

## TRUST IN TAX AUTHORITIES, TAX FAIRNESS AND TAX MORALE: A CONCEPTUAL REVIEW

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**Abstract:** Existing literature stresses the importance of socio-economic factors when aiming to increase the willingness of taxpayers to pay their tax obligations. There have been insufficient studies on socio-psychological factors in tax morale research. This study focuses on trust in tax authorities and tax fairness factors that may explain the reasons why people pay taxes. The purpose of this conceptual review is to analyze and synthesize the theoretical and conceptual frameworks of trust in tax authorities and tax fairness in the tax morale context. Trust in tax authorities refers to the level of confidence taxpayers put in tax authorities based on how well they perform their duties. Tax fairness refers to taxpayers who perceive paying taxes as a fair process in terms of the treatments and benefits they receive for the taxes paid. Tax morale is defined as the intrinsic motivation of taxpayers to pay their fair share of taxes. Using the Social Psychology of Taxation (SPT) and Ibnu Khaldun's Theory of Taxation (IKTK), the interrelationships between trust in tax authorities, tax fairness, and tax morale are critically evaluated and analyzed. The review of relevant tax morale literature is conducted to identify any research gaps, inconsistencies, or ambiguities. It is interesting to note that there were mixed findings in terms of the effect of tax fairness on tax morale. Some studies have demonstrated positive relationships, while others have found negative ones. It has been discovered that taxpayers' trust in tax administrations would increase if tax authorities treated taxpayers with consideration and respect, applied clear and fair procedures to all taxpayers, and assisted them in meeting their tax obligations. A psychological contract aptly captures the interaction between tax authorities and taxpayers, which will manifest in a willingness to pay taxes. Further investigation needs to be carried out in order to statistically validate the direct and indirect relationships between trust in tax authorities, tax fairness, and tax morale.

**Keywords:** Trust in tax authorities, tax fairness, tax morale, willingness and individual taxpayers.

### 1. Introduction

Organization for Economic Co-operation Development (OECD) began its first step by drawing a comprehensive picture of tax morale by identifying socio-economic and institutional factors ten years ago. The socio-economic factors include educational attainment, employment status, and economic status, while the institutional factors include support for democracy, trust in government, and preferences for redistribution (OECD, 2013). The report revealed significant gaps and unresolved debates on the factors underlying tax behavior; therefore, recognizing tax morality is necessary to fully understand tax compliance decisions (Alm, 2018; Alm & Torgler,

2011; Radulović, 2019). It is now relevant to shift from mechanistic recommendations on tax administration to an analysis of the socio-psychological aspects of understanding the factors that may influence people's willingness to pay taxes.

Tax morale plays a critical role in building a sustainable tax paying culture and designing a more effective and responsive tax system. A recent work by the OECD found that improving tax morale can potentially increase tax revenues in the short-term through behavioral economic approaches, and in the long-term through building trust and legitimacy among taxpayers (OECD, 2019). Globally, tax revenues are the largest source of financing for development of countries. Therefore, inculcating tax morale is a modern long-term strategy towards creating sustainable economic development through tax revenue (Paleka et al., 2022) and innovative tax compliance (Dom et al., 2022).

In Malaysia, despite the fact that the Self-Assessment System (SAS) has been in place for nearly two decades, the compliance level is still insufficient. According to IRBM (2018), it was reported that 51.0% (7.6 million of the labour force) of salaried individuals were not yet registered as taxpayers. What was even more worrisome was that 33.76% (5.03 million of the labour force) had registered their tax files under SAS, but they were not paying taxes. It means that only 15.24% (2.27 million) of salaried registered taxpayers paid income tax, which is considered low. Little is known about the social and psychological reasons why people pay taxes.

This paper integrates sociological and psychological perspectives to explain the attitudes, perceptions, and judgments of taxpayers regarding paying their fair share of taxes, which is inspired by the Social Psychology of Taxation (SPT) and Ibnu Khaldun's Theory of Taxation (IKTK). Known as fiscal psychology, SPT also offers a wide spectrum of tax compliance issues by considering both the financial and social concerns of taxpayers (Yucedogru, 2016). It builds on another stream of research that acknowledges the effects of trust in tax authorities and tax fairness on tax morale.

