

INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY: APPLIED BUSINESS AND EDUCATION RESEARCH

2026, Vol. 7, No. 1, 406 – 429

<http://dx.doi.org/10.11594/ijmaber.07.01.31>

Research Article

Determinants of Tax Compliance Among Micro Food Businesses in Cavite, Philippines

Ariel Louh Reign V. Banaag*, Aeron Charles H. Casiño, Hannah Nicole G. Valencia, Lyka Mae P. Quite, Nobel Victoria S. Cruz, Princess Mae D. Tan, Queen Aizaell P. Ramos, Tricia Claire D. Apostol, Jaysi T. Corpuz, Maria Cristina L. Desepida, Dolores L. Aguilar, Elizabeth D. Bigalbal, Florindo C. Ilagan, Rowena R. Noceda

College of Economics, Management and Development Studies – Cavite State University

Article history:

Submission 09 December 2025

Revised 30 December 2025

Accepted 23 January 2026

*Corresponding author:

E-mail:

aeriellouhreign.banaag@cvsu.edu.ph

ABSTRACT

The study focused on addressing existing gaps in the literature by examining the extent of perceived factors that influence the tax compliance of micro food businesses in selected areas of Cavite. It aimed to (1) determine the business profile of micro food businesses in selected areas of Cavite, (2) identify the level of perception of each of the perceived factors such as tax literacy and awareness, enforcement of tax laws, tax modernization, perception of the tax system, and cost of compliance, (3) examine the level of tax compliance, and (4) assess the effect of perceived factors on tax compliance of the participants. In this quantitative study, descriptive and explanatory research designs were used. The study utilized survey questionnaire answerable using a four-point Likert scale. A sample size of 385 was obtained using a proportionate stratified sampling technique, descriptive statistics and regression analysis were applied to interpret the collected data.

Level of tax compliance, showed an overall mean of 3.19 and a standard deviation of 0.64. The determinants of tax compliance among micro food businesses in Cavite found that tax literacy, perceived enforcement of tax laws, tax modernization, perception of tax system fairness, and cost of compliance positively affects compliance.

Findings revealed that tax literacy and awareness, improved implementation and enforcement of tax laws, enhanced tax system modernization, and the financial and procedural efforts associated with taxation significantly influence tax compliance among micro food businesses. Based on the findings, it is recommended that the government improve measures to further

How to cite:

Banaag, A. L. R. V., Casiño, A. C. H., Valencia, H. N. G., Quite, L. M. P., Cruz, N. V. S., Tan, P. M. D., Ramos, Q. A. P., Apostol, T. C. D., Corpuz, J. T., Desepida, M. C. L., Aguilar, D. L., Bigalbal, E. D., Ilagan, F. C., & Noceda, R. R. (2026). Determinants of Tax Compliance Among Micro Food Businesses in Cavite, Philippines. *International Journal of Multidisciplinary: Applied Business and Education Research*. 7(1), 406 – 429. doi: 10.11594/ijmaber.07.01.31

increase tax compliance among the micro food businesses. Future researchers are recommended to examine additional factors, other locations and different business sectors.

Keywords: *Tax compliance, Tax law enforcement, Tax modernization, Fairness of Tax System, Cost of Compliance, Developing Economies*

Introduction

Behind every successful nation is the responsibility of its citizens and business owners to contribute to the public's welfare by paying taxes. As defined, taxes are contributions made by individuals or property that the state, exercising its sovereignty, collects in order to fund the government and meet general public requirements. The payment of taxes serves as a source of revenue for the government to operate and carry out its tasks, such as providing public goods and services, maintaining peace and order, and protecting the country from outside threats. This emphasizes that tax is the lifeblood of the government. But beyond raising revenues, it is important to take note that tax is also a tool for development.

The effectiveness of a tax system depends largely on taxpayers' willingness to comply with tax laws. When the taxpayers' compliance is high, the government gets more freedom to plan and carry out its development plans. Taxpayer compliance fuels the government's plans. Hence, low compliance of taxpayers lead to low revenue collection for the government, which can hinder the implementation of development plans. Thus, slowing the economic progress. Understanding the factors that influence taxpayers' compliance behavior is therefore essential, particularly in developing economies where public resources are often limited.

One key backbone of the economy in a developing country are micro businesses. In the Philippines, micro food businesses, including bakeries, eateries, and cafes contribute significantly to local trade, sourcing supplies from local suppliers, conducting business locally, and redistributing profits within the community generate a multiplier effect. Establishment of micro businesses, curbed the unemployment rate, leading the way to innovations, and most importantly, the large number of micro businesses can increase tax income for the

government. As their numbers grow, micro food businesses also represent a potentially important source of government tax revenue. When these enterprises comply with tax obligations, they contribute not only to their own sustainability but also to the financial stability of the state.

Despite their economic importance, tax compliance among micro businesses remains a persistent challenge. In the global context, the United States' Internal Revenue Service has reported that small business owners may underpay taxes because of their reliance on cash transactions (Cureg et al., 2024). In terms of developing countries such as the Philippines, tax compliance is also a significant problem for tax officials and hampers tax revenue efficiency (Cain, 2020). Microbusinesses are definitely important to the Philippine economy. The non-compliance of these microbusinesses impedes the government's capacity to provide residents with public goods and services. Investigating the reasons or contributing factors behind these companies' noncompliance with the tax system is therefore essential.

In spite of the numerous valuable literatures provided by existing studies, local and international, there are knowledge gaps that still exist within this phenomenon, which the researchers aim to address. Firstly, the need to study the population of micro businesses in other sectors was emphasized by Cureg et al. (2024); hence, the food sector is examined. Several studies gathered data in the international scene, which proves the location gap; hence, the scope of this study is selected areas within Cavite. Noteworthy gaps in factors to be studied under tax compliance are also discussed in this study. Malau et al. (2025) recommended to study the relationship between the convenience of the digital tax system and the compliance of taxpayers. To better explain the taxpayers' compliance in terms of tax, Jefriyanto et al.

(2022) suggested further enhancing the variables by using tax awareness as one of the independent variables. Factors, such as fairness of the tax system, the cost of compliance, and government enforcement, were all adapted so that these can be tested in a different region and population.

To address these concerns, this study aimed to determine and analyze the extent to which tax compliance among micro food businesses in selected areas within the province of Cavite is influenced by key factors, namely tax literacy, enforcement of tax laws, tax modernization initiatives, perceived fairness of the tax system, and the cost of compliance. Specifically, the study sought to (1) describe the business profile of micro food enterprises in terms of location, nature of business, years of operation, and annual gross sales; (2) assess business owners' perceptions of the identified factors; (3) examine the overall level of tax compliance among these enterprises; and (4) evaluate the effect of the predetermined factors on their tax compliance behavior.

This study is much needed in order to support sustainable economic growth and strengthen the government's revenue system. It can be beneficial for policymakers, tax authorities, and business owners to understand how these perceived factors affect compliance behavior. This study can contribute to the development of more sensible tax laws, together with education programs aimed at encouraging voluntary compliance.

Literature Review

This section provided the review of related literature and studies that present previous articles, books, journals, studies, and theories that provide a foundation for the phenomenon.

Introduction to Tax Compliance

Tax compliance remains a major global concern, defined as the ability and willingness of taxpayers to correctly compute, file, and pay taxes on time (Mardiyah et al., 2025; Mendenueta, 2025; Syamsudin et al., 2023). Persistent non-compliance is often linked to complex tax systems and administrative burdens (Amina & Sara, 2024). In the Philippines, despite enforcement programs like Oplan

Kandado and RATE, compliance gaps persist (Capales, 2018; DOF, 2024).

Business Profile of Micro Food Businesses

As per Department of Trade and Industry (DTI), Microenterprises contribute significantly to entrepreneurship, employment, and local economic growth, particularly in commercial areas such as Imus and Dasmariñas. Business location affects performance (Hia et al., 2024), while the food sector faces financial pressures and regulatory challenges (Paulite & Espiritu, 2025). Studies show mixed findings on the relationship between years in operation and compliance (Banayo & Pasco, 2025; Cervantes et al., 2025). Annual sales often place micro firms in the "hard-to-tax" sector due to low income, incomplete records, and cash-based transactions (Mas-Montserrat et al., 2023).

Determinants of Tax Compliance

All individuals and businesses must pay taxes, but micro and small enterprises often face challenges. Factors like tax literacy, perception of enforcement of tax laws, modernization, system fairness, and compliance costs influence their compliance.

Effect of tax literacy and awareness on tax compliance. Hardika et al. (2021) noted that insufficient tax knowledge can lead to intentional or unintentional noncompliance. Understanding tax regulations and e-filing systems significantly influences compliance.

International studies support this too, as Hidayati et al. (2023) found that tax knowledge strongly affects compliance among MSMEs in Batam City, Indonesia, with proper tax technology playing a critical role. Michael et al. (2025) reported that tax awareness, attitudes, and adoption of secure, user-friendly e-tax systems enhance compliance among Jakarta MSMEs. Pangestuti and Romadhona (2024) similarly identified tax literacy and tax rates as key compliance determinants among furniture MSMEs in Jepara Regency. Tax awareness, alongside literacy, is crucial as taxpayers with awareness see compliance as a civic duty rather than an imposed obligation and understand that taxes fund government projects and public services

(Sonny et al., 2025). Locally, Sison et al. (2025) found that higher tax knowledge and access to professional assistance positively interact with compliance, while the complexity of tax regulations hinders it among microenterprise owners in Cabanatuan City.

