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POSSIBILITIES AND PERSPECTIVES OF ENSURING COMPLIANCE WITH TAX OBLIGATIONS AND PROTECTION AGAINST TAX EVASION

Abstract

In all countries, including Serbia, taxes play a significant role in financing various public needs. Compliance with tax obligations affects the efficiency and effectiveness of the tax policies of all world governments, including ours, especially in generating income, and also represents a viable and possible long-term strategy that will help with the state's financial independence. The irregular tax collection and tax evasion seems to be a problem for authorities around the world, and it is necessary to find out ways of ensuring the tax payment, which is the purpose of this article. Throughout history, for better understanding, the taxes are also shown. In the article itself, due to the need of finding new and confirming the existing ways of ensuring tax payment, the importance of legal regulations and criminal protection in order to ensure tax payment was highlighted, and in addition, voluntariness was shown as a possible method of achieving the goal. Influence factor based analysis, practice and legal analysis, matter solution suggestions are also set as the goal of the article, with firm purpose of ensuring public revenues, ie the state budget.

Key words: tax, taxpayer, tax evasion, law, tax payment security

JEL classification: H260, K11

МОГУЋНОСТИ И ПЕРСПЕКТИВЕ ОБЕЗБЕЂЕЊА ПОШТОВАЊА ПОРЕСКИХ ОБАВЕЗА И ЗАШТИТЕ ОД ПОРЕСКЕ УТАЈЕ

Апстракт

Порези играју значајну улогу у погледу финансирања различитих јавних потреба, у свим државама те и Србији. Поштовање пореских обавеза утиче на ефикасност и ефективност пореске политике свих влада света, па и наше, нарочито у стварању прихода, а такође представља остварљиву и могућу стратегију на дуге стазе која ће помоћи држави да буде финансијски независна. Оно што представља проблем властима широм света је нередовна наплата пореза и пореска утаја, те је потребно налазити могућности обезбеђења плаћања по-

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реза што је и циљ овог чланка. Ради бољег разумевања пореза приказан је порез кроз историју. У самом чланку је услед потребе изналажења нових и потврђивања постојећих начина обезбеђења плаћања пореза истакнут значај законске регулативе и кривичноправне заштите у циљу обезбеђења плаћања пореза и поред тога приказана добровољност као могући метод остварења циља. На основу анализе фактура утицаја, праксе и законске анализе дати супредлози за решење овог питања постављеног као циљ чланка, а све у свху обезбеђења јавних прихода односно буџета државе.

Кључне речи: порез, порески обвезник, пореска утаја, закон, обезбеђење плаћања пореза.

Introduction

The key role of taxes on the territory of each and every state, including ours, is reflected in the financing of public needs, indirectly through the budget, the financial instrument of the state. The development of the social community requires an increased collection of public revenues, and public revenues are generally identified as taxes because they have the biggest part in the state's revenues. On the other hand, the taxpayers' lack of knowledge about their tax obligations, together with frequent changes and complex tax regulations, leads to taxpayers negligence and failure to comply with tax obligations, which ultimately affects tax revenues. The budget mechanism, as a basic instrument in financing public needs, captures a huge part of the national income and directs it to various purposes. (Marjanović, 2021). Today, it is a special financial mechanism with numerous and varied, often decisive, economy and society actions. We find budget spending of funds, and thus public tax revenues, in the field of education, health, salaries of public servants, infrastructure development and other public needs. Income generation at all levels of government is necessary for society to provide with important needs in numerous areas. A significant role is played by ensuring compliance with tax payments, so that the state does not use an increase in tax liability as a key increase in tax revenues. Therefore, the main goal of taxation in any country, developed or underdeveloped, is the economy growth aimed at generating income.

The basic characteristic of taxes is that they are collected in money, periodically and constantly. At the same time as tax collection, tax evasion occurs, which often turns into the criminal offense of tax evasion (Jovanović, 2022). This frequency of crimes affects all countries in the contemporary world, so it has become a trend and a problem that needs to be solved.

Due to the article topic complexity, a multidisciplinary approach was taken, from economics and law point of view, in order to provide at least a nuanced comprehension of understandings that affect the intentions of taxpayers framed by voluntariness and law, in order to develop a contribute strategy for ensuring compliance with the tax obligations.

