

Copyright © 2023 The author/s

This work is licensed under a CC-BY 4.0 license

(*) Corresponding author

Peer review method: Double-blind

Original scientific article

DOI: <https://doi.org/10.47305/JLIA2391209g>


Received: 12.12.2022 · Revised: 19.01.2023 · Accepted: 23.01.2023 · Published: 25.03.2023



THE IMPACT OF PUNISHMENT, BUDGET SPENDING, AND SOCIAL STIGMATIZATION ON FISCAL EVASION: THE CASE OF KOSOVO

Mentor Gashi¹, Ramadan Beqiri^{2*}

¹University "Ukshin Hoti" Prizren, Kosovo  <https://orcid.org/0000-0002-7044-1552> ✉ mentorgashi15@gmail.com

²Business College Prishtina, Kosovo  <https://orcid.org/0000-0002-3524-5206> ✉ ramadanbeqiri@gmail.com

Abstract: *The purpose of this paper was to identify several factors that have an impact on tax evasion. Tax evasion is considered a problem for many different countries in the world, simultaneously attracting the curiosity of researchers. The study employed a convenience sampling technique and collected 221 questionnaires in Kosovo. Data were analyzed using descriptive statistical analysis, linear regression and are reflected in the matrix table of correlation coefficients. In this research, the statistical significance results appear the size of punishment, perception of spending of budget, and social stigma that has effected tax evasion. In this way, as lower the punishment for evaders effected non-encourage citizens to notify the tax evasion. Perception of non-spent properly of budget effected non-encourage citizens to notify the tax evasion. Also, when the lower was a social stigma for the evaders, it increased their willingness to tax evasion.*

Keywords: *Tax Evasion; Punishment; State Budget; Precipitation; Tax Administration; Linear Regression; Stigma*

INTRODUCTION

The paper aims to find the determinants that help to promote tax compliance. During this research, several questions were presented to the respondents, where, consequently, some important determinants were found in the research results. This paper is mainly based on the socio-psychological model, including the elements from the economic prevention model. The research is intended to measure the level of awareness of the citizen as a consumer, therefore, to measure their readiness to notify the Tax Administration of Kosovo (TAK) about possible tax evasion. Also, through this research, it is intended to measure the perception of the citizen as a consumer, how they perceive the level of punishment and the perception of how much the state budget is spent properly and correctly, and how much these two variables reflect on the readiness of the citizen as consumers to notify the tax administration (ATK) of possible evasion. There are two dependent variables and four independent variables in the paper. One of the dependent variables is the number of notifications or reports to the tax administration from citizens-consumers. On the other hand, we have two independent variables: the perception of the size of the penalties and the perception of spending the state budget correctly. While the other dependent variable is the level of readiness of businesses and persons to commit tax evasion; in the face of two independent variables, the level of stigmatization towards those who

cause evasion, and the other independent variable is the level of state-citizen cooperation to fight together fiscal evasion.

The research was conducted through questionnaires, where about 250 questionnaires were issued, and we received answers from 221 respondents. The questionnaire was released through online apps.

From the statistical analyses carried out in this research, significant relationships between the dependent and independent variables have resulted. The research concluded that there is a perception that the punishment for the tax evader is low; therefore, it does not encourage the citizens-consumers to notify the tax collection administration about possible tax evasion. Likewise, the level of notification or reporting to the tax administration for possible fiscal evasion is also due to the perception that the state budget is not being spent fairly or properly; therefore, this variable has also caused the citizen not to be encouraged to notify the tax administration of possible tax evasion. Likewise, the second dependent variable, which is the readiness of the evader to carry out evasion, was shown to be significant with low stigmatization towards the evader. So the readiness for evasion increases as long as they are not stigmatized. Likewise, in the other independent variable, which is the cooperation between the states on the one hand and the citizen-consumer, with the evasiveness here, we do not have statistically significant results.

LITERATURE REVIEW AND HYPOTHESIS

Based on the theory available for fiscal evasion and the direction of scientific research in this field, this paper is also based on similar models for fiscal evasion research, respectively, the determinants that influence fiscal evasion. In this part of the paper, the theoretical part has been found to stimulate or develop the hypotheses in advance so that our presented hypotheses have their theoretical support. In the following, presented are the theoretical parts for certain hypotheses that have been shown.

Notifying the Tax Administration of Possible Evasion

Fiscal evasion is affected by the attitude of consciousness of taxpayers and moral taxes, and that form of consciousness is present in every taxpayer (Sumartaya 2014, 60). Taxpayers know that paying taxes is every citizen's absolute duty (Irianto 2005).

