

Tax Awareness and Compliance of Micro and Small Enterprises

¹Paco, Donna Lerma Janica A., Quezon, Marissa S.

¹Revenue Officer, Bureau of Internal Revenue

²Dean, College of Business, Management and Accountancy, Carlos Hilado Memorial State College

Abstract

The study determined the level of awareness and the extent of tax compliance of micro and small enterprises (MSEs). It further determined whether the participants' profile variables and tax awareness predicted tax compliance by the MSEs. The participants in this study were 400 micro and small enterprises registered under Bureau of Internal Revenue (BIR)–Revenue District Office No. 077, Bacolod City, Philippines. A descriptive-correlational research design was used and a researcher-made questionnaire with Lawshe Content Validity Ratio (CVR) of 0.88 and Cronbach's alpha = 0.99 were employed to gather data from 400 MSEs using the Cochran formula. Results showed that MSEs were very aware of the Bureau of Internal Revenue (BIR) requirements but were fully aware and moderately aware of the Value-Added Tax (VAT) and other percentage taxes, respectively. Findings also showed that MSEs are complying with BIR requirements to a large extent. Consequently, penalties are the highest factor that affect taxpayer compliance. Furthermore, when a regression analysis was conducted, highest educational attainment and the level of tax awareness significantly predicted the extent of tax compliance max, $F(2,117) = 61.472$, $p < .05$, $R^2 = .667$. A tax awareness campaign to increase awareness and improve compliance was suggested.

Keywords: tax awareness, tax compliance, micro and small enterprises, factors affecting tax compliance, Bacolod City, Philippines

INTRODUCTION

Taxation is the means of the government to generate funds to afford protection to its citizens (De Vera, 2017). Similarly, taxes are compulsory government exaction on person, property, income, and business (Tabag, 2018). In an ideal setting, all transactions are taxed regardless of profit. This obligation customarily leads to a repulsive response from the public (Kornhauser, 2017).

Unfortunately, in the global scenario, the United States' IRS reported a high possibility that small business owners will more likely underpay taxes because most of their dealings are mostly on cash (CFO Selections Team, 2018). On the other hand, small businesses in the United Kingdom account for 40% of the tax gap with £14 billion in unpaid tax for failure to

take reasonable care, legal interpretation, or errors (White, 2019).

In 2017, medium taxpayers were identified, profiled, and forewarned on their level of tax compliance by the BIR. The segment contributes 21% of the region's actual collection. However, in one compliance area out of the seven registered, only 4% have a compliance rate of 95% to 100%, and 18% recorded a compliance rate of 0% to 9%. The rest (78%) are in the 10% to 94% compliance level rates (De La Cruz, 2017). Moreover, out of the total number of MSMEs, more than 900,000 establishments are operating in the informal economy, not registered, not keeping books of accounts, and not paying their taxes, in other words, operating beyond the borders of the Philippine tax laws (Du-Baladad, 2016).

Based on the Senate of the Philippines (2015), MSMEs comprise 99 percent of all businesses in the Philippines. Studies show that MSMEs promote developing technologies, establish local communities, and help create employment opportunities, but more importantly, it fuels the national economy (Ahmed, 2019). Unfortunately, Filipinos view taxes as a necessary evil rather than an act of patriotism to help the government defray its expenses (Palabrica, 2016).

However, proper compliance of MSMEs to the taxman (BIR) reduces the risks of a tax audit, thereby eliminating the chance to pay additional costs such as penalties in the form of surcharge, interest, and compromise penalties. It lessens the cost of non-compliance of businesses, enabling them to allocate and focus their funds primarily on operations and investment (San Luis, 2019). Studies on tax awareness and compliance had been conducted for small and medium enterprises (SMEs) and few included micro enterprises. Literature review has been exhausted and no published study on such was found in Negros Occidental, Bacolod City, Philippines.

With the premises mentioned above, it is vital for owners of micro and small enterprises be aware of their obligations to the nation and to report their incomes fairly and become tax-compliant individuals voluntarily. It is to help our economy and the national government achieve its maximum capacity and avoid unnecessary costs of non-compliance.

Framework of the Study

Taxation anchors on three fundamental theories that best explain its relevance to the country and its constituents; first, The Lifeblood Theory emphasizes that the government would be paralyzed for lack of the motive power to activate and operate it without taxes. On the other hand, Benefits-Protection, also known as Reciprocity Theory, describes the symbiotic relationship of the government and its citizens whereby in exchange for the benefits and protection that the latter gets from the former, taxes are paid (Commissioner of Internal

Revenue vs. *Algue, Inc.*, 1988). The third is the Necessity Theory which focuses on the premise that taxes are necessary to give the citizenry an army to resist aggression, a navy to defend its shores from invasion, and a corps of civil servants to serve. Also, it provides for public improvements designed for the enjoyment of the citizenry and those which come within the State's territory, and facilities and protection which a government is supposed to provide (*The Philippine Guaranty Co., Inc. vs. The Commissioner of Internal Revenue*, 1965).

The conflict theory by Karl Marx is another theory that defines that society is in a state of perpetual conflict because of competition for limited resources (Chappelow, 2020). Furthermore, it states that those with wealth and power try to hold on to it by any means possible, thereby supporting the natural reluctance to surrender part of one's hard-earned money affecting compliance on tax obligations. This theory mainly explains the force in effect and why many businesses fail to comply with taxation requirements. Like the idea of Marx's theory, individuals try to hold on to their resources because it is naturally limited.

Moreover, the progressive tax system adopted in the Philippines considers the society of unequal incomes, which imposes higher tax rates on the rich and lower tax rates for the poor (Blough, 1944). Considering the range of business activities engaged by micro and small enterprises, most would fall on the low-income brackets. This scenario is contrary to multinational companies (MNCs), who are primarily liable to pay higher taxes. However, although the law tries to protect the marginalized, the government still provides income tax holidays (ITH) to qualified companies to promote economic growth and attract foreign direct investments. ITH is a break from the payment of income tax levied by the national government for a certain period to companies located in the Special Philippine Economic Zone (DTI - PEZA, n.d.). This situation further extends the gap between the two classes, mostly the 'big' companies who benefit from ITH. Preventive Theory

Violations in tax compliance may bring consequences to the liable party. The preventive theory is founded on the idea of preventing the repetition of crime by disabling the offender through measures such as imprisonment, forfeiture, death punishment, and suspension of license (US Legal). Such a penalty may inspire the MSE taxpayers to comply with the periodical submission of reports and information returns. The 2020 BIR Priority Programs include Run After Tax Evaders (RATE) and Oplan Kandado as one of their projects to enhance voluntary compliance among taxpayers (Bureau of Internal Revenue)

Related Literature

The MSME Sector

MSMEs as defined under Republic Act No. 9501 or the Magna Carta for MSMEs is any business activity or enterprise engaged in industry, agri-business and/or services that has: (1) an asset size (less land) of up to P 100 million; and (2) an employment size with less than 200 employees, regardless of the type of business ownership (Senate of the Philippines, 2012).

