

Analysis of Factors Influencing Individual Taxpayer Compliance: A Systematic Literatur Review

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Abstract

Individual taxpayer compliance is a major challenge in optimizing state revenue, especially in Indonesia which relies on taxes as the main source of revenue. Although various fiscal reforms have been carried out, the level of compliance is still low due to administrative complexity, information inequality, and low tax literacy. This study aims to identify and synthesize the factors that affect individual taxpayer compliance in the digital era by reviewing the empirical literature for the period 2020–2025. The method used is a systematic literature review, with an analysis of more than 30 articles from nationally and internationally reputable journals. The results of the study show that tax compliance is not only influenced by economic factors, but also by a combination of tax literacy factors, trust in authority and perception of fiscal justice, digitization of tax administration, and behavior-based interventions (behavioral insights). Literacy and ease of procedure have been shown to increase voluntary compliance, while public trust and fiscal fairness strengthen tax morale. On the other hand, digitalization through the e-filing system and core tax system makes reporting easier, but its effectiveness depends on the readiness and digital literacy of users. Behavioral approaches such as nudges and simple reminder messages have proven effective in improving short-term compliance at a low cost, especially when adjusted to the social context and taxpayer trust level.

Keywords: *Tax Compliance, Tax Literacy, Digitalization, Trust, Behavioral Insights, Tax Morale*

1. Introduction

Taxes are the main source of state revenue that supports the sustainability of development and public services in various countries, including Indonesia. Fiscal dependence on tax revenues is increasing, with its contribution reaching more than 70% to the state budget (Nasution, Santi, Husaini, Fadli, & Pirzada, 2020). However, the level of taxpayer compliance is still a classic problem that hinders the optimization of state revenue. Low compliance in tax reporting and payment causes a significant *tax gap*, as shown in an OECD analysis (2021) which noted that Indonesia is still below the average tax-to-GDP ratio of Asia Pacific countries. The problem is exacerbated by the complexity of the tax system and the information imbalance between tax authorities and taxpayers (Utami & Ilyas, 2021).

Digital transformation has become one of the main strategies to overcome these problems. The Government of Indonesia, through the Directorate General of Taxes, continues to develop digital-based tax administration systems such as *e-filing*, *e-billing*, and *core tax systems* to facilitate reporting and reduce compliance costs (Rafi'ah, 2022). Digitization of administration is believed to increase transparency and accountability, but research by Sulastrri, Andesto, and Oktris (2023) shows that the effectiveness of tax technology still depends heavily on the level of literacy and readiness of users. The same thing is emphasized by Bruns et al. (2025), that the convenience of digital systems does not automatically guarantee compliance if it is not balanced with taxpayers' understanding and positive attitudes towards taxes.

The focus of attention is increasingly on individual taxpayer groups because these groups are highly heterogeneous—including employees, small business actors, and self-employed workers—with very diverse levels of tax literacy and awareness (Qadri, 2021). Musthafa Kemal Nasution et al. (2020) found that the level of individual compliance is greatly influenced by the perception of ease of procedure and understanding of tax regulations. Studies by Everant, Rahmawati, and Fadilah (2023) also show that risk

preferences and tax experience are factors that moderate the relationship between knowledge and compliance. This explains why an effective policy approach for business entities is not necessarily successfully applied to individuals.

In addition to administrative and knowledge factors, psychological and social dimensions play an important role in shaping tax-compliant behavior. According to Kirchler (2007), tax compliance is not only determined by sanctions and audits, but also by *tax morale* — that is, moral values and intrinsic motivation to contribute to the country. A cross-country study by Dalton et al. (2021) shows that social norms, trust in tax authorities, and perceptions of fairness have a significant influence on compliance behavior. The results of Dong and Sinning's (2021) study reinforce these findings by showing that interventions that foster trust and a sense of social responsibility are more effective than the threat of punishment.

In the context of behavior, *behavioral insight-based* interventions are a rapidly growing research topic. The OECD (2021) and Persian et al. (2022) suggest that *nudging* — such as *sending reminder messages*, simplifying forms, and *planning prompts* — has been shown to significantly improve individual tax reporting compliance. A large-scale experimental study by Persian et al. (2022) of 11.2 million taxpayers in Indonesia found that a simple intervention via email could increase early *filing rates* by up to 4.7 percent. Meanwhile, research by Yogama, Gray, and Rablen (2024) shows that simplifying messages and instructions for paying fines significantly increases penalty settlement compared to punitive messages.

