of a behaviour in question". The appraisal of positive or negative outcomes with respect to behaviour will result in actual performance. Regarding adherence to tax laws, a favourable attitude will lead to tax compliance and an unfavourable attitude towards tax non-compliance. Studies tried to measure the concept of attitude under different contexts, some measure the attitude in the context of paying or not paying taxes, others refer to attitude towards the tax system, attitude towards tax administrators; or tax evaders. A larger portion of the studies tried to analyze the association between attitude and individual behaviour (Kiconco *et al.*, 2019; Onu, 2016). The empirical result of the study by Night and Bananuka (2020) shows a strong linkage between attitude toward a tax system and the decision to abide by the tax rules. The same was affirmed in the studies by Taing and Chang (2021) and Sudiartana and Mendra (2018). Guerra and Harrington (2018) made a cross-national comparison using an experimental method and found no relevant connection between a person's attitude toward the tax system and actual compliance behaviour. Such an inconsistency nature of attitude puts forward the following assumption:

H1: Attitude has a positive effect on GST return filing intention of entrepreneurs in Kerala

2.1.2 Subjective Norms

The term “subjective norm” relates to the belief of relevant others on what an individual should do in a particular situation. According to (Ajzen, 1991), social pressure decides whether someone should engage in a behaviour or not. Such norms aid in maintaining a favourable relationship with referent others whose opinion matters. Studies state that subjective norms can channelize the norms of referent others into certain behaviours. Bobek *et al.* (2013) provide evidence about the relevant impact of subjective norms on tax adherence. The empirical results were supported by Sadallah *et al.* (2022) and Kiconco *et al.* (2019). Hamid (2014) used an extended model of TPB to study tax agents’ compliance behaviour and found inconsistent results from prior studies, *i.e.*, subjective norm is not considered as a significant determinant for studying compliance behaviour. Therefore, the following assumption is put forward:

H2: Subjective norm has a positive effect on GST return filing intention of entrepreneurs in Kerala

2.1.3 Perceived Behavioural Control

Perceived Behavioural Control (PBC) according to Ajzen (1991) is the “perceived ease or difficulty of performing a behaviour and it’s assumed to reflect experience as well as anticipated impediments and obstacles”. The level of control an individual has over his behaviour can increase one’s intention to comply. While resource availability is a constraint experienced while performing a specified behaviour. Fishbein

and Ajzen (2011) relate PBC to the confidence an individual has in their ability and skills for performing a behaviour. Prior studies found PBC as a strong predictor for studying tax compliance (Bin-Nashwan *et al.*, 2021; Taing & Chang, 2021). Galib *et al.* (2018) identified no relevant direct effect of PBC on tax compliance intention or indirect effect on the behaviour of MSMEs in Indonesia. The study postulates the following assumption:

H3: Perceived behavioural control has a positive effect on the GST return filing intention of entrepreneurs in Kerala

2.1.4 Moral Obligation

Earlier studies found that corporate tax compliance is the influential outcome of several economic and non-economic factors (Jayawardane, 2015; Downs & Stetson, 2014). Kaplan *et al.* (1997) elucidated tax compliance as the outcome of moral decisions. An individual’s decision-making is a dilemma between collective interest towards the betterment of society and individual interest in achieving economic gain (Balliet & Van Lange, 2013). The moral judgment of an individual leads to the selection of the long-term interests of society at large which results in better tax compliance. Alm and Torgler (2011) emphasise the need to have multifaceted enforcement measures which focus on the trust paradigm. According to Alm and Torgler (2006), tax morals are defined as the obligation to adhere to tax rules. Tax morals are related to an intrinsic desire to engage in an action or not, a

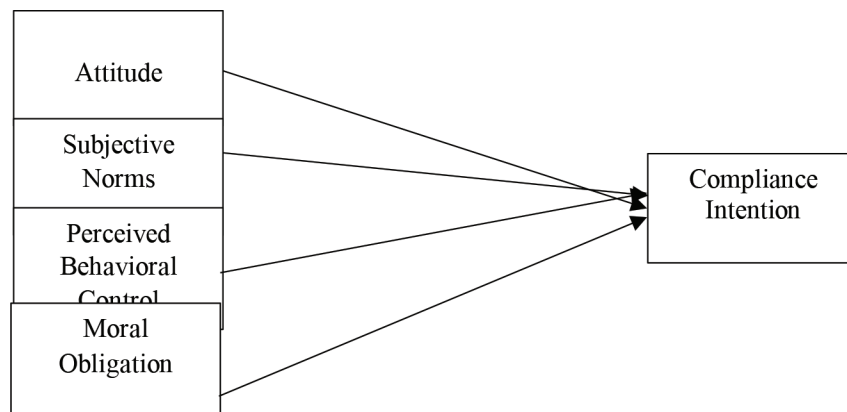


Figure 1. Conceptual framework.