MSMEs play a vital role in the growth of the economy of a country (Syal, 2015). Rural industrialization is one major effect of the emergence of MSMEs.

Based on the findings of Biswas (2015), MSMEs not only play a crucial role in providing large employment opportunities at lower capital cost, but also help in the industrialization of rural and backward areas. As a result, it greatly reduces regional imbalances, which assures a more equitable distribution of national income and wealth.

The relevance of MSMEs in our economy equals its role towards nation-building. Regrettably, over 900,000 MSMEs are estimated to operate neglecting the tax laws, and operating in underground economies (Du-Baladad, 2016).

Tax Awareness of Micro and Small Enterprises

Tax awareness is the principle of being informed of what tax laws and principles are, or can be applicable to the transaction you are engaging in (Vittoratos, 2016). On the other hand, Mat Udin (2015) declared that tax knowledge is a basic tax knowledge that needs to be understood by taxpayers, so they can exercise their rights and obligations. Alternatively, tax knowledge merges tax rules and financial literacy, so taxpayers can comprehend the economic consequences of taxation (Eriksen & Fallan, 1996). Based on research, the level of taxpayer's understanding on tax regulation is one of the factors that have significantly affected taxpayer compliance (Prajogo & Widuri, 2013). In addition, Adimasu & Daare (2017) found in their study that tax awareness was the major problem for voluntary tax compliance attitude.

Tax evasion can have severe negative effects in the country and has the ability to impede economic growth. It increases the amount of resources accumulated by business owners, similarly, it reduces the amount of government services being supplied, negatively affecting the economy (Cerqueti & Coppier, 2009).

Tax Compliance of Micro and Small Enterprises

Based on the data recorded by the BIR in 2017, majority of the country's total revenue collection came from "self-assessed taxes" and the remaining portion, or 2.42% comes from deficiency assessments (preliminary/final assessments and delinquent accounts). The Philippines Bureau of Internal Revenue strategized to infuse the use of technology-based methods in its system for the improvement of its offered services ranging from the national taxpayer database, monitoring collection goals, and even information-sharing activities with third parties (Teves, 2007). The National Tax Research Center as cited by Gonzales (2020) had quoted the report of the Financial Technology during a convention wherein it had mentioned that 96% of the transactions in the Philippines are done in cash. Gonzales (2020) also added

that the primary reason why most Filipinos prefer payments in cash was due to a lack of reliable and secure payment infrastructure and unreliable, slow internet connection in some areas. Recently, the agency has launched online payment methods of remitting tax payments in addition to the existing forums. As what Bernas & Mercado- Tamayo (2020) had quoted from Revenue Memorandum Circular No. 43-2020, taxpayers (except for EFPS filers) were given two venues for payment of taxes: offline and online. Manual payments may be made either in any Authorized Agent Banks (AAB), or in the absence of AABs, taxes shall be paid with the concerned Revenue Collection Officer (RCO) under the Revenue District Officer (RDO). On the other hand, online payment channels such as online banking, Landbank of the Philippines Link.BizPortal, Development Bank of the Philippines (DBP) Pay Tax Online, UnionBank of the Philippines online banking and mobile app, GCash app, PayMaya app, and Moneygment app are also available for convenience (Zoleta, 2020).

Given the details on the rapid advancement on going cashless, the Philippines, in time, will fully embrace a new mindset. Conversely, taxpayers will now find it easier to transact with the BIR in the filing and payment of their taxes given the right platforms are now in existence.

Factors Affecting Tax Compliance

One of the factors that affect taxpayer compliance is tax awareness.

However, there are also other factors affecting the ability of MSEs to properly file their returns, and correspondingly pay their taxes. The probability of being audited is only one of the many explanations. Studies conducted show that the words "Internal Revenue Service (IRS) audit" have long struck fear into American taxpayers. Furthermore, many are afraid because audits usually leave taxpayers exhausted and broke. Nonetheless, the number of IRS audits has been decreasing during the recent years, and there is a possibility that traditional IRS office audits may soon become rare.

Penalties are also among the leading factors affecting tax compliance of MSEs. Civil penalties namely surcharge, interest, and compromise awaits tax violators. According to law, there shall be imposed, in addition to the tax to be paid (Basic tax) a penalty equal to 25% of the amount due. A 12% interest per annum, on the other hand shall be assessed and collected on any unpaid amount of tax from the date prescribed for payment until such time the amount is fully paid. Lastly, compromise penalties are additionally imposed to taxpayers for every violation committed. A Revised Consolidated Schedule of Compromise Penalties for Violations of the NIRC, under Annex A of Revenue Memorandum Order (RMO) No. 7-2015 is used as guide for the imposition penalties. Lack of tax education is one of the leading reasons of failed tax compliance and, unavoidably, expensive fines (Abrea, 2018).

Murray (2020) had mentioned that most micro businesses have difficulty in getting credit and funding for startup and expansion activities. This problem has led some businesses to have low compliance with BIR requirements. In a related study, Kamleitner, Korunka, & Kirchler (2012) found that small business owners are more likely to not comply than employed taxpayers. Likewise, their findings showed that businesses are more likely to lack meaningful taxation knowledge, and are more likely to treat taxes as painful losses. Hence, we can assume that taxpayer's capacity to pay plays a big role in determining whether or not he can comply with the payment of necessary taxes.

It is without a doubt how big of a role MSMEs take part in the running of the economy. Composing 99.6% of the total enterprises in the country and employing at least 62% of the labor force, one cannot deny their significance. With their power, MSMEs also take on great responsibilities as citizens of the country. Taxes, being inherent in our sovereignty, must be paid for it is a necessity and the lifeblood of our economy. In addition, there is a presumption of equivalent compensation where the government assumes the benefits received by its citizens, hence, one cannot simply run away from his obligations.

To ensure the timely and unhampered delivery and efficient implementation of government programs, the Philippine tax agency - BIR needs to make sure that the citizens are properly filing and paying correct amount of taxes due from them. However, problems may arise when duty bound individuals fail to do so.

Methodology

The research design used in this study was descriptive-correlational. This method is appropriate because it aims to describe the attributes of the participants and their businesses, their level of tax awareness, and the extent of tax compliance and its factors. The researcher also desires to determine whether there is a relationship between tax awareness and the degree of compliance of MSE taxpayers.

The study was conducted on the registered MSEs under Revenue District Office (RDO) No. 77, Bacolod City, Negros Occidental, Philippines. The participants in this study were the 400 taxpayers who own micro and small enterprises registered in the BIR before January 1, 2019. Specifically, the participants were the owners/managers of the establishment. In the latter's absence, either the company's employee/staff or bookkeeper/accountant. Since the population was large, Cochran formula was applied to get the sampling size of 385 and was rounded to 400. This study employed a convenience sampling technique. Since the survey was conducted during the tax filing season, the participants who were present during the conduct of the study were asked to fill out the research questionnaire.

