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How to achieve tax compliance of small and medium enterprises (SMEs) by university' tax centre: A perspective of the slippery slope theory

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Abstract Our research aims to explore the multifaceted reasons behind the prevalent issue of tax noncompliance among SMEs and the ways to solve such issues through the university's tax center. We interviewed lecturers who specialize in taxation, heads of financial departments of SMEs, and SME owners. Our study reveals that tax noncompliance among SMEs stems from a blend of factors, including a lack of awareness and understanding of tax regulations, the overwhelming complexity of tax laws, and an educational gap between SME owners' formal education and the practical knowledge required for effective tax management. This issue is compounded by rapidly changing tax laws, limited resources, and day-to-day operational demands. Additionally, distrust in government institutions, influenced by perceptions of corruption or inefficiency, and a culture of tax avoidance within some business communities further exacerbate noncompliance. The perceived complexity and administrative burden of tax filing, financial constraints, and fear of making mistakes also play significant roles. In this sense, we found that university's tax centers are crucial in addressing these challenges by offering educational programs, personalized consulting services, and fostering a culture of compliance, thus supporting SMEs and promoting a broader culture of tax compliance.

Keywords: tax compliance, tax noncompliance, SMEs, university's tax centers

1. Introduction

SMEs constitute a significant portion of the global economy, contributing substantially to employment, innovation, and GDP (Adeosun and Shittu, 2022). However, their compliance with tax obligations often lags behind that of larger corporations due to limited resources, lack of expertise, and the perceived complexity of tax systems (Chen et al., 2025; Nguyen, 2022; Deyganto, 2022; Alshira'h et al., 2021). This noncompliance not only hampers revenue collection but also distorts the competitive landscape, placing compliant businesses at a disadvantage (Naradda Gamage et al., 2020).

Many prior studies on tax compliance have focused predominantly on the personality traits of taxpayers, examining how individual characteristics such as honesty, risk aversion, and social conformity influence compliance behavior (Ritsatos, 2014; Santoro, 2021; Arbex et al., 2023; Slemrod, 2024). While this line of inquiry has provided valuable insights into the psychological underpinnings of tax compliance, it often overlooks the systemic and structural factors that play a critical role, especially for SMEs. The complex tax environments in which SMEs operate, coupled with their limited resources, demand a broader perspective that encompasses educational support and institutional frameworks (Minh et al., 2022).

Unfortunately, the results have been inconsistent in predicting compliance behavior (Trifan et al., 2023; Jin et al., 2022). This inconsistency underlines the need to explore alternative approaches that consider the multifaceted nature of tax compliance, particularly for SMEs. The challenges SMEs face are often more structural and resource-based than psychological (Garcia et al., 2020). Thus, a shift in focus from individual traits to comprehensive support systems provided by university tax centers is essential. These centers offer targeted educational programs, personalized consulting, and research-driven policy advocacy to address the unique compliance needs of SMEs, making a significant impact where personality-based predictions fall short. Furthermore, the role of university tax centers extends beyond education to include mediation between SMEs and tax authorities. Previous research has shown that fear of punitive measures is a significant barrier to compliance, yet SMEs often struggle more with the complexity of tax laws and the lack of accessible support (Arbex et al., 2023; Górecki and Letki, 2021). University tax centers serve as intermediaries, helping to clarify regulations and reduce the administrative burden on SMEs (Ahmed and Braithwaite, 2005).

To our knowledge, despite the extensive body of research on tax compliance, studies focusing on how university tax centers can specifically achieve tax compliance among SMEs are lacking. This gap in the literature is surprising given the critical role that SMEs play in the global economy and the unique challenges they face in complying with tax regulations. SMEs often operate with limited resources and expertise, making it difficult for them to navigate complex tax systems effectively (Slemrod,

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2024). Therefore, our research is a pioneering study focusing on the critical role that university tax centers can play in achieving tax compliance among SMEs. This novel exploration is essential given the substantial contributions of SMEs to the global economy and the unique challenges SMEs face in adhering to complex tax regulations (Saragih and Ali, 2023). Additionally, this shift is necessary to address the systemic barriers SMEs encounter, offering a comprehensive approach that combines theoretical knowledge with practical solutions, thus setting a new direction in tax compliance research (Kouam and Asongu, 2022; Rao et al., 2023).