Source: Extended TPB (Ajzen, 1991)

person with a strong moral value is least likely to avoid compliance obligations. Othman and Fisol (2017) found moral obligations have an influential role in taxpayers' compliance behaviour. Ho and Wong (2008) advocated that ethical beliefs can result in enhanced tax compliance. Extensive literature analysis found that an individual with stronger ethical beliefs can exhibit a better tax compliance rate. Given the relevance of moral obligation in measuring tax compliance, thus, the below proposition was made:

H4: Moral obligation has a positive effect on the GST return filing intention of entrepreneurs in Kerala

3. Data and Research Design

3.1 Sample and Procedures

The study population consists of those entrepreneurs residing in Kerala who have registered their businesses under GST law. The necessary data for the investigation was gathered during the period January 2023 to March 2023. The response was obtained from the districts of Kannur, Thrissur, and Thiruvananthapuram, representing the northern, central, and southern regions of Kerala respectively. The study employed a convenience sampling technique to gather the required information. Both online and offline methods were adopted to gather the data. The survey instrument was directly made available to the respondents and in certain cases, Google Forms were used. According to Guilford (1954), a sample size of not less than 200 is enough to provide a valid statistical result. Kline (2005) also stated that a sample size ranging between 100-200 is adequate for performing most of the statistical analysis. Thus, a total of 250 questionnaires were, however, responses were received from 219 respondents (response rate of 87.6 %); after removing the 14 incomplete survey instruments, 205 questionnaires were used for further analysis. Structured questionnaires with closed-ended questions displayed on a 5- 5-a 5-point Likert scale ranging between "1"- "Strongly disagree" to "5"- "Strongly agree" were adopted.

3.2 Profile of Entrepreneurs

An overview of the entrepreneur's profile is shown in Table1, where the majority of the entrepreneurs are

male (81%), and belong to the age category of 36-45 years (36.6%). For education background, most of the entrepreneurs have a graduation degree (56.6%), followed by 54 respondents belonging to the group postgraduate or above. In addition, the majority of respondents are working in the trading sector (44.9%) and service sector (31.7%). The other 48 respondents are working in the manufacturing sector. With respect to year of operation, 42% have over 15 years of experience in the industry. 72 respondents belong to the category of 5-15 years of experience, and the remaining 47 respondents are in the 0-5 years category. Table 1. also indicated that a larger number of entrepreneurs depend on the tax preparer for filing returns (65.8%), and 52 respondents depend on their employees to file returns. The other 18 respondents can file GST returns on their own.

3.3 Measures

The association between the endogenous variable, *i.e.*, GST compliance intention and the four exogenous

Table 1. Entrepreneurs profile

Demographic variables	Category	Frequency	Percentage (%)
Gender	Male	166	81
	Female	39	19
	Total	205	100
Age	0-25 years	14	6.8
	25-35 years	29	14.1
	35-45 years	75	36.6
	45-55 years	53	25.9
	55 years or above	34	16.6
	Total	205	100
Education	Uneducated	6	2.9
	High school	29	14.1
	Graduate	116	56.6
	Post Graduate or above	54	26.3
	Total	205	100
Sector	Manufacturing	48	23.4
	Trading	92	44.9
	Services	65	31.7
	Total	205	100
Years of operation	0-5 years	47	22.9
	5-15 years	72	35.1
	Above 15 years	86	42
	Total	205	100
GST return preparation	Self	18	8.8
	Employees	52	25.4
	Tax preparer	135	65.8
	Total	205	100

Source: Primary source

variables were studied using standardised measurement items. The measurement instrument consists of 25 items displayed on a 5- 5-point Likert scale ranging between “1”- “Strongly disagree” to “5”- “Strongly agree”. In the current investigation, tax compliance is the intention of entrepreneurs to file their GST returns. The variable tax compliance was assessed using a total of 4 items, 3 items chosen from the study by Beck and Ajzen (1991), and 1 item from Sudiartana and Mendra (2018). The attitude was measured using 6 items adapted from the studies by Hikmah (2021), Jayawardane and Low (2016), Wearing *et al.* (2002), and Ajzen (1991). Attitude deals with taxpayers’ evaluation of GST return filing as favourable or unfavourable. 4 items were used to measure subjective norms, which measure the influence of social pressure from others to file or not to file GST returns on time. Subjective norms were measured using items taken from the studies by Hikmah (2021), Smart (2012), and Beck and Ajzen (1991). Perceived behavioural control was measured using 6 items selected from empirical research by Taing and Chang (2021). PBC here describes resource availability or anticipated impediments influencing the timely filing of GST returns. For measuring moral obligation, six statements were used in the present study. These statements were derived from the existing empirical studies conducted by Nkwe (2013), MacGregor and Wilkinson (2012), and Beck and Ajzen (1991). The statements were designed to assess the taxpayer’s moral beliefs towards GST return filing.