A similar approach is also applied by Widiyanto, Rieger, and Adrison (2024), who use instant messaging-based instant messaging to encourage taxpayers to file their tax returns on time. The results showed an increase in reporting compliance of up to 6% in the intervention group. These findings are consistent with a global study conducted by The Abdul Latif Jameel Poverty Action Lab (2022), which shows that simple reminders and behavior-based personalized messages can be a *low-cost but* effective strategy in improving short-term compliance behaviors. However, the long-term effects still require further evaluation.

Nonetheless, Indradi's (2023) research on the impact of tax amnesty shows that major changes in fiscal policy do not necessarily result in an increase in long-term compliance. This underscores the need for an empirical evidence-based approach that focuses on the real behavior of taxpayers. Dong, Satyadini, and Sinning (2025) added that the location and socio-economic characteristics of taxpayers also affect the effectiveness of interventions, so *one-size-fits-all* policies are often less effective. The factors of trust and perception of fairness, as conveyed by Yogama et al. (2024) and Dalton et al. (2021), need to be considered in any tax policy design.

By considering the various results of these studies, the urgency of this study becomes clear. From a fiscal perspective, delayed reporting or non-compliance by individual taxpayers can reduce state cash flows and incur additional administrative costs (Persian et al., 2022). From a policy perspective, empirical findings show that simple, behavioral-based interventions can improve compliance without adding a large cost burden to governments (OECD, 2021; Widiyanto et al., 2024). Therefore, this study aims to synthesize the empirical findings of 2020–2025 regarding the factors that affect individual taxpayer compliance, including the dimensions of knowledge, digital administration, and behavior, as well as provide evidence-based policy recommendations to increase tax compliance voluntarily.

2. Literature Review

2.1 Brief theoretical framework

Modern tax behavioral theory evolved from a classical economic model that emphasized incentives and sanctions (Allingham & Sandmo, 1972) to a more comprehensive psychological-social approach. In the classical model, taxpayers are assumed to be rational and maximize utility by considering the probability of the audit and the amount of the penalty. However, empirical research in the last two decades has shown that compliance decisions are determined not only by economic calculations, but also by social norms, tax *morality*, and perceptions of fairness and trust in tax authorities (Kirchler, Hoelzl, & Wahl, 2008). This

approach is known as the Slippery Slope Framework (SSF), which explains that tax compliance is influenced by two main dimensions: power *of authorities* and trust *in authorities*.

Within the framework of the SSF, voluntary compliance will increase if the tax authorities are trusted to be fair and transparent, while enforced compliance will increase if the authority is considered strong and able to enforce sanctions (Kirchler et al., 2008; Kogler et al., 2020). Studies by Luttmer and Singhal (2014) also show that social norms and perceptions of fairness play a significant role in shaping tax compliance behaviors in different countries. This model was then widely developed to accommodate empirical findings in developing countries, including Indonesia, which showed that non-economic factors such as public service perceptions and government integrity have a significant influence on tax morale (Ramesh & Basri, 2024; Sari & Yusuf, 2022).

In the context of individual behavior, cognitive psychology theory explains that compliance decisions are often influenced by behavioral biases, such as *present bias* and *procrastination*, which cause taxpayers to delay reporting despite understanding their obligations (Torgler, 2022). This phenomenon is reinforced by the limitations of tax literacy and administrative complexity, which creates cognitive barriers (Wahl, 2023). Therefore, a new approach based on *behavioral insights* has emerged that seeks to "snuggle" taxpayers' behavior through light interventions or *nudges* designed to change decisions without coercion (OECD, 2021; Persian et al., 2022).

In the last decade, the combination of economic theory, psychology, and social behavior has formed a new, more holistic paradigm in understanding tax compliance. This approach allows for the development of evidence-based policies through *field experiments* to test the effectiveness of compliance improvement strategies (Dalton, Dulleck, & Kogler, 2021). Recent studies in Indonesia (Persian et al., 2022; Yogama et al., 2024; Widiyanto, Rieger, & Adrison, 2024) show that behavioral frameworks are able to explain variations in individual taxpayer compliance better than pure economic models.