This study utilized a researcher-made questionnaire rooted in the literature related to taxpayer awareness and compliance. The data gathering tool consisted of four parts.

The level of awareness on the various national internal revenue tax was measured using the following scale:

Score	Verbal Interpretation	Description
5	Extremely aware	I am fully knowledgeable

4	Very aware	I am knowledgeable of the BIR requirements.
3	Moderately aware	I am somewhat knowledgeable of the BIR requirements.
2	Slightly aware	I have little knowledge of the BIR requirements.
1	Not at all aware	I am not at all knowledgeable of the BIR requirements.

On the extent to which the taxpayer had complied with the correct filing and payment of taxes was measure using the following scale:

Score	Verbal Interpretation	Description
5	To a very large extent	I file/pay my returns/taxes correctly on time all the time.
4	To a large extent	I file/pay my returns/taxes correctly on time always.
3	To a moderate extent	I file/pay my returns/taxes correctly on time occasionally.
2	To a small extent	I file/pay my returns/taxes correctly on time rarely.
1	None	I have never tried filing/paying my return/taxes.

A content validity ratio based on Lawshe's Content Validity Ratio with a numeric value of at least 0.78 was expected to be obtained from the expert's ratings to deem the research tool valid (Frey, 2018). The jurors validated the instrument by identifying each question whether they are "essential," "useful but not essential," or "not necessary." The tool obtained an average rating of 0.88 from the validators. The researcher applied the corrections and recommendations suggested by the evaluators. Some question items were disregarded for not meeting the minimum rating requirement.

The reliability test was administered to 30 participants from areas outside the jurisdiction of RDO No. 77 – Bacolod City. Using the Cronbach's Alpha (α) test, which measures the internal consistency among a set of survey items (Lavrakas, 2008), the tool attained a score of 0.99 from the 137-item survey questionnaire (Likert scale). The result means that the tool's internal consistency is high.

The researcher aimed to determine the relationship between the level of awareness and the extent of tax compliance of MSEs. More specifically, the study sought to

identify the profile of the participants and the business, the level of awareness of MSEs in terms of the various national internal revenue taxes, and extent of tax compliance based on factors such as probability of being audited, penalties, and business financial constraints/capacity to pay.

Frequencies, percentages, means, and standard deviation were used to treat the descriptive data while t-test, Analysis of Variance, Pearson's correlation coefficient, and multiple regression analysis were utilized for inferential data.

Profile of the Participants

The majority of the participants were aged 30-39 years old, or 41.5% of the total sample size. It was followed by individuals aged 40-49 years old (25.3%); 20-29 years old (20.3%); and 50-59 years old (11.80%). The minor age group belonged to 60 years old and above 5 with participants or 1.3% out of the total. Based on research, the average employee age for accountants is 44 years (Zippia, 2021).

On the other hand, female participants are dominant compared to male participants garnering 52.5% of the total or 210 individuals, while the latter obtained 190 or 47.5%. A statement in an article from There has been a significant increase in the number of women accountants recently. Also, research shows that there are now almost as many female accounting professionals worldwide as males (The Consultancy Group, 2017).

Almost 67% of the group or 266 participants were married, followed by participants with a single status, which comprised 27.30 % or 109 participants. The most insignificant portion was the widow or widowers with 6.3% or 25 participants. College graduates primarily represented the population covering 83.3% of the total or 333 participants. Only a tiny portion of the pie was covered by participants with doctorate degrees (1% or 4 participants).

Sixty-eight percent (68%) or 272 participants occupied a rank-and-file position in their establishments, followed by supervisory (22.8%) and managerial (9.3%) positions.

Commonly, accounting positions are acting as support for the proper functioning of the business, specifically tasked to organize and record financial data (internal) and compliance with the taxman and other reportorial requirements (external). Almost all companies nowadays employ the service of an accountant or bookkeeper. Even large companies have their accounting department in their organization.

However, regardless of size, many outsource this function to unburden work, allowing them to focus on business management. Kelly (2020), on his Hierarchy of Accounting Positions, indicated that most popular entry-level accounting job titles include accounting clerk, accounting assistant, junior accountant, and accounting intern – all are considered rank-and-file positions. These positions are the most common in accounting, auditing, or any consultancy firms.

Nevertheless, small business owners find it costly to maintain a retainer to do the monthly bookkeeping and tax preparation for their business. As a result, the owners themselves do the accounting and tax compliance functions.

Most members under study had spent their time working with their employers up to 19 years; 47% of the total participants with 10-19 years (188 participants) of residency and 45% with 0-9 years (180 participants).

Generally, most participants were married females aged 30-39 years old, with a college degree working as rank-and-file employees in their companies for 10-19 service years.

Profile of the Business

Results showed the asset size of firms was mostly below P3,000,000.00 with 302 participants or 75.5%, while firms with resources of P3,000,000.00 and above comprised only 24.5% or 98 participants. As per data collated by the Department of Trade and Industry (2019) from the 2019 List of Establishments of the Philippines Statistics Authority, out of the recorded 1,000,506 business companies operating in the country,

micro-enterprises constitute 89% or 891,044 of total business establishments, followed by small enterprises at 10% (99,936) and medium enterprises at 0.5% (4,765). Similar to the data collected, micro- enterprises were a majority part of the population under study.

Conversely, the most common form of business was single proprietorship with 220 participants or 55%. Parets (2019), in her article, conveyed the advantages of a sole proprietorship in the areas of taxes, paperwork, and profit.

However, according to her statement, although sole proprietorships are the easiest structure, owners are leaving themselves open to possible lawsuits and financial liabilities. Partnerships and Corporation consisted 20.3% (81 participants) and 24.8% (99 participants), respectively.

More than half (53.3%) of business establishments operated for 20-29 years, while only a few ran for 30-39 years (6.0% or 24 participants).

The wholesale and retail trade; repair of motor vehicles and motorcycle sector got the highest percentage of 37.8 or 151 participants. This was followed by accommodation and food services sector with 13.5% or 54 participants. The results supplement the DTI (2019) data, which stated that the sectors as mentioned above had positioned in the first and second spots in the top five (5) industry sectors according to the number of MSMEs.

Subsequently, findings showed that almost the entire sample had indicated that they were subjected to income tax. This finding is particularly true since all registered taxpayers are subjected to income tax unless exempt. In addition, 10.90% of the MSEs were liable to both withholding tax – compensation and withholding tax –expanded. The result suggests that they either have salaried employees, renting the place where they conduct their business or both. Under business taxes, 12.60% were subjected to VAT, while 21.90% were subjected to percentage tax or non-VAT taxpayers. Also, taxpayers who were subjected to excise and documentary

stamp tax comprise only a tiny portion with 7 and 96 participants or 0.60% and 0.85%, respectively.

