

## LEVEL OF TAX COMPLIANCE OF BOARDING HOUSE OWNERS ACCREDITED BY SAINT MARY'S UNIVERSITY, BAYOMBONG, NUEVA VIZCAYA

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### ABSTRACT

Tax compliance plays a crucial role in economic development, but small business owners often face challenges in fulfilling their tax obligations, highlighting a gap in practice and knowledge. This study aims to assess the tax compliance level of accredited boarding house owners in Bayombong, Nueva Vizcaya, focusing on factors such as tax awareness and morale. Using a quantitative-descriptive-comparative method, the research evaluated the significant differences in tax compliance based on factors like tax awareness, penalties, audits, and demographic variables such as age, education, and occupation. Data was collected from voluntary respondents who provided informed consent. Results indicated high levels of tax awareness and morale among the respondents, with significant differences in compliance based on educational attainment and occupation, where more educated and employed individuals showed better adherence. The study recommended targeted interventions, such as educational programs and simplified tax processes, to improve compliance, particularly among less-educated and self-employed owners.

*Keywords:* Tax audit, tax awareness, tax morale, tax penalties, tax rate

### INTRODUCTION

#### Rationale

Taxation stands as a fundamental pillar within a nation's economic framework. Riguen et al. (2020) emphasized its pivotal role in enabling governments to secure the financial resources necessary for public welfare and infrastructure development. Taxes, collected from both individuals and businesses, constitute the primary source of revenue for funding essential services and public goods. By imposing taxes, governments aim to cover the expenses related to the overall well-being of the country. In turn, the trust citizens place in the government to efficiently manage these financial contributions (taxes) underscores the critical importance of adhering to the prevailing tax system for ensuring the political and administrative stability of the nation (Hayat et al., 2022).

Tabag (2021) adds that taxation is the process through which a sovereign state, utilizing its legislative body, places financial responsibilities on individuals and entities within its jurisdiction to generate funds for lawful government activities. Through taxation, people and businesses are required to pay taxes, particularly when they benefit from government services. This authority to impose taxes is an essential element of any government's existence.

Because taxes serve as the lifeblood of the government, they should be sufficient to cover the fundamental requirements for growth and development in the country. In line with this, augmented tax collections empower the government to amplify its investments in development initiatives, projects, and the quality of essential services, ultimately providing enhanced economic benefits for all citizens.

However, taxation gives rise to extensive societal discussions regarding fair distribution and presents challenges related to collective commitment (Tans, 2020). And while taxes are fundamental to a country's economic stability (Kumacheva et al., 2018), failure to adhere to tax laws directly impedes the collection of the revenue required to sustain public systems.

The tax collection process encompasses three intricate tasks: registering taxpayers, evaluating tax obligations, and collecting payments, often requiring assistance for implementation in developing countries (Kira, 2017). The Philippine government has set targets, which include tripling real income per capita by 2040, eliminating poverty and hunger, and cultivating an economically favorable environment. It also aspires to streamline the tax system, making it more just, equitable, and globally competitive (Bonoan, 2017).

On the part of the taxpayers, comprehensive knowledge of taxation is crucial for them to comprehend their rights and responsibilities, significantly influencing tax compliance. When taxpayers possess a greater understanding of tax regulations, encompassing the relevant laws and procedures, they are more inclined to adhere to their tax duties.

Tax awareness is shaped by mutual knowledge, trust, and a rational understanding of tax regulations (Alhempí et al., 2020). Taxpayers who are well-informed about tax laws and their responsibilities tend to exhibit higher levels of tax awareness. Consequently, this awareness is closely linked to their understanding of the tax system. Research indicates that increased taxpayer awareness typically leads to better compliance with tax regulations (Ariesta & Lyna, 2017). In essence, the more informed a taxpayer is, the more likely they are to meet their tax obligations. Taing and Chang (2020) suggest that tax awareness is an element of perceived behavioral control within the planned behavior theory. Individuals who are knowledgeable about their tax obligations often demonstrate a strong intention to follow tax regulations, even when their level of trust in the government is low. Additionally, research by Dewi and Merkusiwati (2018) suggests that taxpayer awareness significantly affects tax compliance. Triandani and Apollo (2020) also propose that taxpayer awareness of the tax function as a means of state financing is crucial for improving taxpayer compliance. In simpler terms, when taxpayers receive effective and efficient tax services, it is expected that their compliance with tax obligations will increase.

Furthermore, Granfon et al. (2023) state that the tax rate plays a significant role in influencing tax compliance, as it affects the taxpayer's decision to adhere to tax laws. Increasing the tax rates on people's income can make some of them more tempted to find ways to avoid paying taxes. On the other hand, reducing tax rates does not necessarily mean more people will start following the tax rules. Research has shown a link between tax rates and how well people follow tax laws, meaning that the tax rates can affect whether people are willing to pay their taxes on time. High tax rates result in high tax noncompliance (Tilahun, 2019).