4. Analysis and Results

The quantitative assessment was performed using the partial least square structural equation modeling technique. Over the last two decades, a greater number of research studies have been employing the PLS-SEM technique to assess the empirical data under different study domains, including the field of taxation or public policy (Hayat *et al.*, 2022). Ringle *et al.* (2012) elucidated that PLS-SEM is capable of testing several hypothetical associations simultaneously. Chin (2010) stated that PLS-SEM modelling is suitable for analyzing complex hypothetical models with a larger number

of constructs. In, addition, the modelling technique is suitable for analyzing smaller sample sizes (Hair *et al.*, 2014). Mooi and Sarstedt (2011) highlighted the high degree of statistical power of PLS-SEM over other statistical techniques by identifying significant associations as present in the study population. Furthermore, the technique can accommodate normal as well as non-normal distributions (Hair *et al.*, 2019). SmartPLS 4 was employed to study the association between the constructs by maximizing the explained variance. SmartPLS4 software was adopted because of its frictionless design, even enabling beginners to study more sophisticated topics. The study utilized PLS-SEM because of its predictive power in theory development and variance explanation (Hair *et al.*, 2014). The estimation process under the PLS-SEM technique consists of 2 phases. Under the first phase, the validity and reliability of the latent variables are measured through the assessment of the measurement model as shown in Table 2. Followed by an assessment of the structural model in the second phase, this signifies the power of the model under study.

Table 2. Measurement model

Constructs	Items	Outer Loadings	Cronbach's Alpha	Composite Reliability	AVE
Attitude	ATT1	0.846	0.905	0.927	0.678
	ATT2	0.844			
	ATT3	0.823			
	ATT4	0.849			
	ATT5	0.8			
	ATT6	0.776			
Subjective Norms	SN1	0.91	0.918	0.942	0.803
	SN2	0.859			
	SN3	0.922			
	SN4	0.892			
Perceived Behavioural Control	PBC1	0.735	0.902	0.925	0.672
	PBC2	0.828			
	PBC3	0.849			
	PBC4	0.833			
	PBC5	0.823			
	PBC6	0.845			
Moral Obligation	MO1	0.829	0.889	0.918	0.692
	MO2	0.843			
	MO3	0.826			
	MO4	0.823			
	MO5	0.837			
Compliance Intention	CI1	0.863	0.889	0.923	0.751
	CI2	0.867			
	CI3	0.871			
	CI4	0.865			

Source: Computed

Using the measurement model, the constructs reliability and validity were examined. The construct validity was ensured by computing convergent and discriminant validity. The convergent validity was assessed using two ways; using factor loadings and Average Variance Extracted (AVE). The entire items under the study had factor loadings greater than 0.7 (Hair *et al.*, 2017). Regarding testing of AVE, each construct met the minimum requirement of having an AVE of more than 0.5 (Hair *et al.*, 2017). In addition, construct validity is further verified by composite reliability, all values are within the acceptable limit stated by Hair *et al.* (2017). Thus, providing evidence of convergent validity.

Table 3 reveals that the Fornell - Larcker criterion was utilised to make an assessment of the construct's discriminant validity. The method is studied by examining the association between the correlation among the constructs and the square root of the AVE. Discriminant validity is assured if the correlation between the constructs is lesser than the square root of AVE (Fornell & Larcker, 1981). Based on the above criteria, the discriminant validity of the constructs is ensured. Thus, validating the measurement model.

The model's predictive power was estimated using the structural model, and the bootstrapping process of the model was carried out using 5,000 samples at a 5% level of significance. The significance of the path coefficient was examined using standard beta, standard error, and t-statistics. T-statistics ensures the stability of the estimates, a value above 1.96 at 95% interval is considered acceptable. The results of hypothesis testing, beta value, standard error, level of significance, and the t-value are indicated in Table 4. The results enable us to comprehend the association between the factors influencing the GST return filing intention

Table 3. Discriminant validity

Fornell-Larcker Criterion	1	2	3	4	5
Attitude	0.824				
Subjective Norms	0.75	0.896			
Perceived Behavioural Control	0.792	0.645	0.82		
Moral Obligation	0.736	0.608	0.672	0.832	
GST Compliance Intention	0.807	0.707	0.698	0.727	0.867

Source: Computed

of entrepreneurs across Kerala. The hypothetical relationship is depicted in the form of a diagram, which is shown in Figure 2, which indicates the predetermined assumptions and structures.

The PLS-SEM technique reveals the significance level and the influence of each path indicated in the research framework. The technique is considered a standardized method for examining the inter-association between the latent and observable variables (Hair *et al.*, 2019). Hypothesis 1 predicts that attitude has a positive effect on GST return filing intention of entrepreneurs in Kerala. The t-statistics show a relevant relationship between attitude and GST compliance intention ($\beta=0.423$, $p<0.05$). As a result, the Hypothesis 1 (H1) is supported. This outcome is in accordance with the existing empirical results of similar tax compliance studies (Night & Bananuka, 2020; Guerra & Harrington, 2018). The relevance of attitude in influencing compliance intention emphasizes the need to inculcate an overall positive entrepreneurial attitude towards GST. The higher the level of favourable attitude towards GST, the higher the compliance level. Meanwhile, in contrast to the study findings, Guerra and Harrington (2018) found no relevant interconnection between attitude and tax compliance. These may be because of the influence of other relevant antecedents, which may strengthen or weaken the compliance decision.