Lastly, 59.8% (239 participants) of MSEs were using eBIRForms in filing their returns. Only 32.5% (130 participants) were eFPS filers, followed by manual filers with 7.8% (31 participants). The BIR launched the eBIRForms package in 2012 to provide taxpayers with an alternative mode of preparing tax returns.

Unlike the conventional process of manually filing the returns, the online system under eBIRForms is more accessible and convenient. It allows taxpayers to encode data, validate, edit, save, delete, view and print tax returns offline. In addition, it automatically computes the tax due (Capili, 2012). However, eBIRForms only permits e-Filing, unlike the eFPS, where the taxpayer can perform both e-Filing and e-Payment simultaneously.

Furthermore, not all taxpayers can opt to file thru the eFPS platform. The system was initially launched in 2001 under Revenue Regulation No. 9-2001. The same regulation enumerated taxpayers mandated to file using the system (Bureau of Internal Revenue, 2001). Since the population consists of micro and small enterprises, it is expected that they are not covered under the eFPS required filers due to their size and nature unless they voluntarily request that they be allowed to use the system.

Under Revenue Memorandum Circular (RMC) No. 19-2015, the BIR clarified that not all taxpayers are required to file electronically. Only those who are mandated to use eBIRForms and eFPS are to do so. Further, it mentioned that other taxpayers, such as MSMEs, are not required to file online, but nothing prevents them from doing so (Bureau of Internal Revenue, 2015).

Alternatively, BIR issued RMC No. 12-2015 enumerating the following groups allowed to file "No Payment Returns manually": (1) Senior Citizens or Persons with Disabilities filing their return; (2) Employees deriving compensation income purely and the income

tax of which has been withheld correctly showing tax due is equal to the tax withheld whether single or multiple employers; and (3) Employees qualified for substituted filing under but opted to file an Income Tax Return ("ITR") for purposes of promotion (PNP/AFP), loans, scholarship, foreign travel requirements, etc. (Bureau of Internal Revenue, 2015).

Collectively, the participants were micro-businesses under single proprietorship operating for 20-29 years in the Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycle sector, were subjected to income tax and were non-VAT taxpayers who file their tax returns online through the eBIRForms platform.

Level of Awareness of MSEs on the Tax Types the Business Should Pay

Table 1 shows the level of awareness of MSEs on the tax types the business should pay exhibited a result where participants were mainly very aware with income tax (Mean=3.90, SD=0.69), withholding tax – compensation (Mean=4.10, SD=0.69), withholding tax – expanded (Mean=4.00, SD=0.63), excise tax (Mean=4.01, SD=0.19), and documentary stamp tax (Mean=4.44, SD=0.57). In contrast, participants were extremely aware of value-added tax (Mean=4.52, SD=0.35) and were moderately aware of other percentage taxes (Mean=3.40, SD=0.57). Both tax types were the highest and lowest-rated among all tax types, respectively.

Based on the findings of the study conducted by Al-Hadrami and Almoosa (2019), most of their respondents have inadequate knowledge and low acceptance of VAT because they believe that this tax should not be a significant source of income for the government. On the same note, the United Arab Emirates has not witnessed any public taxes during the last four decades since they have relied mainly on oil as their primary source of income (Al-Obaidi, 2018). Another study showed that the level of awareness on Goods and Services Tax in Malaysia had not reached a satisfactory level (Ahmad, Ismail, & Abdul, 2016).

On the contrary, results in this study had contradicted the abovementioned findings. Upon processing the data, results showed that MSEs were highly aware of BIR reportorial forms and information forms required to be filed, its corresponding deadlines on filing and payment, and the computation of the amount of tax due. The result was possibly due to the increasing popularity of the tax. VAT was introduced on January 1, 1988, replacing a range of sales and turnover taxes (AvalaraVATlive, n.d.). Upon the recommendation of the Secretary of Finance and after certain conditions were satisfied as stated under R.A. 9337, otherwise known as the Value Added Tax Reform Law, BIR Revenue Memorandum Circular (RMC) No. 7-2006 increased the VAT rate from 10% to 12% effective February 1, 2006. Although the increase was a better pill necessary for the economy, the additional tax connotes further burden on Filipinos.

While most MSEs (63%) were non-VAT registered, meaning subject to percentage tax, results showed that they were only moderately aware of percentage taxes. The most common type of percentage tax was the 3% percentage tax for individuals and non-individuals engaged in business, but their annual gross sales/receipts should not exceed P 3,000,000.00.

Moreover, there were other types of percentage taxes under Sec.117 to 127 of the National Internal Revenue Code of 1997, as amended that applies to specific business or transactions regardless of VAT threshold, such as Percentage tax on domestic carriers and keepers of garages (Sec. 117), Percentage tax on international carriers (Sec. 118), Tax on franchises (Sec. 119), Tax on overseas dispatch, message or conversation originating from the Philippines (Sec. 120), Tax on banks and non-bank financial intermediaries performing quasi- banking functions (Sec. 121), tax on other non-bank finance intermediaries (Sec. 122), tax on life insurance premiums (Sec. 123), Tax on agents of foreign insurance companies (Sec. 124), Amusement taxes (Sec. 125), tax on winnings (Sec. 126), and tax on sale, barter or exchange

of shares of stock listed and traded through the Local Stock Exchange or Initial Public Offering (Sec. 127). The majority of the public is not knowledgeable about these taxes.

As per data collected, MSEs were knowledgeable of BIR requirements on income tax, withholding tax – compensation and expanded, excise tax, and documentary stamp tax. All taxpayers were subjected to income tax unless exempt. Businesses that utilized human resources were withholding agents of their employees, which means they are primarily liable to report and remit the taxes paid by their employees to the BIR. The same was also true with taxpayers who avail rental services. They were regarded as withholding agents responsible for the withholding and remittance of the taxes due to their lessors' rental income. The recurring nature of these transactions had made MSEs more aware of their role, thus understanding these taxes.

On the other hand, excise taxes applied to certain goods manufactured or produced in the Philippines for domestic sale or consumption or any other disposition and imported goods. For instance, quarry operators were subjected to a 4% excise tax on the actual market value of the gross output at the time of removal.

Although non-payment has nothing to do with the agreement's validity between the parties, more taxpayers are familiar with this kind of tax.

Table 1

<i>Level of awareness of MSEs types of tax paid</i>			
Items	Mean	SD.	Interpretation
1 Income Tax	3.90	0.69	Very aware
2 Withholding Tax – Compensation	4.10	0.69	Very aware
3 Withholding Tax – Expanded	4.00	0.63	Very aware
4 Value-Added tax	4.52	0.35	Extremely aware
5 Percentage Tax	3.40	0.57	Moderately aware
6 Excise Tax	4.01	0.19	Very aware
7 Documentary Stamp Tax	4.44	0.57	Very aware

The Extent of Compliance of MSEs on the Tax Types the Business Should Pay

Table 2 described in general that MSEs complied with the taxes the business should pay to a large extent. To state differently, the results showed that MSEs file/pay their returns/taxes correctly on time always specifically on income tax (Mean=3.95, SD=0.66), withholding tax – compensation (Mean=4.19, SD=0.57), withholding tax – expanded (Mean=4.05, SD=0.66), value-added tax (Mean=4.19, SD=0.60), other percentage taxes (Mean=3.70, SD=0.53), excise tax (Mean=4.24, SD=0.25), and documentary stamp tax (Mean=4.18, SD=0.50).