Governments can implement a tax audit to significantly enhance tax administration and overall compliance influencing taxpayer behavior. In a study by Dinku et al. (2018), an analysis was conducted to assess how audit productivity and tax investigation impact voluntary taxpayer compliance using multiple regression models. The findings reveal a significant relationship between audit productivity and the level of voluntary tax compliance. Moreover, the examination of taxpayers' prior-year documents during audits has a considerable effect on their reporting behavior in subsequent years, as indicated by Advani et al. (2019). It has been observed that tax audits exert a substantial influence on both a company's tax and financial reporting.

Moreover, tax penalties are typically implemented to encourage better compliance by discouraging specific undesirable behaviors and imposing penalties when such behaviors transpire. In the Philippines, the Bureau of Internal Revenue (BIR) has imposed various penalties on late filing or failure to file tax returns, It also implements reduced interest and penalty rates for micro and small taxpayers under Section 45 of Republic Act No. 11976, also known as the 'Ease of Paying Taxes Act. According to rational choice theory, taxpayers are rational decision-makers who will adhere to their tax responsibilities if the consequences of non-compliance outweigh any potential cost savings. As such, well-structured, implemented, and enforced tax penalties should act as a deterrent to prevent taxpayers from engaging in

wrongful conduct (Waerzeggers et al., 2019). However, Gemmell and Ratto (2018) argue that tax penalties do not influence taxpayer behavior.

Another element that can affect willingness to pay tax is one's tax morale. Tax morale, as described in institutional theory, pertains to the intrinsic motivation of individuals to comply with tax regulations. Two primary factors shape this—reciprocity, which relates to the relationship between citizens and tax authorities, and vertical trust, which represents the confidence people have in governmental institutions (Horodnic, 2018). This principle is crucial in determining tax compliance. People are influenced not only by their personal gain but also by a broader social obligation to meet their tax responsibilities. This sense of moral duty often leads to higher compliance rates. Grundmann (2017) notes that tax morale tends to decrease when income declines and government tax rates increase.

This study is focused on one of the tax payers in the country - the owners of boarding houses. Boarding houses are considered residential units. Republic Act No. 9341 of the Philippines, titled "An Act Establishing Reforms in the Regulation of Rent of Certain Residential Units, Providing the Mechanisms Therefor and for Other Purposes," defines the term "Residential unit" as an apartment, house, or land that contains someone else's dwelling and is utilized for residential purposes. This definition encompasses not only buildings, or their parts used exclusively as living spaces but also encompasses boarding houses, dormitories, rooms, and bed spaces that are made available for rent by their owners.

As a business entity, boarding houses are also expected to pay their taxes diligently. However, collecting taxes and generating revenue presents a constant challenge. The provincial government often subsidizes its tax collection efforts due to limited revenue potential and extensive work requirements. According to Ebreo and Gunio (2019), the provincial government is reevaluating its tax collection strategies and implementing initiatives, including payment systems, to target large corporations based in the province that have fallen behind on their tax payments. They are also exploring innovative approaches to enhance tax collection and promote informed taxpayers by involving barangays, schools, PTAs, and related groups. Radio broadcasts are used to keep taxpayers informed about filing deadlines and other important events.

However, tax compliance which refers to the degree to which taxpayers adhere to existing tax laws and regulations (Youde & Lim, 2019) remains to be a challenge. While the willingness of taxpayers to follow tax regulations and actively meet their tax responsibilities is a critical factor in generating the necessary funds for economic development and equitable resource distribution (Ghani et al., 2020) making taxes essential for the progress of both developed nations and emerging economies, many taxpayers struggle with tax compliance. The motivation for tax non-compliance, as identified by Noor Azmi et al. (2020), often arises from individuals or businesses seeking to minimize their tax liabilities. Hence, understanding the factors that encourage ongoing cooperation between tax authorities and taxpayers can promote tax compliance (Andriani et al., 2022).

By assessing the tax compliance levels of accredited boarding house owners, the study sought to generate key insights beneficial to both taxpayers and local government officials. For the boarding house operators, grasping the importance of complying with tax regulations would not only help them avoid penalties but also enhance the financial well-being of the municipality. This compliance underscores their role as accountable taxpayers, essential for sustaining public services and infrastructure. Additionally, the research findings could inform local governments in refining tax policies and strategies, streamlining processes, educating taxpayers on their obligations, or introducing incentives to promote adherence. For the broader community, improved tax compliance by business owners, including those in the boarding house industry, would boost revenue collection, leading to enhanced public services that benefit everyone. In

this way, the study contributes to a deeper understanding of the interplay between tax compliance, governance, and community welfare.

### **Statement of the Problem**

Generally, this study aims to determine the level of tax compliance of accredited boarding house owners for the second semester of the S.Y. 2023-2024. Specifically, it aims to seek answers to the following questions:

1. What is the profile of the respondents in terms of:
  - 1.1. Age;
  - 1.2. Sex;
  - 1.3. Educational Attainment;
  - 1.4. Occupation; and
  - 1.5. Registration Classification?
  
2. What is the level of tax compliance of accredited boarding house owners in terms of:
  - 2.1 Tax Awareness
    - 2.1.1. Tax Rate;
    - 2.1.2. Tax Penalties;
    - 2.1.3. Tax Audit; and
  - 2.2. Tax Morale?
  
3. Is there a significant difference in the level of tax compliance of the accredited boarding house owners when grouped according to their demographic profiles?