The purpose of this conceptual review is to critically evaluate and synthesize the theoretical and conceptual frameworks of trust in tax authorities and tax fairness in the tax morale context. Additionally, the relationship between tax fairness and trust in tax authorities is also assessed. Trust in tax authorities refers to the level of confidence taxpayers put in tax authorities based on how well they perform their duties with integrity. Tax fairness refers to taxpayers who perceive paying taxes as a fair process in terms of the treatments and benefits they receive for the taxes paid. By exploring relevant literature on tax morale research, this review intends to identify any research gaps, inconsistencies, or ambiguities. The next section discusses the theoretical and conceptual frameworks underlying the tax morale research.

## **2. Theoretical Framework**

A critical theory in this field of study is the social psychology of taxation. The concept of fiscal psychology plays an essential role in understanding tax morale studies. This section delves into the main theory, the SPT and the main model, the IKTT that shape an understanding of tax morale research. Building on the original work of Lewis (1982) and the translated work by Islahi (2015), this review intends to bridge the gap between trust in tax authorities and tax morale and between tax fairness and tax morale. To complement the research model, IKTT is a supplementary model that discusses the fairness perception from an Islamic economics perspective.

### **2.1 *The Social Psychology of Taxation***

Forty years ago, Lewis (1982) discovered that fiscal psychology is a rich and intense research area as it incorporates aspects of political science, sociology, public economics, and social psychology. Converging in the field of taxation, fiscal psychology phenomena have been referred to as social psychology, taxation, and government spending. These variables are overlapped but largely attitudinal, so they could be used to identify the relationship between taxpayers and governments, including tax authorities. It has led to a considerable body of research reviewed and appraised in an outstanding book “The Psychology of Taxation”, that lies in its attempt to integrate psychological concepts (Lewis, 1982).

Ten years later, fiscal psychology research is seen as productive, useful, and challenging; and therefore, tax policy makers must consider a combination of response options from economic and psychological models (Hasseldine & Bebbington, 1991). At that point in time, fiscal psychology models inductively examined the attitudes and beliefs of taxpayers in order to predict actual behavior. Previously, the economics of taxation and the economic psychology of taxation had largely diverged evolutions when economists often ignore the work of psychologists completely (Webley & Hessing, 1992). They have suggested that collaboration between economists and psychologist researchers can be greatly enriched over the next ten years. It has been speculated that the fiscal psychology research is burgeoning and growing not only in the economic psychology area but also in other tax areas. Recently, Olsen et al., (2018) stressed that fiscal psychology is concerned with both economic and psychological factors that induce taxpayers’ behavioral responses to the tax system.

The relevance of tax morale for fiscal policy cannot be neglected, as tax morale can explain the level of tax compliance or tax evasion (Torgler & Scaltegger, 2005). Subsequent fiscal psychology studies adopted a more conceptual approach to compliance behavior, instead emphasizing the multiplicity and complexity of tax behavior and the challenges of measuring and understanding it over time (Mckerchar et al., 2013). Devos (2014) specified that fiscal psychology is the extended economic theory in tax compliance model that incorporates tax fairness, tax morals, and deterrence measures. One of the obstacles encountered during reviewing the fiscal psychology models is searching for one solid and overarching model of tax compliance. There is no clear distinction between several fiscal psychology models (Yucedogru, 2016). He realized that fiscal psychology models offer more guidance for revenue authorities to improve voluntary compliance in a dynamic environment.

Tax compliance research is expanding through fiscal psychology models that offer a wide spectrum of solutions to the tax compliance problem (Yucedogru, 2016) by considering both the financial and social concerns of the taxpayer. Thus, this study focuses on trust and fairness components, which represent psychological aspects. Fiscal aspects are excluded in this study since the scope of the study is limited to a socio psychological perspective. In particular, a socio psychological model is referred to in order to explain the relationship between trust in tax authorities and tax morale. The model posits that when citizens have high confidence in tax authorities, tax morale is perceived to be high.

## **2.2 *Ibn Khaldun’s Theory of Taxation***

Ibn Khaldun’s Theory of Taxation (IKTT) is used to support and complement the main theories underpinning this study. From an Islamic point of view, inspired by the IKTT, the fairness component is derived from the theory and used in the study in order to measure the fairness perception of taxpayers on tax morale. Perceptions of fairness represented as one of the dimensions of tax morale (Md Fadzil & Che Azmi, 2021). However, this study was focused only on the general fairness element as it represents the non-economic element.

