

INVESTIGATING THE IMPACT OF TAX FAIRNESS ON INDIVIDUAL TAX COMPLIANCE IN SRI LANKA

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ABSTRACT

Sri Lanka has been struggling with a few long-term issues related to the country's tax system. Therefore, this study aims to investigate the impact of tax fairness on tax compliance in Sri Lanka and examine the overall effect of fairness on tax compliance in Sri Lanka by segmenting tax fairness into distributive, procedural, and retributive fairness. A quantitative research methodology was adopted to achieve this objective, in which primary data were collected using a structured questionnaire. The respondents were individual taxpayers in Sri Lanka and convenience sampling techniques were used to collect data from 100 taxpayers. The collected data were analyzed using descriptive, correlation, and regression analyses. According to the findings, respondents believed that fairness could influence their tax compliance behavior. All hypotheses were supported by both regression and correlation analyses. These findings suggest that the way taxes are administered, perceived fairness in the distribution of tax burdens, and overall positive attitudes towards taxation play a crucial role in influencing tax compliance behavior among individual taxpayers in Sri Lanka.

Keywords: Distribution fairness, procedure fairness, retributive fairness, tax compliance, tax fairness