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Tax Compliance Behavior, Digital Tax Services, and Business Sustainability: The Role of Perceived Tax Fairness in SME Survival

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ABSTRACT

This study aims to examine the interrelationship between tax compliance behavior, digital tax services, and business sustainability among small and medium-sized enterprises (SMEs), with particular emphasis on the role of perceived tax fairness in supporting SME survival. Using a qualitative research approach based on an in-depth literature study, this research systematically reviews and synthesizes recent and relevant scholarly works on behavioral tax compliance, digital tax administration, and SME sustainability. Academic articles, policy reports, and theoretical studies published in reputable journals were analyzed using thematic analysis to identify dominant patterns, mechanisms, and conceptual linkages among the core constructs. The findings indicate that tax compliance behavior in SMEs is strongly influenced not only by enforcement mechanisms but also by administrative capacity, digital system quality, and institutional trust. Digital tax services contribute positively to compliance and sustainability when they reduce compliance costs, enhance procedural clarity, and are perceived as fair by SME owner-managers. However, when digitalization increases complexity or is perceived as inequitable, it may intensify administrative burdens and weaken business resilience. The study further finds that perceived tax fairness functions as a critical conditioning mechanism that strengthens voluntary compliance and enables SMEs to reallocate resources toward resilience-building activities. Overall, the research highlights that fairness-oriented digital tax administration can simultaneously improve compliance effectiveness and support the long-term sustainability and survival of SMEs, offering important theoretical and managerial implications for sustainable tax policy design.

Keywords: Tax Compliance Behavior, Digital Tax Services, Perceived Tax Fairness, SME Sustainability, Business Survival.

JEL Code: H26, H21, M21, L26.

I. Introduction

Small and medium-sized enterprises (SMEs) constitute an essential pillar of economic growth, employment generation, and innovation across both developed and emerging economies. Nevertheless, SMEs often face distinctive structural challenges, including limited financial capacity, lower economies of scale, and heightened exposure to regulatory obligations such as taxation. While taxation is a statutory responsibility, it functions beyond mere fiscal obligation—it also influences firm-level liquidity, administrative

costs, managerial focus, and the overall capacity to sustain operations. Compliance with taxation requirements, particularly when embedded within complex procedures, unpredictable rules, and administrative inefficiencies, can absorb resources that would otherwise be allocated toward productive investment or risk mitigation. Prior research on SME taxation reveals that tax compliance costs are not trivial; they are shaped by firm-specific characteristics and can materially reduce the profitability margins of smaller-scale enterprises, undermining their capacity for reinvestment and growth.

The behavioral dimension of tax compliance has become a prominent subject of academic inquiry, shifting the analytic lens beyond deterrence-based models that foreground punitive enforcement and audit probabilities. Contemporary frameworks emphasize that compliance behavior arises from multiple motivational strands: enforced compliance based on the deterrent threat of sanctions and voluntary compliance grounded in trust, legitimacy, and normative acceptance of tax institutions. Empirical studies have shown that trust in tax authorities positively shapes voluntary compliance, whereas coercive enforcement approaches may elicit minimal or strategic compliance that is dependent on perceived detection risk rather than internalized cooperation. These insights hold particular relevance for SMEs, where managerial decisions about compliance are often influenced not only by economic cost considerations but also by subjective evaluations of fairness, institutional legitimacy, and relational experiences with tax administration. Concurrently, digital transformation in tax administration has emerged as a central platform for facilitating taxpayer interactions, reducing physical bureaucratic barriers, and enhancing reporting accuracy. Digital tax services—such as electronic filing, online payment portals, and integrated taxpayer accounts—are designed to streamline compliance processes for both the tax authority and the taxpayer. In theory, these systems promise increased efficiency and reduced compliance costs. In practice, their impact depends on system quality, usability, reliability, and the degree to which taxpayers can easily adopt and integrate these digital processes. Research investigating the quality of digital tax systems indicates that user satisfaction can play a mediating role between the perceived usefulness of digital services and compliance intentions, highlighting that the mere existence of digital platforms does not automatically translate into improved compliance outcomes.

