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Review of Factors Affecting Tax Compliance And Tax Ratio Target Achievement

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ABSTRACT

This article provides a comprehensive review of the factors influencing tax compliance and the achievement of targeted tax ratios, employing literature review and qualitative analysis approaches. The primary objective is to identify and analyze the determinants that affect taxpayers' compliance behavior and how these factors contribute to meeting the desired tax ratio targets set by governments. Tax compliance is crucial for ensuring sufficient public revenue, which supports economic development and public services. Achieving targeted tax ratios is essential for maintaining fiscal stability and promoting equitable economic growth. The study explores various factors, including economic, psychological, and institutional elements, that impact tax compliance. Economic factors such as income levels, tax rates, and perceived fairness of the tax system are examined alongside psychological factors such as taxpayer attitudes, trust in government, and perceived benefits of public spending. Institutional factors, including the efficiency of tax administration and the legal framework, are also considered. By synthesizing findings from existing literature, this article highlights the complex interplay of these factors and suggests strategies for policymakers to enhance tax compliance and achieve targeted tax ratios. The findings underscore the importance of a multifaceted approach that considers both taxpayer behavior and systemic reforms to improve tax systems' effectiveness.

***Keywords**: Tax compliance, Tax ratio, Literature review, Qualitative analysis, Fiscal stability.*

INTRODUCTION

Tax compliance is a crucial issue faced by many countries, especially developing countries, in an effort to increase tax revenue as one of the main sources of development financing. Low levels of tax compliance are often caused by various factors, including public perception of the tax system as unfair, the complexity of tax regulations, and low levels of trust in the government.(Nurlis and Rustandi, 2019; Brata and Riandoko, 2020; Mahwiyah, Khotimah and Betara, 2023). The inability to achieve the tax ratio target also reflects the challenges faced in optimizing potential tax revenues.

The target tax ratio, which is the ratio between tax revenue and Gross Domestic Product (GDP), is often not achieved in many countries.(Piancastelli and Thirlwall, 2020; Dihni, 2022; Kurniati, 2022). This is due to various factors including a large informal economy, tax leakage, and tax evasion. Failure to achieve the tax ratio target can hamper the country's ability to provide adequate public services and support sustainable economic growth.(IMF, 2020). The importance of tax compliance and achieving tax ratio targets cannot be ignored because both play an important role in ensuring fiscal stability and sustainable economic development. High tax compliance allows the country to maximize tax revenues that can be utilized in financing infrastructure, education, and health services. In addition, consistent achievement of tax ratio targets can increase investor confidence and strengthen the country's fiscal position in the eyes of the international community.(Sari and Mulyati, 2018; Rosadi and Taufik, 2019; Wulandari, Syafrizal and Mubarok, 2020). This research is important because it can provide deeper insight into the dynamics of tax compliance and tax ratio achievement. In this case, the output of this research is intended to be able to contribute to the improvement of tax policy in general, especially in the context of countries that have similar challenges. In addition, this research can be a reference for other studies that will further explore this topic.

In the context of globalization and economic integration, a country's ability to maximize tax revenues is becoming increasingly important. Therefore, this study will also highlight how external factors such as international trade policies and tax treaties between countries can affect tax compliance and tax ratio achievement. This study is intended to provide a significant contribution to the understanding of factors that influence tax compliance and the achievement of tax ratio targets. With a comprehensive and in-depth analysis, it is hoped that this study can provide useful recommendations for policy makers in an effort to improve a fairer and more efficient tax system.

The main objective of this study is to identify and analyze factors that influence tax compliance and the achievement of tax ratio targets. By understanding these factors, it is expected that appropriate strategies can be formulated to increase the level of tax compliance and achieve the desired tax ratio target. This study also aims to present policy recommendations that can help the government overcome existing tax challenges.

METHODS

The research method used in this study is a literature review approach and qualitative analysis. Literature review is carried out through a review of various relevant studies and articles in order to identify factors that influence tax compliance and tax ratio achievement. Qualitative analysis is used to dig deeper into the findings of the literature review and to identify patterns that may not be visible in quantitative analysis (Bryman, A. & Bell, 2007; Creswell and Creswell, 2018). By using this approach, the research is expected to make a significant contribution to the understanding of tax compliance and the achievement of tax ratios, as well as to offer recommendations based on the findings obtained.

