

THE IMPACT OF TAXPAYERS' ATTITUDES ON TAX COMPLIANCE IN SRI LANKA

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ABSTRACT

Tax compliance is a critical concern for any nation's economic stability and development, particularly in developing countries, such as Sri Lanka, where the effective collection of tax revenue is essential for financing public services and fostering economic growth. Several studies have been conducted on tax compliance, as various factors influence taxpayers' tax compliance behavior. The attitude of taxpayers is an essential factor influencing tax compliance behavior. This study aims to address this gap by examining the impact of taxpayers' attitudes on tax compliance among individual taxpayers in Sri Lanka. Tax fairness, tax rate, understandability of the tax law, and simplicity of the tax system were used as independent variables to measure the impact on tax compliance. This study used a quantitative approach and convenience sampling method with a sample of 384 individual taxpayers in Sri Lanka. The data were collected using structured questionnaires. Reliability, descriptive, correlation, and regression analyses were used to analyze and interpret the data collected in the study. These results emphasize the need for policymakers and tax authorities to focus on improving the perceptions of fairness, maintaining fair tax rates, making tax laws more understandable, and simplifying the tax system. This study finds that tax fairness, tax rate, understandability of the tax law, and simplicity of the tax system significantly impact tax compliance. A limitation of the research may be that respondents misunderstood the questions, gave socially acceptable answers, or lacked the self-awareness necessary to describe their beliefs and actions honestly. This study expects to provide insight into the operations of the revenue authority and decisions made by policymakers and academics to explore the factors that encourage tax compliance.

Keywords: Tax fairness, tax rate, understandability of the tax law, simplicity of the tax system, tax compliance