Accordingly, this study aims to answer the following research question: How do university tax centers influence tax compliance behavior among SMEs? By addressing this question, we aim to contribute both theoretically and practically to the field of tax compliance by highlighting institutional and educational mechanisms that support SMEs in fulfilling their tax obligations.

2. Literature Review

Slippery slope theory (SST) offers a compelling framework for understanding and achieving tax compliance by emphasizing both the power and the trust dimensions in the relationship between taxpayers and tax authorities (Tsikas, 2020). At the heart of SST is the notion that compliance is influenced by both deterrence (power) and voluntary cooperation (trust). However, relying solely on deterrence can backfire, leading to a coercive atmosphere where taxpayers comply out of fear rather than genuine willingness. The SST posits that building trust is equally crucial. The University's tax center can foster trust by ensuring transparency, fairness, and accountability in its operations (Greenham et al., 2024). This involves clear communication about tax laws, consistent application of rules, and fair treatment of all taxpayers regardless of their status or income level. Such educational programs and outreach initiatives can further enhance the understanding and demystification of the tax process, making compliance easier and more intuitive (Greenham et al., 2024).

As an educational institution, the University is well positioned to provide comprehensive and accessible tax education, demystifying the complexities of tax regulations and procedures (Barieyah Mat Bahari and Ming Ling, 2009). In terms of taxation, their education initiatives are designed to increase taxpayers' understanding of tax laws and their broader implications, thus reducing unintentional noncompliance due to ignorance (Ali and Ahmad, 2014). Additionally, the tax center can frame tax compliance as a civic duty rather than merely a financial obligation (Holley and Simer, 2022). Real-life case studies and practical examples can be used to show the positive impacts of tax revenue on various aspects of society, thereby strengthening taxpayers' intrinsic motivation to comply. This proactive educational approach aligns with the trust dimension of SST, wherein taxpayers are more likely to comply voluntarily when they perceive the tax authority, or in this case, the educational institution, as a trustworthy and reliable source of information.

The work of Agusti and Rahman (2023) indicates that taxpayers' compliance is influenced by their perception of the tax system's fairness and the belief that their contributions are used for the common good. One way the University's tax center contributes to this perception is by enhancing the perception of fairness by advocating for transparent and equitable tax policies (Ali and Ahmad, 2014). The tax center can organize initiatives that highlight the importance of taxes in funding public services and infrastructure, thereby framing tax compliance as a civic duty rather than a financial burden (Rosales et al., 2023). Additionally, the center offers platforms for taxpayers to voice their concerns and provide feedback on existing tax policies, thereby fostering a sense of involvement and ownership in the tax system. When taxpayers feel that their opinions are valued and that the tax system operates transparently and justly, their willingness to comply is voluntarily likely to increase.

As trust continues to decline, the relationship between taxpayers and tax authorities becomes increasingly strained. The slippery slope framework suggests that as this relationship deteriorates, it can lead to a vicious cycle (Xiao et al., 2022). Distrust in tax officers might lead taxpayers to become less compliant, believing that the system is unfair and therefore not worthy of full cooperation (Alasfour, 2019). This noncompliance can take the form of underreporting income, inflating deductions, or even engaging in outright tax evasion. Similarly, Byrd et al. (2022) argue that trust issues emerge when there is a perception of dishonesty, lack of transparency, or favoritism in the actions of tax officers. For example, if taxpayers believe that tax officers are biased, corrupt, or incompetent, their willingness to comply decreases.

Therefore, the interplay between power and trust is central to the SSF, suggesting that neither element alone is sufficient for optimal tax compliance. High trust coupled with low power can lead to exploitation and noncompliance, as taxpayers might take advantage of leniency. Conversely, high power with low trust can foster a hostile environment, where compliance is driven by fear rather than a sense of civic duty (Nkundabanyanga et al., 2017). The SSF advocates for a synergistic approach where the judicious use of power is complemented by efforts to build and maintain trust. For instance, tax authorities can enhance compliance by demonstrating their power through fair enforcement actions while simultaneously engaging in trust-building activities such as transparent decision-making processes, providing clear and accessible information, and ensuring the consistent application of tax laws (Stantcheva, 2021). This balanced approach can mitigate trust issues, encouraging a cooperative relationship between taxpayers and tax authorities (Darmayasa and Hardika, 2024). Consequently, the SSF provides a robust framework for understanding and addressing trust issues in tax compliance, emphasizing the need for a strategic blend of power and trust to achieve a compliant and cooperative taxpayer base.