Hypothesis 2 states that subjective norm has a positive effect on the GST return filing intention of entrepreneurs in Kerala. The result t-statistics demonstrates a

Table 4. Path coefficient

No	Hypotheses	Beta	Standard Error	t-value	Supported
H1	Attitude-> GST compliance	0.423	0.109	3.892*	Yes
H2	Subjective norm-> GST compliance	0.193	0.072	2.693*	Yes
H3	Perceived behavioural control-> GST compliance	0.069	0.084	0.82	No
H4	Moral obligation-> GST compliance	0.252	0.066	3.801*	Yes

Source: Computed (* $p<0.05$)

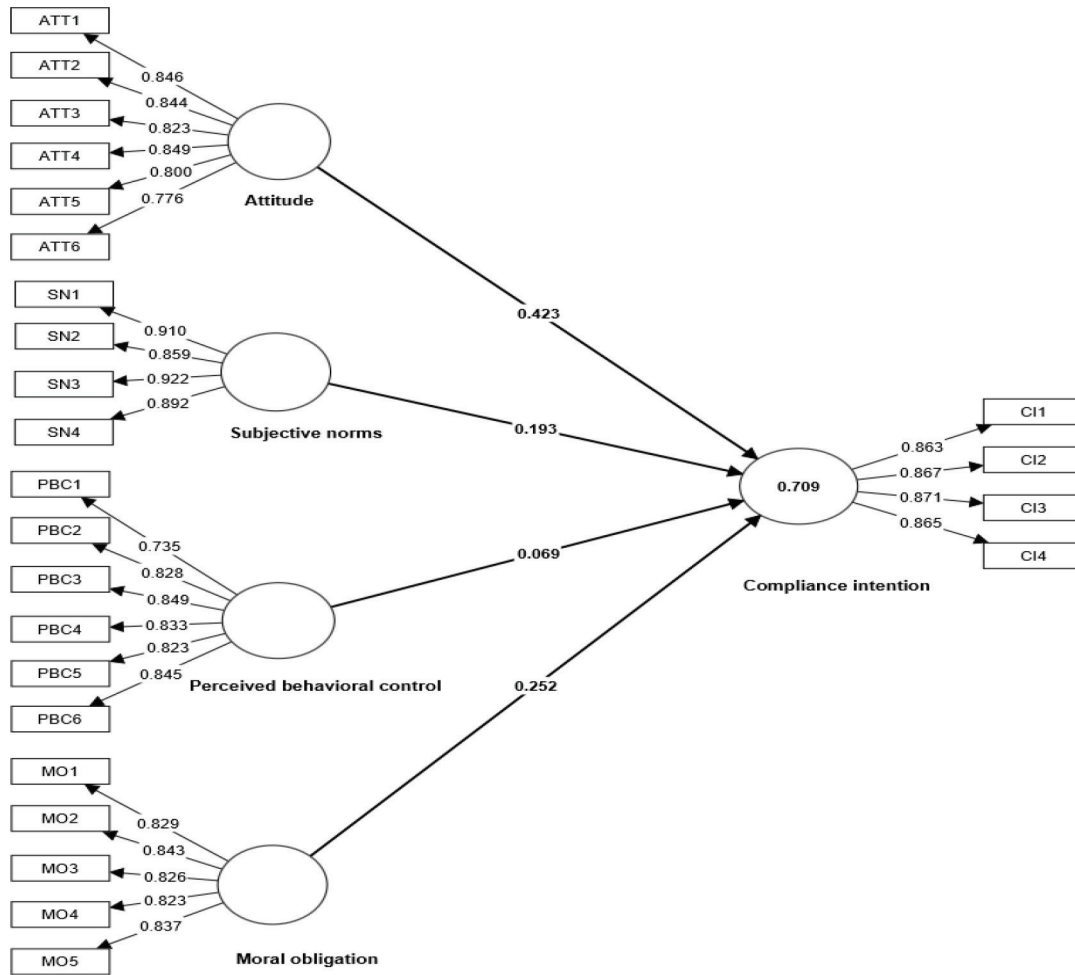


Figure 2. Path coefficient.

Source: Computed

positive association between subjective norms and GST compliance intention ($\beta=0.193$, $p<0.05$). Hence, supporting Hypothesis 2 (H2). This finding is in line with the existing empirical understanding that there is a positive influence of subjective norms on the entrepreneur's GST compliance intention (Sadallah *et al.*, 2022; Bobek *et al.*, 2013). The relationship indicates that the expectation of reference groups or relevant others can influence an individual's compliance intention. Similarly, a person's belief that relevant others are complying can influence their behaviour.

There is a lot of empirical literature suggesting that there exists a positive effect of perceived behavioural control on the entrepreneur's GST compliance intention (Bin-Nashwan *et al.*, 2021; Taing & Chang, 2021). Thus, Hypothesis 3 proposes that perceived behavioural

control has a relevant impact on the GST return filing intention of entrepreneurs in Kerala. In contrast to the existing empirical findings, the study identified that no relevant association between an entrepreneur's compliance intention and PBC ($\beta=0.069$, $p>0.05$). As a result, Hypothesis 3 (H3) is not supported. The insignificant interconnection between the PBC and GST compliance intention may be attributed to entrepreneurs' over-dependence on tax consultants for filing GST returns. The diminishing role may also be due to the effect of other factors like enforcement actions, complexity, cognitive bias, etc.