Effect of enforcement of tax laws on tax compliance. Strong enforcement deters non-compliance, while weak or inconsistent enforcement can encourage evasion. In the study of Jefriyanto et al. (2022), it was found that tax sanctions are very influential on tax compliance from the data gathered from 39 MSMEs that provided online services in the Sekip district.

Similarly, Granfon et al. (2023) reported that inspections, penalties, and tax knowledge strongly correlate with compliance among 96 MSMEs in Dipolog City. The results showed that tax compliance is significantly correlated with the possibility of tax inspections, tax penalties, and tax knowledge. Holistically, the research implies that tax compliance improves when people are aware that they may be inspected and face penalties and sanctions. Slemrod (2019) emphasized that taxpayer compliance is influenced not only by deterrence measures but also by behavioral factors that affect their decision-making. The Allingham-Sando model explains that taxpayers assess the potential gains from tax evasion against the likelihood of being detected and the severity of the corresponding sanctions.

Effect of tax modernization on tax compliance. Modern tax systems are intended to lower compliance costs and enhance transparency. Ingutali and Muhyarsyah (2025) examined the effects of tax knowledge, tax digitalization, and service quality on the tax compliance of 140 MSMEs in East Jakarta's creative sector, and results showed that while tax knowledge significantly improved compliance, tax digitalization itself had no significant impact on compliance behavior. The lack of impact was attributed to technical constraints in the system, low digital literacy of taxpayers, rather than the digitalization itself. Without adequate user readiness and system support, digital tax

reforms alone do not ensure higher tax compliance.

Delia and Rhadi (2025) assessed whether tax modernization and incentives as moderating variables impact the influence of tax awareness, knowledge, and environmental culture on MSME compliance. The study found that awareness, knowledge, and a supportive environmental culture positively influence compliance. However, tax modernization and incentives did not significantly influence these relationships, indicating that digital tax reforms and incentives are not as effective factors for MSMEs' compliance due to limited digital literacy and lack of information regarding incentives.

Effect of perception of the tax system on tax compliance. Muthinji (2022) in Kenya found that economic, political, and psychological factors positively influence turnover tax compliance, with taxpayers more willing to comply when government services are fair and supportive. Similarly, Matshona et al. (2024) emphasized that tax morale in South Africa is shaped by cultural values, trust, and perceptions of government service.

In the Philippines, Manalo et al. (2025) showed that voluntary compliance depends on trust in and perceived competence of tax authorities. A positive view of the government as competent, trustworthy, and service-oriented significantly influences taxpayers' willingness to comply voluntarily. Lack of transparency hinders compliance in developing countries like Ethiopia, highlighting the need for government transparency and accountability, as well as fair and equal treatment for all taxpayers (Abdu & Adem, 2023). Likewise, in the Philippines, a fair and transparent procedure in taxation can foster trust in the relationship between taxpayers and government (Saldajeno & Sarita, 2025).

Effect of the cost of compliance on tax compliance. Obodoechi and Mbobo (2024) examined the effect of compliance cost on tax evasion among 330 SMEs in Akwa Ibom State. The findings indicate that the majority of the respondents believe that registration costs were

too high, tax systems were too complex, which compels SMEs to seek assistance from tax professionals, maintaining bookkeeping and records are considerable expenses, and obtaining tax education is too costly. The study concludes that SME tax evasion in Akwa Ibom State is largely driven by high compliance costs rather than the tax liabilities themselves.

Mebratu (2024) analyzed the voluntary tax compliance of 1550 large taxpayers in Ethiopia, and the results show that compliance costs have a negative and significant relationship with compliance behavior, suggesting that as compliance costs increase, taxpayers become discouraged from paying their tax obligations. Similarly, Chelangat (2023) states that high compliance cost is one of the key factors of tax non-compliance in Kenya, and reducing these costs encourages voluntary compliance. Avecilla et al. (2024) studied tax compliance among 119 micro and small enterprises in Masinloc, Zambales found that high compliance costs, complicated processes, and limited transparency hinder compliance among the respondents.

Methodology

This section outlines the methods and procedures employed in this research study. It details the research design, research instrument, sampling procedure, and data analysis.

Research Design

This research study utilized a descriptive and explanatory research design under quanti-

tative research, allowing for an objective analysis and generalized findings. Descriptive research was employed to describe the business profile of the respondents, assess the perceived factors, and the level of tax compliance of micro food businesses in selected cities and municipalities of Cavite. Furthermore, explanatory research was used to examine the causal relationship between the identified factors and tax compliance.

Population and Sampling

The study's respondents are the micro food businesses in selected areas of Cavite. According to the DTI's Business Name Registration System (2025), there are a total of 58,610 local businesses in Cavite registered in the DTI who are all micro-level businesses. In determining the sample size, the Raosoft sample size calculator was utilized. With values of 5% as the margin of error, 95% for the confidence level, a population of 58,610 businesses, and a response distribution of 50%, it produced a sample size of 385.

A proportionate stratified sampling technique was employed. For the study, the strata were based on the geographical location, and each location's sample size was allocated based on its respective proportion in the population. Survey questionnaires were physically distributed to participating respondents, specifically the owner, manager, bookkeeper, accountant, or an authorized representative of each business.

Table 1. Distribution of sample size of the selected cities and municipalities in Cavite

LOCATION	POPULATION	SAMPLE SIZE
Bacoor	7,255	79
Dasmariñas	8,553	91
General Trias	7,415	77
Imus	9,427	100
Tanza	3,547	38
TOTAL	36,197	385

Research Instrument

A survey questionnaire was used as a tool to gather data, which consists of three parts. The first part dealt with the business profile of the respondents. The second part consisted of factors affecting the respondents' tax

compliance. The last part addressed the respondents' level of tax compliance. The questionnaire was a close-ended statement, adopted from Avecilla et al. (2024), Oladele et al. (2019), Chepkorir (2022), Jankeepsad et al. (2016), Michael et al. (2025), Mambori

(2020), Cervantes et al. (2025), Valerian (2023), Bhandari et al. (2025), T. Nguyen et al. (2025), and Arce et al. (2022).

Prior to actual data collection, the survey instrument undergone reliability testing in which the results of Cronbach Alpha are more

than the required threshold of 70%. Anonymity and confidentiality were maintained to control social desirability bias and to ensure honest responses, and all data were handled and stored securely. Throughout the process, respondents were treated with respect.

Table 2. Measures the level of literacy of the respondents in the selected areas of Cavite – Likert Scale

MEAN RANGE	VERBAL INTERPRETATION	QUALITATIVE DESCRIPTION
3.25 – 4.00	Highly Literate	Respondents demonstrate a strong knowledge of tax and its purpose. They view tax evasion as a major offense, are fully aware of their tax obligations, accurately compute taxes, and understand the legal liabilities of non-filing.
2.50 – 3.24	Moderately Literate	Respondents have an adequate understanding of tax and its purpose. They regard tax evasion as an offense but not as serious; they are generally aware of their tax obligations, can compute their taxes with some guidance, and are aware of the legal liabilities for non-filing.
1.75 – 2.49	Slightly Literate	Respondents show limited knowledge of tax and its purpose. They regard tax evasion as a minor offense, have partial awareness of their tax obligations, possess minimal ability to compute taxes, and have little understanding of the legal liabilities of non-filing.
1.00 – 1.74	Not Literate	Respondents show little to no knowledge of tax and its purpose. They do not recognize tax evasion as a serious offense, lack awareness of their tax obligations, have little to no ability to compute taxes, and are unaware of the legal liabilities that come with non-filing.

Table 3. Measures of level of perception of enforcement of tax laws in the selected areas of Cavite – Likert Scale

MEAN RANGE	VERBAL INTERPRETATION	QUALITATIVE DESCRIPTION
3.25 – 4.00	Highly Enforceable	Respondents consistently file accurate and timely tax returns due to a strong fear of audits and penalties. They believe penalties are unavoidable once detected, consider existing sanctions sufficient to ensure compliance, and reject the idea that waiving penalties or interest motivates compliance.
2.50 – 3.24	Moderately Enforceable	Respondents generally comply with filing tax returns due to a moderate fear of audits and penalties. They believe violations are likely to be discovered, consider current sanctions as reasonably effective, and somewhat don't think that waiving penalties or interest encourages compliance.
1.75 – 2.49	Slightly Enforceable	Respondents demonstrate occasional compliance driven by limited fear of audits and penalties. They believe penalties may be avoided in some cases, perceive current sanctions as only somewhat effective, and are

MEAN RANGE	VERBAL INTERPRETATION	QUALITATIVE DESCRIPTION
1.00 – 1.74	Not Enforceable	mildly unconvinced that waiving penalties or interest encourages compliance. Respondents rarely file accurate tax returns due to little fear of audits and penalties. They believe penalties can be avoided, view existing sanctions as ineffective, and believe that waiving penalties or interest encourages compliance.

