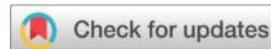




Corporate Tax Compliance Through the Lens of Attribution Theory: A Multi-Group Analysis of Compliant and Non-Compliant Firms in Malaysia

Susan Sapidin^{1*}, Saliza Abdul Aziz¹, Zainol Bidin¹



¹ Tunku Puteri Intan Safinaz School of Accountancy, College of Business, Universiti Utara Malaysia

* susan_sapidin@cob.uum.edu.my

ABSTRACT

This study explores corporate tax compliance in Malaysia through the lens of Attribution Theory, focusing on how internal and external attributions shape corporate taxpayer behavior. The objective is to examine the direct effects of trust in authority and financial condition (internal attributions) on tax compliance, as well as the moderating role of tax services (external attribution), across compliant and non-compliant firms. A total of 395 corporate respondents participated in an online survey, and the data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) and Multi-Group Analysis (MGA). The results reveal that trust in authority has a significant influence on tax compliance in both groups, underscoring the importance of institutional trust. Financial condition was significant only for the compliant group, indicating that financially stable firms are more likely to comply voluntarily. However, the moderating effects of tax services were not statistically supported. MGA found no significant differences in structural relationships between groups. The findings suggest that internal attributions (trust, financial stability) play a more substantial role in shaping compliance behavior, whereas simply providing tax services without broader taxpayer engagement appears insufficient to drive compliance. This study contributes to the literature by applying Attribution Theory in a corporate tax context and offers policy implications for fostering trust-based compliance strategies.

Keywords: Corporate tax; attribution theory; multi-group analysis; corporate compliance; MGA

INTRODUCTION

Corporate tax compliance is a cornerstone of effective public finance, playing a crucial role in maintaining macroeconomic stability and promoting equitable resource allocation. In Malaysia, where corporate tax revenues form a significant portion of national income, gaining a deeper understanding of the factors that shape compliance behavior is essential (Jayakumar et al., 2024; Norizan et al., 2024; Sritharan et al., 2022). Tax compliance involves not only legal enforcement but also behavioral, psychological, and institutional dimensions that influence how firms perceive and fulfill their obligations. Among these dimensions, trust in tax authorities and access to reliable tax services are increasingly recognized as critical enablers of voluntary compliance (Coita et al., 2024; Surugiu et al., 2023), complementing traditional deterrent strategies.

The dual nature of tax compliance is illustrated by the Slippery Slope Framework, which differentiates between trust-induced voluntary compliance and power-induced enforced compliance (Batrancea et al., 2019; Lozza et al., 2017; Siglé et al., 2018). Empirical evidence suggests that trust can lead to higher compliance, even in low-enforcement environments (Chen

et al., 2025). Meanwhile, improvements in digitization and taxpayer education enhance the credibility and usability of the tax system (Agusti & Rahman, 2023; Belahouaoui & Attak, 2024). Another structural factor influencing compliance is the firm's financial condition. Companies in a stable financial position are more likely to fulfill their tax obligations, whereas those under distress may prioritize survival over compliance due to financial pressures (Mkenda et al., 2023; Ni Wayan Dian Irmayani et al., 2023). Despite the relevance of these variables, limited research has examined their combined effects or how they differ across compliance segments.

This study addresses these gaps by applying Attribution Theory to corporate tax compliance behavior, focusing on internal attributions (trust in authority and financial condition) and external attributions (tax services). The aim is to investigate how these factors influence tax compliance within and across two distinct groups, compliant and non-compliant corporate taxpayers in Malaysia. To that end, the study has the following objectives: (1) to examine the effects of trust in authority and financial condition on corporate tax compliance; (2) to evaluate the moderating role of tax services in these relationships; and (3) to compare the relationships across compliant and non-compliant firms using a Multi-Group Analysis (MGA) approach. By doing so, the study provides new insights into attribution-based mechanisms underlying tax compliance and offers practical recommendations for policy and administrative reforms.

LITERATURE REVIEW

ATTRIBUTION THEORY AND THE PSYCHOLOGICAL FOUNDATIONS OF TAX COMPLIANCE

Attribution Theory, initially proposed by Kelley (1967), provides a robust psychological framework for understanding how individuals interpret the causes of behavior as either internally or externally driven. In the tax compliance domain, this theory has gained traction for explaining how taxpayers rationalize their decisions, whether to comply or evade, based on perceived control, responsibility, and situational constraints (Kaplan et al., 1988). Internal attributions often stem from personal values, knowledge, or financial capacity, whereas external attributions relate to environmental cues, such as service quality or perceived fairness (Romadhon & Diamastuti, 2020; Sa'diyah et al., 2021). Empirical studies underscore this distinction: Banerjee et al. (2020) and Hassan et al. (2021) found that tax knowledge and perceived institutional fairness have a significant influence on compliance. Bett et al. (2024) linked attributional thinking directly to PAYE compliance in Kenyan SMEs. At the same time, Sa'diyah et al. (2021) highlighted a divergence in attributional influence, where religiosity and awareness had a positive effect, but education and fairness perceptions did not. These outcomes demonstrate that attributional drivers operate asymmetrically, depending on the context, taxpayer profiles, and social environments.

Social norms, justice perceptions, and institutional trust further mediate the attributional lens in tax behavior. Faizal et al. (2017) demonstrated that perceptions of fairness and trust foster internal motivations for voluntary compliance, whereas coercive measures, such as audits and penalties, promote externally driven compliance. Arham & Firmansyah (2021) noted that Attribution Theory frequently interacts with behavioral models, such as the Theory of Planned Behavior, where perceived behavioral control and norms significantly influence the intention to comply. However, sanctions, typical of external attribution, did not. Similarly, Sulistianingtyas et al. (2018) and Muslim et. al (2024) identified audits and enforcement mechanisms as effective external levers, reinforcing the duality of compliance motivation. Recent studies have expanded this discourse into digital contexts. For instance, Asawista Rajeswari et al. 2024) and Kusumawardhani et al. (2024) demonstrated how digital tax

systems, such as e-Filing and service quality improvements, simplify compliance processes and enhance satisfaction. However, not all attributional factors yield uniform effects. Sunarsih et al. (2024) found that while the love of money and tax comprehension influenced evasion, religiosity did not moderate these relationships. Adhikara et al. (2022) also emphasized the mediating role of awareness, linking financial ability, knowledge, and sanctions to behavior. Collectively, these findings reaffirm the explanatory power of Attribution Theory in understanding the complex interplay of psychological, institutional, and technological factors that shape taxpayer behavior.