The uptake and effective utilization of digital tax services by SMEs, however, are not uniform. Micro and small businesses often encounter barriers related to limited digital competencies, lack of technical support, and the relative cost burdens associated with hardware, connectivity, or software. These constraints can transform digital innovations—from being facilitators of compliance to additional administrative burdens—if systems are perceived as complicated, time-consuming, or misaligned with the daily realities of SME operations. When digital compliance mechanisms become stress points instead of enabling tools, there is a risk that SMEs will view these systems negatively or relegate compliance to minimal fulfilment, thereby undermining the intended efficiency gains. Perceived tax fairness emerges as a critical intermediary between these dynamics. Fairness perceptions reflect taxpayer judgments about the equity of tax burdens, the consistency of rule application, and the transparency with which tax authorities administer regulations. These perceptions exert a significant influence on compliance behavior because individuals and firms are more willing to cooperate when they believe that the system treats them equitably and that others are also fulfilling their tax obligations. When perceived fairness is high, voluntary compliance tends to increase because taxpayers feel respected, acknowledged, and assured that the regulatory environment supports their economic endeavors. Conversely, when perceived fairness is low, taxpayer cooperation can erode, potentially leading to strategic noncompliance, avoidance behaviors, or procedural disengagement.

For SMEs, this fairness mechanism is particularly salient, as smaller enterprises frequently evaluate their tax experiences through comparative and contextual lenses. Many SME owners compare their compliance burden with that of peers or evaluate how digital services support or hinder their administrative performance. If digital tax platforms are seen as opaque, inconsistent, or biased toward larger firms with more resources, SMEs may experience these innovations as evidence of procedural unfairness rather than support. This perception can diminish the positive impact digital services might otherwise have on simplifying compliance and enhancing business sustainability. Given these interrelated phenomena—behavioral,

technological, and perceptual—there is a clear need for empirical descriptive investigation that jointly examines tax compliance behavior, digital tax service utilization, perceived tax fairness, and SME sustainability outcomes. Much of the existing literature tends to segment these constructs, focusing on either technological adoption, psychological determinants of compliance, or business performance in isolation. However, SMEs in real-world contexts experience these dimensions concurrently; they must navigate digital interfaces to meet tax obligations, form fairness judgments through their interaction experiences, and simultaneously manage firm-level sustainability pressures.

Descriptive quantitative evidence is necessary to map out how these constructs present within a defined SME population: which components of compliance behavior are most prevalent or fragile, how digital services are experienced and evaluated, how perceptions of fairness are distributed across groups, and how all of these factors co-vary with indicators of business sustainability such as financial resilience, cash flow adequacy, and reinvestment capacity. By establishing a robust descriptive baseline, this research will not only contribute integrated insight into the current empirical landscape but also inform subsequent explanatory or causal research models and policy dialogues. The objective of this study is to elucidate and describe patterns in SME tax compliance behavior and digital tax service usage, and to examine how perceived tax fairness aligns with these patterns in relation to business sustainability indicators that reflect SME survival capability. Through structured quantitative assessment, the research intends to provide an empirically grounded portrayal that can guide both scholarly advancement and pragmatic strategies aimed at enhancing compliance effectiveness while supporting the sustainability of small and medium-sized enterprises within increasingly digital fiscal environments.

II. Literature Review and Hypothesis Development

2.1. Tax Compliance Behavior in Small and Medium-Sized Enterprises

Tax compliance behavior refers to the extent to which taxpayers fulfill their statutory tax obligations, including accurate reporting of income, timely filing of tax returns, and payment of taxes due in accordance with prevailing regulations. Early studies conceptualized tax compliance predominantly through an economic deterrence framework, emphasizing audit probability and penalty severity as the main drivers of compliance. However, subsequent empirical and theoretical developments have demonstrated that such an approach is insufficient to explain real-world compliance behavior, particularly among small and medium-sized enterprises (SMEs), which operate under distinct structural and behavioral conditions (Torgler, 2007; Kastlunger et al., 2013). SMEs differ from large corporations in their organizational structure, managerial capacity, and access to professional tax expertise. Empirical studies consistently show that SME tax compliance behavior is shaped by internal factors such as tax knowledge, accounting practices, firm size, and owner-manager attitudes, as well as external factors such as regulatory complexity and enforcement consistency (Kamleitner et al., 2012; Wadesango et al., 2018). Limited tax literacy and weak record-keeping systems often increase unintentional non-compliance among SMEs, even when there is no deliberate intent to evade taxes (Magasha et al., 2025).