Theoretical backgrounds

Historical evolution of tax and its non-compliance

Taxes and the tax system have been known to the civilization since the Eastern despotisms, where tax collection was based on the powers and responsibilities of the office clerk apparatus. In ancient Egypt colored by hierarchy and democracy, the state treasury, in which all the collected taxes were located, was managed by the chief treasurer, while the pharaoh showed ownership of the land by introducing mandatory taxes and tributes for users, since he was its owner. (Atanasovska Cvetković, 2023). The first laws were passed on the territory of Mesopotamia: the Ur Nammu's Code, the Lipit – Ishtar's Code, the Bilalames Code, the Hammurabi Code, which indicate various tax types existence, property and land based. For example, the Lipit - Ishtar Code in Article 18 promulgates the consequences for the owners in the event of tax non-payment, because of the acquired taxpayer status based on the right of ownership of the property (they were in understanding of the right of ownership) (Roth, 1995). In the eastern despotism of Babylon, a local official - the *shakanaku* - collects taxes, and the taxes were collected on property bases. Hammurabi's era is characterized by the military tax (Article 48 of Hammurabi's Code) and the hierarchical taxation base. Roman law recognizes tribute as a personal tax, and the public treasury gains importance (Atanasovska Cvetković, 2022). The ability of tax collectors (created on the basis of *societas* – contract of partnership) to sell property (land) with purpose of settling the tax debts, was also the characteristic of the Roman era (Digesta 19. 1, 52 pr.). This contractual relationship (*societas*), related to this concrete era, was based on the combination of skills, resources or combination of both, on the part of the contractor, with the aim of achieving and fulfilling the expected economic goal (Jovanović, Atanasovska Cvetković, 2023). In addition, observation of taxes through property relations, in Roman law, can be viewed through the family law, for example through the provision “A husband cannot collect from his wife any tax or tribute paid on account of the dotal lands (the land given as a dowry), for these charges should be paid out of the crops (from the crops on that land)” (D. 25. 1, 13.). After the collapse of the Roman Empire, Byzantium kept the system of general taxation and taxes were paid with nomism money (Whittow, 1996). The agriculture tax system of the Byzantine Empire, especially from the 3rd to the 9th century, also, should be mentioned here (Simonović, 2024).

The Serbian tax system began to be created with the establishment of the state of Serbia and the existence of the state treasury, owned by the ruler, whose enrichment was contributed by: *soće* – tax, *baština* – property tax – both was paid in grain or money (1 perper – medieval money), two times a year; *dimnice* - tax on the hearth; *harač* - paid by every man and the obligation of the *vlastela* (kind of lords) to pay „imperial aid“. Furthermore, the tax system was changed, and during the reign of the Turkish Ottomans, the tax appeared as: tax in blood, *harač* – personal tax, *glavarina* – tax imposed as a duty for every human head, *kultuk*, *spah* tithe, paid in kind, and in the uprising Serbia: national and *nahi* tax. A major change in the tax system was introduced by the Constitution of 1835, introducing equality of tax payments. In this way, in brief, historical overview of taxes was given only to confirm the existence of taxes since ancient times and its importance, which modifies with the changes of the government form.

The imposition of tax obligations and their avoidance is also as old as the state itself. Thus, the forerunner of today's criminal act tax evasion, was represented by various forms of evasion, concealment, non-payment or avoidance of paying taxes and other public duties to the state, or once to the ruler. For the first time, the criminal legislation on our territory introduced the criminal offense of tax evasion – „failure to pay royal duties“ with the Dušan's code, but also criminal sanctions for its perpetrators were promulgated.

In accordance with changes on the international level and changes in our country, the names, titles of the criminal acts or offences, elements of their existence, their characteristics and forms of expression are changed. Those changes also applied to criminal offenses and acts related to tax evasion, as well as criminal sanctions imposed on perpetrators of the acts.

Legal regulation of taxes

In addition to ensuring voluntary compliance/adherence to the tax obligations, the legislator foresees forced compliance, which means tax compliance due to the existence of elements of coercion. Primarily, the legislator determines the legislative concern by establishing that the taxes, as a type of public revenue and income, can be introduced only by law, namely on consumption, income, profit, property and transfer of property of natural and legal persons (Article 15 paragraph 1 of the Law on the Budget System).