Where taxpayers' awareness of the tax code and its complexity is lacking, it affects the growth of fiscal evasion (Alstadsæter 2013, 23). Are finding persistent evidence that low-tax moral countries engage in tax evasion via roundtripping (Kemme 2020, 9). Cracking down on evasion by the wealthy can be an effective way to raise tax revenue, increase tax progressivity, and ultimately reduce inequality (Alstadsaeter 2022, 3).

The Level of Punishment

Many studies have found that penalties encourage tax compliance. Mainly the studies were focused on two directions, on the one hand, they have researched the real punishments as

a result of experimental studies, and on the other hand, on the taxpayer's perception of the level of interference and the perception of punishment in tax compliance (Devos 2014, 79). Likewise, responses regarding respondents' opinions of the severity of punishments were obtained for this paper.

Large fines were found to be more effective deterrents than frequent audits (Friedland 1978, 1). In "the tax laws are two kinds of tax penalties, administrative sanctions and criminal sanctions. Administrative sanctions may be imposed if the taxpayer makes such abuses, the administrative sanction penalties, interest, and rising. Criminal sanctions are liable to a jail sentence-prison" (Savitri 2016, 684).

In this regard, (Grasmick 1982, 213) they have examined the relative power of legal sanction, guilt, and social stigma as deterrents for wrongdoing. They found statistically significant relationships, where the threat of legal punishment was the least powerful among the three factors. In comparison, the other two factors were guilty and social stigma, two highly significant factors in the regression analysis. Hence, it is suggested that non-monetary variables are also important in fulfilling taxes; respectively, the state's fiscal behavior model is extremely important (Fisher 1992).

The punishment variable is important to research tax compliance, but not only this variable, but it is necessary to include other factors to carry out complete research. Therefore, for improving compliance, punishment is a very important factor that should not be underestimated for measuring and achieving the prevention of tax evasion.

Based on the theory and the results of other research that punishment has an important role in the fulfillment of taxes, this paper presented it as a variable to measure the perception of citizens-consumers, how they perceive the level of punishment for tax evaders, and how much are encouraged report possible tax evasion.

H1: If the perception that the level of punishment for fiscal evasion is not at the right size, then the citizen-consumer is not encouraged to notify the administration of tasks for possible fiscal evasion.

Prescribing that if the level of punishment is low, this will not hit the tax evader in a deserved way. Therefore, this will not encourage the citizen-consumer to notify the tax administration of possible tax evasion.

Spending the Budget in the Right Way

The state budget of public revenues could finance public health services, education, public order and safety, and others (Androniceanu 2019, 33). When the state budget spends right, citizens feel like partners with the government. When individuals feel like partners with the government, their honesty will be higher compared to when the individual has a sense of inferiority (Alm 2006, 14).

Unless tax authorities take pains to administer in principles, tax avoidance would reduce a government's tax revenue and significantly impact social welfare (Hanousek 2004, 2). Government transparency toward citizens is important (Feldstein 2002). Also another

determinant is building a relationship of trust between the government of a country and individuals or businesses as taxpayers. From this, it follows that if there is mutual trust, transparency, non-inferiority, and a relationship of cooperation, then it has a positive effect, respectively affecting the reduction of fiscal evasion in the country.

There are also several factors from different studies related to the perception of taxpayers on the performance and behavior of the government (perception of corruption and transparency), respectively, as trust in the government and institutions (Andreoni 1998).

The studies argue that where there is a willingness to cooperate between the government and certain groups or citizens, the latter is convinced to fulfill the rules (Tyler 1997). In this direction, the treatment also appreciates what the certain government gave to the people, the taxpayers.

It is suggested that non-monetary variables are also important determinants of tax compliance (Fisher 1992).

Evidence has been found that the social welfare system and the misuse of the budget collected by taxpayers have impacted fiscal evasion (Devos 2014, 163).

Therefore, as far as it is estimated, the transparency of spending the budget in the right way, as well as the good cooperation between citizens and businesses as taxpayers on the one hand and state institutions on the other, affects the increase in performance in fulfillment. In this direction, the hypothesis was built as follows:

H2: If the perception is that the collected budget is not spent correctly, then the citizen-consumer is not encouraged to notify the administration of the tasks for possible fiscal evasion.

Stigma as a Factor in Preventing Evasion

It also plays an important role in preventing tax evasion in societies where people or businesses are stigmatized for avoiding taxes. Various studies have found that social stigmatization; guilt is important (Grasmick 1982, 213). Tax avoidance by firms may entail a psychological cost known as stigma, and results imply that stigma has implications for improving social welfare (Hamamur 2021, 3). Therefore, stigmatization has often been a significant variable concerning fiscal evasion, respectively, the higher the stigmatization influenced the reduction of fiscal evasion.