While presenting his ideas on taxation, Ibn Khaldun emphasized various principles that must be observed to have a sound taxation policy, such as equity and efficiency, justice and

neutrality, ability to pay, economy, benefit, and convenience principles. As such, Ibn Khaldun is especially against any discrimination in imposition of taxes. In addition to an excessive and oppressive rate of taxation, injustice and discrimination result in decline in tax revenue.

Justice is a term associated with equality. It has various meanings, depending on the context. There is one fairness term mentioned in the Qur'an that has sparked interest in this study:

*“O you who believe, stand up as witnesses for God in all fairness, and do not let the hatred of a people deviate you from justice. Be just: This is closest to piety; and beware of God. Surely God is aware of all you do”.* Al-Ma'idah 5:8

Muslims are encouraged to practise fairness in all situations when dealing with people, whether Muslims or non-Muslims. Unfairness or injustice are contrary to religion. Ibn Khaldun in his book “The Muqaddimah”, viewed that any form of injustice would lead to the collapse of the economy and decrease tax revenue (Syed Agil, 2008). Thus, tax administration must ensure that the tax system is embedded with fairness elements in order to promote economic growth and sustainability. With fairness in the tax system, taxpayers will be willing to pay their fair share of tax correctly, which eventually will increase tax revenue collection.

In the context of tax morale, the efficiency of the resource allocation and distribution of tax revenue, which comprises equity, fairness, and incidence, must be considered to get a more comprehensive picture of why people pay taxes. The effects of the tax system, the spending of tax revenues, the effectiveness of the administration, its behavior towards taxpayers, and the size of the perceived tax burden have to be considered to get a comprehensive picture of the question of why people pay taxes (Torgler & Scaltegger, 2005, p.3).

### **3. Conceptual Framework**

SPT is embedded in the conceptual framework in order to complement the research model. SPT represents the integration of the sociological and psychological perspectives that are able to fully explain the attitudes, perceptions, and judgments of taxpayers towards tax morale. Therefore, trust in tax authorities and tax fairness concepts are integrated into the conceptual framework of the study.

#### **3.1 Tax morale**

Tax morale was originally defined as the attitude of taxpayers regarding their tax duties (Schmölders, 1959). Ten years later, Strümpel (1969) termed tax morale as ‘tax mentality’ to describe a person’s willingness to pay tax. Then, a prominent scholar in the tax morale study, Torgler (2007) further defined tax morale as the intrinsic motivation to pay taxes or “a moral obligation to pay taxes”. In this study, tax morale is regarded as an intrinsic motivation of taxpayers to pay their fair share of taxes. The motivation is derived from a positive attitude and an internalized willingness to pay taxes. The operationalization and measurement of tax morale were characterized by attitudes and perceptions towards paying tax as a social duty of the citizens (Filippin et al., 2013).

Tax morale is an utmost important phenomenon to be investigated and remains an area of discovery since the question of why people pay taxes is only partially answered. It plays a crucial role as the impetus for building a sustainable taxpaying culture, designing a more effective and responsive tax system, and potentially increasing tax revenues in both the short term and the long term (OECD, 2019). This has been the essential motivation for this study to be conducted from a socio psychological perspective, which seemed to be important for a more nuanced understanding of tax morale, particularly in Malaysia.

### 3.2 *Trust in tax authorities and tax morale*

Recent research has increasingly stressed the importance of building trust in order to strengthen “tax morale” and encourage tax compliance (Prichard et al., 2019). Trust is more conditional and depends on the extent to which taxpayers believe they are treated fairly, tax systems are equitable, they receive services in return, and governments are broadly accountable (Prichard, 2022). Trust is increasingly recognized as a key driver of tax morale and is more responsive to policy interventions than many other factors, making it a useful lens through which to analyze tax morale (Dom et al, 2022).

In this study, trust in tax authorities refers to the level of confidence taxpayers put in tax authorities based on their performance in discharging their responsibilities with integrity. Trust emphasizes the ‘psychological contract’ between the taxpayers and tax authorities resulting from the taxpayers’ confidence in the conduct of the tax authorities (Ebrahimian Jolodar et al., 2019). Previously, Frey and Feld (2002) argued that a lack of trust in tax authorities and disrespectful treatment of taxpayers would result in a decline in taxpayers’ tax morale. On the contrary, when taxpayers have a high level of trust in tax authorities, tax morale is perceived to increase.