Behavioral tax literature further highlights the importance of trust and legitimacy in shaping compliance. The Slippery Slope Framework argues that compliance emerges through the interaction of authority power and taxpayer trust, distinguishing between enforced and voluntary compliance (Kastlunger et al., 2013). For SMEs, voluntary compliance is particularly important because excessive reliance on enforcement can increase compliance costs and administrative stress, potentially discouraging formalization and long-term business continuity (Robbins & Kiser, 2020). Recent studies emphasize that SME tax compliance should be viewed as a dynamic behavioral outcome influenced by institutional quality, perceived fairness, and administrative support. Research in emerging economies shows that when SMEs perceive tax authorities as transparent and supportive, compliance behavior improves, whereas perceptions of arbitrariness or unequal

treatment weaken compliance motivation (Ariyanto et al., 2024; Waskita, 2025). These findings suggest that tax compliance behavior is deeply embedded in broader institutional and relational contexts.

2.2. Digital Tax Services and Tax Compliance

Digital tax services refer to the use of information and communication technologies in tax administration, including electronic filing, online payment systems, and integrated taxpayer portals. Governments worldwide have adopted digital tax systems to enhance efficiency, reduce administrative costs, and improve compliance monitoring (OECD, 2023; World Bank, 2022). From a theoretical perspective, digital tax services are expected to lower compliance costs, simplify procedures, and reduce opportunities for errors and corruption. Empirical evidence largely supports the positive role of digital tax services in enhancing tax compliance. Studies applying the Technology Acceptance Model and Information Systems Success Model demonstrate that perceived usefulness, ease of use, and system quality significantly influence taxpayers' intention to use e-tax systems and comply with tax regulations (Saptono et al., 2023; Anggraeni, 2025). For SMEs, digital tax services can reduce time spent on administrative tasks and improve accuracy in tax reporting when systems are accessible and user-friendly.

However, the effectiveness of digital tax services is not uniform across all SMEs. Several studies report that limited digital infrastructure, inadequate technical support, and low digital literacy hinder effective adoption among smaller firms (Nsahimirimana & Twesigye, 2022; Salawu et al., 2024). In such cases, digital tax systems may increase perceived complexity and administrative burden rather than alleviate it. This highlights that digitalization alone does not automatically improve compliance outcomes. Furthermore, recent research indicates that user satisfaction plays a mediating role between digital tax service quality and compliance intention. When SMEs perceive digital tax platforms as reliable, transparent, and responsive, satisfaction increases and compliance intentions strengthen (Saptono et al., 2023; Inegbedion et al., 2025). Conversely, system failures and unclear procedures can erode trust and reduce compliance willingness. These findings underscore the behavioral dimension of digital tax adoption and its close relationship with compliance behavior.

2.3. Perceived Tax Fairness and Its Role in Compliance and Business Sustainability

Perceived tax fairness refers to taxpayers' subjective evaluation of whether the tax system distributes burdens equitably, applies rules consistently, and administers policies transparently. Tax fairness is commonly conceptualized in terms of distributive fairness, procedural fairness, and retributive fairness, each of which influences taxpayer attitudes and behavior (Torgler, 2007). In the SME context, fairness perceptions are particularly salient because smaller firms often compare their tax burden with competitors and assess whether compliance places them at a disadvantage. Empirical studies consistently demonstrate that perceived tax fairness is a significant predictor of voluntary tax compliance. When SMEs believe that tax regulations are fair and that enforcement is applied equally across firms, they are more likely to comply willingly (Kamleitner et al., 2012; Ariyanto et al., 2024). Conversely, perceptions of unfair treatment or selective enforcement can lead to strategic non-compliance or disengagement from formal tax systems (Robbins & Kiser, 2020).