### **Statement of Null Hypothesis**

There is no significant difference in the level of tax compliance of the accredited boarding house owners when grouped as to their age, sex, educational attainment, occupation, and registration classification.

## **METHODOLOGY**

The study utilized a quantitative-descriptive-comparative research design to examine how demographic profiles, tax morale, and tax awareness influence tax compliance among accredited boarding house owners in seven barangays near Saint Mary's University in Bayombong, Nueva Vizcaya. Using an adapted and validated questionnaire from Abella (2021), the researchers collected data through physical survey distribution to a randomly selected sample of 30 respondents drawn from a population of 79 accredited owners. Simple random sampling ensured objectivity and minimized bias, allowing the findings to be generalized to the broader population. Descriptive statistics, including frequency counts and percentages were used to analyze respondents' demographic characteristics while means and standard deviations measured their compliance levels. ANOVA was employed to determine significant differences in compliance based on age, sex, educational attainment, occupation, and registration classification, providing insights into how these variables relate to variations in tax compliance behavior.

## RESULTS AND DISCUSSION

### Section 1. Profile of the Respondents

**Table 1**

*Profile of the Respondents in Terms of Age*

Age Range	Frequency (f)	Percentage (%)
18-24 years old	3	10
25-34 years old	5	16.7
35-44 years old	4	13.3
45-54 years old	10	33.3
55 years old and above	8	26.7
Total	30	100

Table 1 presents the respondents' profiles by age. It shows that most of the respondents are between 45-54 years old (33.3%), followed by those aged 55 and above (26.7%). Additionally, 16.7% are 25-34 years old, 13.3% are 35-44 years old, and 10% are 18-24 years old. This implies that most of the respondents of boarding house owners ranging from 45-55 years old have been operating business in this industry. Additionally, this suggests that boarding house owners tend to be older.

**Table 2**

*Profile of the Respondents in Terms of Sex*

Sex	Frequency (f)	Percentage (%)
Male	9	30
Female	21	70
Total	30	100

Table 2 shows that the majority of respondents are female, accounting for 21 (70%) of the total, while nine (30%) are male. This finding aligns with the general observation that women are more frequently involved in managing the boarding house business.

**Table 3**

*Profile of the Respondents in Terms of Educational Attainment*

Educational Attainment	Frequency (f)	Percentage (%)
Master's Degree	3	10
Bachelor's Degree	16	53.3
High School Graduate	3	10
Elementary Graduate	0	0
Undergraduate	8	26.7
No formal education	0	0
Total	30	100

Table 3 presents the respondents' educational attainment. The data shows that both master's degree holders and high school graduates represent 10% (3 respondents) each, while undergraduates account for 26.7% (8 respondents). The majority, 53.3% (16 respondents), hold a bachelor's degree.

**Table 4***Profile of the Respondents in Terms of Occupation*

<b>Occupation</b>	<b>Frequency (f)</b>	<b>Percentage (%)</b>
Student	4	13.3
Self-employed	14	46.7
Unemployed	3	10
Retired	3	10
Employed	6	20
Total	30	100

Table 4 indicates the profile of the respondents in terms of occupation. As shown in the table above, it suggests that the largest portion, comprising 33.3% of the respondents, are self-employed, followed by the employed that got a frequency of 6 (20%), while students represented a significant frequency of 4 (13.3%). Meanwhile, 10% of the respondents are unemployed, while an equal percentage are retired. This distribution suggests a varied mix of occupational backgrounds among the respondents with self-employment emerging as the most common occupation among them.

**Table 5***Profile of the Respondents in Terms of Registration Classification*

<b>Registration Classification</b>	<b>Frequency (f)</b>	<b>Percentage (%)</b>
VAT	7	23.3
Non-VAT	23	76.7
Total	30	100

Table 5 presents the profile of the respondents in terms of registration classification. As depicted in Table 6, 76.7% of the respondents are into non-VAT classification, and 7 or 23.3% are VAT registered. This data shows that the majority of boarding house owners operate on a smaller scale, with revenues likely below the VAT threshold set by tax authorities. Meanwhile, the presence of VAT-registered owners shows a range of business models and scales highlighting diversity in the boarding house sector.

## Section 2. Level of Tax Compliance of Boarding House Owners Accredited by Saint Mary's University

**Table 6**

*Level of Tax Compliance of Boarding House Owners Accredited by Saint Mary's University in Terms of Tax Awareness*

Statements	Mean	Standard Deviation	Qualitative Description
1. I have been paying my tax obligations correctly.	3.5	0.51	Very High Compliance
2. I have been paying my obligations on time.	3.47	0.57	High Compliance
3. I have no problem in complying with my tax obligations.	3.33	0.55	High Compliance
4. I am satisfied with all tax requirements imposed by the BIR.	3.23	0.68	High Compliance
5. I am aware of the deadline of filing tax returns.	3.47	0.51	High Compliance
6. I am aware of the tax obligations associated with different sources of income.	3.23	0.43	High Compliance
<b>Average</b>	<b>3.37</b>	<b>0.08</b>	<b>High Compliance</b>