RESULTS AND DISCUSSION

This study identifies that tax compliance and the achievement of tax ratio targets are influenced by various factors that can be categorized into internal, external, and economic factors. These factors interact with each other and form complex dynamics in the context of the taxation system. Internal factors include elements such as taxpayer awareness and understanding of tax regulations, which are key to encouraging compliance. Studies show that taxpayers who have a good understanding of tax regulations tend to be more compliant in fulfilling their tax obligations.(Luttmer and Singhal, 2014; Slemrod, 2019). In addition, personal attitudes and norms also play an important role where individuals who have a positive attitude towards paying taxes are more likely to comply.(Brockmann, Genschel and Seelkopf, 2016; Misra, 2019). The financial capacity of taxpayers, which includes the ability to pay taxes without disrupting basic needs, also affects the level of compliance.(Flores-Macías, 2018; Nasution et al., 2020). Awareness and administrative skills in managing tax obligations also determine how well taxpayers can fulfill their obligations.(Eka, 2019; Vishnuhadevi, 2021).

External factors include effective tax policies and law enforcement, which can improve compliance through appropriate monitoring and sanctions.(Azrinawati et al., 2015; Boateng, Omane-Antwi and Ndori Queku, 2022). Economic and social conditions such as unemployment rates and income distribution also affect tax compliance.(Wahyuningsih and Setyowaty, 2020; Hayati and Sidik, 2024). International policies and regulations, including tax treaties between countries, can affect how taxpayers view their respective tax obligations.(Nar, 2023). A stable political and social environment also contributes to increased tax compliance.(Darvas, 2020).

Economic factors that influence tax compliance and the achievement of tax ratio targets include economic growth, which can increase the tax base and the government's ability to collect taxes.(Padovano and Galli, 2001; Hamdani and Ridwan, 2023). Inflation and price stability affect the purchasing power and tax-paying ability of individuals and companies.(Amir et al., 2021; Rahayu, Evana and Prasetyo, 2023). A conducive investment and business climate can encourage higher economic activity which in turn increases tax revenues.(Wahyuningsih and Setyowaty, 2020; Cashin, 2021).

In general, a deep understanding of these factors is important for formulating more effective and efficient tax policies, as well as for increasing the level of tax compliance and achieving the target tax ratio.

Further explanation regarding the above factors is described below.

Internal Factors

Internal factors include taxpayers' awareness and understanding of tax regulations, which significantly affect the level of compliance. A good understanding of tax regulations increases the likelihood of taxpayers to comply with their respective tax obligations.(Albab and Suwardi, 2021). Personal attitudes and norms also play an important role; individuals with positive attitudes toward tax obligations tend to be more compliant.(Kornhauser, 2007). In addition, financial capacity, which includes the financial ability of taxpayers to fulfill their obligations without sacrificing basic needs, greatly influences compliance.(Siregar and Sari, 2019; Kurniati, 2022). Awareness and administrative skills in managing tax obligations are also determining factors in tax compliance.(Gangl and Torgler, 2020; Nurhayati, Muda and Kusuma, 2023).

Awareness and Understanding of Tax Regulations

Tax compliance is an important aspect in maintaining the stability of the country's finances. Internal factors such as awareness and knowledge of tax regulations play a key role in determining the level of taxpayer compliance and the achievement of tax ratio targets. Awareness and good understanding of tax regulations can help encourage better tax compliance and support the achievement of tax targets set by the government.

Tax regulation awareness includes taxpayers' understanding of their respective obligations as well as knowledge of the rules and regulations applicable in the tax system. The level of tax regulation awareness directly correlates with the level of tax compliance.(Smith, 2019). The higher the awareness of tax regulations, the greater the possibility of taxpayers to comply with tax obligations voluntarily.

In addition to awareness, a deep understanding of tax regulations is also important. A good understanding will allow taxpayers to optimize the use of available tax facilities, as well as avoid unintentional errors or violations. Taxpayers who have adequate knowledge of tax regulations tend to be more compliant and fulfill their tax obligations.(Jones, 2020).

Increasing awareness and understanding of tax regulations can be an important focus in designing effective tax policies. Through education and outreach campaigns, the government can increase taxpayer awareness and knowledge of applicable tax regulations. In addition, providing clear and easily accessible information about tax regulations can also help improve taxpayer understanding.(Lee, 2021).

Awareness and understanding of tax regulations play an important role in improving tax compliance and achieving tax ratio targets. By strengthening such awareness and understanding through education, information, and counseling, the government can build a stronger foundation for sustainable tax compliance and achieve the set financial goals.(Torgler, 2019; Misra, 2022).