2.2 Determine Individual

Tax knowledge and literacy are one of the fundamental factors in compliance theory. Taxpayers who understand their rights and obligations are more likely to report and pay taxes on time (Qadri, 2021; Jatmiko & Nurlaela, 2024). A quantitative study by Nasution et al. (2020) found that high levels of tax literacy increase voluntary compliance through increased perception of convenience and reduced fear of misreporting. Another study by Sulastrri, Andesto, and Oktris (2023) shows a positive relationship between tax literacy and compliance in the e-commerce sector, which is becoming increasingly relevant in the digital age. At the regional level, Widiyanto and Hamzah (2023) found that taxpayers in big cities are more compliant than rural areas because they have better access to tax digital information and services.

In addition to knowledge, tax morale emerges as an important determinant that often mediates between economic and behavioral factors. *Tax morale* reflects a person's intrinsic motivation to pay taxes for social contributions (Torgler, 2022). Cross-country studies by Dalton et al. (2021) and Dong & Sinning (2021) show that high tax morale consistently increases voluntary compliance, even without increased oversight. In Indonesia, Sari and Yusuf (2022) found that perceptions of tax fairness and integrity of tax officers improve tax morale, which in turn strengthens the relationship between tax knowledge and actual compliance.

Social norms also play a significant role in influencing obedience behavior. According to Kirchler et al. (2008) and Wenzel (2021), individuals tend to adapt their behavior to the social groups around them—when a person believes that the majority pay taxes correctly, they are more likely to do the same. Conversely, the perception that many people avoid taxes can lower tax morale. A field study by Ramesh & Basri (2024) in Southeast Asia shows that perceptions of others' obedience and trust in the government are the two most powerful factors that predict voluntary compliance.

2.3 Administration and Digitization

The digitalization of tax administration is an important transformation in the modern tax system. The implementation of *e-filing*, *e-billing*, and *e-registration* has been proven to reduce compliance costs and increase ease of access for taxpayers (OECD, 2021). Qadri (2021) found that the use of *e-filing*

significantly improves individual taxpayer reporting compliance because it reduces time and bureaucratic barriers. Rafi'ah's research (2022) also supports these findings, showing that taxpayers who use digital services tend to be faster and more accurate in submitting tax returns.

Sulastri et al. (2023) added that the effectiveness of digital systems depends on the readiness of technology and digital literacy of users. A study by Bruns, Friehe, and Kogler (2025) shows that the perception of ease and reliability of digital systems is a strong predictor of voluntary reporting intention. Similar results were found by Wulandari and Rofiq (2024), which highlight the importance of user experience in determining the satisfaction and compliance of digital taxpayers.

In addition to technology, the quality of tax administration services is also an important factor. Fast, clear, and transparent services increase the perception of *procedural justice*, which has a direct effect on trust in tax authorities (Torgler, 2022). Indradi (2023) emphasized that the transparency of the use of tax funds has a positive correlation with tax morale, especially for young taxpayers. A longitudinal study by the OECD (2023) also shows that *service-oriented tax administration* reforms have a positive effect on long-term compliance.

The quality of public services and trust in the government not only encourage compliance, but also moderate the influence of tax literacy on reporting behavior (Ramesh & Basri, 2024). When taxpayers trust that their taxes are being used fairly and efficiently, the relationship between knowledge and compliance becomes stronger. On the other hand, if the perception of corruption is high, then the positive effects of digitalization and education tend to weaken (Sari & Yusuf, 2022; Dong, Satyadini, & Sinning, 2025).

2.4 Behavior-Based Interventions

In recent years, *behavioral economics* approaches have increasingly been used to improve tax compliance through lightweight interventions called *nudges*. A large study by Persian et al. (2022) on 11.2 million taxpayers in Indonesia showed that electronic messages with simple *planning prompts* can increase early reporting by 4.7%. These findings confirm that small changes in communication can have a big impact on compliance behavior. The OECD (2021) also emphasizes that *behavioral nudges* are an effective low-cost strategy to increase *voluntary compliance*.

Another field experiment by Yogama, Gray, and Rablen (2024) found that simplified reminder letters—with short instructions and payment codes—were more effective than messages emphasizing punishment. The study showed an increase in tax penalty settlement by 6–8% in the intervention group. Widiyanto, Rieger, and Adrison (2024) used instant messaging-based instant messaging and found similar results, namely an increase in the annual tax return submission rate of up to 6%.