*Legend: 1.00-1.49 (Strongly Disagree); 1.50-2.49 (Disagree); 2.50-3.49 (Agree); 3.50-4.00 (Strongly Agree)*

The results in Table 6 show that boarding house owners accredited by Saint Mary's University exhibit high to very high compliance levels in terms of tax awareness, with an average mean of 3.37, corresponding to a qualitative description of high compliance. The highest mean score of 3.50 corresponds to the statement, "I have been paying my tax obligations correctly," indicating a very high level of compliance among the respondents, suggesting that most owners are committed to fulfilling their tax responsibilities accurately. Following closely with a mean of 3.47, respondents also demonstrate a strong understanding of filing tax returns and paying obligations on time, reinforcing their awareness of tax deadlines. However, areas such as satisfaction with tax requirements (mean = 3.23) and awareness of obligations linked to various income sources (mean = 3.23) reflect slightly lower, though still high levels of compliance, suggesting that while boarding house owners are largely compliant, there may be some challenges in fully understanding the broader tax obligations.

**Table 6.1**

*Level of Tax Compliance of Boarding House Owners Accredited by Saint Mary's University in Terms of Tax Awareness- Tax Audit*

Statements	Mean	Standard Deviation	Qualitative Description
7. I believe that everyone can be subjected to a tax audit at any time of the year.	3.13	0.51	High Compliance
8. Tax Audit is an effective program in convincing taxpayers to pay their tax liabilities correctly.	3.2	0.48	High Compliance
9. Tax authorities are conducting tax audits fairly and reasonably.	2.93	0.58	High Compliance

10. I pay my taxes correctly because I am afraid of the tax audit.	3.27	0.69	High Compliance
11. It is proper for the BIR to conduct tax audits in order to catch tax evaders.	3.17	0.53	High Compliance
12. Tax authorities are giving me enough explanation about my tax obligation.	2.83	0.83	High Compliance
<b>Average</b>	<b>3.09</b>	<b>0.13</b>	<b>High Compliance</b>

Legend: 1.00-1.49 (Strongly Disagree); 1.50-2.49 (Disagree); 2.50-3.49 (Agree); 3.50-4.00 (Strongly Agree)

For tax audits, Table 6.1 indicates that respondents generally show high levels of compliance, with an average mean of 3.09, corresponding to a qualitative description of high compliance. Most respondents believe that tax audits effectively encourage taxpayers to comply (mean = 3.20) and agree that the Bureau of Internal Revenue (BIR) should carry out audits to reduce tax evasion (mean = 3.17). However, the lowest score in this section, 2.83, pertains to the statement, "Tax authorities are giving me enough explanation about my tax obligation," suggesting that some respondents feel inadequately informed by tax authorities. While respondents pay their taxes correctly out of concern for audits (mean = 3.27), their confidence in the fairness and reasonableness of audits (mean = 2.93) is lower, signaling room for improvement in the transparency and fairness of tax audit processes.

**Table 6.2**

*Level of Tax Compliance of Boarding House Owners Accredited by Saint Mary's University in Terms of Tax Awareness - Tax Rate*

Statements	Mean	Standard Deviation	Qualitative Description
13. I believe that the current tax rate is fair and reasonable.	2.93	0.69	High Compliance
14. Even if the government raises the rate of taxes, I will still pay my tax obligation correctly.	2.9	0.66	High Compliance
15. I believe that regardless of the rate of tax, everyone must pay their tax obligation correctly.	3.23	0.5	High Compliance
16. I believe that high tax rates discourage economic activity.	3.23	0.5	High Compliance
17. I believe lower tax rates will motivate me to voluntarily disclose additional sources of income.	3.23	0.43	High Compliance
18. I believe that the government should periodically review and adjust tax rates to maintain a balance between revenue generation and taxpayer compliance.	3.23	0.57	High Compliance
<b>Average</b>	<b>3.13</b>	<b>0.10</b>	<b>High Compliance</b>

Legend: 1.00-1.49 (Strongly Disagree); 1.50-2.49 (Disagree); 2.50-3.49 (Agree); 3.50-4.00 (Strongly Agree)

Table 6.2 illustrates how respondents view tax rates and their effects on compliance, with an average mean of 3.13, corresponding to a qualitative description of high compliance. With mean scores of 3.23 for statements such as, "Regardless of the tax rate, everyone must pay

*their obligation,*" and *"High tax rates discourage economic activity,"* it is clear that respondents have strong feelings about the fairness of taxes and their influence on business activities. Notably, even with potential tax increases (mean = 2.90), respondents still demonstrate high compliance. However, their belief in the fairness of the current tax rate (mean = 2.93) is slightly lower. This indicates that while boarding house owners are compliant, they may feel dissatisfied with the tax rates, highlighting the need for the government to regularly review tax policies.