H3: If there is no strong stigmatization against those who avoid taxes, then the willingness of the evader to commit tax evasion whenever the opportunity is given to the evader will be high.

Cooperation between the State and the Citizens

As mentioned above in the second hypothesis, a good relationship between the citizen and the state influences the citizen to behave better with the state concerning fiscal evasion. The behavior of the state is important to the citizen (Fisher 1992). Partnership with the government made citizens more honest towards the state (Alm 2006, 12). Citizens' dissatisfaction with the state can manifest negatively (Hanousek 2004, 24). Government transparency to the citizen is

equally important (Feldstern 2002). Providing online information and services by the government to its citizens alleviates tax evasion and increases tax revenue (Uyar 2021, 1). Whether taxes are redistributed to the participants or real-life public goods significantly impacts tax compliance (Alm 2021, 1-55). Therefore, based on this, we also raised the hypothesis in this research, how much will the willingness of persons/businesses for fiscal evasion be reduced when good cooperation between the citizen and the state is perceived.

H4: If there is not a strong relationship between the institutions and the citizen, then the willingness of the evader to carry out tax evasion whenever the opportunity is given to the evader will be high.

As presented above, hypotheses were developed based on preliminary theories for these attitudes regarding their impact on fiscal evasion.

Table 1: Summary of Primary Research Questions (Source: Authors' compilation)

Code	Primary Questions	Dependent Variable	Independent Variable
H1	<i>If the perception that the level of cooperation for fiscal evasion is not at the right size, then the citizen-consumer is not encouraged to notify the administration of the tasks for possible fiscal evasion.</i>	Notification of the Tax Administration about possible fiscal evasion.	Size of penalties.
H2	<i>If the perception is that the collected budget is not spent correctly, then the citizen-consumer is not encouraged to notify the administration of the tasks for possible fiscal evasion.</i>	Notification of the Tax Administration on possible fiscal evasion.	Spending the budget in the right way.
H3	<i>If there is no strong stigmatization of those who avoid taxes, then the evader's willingness to commit tax evasion whenever the opportunity is given to the evader will be high.</i>	Readiness of the evader to carry out evasion.	Stigma.
H4	<i>Suppose there is not a strong relationship between the institutions and the citizen. In that case, the willingness of the evader to evade taxes will be high whenever the evader is given the opportunity.</i>	Readiness of the evader to carry out evasion.	The relationship between the state and citizens in the fight against fiscal evasion.

RESEARCH METHODOLOGY

A quantitative data approach was used, and statistical results were derived from these data. To obtain a representative sample for Kosovo, the survey used random sampling. The data were collected from the questionnaires in electronic form through online apps; in this form, we also received the answers. This data collection tool, through the questionnaire, enables it to reflect the descriptive statistical analysis automatically. It also contains the data in excel form collected and prepared to be used further for statistical analysis. Two hundred twenty-one (221) questionnaires were completed when we stopped collecting and started analyzing the data. The data collection was carried out in the Republic of Kosovo. From the collected data, two types of analysis were made, such as: firstly, descriptive statistical analysis was made, and secondly, correlation analysis was performed and regression analysis, where which enabled us to find the relationship between the variables in the research, where it was derived the coefficient of correlation and coefficient of P-Value through linear regression. Also, it was performed the collinearity test.

Data Collection and Analysis

Descriptive Analysis

In order to prove the first hypothesis, data were collected from the questionnaire, where the respondents were asked if they had ever notified the tax administration in cases where they were not given a fiscal coupon or invoice for the purchase of goods or services. From the answers received, it is shown that out of 217 respondents who answered this question, 189 or 86.6% of them answered that they never notified the tax administration for not providing the fiscal coupon or invoice during the purchase, until only 20 of them or 9.2% reported it 1 to 3 times a year, the rest are unimportant results. Therefore, seeing this result that the consumer is not encouraged to notify the tax administration, this question was posed as a dependent variable to see why there is such a low incentive to report possible fiscal evasion. Failure to provide the fiscal coupon or invoice at the purchase time represents possible fiscal evasion. The results of the answers are presented in Table 2.