Prior research demonstrated that trust in administrative government institutions and tax morale are significantly correlated (Leonardo et al., 2020; Mcculloch et al., 2020; Parlaungan, 2017). Mcculloch et al., (2020) suggested that greater trust in tax officials was strongly associated with higher tax morale. Furthermore, they found that Nigerians who believe tax officials discriminate in their treatment of different ethnic, religious, and gender groups are more likely to have higher tax morale. In building an effective taxation system, it has been proposed that the inculcation of a norm of tax payment and a positive attitude towards tax payment are essential for promoting high tax morale. Recently, Dom et al., (2022) asserted that improvements in trust can thus improve tax morale.

Another study ascertained that trust in administrative government institutions positively influences tax morale, especially in the case of people living in democratic countries. It has been theorized that governments may elicit trust when they deliver what taxpayers demand and when taxpayers perceive governments as being fair (Leonardo et al., 2020). In addition, they discovered that trust of taxpayers in tax administrations would increase if tax authorities treated taxpayers with consideration and respect, applied clear and fair procedures to all taxpayers, and assisted them in meeting their tax obligations. However, little is known about what tax authorities do to elicit trust among taxpayers, particularly in Malaysia.

The interaction between taxpayers and tax authorities has been neglected in the tax literature (Feld & Frey, 2000). A survey was sent to the tax authorities of the 26 Swiss cantons, which aimed to identify the interaction between the tax authority and the taxpayers affecting tax morale by using Crowding Theory (Frey & Feld, 2002). Results from surveyed data supported the establishment of a systematic relationship between external intervention, which is how tax officials deal with taxpayers, and tax morale. It demonstrates that the tax authorities in Switzerland do indeed behave as if they were aware of the reaction of taxpayers to being treated with respect or not. In this situation, the willingness to pay taxes is highly influenced by how tax authorities treat the taxpayers.

### 3.3 *Tax fairness and tax morale*

Tax fairness refers to taxpayers who perceive paying taxes as a fair process in terms of the treatments and benefits they receive for the taxes paid. Fairness captures the extent to which taxpayers believe the process for paying taxes is fairly designed and administered (Dom et al., 2022). With new technological advancements as a driver for tax compliance, the process of complying with tax procedures could be reduced by simplification of tax laws and by using

plain language that can be easily understood by taxpayers. However, respondents believe only procedural fairness influences their compliance when tax authorities treat them fairly during taxation procedures that are undertaken against them (Mohd Faizal & Palil, 2015).

Tax fairness perceptions are important because they affect individuals' willingness to view tax authorities as legitimate and trustworthy (Farrar et al., 2018; Ya'u & Saad, 2018). Generally, IRBM has outlined that in order to ensure fairness and equality in the tax system, the Malaysian tax laws must be relevant and in line with government policy and strengthen the international taxation law. Specifically, fairness includes taxpayers' understanding of the tax system, tax treatments provided by the tax authorities (IRBM, 2018); and taxpayers' beliefs in equity and reciprocity.

Several past studies have evidenced that a perception of the fairness of the tax system is one of the factors that influence tax morale; such as in Mauritius (Vythelingum et al., 2017), in Philippines (Pacaldo & Ferrer, 2020); and in South Korea in terms of vertical, horizontal, exchange, and distributive fairness (Kim & Wan, 2022). Onu et al., (2018) asserted that high levels of internalized motivation were also associated with perceptions of fairness in terms of the distribution of taxes and procedures of tax collection. These findings confirmed that taxpayers are more likely to pay taxes if they perceive the tax system as fair and equitable. In contrary, procedural fairness was found not statistically significant in influencing the tax morale of taxpayers in South Korea (Kim & Wan, 2022). Improving perceptions of fairness and equity in the taxation system enhances tax morale (Alasfour et al., 2016; Rasool Cyan et al., 2016; Mckerchar et al., 2013). However, it is less clear to what extent the perception of fairness would influence the tax morale. Therefore, this study analyzes tax fairness perception on tax morale under the social-psychological aspect.

### *3.4 Tax fairness and trust in tax authorities*

Farrar et al., (2020) highlighted that taxpayers' perceptions of fairness result in increased cooperation and compliance with tax authorities. They believed that perceptions of tax fairness are vital because they affect individuals' willingness to view authorities as legitimate and trustworthy. According to Prichard et al., (2019), taxpayers will increasingly trust the government if the government can successfully deliver fairness, equity, reciprocity, and accountability.