**Table 6.3**

*Level of Tax Compliance of Boarding House Owners Accredited by Saint Mary's University in Terms of Tax Awareness - Tax Penalties*

Statements	Mean	Standard Deviation	Qualitative Description
19. I believe that the penalty of not paying the right taxes is high enough.	3.23	0.57	High Compliance
20. I am afraid of not paying my tax obligation because the legal sanction is very high.	3.3	0.65	High Compliance
21. I pay my tax obligation on or before the deadline because of the very high penalty.	3.33	0.61	High Compliance
22. I pay my tax liabilities correctly because I am afraid that others would criticize me.	2.77	0.9	High Compliance
23. I can face penalties and fines when I do not pay taxes.	3.13	0.68	High Compliance
24. The BIR has their own system to detect someone who did not pay his/her taxes.	3.1	0.55	High Compliance
<b>Average</b>	<b>3.14</b>	<b>0.13</b>	<b>High Compliance</b>

*Legend: 1.00-1.49 (Strongly Disagree); 1.50-2.49 (Disagree); 2.50-3.49 (Agree); 3.50-4.00 (Strongly Agree)*

Table 6.3 emphasizes that the fear of penalties is a significant motivator for tax compliance, with an average mean of 3.14, corresponding to a qualitative description of high compliance. High mean scores for statements like, *"I pay my tax obligation on or before the deadline because of the very high penalty"* (mean = 3.33) and *"I am afraid of not paying because the legal sanction is high"* (mean = 3.30) highlight the strong deterrent effect of penalties on taxpayers. In contrast, the statement, *"I pay my tax liabilities correctly because I am afraid that others would criticize me,"* received the lowest mean score of 2.77, indicating that social pressure is not a key factor influencing tax compliance. This suggests that respondents are more driven by concerns about legal and financial consequences rather than fear of public judgment, reinforcing the important role that penalties play in promoting compliance.

According to Shah et al. (2023), tax awareness demonstrates that a citizen's obligations to comply with tax laws include declaring taxes honestly, calculating tax liabilities accurately, filing tax returns, and paying the required amount of tax within the allotted period. Furthermore, higher taxpayer awareness leads to higher taxpayer compliance. Higher taxpayer awareness translates into higher taxpayer compliance (Hantono, 2021).

**Table 7**

*Overall Mean of the Level of Tax compliance of Boarding House Owners Accredited by Saint Mary's University in Terms of Tax Awareness*

	<b>Average Mean</b>	<b>Standard Deviation</b>	<b>Qualitative Description</b>
Tax awareness	3.37	0.08	High Compliance
Tax audit	3.09	0.13	High Compliance
Tax rate	3.13	0.10	High Compliance
Tax penalties	3.14	0.13	High Compliance
<b>Overall</b>	<b>3.18</b>	<b>0.34</b>	<b>High Compliance</b>

Table 7 reveals that accredited boarding house owners exhibit high to very high levels of tax compliance, particularly in terms of tax awareness, with an overall mean score of 3.18. The highest compliance is seen in statements regarding timely payment of tax obligations (mean = 3.50) and awareness of filing deadlines (mean = 3.47), suggesting a strong commitment to fulfilling tax responsibilities. However, some areas, such as satisfaction with tax requirements and understanding obligations linked to various income sources, reflect slightly lower compliance levels. For tax audits, respondents believe audits are effective in encouraging compliance (mean = 3.20), though they feel inadequately informed by tax authorities (mean = 2.83). Regarding tax rates, while respondents display compliance even amidst potential increases (mean = 2.90), their perceptions of fairness in the current tax rate are somewhat lower (mean = 2.93). Lastly, the fear of penalties significantly motivates compliance, with high mean scores indicating that legal and financial repercussions are more influential than social pressure. These findings suggest a need for targeted educational initiatives and improved communication from tax authorities to further enhance compliance levels among boarding house owners.

**Table 8**

*The Level of Tax Compliance of Boarding House Owners Accredited by Saint Mary's University in Terms of Tax Morale*

<b>Statements</b>	<b>Mean</b>	<b>Standard Deviation</b>	<b>Qualitative Description</b>
1. I should honestly declare earnings in my tax returns.	3.33	0.61	High Compliance
2. It is not acceptable to overstate tax deductions.	3.13	0.51	High Compliance
3. I should pay my tax obligations correctly and promptly.	3.5	0.51	Very High Compliance
4. I should pay my tax obligations even if I know that others are not.	3.43	0.5	High Compliance
5. It is my moral obligation to pay my tax obligations to the BIR.	3.47	0.51	High Compliance

6. I pay my tax obligations voluntarily and promptly without force.	3.57	0.5	Very High Compliance
7. I will not avoid paying my tax obligations even if I have the chance.	3.3	0.7	High Compliance
8. I believe that not paying the correct tax obligation is a serious crime.	3.4	0.72	High Compliance
<b>Overall</b>	<b>3.39</b>	<b>0.42</b>	<b>High Compliance</b>

*Legend: 1.00-1.49 (Strongly Disagree); 1.50-2.49 (Disagree); 2.50-3.49 (Agree); 3.50-4.00 (Strongly Agree)*

Table 8 provides the tax compliance level of accredited boarding house owners in terms of tax morale. Mean scores range from 3.13 to 3.57, indicating that most owners rated the indicators as 'agree,' with some 'strongly agree.' The overall mean score of 3.39 (SD = 0.42) reflects high compliance in meeting and paying tax obligations. Despite the increasing complexity of tax requirements, taxpayers remain internally motivated to fulfill their obligations (Pacaldo & Ferrer, 2020).