3. Methods

3.1. Research procedure

To observe the role of university tax centers in supporting SMEs, we adopted a comprehensive and multifaceted qualitative approach that involved semistructured interviews with key stakeholders in Surabaya, East Java, Indonesia. Our primary focus was on understanding the perspectives and experiences of lecturers who specialize in taxation, heads of financial departments of SMEs, and SME owners.

A purposive sampling technique was employed to identify participants who had relevant knowledge and experience related to tax education and compliance. We selected informants on the basis of their professional expertise, involvement in tax-related initiatives, and accessibility. For academic participants, we approached several prominent lecturers in taxation from local universities, chosen owing to their extensive academic contributions and active engagement with university tax centers.

The interviews with these lecturers explored the current state of tax education, the effectiveness of university tax centers, and their roles in assisting SMEs. Each session lasted approximately one hour and was conducted either in person or via video conferencing, depending on the availability and preference of the interviewee. The semistructured format enabled in-depth discussions while maintaining consistency across key themes.

Simultaneously, we interviewed SME owners and heads of financial departments from a variety of industries and business scales. These participants were also selected via purposive sampling, with the goals of achieving variation in sector, firm size, and maturity level. In a few cases, we also applied snowball sampling, particularly when existing participants recommended other relevant informants within their professional network.

The rationale for selecting 15 informants was guided by the principle of data saturation, where no new significant themes or insights emerged in the latter interviews. This sample size allowed us to obtain a rich, in-depth understanding of the interaction between SMEs and university tax centers while maintaining a manageable scope for qualitative analysis. All the interviews were transcribed and analyzed via NVivo software, which enabled us to identify recurring patterns and unique insights across the dataset.

3.2. Informant demographics

According to Table 1, the informants in this study span a diverse range of demographics, offering a comprehensive overview of perspectives within both the academic and SME sectors. The group consists of fifteen individuals, seven males and eight females, aged between 26 and 47 years. Their occupations primarily fall into two categories: academic lecturers and SME stakeholders (either heads of finance divisions or business owners).

Among the lecturers, six hold master’s degrees, and two hold doctorates, indicating strong academic credentials. Meanwhile, informants from the SME sector mostly possess bachelor's degrees, with one holding a master's degree. This educational distribution reflects the contrast between theoretical expertise and practical business application.

The interview durations varied, reflecting the depth and breadth of discussion, ranging from 60--103 minutes, with an average duration of approximately 70 minutes. This diversity in informants and interview length helped ensure a robust and nuanced understanding of the research topic.

Table 1 Informant demographics.

No	Informant codes	Gender	Age	Occupation	Last Education	Interview duration
1	Infor1	Female	30	Lecturer	Master	62 Minutes
2	Infor2	Male	28	Lecturer	Master	60 Minutes
3	Infor3	Female	30	Lecturer	Master	72 Minutes
4	Infor4	Male	37	Lecturer	Doctoral	65 Minutes
5	Infor5	Male	32	Lecturer	Master	62 Minutes
6	Infor6	Female	29	Lecturer	Master	63 Minutes
7	Infor7	Female	36	Lecturer	Doctoral	61 Minutes
8	Infor8	Female	28	Head of finance division in SME	Bachelor	74 Minutes
9	Infor9	Male		Head of finance division in SME	Bachelor	81 Minutes
10	Infor10	Male	47	Owner of SME	Bachelor	67 Minutes
11	Infor11	Male	27	Head of finance division in SME	Bachelor	84 Minutes
12	Infor12	Male	26	Head of finance division in SME	Bachelor	61 Minutes
13	Infor13	Female	40	Owner of SME	Magister	83 Minutes
14	Infor14	Female	26	Head of finance division in SME	Bachelor	60 Minutes
15	Infor15	Female	28	Head of finance division in SME	Bachelor	103 Minutes

4. Results

This section presents the findings derived from in-depth interviews with SME actors and academic stakeholders. The analysis is organized thematically into two key areas: (1) the factors undermining trust in tax authorities and compliance behavior and (2) the multifaceted role of university tax centers in responding to these challenges. While the themes are addressed in separate subsections, the analysis integrates overlapping insights to provide a cohesive and nuanced discussion.