Hypothesis 4 states that moral obligation has a relevant impact on GST return filing intention of entrepreneurs in Kerala. The test statistics show that moral obligations were significantly related to GST compliance intention

($\beta=0.252$, $p<0.05$). Thus, Hypothesis 3 (H3) was supported. A positive linkage between moral obligation and tax compliance intention is depicted by a significant path consistent with the findings of existing studies (Othman & Fisol, 2017; Ho & Wong, 2008). A higher tax compliance rate is attributed to when the moral obligation is high (Alm & Torgler, 2011). Internalized social values can foster moral tax commitment leading to voluntarism, and ensuring long-term compliance and economic performance.

5. Conclusion

The research sought to investigate the factors influencing Goods and Services Tax (GST) compliance intention specifically related to return filing among entrepreneurs in Kerala. The TPB framework was used to make a quantitative assessment of an entrepreneur's compliance intention. A new construct, moral obligation was integrated into the existing framework. Thus, the framework measured the influence of four behavioural components: attitude towards GST filing, influence of subjective norms, behavioural control over GST filing, and moral obligation. The TPB framework ascertains that there exist relevant effects of attitude and subjective norms on GST compliance intention. The strongest factor in the TPB framework was the association between attitude towards return filing and GST compliance intention. This indicates the importance of paying serious attention to developing a positive perception of GST to enhance voluntary compliance. The attitude of the entrepreneurs may vary according to the context they are put into. The higher the level of positive attitude, the more likely they will be willing to comply with the return filing obligation. The result implies that efforts should be made to create a user-friendly return filing system that enhances the link between attitude and compliance intention. Simplification of compliance procedures w.r.t. GST filing can help in developing a favourable entrepreneurial attitude. Inculcated positive attitude plays a decisive role in shaping the compliance intention of the entrepreneurs towards GST filing. Subjective norms were also found to play a crucial part in the entrepreneur's return filing intention. Policymakers should try to shape societal norms through enforcement efforts, public campaigns, and imparting professional

advice. Involving business associations and professional networks in imparting guidance on GST filing can create positive subjective norms, resulting in better return filing performance. An individual's control over the situation can enable better compliant taxpayers. A scenario where taxpayers are incapable of enacting the intention may increase the chance of non-compliance. Regarding the influence of PBC, the research findings are different from the previous studies. The study identified that the entrepreneurs' behavioural control has no significant influence on their return filing intention. This may be because GST is still at its elementary stage and inculcating several major amendments, thus, many of the entrepreneurs still lack knowledge and are dependent on external help for filing their returns.

The result of the study further evidences that moral obligation/tax can guide entrepreneurs to act rightly and justly. There exists a robust and favourable association between moral obligation and GST compliance intention, the stronger an individual's moral values, the less will be the chance of tax evasion. Likewise, the other professional ethical code of conduct introducing tax ethics education for the general public can have a positive overall effect on tax compliance. Simplifying the return filing process, enhancement of integrity in governance and linking return filing obligations to CSR activities can further improve the commitment towards tax compliance. Alm and Torgler (2011) recommend the use of mass media for reinforcing ethical behaviour, enlisting private collaboration to spread positive tax messages can strengthen social norms and become moral suasion for the taxpaying community. The extra effort to improve the GST return filing mechanism can help in fostering a favourable and positive perspective towards the overall GST system. The motivated individuals will have positive compliance intentions and will voluntarily comply with the tax law, leading to an enhanced compliance rate and economic performance.

The present study captures the GST compliance intention of entrepreneurs in Kerala, while actual GST compliance behaviour is yet to be explored. The study only explores the influence of behavioural factors on compliance decisions, giving future tax researchers a chance to include enforcement and service paradigms

to assess the willingness of entrepreneurs to abide by the tax codes. Taxpayers' information assistance, tax education, and the fairness principle are yet another area where researchers could experiment to find fruitful measures to increase tax compliance. Further studies can be carried out using other tax compliance frameworks or including other economic or non-economic variables, investigating the direct and indirect influence of tax antecedents on actual tax compliance behaviour or through the mediated effect of tax compliance intention.