Table 4. Measures of level of perception of tax modernization in the selected areas of Cavite – Likert Scale

MEAN RANGE	VERBAL INTERPRETATION	QUALITATIVE DESCRIPTION
3.25 – 4.00	Highly Modernized	Respondents experience seamless online TIN registration, perceive a wide range of tax filing options, and find eFiling easy, convenient, and time-efficient. They strongly believe that digital payment systems have significantly improved tax collection procedures and compliance.
2.50 – 3.24	Moderately Modernized	Respondents find online TIN registration manageable, view tax payment options as sufficient, and consider eFiling easy and convenient. They believe digital payment systems have contributed to improved tax collection procedures and compliance.
1.75 – 2.49	Slightly Modernized	Respondents encounter some ease in online TIN registration, perceive limited tax payment options, and find eFiling only somewhat easy and convenient. They believe digital payment systems have led to only minor improvements in tax collection procedures and compliance.
1.00 – 1.74	Not Modernized	Respondents find online TIN registration difficult, perceive tax payment options as inadequate, and consider eFiling inconvenient and time-consuming. They believe digital payment systems have not improved tax collection procedures and compliance.

Table 5. Measures of level of perception of fairness of the tax system in the selected areas of Cavite – Likert Scale

MEAN RANGE	VERBAL INTERPRETATION	QUALITATIVE DESCRIPTION
3.25 – 4.00	Highly Fair	Respondents strongly believe that the tax system and authorities treat all businesses fairly. They perceive no preferential treatment for larger firms, do not feel overlooked due to their smaller contributions, believe tax collection procedures are uniform across business sizes, and view taxpayer rewards as equally accessible.
2.50 – 3.24	Moderately Fair	Respondents generally view the tax system and authorities as moderately fair. They perceive minimal preferential treatment for larger businesses, rarely feel neglected as smaller taxpayers, believe tax collection procedures

MEAN RANGE	VERBAL INTERPRETATION	QUALITATIVE DESCRIPTION
		are mostly consistent regardless of business size, and tend to believe rewards are not biased toward larger businesses.
1.75 – 2.49	Slightly Fair	Respondents express limited confidence in the fairness of the tax system. They perceive some favoritism toward larger businesses, feel somewhat overlooked by tax authorities, notice differences in tax collection procedures by business size, and perceive that taxpayer rewards favor larger businesses to some extent.
1.00 – 1.74	Not Fair	Respondents perceive the tax system and authorities as very unfair. They believe larger businesses receive clear preferential treatment, feel neglected due to their lower contributions, observe significant differences in tax collection procedures based on business size, and believe rewards strongly favor larger businesses.

Table 6. Measures of level of perception of cost of compliance in the selected areas of Cavite – Likert Scale

MEAN RANGE	VERBAL INTERPRETATION	QUALITATIVE DESCRIPTION
3.25 – 4.00	Very Costly	Respondents perceive tax rates, interest, and penalties as very high, think that they incur substantial compliance expenses, consistently require professional accounting or bookkeeping services, and believe the time spent on tax compliance significantly increases overall business costs.
2.50 – 3.24	Moderately Costly	Respondents perceive tax rates, interest, and penalties as high, think that they incur very noticeable compliance expenses, frequently rely on accounting or bookkeeping professionals, and believe the time required for tax compliance moderately increases business costs.
1.75 – 2.49	Slightly Costly	Respondents perceive tax rates, interest, and penalties as somewhat high, think that they incur modest compliance expenses, occasionally seek professional accounting or bookkeeping support, and believe tax preparation and filing time slightly increases business costs.
1.00 – 1.74	Not Costly	Respondents perceive tax rates, interest, and penalties as low, think that they incur minimal compliance-related expenses, do not require professional accounting or bookkeeping assistance, and believe the time spent on tax filing does not add to business costs.

Table 7. Measures of level of tax compliance in the selected areas of Cavite – Likert Scale

MEAN RANGE	VERBAL INTERPRETATION	QUALITATIVE DESCRIPTION
3.25 – 4.00	Fully Compliant	Respondents consistently comply with their tax obligations, such as paying taxes accurately and on time, maintaining records up-to-date, fully cooperating with audits, and conducting their business in accordance with tax laws.

MEAN RANGE	VERBAL INTERPRETATION	QUALITATIVE DESCRIPTION
2.50 – 3.24	Adequately Compliant	Respondents voluntarily fulfill their tax obligations. They willingly conform their business practices to the laws and regulations by maintaining their financial records and cooperating with audits, but occasionally consider reducing their taxes.
1.75 - 2.49	Partially Compliant	Respondents sometimes pay their taxes correctly, but often delay. Their financial records are inconsistently maintained, being hesitant in cooperating with audits, and are only compliant when required by the law.
1.00 - 1.74	Barely Compliant	Respondents rarely comply voluntarily with their tax requirements. They fail to properly maintain records, avoid audits, and their practices show little alignment with tax regulations.

Sampling Procedure

The respondents are the micro food businesses in Bacoor, Dasmariñas, General Trias, Imus, and Tanza. These are the top five areas in Cavite with the highest number of registered micro food businesses. In DTI's Business Name Registration System (2025), there are a total of 58,610 micro level local businesses in Cavite. The Raosoft sample size calculator was utilized in determining the sample size with 5% margin of error, resulting to a sample size of 385.

The number of participants were proportionately distributed to the included cities/town Based on the highest number of registered micro food businesses. Survey questionnaires were physically distributed to participating respondents, specifically the owner, manager, bookkeeper, accountant, or an authorized representative of each business.

Data Analysis

Descriptive statistics were used to summarize the respondents' business profiles through frequency counts and percentages. The mean and standard deviation were also employed to describe the respondents' levels of tax literacy and awareness, as well as their perceptions of

tax law enforcement, tax modernization, the tax system, cost of compliance, and overall tax compliance. In addition, regression analysis was utilized to determine the extent to which tax literacy and awareness, perceptions of tax law enforcement, tax modernization, the tax system, and compliance cost influence the dependent variable – tax compliance.

Result and Discussion

This section presents the study's findings, including micro food business profiles, levels of tax literacy and awareness, perceptions of tax law enforcement, tax modernization, the tax system, and compliance costs. It also discusses their tax compliance and the effects of these perceived factors on compliance levels.

Business Profile of Micro Food Businesses

The micro food businesses' business profile in selected areas of Cavite was described and presented in Table 8. A total of 385 micro food businesses from Imus, Dasmariñas, Bacoor, General Trias, and Tanza participated in this study. These business characteristics helped in understanding the businesses better in relation to their tax compliance.

Table 8. Business profile of micro food businesses

BUSINESS PROFILE	FREQUENCY N=385	PERCENTAGE (%)
Location		
Imus	100	26.0
Dasma	91	23.6

BUSINESS PROFILE	FREQUENCY N=385	PERCENTAGE (%)
General Trias	79	20.5
Bacoor	77	20.0
Tanza	38	9.9
Nature of Business		
Eatery	70	18.2
Bakery	31	8.1
Coffee Shop	83	21.6
Mall Kiosk	114	29.6
Food Stall	38	9.9
Others	49	12.7
Years in Operation		
Less than 1 year	113	29.4
1 to 3 years	163	42.3
4 to 6 years	63	16.4
7 to 10 years	18	4.7
More than 10 years	28	7.3
Annual Gross Sales		
100,000 or less	195	50.6
100,001 to 500,000	74	19.2
500,001 to 1,000,000	47	12.2
1,000,001 to 3,000,000	23	6.0
No Response	46	11.9

Location. Among the micro food businesses surveyed, 26% were from Imus City, followed by 23.6% from Dasmariñas, indicating a higher concentration of this sector in Imus. This implies that, as one of the highly urbanized cities, Imus offers dense economic activity and a business-friendly environment that attracts entrepreneurs. Additionally, the city's support for MSMEs, through various initiatives such as Imus City Business Summit, Business Expo, and platforms such as Business One-Stop Shop, Go Negosyo Center, further demonstrated the city's success in pooling businesses. This aligns with the data of DTI (2025), which reports Imus City as having the highest number of new business registrations and renewals.

Nature of business. Most micro food businesses in selected areas of Cavite are kiosks (29.6%), with coffee shops being the second (21.6%). This can indicate that kiosks are easy to set up, requiring low capital and allowing

business owners and entrepreneurs to enter and exit easily in the market (Kenton, 2025). A kiosk is a booth located in high-traffic areas and is a good way to market products. This means that they take advantage of this to reach more customers, such as in malls, busy streets, or near landmarks in Cavite. This is in line with the study of Guirgen and Habunal (2018), which indicates how food kiosk businesses are popular among all age groups and how it is the topmost small business an aspiring entrepreneur should start with in the Philippines.

Years in operation. The results of the study showed that the highest number of businesses had been in full operation for 1 to 3 years (42.3%), while only 4.7% were established for 7 to 10 years already. This demonstrates that most businesses are newly established but have already passed the start-up phase, and are more focused on maintaining their regular and periodic tax obligations. Some

might be new to tax reforms, tax laws (e.g., EoPT), and tax exemptions/benefits (e.g., BMBE Act) offered to them. The study of Umali (2024) validates that the majority of the micro businesses have been operating for 5 years or less.