In relatively recent studies in a new research line, artificial intelligence (AI) and human-computer interaction (HIC), perceptions of fairness and trustworthiness have emerged as crucial concepts in algorithmic decision making (Zhou et al., 2021) and automated decision making (Schoeffer et al., 2021). The results revealed that fairness was positively correlated with trust (Schoeffer et al., 2021; Zhou et al., 2021). It is now well established that fairness affects trust. However, the influence of tax fairness on trust in tax authorities has remained unclear, particularly in the context of tax morale.

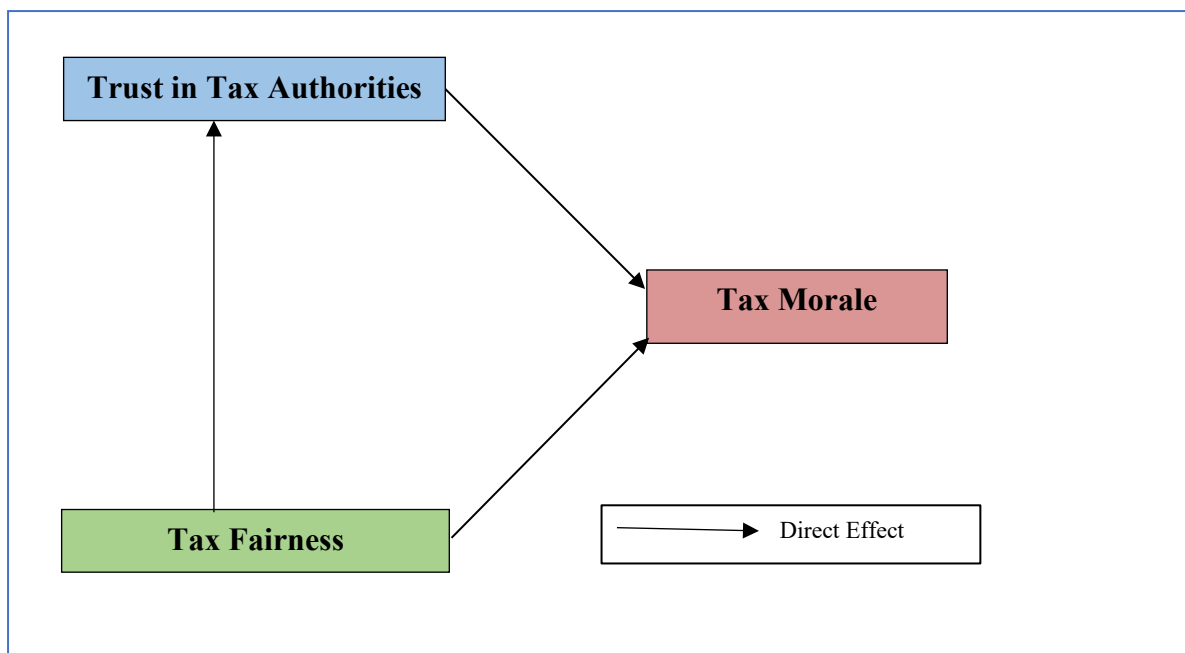


Figure 1. Conceptual framework

Figure 1 illustrates the conceptual framework of the study which sketches the direct effects between trust in tax authorities and tax morale, tax fairness and tax morale, and tax fairness and trust in tax authorities. The next section focuses on assessing and analyzing the key findings related to tax morale studies.

#### 4. Analysis and findings

The review of the literature is conducted on three direct relationships: i) trust in tax authorities and tax morale; ii) tax fairness and tax morale; and iii) tax fairness and trust in tax authorities, with the aim of identifying any research gaps, inconsistencies, or ambiguities. The findings are presented in the following tables according to the three direct relationships.

Table 1. Prior studies on trust in tax authorities and tax morale

Author(s)/ Year/ Title	Research Objective(s)	Research Approach (s)	Findings	Suggestions
Mcculloch et al., 2020, Building a Social Contract? Understanding Tax Morale in Nigeria	To explore which factors are associated with higher tax morale in Nigeria.	-Cross-country surveys -Focus group discussions -In-depth interviews with tax officials	The greater trust in tax officials was strongly associated with higher tax morale.	This suggests that building a social contract based on taxation may be harder than previously thought.
Leonardo et al. 2020, How Do Governments around the World Shape Tax Morale?	To examine what government institutions do that breeds individual trust in them and which government organizations are the ones that would carry out those actions.	Cross-country panel data in 38 countries	Trust in administrative government institutions positively influences tax morale.	The results suggest the need to expand that recommendation to all the output organizations of government.