TRUST IN AUTHORITY AS A DRIVER OF COMPLIANCE

The nexus between trust in authority and tax compliance remains foundational in contemporary tax behavior literature, with the Slippery Slope Framework (SSF) framing compliance as the interplay of trust and power (Muehlbacher et al., 2010; Siglé et al., 2018). Trust facilitates voluntary compliance by cultivating a cooperative and psychologically secure environment between taxpayers and authorities, whereas power enforces compliance through deterrence. Cross-national evidence, spanning the Netherlands, Ethiopia, and the United States, confirms that higher trust levels enhance tax morale and compliance intentions, both in formal and informal economies (Adem et al., 2024; Gobena & Van Dijke, 2016; Lozza et al., 2017). Public trust also acts as a moderator, as demonstrated by Appah & Aganaba (2024), who found that trust amplified the effect of tax socialization on voluntary compliance among Nigeria's informal sector. Similarly, SMEs in Ghana exhibited stronger compliance behavior when trust in government institutions and perceived tax fairness were high (Appiah et al., 2024).

Key to fostering trust is procedural justice, which involves fair and respectful treatment by tax authorities, significantly shaping taxpayers' attitudes toward compliance. When tax systems are seen as just, transparent, and responsive, trust is reinforced, encouraging cooperative tax behavior (Faizal et al., 2017; Niesiobedzka, 2014). In Malaysia, procedural fairness was positively linked to trust and subsequent compliance (Faizal et al., 2017), a finding echoed by Farrar et al. (2020), who emphasized the role of responsiveness in issues like identity theft. Modern interventions, such as the Core Tax Administration System (CTAS), have further advanced this agenda by integrating data, enhancing transparency, and legitimizing institutional authority, thereby reinforcing both trust and enforcement under the SSF (Darmayasa et al., 2024). However, trust must be balanced with coercive mechanisms. Overemphasis on enforcement may erode voluntary compliance, as demonstrated by Gobena and Van Dijke (2016) and Wahl et al. (2010), who highlight the importance of procedural fairness under conditions of low legitimacy. Mediating roles of trust have also been confirmed in tax reform contexts involving audits and penalties (Khamis & Mastor, 2023), with related studies in Indonesia and Austria affirming that tax understanding, service quality, and perceived fairness shape both trust and compliance outcomes (Kostritsa et al., 2017; Widjaja et al., 2024). These insights collectively underscore that trust is not only an independent driver of voluntary compliance but also a critical enabler of sustainable enforcement strategies.

FINANCIAL CONDITION AND ITS BEHAVIORAL IMPLICATIONS FOR TAX COMPLIANCE

The financial condition of taxpayers plays a pivotal role in determining compliance behavior, acting both as a direct determinant and as a moderating influence on other psychological and structural variables. Stable financial capacity enhances the likelihood of timely and accurate tax compliance, while financial distress often leads to evasion, delay, or partial fulfillment of tax obligations. Empirical studies from Mekelle City, Ethiopia, and Tanzania show that financial condition moderates the effects of tax knowledge, attitudes, and

service quality on compliance, especially among SMEs and individual business taxpayers (Mekonen, 2015; Mkenda et al., 2023). For instance, even when taxpayers possess positive compliance attitudes or sound tax knowledge, financial hardship can obstruct execution. Similar patterns were documented by Chandra & Hidayah (2023), who found that financial condition significantly moderated the relationship between taxpayer awareness, service quality, and compliance behavior. These findings suggest that financial condition acts as a filter that either enables or impedes the transformation of positive tax intentions into actual compliant conduct.

Beyond its moderating function, financial condition has also been shown to mediate the impact of fiscal policies and taxpayer engagement initiatives. Ni Wayan Dian Irmayani et al. (2023) demonstrated that tax incentives are more effective when coupled with favorable financial circumstances. At the same time, Lisa & Hermanto (2018) revealed that financial condition mediates the effects of tax amnesty and awareness on taxpayer behavior. Alabede et al. (2011) further reported that risk preference, in combination with financial condition, shapes taxpayer responsiveness to service quality, underscoring the need for targeted interventions. In corporate settings, financial performance remains a reliable predictor of compliance behavior across both SMEs and larger firms, as evidenced in Indonesian and Nigerian contexts (Alam & Ernandi, 2022; Saraswati & Zulaikha, 2012). During periods of economic stress, such as the COVID-19 pandemic, declines in financial health have been strongly associated with reduced compliance among MSMEs (Marlyna et al., 2022). Moreover, perceptions of financial well-being have been found to influence willingness to pay and mediate awareness-compliance links in local studies conducted by Nalendro et al. (2014). These insights collectively affirm that financial condition is not merely a background constraint but a structural lens through which taxpayers interpret and act upon their fiscal responsibilities, necessitating policy designs that are sensitive to financial realities (Nalendro et al., 2014; Syahdan et al., 2022).

TAX SERVICES AS CATALYSTS AND MODERATORS OF COMPLIANCE BEHAVIOR

The shift from enforcement-based tax administration to service-oriented models has elevated the role of tax services as both enablers and moderators of tax compliance behavior. Services such as education, consultation, and administrative assistance help taxpayers navigate complex systems, thereby facilitating voluntary compliance (Oktaviani et al., 2019). Beyond improving direct outcomes, service quality also moderates key relationships in the compliance framework (Sandra & Anwar, 2021). Chandra & Hidayah (2023) demonstrated that both taxpayer awareness and tax service quality have a positive influence on compliance, with financial condition acting as an additional moderator. Similarly, Alabede et al. (2011) found that compliance behavior is significantly influenced by service quality and is further moderated by financial capacity and risk preferences, particularly in contexts such as Nigeria, where institutional trust may be fragile. These findings support the argument that effective tax services can mitigate the adverse effects of financial and psychological barriers, acting as stabilizers in the behavioral decision-making process.

The cognitive and contextual influence of tax services extends into the social and structural domains of compliance. Mekonen (2015) found that in low-income settings such as Ethiopia, perceptions of ineffective service delivery and system complexity were moderated by financial condition, underscoring that service effectiveness is contingent on the taxpayer's economic standing. Nalendro et al. (2014) further emphasized that perceived fairness and taxpayer support moderated the relationship between financial perception and compliance in Kudus, Indonesia. Mkenda et al. (2023) reinforced this by demonstrating that tax knowledge contributes to compliance only when the financial condition is favorable and supported by robust services. These studies highlight that tax services are not merely passive administrative

tools but dynamic enablers of behavioral change, capable of amplifying or mitigating the effects of various compliance drivers. Integrating service excellence into tax policy design thus presents a viable alternative to coercive models, promoting sustained compliance through trust, clarity, and institutional responsiveness. However, it remains unclear how these dynamics differ between compliant and non-compliant firms, a gap this study addresses.