Digital tax services interact closely with fairness perceptions. Transparent digital platforms can enhance procedural fairness by reducing discretionary decision-making and providing clear audit trails (OECD, 2023). However, if digital systems are perceived as complex or biased toward larger firms with greater resources, they may reinforce perceptions of unfairness among SMEs (Kinanti, 2024). This interaction suggests that perceived fairness may condition the effectiveness of digital tax services in shaping compliance behavior. Beyond compliance, perceived tax fairness has implications for business sustainability. SMEs facing high compliance burdens and perceived unfairness may divert resources toward avoidance strategies rather than productive investment, undermining financial resilience and long-term survival (Ernest et al., 2022; Waskita,

2025). In contrast, a fair and supportive tax environment can enhance trust, reduce uncertainty, and support sustainable business operations.

2.4. Hypotheses Development

Drawing from the reviewed literature, this study proposes that tax compliance behavior among SMEs is influenced by both technological and perceptual factors. Digital tax services shape compliance by affecting administrative efficiency and user satisfaction, while perceived tax fairness influences the willingness of SMEs to comply voluntarily and sustain formal operations. Based on these theoretical and empirical insights, the following hypotheses are formulated:

H1: Digital tax service quality has a positive effect on tax compliance behavior among SMEs.

H2: Perceived tax fairness positively influences tax compliance behavior among SMEs.

H3: Perceived tax fairness strengthens the relationship between digital tax services and tax compliance behavior.

H4: Tax compliance behavior positively affects business sustainability among SMEs.

H5: Tax compliance behavior mediates the relationship between perceived tax fairness and SME business sustainability.

III. Research Method

This study adopts a qualitative research approach using a structured literature study to examine tax compliance behavior, digital tax services, perceived tax fairness, and business sustainability within the context of small and medium-sized enterprises (SMEs). A qualitative literature-based design is considered appropriate because the objective of the study is not to test causal relationships statistically, but to develop an in-depth conceptual understanding of how these constructs have been theorized, operationalized, and empirically discussed in prior scholarly work. By synthesizing existing research, this study aims to identify dominant themes, theoretical perspectives, and research gaps relevant to SME tax behavior and sustainability. The literature review process was conducted systematically to ensure rigor, transparency, and replicability. Academic sources were identified through reputable scholarly databases, including Scopus-indexed journals, Web of Science, Google Scholar, and major academic publishers such as Elsevier, Springer, Taylor & Francis, and Emerald. The search strategy employed a combination of keywords such as "tax compliance behavior," "digital tax services," "e-tax system," "perceived tax fairness," "SME sustainability," and related terms. To capture the most recent developments in the field, priority was given to peer-reviewed journal articles published within the last ten years, while foundational theoretical works were included where conceptually relevant.

The inclusion criteria focused on studies that explicitly addressed at least one of the core constructs of this research within the SME or small business context. Empirical studies, systematic reviews, conceptual papers, and policy-oriented research were considered, provided they contributed theoretical or empirical insights into tax compliance, digital tax administration, fairness perceptions, or business sustainability. Publications lacking methodological clarity, empirical grounding, or relevance to SMEs were excluded to maintain analytical quality. Data analysis followed a qualitative thematic analysis approach. Selected articles were carefully read, coded, and categorized to identify recurring patterns, key concepts, and dominant arguments across the literature. Themes were developed inductively, allowing insights to emerge from the data rather than imposing predefined categories. Particular attention was given to how different studies conceptualized tax compliance behavior, how digital tax services were framed as facilitators or barriers, and how perceived tax fairness influenced compliance motivations and sustainability outcomes. Through this process, similarities and contradictions among prior findings were identified and critically interpreted.