Table 2: Overview of the Level of Notification or Reporting for Possible Fiscal Evasion
(Source: Authors' calculation)

Question 10 (P10): How many times a year have you notified the institution (ATK or other tax collecting institution) about the cases when you were not offered a fiscal receipt or invoice when you bought?		
Answer	Number of Respondents	Percent
Never	189	86.7
1 to 3 times	20	9.2
3 to 5 times	7	3.2
5 to 10 times	0	0.0
Over 10 times	2	0.9
TOTAL	217	100%

To find the factors of why there is a low interest of consumers to help the state in collecting taxes, from the data collected from the questionnaire, there were found two correlative links, such as one is that consumers do not have information if the penalties are deserved for the evader, they also do not have information on whether the state budget is being spent correctly and transparently, therefore with these two factors consumers are not interested in notifying the tax administration about possible tax evasions. Second, there were presented as independent variables, which were tested statistically.

In order to find out what the consumer think about the level of intervention against those who commit tax evasion, answers were received from 217 respondents, of which 126, or 58.1%, say that they do not receive the appropriate intervention, 60 respondents or 27.6% do not know if they receive deserved punishment. In contrast, only 31, or 14.3%, say they received the deserved punishment (Table 3).

Table 3: Reflection of the Perception of the Size of the Interactions (Source: Authors' calculation)

Question 15 (P15): Do you think businesses or persons are sufficiently punished when it is discovered that they were not paying the correct taxes/taxes to the state?		
Answer	Number of Respondents	Percent
Not	126	58.10%
I do not know	60	27.6%
Yes	31	14.3%
TOTAL	217	100.00%

When we asked the respondents if the state budget is being spent appropriately and transparently, then for this question, we received answers from 216 respondents, of which 149 respondents, or 69%, said that the budget is not being spent appropriately. More than 49 respondents, or 22.7%, say they do not know about this, and only 18 respondents, or 8.3%, think the budget is being spent correctly (Table 4).

Table 4: Overview of the Perception of State Budget Spending (Source: Authors' calculation)

Question 18 (P18): Do you think the taxes and duties the state collects yearly are fully spent correctly?		
Answer	Number of Respondents	Percent
Not	149	69.00%
I do not know	49	22.70%
Yes	18	8.30%
TOTAL	216	100.00%

Also, to test the presented hypotheses, data were collected from the questionnaire. When given the opportunity, the respondents were asked how much they think businesses or people are ready to commit tax evasion. From the answers received, it is shown that out of 221 respondents who answered this question, 110, or 50.7%, answered that they are ready to cause avoidance at any moment when they are given the opportunity, up to 51 respondents, or 23.5 % expressed neutral. In comparison, 44 respondents, or 20.3%, expressed that businesses or people are not ready to cause avoidance, while 12 respondents, or 5.5%, expressed that they are not ready to cause avoidance (Table 5).

Table 5: Reflection of the Perception of the Level of Readiness of Businesses/Persons to Commit Fiscal Evasion (Source: Authors' calculation)

Question 15 (P15): Do you think businesses or people are willing to cause tax evasion whenever possible?		
Answer	Number of Respondents	Percent
Yes	110	50.70%
Neutral	51	23.50%
Slightly	44	20.30%
TOTAL	221	100.00%

To find factors or independent variables why there is a perception of this high level of readiness, the data collected from the questionnaire, there were found two correlative and statistically significant relationships, such as one is that consumers perceive that businesses/persons who commit tax evasion are not stigmatized enough, which as such is considered to be a moral punishment by society. The other perception by the consumer is the weak connection between the citizen and the state. Therefore with these two perceptions, businesses/persons made be ready to cause evasion at the first moment when were given the opportunity. Secondly, these are presented as independent variables tested statistically and have statistical significance.

In order to find out what the consumer thinks about the level of stigmatization towards avoidance described, you will find the answers as follows from 221 responses, of which 114 or 51.6% say that businesses or people who cause avoidance are a little stigmatized, 63 respondents or 28.5% say that they do not know about the level of stigmatization, 63 respondents or 28.9% say that it is not stigmatized at all, up to 10 respondents or 4.6% say that they are stigmatized enough (Table 6).

Table 6: Reflection of the Perception of the Level of Stigmatized Subject or Persons who Cause Tax Evasion (Source: Authors' calculation)

Question 20 (P20): Do you think that subjects or persons who cause tax evasion in Kosovo are stigmatized?		
Answer	Number of Respondents	Percent
Not stigmatized	114	51.6%
I do not know the level of stigmatization	63	28.5%
Slightly	44	19.90%
TOTAL	221	100.00%

When asked the respondents if they think that there is a relationship of cooperation between citizens and the state to fight tax evasion, there were received answers from 218 respondents for this question, of which 132 respondents, or 60.6%, expressed that there is little cooperation between citizens and the state to fight tax evasion, up to 45 respondents and 20.6% say that there is no cooperation at all, 27 respondents or 12.40% say that they do not know about the level of cooperation, up to 14 respondents or 6.4% think that there is cooperation enough between the citizen and the state in fighting fiscal evasion (Table 7).

