

Tax Digitalization and Compliance Behavior among Micro and Small Businesses

Nyoman Dwika Ayu Amrita (1) and Anggun Yolistina, S.Kom (2) (1) Universitas Ngurah Rai | (2) Universitas Sangga Buana YPKP

dwika.ayu@unr.ac.id ; Anggun_yolistina@gmail.com

Abstract

This integrative evidence review examines tax digitalization and compliance behavior among micro and small businesses by asking how tax digitalization is connected to compliance behavior and which conditions determine whether that connection becomes operationally meaningful. The article synthesizes peer-reviewed and institutional literature relevant to reporting, assurance, control, and financial decision systems, emphasizing mechanisms, boundary conditions, and measurement choices rather than a universal average effect. Evidence associated with Knudsen, 2020 and Dechow et al., 2010 is read with the wider source set to distinguish formal adoption from effective use, short-term response from durable capability, and observed association from causal interpretation. The synthesis identifies complementary roles for technology-enabled traceability, organizational scale, and governance or coordination routines. No survey, interview, experiment, proprietary dataset, or regression estimate is represented as having been collected for this conceptual review.

Keywords: digitalization, compliance, behavior, micro, small, businesses, accounting, integrative review

Tax Digitalization and Compliance Behavior among Micro and Small Businesses addresses a contemporary question in reporting, assurance, control, and financial decision systems. The title implies a relationship between tax digitalization and compliance behavior, but the direction and magnitude of that relationship cannot be assumed from terminology alone. This review identifies mechanisms that plausibly connect the two, conditions that make those mechanisms stronger or weaker, and measurements needed to evaluate them without overstating evidence. Context, timing, implementation quality, and decision rights are therefore treated as analytical variables.

1. Introduction

The introduction defines the decision problem and explains why a conditional interpretation is preferable to a deterministic one.

For Tax Digitalization and Compliance Behavior among Micro and Small Businesses, the relevant unit of analysis is the decision process linking tax digitalization with compliance behavior. Segregation of duties and authorization provides one plausible channel, but its effect depends on organizational scale, governance independence, and the time available for adjustment. The literature represented by Committee of Sponsoring Organizations of the Treadway Commission, 2013 and Kraus et al., 2022 suggests that average associations can conceal important differences in starting conditions and execution quality. A stronger assessment therefore combines a leading indicator of process integrity with a lagging indicator of

reporting timeliness.

A recurring issue in research on Tax Digitalization and Compliance Behavior among Micro and Small Businesses is the danger of reading correlation as a universal performance rule. Tax Digitalization may be associated with compliance behavior, yet the relationship can be delayed, mediated, or offset when data quality is weak. The mechanism examined here is measurement discipline and disclosure consistency, which connects the focal practice to changes in auditability. Sources such as IFRS Foundation, 2023 and OECD, 2023 are therefore interpreted for mechanism and boundary conditions rather than combined into a single pooled effect.

A recurring issue in research on Tax Digitalization and Compliance Behavior among Micro and Small Businesses is the danger of reading correlation as a universal performance rule. Tax Digitalization may be associated with compliance behavior, yet the relationship can be delayed, mediated, or offset when staff capability is weak. The mechanism examined here is exception detection and escalation, which connects the focal practice to changes in control effectiveness.

The topic is best understood as a sequence of decisions rather than as a single intervention. In Tax Digitalization and Compliance Behavior among Micro and Small Businesses, tax digitalization can influence compliance behavior through governance oversight and professional judgment. The pathway is conditional on governance independence and governance independence; these factors determine whether information becomes an operational response or remains a formal feature with limited practical effect. Evidence associated with Verhoef et al., 2021 and Dechow et al., 2010 supports treating implementation conditions as part of the explanation rather than as background noise. For finance leaders, auditors, owners, regulators, and governance bodies, measurement should capture both the intervention and the intermediate process expected to produce decision usefulness.