The results were probably caused by taxpayers' high awareness of the tax liabilities that taxpayers attained a high rating on their compliance. Similarly, the laws have controls to avoid and hopefully eliminate the idea and action of non-compliance among taxpayers. Penalties are imposed for failure to file correct taxes on time. A surcharge of 25% or 50% of the basic tax due, plus interest of 12% per annum, and compromise penalties based on the table found in Revenue Memorandum Order (RMO) No. 7-2015 awaits violators. Since the Philippine tax system is anchored on voluntary compliance where taxpayers are the ones who determine the amount, location, and timing of tax filing and payments, illegal measures are more likely to be executed to lessen the correct amount of taxes due (Tax Accounting Center Philippines, n.d.).

However, based on the findings of Preston (2011), one of the factors increasing the compliance burden for businesses is complicated or ambiguous tax rules. He added effective electronic systems for filing and paying taxes to lighten the compliance burden, bringing efficiency benefits for both business and government. With the BIR implementation and roll-out of online services available by the BIR, a share of MSEs' burdens have somehow been lifted, resulting in their proper compliance.

Table 2

Items	Mean	SD	Interpretation
1 Income Tax	3.95	0.66	To a large extent
2 Withholding Tax – Compensation	4.19	0.57	To a large extent
3 Withholding Tax – Expanded	4.05	0.66	To a large extent
4 Value-Added tax	4.19	0.60	To a large extent
5 Percentage Tax	3.70	0.53	To a large extent
6 Excise Tax	4.24	0.25	To a large extent
7 Documentary Stamp Tax	4.18	0.50	To a large extent

Factors Affecting Tax Compliance Among MSEs

Most MSEs were motivated to comply with BIR requirements in fear of incurring penalties with a total of 254 participants or 45.80%, followed by probability of being audited (200 participants or 36.10%). Meanwhile, only 100 participants, or 18.10% answered business financial constraints/capacity to pay. Participants were allowed to answer in multiple responses.

As mentioned in the first chapter, the preventive theory was anchored on the premise that punishment prevents the repetition of the crime. Penalties for non-compliance with BIR requirements result from the exercise of the power of the legislative to stop, as the name of the theory indicates, the inconsistent behavior of taxpayers. The goal of the action is to punish offenders for deterring them from committing prospective crimes (Law Times Journal, 2019).

Table 4

Significant difference in the level of tax awareness of the MSEs when grouped according to sex

Variable	Category	Mean	t-test	p-value	Interpretation
Sex	Male	4.05	0.22	.014*	Significant
	Female	3.88			

*significant if p-value \leq 0.05

Significant difference in the level of tax awareness of the MSEs according to the profile variables

Table 3

Factors	f	Percentage
Penalties	254	46
Probability of being audited	200	36
Business financial constraints / capacity to pay	100	18
Total	554	100

Multiple response: n=554

Significant difference in the level of tax awareness of the MSEs when the participants are grouped according to sex

The independent sample t-test results reflected in table 6 showed a significant difference in the level of awareness of MSEs when grouped according to sex since the data processed revealed a p-value =.014, lesser than the significance level of 0.05. Hence, the null hypothesis, which states that there is no significant difference in the level of awareness when the participants are grouped according to sex, is rejected. This further means that sex affects the cognition of MSEs on BIR requirements.

Studies on the attitude towards tax fraud among the female population in Spain show that women are less sensitive to societal rejection of fraud because they are much more limited than men to the domestic domain (Alarcón-García, Beyaert, & Escobar, 2012). In addition, Joshi's (2017) research to determine the effects of gender on taxation has described that only a few women pay personal taxes since they are likely to be unemployed in the formal sector or receive incomes above the minimum threshold to be taxed. Meaning, the domestication of women has impacted their awareness of taxation.

Table 5 depicts the difference in the level of tax awareness of the MSEs when the participants are grouped according to age, civil status, highest educational attainment, position in the establishment, and number of years connected

to the establishment. Generated results using one-way ANOVA test disclosed that the level of awareness varied significantly in terms of age ($F=3.567$, $p=.021$), position ($F=5.757$, $p=.006$), and number of years in the establishment ($F=23.787$, $p=.000$), unlike civil status ($F=.064$, $p=.802$) and highest educational attainment ($F=1.416$, $p=.249$) which showed no significant difference.

Frecknall-Hughes and Lymer (2017) confirm that older people's tax affairs continue to show up substantial problems and are likely to worsen if left alone as the population ages. Similarly, although Braithwaite, Smart, and Reinhart (2006) had concluded that age had been one of the predictors of tax non-compliance, their study found that younger people are less compliant in attitude and behavior than older people. Further, they added that the older generation is better socialized into taxpaying.

In an article, Gregory (2018) stated that accountants provide advice on estimated tax payments one should make during the year. It is

only one out of the many reasons why owners hire accountants. More and more businesses have employed the service of accountants. The Accounting, Tax Preparation, Bookkeeping, and Payroll Services industry is the third-ranked top-paying industry where accountants earn the highest median annual wage in 2020, according to the U.S. Bureau of Labor Statistics (Williams, 2021).

On the other hand, Raman and Varghese (2016), in their study on labor productivity by learning curve effect, mentioned that performing the same activity repeatedly and in the same condition reduces performance time as the action is repeated. This premise can be used to assume that the length of service of an individual may affect his level of tax awareness.

Unlike the results in this study, Chandarasorn (2012) found that both marital status and education affected tax compliance of individuals with tax awareness as a critical determinant affecting such.

Table 5

Difference in the level of tax awareness of the MSEs when the participants are grouped according to their profile

Variable	Category	Sum of Squares	df	Mean Square	F-test	p-value
Age	Between Groups	2.394	3	.798		
	Within Groups	10.962	49	.224	3.567	.021*
	Total	13.355	52			
Civil status	Between Groups	.017	1	.017		
	Within Groups	13.339	51	.262	.064	.802
	Total	13.355	52			
Highest educational attainment	Between Groups	1.065	3	.355		
	Within Groups	12.290	49	.251	1.416	.249

	Total	13.355	52			
Position in the establishment	Between Groups	2.500	2	1.250		
	Within Groups	10.856	50	.217	5.757	.006*
	Total	13.355	52			
No. of years connected to the establishment	Between Groups	4.248	1	4.248		
	Within Groups	9.107	51	.179	23.787	.000*
	Total	13.355	52			

*significant if p-value ≤ 0.05

Significance difference in the extent of tax compliance of the MSEs when grouped according to business profile

Table 6 details the difference in the extent of tax compliance of the MSEs when grouped according to form of business, years in operation, line of business, registered tax types, and manner of filing. Results showed that the extent of compliance varied significantly with the form of business ($F=11.227$, $p=.000$) and manner of filing ($F=8.249$, $p=.006$). Oppositely, years in operation ($F=.409$, $p=.747$), line of business ($F=1.588$, $p=.146$), and registered tax types ($F=1.513$, $p=.224$) did not have significant differences with the extent of tax compliance.