Annual gross sales. The majority of micro food businesses in selected Cavite areas had an annual gross sale of P100,000 or less at 50.6%, while only 6% had an annual gross sale of P1 million to P3 million. This implies that the businesses surveyed are indeed micro enterprises, since under RA 11976 or EoPTA, a taxpayer (i.e., applicable to all taxpayers) with gross sales of less than P3 million is considered a micro enterprise. Furthermore, this distribution of the micro food businesses' annual gross sales can support that most are still new in the market, as previously discussed, a substantial number of them have been operating for only 1 to 3 years.

Level of Perceived Factors Among Micro Food Businesses in Selected Areas of Cavite

The micro food businesses in selected Cavite areas' level of perceptions on the predetermined factors affecting the tax compliance, including tax literacy and awareness, enforcement of tax laws, tax modernization, perception of tax system, and cost of compliance, were described and presented in Tables 9 to 13.

Tax literacy and awareness. As indicated in Table 9 that micro food businesses in selected areas of Cavite generally possess a moderately literate level of tax literacy and awareness, as shown by the overall mean and standard deviation of 3.03 and 0.580, respectively. Among the indicators, the highest level of literacy was observed in their knowledge of the meaning and purpose of tax, with a mean score of 3.36 and a standard deviation of 0.855. Conversely, respondents were only slightly literate regarding the severity of tax evasion, indicating a limited understanding of its seriousness.

Table 9. Level of tax literacy and awareness among micro food businesses in selected areas of Cavite

TAX LITERACY AND AWARENESS	MEAN	STANDARD DEVIATION	VERBAL INTERPRETATION
I know what is the meaning of tax and why we are paying it.	3.36	0.855	Highly Literate
Tax evasion is considered a minor crime.	2.42	1.101	Slightly Literate
I am well aware of myself when it comes to my tax affairs.	3.23	0.795	Moderately Literate
I know how to compute my tax.	2.95	0.872	Moderately Literate
I know the criminal liabilities for intentionally not filing taxes.	3.18	0.885	Moderately Literate
Overall Mean	3.03	0.580	Moderately Literate

Legend

3.25-4.00	Highly Literate
2.50-3.24	Moderately Literate
1.75-2.49	Slightly Literate
1.00-1.74	Not Literate

These findings are generally consistent with prior studies showing higher levels of tax knowledge in general tax concepts, including the definition and purpose of taxation. Similarly, Sison et al. (2025) found that microenterprise owners demonstrate a strong understanding of tax concepts. Overall, the level of tax literacy among micro food businesses aligns with existing literature.

Perception of enforcement of tax laws.

The results in Table 10 revealed that micro food businesses perceive that tax laws are moderately enforceable, with an overall mean of 2.82 and a standard deviation of 0.433. This means that micro food businesses acknowledge the tax laws and the enforcement activities of the government, such as tax auditing and sanctions.

Table 10. Level of perception of enforcement of tax laws among micro food businesses in selected areas of Cavite

ENFORCEMENT OF TAX LAWS	MEAN	STANDARD DEVIATION	VERBAL INTERPRETATION
I file adequate tax returns because of the fear of a tax audit.	3.13	0.873	Moderately Enforceable
Fear of being penalized will push me to file an accurate and timely return.	3.09	0.891	Moderately Enforceable
I know I may not escape the penalty of payment once detected, hence the need to comply.	3.28	0.794	Highly Enforceable
Present penalties are not deterrent enough to instill tax compliance.	2.40	1.008	Slightly Enforceable
Waiver of penalties and interest charges encourages me to comply with my tax obligation.	2.17	0.951	Slightly Enforceable
Overall Mean	2.82	0.433	Moderately Enforceable

Legend

3.25-4.00	Highly Enforceable
2.50-3.24	Moderately Enforceable
1.75-2.49	Slightly Enforceable
1.00-1.74	Not Enforceable

The results highlighted that the respondents' awareness of the inevitability of penalties once violations are detected, hence the need to comply, obtained the highest mean of 3.28, indicating a highly enforceable level. This shows that micro food businesses perceive the efficacy of tax laws being enforced. They believe that BIR's monitoring system is reliable and active, giving the perception that offenses are likely detected and sanctioned. On the other hand, the waiver of penalties and interest obtained the lowest mean of 2.17, indicating a slightly enforceable level. This suggests that the respondents are somewhat unconvinced that waiving such charges would encourage compliance.

Similar to the findings of Cervantes et al. (2025), respondents demonstrated extensive

knowledge about tax laws that extends beyond basic awareness of penalties to an understanding of the consequences of noncompliance. Overall, micro food businesses appear not only familiar with tax laws but also well-informed about their enforcement.

Perception of Tax modernization or EoPTA. Table 11 shows that respondents perceive the tax system as moderately modernized, with an average of 2.98 and a standard deviation of 0.721. This indicates that the respondents find online TIN registration manageable, view electronic tax payment options as sufficient contributing to improved tax collection procedures, and consider eFiling easy and convenient.

Table 11. Level of perception of tax modernization among micro food businesses in selected areas of Cavite

TAX MODERNIZATION	MEAN	STANDARD DEVIATION	VERBAL INTERPRETATION
It is easy for my business to register and obtain a Tax Identification Number (TIN) through online platforms.	2.99	0.864	Moderately Modernized
Our tax authorities offer different ways (paper or online forms) to pay taxes.	3.03	0.822	Moderately Modernized

TAX MODERNIZATION	MEAN	STANDARD DEVIATION	VERBAL INTERPRETATION
I find it easy to submit my tax return using eFiling.	2.90	0.847	Moderately Modernized
Using eFiling is convenient and time saving.	2.98	0.820	Moderately Modernized
The use of digital payment systems has improved overall tax collection and compliance among micro food businesses.	3.01	0.840	Moderately Modernized
Overall Mean	2.98	0.721	Moderately Modernized
Legend			
3.25-4.00		Highly Modernized	
2.50-3.24		Moderately Modernized	
1.75-2.49		Slightly Modernized	
1.00-1.74		Not Modernized	

The most positively perceived aspect of tax modernization is the availability of different payment methods, with a mean of 3.03 and a standard deviation of 0.822, which means that they believe digital payment systems have contributed to improved tax collection procedures and compliance. Conversely, the ease of submitting tax returns using eFiling recorded the lowest mean of 2.90, though respondents still recognize it as generally easy and useful.

These findings align with Josua and Ismail (2025), indicating a general agreement on tax system modernization but highlighted that poor implementation can affect compliance. Mandasari (2024) also found e-filing and e-billing effective in streamlining reporting, reducing errors, and easing administrative burdens.

Perception on the fairness of tax system.

Table 12 shows the level of perception of the tax system based on the assessment of the participants. The findings revealed an overall mean of 2.68 and a standard deviation of 0.5, indicating a moderate perception of the tax system. The highest moderate perception among the statements is the variation in tax procedures based on business size. It resulted in a mean of 3.01 with a standard deviation of 0.879. Meanwhile, the last statement pertaining to favorable rewards for larger businesses resulted in the lowest rating (low perception) of a mean of 2.30 and a standard deviation of 0.932.

Table 12. Level of perception of fairness of the tax system among micro food businesses in selected areas of Cavite

TAX SYSTEM	MEAN	STANDARD DEVIATION	VERBAL INTERPRETATION
Our tax system and authorities are fair to all businesses.	2.75	0.954	Moderately Fair
There is no special treatment to large and more profitable businesses when it comes to their tax compliance.	2.79	0.942	Moderately Fair
We are neglected by our tax authorities because our contribution is low compared to large businesses.	2.57	0.969	Moderately Fair
Tax collection procedure varies depending on the size of the business.	3.01	0.879	Moderately Fair
Rewards to excellent taxpayers are more favorable to larger businesses.	2.30	0.932	Slightly Fair
Overall Mean	2.68	0.500	Moderately Fair

Legend

3.25-4.00	Highly Fair
2.50-3.24	Moderately Fair
1.75-2.49	Slightly Fair
1.00-1.74	Not Fair

The general mean implies that respondents generally view the tax system and authorities as moderately fair. They perceive minimal preferential treatment for larger businesses, rarely feel neglected as smaller taxpayers, believe tax collection procedures are mostly consistent regardless of business size, and tend to believe rewards are not biased toward larger businesses. These results show that respondents believe that tax requirements should depend on the size of the business, while incentives remain equal across businesses. In this sense, they may view the government's rationale linking business size with tax obligations while maintaining equal treatment regarding rewards as appropriate and reasonable, reflecting a perception of fairness in the administration's system. This is consistent with the findings of Abdu and Adem (2023), who highlighted that fair and transparent management is essential in Ethiopia. Also, Saldajeno and

Sarita (2025) emphasized that fair and transparent taxation would build trust and strengthen relationships between the taxing authorities and taxpayers. Likewise, Manalo et al. (2025) identified a competent, trustworthy, and service-driven government as a key component that notably influences compliance in the Philippines.