Koumpias et al., 2021, Trust in Government Institutions and Tax Morale	To provide more clarity on what form of trust in government positively affects tax morale and to identify which types of government organizations, output-side or input-side, matter most.	Survey information from six waves of the World Values Survey (WVS) in 92 countries	Trust in output government organizations such as civil services or the police has a significantly larger influence on tax morale than does trust in input organizations, such as the national government and the parliament.	Building a professional and responsive bureaucracy may be a good step in building trust in government and citizens' willingness to pay taxes.
Onu et al., 2018, The Dynamics of Internalised and Extrinsic Motivation in the Ethical Decision-Making of Small Business Owners	To assess the role of internalised motivation to pay taxes versus extrinsic motivation in driving tax compliance.	330 small business owners	The result shows internalised motivation to be superior to extrinsic motivation.	Providing avenues for further integration of motivation theory in research on tax compliance behaviour.
Feld & Frey, 2000, Trust Breeds Trust: How Taxpayers are Treated	To identify the interaction between the tax authority and the taxpayers affecting tax morale by using Crowding Theory.	A survey of tax authorities of the 26 Swiss states	The analysis suggests that there is an implicit psychological contract between taxpayers and tax authorities in Switzerland which was based on a relationship of trust.	To maintain the psychological tax contract, the tax authority must take positive actions to support it, and negative actions to prevent breach of contract.

Table 1 presents a summary of the literature on trust in tax authorities and tax morale constructs in terms of the research objectives, research approaches, findings, and suggestions for future research directions. The analysis of the literature revealed that trust in tax authorities positively influences tax morale (Koumpias et al., 2021; Leonardo et al., 2017; McCulloch et al., 2020). Trust plays a fundamental role in fostering cooperation and commitment between taxpayers and tax authorities. Thus, trust in tax authorities provides independent support for the hypothesized mechanism for building tax morale. It is contended that tax morale is affected by the level of trust in government organizations that implement and deliver public goods and services to the citizenry (Leonardo et al., 2017). It can be inferred that trust in tax authorities has a significant impact on tax morale.

Table 2. Prior studies on tax fairness and tax morale

Author(s)/ Year/Title	Research Objectives	Research Approach (s)	Findings	Suggestions
Alexander & Orlic, 2022, Tax Morale: Framing and Fairness	The study examines the relationship between the perception of tax fairness and tax morale conditional on the level of financial and tax literacy (FTL).	The researchers surveyed 627 US and UK public and private sector employees.	The findings show that tax morale is negatively influenced by an increased level of perceived fairness in the tax system.	Further research on the impact of recent education campaigns aimed at taxpayers in the US and young people in the UK is warranted.



Kim & Wan, 2022, The Effect of Fairness on Tax Morale in South Korea: A Framed Question Approach	This study examines how perceptions of fairness in tax regimes influence tax morale.	Approximately 7300 taxpayers by the National Survey of Tax and Benefit of South Korea.	The findings show that taxpayers are more likely to pay taxes if they perceive the tax system as fair in terms of vertical, horizontal, exchange, and distributive fairness, while procedural fairness is not statistically significant.	Since the relationship between indirect fairness and tax morale is complicated, specific examples are required for certain analyses in future study.
Pacaldo & Ferrer, 2020, Determinants of Tax Morale using Structural Equation Model (SEM)	This paper analyzes the impact of tax enforcement, trust in government, and demographic characteristics on the tax morale of firms in the Philippines.	864 firms were taken and analyzed using partial least squares on the structural equation of modeling (PLS-SEM)	Fairness perception was considered appropriate and sufficient to explain the concept of tax enforcement in negative direction. When fairness perception reduced, tax enforcement increased on a certain level of income. Thus, tax enforcement had no significant impact on tax morale.	To improve tax compliance by raising tax morale, the Philippine government may start making policies that attempt to reach the beliefs and attitudes of firms in finding ways to increase tax compliance.
Williams, 2020, An Institutional Theory of Tax Non-Compliance in Bulgaria: A Tax Morale Approach	This paper evaluates the tax morale of entrepreneurs and identifies the formal institutional failings that lead to lower tax morale among entrepreneurs.	Reporting 456 face-to-face interviews with a nationally representative sample of entrepreneurs in Bulgaria	There is a significant association between the tax morale of entrepreneurs and their perceptions of tax fairness, public sector corruption and instability in the formal institutions. The formal institutional failings significantly associated with low tax morale include a perceived lack of tax fairness, corruption and political instability.	Future quantitative and in-depth qualitative research is therefore required to evaluate systematically a wider range of formal institutional failings that might lead to lower tax morale.
Vythelingum et al., 2017, An Assessment of Tax Morale among Mauritian Taxpayers	This study assesses the level of tax morale and identifies the various determinants of tax morale in Mauritius.	A self-developed questionnaire was distributed to 250 randomly respondents	The result shows that socio-demographic and socio-economic factors have an impact on tax morale. It can be seen that social norm, fairness and equity, trust in government and in tax authority are determinants that shape tax morale.	This study recommended that population should be educated, tax system should be simplified, government should be fair and tax authority should respect the population.