In addition to short-term effectiveness, the research of Dong, Satyadini, and Sinning (2025) shows that the impact of behavioral interventions is heterogeneous depending on the social context and location of the taxpayer. Effective interventions in big cities are not necessarily effective in areas with low literacy. Therefore, a combination of behavioral approaches and long-term educational strategies is recommended to ensure the sustainability of compliance.

2.5 The Role of Moderation: Beliefs and Perceptions of Justice

Trust in tax authorities is the most widely studied moderation variable in the tax behavior literature. Kirchler et al. (2008) explain that the relationship between power and trust is interactive — excessive power without trust actually decreases voluntary obedience. An empirical study by Ramesh and Basri (2024) shows that in developing countries, public trust in tax institutions is more important than the threat of audits.

The perception of fiscal justice is also the main determining factor of tax morality. Taxpayers who feel the tax system is fair and non-discriminatory are more likely to comply with their obligations (Torgler, 2022). Research by Sari and Yusuf (2022) found that perceptions of procedural justice and distributive justice significantly mediate the relationship between literacy and compliance in Indonesia. This is in line

with the findings of Dalton et al. (2021) who show that *fairness perception* is a determinant of compliance behavior in more than 30 countries.

The trust factor also strengthens the effectiveness of behavioral interventions. The study by Yogama et al. (2024) found that trust-based messages ("thank you for your contribution") were more effective than threat messages in groups of taxpayers with high levels of trust in the government. In contrast, in groups that are skeptical of government, messages emphasizing public benefits are more acceptable. Thus, behavioral interventions that take into account social context and trust levels will produce more significant impacts (OECD, 2023).

Overall, the up-to-date literature confirms that improving individual taxpayer compliance cannot rely solely on fiscal policy or administrative digitalization. Trust factors, perceptions of fairness, and behavior-based approaches must be synergistically integrated in tax policy designs oriented towards voluntary compliance (Persian et al., 2022; Ramesh & Basri, 2024; Dong et al., 2025).

3. Methodology

This paper uses a *literature review* method approach to identify, analyze, and synthesize various previous research results related to factors affecting the compliance of individual taxpayers in Indonesia and other developing countries in the 2020–2025 period. The *literature review method* was chosen because it provides an in-depth understanding of the development of theories, models, and empirical findings that have been tested previously (Krisdayanti, Gunarianto, & Wahyudi, 2021). According to Snyder (2019), *literature review* is a scientific method that allows researchers to collect, classify, and interpret previous research findings systematically to produce conceptual conclusions and practical implications for public policy.

This research process is carried out through several systematic stages. The first stage is the collection of literature, which is done by searching for scientific articles from reputable databases such as *Scopus*, *ScienceDirect*, *SpringerLink*, *Emerald Insight*, *Taylor & Francis Online*, and *the Directory of Open Access Journals (DOAJ)*. In addition, the author also uses sources from official institutions such as *the OECD*, *The World Bank*, and *the Indonesian Directorate General of Taxes* as a policy reference. The literature search was conducted with the following keywords: *tax compliance*, *individual taxpayer*, *behavioral insights in taxation*, *tax morale*, and *digital tax administration*. The selected articles are limited to the 2020–2025 range to ensure relevance to the latest developments in the digital taxation system and tax conduct policy.

The second stage is the selection and classification of the literature, which is carried out based on clear inclusion and exclusion criteria. Inclusion criteria include: (1) empirical and conceptual articles focusing on individual taxpayer compliance; (2) research using quantitative, qualitative, and *mixed methods* approaches; and (3) studies published in nationally reputable journals (Sinta 1–2) and internationally (Scopus Q1–Q4 or DOAJ). Articles that only discuss corporate tax compliance or international taxes are excluded from the analysis. This process follows the *systematic review* guidelines suggested by Xiao and Watson (2019), which emphasize the importance of transparency and replication in each stage of literature synthesis.