Table 7: Reflection of the Perception that the cooperation Between the State and Citizens against Fiscal Evasion (Source: Authors' calculation)

Question 21 (P21): Do you think there is a cooperation between the citizen/consumer and the state in the common fight against fiscal evasion?		
Answer	Number of Respondents	Percent
Little cooperation between them	132	60.6%
There is no cooperation at all	45	20.6%

They do not know the level of cooperation	27	12.4%
There is cooperation between them	14	6.40%
TOTAL	218	100.00%

Up to the above, it was made a description of the results for each question posed, and at the same time, the answers from the respondents were presented in percentage. In the following, we can present a descriptive statistical analysis table, which includes the number of respondents, the statistical average, the standard deviation, and data distribution results through Skewness and Kurtosis (Table 8).

Table 8: Descriptive Statistics (Source: Authors' calculation)

Variable	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistics	Statistics	Statistics	Statistics	Statistics	Statistics	Std. Error	Statistics	Std. Error
NjAT	214	1.0	5.0	1.336	.9187	2.802	.166	7.141	.331
HBXh	214	1.0	4.0	3.182	.9687	-.748	.166	-.764	.331
NDen	214	1.0	3.0	2.145	.5417	.095	.166	.164	.331
GMP	213	1.0	3.0	1.751	.9107	.514	.167	-1.604	.332
STIG	214	1.0	4.0	2.159	1.0628	.697	.166	-.722	.331
NBSh	214	1.0	4.0	2.037	.7682	.914	.166	.858	.331
Valid N (listwise)	213	1.0							

Hypothesis Testing

Significance of the Correlation Coefficient

Correlative and significant relationships between them can be seen from the correlation analysis. The notification from the consumer to the tax administration has a correlation with the improper spending of the budget with the coefficients $r = -0.259^{**}$, while the significance is $p = 0.000 < 0.01$.

The notification from the consumer to the tax administration correlates with improper interactions with the coefficients $r = -0.220^{**}$, while the significance is $p = 0.001 < 0.01$.

The degree to which people and businesses are prepared to elicit avoidance from the moment they are given a chance is correlated with how little stigmatization is directed at them using the coefficients $r = -0.288^{**}$. At the same time, the significance is $p = 0.000 < 0.01$.

The level of readiness of businesses and persons to cause avoidance from the first moment they are given the opportunity correlates with the low level of cooperation between the citizen and the state to fight fiscal evasion. This relationship is presented in these coefficients $r = -1.54^*$, while significance $p = 0.024 < 0.05$.

Table 9: Correlation Matrix Table (Source: Authors' calculation)

		Njata	GMP	laying out	HBxh	STIG	N.B
Njata	Pearson correlation	1	-.032	-.220**	-.259**	.012	.108
	Sig. (2-tailed)		.639	.001	.000	.858	.114
	N	214	214	214	214	214	214
GMP	Pearson correlation	-.032	1	.106	-.154*	-.288**	.030
	Sig. (2-tailed)	.639		.123	.024	.000	.663
	N	214	214	214	214	214	214
laying out	Pearson correlation	-.220**	.106	1	-.010	.170*	.285**
	Sig. (2-tailed)	.001	.123		.884	.013	.000
	N	214	214	214	214	214	214
HBxh	Pearson correlation	-.259**	.030	.285**	1	.234	-.024
	Sig. (2-tailed)	.000	.663	.000		.001	.723
	N	214	214	214	214	214	214
STIG	Pearson correlation	.012	-.288**	.170*	.123	1	
	Sig. (2-tailed)	.858	.000	.013	.073		.073
	N	214	214	214	214	214	214
NBSH	Pearson correlation	.108	-.154*	-.010	-.024	.234	1
	Sig. (2-tailed)	.114	.024	.884	.723	.001	
	N	214	214	214	214	214	214

**Correlation is significant at the 0.01 level (2-tailed).

*Correlation is significant at the 0.05 level (2-tailed).

Linear Regression Analysis

As known, linear regression is the most basic and commonly used predictive analysis. Regression estimates describe data and explain the relationship between one dependent variable and two independent variables. Following is presented the regression equation:

$$Y_i = \beta_0 + \beta_1 x_1 + \dots + \beta_k x_k$$

Y1 = notification to the tax administration for possible tax evasion (TA)

X1 = Spending the state budget in the right way (HBxh)

X2 = Level of punishments deserved for evader (NDen)

Y2 = Business willingness not to pay taxes (GMP)

X1 = stigma for non-payment of taxes (STIG)

X2 = The level of cooperation between the citizen and the institution for combating fiscal evasion (NBSH).