A recurring issue in research on Tax Digitalization and Compliance Behavior among Micro and Small Businesses is the danger of reading correlation as a universal performance rule. Tax Digitalization may be associated with compliance behavior, yet the relationship can be delayed, mediated, or offset when system integration is weak. The mechanism examined here is technology-enabled traceability, which connects the focal practice to changes in compliance quality. Sources such as Kraus et al., 2022 and Committee of Sponsoring Organizations of the Treadway Commission, 2013 are therefore interpreted for mechanism and boundary conditions rather than combined into a single pooled effect.

2. Conceptual and Literature Review

The literature review organizes evidence around mechanisms, complementary capabilities, and boundary conditions.

From a governance perspective, Tax Digitalization and Compliance Behavior among Micro and Small Businesses requires clarity about who owns the intervention, who validates the information it generates, and who can act when performance deviates from expectation. Measurement discipline and disclosure consistency is most credible when supported by organizational scale and system integration. The reviewed

literature (IFRS Foundation, 2023; Knudsen, 2020) indicates that these complements often explain why apparently similar settings report different outcomes. The article therefore emphasizes traceable assumptions, explicit decision rights, and periodic review.

For Tax Digitalization and Compliance Behavior among Micro and Small Businesses, the relevant unit of analysis is the decision process linking tax digitalization with compliance behavior. Exception detection and escalation provides one plausible channel, but its effect depends on data quality, organizational scale, and the time available for adjustment. A stronger assessment therefore combines a leading indicator of process integrity with a lagging indicator of control effectiveness.

A useful starting point is to distinguish formal adoption from effective use. In Tax Digitalization and Compliance Behavior among Micro and Small Businesses, tax digitalization can influence compliance behavior through governance oversight and professional judgment. The pathway is conditional on staff capability and staff capability; these factors determine whether information becomes an operational response or remains a formal feature with limited practical effect. Evidence associated with Verhoef et al., 2021 and Committee of Sponsoring Organizations of the Treadway Commission, 2013 supports treating implementation conditions as part of the explanation rather than as background noise. For finance leaders, auditors, owners, regulators, and governance bodies, measurement should capture both the intervention and the intermediate process expected to produce decision usefulness.

The most decision-relevant question concerns the conditions under which the proposed relationship strengthens, weakens, or reverses. In Tax Digitalization and Compliance Behavior among Micro and Small Businesses, tax digitalization can influence compliance behavior through technology-enabled traceability. The pathway is conditional on governance independence and system integration; these factors determine whether information becomes an operational response or remains a formal feature with limited practical effect. Evidence associated with Kraus et al., 2022 and IFRS Foundation, 2023 supports treating implementation conditions as part of the explanation rather than as background noise. For finance leaders, auditors, owners, regulators, and governance bodies, measurement should capture both the intervention and the intermediate process expected to produce compliance quality.

A recurring issue in research on Tax Digitalization and Compliance Behavior among Micro and Small Businesses is the danger of reading correlation as a universal performance rule. Tax Digitalization may be associated with compliance behavior, yet the relationship can be delayed, mediated, or offset when system integration is weak. The mechanism examined here is data provenance and reconciliation, which connects the focal practice to changes in information reliability.

3. Research Method

This manuscript is a conceptual narrative draft revised through a chronological source filter. Bibliography entries dated after 31 December 2023 and sentences explicitly invoking those years have been excluded. Original pre-cutoff references have been retained, with a limited historical source context added separately. This revision does not constitute a new systematic search, a meta-analysis, or a reproducible

coding exercise. The historical source cutoff is stated here so that the scope of the discussion is explicit.

The remaining discussion proposes mechanisms and research questions. It does not supply new observations, estimated coefficients, or verified causal effects. Earlier reference entries retained from the source draft are retained as supplied and should be assessed against the original publications when interpreting specific claims. Sources added during this revision support only the historical context described in the dedicated source-context section.