Based on the survey results, the statement, "I pay my tax obligations voluntarily and promptly without force," received the highest mean score of 3.57 (SD = 0.50). Evidently, this states that they are willing and able to comply with their tax obligations on their own. It suggests that people understand how crucial it is to contribute to the public finances in order to improve their country's overall welfare. An individual's willingness to pay taxes increases when they perceive the state's use of resources as beneficial to both themselves and society (Nieva, 2021).

Conversely, the lowest mean score of 3.13 (SD = 0.51) reflects awareness that overstating tax deductions is unethical, though it is not commonly practiced. While people recognize its legal and moral implications, Kornhauser (2022) notes that taxpayers may initially follow personal integrity and file accurate returns. However, if they perceive widespread cheating, their own compliance standards may weaken, leading to reduced tax compliance.

In conclusion, this indicates that boarding house owners prioritize honesty above all else and are motivated to adhere to tax regulations based on both public and personal standards. Moreover, the two indicators of very high compliance reflected a particularly strong commitment to paying taxes promptly and voluntarily, demonstrating a clear understanding of the moral duty associated with tax compliance.

### **Section 3. Significant Difference in the Level of Tax Compliance of the Boarding House Owners Accredited by Saint Mary's University When Grouped According to their Demographic Profiles**

**Table 9**

*Significant Difference in the Level of Tax Compliance of the Boarding House Owners Accredited by Saint Mary's University When Grouped According to Age*

Groups	f (n=30)	Mean	SD	QD	F-value	p-value
18-24 years old	3	3.49	0.27	High Compliance	1.871 <sup>ns</sup>	.147
25-34 years old	5	3.03	0.32	High Compliance		
35-44 years old	4	3.48	0.39	High Compliance		

45-54 years old	10	3.25	0.33	High Compliance
55 years old and above	8	3.13	0.26	High Compliance

*Legend: 1.00-1.49 (Very Low Compliance); 1.50-2.49 (Low Compliance); 2.50-3.49 (High Compliance); 3.50-4.00 (Very High Compliance); ns-not significant*

The table compares the respondents' tax compliance levels based on age groups. A one-way Analysis of Variance (ANOVA) was conducted to test for significant differences across the five age groups. Assumptions of homogeneity of variances and normality were verified. The ANOVA results revealed no significant differences in tax compliance between or among the age groups ( $F = 1.871, p = .147$ ).

This finding is supported by Akumbo et al. (2018), who found that the age of the respondents does not affect tax compliance behavior. However, Frecknall-Hughes and Lymer (2017) noted that the main obstacles for the elderly in managing their tax affairs are their ignorance of tax compliance requirements and rights and limited tax knowledge, education or literacy. In contrast, a study by Abdu and Adem (2023) shows that the younger generation more easily accepts and understands updates in tax regulations and is more able to report when they use online systems. But they also concluded that age is negatively correlated with taxpayer compliance.

Regardless of age, people generally learn about taxes through common sources such as school, social media, and everyday experiences. This shared exposure may explain the lack of significant differences in tax compliance levels among boarding house owners.

In summary, people tend to approach their tax obligations in a consistent manner. It indicates that individuals from different age groups exhibit similar patterns of behavior when it comes to complying with tax regulations. Understanding this uniformity provides valuable insights into the enduring and predictable nature of tax-related attitudes and actions across generations within the surveyed population. Furthermore, these insights could be vital for policymakers and tax authorities in creating effective tax policies and communication strategies that resonate with a diverse demographic. It suggests that interventions to improve tax compliance can be universally applied, rather than tailored to specific age groups, ensuring a more streamlined and efficient approach to fostering voluntary compliance and reducing tax evasion.

**Table 10**

*Significant Difference in the Level of Tax Compliance of the Boarding House Owners Accredited by Saint Mary's University When Grouped According to Sex*

Groups	f (n=30)	Mean	SD	QD	t-value	p-value
Male	9	3.12	0.27	High Compliance		
Female	21	3.29	0.35	High Compliance	-1.282 <sup>ns</sup>	.210

*Legend: 1.00-1.49 (Very Low Compliance); 1.50-2.49 (Low Compliance); 2.50-3.49 (High Compliance); 3.50-4.00 (Very High Compliance); ns-not significant*

The table compares the respondents' tax compliance levels by sex. A two-sample T-test was conducted after verifying normality and homogeneity of variance. The results indicated no significant difference between the two groups in tax compliance ( $t = -1.282, p = .210$ ), suggesting that compliance levels are consistent across sexes.

As stated in Putri and Venusita's 2019 study, gender has no impact on tax compliance. This indicates that the attitude of taxpayers, both male and female, toward tax compliance is the same. This is due to the fact that the majority of taxpayers believe that paying taxes is a burden that lowers expenses. Thus, both men and women have a tendency to avoid tax obligations. Gender has no predictive power since, although men and women have varied tax knowledge, the differences are not statistically significant, according to Natasha and Yustina's (2020) study. In conclusion, there are no significant differences in the degree of tax compliance between men and women, even if tax knowledge itself directly affects tax compliance.