THE ROLE OF MULTI-GROUP ANALYSIS IN UNCOVERING TAXPAYER HETEROGENEITY

MGA has become a crucial extension in behavioral taxation studies, offering a means to examine whether structural relationships differ across distinct taxpayer segments. In corporate tax compliance research, this approach is efficient in distinguishing between the psychological and contextual factors that influence compliant versus non-compliant behavior. As noted by Qureshi & Compeau (2009), PLS-SEM is an appropriate analytic framework for such comparative studies due to its flexibility in handling moderate sample sizes, non-normal data distributions, and correlated predictors. MGA enables the testing of structural invariance and uncovers statistically meaningful group differences, yielding insights into how attributional or institutional variables operate differently across firm profiles.

Empirical studies underscore the value of MGA in revealing nuanced pathways of compliance. Sunarsih & Nurdiana (2024) demonstrated that gender moderated the impact of Machiavellianism, religiosity, and love of money on perceptions of tax evasion, affirming the importance of subgroup-specific behavioral analysis. Similarly, Martins et al. (2014) found that demographic and psychosocial factors, including institutional trust and political participation, varied in their influence on tax morale across groups in Portugal. From a practical standpoint, Eberhartinger & Zieser (2021) emphasized that comparing firms under cooperative versus audit-driven regimes can reveal divergent compliance motivators rooted in trust and fairness. K-Rine et al. (2018) further highlighted that socio-psychological constructs, such as perceived service quality or risk tolerance, are not uniformly predictive across taxpayers. By integrating MGA, researchers and policymakers can gain a deeper understanding of group-specific behavioral responses, enabling the formulation of targeted compliance strategies that account for financial, psychological, and institutional diversity (Isa, 2014).

METHODOLOGY

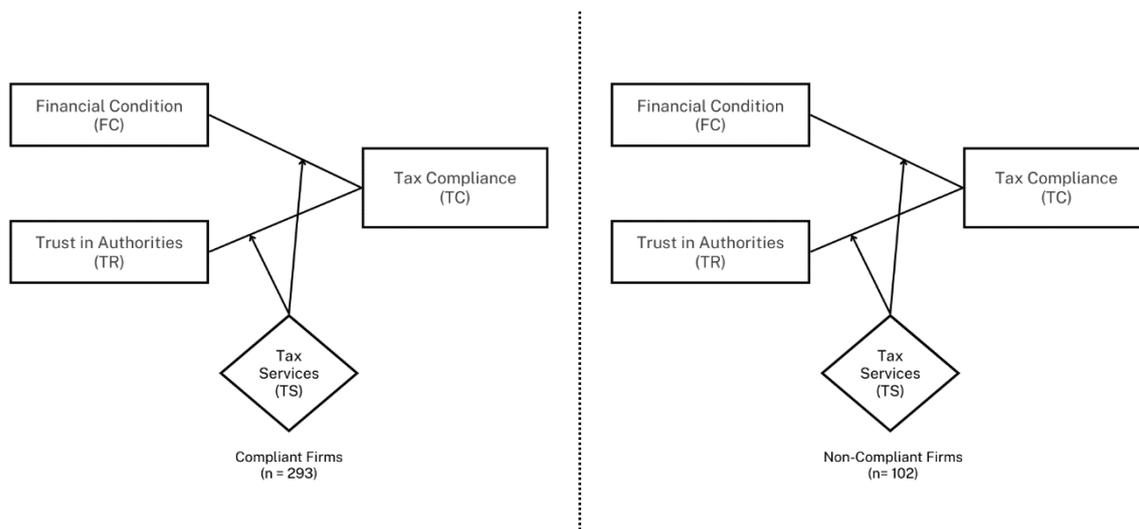
This study employed Attribution Theory to examine how corporate taxpayers perceive the causes of their compliance decisions through both internal and external attributional lenses. Internal attributions encompass factors under the firm's control, specifically trust in authority and financial condition. Trust in authority reflects a company's perception of fairness, legitimacy, and transparency in the tax system, which fosters moral alignment and voluntary compliance. Similarly, financial condition, captured by indicators such as profitability, cash flow, and return on investment, represents the firm's operational capacity to fulfill tax obligations. In contrast, tax services, which include administrative support, digital facilitation, and responsiveness, serve as external attributes. These institutional and environmental enablers may shape a firm's behavioral response to its tax duties. Accordingly, tax services are conceptualized as a moderator that could strengthen or weaken the effect of internal drivers on compliance outcomes.

This study applies MGA to compare the structural relationships between trust in authority, financial condition, and tax services among corporate taxpayers. It recognizes that attributional responses may vary based on prior tax behavior, allowing for a comparison between compliant and non-compliant taxpayers to test for differences between the two groups. Specifically, the study examines the direct effects of internal attributions on tax compliance, the moderating role

of tax services, and whether these relationships differ significantly between groups. The use of MGA reflects the theoretical proposition that compliance behavior is shaped not only by internal and external drivers but also by a firm's historical compliance profile.

Data were collected from taxable corporate entities registered with the Inland Revenue Board of Malaysia (IRBM). Two random samples were selected: one comprising companies with either a credit balance or no outstanding balance in 2024 (the compliant group) and the other consisting of firms with outstanding tax balances or arrears during the same year (the non-compliant group). Separate but identical versions of the survey instrument were distributed to each group, comprising five-point Likert-scale items drawn from validated research on tax compliance. A total of 395 usable responses were retained: 293 from compliant firms and 102 from non-compliant firms. Analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) via SmartPLS 4.0, which was chosen for its effectiveness with moderate sample sizes and non-normal data. The model was assessed for reliability, validity, and measurement invariance. Subsequent multi-group analysis utilized the MICOM procedure, followed by Henseler's MGA and permutation tests to determine significant group differences. This integrated methodological design provides robust insights into how corporate taxpayers assign cause to their behavior under varying compliance circumstances in the Malaysian context. The conceptual framework of this study is as follows:

Figure 3.1
Conceptual Framework of the Study: Multi-Group Analysis (MGA)



RESULTS

MEASUREMENT MODEL ASSESSMENT

To ensure the robustness of the latent constructs used in this study, reliability and convergent validity were assessed through Cronbach's alpha, composite reliability, and average variance extracted (AVE). The results indicate that all constructs exhibit strong internal consistency (Cronbach's $\alpha > 0.85$) and satisfactory convergent validity ($AVE > 0.50$).