4. Evidence Synthesis: Mechanisms

The first synthesis layer asks how the proposed relationship works in practice and which intermediate processes can be observed before the final outcome changes.

A mechanism-based reading avoids assuming that identical labels produce identical outcomes. In *Tax Digitalization and Compliance Behavior among Micro and Small Businesses*, tax digitalization can influence compliance behavior through governance oversight and professional judgment. The pathway is conditional on organizational scale and organizational scale; these factors determine whether information becomes an operational response or remains a formal feature with limited practical effect. For finance leaders, auditors, owners, regulators, and governance bodies, measurement should capture both the intervention and the intermediate process expected to produce decision usefulness.

A recurring issue in research on *Tax Digitalization and Compliance Behavior among Micro and Small Businesses* is the danger of reading correlation as a universal performance rule. Tax Digitalization may be associated with compliance behavior, yet the relationship can be delayed, mediated, or offset when data quality is weak. The mechanism examined here is technology-enabled traceability, which connects the focal practice to changes in compliance quality. Sources such as Kraus et al., 2022 and Verhoef et al., 2021 are therefore interpreted for mechanism and boundary conditions rather than combined into a single pooled effect.

For *Tax Digitalization and Compliance Behavior among Micro and Small Businesses*, the relevant unit of analysis is the decision process linking tax digitalization with compliance behavior. Data provenance and reconciliation provides one plausible channel, but its effect depends on staff capability, system integration, and the time available for adjustment. The literature represented by OECD, 2023 and Kraus et al., 2022 suggests that average associations can conceal important differences in starting conditions and execution quality. A stronger assessment therefore combines a leading indicator of process integrity with a lagging indicator of information reliability.

From a governance perspective, *Tax Digitalization and Compliance Behavior among Micro and Small Businesses* requires clarity about who owns the intervention, who validates the information it generates, and who can act when performance deviates from expectation. Segregation of duties and authorization is most credible when supported by governance independence and organizational scale. The reviewed literature (Knudsen, 2020; OECD, 2023) indicates that these complements often explain why apparently similar settings report different outcomes. The article therefore emphasizes traceable assumptions, explicit

decision rights, and periodic review.

For Tax Digitalization and Compliance Behavior among Micro and Small Businesses, the relevant unit of analysis is the decision process linking tax digitalization with compliance behavior. Measurement discipline and disclosure consistency provides one plausible channel, but its effect depends on system integration, staff capability, and the time available for adjustment. The literature represented by Dechow et al., 2010 and Knudsen, 2020 suggests that average associations can conceal important differences in starting conditions and execution quality. A stronger assessment therefore combines a leading indicator of process integrity with a lagging indicator of auditability.

5. Evidence Synthesis: Boundary Conditions

The second synthesis layer examines why results may differ across settings even when the focal intervention appears similar.

For Tax Digitalization and Compliance Behavior among Micro and Small Businesses, the relevant unit of analysis is the decision process linking tax digitalization with compliance behavior. Technology-enabled traceability provides one plausible channel, but its effect depends on organizational scale, data quality, and the time available for adjustment. The literature represented by Kraus et al., 2022 and Kraus et al., 2022 suggests that average associations can conceal important differences in starting conditions and execution quality. A stronger assessment therefore combines a leading indicator of process integrity with a lagging indicator of compliance quality.

From a governance perspective, Tax Digitalization and Compliance Behavior among Micro and Small Businesses requires clarity about who owns the intervention, who validates the information it generates, and who can act when performance deviates from expectation. Data provenance and reconciliation is most credible when supported by data quality and governance independence. The reviewed literature (OECD, 2023; OECD, 2023) indicates that these complements often explain why apparently similar settings report different outcomes. The article therefore emphasizes traceable assumptions, explicit decision rights, and periodic review.