The third stage is the analysis and synthesis of key findings. At this stage, the author critically reads each article to identify the determinants of tax compliance, the context of the research, the methodology used, and the main results and conclusions. The analysis was conducted with a thematic approach to find patterns and relationships between the most frequently occurring variables — such as tax literacy, *tax morale*, trust in authority, digitization of administration, and behavior-based interventions (*behavioral nudges*). This approach refers to the *thematic synthesis* method as described by Thomas and Harden (2008), which is suitable for integrating empirical findings from various research designs.

The fourth stage is the interpretation of the results and the formulation of policy implications. After all the articles were categorized and analyzed, the authors interpreted the results of the synthesis to answer the study's key question: "*What factors most influence individual taxpayer compliance in the digital age, and how can behavior-based policy implications be applied to improve voluntary compliance?*" Interpretation is carried out by comparing similarities and differences in results between studies and linking

them to tax behavioral theories such as *the Slippery Slope Framework* (Kirchler et al., 2008) and *the Behavioral Economics* approach (Dalton et al., 2021; Persian et al., 2022).

In addition to drawing from academic literature, the author also strengthens the analysis with practical insights based on professional experience in the field of taxation — both as a teaching staff of tax courses and as a consultant who interacts directly with individual taxpayers. The experience provides additional empirical context to understand how theory is applied in practice. In line with the view of Tranfield, Denyer, and Smart (2003), the combination of literature synthesis and professional experience can enrich the external validity of review-based research results.

Overall, this *literature review method* allows the authors to comprehensively uncover the underlying factors underlying individual taxpayer compliance in Indonesia, by highlighting behavioral changes in the digital era as well as the potential for implementing behavior-based interventions to strengthen voluntary compliance. This approach also provides a strong conceptual basis for the development of advanced research and evidence-based tax policies.

4. Results and Discussion

This section presents the results of a synthesis of scientific articles analyzed through a systematic literature review approach on various factors that affect the compliance of individual taxpayers (WP OP) in Indonesia and other developing countries. The analysis was carried out by examining literature published from 2020 to 2025 from reputable national journals (Sinta 1–2) and Scopus indexed international journals. Each study is classified based on the main theme, namely the dimensions of tax literacy, fiscal trust and justice, administrative digitalization, and behavioral interventions based on behavioral insights. The results of this synthesis are expected to provide a comprehensive understanding of the dynamics of tax compliance in the digital era as well as the direction of policy development oriented towards voluntary compliance.

In general, the results of the study show that tax compliance is no longer solely determined by economic factors such as income levels, tax rates, or sanctions risk, as described in the classic theory of Allingham and Sandmo (1972). In the modern context, compliance behavior is more influenced by a combination of psychological, social, and technological factors. Tax literacy and understanding of administrative procedures are the main foundations that determine the ability and willingness of taxpayers to report correctly. However, this knowledge will be more effective when it is accompanied by trust in tax authorities and the perception that the tax system is run fairly and transparently.

In addition, the development of digitization of tax administration through the implementation of e-filing, e-billing, and core tax systems has proven to have a positive impact on the ease of reporting and the reduction of compliance costs. However, the effectiveness of this technology is highly dependent on the digital literacy of users and the quality of taxpayers' experience in accessing online services. On the other hand, behavioral approaches such as the use of nudges and psychology-based reminder messages have been shown to be effective in improving short-term tax reporting with low intervention costs. It is this interaction between trust, convenience, and behavioral design that forms a sustainable compliance system.

Thus, the results of this study confirm the importance of a multidimensional approach in designing strategies to improve individual tax compliance. The government needs to integrate education efforts, digital reform, and behavioral interventions that take into account the social context and the level of public trust. The findings presented in the following section summarize how the four main dimensions of tax literacy, fiscal trust and justice, digitalization, and behavioral interventions interact with each other and contribute to improving taxpayer compliance in Indonesia.

4.1 Tax Literacy & Ease of Procedure

The results of the literature synthesis show that tax literacy is one of the most dominant determinants that affect the compliance of individual taxpayers (WP OP). An understanding of tax rights and obligations has been shown to contribute greatly to voluntary compliance behavior. Nasution et al.

(2020) found that increased tax literacy strengthens the perception of ease of carrying out obligations, which in turn drives the desire to report and pay taxes on time. Similar findings are strengthened by Qadri (2021) who emphasized that the use of an e-filing system that is easily accessible and understood increases reporting compliance, especially for taxpayer groups who already have a good tax literacy base.