Then the legislator determines the significant role of taxes by stating that according to the law on the budget system of the Republic of Serbia, also, to the budget of the Republic of Serbia, the following public revenues and incomes belonged: taxes, fees, impositions, donations, transfers and incomes in accordance with the law, as well as the incomes generated by the use of public funds. An exhaustive list of public revenues and receipts contained in the budget confirms the statement that taxes are playing a key role, given that, in addition, to the aforementioned content of the budget, the legislator first determines taxes established by law: (1) value added tax; (2) excise taxes; (3) personal income tax; (4) corporate profit tax; (5) tax on the use, holding and carrying of certain goods; (6) tax on international trade and transactions. It is natural that taxes are treated as the main source of government revenue because government revenue comes from limited natural resources.

The legislator should strive for tax simplicity, which refers to a number of concepts, including the tax simplification itself, tax forms and, most importantly, tax laws. This finding is difficult, given that the issue of taxes permeates numerous legal regulations on taxes, the budget, the spending of budget funds and the criminal protection of society and the state. Despite the difficulties, tax simplicity should be a feature of the tax law, which would reduce unintentional mistakes that lead to potential tax problems. Numerous studies, such as the study made by Cahyonowati and other researchers (Cahyonowati, 2023), have proven that the simplicity of taxes contributes to the improvement of the taxpayers behavior. The necessity of simplifying the law should be the basis for the adoption of tax law, which in some way represents the taxation foundation question, given that, it determines the taxation subject, the tax base, the taxpayer, the tax rate or amount, all exemptions and reliefs from taxation, as well as the method and due dates for tax payment. We observe this principle of simplification through legal regulations,

considering that the tax simplification forms and methods of tax payment are implied in contemporary society, in which modern methods and innovative technical achievements should be used in the state authorities work.

Through the theory, the standing opinion is that the taxpayer intention is to respect the tax obligations, but essentially, is the desire to respect tax laws, which is influenced by morality, the fairness perception and the applying penalties possibility.

Failure to comply with tax obligations - criminal offences

Tax avoidance is a complex and dynamic phenomenon influenced by a wide range of factors. The law complexity and „the tax law legal loopholes“ can create opportunities for tax avoidance by exploiting the law ambiguities or its legal loopholes. Decisions on tax planning can be influenced by economic factors such as: recession, inflation or changed market conditions. Mentioned decisions, further, may influence on tax planning decisions, leading taxpayers to adjust their strategies in response to economic pressures or opportunities. Current social conditions, globalized economy and modern technology provide natural and legal persons with easier opportunities, methods and tools for tax avoidance or evasion.

The history of law in general, including the national history of Serbian law, has recorded various forms and types of manifestation of tax crimes, including ways of sanctioning such negative social behavior (Coković, 2017).

Due to failure of tax obligation compliance, depending on the amount of unpaid tax, the taxpayer commits a tax offense or a criminal act. *Tax evasion* is a basic fiscal crime in our legal system, systematized as a crime against the economy, caused by tax non-payment in the amount of more than 150,000 dinars. Tax evasion regulated by Article 225 of the Criminal Code of the Republic of Serbia determines the incrimination of the act and the subjective condition - the secrecy of the act. The weight of the threatened penalties for Serbian tax evasion is directly proportional to the amount of the avoided obligation and for the sake of transparency, it is shown in the following table:

Table 1: *Sanctions for the committed crime of tax evasion*

<i>The amount of tax whose payment is avoided exceeds</i>	<i>Threatened punishment</i>
one million dinars	one to five years imprisonment and a mandatory fine
five million	two to eight years imprisonment and a mandatory fine
fifteen million	three to ten years imprisonment and a mandatory fine

This threat of punishment is consistent with Cooter and Ulen’s assertion that the “seriousness of the crime” and “(expected) punishment” create a relationship where the punishment is more severe the more serious the crime is (Cooter, 2017).

The object of protection in the criminal act of tax evasion is the social community, which implies the protection of income, through taxes, is realized by the state itself.

In order for the criminal act of tax evasion to occur, it is necessary that, in addition of fulfilling the conditions of incrimination (failure to pay taxes in the amount of more than 150,000 dinars), the subjective condition of the criminal act must also be fulfilled, that is, the offense must be concealed. If the amount is less than the prescribed, it is a tax violation.

Such incrimination of tax-related acts and the provisions of sanctions for their enforcement is often accompanied by comments about the high threatened penalties (punishments). In this manner, the legislator tries to have a preventive effect on persons whose intention is not to comply with tax obligations. Often at round tables or during expert comments, a clear opinion is expressed that a large number of criminal acts, due to the importance of the goods that are protected by their provisions, more strict sanctions should be imposed. This position is also attached to the aforementioned criminal acts, regardless of the amount of the threatened sanction provided for by the positive legislation.