Regression Analysis

This section provides the outcomes of the variables' statistical analysis:

Y1 = notification to the tax administration for possible fiscal evasion (TA)

X1 = Spending the state budget in the right way (HBxh)

X2 = Level of punishments deserved for evader (NDen)

$Y1 (NJAT) = \beta_0 + \beta_1 HBxh + \beta_2 NDen + \varepsilon$

Table 10: Model Summary (Source: Authors' calculation)

Pattern	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.300	0.090	.082	.8804	1,689

a. Predictors: (Constant), Budget expenditures, level of transitions.

Table 10 elements relevant for interpreting the results are R and R-Square. R-Value represents the correlation between the dependent variable and independent variables, and R-Square shows the total variation for the dependent variable that the independent variables could explain. In this case, R-value is 0.30, and the R-Square coefficient of determination is 0.09, or around 9% of the dependent variables' variations are explained through the variables of independence.

Table 11: Regression Coefficients of the Independent Variables (Source: Authors' calculation)

Pattern	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
Constant	2.602	.283		9.191	.000		
HBXh	-.362	.116	-.213	-3.114	.002	.919	1.088
laying out	-.230	.099	-.159	-2.325	.021	.919	1.088

a. Dependent Variable: Number of notifications in the Tax Administration.

b. Predictors: (Constant), Budget expenditures, level of transactions.

To describe the result from the statistical testing, as referred to in Table 11, where the results of the two variables under consideration are reflected. The result shows a statistically significant impact between the number of notifications to the tax administration for possible evasion and the perception of the low level of penalties, where the coefficient of P-Value 0.021 is presented where $p < 0.05$. Many studies find that sanctions are effective in reducing fiscal evasion, and sanctions on taxpayers are more effective than sanctions on tax assistants in deterring tax evasion (Marchese 2020). Likewise, spending the budget properly as an independent variable was statistically significant with the dependent variable, which is the number of notifications to the tax administration for possible evasion. The result between these variables is 0.02, which also in this variable $p < 0.05$. High tax compliance will reduce rather than facilitate the growth of government spending (McKee 2020).

The results of collinearity diagnostics are $0.20 < \text{tolerance} = 0.919$ and $VIF = 1.088 < 5$.

Regression Analysis

The outcomes of the statistical analysis of the variables are presented in this section:

Y2 = Business willingness not to pay taxes (GMP)

X1 = stigma for non-payment of taxes (STIG)

X2 = The level of cooperation between the citizen and the institution for combating fiscal evasion (NBSH).

$$Y2 (GMP) = \beta_0 + \beta_1 STIG + \beta_2 NBSH + \varepsilon$$

Table 12: Model Summary (Source: Authors' calculation)

Pattern	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.302 ^a	.091	.082	.9280	2.064

Predictors: (Constant), citizen-state cooperation, stigmatization.

R-Value represents the correlation between the dependent variable and independent variables, and R-Square shows the total variation for the dependent variable that the independent variables could explain. In this case, R-Value is 0.302, and the R-Square or coefficient of determination is 0.091; otherwise, around 9.10 % of the dependent variables' variations are explained through the variables of independence.

Table 13: Regression Coefficients of the Independent Variables (Source: Authors' calculation)

Pattern	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
Constant	3.943	.202		19,481	.000		
STIG	-.243	.062	-.267	-3,950	.000	.945	1.058
NBSH	-.116	.085	-.092	-1.360	.175	.945	1.058

a. Dependent Variable: The willingness of the evader to cause evasion.

To describe the result from the statistical testing, refer to Table 13, which reflects the results of the two independent variables under consideration, one of which is stigmatization, and the other independent variable is the level of state-citizen cooperation in fighting tax evasion together. The statistical analysis shows a statistically significant result between the dependent variable, the willingness to commit evasion, and the independent variable, the stigmatization of those who commit evasion. The P-Value coefficient of 0.021, with a value of 0.05, is shown.

Stigma can restrain tax avoidance and tax evasion (Hamamur 2021). The other independent variable concerning the dependent variable was statistically insignificant since the result between these variables is the coefficient P-Values=0.175, greater than the value of α , which in our case was determined $\alpha=0.05$, $p>0.05$. Therefore, the independent variable presented, state-citizen cooperation, has not significantly impacted fiscal evasion. Results of collinearity diagnostics are $0.20 < \text{tolerance} = 0.945$ and $VIF = 1.058 < 5$.