Cost of compliance. As presented in Table 13, the perceived cost of compliance among respondents, with an overall mean of 2.71 and a standard deviation of 0.856, is interpreted as moderately costly suggesting that high tax rates, penalties, and professional bookkeeping expenses are perceived to moderately increase business costs. These financial and administrative burdens are recognized by micro food businesses in selected Cavite areas, which often have limited earnings.

Table 13. Level of perception of cost compliance among micro food businesses in selected areas of Cavite

COST COMPLIANCE	MEAN	STANDARD DEVIATION	VERBAL INTERPRETATION
The tax rate is very high.	2.71	1.014	Moderately Costly
The interest and penalty surcharges for late payment of taxes are high.	2.71	1.004	Moderately Costly
Our business incurs significant expenses to comply with tax requirements.	2.72	0.997	Moderately Costly
We need to hire or consult accounting or bookkeeping experts to handle our tax obligations.	2.72	0.991	Moderately Costly
The time required to prepare and file tax returns adds to our business costs.	2.71	0.949	Moderately Costly
Overall Mean	2.71	0.856	Moderately Costly

Legend

3.25-4.00	Very Costly
2.50-3.24	Moderately Costly
1.75-2.49	Slightly Costly
1.00-1.74	Not Costly

Aside from financial burdens, administrative expenses, including reliance on external experts, with a mean of 2.72 and a standard

deviation of 0.991, *further impose costs*. This aligned with Myburg & Schutte (2025), who highlighted that small business owners

struggle to understand tax laws, which in turn increases their need for professional help that further strains their finances. Similarly, Sison et al. (2025) noted that these additional costs for hiring accountants or professionals are burdensome. For micro food businesses, such obligations consume a larger percentage of sales compared to larger firms, and time spent on tax requirements is often viewed as significant, as it is a lost growth opportunity. This is in parallel with the study of Myburg & Schutte (2025), which emphasized how the said obligations hamper the profitability and business expansion of small enterprises.

Overall, the results indicated that micro food businesses' owners perceive compliance cost as moderate signifying how they are aware of the financial and administrative demands of

their tax compliance, though they did not view them as excessively burdensome, they still recognized how it demands their financial resources, time, and attention.

Level of Tax Compliance Among Micro Food Businesses in Selected Areas of Cavite

Findings on Table 14 indicated that respondents' overall tax compliance is adequate, with a mean of 3.19 and a standard deviation of 0.64. They generally maintain records, pay taxes on time, and cooperate with audits. The highest-rated item, "I pay the accurate amount of taxes on time" (mean = 3.33), indicates strong punctuality, while the lowest, "I pay my taxes without thinking of how to reduce them" (mean = 2.76), shows some consideration to minimize tax liabilities.

Table 14. Level of tax compliance among micro food businesses in selected areas of Cavite

TAX COMPLIANCE	MEAN	STANDARD DEVIATION	VERBAL INTERPRETATION
Ability to pay taxes voluntarily.	3.27	0.811	Fully Compliant
I pay the accurate amount of taxes on the agreed time.	3.33	0.780	Fully Compliant
I am willing to make adjustments to my business practices to align with tax regulations.	3.16	0.768	Adequately Compliant
I maintain organized and up-to-date financial records to support tax compliance.	3.28	0.730	Fully Compliant
I am willing to cooperate with tax audits and provide the necessary information.	3.29	0.736	Fully Compliant
Consistent filing of returns to the appropriate tax authorities without audits.	3.16	0.822	Adequately Compliant
I pay my taxes without thinking of how to reduce them.	2.76	0.943	Adequately Compliant
I know I am doing the right thing by paying my taxes	3.22	0.749	Adequately Compliant
I declare and settle fully and in accordance with regulations even though the tax declaration and payment procedures are quite complicated.	3.18	0.774	Adequately Compliant
I conduct our tax affairs aligned with the provisions of tax laws, specifically those related to the rights and obligations of MSME taxpayers.	3.27	0.773	Fully Compliant
Overall Mean	3.19	0.641	Adequately Compliant

Legend

3.25-4.00	Fully Compliant
2.50-3.24	Adequately Compliant
1.75-2.49	Partially Compliant
1.00-1.74	Barely Compliant

These findings align with previous studies, showing that micro food businesses comply partially due to system complexity, high rates, and compliance costs (Sison et al., 2025). Meanwhile, the statement with the lowest rating shows that many taxpayers still actively think of ways to reduce their taxes, aligning with the study of Avecilla et al. (2024), where individuals weigh compliance against perceived financial burden. This supports studies highlighting that high tax rates, complex procedures, and compliance costs encourage taxpayers to minimize liabilities wherever possible (Chelangat, 2023; Obodoechi & Mbobo, 2024). Additionally, indicators such as recordkeeping, consistent filing, and compliance with complex regulations also reflected only moderate means, echoing literature showing that micro enterprises often face challenges related to documentation, literacy, and procedural complexity (Amina & Sara, 2024; Mebratu, 2024; Pangestuti & Romadhona, 2024). Furthermore, the moderate ratings for behavioral indicators support the view that tax morale is present but not strong, influenced by perceptions of

fairness, government trust, and administrative transparency (Manalo et al., 2025; Muthinji, 2022; Saldajeno & Sarita, 2025).

Effect of Perceived Factors on Tax Compliance of Micro Food Businesses in Selected Areas of Cavite

Table 15 presents the regression analysis results on the effects of perceived factors on the tax compliance of micro food businesses in selected areas of Cavite. The model yielded an adjusted R^2 of 0.588, indicating that the independent variables collectively explain 58.8% of the variability in tax compliance, while 41.2% is attributable to other factors like tax morale, peer influence or political trusts which are not included in the study. This indicates that the factors have strong predictive power in explaining compliance behavior. Hypothesis testing shows that if the p -value ≤ 0.01 , the null hypothesis is rejected, indicating a significant effect of the perceived factors on tax compliance. Conversely, if the p -value > 0.01 , the null hypothesis is not rejected, indicating no significant effect.

Table 15. Effect of perceived factors on tax compliance of micro food enterprises in selected areas of Cavite

Variable	Estimate	SE	T-stat	p-value	HYPOTHESIS	INTERPRETATION
Tax Literacy and Awareness	0.4227	0.0478	8.85	0.001	Reject Null	Highly Significant
Enforcement of Laws	0.2163	0.0579	3.74	0.001	Reject Null	Highly Significant
Tax Modernization	0.2775	0.0351	7.91	0.001	Reject Null	Highly Significant
Perception of Tax System	0.1489	0.0482	3.09	0.002	Reject Null	Highly Significant
Cost of Compliance	0.0789	0.0255	3.09	0.002	Reject Null	Highly Significant

Adjusted $R^2 = 58.8\%$; T- stat = more than 1.96

Effect of Tax Literacy and Awareness.

The results reveal that tax literacy and awareness have a highly significant effect on the tax compliance of micro food businesses, with a p -value of <0.001 . A 1-unit increase in tax literacy and awareness leads to a 0.4228-unit increase in compliance, supported by a small standard error (0.0478) and a high T-statistic (8.85). For instance, when taxpayers have a high level of understanding of what taxes are and why they are paid, they are more likely to believe that paying taxes is the right and responsible thing to do. Additionally, when taxpayers have a high level of knowledge in computing their taxes, they are more likely to fully declare and settle

their tax obligations in accordance with regulations despite procedural complexities.

These findings align with prior studies showing that tax knowledge improves tax compliance. Hidayati et al. (2023) noted that mastery of tax information enables business owners to make informed decisions, while Adhikara et al. (2022) emphasized that understanding tax regulations encourages proper reporting and payment. Further evidence supports the role of tax awareness in shaping attitudes and willingness to comply. Kwok and Yip (2018) and Hardika et al. (2021) found that aware taxpayers are more willing to fulfill tax obligations. Likewise, results of the study showed

that micro food businesses in selected areas of Cavite with higher tax literacy and awareness exhibit greater compliance. This aligns with the Theory of Planned Behavior (Ajzen, 1991), as greater tax knowledge and awareness among micro food businesses led to stronger intention and higher compliance behavior.

Nevertheless, high tax literacy does not always guarantee compliance. Umali (2024) found no significant relationship between tax literacy and compliance among micro businesses in Cabuyao City, and Sonny et al. (2025) similarly reported that while high tax knowledge may influence certain tax-related decisions, it does not necessarily lead to compliance.

Effect of perceived enforcement of tax laws. The results showed a highly significant effect of tax law enforcement on the compliance of micro food businesses, with a p-value of 0.01. The estimate indicates that a 1-unit increase in effective enforcement leads to a 0.2163-unit increase in compliance, supported by a standard error of 0.0579 and a T-statistic of 3.74. This shows that stricter and more consistent enforcement meaningfully improves compliance. For instance, when the fear of a tax audit is high, taxpayers are more likely to consistently file their returns on time to the appropriate tax authorities, even in the absence of audits. Moreover, when taxpayers understand that penalties are unavoidable once detected, they are more likely to fully declare and settle their taxes in accordance with regulations, even if the process is complicated.