Research - methodology

In the article, the authors used the historical method, the method of legal-theoretical analysis and the quantitative method. The study in the article uses a quantitative research approach suitable for providing statistically significant analyzes based on survey data.

The study subject is the possibilities and factors that affect the ensuring compliance with tax obligations. The authors collected the data through a voluntary survey conducted in the period from April 1, 2024 to May 25, 2024, during personal contacts with students of basic academic studies – programs: Law; Business economics and entrepreneurship; and Finance, Banking and Insurance where the surveys were distributed. Posed conditions were: the students must be in the third or fourth year of studies and ought to have basic knowledge of the tax system, and the law student must have passed the criminal law exam. Data collection was carried out using a structured questionnaire. During the research, the authors evaluated the validity of the instrument through its construct validity using confirmatory factor analysis.

Hypothesis

Although the public (individuals and legal entities) partly fulfills its tax obligations, it is necessary to see the impact of certain factors on ensuring compliance. The following study hypotheses were set:

H1: Attitude towards compliance has a positive and significant effect on tax awareness.

H2: Tax awareness has a positive and significant impact on behavior in accordance with tax regulations.

H3: Tax morality has an effect on increasing tax compliance.

H4: Subjective norms have a positive and significant influence on behavior in accordance with tax regulations.

H5: Simplification of legal regulations has an impact on tax awareness and settlement of tax obligations.

H6: The introduction of tax fairness would affect the increase of the tax liability.

H7: Tightening the penal policy would ensure more regular settlement of tax obligations and greater protection of the state, i.e. public revenues, and thus the budget.

Research results and Discussion

Tested hypotheses and survey results indicate the importance of individual factors as well as the overall effects of various factors on the taxpayers behavior. The surveyed students answered affirmatively or negatively about the validity of the factors that influence compliance with tax obligations. The results of the survey, in which participated 100 students, are shown in the following table:

Table 2: *Tax influencing factors*

No.	Factors	Result	
		positive	negative
1	Attitude towards compliance has a positive and significant impact on tax awareness.	57%	43%
2	Tax awareness has a positive and significant impact on behavior in accordance with tax regulations.	75%	25%
3	Tax morale has an impact on increasing the fulfillment of tax obligations.	51%	49%
4	Subjective norms have a positive and significant impact on behavior in accordance with tax regulations.	62%	38%
5	Simplification of legal regulations has an impact on tax awareness and settlement of tax obligations.	100%	0%
6	With the introduction of tax fairness would affect the increase of the tax liability.	95%	5%
7	Tightening the penal policy would ensure more regular settlement of tax obligations and greater protection of the state, i.e. public revenues, and thus the budget.	98%	2%

The results obtained by the survey in a higher percentage show a positive relationship of the offered factors in relation to the tax. The results of the study will not be presented through the percentages – they are evident from the table itself, but through the discussion of hypotheses developed on the survey results basis and oral consultations with the surveyed students.

Hypotheses 1 and 2 are confirmed – The intertwining of factors mentioned in hypotheses 1 and 2 lead to their joint consideration. Attitudes towards tax compliance play a significant role in increasing tax awareness and taxpayer behavior in terms of tax liability, which affects tax awareness as an important intermediary between awareness and compliance, and ultimately leads to behavior in accordance with the tax regulations.

Hypothesis 3 was confirmed – Encouraging tax morality through incentive positive attitudes towards compliance with tax obligations through educational campaigns and using social norms to improve tax awareness leads to exceptionally favorable results.

Hypothesis H4 was confirmed – Positive attitudes about compliance with the tax obligations of individuals and their awareness, as well as the influence of subjective norms on their tax awareness, support the idea about the need for social response and influence on individual behavior.

Based on the results, the hypothesis H5 was confirmed - The influence of indirect factors on tax compliance through the tax awareness of taxpayers emphasizes the mediating role of tax knowledge in relation to regulations. A positive stance of the need to comply with legal norms, and, for these reasons, an increase in the perceived simplicity of tax laws in order to reduce the obstacles that make it difficult to apply and comply with the law by providing clear information and instructions to taxpayers was established. Simplifying tax regulations to make them more comprehensible to everyone can significantly increase the awareness and understanding of taxpayers, thereby promoting higher rates of tax compliance.

Hypothesis HP6 – Perception of fairness emphasizes the importance of harmonizing the taxpayer perceptions and the tax system fairness, which simultaneously encourages compliance with tax obligations and taxpayer willingness to fulfill their obligations on time, determined in accordance with their capabilities.