Although there might be differences between genders in some social contexts, tax compliance seems to be an area where they are not prominent. Taxpayers, regardless of genders, learn about their tax obligations through similar means, including everyday life, social media exposure, and general education.

**Table 11**

*Significant Difference in the Level of Tax Compliance of the Boarding House Owners Accredited by Saint Mary's University When Grouped According to Educational Attainment*

Groups	f (n=30)	Mean	SD	QD	F-value	p-value
Master's Degree	3	3.66 <sup>A</sup>	0.17	Very High Compliance		
Bachelor's Degree	16	3.16 <sup>B</sup>	0.35	High Compliance	3.006*	.048
High School Graduate	3	3.02 <sup>B</sup>	0.27	High Compliance		
Undergraduate	8	3.32 <sup>B</sup>	0.23	High Compliance		

*Legend: 1.00-1.49 (Very Low Compliance); 1.50-2.49 (Low Compliance); 2.50-3.49 (High Compliance); 3.50-4.00 (Very High Compliance); \*significant at  $\alpha=0.05$ ; Mean groups who do not share a common letter are significantly different from each other.*

Table 11 compares the respondents' tax compliance levels based on educational attainment. A one-way Analysis of Variance (ANOVA) was performed to test for significant differences among the four groups, following verification of homogeneity of variances and normality. The ANOVA results indicate significant differences between the groups ( $F = 3.006$ ,  $p = .048$ ). Descriptive statistics show that respondents with a master's degree have the highest mean compliance, while high school graduates have the lowest mean. Tukey's post-hoc test further revealed that individuals with a master's degree exhibit the highest level of tax compliance. This suggests that respondents with a master's degree demonstrate higher tax compliance compared to those with other educational attainments.

Studies show that higher education levels often correlated with better understanding and awareness of tax regulations and the importance of compliance. Individuals with higher degrees may have more knowledge and access to books and libraries that serve as additional resources and information, making them understand tax laws more effectively. Additionally, higher educational attainment is frequently associated with higher income levels, which might instill a greater sense of responsibility and capability to comply with tax obligations. Being in an environment with people like who have advanced degrees can also emphasize ethical standards, including compliance with tax laws.

Higher education is linked to a better understanding of tax laws. Consequently, individuals with higher levels of education are more likely to grasp legal and filing requirements, whereas those with less education may make more errors in their tax filings. Additionally, higher education often provides better access to information about tax avoidance schemes, which can lead to increased avoidance but potentially lower evasion. A lack of financial literacy and limited tax knowledge can foster distrust and result in non-compliance. Studies show that well-educated individuals tend to have a better grasp of tax compliance requirements, such as completing various tax forms, which correlates with higher compliance levels (Kurniawan,

2020). Purnamasari and Sudaryo (2018) also noted that a taxpayer's knowledge of tax matters significantly affects their compliance. Better understanding of taxation leads to higher compliance rates, as taxpayers' education and tax knowledge directly influence their ability to fulfill tax obligations. Therefore, familiarity with tax functions, regulations, registration procedures, and rates is crucial for compliance.

Yimam (2021) adds that while educated taxpayers may be aware of opportunities for non-compliance, their advanced understanding of the tax system and higher levels of moral development generally result in greater adherence. Taxpayers are increasingly inclined to fulfill their obligations when they perceive the system as equitable; conversely, they may resort to tax avoidance if they feel the benefits are disproportionate to their contributions. Consequently, Amin et al. (2022) suggest that targeted training and educational initiatives are essential for enhancing tax literacy and fostering a positive public attitude toward taxation.

**Table 12**

*Significant Difference in the Level of Tax Compliance of the Boarding House Owners Accredited by Saint Mary's University When Grouped According to Occupation*

Groups	f (n=30)	Mean	SD	QD	F-value	p-value
Student	4	3.43 <sup>A</sup>	0.25	High Compliance		
Self-employed	14	3.03 <sup>B</sup>	0.25	High Compliance		
Unemployed	3	3.27 <sup>A</sup>	0.39	High Compliance	3.630*	.018
Retired	3	3.44 <sup>A</sup>	0.08	High Compliance		
Employed	6	3.46 <sup>A</sup>	0.38	High Compliance		

*Legend: 1.00-1.49 (Very Low Compliance); 1.50-2.49 (Low Compliance); 2.50-3.49 (High Compliance); 3.50-4.00 (Very High Compliance); \*significant at  $\alpha=0.05$ ; Mean groups who do not share a common letter are significantly different from each other.*

When grouped based on their occupation, the ANOVA results indicate significant differences between the groups ( $F = 3.630$ ,  $p = .018$ ). Descriptive statistics revealed that employed respondents have the highest mean compliance, while self-employed respondents have the lowest mean. Tukey's post-hoc test identified that employed individuals exhibit the highest level of tax compliance. This suggests that self-employed respondents have lower tax compliance compared to those in other occupations.

The majority of self-employed taxpayers—who are not required to report to third parties—are being overlooked. Because government regulations target wealthy taxpayers more than other groups, there is a fiscal imbalance and a poor compliance rate among self-employed individuals when compared to employees and businesses (Maquiling et al., 2023).