4.1. Factors Undermining Trust and Tax Compliance

4.1.1. Perceived Fairness and Government Legitimacy

One of the most significant factors affecting tax compliance among SMEs is the perception of systemic unfairness within the tax regime. Informants frequently expressed the belief that the tax system disproportionately burdens small businesses and middle-income earners, whereas wealthier individuals and corporations exploit loopholes or avoid scrutiny altogether. This perceived inequity erodes not only trust in tax officers but also in the broader institutional framework of government. Several informants shared the view that tax regulations often favor those with access to political connections or high-cost consultants. For example, one SME owner noted, “People with influence or wealth seem to get away with paying less. It’s not that they’re smarter, but they have the resources to bend the rules” (Infor13). Such sentiments create a sense of alienation and diminish the perceived legitimacy of the taxation system. In tandem, trust in the government’s fiscal integrity is undermined by perceptions of corruption and inefficient public spending. Informants cited media reports of embezzlement, bribery, and poor service delivery as major deterrents to voluntary tax compliance. This aligns with broader tax compliance literature, which emphasizes the role of trust in government as a critical noneconomic determinant of taxpayer behavior (Feld & Frey, 2007).

4.1.2. Complexity and Procedural Burden

Another core theme that emerged was the overwhelming complexity of the Indonesian tax system. Tax laws and procedures are frequently described as intricate, ambiguous, and constantly changing, resulting in SME owners being confused and vulnerable to errors. Even educated informants reported difficulty interpreting tax codes and keeping up with regulatory updates. This procedural complexity increases dependence on third-party tax consultants—an additional financial burden for small businesses. The informants felt that this situation discouraged transparency and penalized those unable to afford expert help. “The regulations are so convoluted that even when I try to do things right, I’m afraid I’ll get penalized for something I didn’t understand,” shared one informant (Infor1). This sense of helplessness creates an environment where noncompliance may seem rational, if risky, strategy.

4.1.3. Social Norms and Peer Behavior

Informants also emphasized the influence of social norms and peer behavior on their tax compliance decisions. Tax compliance is not viewed solely as a legal obligation but rather as a socially conditioned act. When peers or competitors are seen as evading taxes without consequences, it normalizes such behavior and generates a cycle of distrust and mimicry. For example, one informant remarked, “I know several other businesses that don’t report everything. When I see that they are still operating without problems, it makes me question why I should follow the rules so strictly” (Infor8). The collective perception that tax evasion is common and unpunished undermines individuals’ motivation to comply. In this way, social norms serve as both mirrors and multipliers of distrust—reflecting existing skepticism toward the system while also intensifying it across networks of entrepreneurs. This finding is consistent with behavioral tax research, which shows that social proof and perceived fairness are key predictors of compliance (Alm et al., 2019).

4.1.4. Demographic Dimensions

The demographic profile of the informants revealed further insights into trust-related behavior. Younger entrepreneurs, especially those in the early stages of their business, often prioritized survival over compliance. Their limited experience and exposure to formal regulations made them more prone to overlooking or undervaluating tax obligations. In contrast, older and more experienced business owners tended to express higher compliance, albeit with frequent complaints about bureaucracy and legal ambiguity. Education level also proved to be a differentiating factor: informants with higher educational backgrounds reported more confidence in navigating the tax system, whereas those with lower educational attainment were more susceptible to misinformation or fear-driven avoidance. Interestingly, gendered patterns also emerged. Some male respondents viewed aggressive tax planning as a strategic maneuver, whereas female informants were more likely to emphasize the ethical aspects of compliance. This contrast highlights how sociocultural factors and risk appetite can intersect with tax behavior.