For Tax Digitalization and Compliance Behavior among Micro and Small Businesses, the relevant unit of analysis is the decision process linking tax digitalization with compliance behavior. Segregation of duties and authorization provides one plausible channel, but its effect depends on staff capability, regulatory clarity, and the time available for adjustment. The literature represented by Knudsen, 2020 and Knudsen, 2020 suggests that average associations can conceal important differences in starting conditions and execution quality. A stronger assessment therefore combines a leading indicator of process integrity with a lagging indicator of reporting timeliness.

The topic is best understood as a sequence of decisions rather than as a single intervention. In Tax Digitalization and Compliance Behavior among Micro and Small Businesses, tax digitalization can influence compliance behavior through measurement discipline and disclosure consistency. The pathway is conditional on governance independence and data quality; these factors determine whether information

becomes an operational response or remains a formal feature with limited practical effect. Evidence associated with Dechow et al., 2010 and Dechow et al., 2010 supports treating implementation conditions as part of the explanation rather than as background noise. For finance leaders, auditors, owners, regulators, and governance bodies, measurement should capture both the intervention and the intermediate process expected to produce auditability.

A recurring issue in research on Tax Digitalization and Compliance Behavior among Micro and Small Businesses is the danger of reading correlation as a universal performance rule. Tax Digitalization may be associated with compliance behavior, yet the relationship can be delayed, mediated, or offset when system integration is weak. The mechanism examined here is exception detection and escalation, which connects the focal practice to changes in control effectiveness. Sources such as Committee of Sponsoring Organizations of the Treadway Commission, 2013 and Committee of Sponsoring Organizations of the Treadway Commission, 2013 are therefore interpreted for mechanism and boundary conditions rather than combined into a single pooled effect.

6. Integrated Discussion

The integrated discussion reconciles different findings by distinguishing mechanism, context, timing, and measurement.

For Tax Digitalization and Compliance Behavior among Micro and Small Businesses, the relevant unit of analysis is the decision process linking tax digitalization with compliance behavior. Data provenance and reconciliation provides one plausible channel, but its effect depends on organizational scale, staff capability, and the time available for adjustment. The literature represented by OECD, 2023 and Knudsen, 2020 suggests that average associations can conceal important differences in starting conditions and execution quality. A stronger assessment therefore combines a leading indicator of process integrity with a lagging indicator of information reliability.

From a governance perspective, Tax Digitalization and Compliance Behavior among Micro and Small Businesses requires clarity about who owns the intervention, who validates the information it generates, and who can act when performance deviates from expectation. Segregation of duties and authorization is most credible when supported by data quality and system integration. The reviewed literature (Knudsen, 2020; Dechow et al., 2010) indicates that these complements often explain why apparently similar settings report different outcomes. The article therefore emphasizes traceable assumptions, explicit decision rights, and periodic review.

From a governance perspective, Tax Digitalization and Compliance Behavior among Micro and Small Businesses requires clarity about who owns the intervention, who validates the information it generates, and who can act when performance deviates from expectation. Measurement discipline and disclosure consistency is most credible when supported by staff capability and organizational scale. The reviewed literature (Dechow et al., 2010; Committee of Sponsoring Organizations of the Treadway Commission, 2013) indicates that these complements often explain why apparently similar settings report different

outcomes. The article therefore emphasizes traceable assumptions, explicit decision rights, and periodic review.

The most decision-relevant question concerns the conditions under which the proposed relationship strengthens, weakens, or reverses. In Tax Digitalization and Compliance Behavior among Micro and Small Businesses, tax digitalization can influence compliance behavior through exception detection and escalation. The pathway is conditional on governance independence and staff capability; these factors determine whether information becomes an operational response or remains a formal feature with limited practical effect. Evidence associated with Committee of Sponsoring Organizations of the Treadway Commission, 2013 and IFRS Foundation, 2023 supports treating implementation conditions as part of the explanation rather than as background noise. For finance leaders, auditors, owners, regulators, and governance bodies, measurement should capture both the intervention and the intermediate process expected to produce control effectiveness.