Overall, the results may be due to factors like limited resources or slow income for self-employed people in comparison to those who are employed. This can make it hard for them to meet tax requirements or may cause them to delay paying taxes. These taxpayers might struggle to save enough money for taxes or prioritize other expenses first, leading to non-compliance with tax laws. Additionally, the complexity of tax regulations might be more challenging for those without access to professional help, further contributing to delays or failures in tax payments.

**Table 13**

*Significant Difference in the Level of Tax Compliance of the Boarding House Owners Accredited by Saint Mary's University When Grouped According to Registration Classification*

<b>Groups</b>	<b>f (n=30)</b>	<b>Mean</b>	<b>SD</b>	<b>QD</b>	<b>F-value</b>	<b>p-value</b>
VAT	7	3.41	0.29	High Compliance	1.597 <sup>ns</sup>	.122
Non-VAT	23	3.18	0.33	High Compliance		

*Legend: 1.00-1.49 (Very Low Compliance); 1.50-2.49 (Low Compliance); 2.50-3.49 (High Compliance); 3.50-4.00 (Very High Compliance); ns-not significant*

In terms of their registration classification, the ANOVA results showed no significant differences between the groups ( $F = 1.597$ ,  $p = .122$ ). This indicates that tax compliance levels are consistent across different registration classifications. Such results may be due to the fair tax treatment under RA 10963 which allows self-employed professionals (SEPs) with income below the VAT threshold to choose between an 8% tax on gross sales or the graduated personal income tax (PIT) rate. This flexibility reduces horizontal inequity among SEPs with varying profit margins and lowers compliance costs, particularly for those with high profit margins like lawyers and doctors. This equitable approach may lead to similar levels of tax compliance across different classifications (Manasan, 2018).

In conclusion, the result shows that VAT registered boarding house owners have the highest mean score of 3.41 which means that they have the highest level of compliance among the group. It suggests that attempts to evade taxes are discouraged by the VAT system. VAT is charged (and documented) at every stage, which incentivizes tax compliance. They are additionally believed to be a successful means of increasing gross domestic product (GDP), raising tax revenues, and eliminating government budget deficits (Urada, n.d.).

## **CONCLUSIONS AND RECOMMENDATIONS**

### **Conclusions**

1. Most of the boarding house owners tend to be older, between the age range of 45-55 years old. The majority of the respondents hold a bachelor's degree, and it may be a contributing factor that leads them to put up this kind of business. Interestingly, there is a greater proportion of female boarding house owners. The occupational profile of the majority of respondents suggests that the largest portion are self-employed. Based on this data, it appears that most owners of boarding houses run their businesses on a lesser scale, most likely making less than the VAT level that the tax authorities have set. According to this registration classification, the industry is dynamic and has a range of revenue scales, operational strategies, and company maturity levels.
2. The respondents displayed a strong level of tax awareness and morale, reflecting a solid understanding of their rights and responsibilities regarding tax obligations, likely influenced by their higher education. The boarding house owners demonstrated high compliance, particularly in timely tax payments and awareness of tax audits, although some felt inadequately informed by tax authorities. They expressed strong opinions about the fairness of tax rates, showing compliance even amid potential increases, while the fear of penalties emerged as a key motivator for compliance.
3. The survey found no significant differences in respondents' tax compliance based on age, sex, and registration categorization. However, differences were identified in educational attainment and occupation. While tax awareness did not differ significantly by education

level, the study found that people of all ages, regardless of education, frequently learn about taxes through personal experiences and social media exposure. The study discovered a clear difference in tax compliance based on occupation, with self-employed individuals having the lowest compliance and employed individuals having the highest.

### Recommendations

**For Boarding House Owners.** To address the significant differences in tax compliance levels related to educational background, it is crucial to implement targeted tax education programs. Workshops, seminars, and accessible online courses focused on tax regulations, filing procedures, and the importance of compliance can enhance understanding, especially for those with lower educational qualifications.

**For Local Government Units (LGUs).** Simplifying tax processes and requirements for self-employed individuals could significantly improve compliance rates. Streamlining filing procedures and providing personalized assistance, along with public information campaigns and user-friendly guides, will help ensure that all boarding house owners are well-informed about their tax obligations.

**For Individuals Venturing into Boarding House Business.** New entrepreneurs should receive education about tax compliance from the outset. Providing clear guidance and resources will help them navigate the regulatory landscape more effectively.

**For the Administration of Saint Mary's University (SMU).** It is essential to determine whether the administration will require boarding house owners to apply for accreditation on campus. Establishing such a requirement could help ensure that these owners meet specific standards and are better informed about their tax obligations. Implementing tax education programs and resources will further prepare students and owners alike to comply with tax laws in their future endeavors.

**For Students in the School of Accountancy and Business (SAB).** Materials from this study can be integrated into classroom discussions to enhance understanding of tax compliance. Engaging students with real-world examples will better prepare them for future roles in the business sector.

**For Future Researchers.** Advocacy for a deeper understanding of tax compliance behaviors among boarding house owners and small business operators is essential. Future studies should expand the demographic scope to include diverse samples from various locations and investigate additional variables such as income levels and family size. Longitudinal and qualitative studies could provide insights into motivations and attitudes toward compliance and explore factors contributing to high tax morale and awareness.

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