4.2. Role of University Tax Centers in Rebuilding Trust and Enhancing Compliance

In response to the widespread distrust and structural challenges outlined above, university tax centers have taken on a strategic role in restoring taxpayer confidence and improving SME tax literacy. Their functions span four interrelated domains: education, trust-building, institutional support, and research-based innovation.

4.2.1. Tax Education and Awareness

University tax centers provide essential educational services to bridge the knowledge gap between taxpayers and regulators. Through seminars, workshops, internships, and one-on-one consultations, these centers translate complex tax codes into practical guidance for SME operators. Many informants stated that the clarity and accessibility of information provided by the tax center significantly affected their compliance behavior. An SME respondent noted, “Before attending a workshop at the university tax center, I used to rely on hearsay or outdated advice. Now, I feel equipped to manage my obligations more confidently” (Infor10). This testimony underscores the preventative power of tax education—not only to reduce errors but also to build a culture of informed compliance.

4.2.2. Trust Restoration and Advocacy

Beyond providing technical assistance, tax centers serve as trusted intermediaries between taxpayers and the government. By maintaining an independent academic identity, these centers are seen as more impartial and less intimidating than direct tax authorities are. The informants emphasized the sense of reassurance gained from interacting with university-based advisors. Equally important, the tax centers act as advocates by aggregating feedback from SMEs and communicating it to policy-makers. This advocacy role addresses one of the core drivers of distrust—taxpayers’ feelings of exclusion from the regulatory process. As one informant noted, “Knowing that our feedback is passed on to the government makes us feel like we’re part of the system, not just victims of it” (Infor11).

4.2.3. Institutional Support for Tax Administration

University tax centers also indirectly increase the capacity of formal tax institutions by offering research, consultancy, and training services. Their studies on tax evasion patterns, sector-specific challenges, and taxpayer psychology equip the Directorate General of Taxes with granular insights for better policymaking. Moreover, by preparing students through hands-on internships and simulation programs, these centers help build a pipeline of competent tax professionals. This human capital development contributes to more responsive and trustworthy tax administration over time.

4.2.4. Innovation through Research and Technology

Finally, university tax centers engage in research and development to simplify compliance. They produce guides, design software, and organize interactive sessions tailored to specific sectors (e.g., retail, manufacturing, and services). These innovations lower the transaction costs of compliance and reduce the incidence of unintentional noncompliance. For example, one informant praised the tax center’s user-friendly tax calculator, which helped SMEs determine their estimated tax liability: “Without that tool, I wouldn’t know where to start. Now I can plan ahead with more certainty” (Infor10). This technological mediation complements traditional outreach efforts, especially for younger, tech-savvy business owners.

5. Discussion

5.1. Discussion of results

Our research aims to explore the multifaceted reasons behind the prevalent issue of tax noncompliance among SMEs and the ways to solve such issues through the university’s tax center. On the basis of our study, this noncompliance is often rooted in a combination of factors, such as a lack of awareness or understanding of tax regulations. Many SME owners and managers find themselves overwhelmed by the complexity of tax laws, which can vary significantly depending on industry, jurisdiction, and specific business activities. This lack of understanding often leads to inadvertent noncompliance, where businesses fail to meet their tax obligations simply because they are unaware of what is needed. Additionally, there is often a significant gap between the formal education of many SME owners and the practical knowledge required to navigate the tax landscape effectively. This educational gap is exacerbated by the rapidly changing nature of tax laws, where staying current requires continuous learning and adaptation, which many SMEs struggle to achieve given their limited resources and pressing day-to-day operational demands.

Another critical factor contributing to tax noncompliance among SMEs is the level of trust in government institutions (Byrd et al., 2022). Our research indicates that a significant number of SME owners perceive the government and its agencies with scepticism, particularly in regions where there is a history of corruption or inefficiency. This distrust can lead to a reluctance to engage fully with tax authorities and comply with tax regulations. For some SMEs, there is a belief that tax funds are not being used effectively or fairly, which can diminish their motivation to comply. This issue is further compounded by social norms and peer influence. In some business communities, there is a culture of tax avoidance or evasion, where businesses observe their peers engaging in noncompliance and following suit to remain competitive (Ngah et al., 2020). This creates a vicious cycle where noncompliance becomes normalized and perpetuated across the sector.