Hypothesis 7 has been confirmed - The penal policy tightening definitely gives a result, although not to the expected extent.

Focusing on these key factors and confirmed attitudes, as well as social and legal norms, even norms of a natural character, can represent the basis for the effective development strategy of primarily voluntary compliance with tax obligations by existing and future taxpayers.

This important approach of raising the taxpayer awareness and preventive response through education and training are the basis of legal regulations compliance, and thus the possibility of achieving the goal of ensuring compliance with tax obligations, with the ultimate, or perhaps better said primary, goal of the state - having a constant flow of income, i.e. stable public income for the purpose of settlement the needs of society through the public expenditures.

For closer clarification and confirmation of the article hypotheses and the goal itself, the discussion will present the crucial essence of the article – ensuring voluntary tax payment and non-compliance with tax payment.

Ensuring voluntary tax compliance

All around the world, undoubtedly, a difficult governmental task is ensuring tax compliance. Even the most developed countries and those in development, suffer from low tax liability (Al-Zaqeba, Al-Rashdan, 2020). In order to ensure tax compliance, the necessity of complying with this kind of obligations is more than obvious. Tax compliance means reporting income in a manner prescribed by the law and paying taxes in an exact amount of money within the stipulated period (Devos, 2014).

According to some researchers, an important role in increasing the tax liability can be played by the so – called tax fairness – proportionality of collected taxes in accordance with the capabilities of taxpayers. This position is founded on the opinion that taxpayers will comply with tax regulations, even without repressive and prescriptive provisions, if they believe that the tax system is fair and if taxes are levied in accordance with their financial situation. We are of the opinion, according to certain tax studies (Toregler, 2005), that tax fairness does not affect the rate of tax compliance. On the other hand, tax fairness viewed as an obligation for those with higher incomes that should pay higher

rate taxes can be fundamentally unconstitutional, given that the constitution guarantees „equality for all“.

Numerous empirical evidences have confirmed that tax morality has a great influence on ensuring tax payment. Tax morality should be seen as an innate incentive to obey the law and pay taxes in order to contribute voluntarily to the implementation of public goods. Individuals who have a strong perception of a moral duty to fulfill tax obligations, tend to have a higher intention to comply with tax rules, and see the tax contributions as part of a social contract to support public services and infrastructure provided by the government (Punomo, 2024). This behavioral intention, in accordance with the regulations, is related to the influence of trust in the government and the perception of the fairness of the tax system.

Possibilities and factors for improving tax security

Ensuring tax compliance is facing task for the state apparatus, especially due to the numerous obstacles encountered and the nature of their existence and operation. Tax compliance is a critical factor for governments around the world, as it directly affects the revenue necessary for development of public services and infrastructure (Fadhilatunisa, 2024). The generally complicated nature of behavior in accordance with tax obligations leads to the necessity of integrating moral obligations and perceived fairness.

We believe that the following options should be used to increase the awareness of tax payment and the taxpayer compliance, in order to improve the security of tax payment:

- strengthening of positive attitudes towards tax compliance,
- use of social norms,
- simplification of tax laws,
- existence of moral obligations, perceived fairness and trust in government identified as predictors of behavior in accordance with the tax obligations.

It is also worth mentioning the fact that a large amount of valuable informations containing valuable financial aspects is channeled to the Tax Administration, but in many cases with sensitive information from a wide range of public and private entities, so the question of protecting the privacy of individuals is raised. This protection should be the concern of the Tax Administration, which must create a sense of security among taxpayers, and for this purpose, take care of the protection of the same information and the fact that it must provide the same to tax auditors in an adequate manner (Stasinopoulos, 2024).

Few studies have examined the factors that can improve tax, most of the reviewed studies have found that tax knowledge and tax attitude are common. Nor we should neglect the fact that existing studies as well as legal regulations predominantly focus on the general taxpayer population, ignoring the unique characteristics and determinants relevant to individuals who have yet to fully engage in the tax system.

Also, we should not ignore the policy knowledge and economic factors that play a key role in determining the level of tax liability in small and medium-sized enterprises (Mulyo, 2024). On the other hand, criminal proceedings due to tax evasion sanctioning

are not always economically optimal, because, as Slemrod states above a certain point, the cost of implementing tax laws exceeds the revenues achieved (Slemrod, 2007), which is not acceptable from a legal point of view.