These findings align with prior research highlighting the role of enforcement in shaping taxpayer behavior. For example, tax inspections significantly increased MSME compliance in Dipolog City (Granfon et al., 2023), while H. Nguyen (2021) noted that higher levels of inspection raised corporate tax payments. Manaye (2018) emphasized that potential penalties motivate adherence, and Tjaraka and Putra (2020) found that strong enforcement fosters a positive attitude toward compliance. Conversely, weak enforcement is associated with lower compliance.

The results also support the Economic Deterrence Theory, which posits that the threat of

legal repercussions and audits compels taxpayers to follow tax laws (Fjeldstad et al., 2012; Ya'u et al., 2023). In this study, micro food businesses were more likely to comply when faced with potential penalties or audits, consistent with the theory's predictions.

Effect of perceived tax modernization. Tax modernization had a high significant effect on the compliance of micro food businesses, with a p-value of 0.01. The estimate indicates that a 1-unit increase in modernization efforts leads to a 0.2775-unit increase in compliance. The standard error of 0.0351 and T-statistic of 7.91 confirm the precision and significance of the result. For instance, when taxpayers perceive that registering for a TIN is easy through online platforms, businesses are more capable of voluntarily paying their taxes without external pressure. Additionally, when multiple payment options are available, taxpayers are more likely to pay the correct amount of taxes on time.

These findings align with prior research showing that digital systems enhance compliance. Sentanu and Budiarta (2019) found that e-filing increases timely and accurate reporting, while Fauziyah et al. (2025) noted that digitalized processes enable independent tax calculation and payment. Putri and Ginting (2024) and Chandra et al. (2021) similarly reported positive effects of modernization on compliance. The results also correspond with the Theory of Planned Behavior, which suggests that taxpayers' intentions are influenced by attitudes, norms, and perceived control, reflecting how perceptions of tax modernization increase intention and behavior to comply.

Effect of perception on tax system. The results indicate that perception of the tax system is highly significant in tax compliance among micro food businesses, with a p-value of 0.002. The estimate indicates that a 1-unit increase in positive perception leads to a 0.1489-unit increase in compliance. With a standard error of 0.0482, the estimate is reliable and meaningful, while T-statistic of 3.09, led to rejection of the null hypothesis. For instance, when taxpayers perceive that the tax system and authorities are fair to all businesses, they

are more willing and able to pay taxes voluntarily. Furthermore, when taxpayers perceive that no special treatment is given to large businesses, they are more likely to pay the correct amount of taxes on time.

These findings are consistent with prior studies that emphasize the importance of taxpayer perception in compliance behavior. Perveen and Ahmad (2022) emphasized that the perceptions of taxpayers regarding the fairness of tax is very important to shape the culture of tax compliance in a state. Similarly, Widuri and Irawan (2019) concluded that if the taxpayers perceive that the tax system for payment is fair and is consistent with the level of income of the taxpayer, they will be more compliant in completing the tax return. Additionally, Rinaldi and Devi (2021) illustrated that the more favorable the perception of the taxation system is, the more it encourages taxpayers at KPP in Lampung to fulfill their tax obligations. Locally, Manalo et al. (2025) reported that compliance depends largely on taxpayers' perception of the competence, trustworthiness, and service orientation of tax authorities.

Effect of cost of compliance. The analysis yielded a p-value of 0.02, indicating a highly significant effect of compliance costs on micro food businesses. The estimate of 0.0789 shows that a 1-unit increase in compliance costs increases tax compliance by 0.0789 units. With a standard error of 0.0255 and a T-statistic of 3.09, the result is significant, leading to the rejection of the null hypothesis. Even with high penalties and surcharges, taxpayers remain consistent in filing tax returns voluntarily. This indicates that awareness of penalties may reinforce compliance rather than reduce it. Although compliance costs are perceived as high, businesses still invest in proper record-keeping, reflecting a commitment to voluntary tax compliance.

The findings of the study are generally consistent with Granfon et al. (2023), which found that tax penalties have a significant relationship with tax compliance. High tax penalties and strict enforcement measures influence taxpayers' behavior, thereby encouraging greater compliance with tax obligations. However, the results of the present study diverge from the

majority of previous research, which generally indicates that the cost of tax compliance has a negative significant effect on tax compliance, suggesting that higher compliance costs discourage taxpayers from complying. Mebratu (2024) found that higher costs reduce voluntary compliance, while Obodoechi and Mbobbo (2024) reported that expenses for recordkeeping, learning tax rules, and time spent contribute more to tax evasion among SMEs than the tax obligation itself. Additionally, in a study by Farida and David (2018), whose findings reveal that tax compliance costs negatively influence tax compliance behavior, stated that the most important cost drivers to tax compliance were when dealing with the complexity of tax laws, regulatory tax requirements, and frequency of changes in tax rules.

Conclusion

The study examined the effects of perceived factors on the tax compliance of micro food businesses in selected areas of Cavite. Based on the findings, several conclusions were drawn.

The patterns in the respondents' perceptions of the identified factors indicate that micro food businesses possess a fundamental understanding of the Philippine tax system and demonstrate a growing level of engagement with their tax obligations and relevant government mechanisms.

The findings further reveal that the level of tax compliance among micro food businesses is still developing and not yet fully consistent. While there is evident awareness of tax responsibilities and a general willingness to comply, actual compliance is influenced by practical constraints and behavioral factors that affect how businesses fulfill their obligations.

Moreover, tax compliance is not shaped by a single determinant but by the interaction of multiple factors, including tax knowledge, enforceability of laws, system modernization, taxpayer perception, and economic conditions. The results suggest that strengthening taxpayer education, improving the implementation and enforcement of regulations, modernizing tax processes, and enhancing transparency and efficiency within the tax system can promote higher levels of compliance among micro food businesses. Notably, although compliance

costs and procedural requirements may increase financial and administrative burdens, these factors do not appear to significantly discourage tax compliance.

Recommendation

Based on the findings of this study, the following recommendations are proposed to enhance tax compliance and promote ethical business practices among micro food businesses.

Businesses, particularly those operating in highly urbanized areas such as Imus, are encouraged to maximize available resources and strengthen their tax literacy. Improving knowledge and understanding of tax regulations can help business owners better comply with their obligations and make informed financial decisions. Business owners are also advised to address perceived compliance costs by maintaining organized financial records, planning ahead for tax payments, and streamlining internal processes to minimize the time and effort required for compliance. Through these proactive measures, businesses can reduce the burden associated with tax compliance and improve adherence to tax obligations without excessive reliance on external assistance.

For policy makers and implementing agencies, improving tax compliance among micro food businesses in Cavite may be achieved by enhancing tax education through continuous seminars and workshops conducted by the Bureau of Internal Revenue (BIR) and local government units (LGUs). Consistent enforcement of tax laws with clear and fair penalties is likewise recommended. Furthermore, simplifying tax modernization platforms by providing user-friendly interfaces, clear guidelines, and local language options can increase accessibility and ease of use. Building trust in the tax system through transparent, standardized, and equitable procedures, along with periodic reviews of tax rates and administrative processes, can further improve efficiency and encourage voluntary compliance.

For future researchers, it is recommended to explore additional factors that may influence tax compliance, such as personal values, peer influence, and varying economic conditions, which were beyond the scope of this study.

Since this research was limited to selected areas in Cavite, future studies may also consider examining other regions and business sectors to provide broader and more generalizable findings.

Acknowledgement

The authors would like to express their heartfelt gratitude to God Almighty for the wisdom, strength, and guidance that made the completion of this study possible.

Sincere appreciation is extended to Dr. Jaysi T. Corpuz for his guidance, patience, and expertise throughout the research process. The authors also thank Dr. Maria Cristina L. Desepida, statistician, for her valuable advice and constructive feedback that strengthened the study and the rest of the co-authors who helped in improving this study.

The authors thank the co-researchers for their cooperation and shared efforts, the research participants for their willingness to provide valuable information, and their parents and friends for their constant moral, financial, and emotional support. To all who contributed to this study, this work is sincerely dedicated.