Based on the research conducted by Fauziati and Kassim (2018), findings indicate that age, size, and sector do not affect tax compliance costs. The findings are opposite in terms of the years in operation, and sector variables wherein results revealed that both do not affect tax compliance.

According to Sanaya (n.d.), the size of the business in terms of capital requirements affect the business form an enterprise will more likely choose. Business enterprises that require a small amount of capital may either opt to form a proprietorship or partnership. In case of substantial capital requirements, creating a

corporation will be the best. Another study shows that legal entities or non-individual taxpayers spend three times higher the financial costs of tax administration than an individual entrepreneur (International Finance Corporation, 2017). The findings suggest that business form can have effects on the tax compliance of MSEs. Also, readers should note that individual and non-individual taxpayers are taxed differently. The former uses graduated income tax rates, while the latter utilizes a fixed income tax rate.

Tax and Accounting Center Philippines enumerated a list of benefits of the online tax payment system, specifically EFPS. The benefits include not needing to go personally to a bank to file and pay tax returns. Also, taxpayers can file at their own pace and time and the automation of the tax returns. It aids MSEs in improving their compliance with BIR requirements. Tax administrations worldwide are now increasing a range of technology tools, data sources, and analytics to increase tax compliance (Organization for Economic Co-operation and Development, 2019).

Table 6

Significance difference in the extent of tax compliance of the MSEs when grouped according to profile

Variable	Category	Sum Squares	ofdf	Mean Square	F-test	p-value
Form business	ofBetween Groups	3.787	2	1.893		
	Within Groups	8.095	48	.169	11.227	.000*
	Total	11.882	50			
Years in operation	Between Groups	.302	3	.101		
	Within Groups	11.580	47	.246	.409	.747
	Total	11.882	50			
Line of business	Between Groups	3.376	10	.338		
	Within Groups	8.506	40	.213	1.588	.146
	Total	11.882	50			
Registered tax types	Between Groups	.356	1	.356		
	Within Groups	11.526	49	.235	1.513	.224
	Total	11.882	50			
Manner of filing	Between Groups	1.712	1	1.712		
	Within Groups	10.170	49	.208	8.249	.006*
	Total	11.882	50			

*significant if p-value \leq 0.05

The Difference in the Extent of Tax Compliance of the MSEs when grouped According to Asset Size and Audit Experience

Table 7 reveals the difference in the extent of tax compliance of the MSEs when grouped according to asset size and audit experience. The independent sample t-test showed both variables displayed p-values greater than 0.05, which denotes no significant differences in the extent of tax compliance in terms of asset size ($t=0.068$, $p=.274$) and audit experience ($t=0.068$, $p=.617$).

Therefore, the null hypotheses are accepted. The results mean that the business' asset size

and audit experience do not influence their extent of compliance.

Consequently, one may have greater asset size but still fail to meet standard BIR requirements and vice versa. Nonetheless, there is a greater risk to registered business enterprises not having enough resources. When it fails to observe strict compliance, it will be liable to pay the cost, which may be detrimental to the organization.

Moreover, in the research of Brushwooda, Johnston, and Lusch (2018) on tax audit outcomes on the reporting and valuation of unrecognized tax benefits concluded that tax audit outcomes influence firms to be conservative in their tax reporting. However, results in this study showed that audit experience does not affect MSEs' compliance.

Table 7

Significance difference in the extent of tax compliance of the MSEs when grouped according to asset size and audit experience

Variable	Category	Mean	t-test	p-value	Interpretation
Asset size	Below P 3,000,000	3.9402			
	P 3,000,000 and above	4.3017	.068	.274	Not significant
Audit experience	With audit experience	3.7452			
	Without audit experience	3.9947	-.503	.617	Not significant

*significant if p-value ≤ 0.05

Relationship Between the Level of Tax Awareness and Extent of Compliance of MSEs

The Pearson Product-Moment Coefficient result shown in Table 8 indicated a significant relationship between the level of tax awareness and the extent of compliance of MSEs ($r=.854$, $p=.000$). In addition, the findings imply a strong and solid positive relationship between the two variables. As a result, the hypothesis, which states that there is no significant relationship between the level of tax awareness and extent of compliance of MSEs, is rejected.

Table 8

Relationship between the level of tax awareness and extent of compliance of MSEs

Variables	Pearson Correlation	p-value	Interpretation
Level of Awareness	.854	.000*	Significant
Extent of Compliance			

*significant if p-value ≤ 0.05

Predictors of tax compliance

The resulting equation to predict tax compliance is

$$\text{Tax compliance} = 0.312 + .206 \times \text{hea} + .636 \times \text{p} + .805 \times \text{lta}$$

A multiple regression was run to predict the extent of tax compliance from age, highest

It is concluded that awareness of MSEs in taxation affects its compliance with BIR requirements in all National Internal Revenue Taxes.

This result was supported by Suyanto and Trisnawati (2016) in their study where they had resolved that tax awareness affected tax compliance. In another study conducted in Kenya, researchers concluded that tax knowledge and awareness has a very close relationship with taxpayers' ability to understand the laws and regulations of taxation and their ability to comply with them (Bernard, Memba, & Oluoch, 2018).

educational attainment, number of years connected with the establishment, and level of tax awareness. Results showed that highest educational attainment (hea), penalties (p) and level of tax awareness (lta) statistically significantly predicted tax compliance max, $F(2,117) = 61.472$, $p < .05$, $R^2 = .667$. Of the four variables tested, only two variables added statistically significantly to the prediction, $p < .05$.

Table 9

Predictors of tax compliances

Model	Unstandardized Coefficients		Standardized Coefficients	<i>t</i>	<i>Sig</i>	95.0% Confidence Interval for <i>B</i>	
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>			Lower Bound	Upper Bound
(Constant)	.312	.281		1.113	.268	-.243	.868
Age	-.008	.042	-.011	-.185	.854	-.090	.075
Highest educational attainment	.309	.080	.206	3.881	.000	.151	.466
No. of years connected in the establishment	.016	.063	0.15	.254	.800	-.109	.141
Penalties	.560	.071	.636	.372	.000	.347	.533
Level of tax awareness	.776	.051	.805	15.141	.000	.674	.877

Dependent variable: Extent of tax compliance

Conclusions

In a general perspective, MSE taxpayers registered under the BIR, specifically under the RDO No. 077 – Bacolod City, Philippines are knowledgeable and aware of the National Internal Revenue Taxes and their requirements. Most taxpayers are familiar with VAT since it is a tax on commodities. Most Filipinos encounter such in their day-to-day activities. On the other hand, there are unpopular other percentage taxes due to their exclusivity and unique application.