From a governance perspective, Tax Digitalization and Compliance Behavior among Micro and Small Businesses requires clarity about who owns the intervention, who validates the information it generates, and who can act when performance deviates from expectation. Governance oversight and professional judgment is most credible when supported by system integration and system integration. The article therefore emphasizes traceable assumptions, explicit decision rights, and periodic review.

7. Measurement and Decision Framework

A decision framework links leading process indicators, outcome indicators, and explicit assumptions about causality.

From a governance perspective, Tax Digitalization and Compliance Behavior among Micro and Small Businesses requires clarity about who owns the intervention, who validates the information it generates, and who can act when performance deviates from expectation. Segregation of duties and authorization is most credible when supported by organizational scale and governance independence. The reviewed literature (Knudsen, 2020; Committee of Sponsoring Organizations of the Treadway Commission, 2013) indicates that these complements often explain why apparently similar settings report different outcomes. The article therefore emphasizes traceable assumptions, explicit decision rights, and periodic review.

The synthesis treats tax digitalization as an input into a wider system, not as an automatic cause of compliance behavior. In reporting, assurance, control, and financial decision systems, measurement discipline and disclosure consistency changes what actors can observe, prioritize, or correct, while data quality shapes how consistently that change is translated into practice. This interpretation is consistent with Dechow et al., 2010 and IFRS Foundation, 2023 and is especially relevant among micro and small businesses. The practical implication is to specify the expected sequence of change before choosing metrics.

A mechanism-based reading avoids assuming that identical labels produce identical outcomes. In Tax Digitalization and Compliance Behavior among Micro and Small Businesses, tax digitalization can

influence compliance behavior through exception detection and escalation. The pathway is conditional on staff capability and data quality; these factors determine whether information becomes an operational response or remains a formal feature with limited practical effect. For finance leaders, auditors, owners, regulators, and governance bodies, measurement should capture both the intervention and the intermediate process expected to produce control effectiveness.

Observed performance becomes interpretable only when implementation quality is separated from nominal adoption. In Tax Digitalization and Compliance Behavior among Micro and Small Businesses, tax digitalization can influence compliance behavior through governance oversight and professional judgment. The pathway is conditional on governance independence and governance independence; these factors determine whether information becomes an operational response or remains a formal feature with limited practical effect. Evidence associated with IFRS Foundation, 2023 and Verhoef et al., 2021 supports treating implementation conditions as part of the explanation rather than as background noise. For finance leaders, auditors, owners, regulators, and governance bodies, measurement should capture both the intervention and the intermediate process expected to produce decision usefulness.

For Tax Digitalization and Compliance Behavior among Micro and Small Businesses, the relevant unit of analysis is the decision process linking tax digitalization with compliance behavior. Technology-enabled traceability provides one plausible channel, but its effect depends on system integration, regulatory clarity, and the time available for adjustment. A stronger assessment therefore combines a leading indicator of process integrity with a lagging indicator of compliance quality.

8. Practical Implications and Research Agenda

The practical implications translate the evidence into staged actions while preserving the limits of a literature-based design.

From a governance perspective, Tax Digitalization and Compliance Behavior among Micro and Small Businesses requires clarity about who owns the intervention, who validates the information it generates, and who can act when performance deviates from expectation. Measurement discipline and disclosure consistency is most credible when supported by organizational scale and system integration. The article therefore emphasizes traceable assumptions, explicit decision rights, and periodic review.

A recurring issue in research on Tax Digitalization and Compliance Behavior among Micro and Small Businesses is the danger of reading correlation as a universal performance rule. Tax Digitalization may be associated with compliance behavior, yet the relationship can be delayed, mediated, or offset when data quality

is weak. The mechanism examined here is exception detection and escalation, which connects the focal practice to changes in control effectiveness. Sources such as Committee of Sponsoring Organizations of the Treadway Commission, 2013 and Verhoef et al., 2021 are therefore interpreted for mechanism and boundary conditions rather than combined into a single pooled effect.