References

- Abdu, E., & Adem, M. (2023). Tax compliance behavior of taxpayers in Ethiopia: A review paper. *Cogent Economics & Finance*, 11(1).
<https://doi.org/10.1080/23322039.2023.2189559>
- Adhikara, M. A., Maslichah, M., Diana, N., & 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), 34–42.
<https://doi.org/10.33642/ijbass.v8n1p4>
- Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179–211.
[https://doi.org/10.1016/0749-5978\(91\)90020-t](https://doi.org/10.1016/0749-5978(91)90020-t)
- Amina, B., & Sara, M. (2024). *Tax evasion and its effects on development: A systematic review of current issues and future solutions*. *The International Tax Journal*, 51(6), 231–

239. <https://internationaltaxjournalonline/index.php/itj/article/view/31>
- Arce, A. J. A., Gungon, C. A., & Pañares, M. V. S. (2022). *The Influence Of Tax Knowledge On Tax Compliance Behavior Of Micro, Small And Medium Enterprises In Laguna*. Malayan Colleges Laguna. https://librarythesis.mcl.edu.ph/133F65u870l4l2/ACT_Arc_e_03029_The%20Influence%20of%20Tax%20Knowledge%20on%20Tax%20Compliance%20Behavior%20of%20MSMEs%20in%20Laguna.pdf
- Avecilla, J. F., Villalobos, S., Ferolino, S. L., Cariño, J. M., Elbancol, L., Fayusal, N. A., Ealdama, D., & Edejer, K. (2024). Factors Influencing Tax Compliance Among Micro and Small-Sized Enterprises in Masinloc, Zambales. *Proceeding International Collaborative Conference on Multidisciplinary Science*, 1(2), 173–197. <https://doi.org/10.70062/iccms.v1i2.47>
- Banayo, K. M., & Pasco, R. (2025). Tax compliance behavior of registered single proprietors in Revenue District Office 55, East Laguna. *Pantao, International Journal of the Humanities and Social Sciences*, 4(2), 2314-2328. <https://doi.org/10.69651/pijhss0402215>
- Bhandari, H. B., Dhungana, G., & Sayyida, S. (2025). Factors Affecting Tax Compliance Among Small Business Enterprises: Evidence from Pokhara Valley. *PERFORMANCE : Jurnal Bisnis & Akuntansi*, 15(1), 119-131. <https://doi.org/10.24929/feb.v15i1.4168>
- Cain, J. (2020). Measures of Tax Compliance among Small and Medium Enterprises in Tagum City: an Exploratory Factor Analysis. *International Journal of Business Management and Technology*, 5(2), 35-44. https://www.researchgate.net/publication/372418187_Measures_of_Tax_Compliance_among_Small_and_Medium_Enterprises_in_Tagum_City_an_Exploratory_Factor_Analysis
- Capales, K. J. S. (2018). *Unlocking the BIR's 'Oplan Kandado' program*. PwC. <https://share.google/Nxyn21rjUPJ4NzHls>
- Cervantes, B., Rendon, J. E., Balogo, J. R., Maistodo, J., & Recitas, N. G. (2025). Tax Knowledge and Tax Compliance Among Business Owners: A Correlational Study. *Asian Journal of Education and Social Studies*, 51(7), 1364-1379. <https://doi.org/10.9734/ajess/2025/v51i72215>
- Chandra, N., Halwi, M., Masdar, R., Tampang, Din, M., Mapparessa, N., & Meldawati, L. (2021). The Effect of Tax Payer Awareness, Taxation Knowledge and the Implementation of Modern Tax Administration System on Taxpayer Compliance. *Advances in Economics, Business and Management Research*, 163, 159-162. <https://doi.org/10.2991/aebmr.k.210220.028>
- Chelangat, S. (2023). Factors influencing Voluntary Tax Compliance Among Small and Medium sized Enterprises in Kenya. *African Journal of Commercial Studies*, 3(3), 164-172. <https://doi.org/10.59413/ajocs/v3.i3.3>
- Chepkorir, A. L. (2022). Factors Affecting Tax Compliance among Small and Medium Enterprises in Embakasi East Region, Nairobi, Kenya. *Kenya School of Revenue Administration*. <https://ikesra.kra.go.ke/server/api/core/bitstreams/abbf8f0b-e1c0-45e9-8f80-a5bf31cbc7fa/content>
- Cureg, A. G., Larida, A. A. P., Mangili, H. M. N., Madroñal, C. D., Santos, B. L. B., & Mania, J. R. (2024). Determining the level of tax awareness and factors affecting tax compliance of Ready-to-Wear businesses in Solano, Nueva Vizcaya 3709. *International Journal of Research and Innovation in Social Science*, VIII(IV), 797–823. <https://doi.org/10.47772/ijriss.2024.804059>
- Delia, D., & Rhadi, R. (2025). The influence of awareness, knowledge, and environmental culture on MSME tax compliance with tax administration modernization and tax incentives as moderating variables. *Educoretax*, 5(6), 725–729.

- <https://doi.org/10.54957/educoretax.v5i6.1633>
- Department of Finance. (2024). *BIR ramps up tax compliance and enforcement drives in 2023, results in higher collection performance*. Department of Finance. <https://www.dof.gov.ph/bir-ramps-up-tax-compliance-and-enforcement-drives-in-2023-results-in-higher-collection-performance>
- Department of Trade and Industry. (2025, November 15). *BN Statistics*. <https://bnrs.dti.gov.ph/resources/bn-statistics>
- Farida, A., & David, W. (2018). Tax costs and tax compliance behaviour in Kenya. *Journal of Accounting and Taxation*, 10(1), 1–18. <https://doi.org/10.5897/jat2017.0283>
- Fauziyah, A. S., Hapsari, I., Hariyanto, E., & Pandansari, T. (2025). The Effect of Modernization of the Tax Administration System and Tax Sanctions on Individual Taxpayer Compliance of Free Workers with Tax Socialization as a Moderating Variable. *Formosa Journal of Multidisciplinary Research*, 4, 3083–3100. <https://doi.org/10.55927/fjmr.v4i7.311>
- Fjeldstad, O., Schulz-Herzenberg, C., & Sjursen, I. H. (2012). *Peoples' views of taxation in Africa: A review of research on determinants of tax compliance*. CMI – Chr. Michelsen Institute. <https://www.cmi.no/publications/4577-peoples-views-of-taxation-in-africa>
- Granfon, J. A., Lagare, W. N. J. D., Aling, D. A., Dangcalan, N. B. D., & Ebanay, A. A. (2023). Factors Affecting Tax Compliance of MSMEs in Dipolog City. *International Journal of Multidisciplinary: Applied Business and Education Research*, 4(4), 1350–1364. <https://doi.org/10.11594/ijma-ber.04.04.29>
- Guirgen, K. M. S., & Habunal, J. A. S. (2018). *Feasibility study of a food kiosk at university belt of Iloilo Science and Technology University*. (Unpublished master's special paper). Central Philippine University, Jaro, Iloilo City. <https://repository.cpu.edu.ph/handle/20.500.12852/1626>
- Hardika, N. S., Wicaksana, K. A. B., & Subratha, I. N. (2021). The impact of tax knowledge, tax morale, tax volunteer on tax compliance. *Advances in Social Science, Education and Humanities Research/Advances in Social Science, Education and Humanities Research*, 544. <https://doi.org/10.2991/as-sehr.k.210424.020>
- Hia, A., Lahagu, A., Laoli, E. S., & Telaumbanua, W. A. (2024). Analysis of Micro Business Marketing Strategy in Facing Competition. *Golden Ratio of Data in Summary*, 4(2), 596–607. <https://doi.org/10.52970/grdis.v4i2.642>
- Hidayati, B., Utami, I. S., Hermanto, F. Y. (2023). Tax Knowledge and Appropriate Tax Technology on Tax Compliance: Study on MSME in Batam City. *International Journal of Economics, Management, Business and Social Science (IJEMBIS)*, 3(3), 1154–1163. https://www.researchgate.net/publication/382461692_Tax_Knowledge_and_Appropriate_Tax_Technology_on_Tax_Compliance_Study_on_MSME_in_Batam_City
- Ingutali, S. Y., & Muhyarsyah, M. (2025). The influence of tax knowledge, tax digitalization and tax service quality on MSME Taxpayer Compliance (MSME taxpayers in the creative industry sector in East Jakarta). *Formosa Journal of Science and Technology*, 4(8), 2573–2592. <https://doi.org/10.55927/fjst.v4i8.193>
- Jankeepsad, R. W., Jankeepsad, T. R., & Nienaber, G. (2016). Acceptance Of The Electronic Method Of Filing Tax Returns By South African Taxpayers: An Exploratory Study. *Journal of Economic and Financial Sciences*, 9(1), 120–136. <https://doi.org/10.4102/jef.v9i1.33>
- Jefriyanto, J., Masril, M., & Kurniawan, B. P. (2022). Factors affecting the Micro, Small, and Medium Enterprises (MSME) on tax compliance: Online shop owners. *Strategic Journal of Management Sciences*, 2(2), 54. <https://doi.org/10.37403/strategic.v2i2.58>
- Josua, R., & Ismail, H. (2025). The effects of modernization of system tax Administration, Tax-Socialization, Trust in Tax-Authority on tax compliance mediated by taxpayer awareness. *International Journal*