Tax evasion, a global concern, undermines government revenues, public services and societal trust (Lorato, 2024). Tax evasion often carries negative publicity and contributes to the unfavorable social perception of the tax officials (Qomariah, 2024) as well as to the damage that in recent years amounted to over eighty billion dinars.

Taxpayers' perceptions of tax evasion are largely related to the existing legitimacy of the government. Accordingly, understanding the specific determinants of tax evasion attitudes, including government legitimacy, is critical to creating effective tax policies and enforcement strategies. The presence of this negative social phenomenon in the Republic of Serbia indicates current strategies insufficiency and legal solution. This primarily refers to the detection of various forms of tax evasion, which can most often be encountered in the calculation of VAT, the most plentiful income of the state budget, as it accounts for a total of 80% of the total tax income. This is another confirmation of the need for strengthening the tax discipline in the public sector, which would prevent the crime of tax evasion. It is also necessary to mention Serbia's long-standing tendency to „join“ the European Union, which additionally requires the adaptation of our country's legal regulations to EU regulations, as well as a different approach to tax policy and strategies for its application. We should not ignore the practice of the courts, which to the greatest extent, despite the “strict prescribed sanctions” according to some understandings, impose milder punishments and, in most cases, conditional sentences.

In addition to the above mention, we could summarize that recommendations are: improving the efficiency of the implementation of tax laws, simplifying legal norms, considering that simplifying of the payment process is only the foundation of modern and efficient business, intensifying the education program of legal entities and providing incentives to all persons who respect the tax system by respecting their tax obligation.

Conclusion

Compliance with tax obligations is a multifaceted issue that is influenced by various psychological, social, and economic factors, as well as the influence of criminal law protection of tax payment security. This multi - sided approach emphasizes the necessity of comprehensive strategies that go beyond mere punitive measures as unified strategy.

Compliance with tax obligations is based on two motivations of taxpayers: forced compliance and voluntary compliance (Kirchler, 2007). Increasing the intention to comply with tax obligations and tax compliance can be influenced by tax simplicity, tax justice and tax morality, which provide a more holistic understanding of the behavior of taxpayers before application of legal coercion. It is definite that tax compliance increases if the taxpayer has a high moral value, because morality is an attitude that encourages individuals to behave in accordance with the provisions and have a positive form of action. Such behavior, with the help of simplified and comprehensible regulations, would contribute to compliance with tax rules and regulations and would avoid the commission of illegal acts and the application of sanctions prescribed by the legislator in case of non-compliance or „avoidance“ of tax obligations. Tax evasion, which represents a challenge

for the economy, should be mentioned here, although taxation is necessary to maintain a state that protects the freedom of individuals or society, that is, individual and collective freedom, an ineffective tax system can serve as an obstacle to economic activity, thus affecting the market balance.

In this sense, the law methods and economics serve as a valuable tool for understanding tax evasion as an economic phenomenon and as a basis for planning a prevention strategy of tax evasion, both from a criminal and economic, sociological and psychological point of view. We can summarize: in the Republic of Serbia, tax morality is very low because most people think that tax evasion is normal and justified. For all the reasons mentioned above, there is an inevitable and justified need for the tax authorities to apply all available measures and instruments that will affect the reduction of tax evasion.

Practice has shown that „small“ taxpayers primarily pay their tax obligations with the smallest possible deviations in payment terms (certain payment quarters), thus complying with the law provisions, primarily doing so to avoid the risk of fines and even criminal sanctions. In one, we would say, smaller part of taxpayers, the psychological perspective changes, and the respect of the taxpayer is not based only on a forced foundation, but also on a voluntary motivational basis. We cannot fail to mention the „big taxpayers“ who are obviously placed on a pedestal by having greater privileges and tax breaks compared to the „small taxpayers“.

By implementing the factors and suggestions that we mentioned in the article, based on educational programs and spreading tax awareness and morality, as well as simplifying legal regulations, tax authorities can increase the compliance rate and thus act preventively in the direction of reducing the need for coercive measures. By accepting the views of the authors in the article discussion and the proposed possibilities, we believe that the efficiency of the tax system will ultimately increase.

Overall, we would agree with Slemord, who, in his book *The Economy of Tax Evasion* cites the behavior of taxpayers with a tendency or decision to comply with the law when they plan to do so.

This is the reason for the need of ensuring tax compliance approach, both from the law, thus legislation, and from the psychological point of view, for the purpose of economic benefit of the social community.

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