For this reason, awareness of MSEs towards OPTs is on an average level. Variables such as sex, age, position, and no. of years in the establishment made an impact in determining the awareness level of the subject under study. Conversely, the researcher expected educational attainment to affect tax awareness of the participants. Moreover, findings showed that educational attainment, penalties, and tax

awareness are statistically significant predictors of tax compliance.

Furthermore, results showed that MSEs are complying with BIR requirements to a large extent which implies that they are filing/paying their returns/taxes on time always. The form of business and manner of filing of MSEs usually affect compliance. More structured enterprises, especially those who have their accounting departments or those who employ the services of bookkeepers and accountants, are more inclined to comply than those who have no staff dedicated to BIR compliance. Meanwhile, the BIR provides online platforms for filing and paying taxes, which have made the process easier and convenient for most taxpayers, hence their improved compliance.

The collection of taxes from micro and small enterprises is a vital source of income for the Bureau of Internal Revenue. This study can be replicated to cover other Revenue District Offices in the Philippines in order for Revenue Officers to address the gaps in tax collection, if

any. Findings of the study can also strengthen their resolve to implement more proactive measures in the collection of taxes.

Reference

- [1] Ahmad, M. A., Ismail, Z., & Abdul, H. (2016). Awareness and Perception of Taxpayers towards Goods and Services Tax (GST). *International Journal of Academic Research in Business and Social Sciences*, 75-93
- [2] Ahmed, A. (2019). The Advantages of SMEs. Retrieved from bizfluent: <https://bizfluent.com/info-8562480-advantages-smes.html>
- [3] Alarcón-García, G., Beyaert, A., & Escobar, L. D. (2012). Fiscal awareness: A study of female versus male attitudes towards tax fraud in Spain. doi:10.4337/9780857937032.00012
- [4] Al-Hadrami, A., & Almoosa, R. A. (2019). An Analysis of Value-Added Tax (VAT) Awareness and Perception in Bahrain. *International Journal of Business & Economic Affairs*, 4(1)
- [5] Al-Obaidi, I. (2018). Awareness Campaign on VAVT. Retrieved from file:///C:/Users/Donna/Downloads/ICAEA..._Abstract_2018_D5.pdf_Abst ract.pdf
- [6] AvalaraVATlive. (n.d.). Philippines VAT. Retrieved from AvalaraVATlive: [https://www.avalara.com/vatlive/en/country-guides/asia/philippines.html#:~:text=The %20Philippines%20implemented %20a%20Value,chain%20until%20the%20final%20consumer](https://www.avalara.com/vatlive/en/country-guides/asia/philippines.html#:~:text=The%20Philippines%20implemented%20a%20Value,chain%20until%20the%20final%20consumer)
- [7] Bernard, O. M., Memba, F. S., & Oluoch, O. (2018, October 4). Influence of Tax Knowledge and Awareness on Tax Compliance Among Investors in the Export Processing Zones in Kenya. *International Journal of Scientific Research and Management*: <https://doi.org/10.18535/ijrm/v6i10.em01>
- [8] Blough, R. (1944). Conflict and Harmony in Taxation. *Proceedings of the American Philosophical Society*, 88 (1). Symposium on Taxation and the Social Structure, 22-28
- [9] Braithwaite, Valerie & Smart, Michael & Reinhart, Monika. (2006). Why young people are less compliant on tax: Enduring or transient defiance?. *RegNet Occasional Paper* 11.
- [11] Brushwooda, J. D., Johnston, D. M., & Lusch, S. J. (2018). The Effect of Tax Audit Outcomes on the Reporting and Valuation of Unrecognized Tax Benefits. Retrieved from <https://doi:10.1016/j.adiac.2018.06.001>
- [12] Bureau of Internal Revenue. (2015). Revenue Memorandum Circular No. 12-2015. Retrieved from Bureau of Internal Revenue: [https://www.bir.gov.ph/images/bir_files/internal_communications_2/RMC %20No%2012-2015.pdf](https://www.bir.gov.ph/images/bir_files/internal_communications_2/RMC%20No%2012-2015.pdf)
- [13] Bureau of Internal Revenue. (2015). Revenue Memorandum Circular No. 19-2015. Retrieved from Bureau of Internal Revenue: [https://www.bir.gov.ph/images/bir_files/internal_communications_2/rmc_ no_19-2015.pdf](https://www.bir.gov.ph/images/bir_files/internal_communications_2/rmc_no_19-2015.pdf)
- [14] Bureau of Internal Revenue. (2018). General Course for Revenue Officers (Topic 220: Income Taxes). Quezon City, Metro Manila, Philippines.
- [15] Bureau of Internal Revenue. (n.d.). Major Programs & Projects and Status of Implementation. Retrieved from Bureau of Internal Revenue: <https://www.bir.gov.ph/index.php/philippine-transparency-seal/major-projects-and-status-of-implementation.html>
- [16] Capili, E. (2012). eBIRForms Package now available online. *BIR Monitor* Volume 14 No. 8, pp. 1-7.
- [17] CFO Selections Team. (2018). CFO Selections. Retrieved from CFO Selections: [https://www.cfoselections.com/perspective /top-10-federal-tax- compliance-issues- for-businesses](https://www.cfoselections.com/perspective/top-10-federal-tax-compliance-issues-for-businesses)
- [18] Chandarasorn, M. (2012). Public Management as Citizen Compliance: A Case Study of Income Tax Compliance Behavior in Thailand (Publication No.) [Doctoral dissertation, KU ScholarWorks]. University of Kansas.
- [19] Commissioner of Internal Revenue vs. Algue, Inc., G.R. No. L-28896 (Supreme Court February 17, 1988).
- [20] De La Cruz, R. T. (2017). Quezon City Medium Taxpayers identified and profiled,