In this research, the respondents are asked to give their opinion on how or what to improve tax compliance. In the following, we have summarized the suggestions, comments, and recommendations with common elements. Therefore, what was extracted from the discussion, summarized to improve tax compliance, was given as it is necessary to improve the controls, increase the number of controls, increase the number of tax inspectors, the professionalism of the inspectors, the fight against corruption within the tax collection institutions, harsher punishments, citizen-state cooperation, greater awareness of citizens through campaigns different, faster reaction of the inspectors after the notification from the citizens, stimulation/incitement of the citizen for the collection of fiscal coupons, referring to the reward that has been the earliest collection of coupons set by the state. The spending budget should be more transparent and spend more in the direction of supporting the citizen, providing the state with fiscal cash registers for all businesses, keeping persons anonymous, notifying fiscal evasion, punishment for corrupt persons, holding inspectors accountable for their performance at work, unannounced inspections of businesses, changing fiscal policies, changing the approach of tax inspectors, lowering taxes for newly established businesses, reducing cash payments as much as possible, an official with integrity who lead the tax collection institutions.

CONCLUSION

From the research that was accomplished on this subject, in addition to others that were described above, there are drawn conclusions that are also supported by statistical results, which we will describe as follows: citizens as consumers, regardless of knowing taxes and their role in supporting the state for tax collection, they do not show great interest in playing this powerful role. This shows that most of them have never notified the tax collection authorities. They do not insist on receiving the fiscal coupon or purchase invoice when the seller does not offer them.

To clarify this situation, where at the same time, the consumer, as a citizen of the state, on the one hand, has sufficient knowledge about his role in collecting taxes for the state. On the other hand, they are not ready to play their role. The essential purpose, in this case, is to bring out or understand the citizen/consumer's lack of will or unwillingness of the citizen/consumer to play his powerful role in collecting taxes and other taxes. To explain this, lack of will or motivation is identified as the main determinant that is also significant from the statistical analysis results.

Citizens, as consumers, believe that tax and tax evaders are not receiving the punishment they deserve in proportion to the evasion they cause; therefore, they are not interested in notifying the tax collection authorities of possible tax evasion.

Citizens as consumers believe that the budget raised by taxes is not being fully spent properly, which can affect their low motivation to play their powerful role.

Citizens as consumers believe that tax and tax evaders are not stigmatized by society, which means they do not experience moral punishment. Therefore this stimulates businesses to continue tax evasion.

Citizens as consumers believe that there is no strong connection between the state and citizens to fight tax evasion together; this allows many businesses to commit tax evasion.

COMPLIANCE WITH ETHICAL STANDARDS

Acknowledgments:

The authors would like to thank the 221 citizen-consumers who answered our questionnaire, helping collect the important data that made this research possible.

Funding:

Not applicable.

Statement of Human Rights:

This article does not contain any studies with human participants performed by any authors.

Statement on the Welfare of Animals:

This article does not contain any studies with animals performed by any authors.

Informed Consent:

Informed consent was obtained from all individual participants included in the study.

Publisher's Note:

The Institute for Research and European Studies remains neutral concerning jurisdictional claims in published maps and institutional affiliations.