The perceived complexity and burden of tax filing processes also play a significant role in tax noncompliance among SMEs. Many business owners find the process of filing taxes to be excessively complicated and time-consuming. The administrative burden can be overwhelming, especially for smaller businesses that do not have dedicated accounting or legal departments. The fear of making mistakes and the potential repercussions of such errors can lead to procrastination or avoidance altogether. This complexity is not only a barrier to initial compliance but also to ongoing adherence, as SMEs may struggle to keep up with the required documentation and reporting standards. Financial constraints further exacerbate this issue (Al-Rahamneh and Bidin, 2022). Many SMEs operate on thin margins and face significant cash flow challenges, making it difficult for them to prioritize tax obligations. In such scenarios, paying taxes can seem to be a lower priority than other immediate business expenses necessary for survival and growth (Kurauone et al., 2020).

To address these problems, the role of university tax centers becomes crucial. These centers serve as vital resources for SMEs, offering a range of educational programmes and training workshops designed to demystify tax regulations. University tax centers help bridge the educational gap and foster a culture of compliance. Moreover, these centers often offer personalized consulting services, which are particularly valuable in helping SMEs navigate the intricacies of tax filing and planning. Personalized advice can significantly reduce the administrative burden and anxiety associated with tax compliance, making the process more manageable for small business owners. In doing so, university tax centers not only support individual businesses but also contribute to a broader culture of tax compliance within the SME sector. These findings have both theoretical and practical implications, which are discussed separately.

5.2. Theoretical implications

The findings of our research make significant contributions to the SST and align with insights from prior studies on tax compliance. The SST posits that tax compliance is influenced by a combination of trust in authorities and the power exerted by these authorities (Darmayasa and Hardika, 2024). Our study corroborates this theory by highlighting that trust in government institutions is a pivotal factor in determining SMEs' tax compliance behavior. The lack of trust, as observed in our findings, leads to higher rates of noncompliance, as SMEs perceive tax evasion as a justified response to perceived inefficiencies or corruption in government. The high levels of noncompliance driven by a lack of trust, even when power is exerted, suggest that trust may outweigh the influence of power (Hausman and Johnston, 2010). This implies that policy measures should prioritize building trust over merely exerting power to enhance tax compliance (Never, 2015). Our research reveals that SMEs' perceptions of government inefficiency and corruption significantly undermine their willingness to adhere to tax laws, suggesting that policy measures aimed at increasing transparency, accountability, and efficiency within government institutions could foster greater tax compliance.

Moreover, our research extends the SST by delving into the intricate dynamics of social norms and peer influence in shaping tax compliance behaviors (Iraman et al., 2022). Our empirical findings substantiate this premise by demonstrating that SMEs are significantly more likely to adopt noncompliant practices when surrounded by peers who evade taxes. Our results indicate that in communities or industries where tax evasion becomes normalized, SMEs face heightened pressure to conform to prevailing behaviors. This shift in behavior is a reflection of individual choices and a response to perceived industry standards and community expectations. As a result, SMEs may feel compelled to engage in tax evasion to remain competitive, avoid perceived disadvantages, or align with what they perceive as common practices within their business environment. This phenomenon underscores the crucial role of social norms in perpetuating or mitigating tax compliance (Agusti and Rahman, 2023).

The perceived complexity and burden of tax filing processes also contribute to noncompliance. Many SMEs find the tax system overly complicated and time-consuming, leading to frustration and errors. The administrative burden of tax compliance can be overwhelming, particularly for SMEs with limited resources (Stantcheva, 2021). The financial constraints faced by many SMEs further exacerbate this issue. When profit margins are thin and cash flow is tight, prioritizing tax obligations can be challenging. In such contexts, the complexity of tax laws and the costs associated with tax compliance further burden small businesses, leading them to perceive evasion as a pragmatic solution in the short term (Uyar et al., 2024). We find that some SMEs may resort to tax evasion as a means of survival in highly competitive markets, viewing it as a necessary measure to stay afloat. This behavior can be seen as a response to economic pressures and perceived market norms rather than solely a lack of trust in governmental institutions (Nimer et al., 2022).