As shown in Table 1, all constructs achieved Cronbach's alpha values above 0.85, exceeding the recommended threshold of 0.70 (Hair et al., 2021), indicating high internal

reliability. Specifically, Trust in Authority (TR) had the highest reliability at $\alpha = 0.915$, followed by Tax Services (TS) at 0.902, Tax Compliance (TC) at 0.894, and Financial Condition (FC) at 0.867.

Composite reliability was evaluated using both rho_A and rho_C, with all constructs scoring well above the 0.70 benchmark. The rho_A values ranged from 0.897 (TC) to 0.934 (TR), and rho_C values ranged from 0.903 (FC) to 0.931 (TR), indicating a high level of construct reliability.

In terms of convergent validity, all constructs recorded Average Variance Extracted (AVE) values above the threshold of 0.50. The AVE values ranged from 0.652 (FC) to 0.720 (TS), suggesting that each construct explains more than half of the variance in its indicators, thus satisfying the criterion for convergent validity (Fornell & Larcker, 1981).

TABLE 1. Reliability and Convergent Validity of Constructs

Construct	Cronbach's Alpha	Composite Reliability (rho_A)	Composite Reliability (rho_C)	AVE
FC	0.867	0.905	0.903	0.652
TC	0.894	0.897	0.922	0.703
TR	0.915	0.934	0.931	0.658
TS	0.902	0.922	0.927	0.720

DISCRIMINANT VALIDITY

Discriminant validity was assessed using the Heterotrait–Monotrait (HTMT) ratio of correlations, following the recommendation of Henseler et al. (2015). All HTMT values were found to be well below the conservative threshold of 0.85, indicating that each construct in the model is empirically distinct from the others.

As shown in Table 2 below, the highest HTMT value observed was 0.838 between Tax Services (TS) and Trust in Authority (TR). While this value is relatively high, it remains within acceptable limits, particularly given the conceptual proximity of these two constructs. All other HTMT values ranged from 0.023 to 0.332, further supporting discriminant validity across constructs and interaction terms (TS \times FC and TS \times TR). These results confirm that all HTMT values are below 0.85 where the model demonstrates adequate construct distinctiveness and is suitable for subsequent structural analysis.

TABLE 2. Discriminant Validity using the HTMT

	FC	TC	TR	TS	TS \times FC	TS \times TR
FC						
TC	0.249					
TR	0.291	0.288				
TS	0.332	0.233	0.838			
TS \times FC	0.061	0.025	0.030	0.073		
TS \times TR	0.023	0.058	0.106	0.165	0.334	

STRUCTURAL MODEL RESULTS

The structural model was assessed to evaluate the direct effects of trust in authority (TR) and financial condition (FC) on tax compliance (TC), as well as the moderating role of tax

services (TS) on these relationships. The results, based on a bootstrapping procedure with 5,000 resamples, are presented in Table 3.

TABLE 3. Path Coefficients and Significance Levels

Path	β	t-value	p-value	Significance
FC \rightarrow TC	0.169	3.646	0.000	Significant
TR \rightarrow TC	0.259	4.046	0.000	Significant
TS \rightarrow TC	-0.018	0.244	0.807	Not Significant
TS \times FC \rightarrow TC	-0.003	0.075	0.940	Not Significant
TS \times TR \rightarrow TC	0.062	1.291	0.197	Not Significant

Direct effects The findings show that trust in authority (TR) has a significant positive effect on tax compliance ($\beta = 0.259$, $t = 4.046$, $p < 0.001$), supporting the premise that firms with higher trust in tax authorities are more likely to comply voluntarily. Similarly, financial condition (FC) also demonstrates a positive and statistically significant relationship with tax compliance ($\beta = 0.169$, $t = 3.646$, $p < 0.001$), indicating that firms in better financial standing tend to fulfill their tax obligations more consistently. However, the direct path from tax services (TS) to tax compliance is not significant ($\beta = -0.018$, $t = 0.244$, $p = 0.807$), suggesting that the perceived quality of tax services does not independently drive compliance behavior in this sample.

Indirect Effects The interaction terms were tested to examine the moderating role of tax services on the relationships between internal attributions and tax compliance. The results show that tax services do not significantly moderate the effect of financial condition on tax compliance (TS \times FC \rightarrow TC: $\beta = -0.003$, $p = 0.940$) nor the effect of trust in authority on tax compliance (TS \times TR \rightarrow TC: $\beta = 0.062$, $p = 0.197$). Although the TS \times TR coefficient was positive, it remained statistically non-significant ($p = 0.197$).

MEASUREMENT INVARIANCE (MICOM PROCEDURE)

Measurement invariance was assessed using the MICOM procedure to determine whether the model constructs were perceived similarly across compliant and non-compliant corporate taxpayers (Henseler et al., 2015). As shown in Table 4, all constructs demonstrated compositional invariance, with permutation p-values exceeding the 0.05 threshold (e.g., Trust in Authority = 0.788; Tax Compliance = 0.096). These results confirm that the constructs are measured equivalently across groups, validating the use of MGA to test for structural path differences.

TABLE 4. MICOM procedure—Compositional Invariance

Construct	Original Correlation	Permutation p-value	Compositional Invariance?
FC	0.992	0.649	Yes
TC	0.993	0.096	Yes
TR	0.998	0.788	Yes
TS	0.996	0.623	Yes

MULTI-GROUP ANALYSIS RESULTS

To examine whether the structural relationships in the model differ significantly between compliant and non-compliant corporate taxpayers, a permutation-based MGA was performed after establishing measurement invariance via the MICOM procedure.

The results, presented in Table 5, show that none of the path differences between groups were statistically significant at the 5% level, as all permutation p-values exceed the threshold of 0.05. For example, the effect of Trust in Authority on Tax Compliance was stronger for non-compliant firms ($\beta = 0.410$) than for compliant firms ($\beta = 0.212$). Yet, the difference was not statistically significant ($p = 0.190$). Similarly, the effect of Financial Condition on Tax Compliance was nearly equal across groups ($\beta = 0.201$ vs. 0.188 ; $p = 0.895$).