- forewarned of their level of tax compliance. Retrieved from BIR Media Release 2017: https://www.bir.gov.ph/images/bir_files/public_information_and_education/PR117OCT0317.pdf
- [22] De Vera, A. J. (2017). *Quicknotes in Taxation*. Manila.
- [23] Department of Trade and Industry. (2019). *MSME Statistics*. Retrieved from Department of Trade and Industry: <https://dtiwebfiles.s3-ap-southeast-1.amazonaws.com/BSMED/MSME+2019+Statistics/2019+Philippine+MSME+Statistics+in+Brief.pdf>
- [24] DTI-PEZA. *Philippine Economic Zone Authority*. Retrieved from PEZA: <http://www.peza.gov.ph/index.php/eligible-activities-incentives/fiscal-incentives>
- [25] Du-Baladad, B. (2016). *Simplified taxation for MSMEs*. Retrieved from *Business Mirror PH*: <https://businessmirror.com.ph/2016/05/18/simplified-taxation-for-msmes/>
- [26] Fauziati, P., & Kassim, A. A. (2018). The effect of business characteristics on tax compliance costs. *Management Science Letters* 8(5), 353-358. Retrieved from <https://doi.org/10.5267/j.msl.2018.4.013>
- [27] Frecknall-Hughes, J., & Lymer, A. (2017). *The Age Factor*. Retrieved from <https://www.taxadvisermagazine.com/article/age-factor>
- [28] Frey, B. B. (2018). *Assessment of Tax Compliance Costs for Businesses in the Republic of Tajikistan*. <https://openknowledge.worldbank.org/handle/10986/29532?locale-attribute=en>
- [29] Gregory, A. (2018). *21 Ways an Accountant Can Help a Small Business Owner*. Retrieved from *small business*: <https://www.thebalancesmb.com/accountant-help-small-business-2951868>
- [30] International Finance Corporation. (2017). *Assessment of Tax Compliance Costs for Businesses in the Republic of Tajikistan*. World Bank.
- [31] Joshi, A. (2017). *Tax and gender in developing countries: What are the issues?*
- [32] Summary Brief Number 6. International Center for Tax & Development.
- [33] Kabir, S. M. (2016). *Basic Guidelines for Research: An Introductory Approach for All Disciplines*. Chittagong-4203, Bangladesh: Book Zone Publication.
- [34] Kelly, R. (2020). *The Top 20 Accounting Job Titles*. Retrieved from ONGIG: <https://blog.ongig.com/job-titles/top-20-accounting-job-titles/>
- [35] Kittleson Carpo Consulting. (n.d.). *Labor, Employment, and HR Consulting in the Philippines*. Retrieved from Kittleson Carpo Consulting: <https://kittelsoncarpo.com/labor-employment/>
- [36] Kornhauser, M. E. (2017, April 14). *People don't like paying taxes: That's because they don't understand*. *The Washington Post*.
- [37] Lavrakas, P. J. (2008). *Encyclopedia of Research Methods*. Sage Publications, Inc., Thousand Oaks.
- [38] Li, Y. (2016). *How to determine validity and reliability of the instrument*. Discovery Center for Evaluation, Research, & Professional Learning. Miami University.
- [39] McCombes, S. (2019). *Descriptive Research Design/Definition, Methods and Examples*. <https://www.scribbr.com/methodology/descriptive-research/>
- [40] Mertler, C. (2016). *Quantitative Research Methods*. Sage Publications, Inc: https://us.sagepub.com/sites/default/files/upm-binaries/70019_Mertler_Chapter_7.pdf
- [41] Meyer, Joel. (2019). *The preventive theory: A detailed explanation*. *Law Times Journal*, 59(4).
- [42] Organization for Economic Co-operation and Development. (2019). *Use of digital technologies set to increase tax compliance*. <https://www.oecd.org/tax/administration/use-of-digital-technologies-set-to-increase-tax-compliance.htm>
- [43] Pagaspas, G. S. (n.d.). *Overview of the Documentary Stamp Tax in the Philippines*. <https://taxacctgcenter.ph/overview-of-documentary-stamp-tax-in-the-philippines/>
- [44] Palabrica, R. J. (2016). *Difficulties in tax compliance*. *Philippine Daily Inquirer*. <https://business.inquirer.net/209555/difficulties-tax-compliance>

- [46] Philippine Statistics Authority. (2009). Philippine Standard Industrial Classification (PSIC). <https://psa.gov.ph/classification/psic/>
- [47] Preston, J. (2011). Paying Taxes: The Compliance Burden. <https://www.pwc.com/gr/en/publications/assets/paying-taxes-the-compliance-burden.pdf>
- [48] Raman, A., & Varghese, A. (2016). Study on Labor Productivity by Learning Curve Effect. *International Journal of Scientific Engineering and Research*, 4(3) 11-13. <https://www.ijser.in/archives/v4i3/IJSER15699.pdf>
- [49] Sanaya, A. (n.d.). Factors to Consider while Selecting a Form of Business Organization. <https://www.accountingnotes.net/business/form-of-business-organisation/factors-to-consider-while-selecting-a-form-of-business-organisation/17422>
- [50] Senate of the Philippines. (2015). Make tax compliance easier for MSMEs, self-employed taxpayers. http://legacy.senate.gov.ph/press_release/2015/1101_escudero1.asp
- [51] Student Scholarships.org. (n.d.). Auditors, Accountants and Investment Professionals. https://studentscholarships.org/salary_ca/55/auditors_accountants_and_investment_professionals.php
- [52] Suyanto, S., & Trisnawati, E. (2016, July). The influence of tax awareness toward tax compliance of entrepreneurial taxpayers and Celengan Padjeg program as a moderation variable: A Case Study. *Jurnal Pinilitian Sosial Keagamaan*, 10(1). Retrieved from <https://doi.org/10.18326/infsl3.v10i1.47-68>
- [53] Tabag, E. D. (2018). CPA Reviewer in Taxation. Manila.
- [54] Tax Accounting Center Philippines. (n.d.). Penalties for Failure to pay Tax Philippines. <https://taxacctgcenter.ph/penalties-for-failure-to-pay-tax-philippines/>
- [55] Tax and Accounting Center Philippines. (n.d.). Online Tax Return Filing and Payment in the Philippines. <https://taxacctgcenter.ph/online-tax-return-filings-and-payments-in-the-philippines/>
- [56] The Consultancy Group. (2017). Women in accounting-beating the statistics. <https://www.consultancygroup.com/blog/2016/11/women-in-accounting-beating-the-statistics>
- [57] Supreme Court of the Philippines. (30, April 1965). *The Philippine Guaranty Co., Inc. vs. The Commissioner of Internal Revenue*. G.R. No. L-22074
- [58] Trade Chakra. (n.d.). Types of Business Entities in Philippines. Chakra: <http://www.tradechakra.com/economy/philippines/types-of-business-entities-in-240.php>
- [59] US Legal. (n.d.). Preventive Theory Law and Legal Definition. <https://definitions.uslegal.com/p/preventive-theory/#:~:text=The%20preventive%20theory%20is%20founded,humanising%20influence%20on%20penal%20law.>
- [60] White, S. (2019). Small businesses worst offenders owing £14bn in tax. <https://www.accountancydaily.co/small-businesses-worst-offenders-owing-ps14bn-tax>
- [61] Williams, T. (2021). Where Do Accountants Earn the Most Money?
- [62] <https://www.investopedia.com/articles/professionals/102015/where-do-accountants-earn-most-money.asp>
- [63] Yanuarua, M. L. (n.d.). Importance of Accountants: Why You Should Hire One for Your Business? <https://mpm.ph/importance-of-accountants/#:~:text=Organized%20Record%20of%20Financial%20Data&text=Having%20an%20unorganized%20financial%20documents,day%20to%20day%20financial%20records.>
- [64] Zippia. (2021, April 30). Accountant: Demographics in The US. <https://www.zippia.com/accountant-jobs/demographics/>