In addition, Jatmiko & Nurlaela (2024) show that tax education, both through formal channels such as higher education and through socialization by the Directorate General of Taxes, plays a significant role in forming a positive perception of the risk of misreporting and increasing taxpayer confidence. Sulastri, Andesto, & Oktris (2023) added that in the context of the digital economy, tax literacy and digital *readiness* are two complementary factors, especially for e-commerce players who often face changes in regulations and platform-based tax reporting mechanisms.

These findings are in line with the classic theory of Allingham & Sandmo (1972) which explains that tax compliance was initially seen as a rational decision based on audit and sanctions risk. However, the theory was later developed by behavioral approaches such as Torgler (2022) and Wahl (2023) that emphasize the psychological and cognitive dimensions, where knowledge and perception of the system's ease also form an intrinsic motivation for obedience.

Furthermore, administrative experience and demographic characteristics also affect the effectiveness of tax literacy. Widiyanto & Hamzah (2023) prove that taxpayers in urban areas have a higher level of compliance due to better access to tax information and digital services. Meanwhile, Everant, Rahmawati, & Fadilah (2023) show that risk preferences and previous experience moderate the relationship between knowledge and compliance, where taxpayers with longer experience tend to be more cautious in reporting, while still taking into account audit risk. Thus, tax literacy can be considered the foundation of compliance behavior, but its effectiveness depends heavily on factors of experience, social context, and administrative readiness.

4.2 Trust, Fairness, & Tax Morals

In addition to literacy, the psychological dimension of trust in tax authorities and perceptions of fiscal justice has a major influence on the level of voluntary compliance. Based on the Slippery Slope Framework developed by Kirchler, Hoelzl, & Wahl (2008), tax compliance increases significantly when the power of tax authorities is accompanied by a high level of public trust. When taxpayers trust that the government uses taxes transparently and fairly, compliance becomes the result of internal motivation, not administrative coercion.

Ramesh & Basri's (2024) research in Southeast Asia shows that public trust in the government has a stronger influence than the threat of audits in encouraging voluntary compliance. Meanwhile, Sari & Yusuf (2022) found that perceptions of procedural fairness and fiscal integrity strengthen *tax morale* among Indonesian taxpayers. This is reinforced by Dalton, Dulleck, & Kogler (2021) and Luttmer & Singhal (2014) who emphasize that fairness in both procedures and the distribution of tax burden is the main driver of tax morality in various countries.

On the other hand, policies that are not accompanied by justice can reduce compliance in the long run. Indradi (2023) proves that repeated tax amnesty policies without improving the fiscal justice system actually lower tax morale, because it causes a perception of injustice among compliant taxpayers. Overall, the results of the synthesis show that trust and justice serve as a link (moderator) that converts knowledge into real action. When these two factors are high, taxpayers are more likely to comply with their tax obligations without pressure.

4.3 Digitization of Administration & Quality of User Experience

The modernization of the digital-based tax administration system is an important structural factor in improving taxpayer compliance. The implementation of e-filing, e-billing, and e-registration has been proven to reduce administrative barriers and compliance costs. Rafi'ah (2022) revealed that e-filing services significantly reduce reporting time and increase the accuracy of data filling. These results are in line with the OECD report (2021; 2023) which states that the digitization of tax administration contributes to improving the efficiency, transparency, and accuracy of fiscal data in various member countries. However,

the benefits of digitalization are highly dependent on user readiness and the quality of *user experience*. Bruns, Friehe, & Kogler (2025) emphasized that perceptions of the ease of use and reliability of digital systems are strong predictors of voluntary reporting intentions. On the other hand, Wulandari & Rofiq (2024) highlight that poor UX or systems that are often disrupted can reduce taxpayers' motivation to use digital platforms consistently.

In addition to the technical aspect, the digital infrastructure gap is also a big challenge. Dong, Satyadini, & Sinning (2025) show that taxpayers in areas with limited internet access experience greater barriers to digital tax reporting compared to those in urban areas. Therefore, the success of tax digitalization requires not only technological reform, but also inclusive policy support and digital literacy training for the community.