6. References

- Ajzen, I. (1991). The theory of planned behavior. *Organizational behavior and human Decision Processes*, 50(2), 179-211. [https://doi.org/10.1016/0749-5978\(91\)90020-T](https://doi.org/10.1016/0749-5978(91)90020-T)
- Alasfour, F., Samy, M., & Bampton, R. (2016). The determinants of tax morale and tax compliance: Evidence from Jordan. *Advances in Taxation*, 23. <https://doi.org/10.1108/S1058-749720160000023005>
- Alm, J. (2019). What motivates tax compliance? *Journal of Economic Surveys*, 33(2), 353-388. <https://doi.org/10.1111/joes.12272>
- Alm, J., & Torgler, B. (2006). Culture differences and tax morale in the United States and in Europe. *Journal of Economic Psychology*, 27(2), 224-246. <https://doi.org/10.1016/j.joep.2005.09.002>
- Alm, J., & Torgler, B. (2011). Do ethics matter? Tax compliance and morality. *Journal of Business Ethics*, 101, 635-651. <https://doi.org/10.1007/s10551-011-0761-9>
- Alm, J., Cherry, T., Jones, M., & McKee, M. (2010). Taxpayer information assistance services and tax compliance behavior. *Journal of Economic Psychology*, 31(4), 577-586. <https://doi.org/10.1016/j.joep.2010.03.018>
- Alshir'ah, A. F., Jabbar, H. A., & Samsudin, R. S. (2016). Determinants of sales tax compliance in small and medium enterprises in Jordan: A call for empirical research. *World Journal of Management and Behavioral Studies*, 4(1), 41-46.
- Balliet, D., & Van Lange, P. A. (2013). Trust, punishment, and cooperation across 18 societies: A meta-analysis. *Perspectives on Psychological Science*, 8(4), 363-379. <https://doi.org/10.1177/1745691613488533>
- Beck, L., & Ajzen, I. (1991). Predicting dishonest actions using the theory of planned behavior. *Journal of Research in Personality*, 25(3), 285-301. [https://doi.org/10.1016/0092-6566\(91\)90021-H](https://doi.org/10.1016/0092-6566(91)90021-H)
- Bin-Nashwan, S. A., Abdul-Jabbar, H., Dziegielewska, S. F., & Aziz, S. A. (2021). Moderating effect of perceived behavioral control on Islamic tax (zakah) compliance behavior among businessmen in Yemen. *Journal of Social Service Research*, 47(2), 292-302. <https://doi.org/10.1080/01488376.2020.1767260>
- Bobek, D. D., Hageman, A. M., & Kelliher, C. F. (2013). Analyzing the role of social norms in tax compliance behavior. *Journal of Business Ethics*, 115, 451-468. <https://doi.org/10.1007/s10551-012-1390-7>
- Bobek, D. D., Roberts, R. W., & Sweeney, J. T. (2007). The social norms of tax compliance: Evidence from Australia, Singapore, and the United States. *Journal of Business Ethics*, 74, 49-64. <https://doi.org/10.1007/s10551-006-9219-x>
- Castro, L., & Scartascini, C. (2015). Tax compliance and enforcement in the pampas evidence from a field experiment. *Journal of Economic Behavior and Organization*, 116, 65-82. <https://doi.org/10.1016/j.jebo.2015.04.002>
- Chin, W. W. (2010). How to write up and report PLS analyses. *Handbook of partial least squares: Concepts, methods and applications* (pp. 655-690). Berlin, Heidelberg, Springer Berlin Heidelberg. https://doi.org/10.1007/978-3-540-32827-8_29
- D'attoma, J., Volintiru, C., & Steinmo, S. (2017). Willing to share? Tax compliance and gender in Europe and America. *Research and Politics*, 4(2), 21-10. <https://doi.org/10.1177/2053168017707151>
- Damayanti, T. W., Subekti, I., & Baridwan, Z. (2015). Trust and uncertainty orientation: An effort to create tax compliance in social psychology framework. *Procedia-Social and Behavioral Sciences*, 211, 938-944. <https://doi.org/10.1016/j.sbspro.2015.11.124>
- Dash, S. K., & Kakarlapudi, K. K. (2021). Kerala's GST revenue performance in a comparative perspective. *Kerala Economy*, 2, 33-39.
- Downs, A., & Stetson, B. (2014). Economic and non-economic factors: An analysis of corporate tax compliance. *Advances in Taxation*, 21, 37-72. <https://doi.org/10.1108/S1058-749720140000021002>
- Eccleston, R., & Gray, F. (2014). Foreign accounts tax compliance act and American leadership in the campaign against international tax evasion: Revolution or false dawn? *Global policy*, 5(3), 321-333. <https://doi.org/10.1111/1758-5899.12122>
- Faizal, S. M., Palil, M. R., Maelah, R., & Ramli, R. (2017). Perception on justice, trust and tax compliance behavior in Malaysia. *Kasetsart Journal of Social Sciences*, 38(3), 226-232. <https://doi.org/10.1016/j.kjss.2016.10.003>
- Farrar, J., & King, T. (2023). To punish or not to punish? The impact of tax fraud punishment on observers' tax

