

Towards High Tax Compliance in Puerto Princesa City, Palawan

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Abstract

This study assessed the extent of taxpayer education initiatives and the level of taxpayer compliance among Small and Medium Size Enterprises (SMEs) in Puerto Princesa City, Palawan. Employing a quantitative-correlational analysis, the research surveyed 370 employees from various SMEs using a custom-developed questionnaire designed to capture nuanced insights into the effectiveness of taxpayer education and compliance levels. The findings indicate that taxpayer education initiatives are perceived as moderately effective, with coverage, accessibility, and impact scoring neutral to some extent, reflected in mean scores of 2.75, 2.72, and 2.67, respectively. Compliance with tax laws is similarly fair, with mean scores of 2.65 for timeliness, accuracy, and voluntary compliance, and 2.63 for perceptions of fairness and equity. The study further revealed significant differences in taxpayer education initiatives and compliance levels across various demographic profiles, including age, sex, highest educational attainment, position, and years in service. Notably, taxpayer education initiatives were found to significantly enhance compliance in critical areas such as timeliness and accuracy of tax filings, voluntary compliance, and perceptions of fairness and equity, with all F-values and p-values demonstrating high statistical significance (all < 0.001). In conclusion, while taxpayer education among SMEs in Puerto Princesa City is moderately effective, there is a clear need for improvements in coverage, accessibility, and impact. Compliance with tax laws, though fair, requires better adherence and a more equitable approach. Enhanced taxpayer education has been shown to significantly improve compliance, underscoring the need for a comprehensive policy framework to address existing gaps. Recommendations include expanding taxpayer education programs, actively engaging SMEs in adopting best practices, refining educational content and delivery methods, and developing a robust policy framework to strengthen taxpayer education and compliance efforts.

Keywords: Taxpayer education, SME compliance, Quantitative analysis, tax law adherence, policy framework