To enhance analytical credibility, triangulation was applied by comparing findings across different geographical contexts, research designs, and disciplinary perspectives. This approach allowed the study to capture a more comprehensive understanding of SME tax behavior across diverse institutional settings. Reflexivity was also maintained throughout the analysis to minimize interpretive bias, ensuring that conclusions were grounded in the literature rather than the researcher's assumptions. As a qualitative literature-based study, this research does not involve human subjects or primary data collection, and therefore does not require ethical clearance. However, academic integrity was upheld through accurate citation, proper acknowledgment of original authors, and adherence to ethical standards in scholarly writing. This qualitative research method enables a nuanced synthesis of existing knowledge, providing a solid conceptual foundation for understanding the interplay between tax compliance behavior, digital tax services, perceived tax fairness, and business sustainability among SMEs. The findings derived from this methodological approach are expected to inform future empirical research and contribute to policy discussions on improving tax administration and SME resilience.

IV. Results and Discussion

This section presents and discusses the synthesized results derived from a qualitative literature study examining the interrelationship between tax compliance behavior, digital tax services, business sustainability, and perceived tax fairness within the context of small and medium-sized enterprises (SMEs). The discussion demonstrates that SME survival is not determined solely by market competitiveness, but is also strongly influenced by institutional arrangements that shape compliance behavior and administrative burden. Across the reviewed literature, a consistent pattern emerges: digital tax services can enhance tax compliance and support SME sustainability only when they are accompanied by strong perceptions of fairness and institutional trust. In contrast, digitalization implemented without adequate attention to fairness and SME capacity may intensify compliance costs and undermine long-term business resilience. The discussion is structured into four major thematic results that together explain how perceived tax fairness acts as a critical mechanism linking compliance behavior and digital tax services to SME survival and sustainable development.

4.1. Tax Compliance Behavior as a Structural and Behavioral Constraint on SME Sustainability

The first major result indicates that tax compliance behavior among SMEs is shaped by a combination of structural constraints and behavioral responses rather than by deterrence mechanisms alone. SMEs generally operate with limited administrative capacity, informal accounting practices, and heavy reliance on owner-managers, making them particularly sensitive to compliance-related costs and procedural complexity. Empirical studies consistently show that tax compliance costs are significant for SMEs and can materially affect cash flow, profitability, and reinvestment capacity (Ernest et al., 2022). These costs include not only direct financial payments but also time costs, learning costs, and reliance on external tax consultants, all of which reduce resources available for productive activities. From a behavioral perspective, the literature emphasizes that compliance among SMEs is influenced by trust in tax authorities and perceived legitimacy of the tax system. The Slippery Slope Framework highlights that compliance can be achieved through enforcement power or voluntary cooperation, with the latter being more sustainable in the long run (Kastlunger et al., 2013). For SMEs, voluntary compliance is particularly important because excessive enforcement pressure can increase fear, uncertainty, and administrative stress, leading to strategic compliance or partial disengagement from the formal system (Robbins & Kiser, 2020). Such strategies may temporarily reduce exposure to sanctions but ultimately increase business vulnerability through penalties, restricted access to finance, and reputational risks.

The synthesis further shows that compliance behavior functions as a resource-allocation outcome. When compliance processes are complex and unpredictable, SMEs are forced to divert scarce managerial attention toward administrative survival rather than strategic development. Studies linking tax compliance

costs to firm performance indicate that higher compliance burdens are associated with weaker business performance and increased financial fragility, particularly in small enterprises. This evidence suggests that tax compliance behavior should be understood as a sustainability-relevant process rather than a purely legal obligation. Importantly, institutional support and procedural clarity can mitigate these constraints. SMEs that perceive tax authorities as supportive, transparent, and consistent are more likely to invest in compliance capabilities and internal controls. This investment reduces error risk and enhances long-term stability. Therefore, the first key result is that SME tax compliance behavior reflects an interaction between capacity constraints and institutional trust, with direct implications for business sustainability and survival.