Table 2 provides a summary of the literature on tax fairness and tax morale constructs according to the research objectives, research approaches, findings, and suggestions for future research directions. The current literature lacks consensus on the effect of tax fairness on tax

morale. Some studies have found a positive relationship between tax fairness and tax morale (Pacaldo & Ferrer, 2020; Vythelingum et al., 2017; Williams, 2020), while others have found a negative relationship (Alexander & Balavac-Orlic, 2022; Kim & Wan, 2022). These findings confirmed that taxpayers are more likely to pay taxes if they perceive the tax system as fair and equitable. There is a need for further research to address the inconsistencies observed in these studies.

Table 3. Prior studies on Tax Fairness and Trust in Tax Authorities

Author(s)/ Year/ Tittle	Research Objective(s)	Research Approach (s)	Findings	Suggestions
Fajriana et al., 2023, The Role of Tax Fairness and Taxpayer Trust in Building Voluntary Compliance in micro, small, and medium enterprises (MSMEs)	The aim of this study is to explain the role of tax fairness (procedural and distributive) and taxpayer trust (cognitive) in building voluntary compliance of taxpayers in MSMEs.	Data were collected from questionnaires, which were created using the Google Forms platform and distributed online to taxpayers in Malang Raya, Indonesia.	The greater the perceived fairness by taxpayers, the higher the level of trust in the government, leading to increased voluntary compliance.	The government must strive to create a fair tax system, which will foster confidence and belief in its ability to manage the tax funds paid by taxpayers.
Schoeffer et al., 2021, A Study on Fairness and Trust Perceptions in Automated Decision Making	To evaluate different attempts of explaining such systems with respect to their effect on people's perceptions of fairness and trustworthiness towards the underlying mechanisms.	Mixed method with 480 observations and two consecutive questionnaires in Germany.	Procedural fairness and informational fairness are each strongly correlated with trustworthiness.	A main study with a larger sample size and additional analyses will be initiated. The study will also explore whether people's perceptions of fairness and trustworthiness change when the decision maker is claimed to be human.
Zhou et al., 2021, Understanding Relations Between Perception of Fairness and Trust in Algorithmic Decision Making	To study how does induced algorithmic fairness affects user trust in algorithmic decision making.	20 participants in experimental setup using the flask framework in Python in US.	Experimental results showed that the introduced fairness was positively related to human perception of fairness, and concurrently it was also positively related to user's trust. The users were more sensitive to fairness with high levels than that with low levels.	The future work of this study will focus on the introduction of AI explanations into the pipeline to understand their effects on user trust in algorithmic decision making.
Farrar et al., 2020, Tax Fairness: Conceptual Foundations and Empirical Measurement	To gain insight into the influence of contextual factors on fairness through the development of a theoretically based	Survey instruments on US taxpayers.	The analysis shown the extent to which items and dimensions found in the organizational fairness literature	More research is needed to determine how those in other countries with different legal and cultural influences