TABLE 5. MGA Path Differences Between Compliant and Non-Compliant Groups

Path	β (Compliant)	β (Non-Compliant)	$\Delta\beta$	p-value
FC \rightarrow TC	0.201	0.188	0.013	0.895
TR \rightarrow TC	0.212	0.410	-0.198	0.190
TS \rightarrow TC	0.026	-0.221	0.247	0.140
TS \times FC \rightarrow TC	0.025	-0.135	0.160	0.135
TS \times TR \rightarrow TC	0.028	0.196	-0.168	0.133

Furthermore, although Tax Services had a positive effect on tax compliance for compliant firms ($\beta = 0.026$) and an adverse effect for non-compliant firms ($\beta = -0.221$), the path difference was not statistically meaningful ($p = 0.140$). The moderating roles of Tax Services \times Financial Condition and Tax Services \times Trust also did not differ significantly between groups ($p = 0.135$ and $p = 0.133$, respectively).

These findings suggest that while the magnitude and direction of path relationships may vary between compliant and non-compliant firms, these differences are not statistically significant, implying that the structural model functions similarly across both groups in this dataset.

DISCUSSION

This study examined corporate tax compliance behavior through the lens of Attribution Theory, focusing on trust in authority and financial condition as internal attributions and evaluating the moderating influence of tax services. The results revealed that trust in authority has a significant influence on tax compliance across both compliant and non-compliant firms, supporting its role as a stable internal driver of compliance. This finding aligns with previous studies emphasizing the importance of perceived legitimacy and procedural justice in fostering trust and voluntary compliance (Faizal et al., 2017; Gobena & Van Dijke, 2016; Widjaja et al., 2024). Trust, as an internal attribution, functions as a moral and relational anchor that shapes corporate behavior beyond coercive enforcement. This supports Kaplan et al. (1988)'s assertion that attributional reasoning—particularly how actors perceive authority figures—affects not only judgments of others but also one's behavioral intentions.

In contrast, financial condition showed a significant positive effect on compliance only among compliant firms, indicating that favorable financial standing reinforces compliance when internal predispositions already support it. However, the absence of a significant effect in the non-compliant group suggests that financial viability alone is insufficient to promote compliance unless firms already possess a sense of responsibility or trust in the tax system. This finding is consistent with those of Mekonen (2015) and Mkenda et al. (2023), who also found that financially constrained firms often fail to act on tax knowledge or positive attitudes due to operational limitations. Additionally, Alam & Ernandi (2022) highlighted that financial

metrics indirectly influence corporate tax compliance by shaping subjective beliefs and intentions to comply. These findings suggest that financial condition operates more effectively as a facilitator of compliance rather than a universal determinant.

The study also explored the moderating role of tax services, hypothesizing that higher service quality would strengthen the relationships between trust, financial condition, and compliance. However, no significant moderation effects were found for either trust or financial condition, although the interaction between tax services and trust approached significance among non-compliant firms. This suggests that while tax services may contribute to the compliance environment, they do not fundamentally alter how internal attributions influence behavior. These results diverge from studies such as Sandra & Anwar (2021) and Chandra & Hidayah (2023), which reported that service quality can reinforce or mediate compliance behavior, particularly when sanctions or awareness are involved. In this study, however, tax services appear to serve more as a baseline administrative support than as an interactive psychological driver.

The limited moderating role of tax services may reflect the institutional context in which corporate taxpayers operate. Attribution Theory posits that individuals act based on how they perceive the causes of their behavior (Kelley, 1967); in this case, internal perceptions, such as trust in the tax authority or financial readiness, may overshadow service experiences. Furthermore, studies such as those by Oktaviani et al. (2019) and Hassan et al. (2021) show that while service quality improves compliance through clarity and access, its influence may be more observable among smaller, less informed taxpayers than within larger firms that rely on formal advisory and internal systems. The current findings suggest that among corporates, tax services may not carry enough weight to shift established behavioral orientations unless combined with strategic engagement or enforcement cues.

Despite differences in path strengths between the compliant and non-compliant groups, the MGA revealed no statistically significant differences in the relationships across groups. This suggests that the underlying attributional structures shaping compliance behavior are largely invariant, even if expressed with differing intensity. The consistency of these pathways reflects prior research by Martins et al. (2014) and Sunarsih & Nurdiana (2024), who reported that psychological constructs such as trust and attitudes often operate similarly across taxpayer segments. Qureshi & Compeau (2009) also emphasized that structural invariance in PLS-SEM results indicates a shared cognitive or motivational framework. As such, interventions designed to enhance compliance can be universally structured, although the content and delivery might still benefit from group-specific tailoring.

In summary, this study reinforces the centrality of internal attributions—particularly trust in tax authority—as consistent predictors of corporate tax compliance. Financial condition also contributes, but primarily among firms already inclined to comply. While tax services remain essential for administrative efficiency and taxpayer engagement, their moderating influence appears limited in this context. Qualitative research could explore why improved tax services did not translate into higher compliance in our sample, perhaps by examining corporate taxpayer perceptions of those services. The lack of structural differences between firm groups further suggests that attributional mechanisms are broadly consistent across corporate profiles. Policymakers seeking to enhance compliance should therefore prioritize initiatives that strengthen institutional trust and promote financial stability, rather than relying solely on service delivery enhancements or segmented deterrence models.

CONCLUSION

This study set out to examine corporate tax compliance in Malaysia by investigating three core dimensions: (1) the effects of internal attributions—trust in authority and financial

condition—on tax compliance; (2) the moderating role of external attribution in the form of tax services; and (3) the group-based variations in these relationships using MGA between compliant and non-compliant firms. Grounded in Attribution Theory, the findings confirmed that trust in authority consistently and significantly predicts compliance behavior across both groups. These findings highlight trust as a fundamental psychological construct that fosters voluntary compliance by reinforcing perceptions of legitimacy and fairness. Financial condition also showed a significant positive effect, though only among compliant firms, suggesting that financial stability alone may not be sufficient to drive compliance unless accompanied by an intrinsic motivation or established compliance disposition.

The evaluation of tax services as a moderating factor between internal attributions and compliance yielded no statistically significant effects. Despite extensive literature identifying tax services as facilitators of taxpayer satisfaction, understanding, and procedural support (Alabede, Zainol Ariffin, et al., 2011; Chandra & Hidayah, 2023), their isolated influence in this model was insufficient to alter the strength or direction of internal attribution effects. Additionally, the MGA results revealed no significant structural differences in compliance pathways between the compliant and non-compliant groups. This suggests that similar attributional mechanisms are at work across different firm profiles, although the magnitude of their influence may vary. These insights highlight the prevalence of internal constructs over service-driven external factors, particularly in explaining consistent behavior across diverse corporate segments.