- of Research and Innovation in Social Science, 2643–2657. <https://doi.org/10.47772/ijriss.2025.909000226>
- Kenton, W. (2025). *Understanding Kiosks: definition, history, types, and business risks*. Investopedia. <https://www.investopedia.com/terms/k/kiosk.asp>
- Kwok, B. Y. S., & Yip, R. W. Y. (2018). Is Tax Education Good or Evil for Boosting Tax Compliance? Evidence from Hong Kong. *Asian Economic Journal*, 32(4), 359–386. <https://doi.org/10.1111/asej.12163>
- Malau, D. N., Lasmini, L., & Trisyanto, A. (2025). The influence of taxpayer knowledge and tax awareness on compliance must tax for perpetrator MSMES in East Kara-wang District, Karawang Regency. *International Journal of Economics and Management Research*, 3(2), 423–433. <https://doi.org/10.55606/ijemr.v3i2.587>
- Mambori, G. L. (2020). *Factors Affecting The Tax Compliance Of Small-Scale Traders In Voi Sub-County, Kenya*. Kenya School of Revenue Administration. <https://ikesra.kra.go.ke/server/api/core/bitstreams/4fadfc77-f21f-4a63-b9b4-a03eaea46997/content>
- Manalo, J. C. C., Mariano, L. S. N., Unas, J. E. L., & Yrastorza, J. S. C. (2025). *Beyond Tax Enforcement: An Experimental Survey on the Role of Trust and Power on Tax Compliance in the Philippines*. <https://doi.org/10.13140/RG.2.2.17239.59046>
- Manaye, M. K. (2018). Determinants of Taxpayers' Voluntary Compliance with Taxation: The Case of Wolaita Sodo and Tercha Town in Dawuro Zone. *Global Journal of Management and Business Research: D Accounting and Auditing*, 18(3), 25–41. https://globaljournals.org/GJMBR_Volume18/4-Determinants-of-Taxpayers-Voluntary-Compliance.pdf
- Mandasari, N. (2024). The effect of tax digitalization (Electronic system) on increasing individual taxpayer compliance. *Advances in Taxation Research*, 2(3), 153–167. <https://doi.org/10.60079/atrv.v2i3.62>
- Mardiyah, A., Salmavira, A., & Inasius F. (2025). Voluntary versus enforced tax compliance: Empirical evidence from digital-based freelancers. *Edelweiss Applied Science and Technology, Learning Gate*, 9(7), 622–635. <https://doi.org/10.55214/25768484.v9i7.8685>
- Mas-Montserrat, M., Colin, C., Ribault, E., & Brys, B. (2023). The design of presumptive tax regimes. In *OECD Taxation Working Papers*. <https://doi.org/10.1787/141239bb-en>
- Matshona, Z., Sibanda, M., & Phesa, M. (2024). Tax knowledge and tax behaviour of individual taxpayers in South Africa: A scoping review. *International Journal of Economics and Financial Issues*, 14(5), 299–316. <https://doi.org/10.32479/ijefi.16149>
- Mebratu, A. A. (2024). Theoretical foundations of voluntary tax compliance: evidence from a developing country. *Humanit Soc Sci Commun*, 11, 443. <https://doi.org/10.1057/s41599-024-02903-y>
- Mendenueta, R. (2025, April 10). *Understanding tax compliance in the Philippines*. Manila Bookkeepers. <https://manila-bookkeepers.com/blog/understand-tax-compliance-philippines/>
- Michael, M. M., Widjaja, W. W., Sabil, S. S., & Wijayadne, D. R. W. (2025). Interaction of Tax Awareness, Attitude, and E -Tax Adoption in Improving Tax Compliance: A Study in Indonesia MSMEs. *Global Business & Finance Review*, 30(8), 121–135. <https://doi.org/10.17549/gbfr.2025.30.8.121>
- Muthinji, J. (2022). Factors Affecting Turnover Tax Compliance Among Micro Small and Medium Enterprises in Roysambu, Nairobi. *African Tax and Custom Review*, 5(2), 33. <https://atcr.kra.go.ke/index.php/atcr/article/view/97>
- Myburg, J., & Schutte, D. (2025). SMMEs' business mindset on tax compliance in North West: Perceptions and challenges. *The Southern African Journal of Entrepreneurship and Small Business Management*, 17(1).

- <https://doi.org/10.4102/sajesbm.v17i1.1085>
- Nguyen, H. T. (2021). Factors affecting tax compliance of small and medium enterprises in Hung Yen province, Vietnam. *Accounting*, 8(2), 111–122. <https://doi.org/10.5267/j.ac.2021.7.010>
- Nguyen, T. T. H., Bui, T. T. T., & Dang, A. T. (2025). Tax knowledge and tax compliance of the small and medium enterprises in Vietnam. *International Journal of Innovative Research and Scientific Studies*, 8(1), 886–898. <https://doi.org/10.53894/ijirss.v8i1.4433>
- Obodoechi, E. U., & Mbobo M. E. (2024). Effect of Tax Compliance Costs on Tax Evasion by Small and Medium Enterprises. *International Journal of Research and Innovation in Social Science (IJRISS)*, 8(9), 1545–1562. <https://doi.org/https://dx.doi.org/10.47772/IJRISS.2024.8090126>
- Oladele, R., Aribaba, F. O., Ahmodu, A. L. O., Yusuff, S. A., & Alade, M. (2019). Tax Enforcement Tools and Tax Compliance in Ondo State, Nigeria. *Academic Journal of Interdisciplinary Studies*, 8(2), 27–38. <https://doi.org/10.2478/ajis-2019-00138>
- Pangestuti, D. F. R., & Romadhona, F. B. (2024). Determinants of Micro Small Medium Enterprises (MSMEs) tax compliance. *Jurnal REKSA Rekayasa Keuangan Syariah Dan Audit*, 11(1), 74–89. <https://doi.org/10.12928/jreksa.v11i1.10694>
- Paulite, S., & Espiritu, M. (2025). Assessing the financial challenges of food businesses in Gumaca, Quezon: a foundation for strategic Growth and Sustainability. *Psychology and Education a Multidisciplinary Journal*, 36(3), 342–366. <https://doi.org/10.70838/pemj.360309>
- Perveen, N. N., & Ahmad, N. A. (2022). Tax Technology, Fairness Perception and Tax Compliance among Individual Taxpayers. *Audit and Accounting Review*, 2(2). <https://doi.org/10.32350/aar.22.05>
- Putri, A., & Ginting, W. (2024). KPP Tegallega Bandung's Individual Taxpayer Compliance: The Impact of Tax Administration Modernization, Tax Knowledge, and Tax Sanctions. *eCo-Buss*, 7(1), 743–755. <https://doi.org/10.32877/eb.v7i1.1590>
- Rinaldi, A., & Devi, Y. (2021). Mathematical modelling for awareness, knowledge, and perception that influence willpower to pay tax using multiple regression. *Journal of Physics Conference Series*, 1796(1), 012062. <https://doi.org/10.1088/1742-6596/1796/1/012062>
- Saldajeno, D. A., & Sarita, A. N. (2025). Drivers of Tax Non-Compliance: Systematic Review of Evasion and Avoidance. *Journal of Economics, Management and Trade*, 31(6), 177–185. <https://doi.org/10.9734/jemt/2025/v31i61308>
- Sentanu, I. N. W., & Budiarta, K. (2019). Effect of taxation modernization on tax compliance. *International Research Journal of Management, IT and Social Sciences*, 6(4), 207–213. <https://doi.org/10.21744/irjmis.v6n4.683>
- Sison, J. G., Sison, J. E., & Agustin, N. (2025). Tax compliance in microenterprises: A basis for strategic plan. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.5253557>
- Slemrod, J. (2019). Tax Compliance and Enforcement. *Journal of Economic Literature*, 57(4), 904–954. <https://doi.org/10.1257/jel.20181437>
- Sonny, S., Firmansyah, A., & Trisnawati, E. (2025). The effect of tax knowledge and tax awareness on taxpayer compliance with e-filing as a moderating variable. *Educoretax*, 5(6), 843–855. <https://doi.org/10.54957/educoretax.v5i6.1696>
- Syamsudin, H. S., Damayanti, R. A., & Fattah S. (2023). Exploring of Tax Compliance: Tax Practitioners Interpretation. *Jurnal Multi-disiplin Madani*, 3(2), 392–403. <https://doi.org/10.55927/mu-dima.v3i2.2209>
- Tjaraka, H., & Putra, E. (2020). Tax Law Enforcement In Strengthening Tax Compliance Behavior Of Individual Taxpayers.

- Jurnal Akuntansi*, 24(1), 154–168. <https://doi.org/10.24912/ja.v24i1.664>
- Umali, O. S. (2024). Tax Literacy and Tax Compliance of the Selected Micro Business in Cabuyao City. *International Journal of Multidisciplinary and Current Educational Research*, 6(3), 333-363. <https://www.ijmcer.com/wp-content/uploads/2024/06/IJM CER Y0630333363.pdf>
- Valerian, K. F. (2023). *Analysis of Factors Influencing Tax Compliance and Non-Tax Compliance Among Small & Medium Enterprises: A Case of Tanga Region*. <http://repository.iaa.ac.tz:8080/xmlui/bitstream/handle/123456789/2548/VALE-RIAN%20Kavishe.%20F.pdf?sequence=1>
- Widuri, R., & Irawan, W. (2019). Tax justice perception and trust in government on tax compliance. *Proceedings of the International Conference on Tourism, Economics, Accounting, Management, and Social Science (TEAMS 19)*. Atlantis Press. <https://doi.org/10.2991/teams-19.2019.20>
- Ya'u, A., Miraz, M. H., Saad, N., Bala, H., Rangasamy, D., Olaniyi, O. N., & Mustapha, U. A. (2023). Effects of Economic Deterrence Theory and Environmental Regulation on Tax Evasion: Evidence from Energy Sector. *International Journal of Energy Economics and Policy*, 13(5), 289–302. <https://doi.org/10.32479/ijeep.14736>