4.4 Behavioral Interventions

The behavioral insights approach in taxation has become one of the public policy innovations that has attracted attention in the last five years. Research by Persian et al. (2022) involving more than 11 million taxpayers in Indonesia shows that sending planning *prompts* via email can increase early *filing* by up to 4.7%. Research by Widiyanto, Rieger, & Adrison (2024) found that the use of instant messaging-based instant messaging increased the annual tax return reporting rate by 6%. Meanwhile, Yogama, Gray, & Rablen (2024) found that reminder letters with short instructions and an appreciative tone increased tax penalty settlement by 6–8%.

This behavioral intervention approach is also supported by the OECD (2021) and the J-PAL report (2022) which emphasize that *nudges* are a low-cost strategy but have a major impact on short-term compliance. Nonetheless, the effectiveness of behavioral interventions is strongly influenced by the social context and characteristics of the taxpayer. Dong & Sinning (2021) and Dong, Satyadini, & Sinning (2025) show that *the nudges* effect is not universal; success is highly dependent on the tax literacy level, geographic location, and socioeconomic conditions of the taxpayer. Therefore, behavior-based policies must be designed adaptively by taking into account the differences in characteristics between groups of taxpayers.

4.5 Social Norms & Peer Effects

Social aspects also play an important role in shaping tax compliance behavior. Based on Wenzel's (2021) research, individuals tend to adapt their behavior to the behavior of the group around them when a person believes that the majority of society pays taxes correctly, he or she is more motivated to do the same. These findings are reinforced by Dalton et al. (2021) and Kirchler (2007) who show that collective *tax morale* is an important basis for sustainable compliance.

In the Indonesian context, Ramesh & Basri (2024) added that trust between citizens and perceptions of the compliance of others play a significant role in strengthening *voluntary compliance*. Thus, a public communication strategy that highlights a positive narrative such as "the majority of taxpayers have reported correctly" can be an effective, low-cost form of *social nudge* to improve collective compliance.

4.6 Synthetic Implications

Based on the synthesis of the 35 articles analyzed, it can be concluded that increasing individual taxpayer compliance requires a multidimensional approach that integrates aspects of education, trust, digitalization, and social behavior. First, the integration between tax literacy and administrative digitalization is a fundamental step to reduce procedural barriers while improving taxpayer understanding. Second, policies need to emphasize fairness and public trust through transparency in the use of tax funds and responsive services. Third, the application of behavior-based nudges can be used as a short-term strategy to strengthen voluntary reporting behavior, especially if adjusted to the social context and characteristics of taxpayers.

In addition, communication strategies based on social norms need to be used more widely to form a positive perception of tax compliance in society. Finally, *service-oriented tax administration* reform as suggested by the OECD (2023) is expected to create a fairer, more transparent, and sustainable tax system. With a balanced approach between education, technology, trust, and behavioral interventions, voluntary tax compliance in Indonesia can be significantly improved without having to rely entirely on sanctions enforcement.

5. Conclusion

The results of the study show that increasing the compliance of individual taxpayers in Indonesia requires a multidimensional and integrative approach. Compliance is not only determined by economic factors such as tariffs or sanctions risk, but also by tax literacy, trust in authority, perception of fiscal fairness, quality of digital administration, and effective behavioral interventions. First, tax literacy is proven to be a fundamental factor that increases the ability and willingness of taxpayers to understand and carry out their obligations. Continuous education and socialization programs are needed to strengthen this understanding, especially among small business actors and independent workers. Second, public trust and the perception of fiscal justice play an important role in shaping tax morale. When taxpayers believe that the tax system is run in a transparent, fair manner, and that the proceeds are used in the public interest, voluntary compliance increases significantly without the need for administrative pressure. Third, digitizing tax administration through e-filing, e-billing, and core tax systems has been proven to improve reporting efficiency and reduce compliance costs. However, the success of digitalization is highly dependent on technological readiness, digital literacy, and a positive user experience for online services. Fourth, behavioral insights such as nudges, reminder messages, and social norm-based approaches have been shown to be effective in improving short-term compliance at a low cost. However, the impact is contextual, depending on the socio-economic characteristics and level of taxpayer confidence. Thus, the strategy to improve tax compliance in Indonesia needs to be designed holistically, incorporating aspects of education, digital reform, increased transparency, and a trust-based behavioral approach. This approach is not only able to strengthen voluntary compliance, but also realize a fairer, more adaptive, and sustainable tax system in supporting national development.

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