From a policy standpoint, the findings advocate for a strategic pivot towards trust-building initiatives, such as consistent enforcement, transparent procedures, and relational engagement with corporate taxpayers. While enhancements to tax services remain relevant, their effectiveness is likely maximized when deployed in conjunction with broader institutional reforms that address trust and structural readiness. Theoretically, the study extends the applicability of Attribution Theory to the corporate tax domain, confirming its utility in differentiating internal versus external drivers and reinforcing the behavioral convergence observed across compliance strata.

This study has limitations, as it focused exclusively on industries with known compliance issues. While this focus is useful for targeting high-risk sectors, it may restrict the generalizability of our findings to compliant or low-risk industries, which could exhibit different patterns. Additionally, the analysis was confined to a limited set of internal and external factors—trust in authority, financial condition, and tax services—based on Attribution Theory. This narrow scope may overlook other influential elements such as perceived fairness, digitalization, peer influence, or historical enforcement exposure. Future research should expand by incorporating additional psychological and contextual variables, as well as increasing industry coverage to test the robustness of these findings across various corporate environments. Qualitative research could explore why enhanced tax services did not lead to greater compliance among our sample, focusing on corporate taxpayers' perceptions of these services. Additionally, employing longitudinal designs or mixed-method approaches may provide deeper insights into how attributional factors evolve and interact over time.

ACKNOWLEDGEMENT

The author extends sincere appreciation to the IRBM for its invaluable support and collaboration throughout the research process. Gratitude is also conveyed to the affiliated research institution for providing access to essential databases, tools, and academic resources that contributed to the successful completion and publication of this study.

REFERENCES

- Adem, M., Desta, T., & Girma, B. (2024). Determinants of Tax Compliance Behavior: A Case Study in Ethiopia. *SAGE Open*, 14(4). <https://doi.org/10.1177/21582440241292869>
- Adhikara, M. A., Maslichah, N. D., & Basyir, M. (2022). Taxpayer Compliance Determinants: Perspective of Theory of Planned Behavior and Theory of Attribution. *International Journal of Business and Applied Social Science*, 8(1), 395–407.
- Agusti, R. R., & Rahman, A. F. (2023). Determinants of Tax Attitude in Small and Medium Enterprises: Evidence from Indonesia. *Cogent Business and Management*, 10(1). <https://doi.org/10.1080/23311975.2022.2160585>
- Alabede, J. O., Bt Zainol Ariffin, Z., & Md Idris, K. (2011). Determinants of Tax Compliance Behaviour: A Proposed Model for Nigeria. In *International Research Journal of Finance and Economics-Issue* (Vol. 78). <http://www.internationalresearchjournaloffinanceandeconomics.com>
- Alabede, J. O., Zainol Ariffin, Z., & Md Idris, K. (2011). Individual Taxpayers' Attitude and Compliance Behaviour in Nigeria: The Moderating Role of Financial Condition and Risk Preference. *Journal of Accounting and Taxation*, 3(5), 91–104. <http://www.academicjournals.org/JAT>
- Alam, O. A., & Ernandi, H. (2022). The Influence of Taxation System Fairness, Financial Condition and Subjective Beliefs on Tax Compliance by Corporate Taxpayers with Intentions to Behave Obediently as Intervening Variables. *Indonesian Journal of Innovation Studies*. <https://doi.org/10.21070/ijins.v20i.696>
- Appah, E., & Aganaba, D. (2024). Tax Socialisation and Voluntary Tax Compliance Behaviour: Does Public Trust Matter? *European Journal of Business and Innovation Research*. <https://doi.org/10.37745/ejbir.2013/vol12n43454>
- Appiah, T., Domeher, D., & Agana, J. A. (2024). Tax Knowledge, Trust in Government, and Voluntary Tax Compliance: Insights From an Emerging Economy. *SAGE Open*. <https://doi.org/10.1177/21582440241234757>
- Arham, A., & Firmansyah, A. (2021). The Role of Behavioral Theory in the Research of MSMES Tax Compliance in Indonesia. *Riset: Jurnal Aplikasi Ekonomi Akuntansi Dan Bisnis*, 3(1), 417–432.
- Asawista Rajeswari, I. A. N., M. Ratna Sari, M., Dwi Ratnadi, N. M., & Putu Widanaputra, A. A. G. (2024). Does Service Quality, Digitalization of Tax Services, Understanding, and Taxpayer Awareness Effects on Hotel Taxpayer Compliance? *JOURNAL OF ECONOMICS, FINANCE AND MANAGEMENT STUDIES*, 07(06). <https://doi.org/10.47191/jefms/v7-i6-49>
- Banerjee, D., Gidwani, C., & Sathyanarayana Rao, T. (2020). The role of “Attributions” in social psychology and their relevance in psychosocial health: A narrative review. *Indian Journal of Social Psychiatry*, 36(4), 277–283. https://doi.org/10.4103/ijsp.ijsp_315_20
- Batrancea, L., Nichita, A., Olsen, J., Kogler, C., Kirchler, E., Hoelzl, E., Weiss, A., Torgler, B., Fookan, J., Fuller, J., Schaffner, M., Banuri, S., Hassanein, M., Alarcón-García, G., Aldemir, C., Apostol, O., Bank Weinberg, D., Batrancea, I., Belianin, A., ... Zukauskas, S. (2019). Trust and power as determinants of tax compliance across 44 nations. *Journal of Economic Psychology*, 74. <https://doi.org/10.1016/j.joep.2019.102191>
- Belahouaoui, R., & Attak, E. H. (2024). Exploring the Relationship Between Taxpayers and Tax Authorities in the Digital Era: Evidence on Tax Compliance Behavior in Emerging Economies. *International Journal of Law and Management*. <https://doi.org/10.1108/IJLMA-02-2024-0064>