4.2. Digital Tax Services as Conditional Enablers of Compliance and Efficiency

The second major result concerns the role of digital tax services in shaping compliance behavior and sustainability outcomes. Digital tax services, including electronic filing, online payment systems, and integrated reporting platforms, are widely promoted as tools to reduce compliance burdens and improve administrative efficiency. International policy frameworks emphasize that digitalization can embed tax compliance into routine business processes, thereby reducing friction and error rates (OECD, 2023; World Bank, 2022). The literature reviewed generally supports the positive potential of digital tax services. Empirical studies demonstrate that when digital systems are reliable, user-friendly, and well-supported, they improve compliance intention and actual compliance behavior among SMEs (Saptono et al., 2023; Salawu et al., 2024). Digital services can reduce transaction costs, shorten processing times, and provide clearer guidance, enabling SMEs to comply with fewer resources. In this sense, digitalization can function as an efficiency-enhancing mechanism that indirectly supports business sustainability.

However, the evidence also highlights significant variation in outcomes. Digital tax services do not uniformly benefit all SMEs, particularly those with limited digital literacy or access to technological infrastructure. Studies applying technology acceptance and information systems frameworks show that perceived ease of use and system quality are decisive factors influencing adoption (Davis, 1989; DeLone & McLean, 2003). When systems are complex, unstable, or poorly integrated with existing business processes, SMEs experience digitalization as an additional burden rather than a facilitation tool. Moreover, user satisfaction emerges as a critical mediating variable. Research indicates that system quality influences compliance behavior primarily through satisfaction and perceived usefulness, rather than through technical functionality alone (Saptono et al., 2023; Inegbedion et al., 2025). Dissatisfaction with digital tax services can increase reliance on intermediaries, raise compliance costs, and generate frustration, all of which undermine sustainability. These findings suggest that digital tax services operate as behavioral infrastructure: their impact depends on how SMEs experience and interpret them in practice. From a sustainability perspective, digital tax services contribute positively when they reduce administrative uncertainty and free managerial capacity for strategic activities. Conversely, poorly designed digital reforms can exacerbate financial pressure and erode resilience. Thus, the second result underscores that digital tax services are conditional enablers of compliance and sustainability, requiring alignment with SME capabilities and expectations.

4.3. Perceived Tax Fairness as the Central Moderating Mechanism

The third major result identifies perceived tax fairness as the key mechanism linking digital tax services to voluntary compliance and sustainability outcomes. Perceived tax fairness refers to SMEs' evaluations of whether tax burdens are equitably distributed, rules are applied consistently, and procedures are transparent and respectful. The literature consistently demonstrates that fairness perceptions are strong predictors of voluntary compliance (Torgler, 2007; Kamleitner et al., 2012). Procedural fairness is particularly salient for SMEs because it is experienced directly through interactions with tax systems and authorities. Studies show that fair procedures enhance compliance even in contexts of low trust, suggesting that fairness can compensate for institutional deficits (Gobena & Van Dijke, 2017). Trust, in turn, mediates the relationship

between fairness and compliance, reinforcing a relational pathway (Rachmawan et al., 2020). For SMEs, digital tax services often become the primary interface with tax authorities, meaning that fairness perceptions are increasingly shaped by system design, clarity of communication, and responsiveness.

Digitalization has the potential to enhance fairness by standardizing procedures and reducing discretionary treatment. However, the literature also warns that digital controls can be perceived as coercive surveillance if they intensify monitoring without delivering corresponding service benefits. SMEs may perceive digital reforms as unfair if compliant firms bear disproportionate burdens while informal competitors remain untaxed. Such perceptions weaken distributive fairness and reduce compliance motivation. Fairness perceptions also influence sustainability through strategic orientation. SMEs that perceive the tax system as fair are more likely to formalize operations, invest in compliance infrastructure, and adopt long-term planning horizons. In contrast, perceived unfairness encourages short-term coping strategies, such as delayed payment or minimal reporting, which may preserve liquidity temporarily but increase long-term risk. Therefore, the third result emphasizes that perceived tax fairness conditions whether digital tax services strengthen or undermine SME compliance and survival.

4.4. Compliance, Digitalization, and Sustainability in a Long-Term Perspective

The fourth major result integrates compliance behavior, digital tax services, and perceived fairness into a sustainability-oriented framework. Business sustainability in SMEs is increasingly understood as resilience, defined by the ability to withstand shocks, adapt to change, and maintain operations over time. The literature indicates that compliance-related burdens and institutional uncertainty directly affect these resilience capabilities. When digital tax services are high-quality and perceived as fair, they reduce compliance friction and enhance predictability. This allows SMEs to reallocate resources toward innovation, workforce development, and market expansion. Studies linking tax compliance, institutional quality, and SME resilience suggest that supportive tax environments contribute to long-term stability and survival (Ariyanto et al., 2024; Waskita, 2025). In this configuration, compliance becomes an enabling investment rather than a drain on resources.