	and empirically derived model of tax fairness.		reflect taxpayers' perceptions of tax fairness.	might view tax fairness.
Bornman, 2015, The Determinants and Measurement of Trust in Tax Authorities as a factor Influencing Tax Compliance Behaviour	To determine, by reviewing studies on the effect of trust in tax authorities on tax compliance, the determinants, effect and measurement of trust in this context.	Controlled computer experiments and surveys	The perceptions of fairness, treatment by authorities, norms and attitudes, and subjective tax knowledge are the main factors determining trust in tax authorities.	It is suggested that a standardised survey instrument could be developed to measure perceptions of trust in tax authorities containing elements of legitimacy, procedural fairness, and identity or social norm factors.
M. Niesiobedzka, 2014, Relations between Procedural Fairness, Tax Morale, Institutional Trust and Tax Evasion	To examine in detail the directed and indirect relationships between procedural fairness, institutional trust, tax morale and tax evasion.	485 adult Polish taxpayers	It was found that procedural tax fairness directly affected trust in authority, tax morale and indirectly via tax morale affected tax compliance.	Considering all the data gathered could have been altered a capacity and a link between variables.
Chen & Chou, 2012, Exploring the continuance intentions of consumers for B2C online shopping: Perspectives of fairness and trust	To integrate fairness theory with the trust concept to construct a model for investigating consumers' continuance intentions toward online shopping.	An online survey collected data from 226 users with online shopping experience in Taiwan.	The results indicate that distributive fairness and interactional fairness exert significant positive effects on customers' satisfaction and trust in vendors. The positive effect of procedural fairness on trust in vendors is significant.	The findings suggest that a user's trust in an online vendor can be enhanced by increasing fairness, particularly distributive fairness and interactional fairness.
Wierzbicki, 2008, The Case for Fairness of Trust Management	This paper attempts to show that an implicit consideration, using the utilitarian paradigm of maximizing the sum of agents' utilities, is insufficient.	Two case studies in Poland	The findings demonstrate that considering fairness explicitly leads to different trust management system and evaluation.	Taking the fairness of agent behavior explicitly into account when building trust or distrust can help to realize the goal of fairness of trust management systems.

Table 3 presents a summary of the literature on the relationships between tax fairness and trust in tax authorities based on the research objectives, research approaches, findings, and suggestions for future research directions. Generally, the empirical evidence reviewed has shown that fairness is positively related to trust. Specifically, in a study on the determinants and measurement of trust in tax authorities conducted by Bornman, (2015), it was found that perception of fairness is one of the primary factors determining trust in tax authorities. It can be inferred that taxpayers have put their trust in tax authorities when they perceive that the tax system has been fairly and competently designed and administered. Therefore, an increase in

taxpayers' perceptions of fairness would lead to greater cooperation and compliance with tax authorities. A notable limitation of the existing studies is that the perception of fairness is limited in certain aspects. Future work could examine fairness concepts and measures from different dimensions, such as procedural fairness, exchange equity, and vertical equity, as proposed by Farrar et al., (2018).

## 5. Conclusion and Suggestions

This study aims to evaluate and synthesize the theoretical and conceptual frameworks of trust in tax authorities and tax fairness in the tax morale context. The findings based on the analysis of the literature revealed that both trust in tax authorities and tax fairness significantly impact tax morale. When individuals perceive that everyone is paying their fair share of taxes, it fosters a sense of fairness and social equity. Moreover, the OECD (2013) highlighted that with a fair, transparent, and credible tax system, it could promote state governance to be more accountable to their citizens. Taxpayers would regard paying taxes as one of their social duties to support the collective well-being of society and contribute to the development of the nation.

It is interesting to note that tax fairness affects trust in tax authorities. When individuals perceive the tax system as fair, it enhances their trust in tax authorities. The trust of taxpayers in tax administrations would increase if tax authorities treated taxpayers with consideration and respect, applied clear and fair procedures to all taxpayers, and assisted them in meeting their tax obligations. The interaction between tax authorities and taxpayers will manifest in a willingness to pay taxes. Hence, tax authorities must ensure they perform their duties with integrity, trustworthiness, competency, and reliability in order to gain trust from taxpayers. Consequently, a psychological contract between taxpayers and tax authorities would be established based on taxpayers' trust and confidence in tax authorities. Besides that, the government must provide a fair tax system for all income groups to promote economic growth and sustainable revenue.

The analysis of the literature has revealed several gaps, particularly related to the inconsistent findings on the relationship between tax fairness and tax morale. As a result, it is recommended to introduce the moderator construct, which will be incorporated into the research model. The inclusion of a moderator role is essential for assessing whether trust in tax fairness and tax morale have the same relationship across groups. Besides that, the mediation effect of trust in tax authorities could be tested between tax fairness and tax morale. It would be interesting to examine how the inclusion of trust in tax authorities as a mediating variable would change the model. The main findings of this review support the notion that tax fairness positively impacts trust in tax authorities. Building on the insights gained from this review, future studies should investigate the impact of trust in tax authorities on tax fairness, as prior literature focused more on the relationship between trust in tax authorities and tax morale.

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