- Bett, C. M., Bruce, P. Dr. O., & Patrick, P. Dr. L. (2024). Effect of Tax Knowledge on Pay As You Earn Tax Compliance Among Small and Medium Enterprises in Thika Town, Kenya. *Journal of Finance and Accounting*, 4(2), 27–34. <https://doi.org/10.70619/vol4iss2pp27-34>
- Chandra, D., & Hidayah, N. (2023). The Influence of Taxpayer Awareness, Tax Service Quality and Tax Sanctions on Taxpayer Compliance Level With Taxpayer Financial Condition as a Moderating Variable. In *IJFMR23055329* (Vol. 5, Issue 5). www.ijfmr.com
- Chen, H., Meng, Y., Ning, X., & Xia, Y. (2025). Does Societal Trust Matter for Corporate Tax Behaviors. *Applied Economics*, 1–14. <https://doi.org/10.1080/00036846.2024.2449206>
- Coita, I.-F., Iannario, M., Iodice D’Enza, A., & Mare, C. (2024). Modelling the Assessment of Taxpayer Perception on the Fiscal System by a Hybrid Approach for the Analysis of Challenging Data Structures. *Digital Finance*, 6(1), 97–112. <https://doi.org/10.1007/s42521-023-00092-y>
- Darmayasa, N., Hardika, N. S., & Alves, H. S. (2024). Core tax administration system: the power and trust dimensions of slippery slope framework tax compliance model. *Cogent Business & Management*. <https://doi.org/10.1080/23311975.2024.2337358>
- e Hassan, I., Naeem, A., & Gulzar, S. (2021). Voluntary tax compliance behavior of individual taxpayers in Pakistan. *Financial Innovation*, 7(1). <https://doi.org/10.1186/s40854-021-00234-4>
- Eberhartinger, E., & Zieser, M. (2021). The Effects of Cooperative Compliance on Firms’ Tax Risk, Tax Risk Management and Compliance Costs. *Schmalenbach Journal of Business Research*, 73(1), 125–178. <https://doi.org/10.1007/s41471-021-00108-6>
- Faizal, S. M., Palil, M. R., Maelah, R., & Ramli, R. (2017). Perception on justice, trust and tax compliance behavior in Malaysia. *Kasetsart Journal of Social Sciences*, 38(3), 226–232. <https://doi.org/10.1016/j.kjss.2016.10.003>
- Farrar, J., Hausserman, C., & Pinto, O. (2020). Trust and compliance effects of taxpayer identity theft: A moderated mediation analysis. *Journal of the American Taxation Association*, 42(1), 57–77. <https://doi.org/10.2308/atax-52404>
- Fornell, C., & Larcker, D. F. (1981). Evaluating Structural Equation Models with Unobservable Variables and Measurement Error. In *Source: Journal of Marketing Research* (Vol. 18, Issue 1).
- Gobena, L. B., & Van Dijke, M. (2016). Power, justice, and trust: A moderated mediation analysis of tax compliance among Ethiopian business owners. *Journal of Economic Psychology*, 52, 24–37. <https://doi.org/10.1016/j.joep.2015.11.004>
- Hair, J. F., Jr., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2021). A primer on partial least squares structural equations modeling (PLS-SEM). Sage Publications. *Journal of Tourism Research*, 6(2).
- Hassan, N. S. A., Palil, M. R., Ramli, R., & Maelah, R. (2021). Does compliance strategy increase compliance? Evidence from Malaysia. *Asian Journal of Accounting and Governance*, 15, 1–14.
- Henseler, J., Ringle, C. M., & Sarstedt, M. (2015). A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the Academy of Marketing Science*, 43(1), 115–135. <https://doi.org/10.1007/s11747-014-0403-8>
- Isa, K. (2014). Tax complexities in the Malaysian corporate tax system: Minimise to maximise. *International Journal of Law and Management*, 56(1), 50–65. <https://doi.org/10.1108/IJLMA-08-2013-0036>
- Jayakumar, R. R., Saad, N., & Marimuthu, M. (2024). Are Psychological Empowerment and Tax Transparency Related with Tax Compliance Behaviour of SMEs in Malaysia? An

- Empirical Approach. *Paper Asia*, 40(4), 59–70.
<https://doi.org/10.59953/paperasia.v40i4b.144>
- Kaplan, S. E., Reckers, P. M. J., & Roark, S. J. (1988). An Attribution Theory Analysis of Tax Evasion Related Judgments. *Accounting, Organizations and Society*, 13(4), 371–379.
- Kelley, H. H. (1967). Attribution Theory in Social Psychology. *Nebraska Symposium on Motivation*.
- Khamis, I. H., & Mastor, N. H. (2023). The Mediating Effect of Trust in Authority on the Relationship between Tax Audit, Tax Penalty, and e-Commerce Business Enforced Tax Compliance. *International Journal of Academic Research in Business and Social Sciences*. <https://doi.org/10.6007/ijarbss/v13-i8/18134>
- Kostritsa, M., Kostritsa, M., Sittler, I., & Sittler, I. (2017). The Impact of Social Norms, Trust, and Fairness on Voluntary Tax Compliance in Austria. *Management Science*. <https://doi.org/10.26493/1854-4231.12.333-353>
- K-Rine, C., Yusri, Y., Ong, T. S., & Selamat, A. I. (2018). Does Disclosure of Enforcement Strategies Affect Tax Minimisation? A Multi-Method Approach. *International Journal of Economics and Management*, 12(Special Is), 759–769.
- Kusumawardhani, A., Gunawan, F. K., Sany, S., Tjondro, E., & Eoh, T. S. (2024). Tax Service Quality and Digital Tax Implementation for MSME Tax Compliance in Surabaya. *International Journal of Organizational Behavior and Policy*, 3(1), 53–62. <https://doi.org/10.9744/ijobp.3.1.53-62>
- Lisa, O., & Hermanto, B. (2018). The Effect of Tax Amnesty and Taxpayer Awareness to Taxpayer Compliance with Financial Condition as Intervening Variable. *International Research Journal of Management, IT & Social Sciences Available Online*, 5(2), 227–236.
- Lozza, E., Cinelli, M., & De Rosa, P. (2017). The Relationship Between Tax Payer and Tax Officer: How To Build Trust in a Tax Compliance Perspective. *Psicologia Sociale*, 12(2), 197–214.
- Marlyna, D., Marlyna, D., Mareta, A. R., Mareta, A. R., Yufantria, F., & Yufantria, F. (2022). Evaluasi kepatuhan pajak UMKM selama pandemi covid 19. *Fair Value*. <https://doi.org/10.32670/fairvalue.v4i11.1832>
- Martins, A., Gomes, C. F., & Sá, C. (2014). The Influence of Demographic Factors and Risk Aversion on Tax Morale: A Multi-Group Analysis. *Journal of Research in Education*. <https://doi.org/10.15527/ejre.201426251>
- Mekonen, T. M. (2015). The Moderating of Financial Condition on Tax Compliance Behavior: Evidence from Mekelle City. In *Research Journal of Finance and Accounting* www.iiste.org ISSN (Vol. 6, Issue 15). Online. www.iiste.org
- Mkenda, G., Nchimbi, M., & Mahangila, D. (2023). Moderating Effect of Financial Condition on the Influence of Tax Knowledge on Tax Compliance Behaviour among SMEs in Tanzania. *Business Management Review*, 26(2), 73–92. <https://doi.org/10.56279/bmrj.v26i2.5>
- Muehlbacher, S., Muehlbacher, S., Kirchler, E., & Kirchler, E. (2010). Tax Compliance by Trust and Power of Authorities. *International Economic Journal*. <https://doi.org/10.1080/10168737.2010.526005>
- Muslim, A. B., & Dian Sulistyorini Wulandari. (2024). Determinants of Revenue of Personal Income Tax at KPP Pratama Cibitung: A Perspective of Attribution Theory. *Indonesian Journal of Economic & Management Sciences*, 2(1), 97–114. <https://doi.org/10.55927/ijems.v2i1.8139>
- Nalendro, T. I., Nalendro, T. I., Isgiyarta, J., & Isgiyarta, J. (2014). Faktor–Faktor Yang Mempengaruhi Kepatuhan Membayar Pajak Wajib Pajak Orang Pribadi Yang Berwirausaha Dengan Lingkungan Sebagai Variabel Moderasi (Studi Empiris Di KPP