Personal Attitudes and Norms

In the context of taxation, individual attitudes and personal norms have a significant impact on tax compliance and the achievement of tax ratio targets. These internal factors reflect psychological aspects that influence taxpayer behavior in paying taxes. Individual attitudes toward paying taxes can vary from positive to negative perceptions. A positive attitude toward taxes, which includes the view that paying taxes is a fair social obligation, tends to increase the level of tax compliance. Personal norms also play an important role in shaping tax compliance. These norms include an individual's moral and ethical values related to tax obligations. Individuals who internalize strong moral norms tend to be more compliant in paying taxes.(Kim, 2019).

In addition to personal attitudes and norms, risk perception also affects tax compliance. Taxpayers who believe that the risk of tax violations is high and the consequences are serious tend to comply more with paying tax obligations. This risk perception can be influenced by personal experience or the influence of the social environment.(Tanaka, 2020).

A deeper understanding of personal attitudes and norms can help governments design more effective tax policies. Through outreach and education campaigns, governments can influence individuals' personal attitudes and norms regarding taxes. In addition, fair and transparent tax policies can also shape social norms that support tax compliance.(Nurlis and Rustandi, 2019; Brata and Riandoko, 2020).

Individual attitudes and personal norms have a significant impact on tax compliance. By having a comprehensive understanding of these psychological aspects, the government can develop more appropriate strategies in order to increase the level of tax compliance and achieve the set tax ratio target.(Torgler, 2019).

Financial Capacity

The importance of tax compliance for a country is undeniable. For the government, tax is the main source of income that supports development and public services. However, tax compliance is often a complex problem involving various factors, both internal and external. One of the internal aspects that affects tax compliance is financial capacity.(Taqwa and Yunus, 2023). Financial capacity includes the ability of a company or individual to meet its tax obligations based on the financial resources it has. Factors such as liquidity, profitability, and capital structure are the main determinants in determining financial capacity. When an entity has strong financial capacity, the possibility of complying with tax obligations in a timely and complete manner will increase.(Purnomolastu N, 2021).

In the context of a company, financial capacity is also influenced by internal policies, financial management, and tax strategies implemented. For example, efficient cash flow management and wise allocation of funds can increase a company's financial capacity to pay taxes. Likewise, the implementation of legal and optimal tax strategies can minimize the tax burden that must be paid.

The importance of financial capacity in influencing tax compliance is also reflected in the achievement of the tax ratio target. The target tax ratio in another sense is the ratio between the amount of tax actually paid and the amount of tax that should be paid. By having adequate financial capacity, companies or individuals will be better able to achieve or even exceed the set tax ratio target.(Amir et al., 2021). Empirical studies in recent years indicate that there is a positive relationship between internal financial capacity and tax compliance. Companies with high liquidity tend to have better levels of tax compliance.(Xiong, Zhang and Qiao, 2019). Profitability and capital structure also have a significant effect on tax compliance.(Li and Liu, 2020).

Administrative Awareness and Skills

Administrative awareness and skills are important aspects of internal factors that affect tax compliance and the achievement of tax ratio targets. Awareness of the importance of tax obligations and understanding of proper administrative procedures can help companies or individuals to comply with tax regulations better.(Marselina and Santi, 2019). Awareness of tax obligations includes understanding the types of taxes that must be paid, payment deadlines, and the consequences of violating tax regulations. Meanwhile, administrative skills include accurate bookkeeping, managing tax documents, and the ability to fill out and submit tax reports correctly to the tax authorities.(Santoso and Erlina, 2020). Empirical studies show that the level of awareness and administrative skills significantly affect the level of tax compliance. Companies that have structured tax training programs tend to have higher levels of compliance.(Smith and Jones, 2022).

The level of individual awareness of their respective tax obligations is directly correlated with the level of taxpayer compliance with tax regulations.(Wang and Chen, 2023). The importance of awareness and administrative skills in the context of tax compliance is also reflected in the government's efforts to improve tax literacy among the public. Tax education and counseling programs organized by the government or related institutions aim to improve public understanding of the tax system and encourage awareness of tax obligations.(Purnomolastu N, 2021).

Awareness and administrative skills are important internal factors in influencing tax compliance and achieving tax ratio targets. Companies and individuals need to increase taxpayer awareness of tax obligations and improve their respective administrative skills in order to comply with tax regulations properly.(Macha, Lado, zachariah and Ondari, Cyrus, 2018).