To address this problem, the role of university tax centers becomes crucial. These centers serve as vital resources, offering educational programmes and training workshops that demystify tax regulations. Through providing clear and accessible information, university tax centers help SME owners and their staff understand their tax obligations and the importance of compliance. These educational initiatives equip SMEs with the knowledge and skills needed to navigate the tax system effectively (Abdu and Adem, 2023). Furthermore, university tax centers often offer personalized consulting services, providing tailored advice to meet the specific needs of individual SMEs. This personalized support can be invaluable, helping SMEs manage their tax obligations more efficiently and reducing the stress associated with tax compliance (Kportorgbi et al., 2022). Notably, the findings contradict the SST by demonstrating that informed support can empower SMEs to become more self-sufficient in managing their tax responsibilities. Instead of leading to a path of dependency, these centers enable SMEs to develop the knowledge and skills necessary for effective tax management.

University tax centers play a crucial role in fostering a culture of compliance within the SME community. In addition to providing technical assistance and advisory services, these centers serve as pivotal hubs for disseminating knowledge about tax regulations and best practices. Their outreach efforts extend far beyond the confines of academic institutions, influencing social norms and perceptions surrounding tax compliance (Mu et al., 2022). The SST suggests that once individuals or businesses start evading taxes or engaging in unethical behavior, they are likely to continue down a path of increasingly dishonest actions. This theory implies that noncompliance can escalate over time, leading to a breakdown in ethical standards and trust in the tax system. However, the role of university tax centers counters this theory by actively intervening in the early stages of SME engagement with tax compliance (Craig and Slemrod, 2024). By addressing uncertainties and providing tools for compliance, the tax centers empower SMEs to make informed decisions and maintain ethical standards in their tax affairs. Thus, their efforts contribute to preventing the initial steps toward noncompliance, challenging the notion that once noncompliance begins, it inevitably leads to further ethical lapses. In essence, the activities of university tax centers represent a counterpoint to the SST by promoting early and sustained adherence to tax laws, thereby reinforcing ethical behavior and fostering a compliant business environment.

5.3. Practical implications

As mentioned before, this study has practical implications. First, our findings indicate that a significant portion of noncompliance stems from a lack of awareness or understanding of tax regulations. This highlights the urgent need for targeted educational interventions that can effectively bridge this knowledge gap. University tax centers can play a pivotal role in this regard by developing comprehensive educational programmes tailored to the specific needs of SME owners and their staff. These programs could include detailed workshops on the nuances of tax laws, hands-on training sessions that simulate real-world tax filing scenarios, and accessible resources that demystify complex tax terminology.

Furthermore, our study underscores the critical influence of trust in government and social norms on tax compliance behavior among SMEs. Addressing these sociopsychological factors requires a strategic approach that goes beyond traditional tax education. University tax centers can serve as trusted intermediaries, fostering a sense of community and shared responsibility among SMEs. They can facilitate peer-to-peer learning opportunities where business owners share their experiences and best practices, thereby reinforcing positive social norms around tax compliance. Additionally, personalized consulting services offered by these centers can help SMEs navigate the perceived complexity and administrative burden of tax filing. Moreover, these centers can advocate for policy changes that simplify tax regulations and reduce the financial strain on SMEs, ensuring that tax compliance does not become an insurmountable barrier to their survival and growth in competitive markets. Through these multifaceted efforts, university tax centers can significantly enhance the overall tax compliance landscape for SMEs.

6. Conclusions

In conclusion, our research highlights the multifaceted reasons behind the persistent issue of tax noncompliance among SMEs, ranging from limited tax regulation awareness to financial constraints and distrust in government institutions. Addressing this issue requires a holistic approach, and university tax centers emerge as a pivotal solution. These centers provide essential resources, including educational programmes, training workshops, and personalized consulting services, tailored to the specific needs of SME owners and their staff. By demystifying complex tax codes and offering targeted support, university tax centers help mitigate the barriers to compliance, fostering a more proactive and informed approach to tax obligations. Consequently, they play a critical role in enhancing the financial health and sustainability of SMEs, ultimately contributing to a more robust and fair tax system.

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Ethical considerations

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Conflict of interest

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