- Pratama Kudus). *Diponegoro Journal of Accounting*.
<https://www.semanticscholar.org/paper/8ea3cf1e694563f77a2352563709d8a0e21f2548>
- Ni Wayan Dian Irmayani, Agus Putu Sepriyadi, Putu Diah Krisna Junitasari, & Gusti Ayu Putu Eka Dewi Prihantari. (2023). The Influence of Tax Incentives and Financial Conditions on Tax Compliance Registered at KPP Pratama Tabanan. *International Journal of Integrative Sciences*, 2(4), 433–454. <https://doi.org/10.55927/ijis.v2i4.3758>
- Niesiobedzka, M. (2014). Relations Between Procedural Fairness, Tax morale, Institutional Trust and Tax Evasion. *Journal of Social Research and Policy*, 5(1), 41–52.
- Norizan, S., Saad, N., & Udin, N. M. (2024). The Influence of Company Reputation, Service Quality and Directors' Tax Knowledge on Tax Compliance Behaviour of Malaysian Large Companies. *Paper Asia*, 40(6), 376–389. <https://doi.org/10.59953/paperasia.v40i6b.316>
- Oktaviani, A. A., Juang, F. T., & Kusumaningtyas, D. A. (2019). The Effect of Knowledge and Understanding Taxation, Quality of Tax Services, and Tax Awareness on Personal Tax Compliance. *Indonesian Management and Accounting Research*, 16(2), 33–45.
- Qureshi, I., & Compeau, D. (2009). Assessing between-group differences in information systems research: A comparison of covariance- and component-based SEM. *MIS Quarterly: Management Information Systems*, 33(1), 197–214. <https://doi.org/10.2307/20650285>
- Romadhon, F., & Diamastuti, E. (2020). Tax Compliance: A Theoretical Analysis Based on the Perspective of Attribution Theory. *Jurnal Ilmiah Esai Volume*, 14(1).
- Sa'diyah, H. H., Putra, R. N. A., & Nugroho, M. R. (2021). Theory Of Attribution Dan Kepatuhan Pajak di Masa Pandemi COVID-19. *Scientax*, 3(1), 51–69. <https://doi.org/10.52869/st.v3i1.182>
- Sandra, N. A., & Anwar, S. (2021). The Effect of Tax Sanctions on Taxpayer Compliance with Services as a Moderating Variable. *Sustainable Business Accounting and Management Review*, 3(3), 1–10.
- Saraswati, A. K., & Zulaikha, Z. (2012). *Analisis Faktor-Faktor Yang Mempengaruhi Kepatuhan Wajib Pajak Badan*. <https://www.semanticscholar.org/paper/2ebe3106cc48fca07aa553c74e00e9977648be5>
- Siglé, M., Goslinga, S., Speklé, R., van der Hel, L., & Veldhuizen, R. (2018). Corporate Tax Compliance: Is a Change Towards Trust-based Tax Strategies Justified? *Journal of International Accounting, Auditing and Taxation*, 32, 3–16.
- Sritharan, N., Sahari, S., Sharon, C. C. S., & Syubaili, M. A. (2022). Examining the Moderating Effect of Financial Constraint on Tax Compliance: A Sequential Explanatory Design Study on Malaysian Tax Professionals. *International Business Education Journal*, 15(2), 29–48.
- Sulistianingtyas, V., Rosidi, R., & Subekti, I. (2018). A Perspective of theory of planned behavior and attribution Theory for PBB P2 taxpayer compliance in probolinggo. *Journal of Accounting and Business Education*, 2(2).
- Sunarsih, U., Hakim, M. A. D., & Rusmanto, T. (2024). THE IMPACT OF TAX UNDERSTANDING, GENDER, AND LOVE OF MONEY ON TAX EVASION WITH RELIGIOSITY AS A MODERATING VARIABLE. *Revista de Gestao Social e Ambiental*, 18(7). <https://doi.org/10.24857/rgsa.v18n7-141>
- Sunarsih, U., & Nurdiana, L. (2024). Machiavellian Relationship Model, Love of Money, Religiosity and Tax Evasion: Multi-Group Analysis Based on Gender. In *Business, Economics, Social Science, and Technology* (Vol. 4). www.pajakku.com
- Surugiu, M.-R., Mazilescu, R., & Surugiu, C. (2023). Power, Trust and Tax Compliance: Evidence From Clusters of Countries. *Economics and Finance Letters*, 10(2), 143–162. <https://doi.org/10.18488/29.v10i2.3342>

- Syahdan, S. A., Rahman, R. A., Nastiti, R., Norbaiti, H., & Ruwanti, G. (2022). The Influence of Risk Preference and Financial Condition on Tax Compliance of Boarding House Tax in Banjarmasin. *International Journal of Trends in Accounting Research*, 3(1), 2022. <https://journal.adaindonesia.or.id/index.php/ijtar/index>
- Wahl, I., Kastlunger, B., & Kirchler, E. (2010). Trust in Authorities and Power to Enforce Tax Compliance: An Empirical Analysis of the “Slippery Slope Framework.” *Law and Policy*, 32(4), 383–406. <https://doi.org/10.1111/j.1467-9930.2010.00327.x>
- Widjaja, W., Ariana, Y., & Michael, M. (2024). Enhancing Tax Compliance in MSME Tax Reporting: The Role of Tax Awareness, Trust, and Socialization. *E-Jurnal Akuntansi*. <https://doi.org/10.24843/eja.2024.v34.i09.p09>