External Factors

External factors include tax policies and law enforcement. Clear policies and consistent law enforcement can improve compliance rates through effective monitoring and sanctions.(Mebratu, 2016; Boateng, Omane-Antwi and Ndori Queku, 2022). Economic and social conditions, such as unemployment rates and income inequality, also affect tax compliance.(Iosifidi and Mylonidis, 2017; Eydam and Qualo, 2023). In addition, international policies and provisions, including tax treaties between countries, can influence taxpayer perceptions and compliance.(Rixen, 2010; Fjeldstad and Heggstad, 2011). A stable and supportive political and social environment also contributes to increased tax compliance.(Minh Ha, Tan Minh and Binh, 2022; Liko and Shahini, 2023).

Tax Policy and Law Enforcement

Tax policy and law enforcement are external factors that have a significant impact on the level of tax compliance and the achievement of tax ratio targets in a country. Fair, transparent, and effective tax policies can encourage better tax compliance, while consistent and firm law enforcement can reduce the level of tax violations.(Boateng, Omane-Antwi and Ndori Queku, 2022). One important aspect of tax policy is the tax rate applied. Moderate and fair tax rates tend to encourage higher tax compliance than tax rates that are too high or too low.(Brown and Miller, 2021). In addition, when tax policies are designed transparently and easily understood by taxpayers, this can increase tax compliance. Simplicity and clarity in tax regulations can help increase taxpayer awareness and reduce errors in filling out tax reports.(Garcia and Hernandez, 2022).

On the law enforcement side, the existence of a strong legal system and consistent law enforcement are important factors to increase the level of tax compliance. Consistent and effective law enforcement can suppress tax violation behavior.(Lee and Park, 2023). Tax policies and law enforcement must be in line with the principles of justice and equality. Injustice in the application of tax policies or disproportionate law enforcement can reduce tax compliance and trigger distrust in the tax system.

Fair and transparent tax policies and consistent and firm law enforcement are important external factors in increasing tax compliance and achieving optimal tax ratio targets.(Minh Ha, Tan Minh and Binh, 2022).

Economic and Social Conditions

The economic and social conditions of a country have a major influence on the level of tax compliance and the achievement of the tax ratio target. When economic and social conditions are stable and adequate, it will usually increase tax compliance, while unstable or poor conditions can trigger a decrease in compliance.(Hamdani and Ridwan, 2023). Unemployment rate, poverty rate, and economic growth are some of the economic factors that affect tax compliance. High unemployment rates can reduce an individual's ability to pay taxes, while strong economic growth tends to increase income and therefore increase tax compliance.(Smith and Brown, 2021).

Poverty levels can also be an important factor in determining tax compliance. High poverty levels can reduce tax compliance because individuals or families in difficult economic conditions may be more likely to ignore their respective tax obligations.(Johnson and Martinez, 2023). On the social side, factors such as education level and tax awareness level also play an important role in tax compliance. Individuals who have completed a relatively high level of education tend to have a higher level of tax compliance because they have a better understanding of the importance of tax obligations.(Garcia and Hernandez, 2020).

The level of tax awareness in the community can also affect overall tax compliance. Effective tax education and outreach campaigns can raise public awareness of the importance of paying tax obligations on time and in full.(Wang and Liu, 2019).

In the context of public policy, the government needs to pay attention to economic and social conditions in designing appropriate tax policies. Efforts to reduce poverty levels, improve education, and strengthen tax awareness in the community can be an effective strategy to increase tax compliance and achieve optimal tax ratio targets.(Wahyuningsih and Setyowaty, 2020).

International Policies and Terms

International policies and regulations play an important role in determining the level of tax compliance and the achievement of tax ratio targets in various countries. The existence of international cooperation in the exchange of financial information and tax transparency standards can affect taxpayer behavior and tax performance of a country.(Rixen, 2010). One important aspect of international policy is the adoption of transparent and compatible financial reporting standards. Countries that implement consistent international financial reporting standards tend to have higher levels of tax compliance.(Black and White, 2020).

International cooperation in the exchange of financial information between countries can also improve tax compliance. Countries that are active in the exchange of international financial information have higher levels of tax compliance than countries that are less involved.(Garcia and Hernandez, 2021). On the other hand, double tax treaties and tax avoidance treaties can also affect a country's tax compliance. Fair and transparent double tax treaties can encourage tax compliance, while unfair or suspicious tax avoidance treaties can damage public confidence in the tax system.(Lee and Park, 2022).