Conversely, high compliance costs and perceived unfairness undermine sustainability by increasing financial stress and uncertainty. Empirical evidence shows that policy uncertainty and administrative burden increase the likelihood of financial distress among SMEs, reducing survival prospects. Digital reforms that shift compliance costs onto SMEs without adequate support can exacerbate these risks. From a future-oriented perspective, the literature calls for reframing tax administration as part of the SME sustainability ecosystem. Digital tax systems should be designed not only to improve revenue collection but also to support SME resilience through fairness-centered design, transparency, and capacity building. Longitudinal research and mixed-method studies are needed to trace how digital tax reforms affect survival outcomes over time and across different SME segments. In summary, the results demonstrate that SME survival is shaped by the configuration of tax compliance behavior, digital tax service quality, and perceived tax fairness. Digitalization can enhance sustainability when it reduces compliance burdens and strengthens fairness perceptions, thereby fostering voluntary compliance and institutional trust. Without fairness and capacity alignment, however, digital reforms risk undermining SME resilience. This study contributes to sustainable development discourse by positioning fairness-oriented digital tax administration as a strategic lever for both compliance effectiveness and SME survival.

V. Conclusion

This study concludes that tax compliance behavior among small and medium-sized enterprises is not merely a function of regulatory enforcement, but a multidimensional outcome shaped by the interaction between digital tax services, perceived tax fairness, and institutional trust. The synthesis of prior empirical and theoretical studies demonstrates that compliance behavior operates as a sustainability-relevant process in

which administrative burden, procedural clarity, and fairness perceptions directly influence SMEs' capacity to survive and grow. From a theoretical perspective, these findings extend behavioral tax compliance frameworks by integrating digitalization and business sustainability into a single analytical lens. The results reinforce and refine the Slippery Slope Framework by showing that the effectiveness of digital tax services in promoting voluntary compliance is contingent upon perceived fairness and trust, rather than technological adoption alone. By positioning perceived tax fairness as a conditioning mechanism that links digital tax administration to long-term SME survival, this study contributes to the literature on tax compliance, digital governance, and sustainable enterprise development, highlighting the need for future research to conceptualize tax systems not only as enforcement instruments but also as institutional infrastructures that shape firm resilience.

The managerial implications of this study are particularly relevant for tax authorities and policymakers responsible for designing and implementing digital tax systems. The findings suggest that investments in digital tax services must go beyond technical efficiency and prioritize usability, transparency, and consistency in service delivery to enhance perceived fairness among SMEs. Digital platforms that reduce complexity, provide clear guidance, and offer responsive support can lower compliance costs and strengthen voluntary compliance, allowing SMEs to reallocate scarce resources toward productive and resilience-building activities. Conversely, digital reforms that increase administrative burden or are perceived as inequitable risk undermining compliance motivation and exacerbating financial stress for smaller firms. Therefore, tax administrations should adopt a fairness-centered digitalization strategy that incorporates user feedback, capacity-building programs, and differentiated support for SMEs to ensure that digital tax services function as enabling tools rather than compliance obstacles.

From a broader managerial and sustainability standpoint, the study underscores that SME survival is closely linked to the quality of the institutional environment in which firms operate. Managers of SMEs should view tax compliance not only as a legal requirement but also as a strategic investment in long-term stability, particularly when supported by fair and predictable tax administration. At the same time, governments and development stakeholders should recognize that supportive, fair, and digitally inclusive tax systems can contribute to sustainable economic development by strengthening SME resilience and formal sector participation. By aligning digital tax reforms with principles of fairness and sustainability, policymakers can simultaneously improve compliance outcomes and support the long-term viability of SMEs, thereby advancing a more resilient and inclusive economic system.

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