- compliance. *Journal of Business Ethics*, 183(1), 289-311. <https://doi.org/10.1007/s10551-022-05061-w>
- Fishbein, M., & Ajzen, I. (2011). Predicting and changing behavior: The reasoned action approach. *Taylor & Francis*. <https://doi.org/10.4324/9780203838020>
- Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 18(1), 39-50. <https://doi.org/10.1177/002224378101800104>
- Galib, A., Indrijawati, A., & Rasyid, S. (2018). The effect of spirituality, subjective norms and perceived behavioral control on taxpayer compliance. *Journal of Research in Business and Management*, 6(4), 1-7.
- Gemmell, N., & Ratto, M. (2018). The effects of penalty information on tax compliance: Evidence from a New Zealand field experiment. *National Tax Journal*, 71(3), 547-588. <https://doi.org/10.17310/ntj.2018.3.05>
- Gilligan, G., & Richardson, G. (2005). Perceptions of tax fairness and tax compliance in Australia and Hong Kong - A preliminary study. *Journal of Financial Crime*, 12(4), 331-343. <https://doi.org/10.1108/13590790510624783>
- Guerra, A., & Harrington, B. (2018). Attitude-behavior consistency in tax compliance: A cross-national comparison. *Journal of Economic Behavior and Organization*, 156, 184-205. <https://doi.org/10.1016/j.jebo.2018.10.013>
- Guilford, J. P. (1954). *Psychometric method*. 2nd Edition, New York, McGraw-Hill.
- Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2017). *A primer on partial least squares structural equation modeling (PLS-SEM)*. Sage Publications. <https://doi.org/10.1080/1743727X.2015.1005806>
- Hair, J. F., Risher, J. J., Sarstedt, M., & Ringle, C. M. (2019). When to use and how to report the results of PLS-SEM. *European Business Review*, 31(1), 2-24. <https://doi.org/10.1108/EBR-11-2018-0203>
- Hair, J. F., Sarstedt, M., Hopkins, L., & Kuppelwieser, V. G. (2014). Partial least squares structural equation modeling (PLS-SEM) An emerging tool in business research. *European Business Review*, 26(2), 106-121. <https://doi.org/10.1108/EBR-10-2013-0128>
- Hamid, S. A. (2014). Tax compliance behaviour of tax agents: A comparative study of Malaysia and New Zealand. *University of Canterbury*.
- Hauptman, L., Horvat, M., & Korez-Vide, R. (2014). Improving tax administration's services as a factor of tax compliance: The case of tax audit. *Lex Localis*, 12(3), 481-501. [https://doi.org/10.4335/12.3.481-501\(2014\)](https://doi.org/10.4335/12.3.481-501(2014))
- Hayat, N., Salameh, A. A., Mamun, A. A., Ali, M. H., & Makhbul, Z. K. M. (2022). Tax compliance behaviour among Malaysian taxpayers: A dual-stage PLS-SEM and ANN analysis. *SAGE Open*, 12(3), 1-14. <https://doi.org/10.1177/21582440221127190>
- Hikmah, H., Adi, P. H., Supramono, S., & Damayanti, T. W. (2021). The nexus between attitude, social norms, intention to comply, financial performance, mental accounting and tax compliance behavior. *Asian Economic and Financial Review*, 11(12), 938-949. <https://doi.org/10.18488/journal.aefr.2021.1112.938.949>
- Ho, D., & Wong, B. (2008). Issues on compliance and ethics in taxation: What do we know? *Journal of Financial Crime*, 15(4), 369-382. <https://doi.org/10.1108/13590790810907218>
- James, S., & Alley, C. (2002). Tax compliance, self-assessment and tax administration. *Journal of Finance and Management in Public Service*, 2(2), 27-42.
- Jayawardane, D. (2015). Psychological factors affect tax compliance. A review paper. *International Journal of Arts and Commerce*, 4(6), 131-141.
- Jayawardane, D., & Low, K. (2016). Taxpayer attitude and tax compliance decision in Sri Lanka. *International Journal of Arts and Commerce*, 5(2), 124.
- Jimenez, P., & Iyer, G. S. (2016). Tax compliance in a social setting: The influence of social norms, trust in government, and perceived fairness on taxpayer compliance. *Advances in accounting*, 34, 17-26. <https://doi.org/10.1016/j.adiac.2016.07.001>
- Kaplan, S. E., Newberry, K. J., & Reckers, P. M. (1997). The effect of moral reasoning and educational communications on tax evasion intentions. *The Journal of the American Taxation Association*, 19(2), 38.
- Kastlunger, B., Kirchler, E., Mittone, L., & Pitters, J. (2009). Sequences of audits, tax compliance, and taxpaying strategies. *Journal of Economic Psychology*, 30(3), 405-418. <https://doi.org/10.1016/j.joep.2008.10.004>
- Kiconco, R. I., Gwokyalya, W., Sserwanga, A., & Balunywa, W. (2019). Tax compliance behaviour of small business enterprises in Uganda. *Journal of Financial Crime*, 26(4), 1117-1132. <https://doi.org/10.1108/JFC-03-2018-0031>
- Kirchler, E. (2007). *The economic psychology of tax behavior*. Cambridge, UK: Cambridge University Press. <https://doi.org/10.1017/CBO9780511628238>
- Kirchler, E., & Wahl, I. (2010). Tax compliance inventory TAX-I: Designing an inventory for surveys of tax compliance. *Journal of Economic Psychology*, 31(3), 331-346. <https://doi.org/10.1016/j.joep.2010.01.002>
- Kline, R. B. (2005). *Principles and practices of structural equation modeling*. Guilford Press.
- MacGregor, J., & Wilkinson, B. (2012). The effect of economic patriotism on tax morale and attitudes toward