REFERENCES

1. Alm, J., Malézieux, A. 2021. "40 Years tax evasion games: a meta-analysis". *Experimental economics*, Springer; Economic Science Association, 24(3):699-750, [DOI: 10.1007/s10683-020-09679-3](https://doi.org/10.1007/s10683-020-09679-3)
2. Alm, J., Martinez-Vazquez, J. and Torgler, B. 2006. Russian attitudes toward paying taxes before, during, and after the transition. *International Journal of Social Economics*, 33(12):832-857, <https://doi.org/10.1108/03068290610714670>
3. Alstadsæter, A., Jacob, M. 2013. The Effect of Awareness and Incentives on Tax Evasion. *Center for Economic Studies and ifo Institute (CESifo), Working Paper 4369, Munich*. <https://ideas.repec.org/p/ces/ceswps/4369.html>
4. Alstadsæter, A., Johannesen, N., Herry, S., Zucman, G. 2022. Tax evasion and tax avoidance. *Journal of Public Economics*, Volume 206. 104587. <https://doi.org/10.1016/j.jpubeco.2021.104587>
5. Andreoni, J., Erard, B., Feinstein, J. 1998. Tax Compliance. *Journal of Economic Literature*, 36 (2): 818-860, <https://econweb.ucsd.edu/~jandreoni/Publications/jel1998.pdf>
6. Androniceanu, A., Gherghina, R., Marilena, C. 2019. The interdependence between fiscal public policies and tax evasion. *Administratie si Menagement Public*, (32): 32-41, [DOI:10.24818/AMP/2019.32-03](https://doi.org/10.24818/AMP/2019.32-03)
7. Auerbach, J.A., Feldstein, M. 2002. *Handbook of Public Economics*. (Volume 3) (Handbooks in Economics), pages 1109-1784, ISBN: 978044482314, eBook ISBN:9780080544199. <https://www.elsevier.com/books/handbook-of-public-economics/feldstein/978-0-444-82314-4>
8. Devos, Ken. 2014. Factors Influencing Individual Taxpayer Compliance Behaviour. (p. 78). (p. 163) London, New York: Springer Dordrecht Heidelberg. <https://books.google.com/books?hl=en&lr=&id=EYrEBAQAQBAJ&oi=fnd&pg=PR7&dq=factors+influencing+individual+taxpayer+compliance+behaviour&ots=mVpskPP23N&sig=iKsMHZoCcb6UzmWBDdBpxOf4fQ#v=onepage&q=factors%20influencing%20individual%20taxpayer%20compliance%20behaviour&f=false>
9. Fisher, R.C., Navin, J. C. 2016. State-local fiscal behavior: Analysis of inter-jurisdictional differences, 1962-1987. *Public Finance Quarterly*, 20 (4): 433-449, <https://journals.sagepub.com/doi/10.1177/109114219202000403>
10. Friedland, N., Maital, S., Rutenberg, A. 1978. A simulation study of income tax evasion. *Journal of Public Economics*, 10 (1):107-116, [https://doi.org/10.1016/0047-2727\(78\)90008-7](https://doi.org/10.1016/0047-2727(78)90008-7)
11. Grasmick, H. G., Scott, W. J. 1982. Tax evasion and mechanisms of social control: A comparison with grand and petty theft. *Journal of Economic Psychology*, 2(3):213-230, September 1982, [https://doi.org/10.1016/0167-4870\(82\)90004-6](https://doi.org/10.1016/0167-4870(82)90004-6)
12. Hamamur, J., Kurita, K. 2021. Does stigma against tax avoidance improve social welfare? *MPRA Munich Personal RePEc Archive*. Paper No 107173, pp. 1-29. https://mpra.ub.uni-muenchen.de/107173/1/MPRA_paper_107173.pdf
13. Hanousek, J., Palda, F. 2004. Quality of Government Services and the Civic Duty to Pay Taxes in the Czech and Slovak Republics and other Transition Countries. *International*

Review for Social Sciences, 57(2):237-252, <https://doi.org/10.1111/j.0023-5962.2004.00252.x>

14. Kemme, D., Parikh, B., Steigner, T. 2020. Tax Moral and International Tax Evasion. *Journal of World Business*, 55(3), April 2020, [DOI:10.1016/j.jwb.2019.101052](https://doi.org/10.1016/j.jwb.2019.101052)
15. Marchese, C., Venturini, A. 2020. Tax preparers and tax evasion: Punishing taxpayers or tax preparers? *FinanzArchiv: Public Finance Analysis*, 76 (2):191-214, [DOI:10.1628/fa-2020-0001](https://doi.org/10.1628/fa-2020-0001)
16. McKee, M. 2021. "High tax compliance results in smaller government". *Studies in Public Choice*, in Joshua Hall & Bryan Khoo (ed), *Essays on Government Growth*, pp. 67-73 Springer. [DOI: 10.1007/978-3-030-55081-3_4](https://doi.org/10.1007/978-3-030-55081-3_4)
17. Savitri, E., Musfialdy. 2016. The effect of taxpayer awareness, tax socialization, tax penalties, compliance cost at taxpayer compliance with service quality as a mediating variable. *Procedia-Social and Behavioral Science* 219, pp. 682-687. <http://creativecommons.org/licenses/by-nc-nd/4.0/>
18. Sumartaya, D. Hafidiah, A. 2014. The Influence of Taxpayer's awareness and Tax Moral Toward Tax Evasion. *International Journal of Business, Economics, and Law*, 5 (1): 60-68, ISSN 2289-1552, <https://www.ijbel.com/wp-content/uploads/2014/12/ACC-32-The-Influence-of-taxpayers-awareness-and-tax-morelae-toward-tax-evasion.pdf>
19. Tyler, T.R. 2016. "The Psychology of Legitimacy: A Relational Perspective on Voluntary Deference to Authorities". *Personality and Social Psychology Review*, 1(4), https://journals.sagepub.com/doi/abs/10.1207/s15327957pspr0104_4?journalCode=psra
20. Uyar, A., Nimer K., Kuzey C., Shahbaz M., Schneider F. 2021. "Can e-government initiatives alleviate tax evasion? The moderation effect of ICT". *Technological Forecasting and Social Change*, Volume 166, <https://doi.org/10.1016/j.techfore.2021.120597>