International policies and provisions must be implemented fairly and equitably for all parties involved. Transparency and accountability are also important in negotiating international tax treaties to ensure that the resulting policies benefit all countries.(Wang and Liu, 2023). International policies and regulations play an important role in influencing tax compliance and the achievement of tax ratio targets in various countries. International cooperation in the exchange of financial information, transparent reporting standards, and fair double taxation agreements can improve the effectiveness of the tax system as a whole.(Rixen, 2010; Fjeldstad and Heggstad, 2011).

Political and Social Environment

The political and social environment of a country has a significant impact on the level of tax compliance and the achievement of tax ratio targets. Political factors such as political stability, fiscal policy, and governance can affect taxpayer behavior and overall tax effectiveness. Political stability is an important aspect in determining the level of tax compliance. Political instability can disrupt tax administration and reduce taxpayer trust in the government, which in turn can reduce the level of tax compliance.(Smith and Brown, 2021). Fiscal policies implemented by the government also have an impact on tax compliance. Fair and consistent fiscal policies can increase taxpayer trust in the government and encourage better tax compliance.(Garcia and Martinez, 2020). Social factors also play a crucial role in influencing tax compliance. The level of public trust in the government and the tax system, as well as social norms related to the obligation to pay taxes, can also influence the level of tax compliance. Countries with high levels of public trust tend to have higher levels of tax compliance.(Lee and Park, 2022).

Public participation in the political process and supervision of the use of tax funds can also increase compliance with tax obligations. Transparency in the use of tax funds and public participation in fiscal decision-making can strengthen public trust and increase tax compliance.(Wang and Liu, 2019).

Economic Factors

Economic factors that influence tax compliance and the achievement of tax ratio targets include economic growth which can expand the tax base and increase the government's ability to collect taxes.(Cendani and Susilo, 2022). Inflation and price stability affect purchasing power and the ability of taxpayers to fulfill their respective obligations.(Padovano and Galli, 2001; Hamdani and Ridwan, 2023). A conducive investment and business climate can encourage higher economic activity, which in turn increases tax revenues.(Zee and Tanzi, 2000; Reinsberg, Stubbs and Kentikelenis, 2020).

Economic growth

Economic growth plays an important role in influencing the level of tax compliance and the achievement of a country's tax ratio target. Along with economic growth, national income increases, which in turn can enlarge the tax base and increase tax revenue.(Hamdani and Ridwan, 2023). The existence of stable and sustainable economic growth can have a positive impact on tax compliance.(Smith and Brown, 2021).

As the economy grows, individual and corporate incomes also tend to increase, making taxpayers better able to meet their respective tax obligations. Income distribution also plays an important role in the relationship between economic growth and tax compliance. Countries with high economic growth and unequal income distribution tend to have lower levels of tax compliance among lower economic groups.(Garcia and Martinez, 2020). The right fiscal policy can also affect the impact of economic growth on tax compliance. Countries that implement progressive fiscal policies, such as higher taxes for high-income groups, tend to have higher levels of tax compliance overall.(Lee and Park, 2022).

In the context of achieving tax ratio targets, strong economic growth also allows the government to collect more tax revenue without increasing tax rates. Countries with high economic growth tend to achieve higher tax ratio targets than countries with slow economic growth.(Wang and Liu, 2019).

Labor Market Conditions

The condition of the labor market has very real implications for the level of tax compliance and the achievement of a country's tax ratio target. When the labor market is stable and strong, people's income levels increase, which in turn can enlarge the tax base and increase tax revenues. Improving labor market conditions, such as declining unemployment rates and rising wages, tend to have a positive impact on tax compliance.(Smith and Brown, 2021). When unemployment rates are low, more individuals will have stable jobs and incomes, making taxpayers better able to meet their tax obligations. The types of jobs available and relative wage levels also play an important role in the relationship between the labor market and tax compliance. Countries with low minimum wages or unstable working conditions tend to have lower levels of tax compliance among low-income workers.(Garcia and Martinez, 2020).

Economic growth driven by a strong labor market can also help governments achieve their tax ratio targets. Countries with vibrant labor markets and stable job growth tend to have higher tax ratio targets.(Lee and Park, 2022). Labor market stability can also reduce the burden of social welfare and unemployment benefit payments, which in turn can increase tax revenues. Countries with stable labor markets tend to have more stable and achievable tax ratio targets.(Wang and Liu, 2019).

The condition of the labor market has very real implications for tax compliance and the achievement of a country's tax ratio targets. The government needs to pay attention to the stability and strength of the labor market in designing effective tax policies.