- tax compliance. *Advances in Taxation*, 20, 159-180. [https://doi.org/10.1108/S1058-7497\(2012\)0000020009](https://doi.org/10.1108/S1058-7497(2012)0000020009)
- Marandu, E. E., Mbekomize, C. J., & Ifezue, A. N. (2015). Determinants of tax compliance: A review of factors and conceptualizations. *International Journal of Economics and Finance*, 7(9), 207-218. <https://doi.org/10.5539/ijef.v7n9p207>
- Mikesell, J. L., & Birskyte, L. (2007). The tax compliance puzzle: Evidence from theory and practice. *International Journal of Public Administration*, 30(10), 1045-1081. <https://doi.org/10.1080/01900690701221423>
- Mohdali, R., Isa, K., & Yusoff, S. H. (2014). The impact of threat of punishment on tax compliance and non-compliance attitudes in Malaysia. *Procedia-Social and Behavioral Sciences*, 164, 291-297. <https://doi.org/10.1016/j.sbspro.2014.11.079>
- Mooi, E., & Sarstedt, M. (2011). *A concise guide to market research: The process, data, and methods using IBM SPSS statistics*. Springer Science and Business Media.
- Musimenta, D., Naigaga, S., Bananuka, J., & Najjuma, M. S. (2019). Tax compliance of financial services firms: A developing economy perspective. *Journal of Money Laundering Control*, 22(1), 14-31. <https://doi.org/10.1108/JMLC-01-2018-0007>
- Night, S., & Bananuka, J. (2020). The mediating role of adoption of an electronic tax system in the relationship between attitude towards electronic tax system and tax compliance. *Journal of Economics, Finance and Administrative Science*, 25(49), 73-88. <https://doi.org/10.1108/JEFAS-07-2018-0066>
- Nkundabanyanga, S. K., Mvura, P., Nyamuyonjo, D., Opiso, J., & Nakabuye, Z. (2017). Tax compliance in a developing country: Understanding taxpayers' compliance decision by their perceptions. *Journal of Economic Studies*, 44(6), 931-957. <https://doi.org/10.1108/JES-03-2016-0061>
- Nkwe, N. (2013). Tax payers' attitude and compliance behavior among Small Medium Enterprises (SMEs) in Botswana. *Business and Management Horizons*, 1(1), 113-137. <https://doi.org/10.5296/bmh.v1i1.3486>
- Okafor, O. N. (2023). Shaming of tax evaders: Empirical evidence on perceptions of retributive justice and tax compliance intentions. *Journal of Business Ethics*, 182, 377-395. <https://doi.org/10.1007/s10551-021-05011-y>
- Onu, D. (2016). Measuring tax compliance attitudes: What surveys can tell us about tax compliance behaviour. *Advances in Taxation*, 23, 173-190. <https://doi.org/10.1108/S1058-749720160000023006>
- Othman, Y., & Fisol, W. N. M. (2017). Islamic religiosity, attitude and moral obligation on intention of income zakat compliance: Evidence from public educators in Kedah. *International Journal of Academic Research in Business and Social Sciences*, 7(2), 726-737. <https://doi.org/10.6007/IJARBS/v7-i11/3550>
- Pope, J., & Abdul-Jabbar, H. (2008). Small and medium-sized enterprises and tax compliance burden in Malaysia: Issues and challenges for tax administration. *Small Enterprise Research*, 16(1), 47-60. <https://doi.org/10.5172/ser.16.1.47>
- Ringle, C. M., Sarstedt, M., & Straub, D. W. (2012). Editor's comments: A critical look at the use of PLS-SEM. *MIS Quarterly*, 36(1), 3-14. <https://doi.org/10.2307/41410402>
- Saad, N. (2014). Tax knowledge, tax complexity and tax compliance: Taxpayers' view. *Procedia-Social and Behavioral Sciences*, 109, 1069-1075. <https://doi.org/10.1016/j.sbspro.2013.12.590>
- Sadallah, M., Abdul-Jabbar, H., & Aziz, S. A. (2022). Promoting zakat compliance among business owners in Algeria: The mediation effect of compliance intention. *Journal of Islamic Marketing*, 14(6), 1603-1620. <https://doi.org/10.1108/JIMA-11-2021-0366>
- Smart, M. (2012). The application of the theory of planned behaviour and structural equation modeling in tax compliance behaviour: A New Zealand study. *University of Canterbury. Accounting and Information Systems*.
- Sudiartana, M., & Mendra, N. P. Y. (2018). Taxpayer compliance in SMEs sector: A theory of planned behavior. *Jurnal Keuangan dan Perbankan*, 22(2), 219-230. <https://doi.org/10.26905/jkdp.v22i2.1561>
- Taing, H. B., & Chang, Y. (2021). Determinants of tax compliance intention: Focus on the theory of planned behavior. *International Journal of Public Administration*, 44(1), 62-73. <https://doi.org/10.1080/01900692.2020.1728313>
- Torgler, B. (2007). *Tax compliance and tax morale: A theoretical and empirical analysis*. Edward Elgar Publishing. <https://doi.org/10.4337/9781847207203>
- Torgler, B., Schneider, F., & Schaltegger, C. A. (2010). Local autonomy, tax morale, and the shadow economy. *Public Choice*, 293-321. <https://doi.org/10.1007/s11127-009-9520-1>
- Wearing, A. J., Niemirowski, P., & Baldwin, S. (2002). Tax related behaviours, beliefs, attitudes and values and taxpayer compliance in Australia. *Journal of Australian Taxation*, 6(1), 132-165.
- Yong, S., & Fukofuka, P. (2023). Accounting, tax compliance and New Zealand indigenous entrepreneurs: A Bourdieusian perspective. *Accounting, Auditing and Accountability Journal*, 36(5), 1350-1378. <https://doi.org/10.1108/AAAJ-12-2017-3273>