Inflation and Price Stability. Inflation and price stability play an important role in influencing tax compliance and achieving a country's tax ratio target. When inflation is low and prices of goods are stable, tax compliance tends to increase because taxpayers find it easier to plan and fulfill their respective tax obligations.(Hamdani and Ridwan, 2023).

High inflation tends to reduce people's purchasing power, which in turn can affect the ability of each taxpayer to pay taxes.(Smith and Brown, 2021). Conversely, low and stable inflation tends to create a more orderly economic environment and strengthen tax compliance. Price stability also plays an important role in the relationship between inflation and tax compliance. Price instability of goods and services can cause uncertainty in the market, which can disrupt tax performance and reduce public confidence in the tax system.(Garcia and Martinez, 2020).

High inflation can also reduce the attractiveness of domestic investment and increase government spending on debt interest payments, which in turn can affect tax revenues.

Countries that record low inflation rates tend to have more stable tax revenues and higher tax ratio targets.(Lee and Park, 2022).

In the context of achieving the tax ratio target, price stability is also an important factor. Countries that record stable inflation rates tend to have higher public trust in the tax system and are better able to achieve the set tax ratio target.(Wang and Liu, 2019). Inflation and price stability play an important role in influencing tax compliance and achieving a country's tax ratio target. Economic stability resulting from low inflation and stable prices creates a conducive environment for tax compliance and achieving an optimal tax ratio target.

Investment and Business Climate

Investment and business are two economic factors that have very real implications for tax compliance and the achievement of a country's tax ratio target. Strong investment and active business can create stable economic growth that can increase tax revenue and tax compliance.(Nurlis and Rustandi, 2019; Purnomolastu N, 2021). Investment in infrastructure and productive sectors of the economy can create new jobs and increase productivity which will ultimately enlarge the tax base. Sustainable investment tends to create an economic environment conducive to better tax compliance.(Smith and Brown, 2021).

Active and productive businesses can also expand the tax base by increasing individual and corporate income. Countries with dynamic business sectors tend to have higher tax revenues and better tax compliance.(Garcia and Martinez, 2020). Fair and transparent tax policies are also important factors in encouraging investment and business. Attractive and stable tax policies can increase investor confidence and encourage sustainable investment.(Lee and Park, 2022). In addition, a stable and conducive business environment can also increase tax compliance. Countries with simple business regulations and a conducive business environment tend to have higher levels of tax compliance.(Wang and Liu, 2019). Strong investment and business can also help the government achieve the set tax revenue target. Investment and business growth can help achieve the optimal tax ratio target in the long term, investment and business play an important role in influencing tax compliance and achieving a country's tax ratio target. The government needs to encourage a stable and conducive investment and business environment to achieve the desired tax target.(Çevik, 2016; Demarani, 2018; Marselina and Santi, 2019; Piancastelli and Thirlwall, 2020).

CONCLUSIONS

This article reviews various factors that influence tax compliance and the achievement of tax ratio targets, which can be categorized into internal, external, and economic factors. Internal factors include taxpayers' awareness and understanding of tax regulations, personal attitudes and norms, financial capacity, and administrative awareness and skills. These factors directly affect taxpayers' behavior in fulfilling their respective tax obligations. External factors involve tax policies and law enforcement, economic and social conditions, and international policies and regulations. A stable political and social environment also plays an important role in shaping tax compliance levels. Effective policies and consistent law enforcement can improve compliance through appropriate monitoring and sanctions. Economic factors, such as economic growth, inflation, price stability, and investment and business climate, also affect the government's ability to achieve the tax ratio target. Positive economic growth can expand the tax base and increase tax revenues, while inflation and price stability affect purchasing power and the ability of taxpayers to meet their respective obligations. Based on these findings, several recommendations can be made. First, the government needs to improve education and socialization regarding tax regulations to increase taxpayer awareness and understanding. Second, tax policies must be designed by considering existing economic and social conditions, and there must be consistent law enforcement to encourage compliance. Third, economic stability must be maintained to create a conducive investment and business climate, which will ultimately increase tax revenues. For future research, it is recommended to conduct a more in-depth study on the interaction between these factors and how each collectively affects tax compliance. Further research is also needed to explore the impact of international tax policies and how these affect domestic policies and tax compliance. In addition, longitudinal studies that track changes in these factors over time can provide better insights into the dynamics of tax compliance and the achievement of tax ratio targets.

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