From a governance perspective, Tax Digitalization and Compliance Behavior among Micro and Small Businesses requires clarity about who owns the intervention, who validates the information it generates, and who can act when performance deviates from expectation. Governance oversight and professional judgment is most credible when supported by staff capability and staff capability. The reviewed literature (IFRS Foundation, 2023; Kraus et al., 2022) indicates that these complements often explain why apparently similar settings report different outcomes. The article therefore emphasizes traceable assumptions, explicit decision rights, and periodic review.

The synthesis treats tax digitalization as an input into a wider system, not as an automatic cause of compliance behavior. In reporting, assurance, control, and financial decision systems, technology-enabled traceability changes what actors can observe, prioritize, or correct, while governance independence shapes how consistently that change is translated into practice. The practical implication is to specify the expected sequence of change before choosing metrics.

The topic is best understood as a sequence of decisions rather than as a single intervention. In Tax Digitalization and Compliance Behavior among Micro and Small Businesses, tax digitalization can influence compliance behavior through data provenance and reconciliation. The pathway is conditional on system integration and organizational scale; these factors determine whether information becomes an operational response or remains a formal feature with limited practical effect. Evidence associated with Verhoef et al., 2021 and Knudsen, 2020 supports treating implementation conditions as part of the explanation rather than as background noise. For finance leaders, auditors, owners, regulators, and governance bodies, measurement should capture both the intervention and the intermediate process expected to produce information reliability.

9. Conclusion

The conclusion summarizes the evidence logic and priorities for author verification and future empirical work.

Observed performance becomes interpretable only when implementation quality is separated from nominal adoption. In Tax Digitalization and Compliance Behavior among Micro and Small Businesses, tax digitalization can influence compliance behavior through exception detection and escalation. The pathway is conditional on organizational scale and regulatory clarity; these factors determine whether information becomes an operational response or remains a formal feature with limited practical effect. Evidence associated with Committee of Sponsoring Organizations of the Treadway Commission, 2013 and Kraus et al., 2022 supports treating implementation conditions as part of the explanation rather than as background noise. For finance leaders, auditors, owners, regulators, and governance bodies, measurement should capture both the intervention and the intermediate process expected to produce control effectiveness.

A recurring issue in research on Tax Digitalization and Compliance Behavior among Micro and Small Businesses is the danger of reading correlation as a universal performance rule. Tax Digitalization may be associated with compliance behavior, yet the relationship can be delayed, mediated, or offset when data

quality is weak. The mechanism examined here is governance oversight and professional judgment, which connects the focal practice to changes in decision usefulness. Sources such as IFRS Foundation, 2023 and OECD, 2023 are therefore interpreted for mechanism and boundary conditions rather than combined into a single pooled effect.

For Tax Digitalization and Compliance Behavior among Micro and Small Businesses, the relevant unit of analysis is the decision process linking tax digitalization with compliance behavior. Data provenance and reconciliation provides one plausible channel, but its effect depends on governance independence, regulatory clarity, and the time available for adjustment. The literature represented by Verhoef et al., 2021 and Dechow et al., 2010 suggests that average associations can conceal important differences in starting conditions and execution quality. A stronger assessment therefore combines a leading indicator of process integrity with a

lagging indicator of information reliability.

Historical source context and interpretation

The mechanism discussion is conceptual and must be read alongside the pre-cutoff works listed in References. Removing later sources does not establish a new empirical finding, a pooled effect or comprehensive coverage of the literature. Organization-specific claims require additional evidence before publication.

References

- Knudsen, D.-R. (2020). Elusive boundaries, power relations, and knowledge production: A systematic review of the literature on digitalization in accounting. *International Journal of Accounting Information Systems*, 36, 100441. <https://doi.org/10.1016/j.accinf.2019.100441>
- Dechow, P., Ge, W., & Schrand, C. (2010). Understanding earnings quality: A review of the proxies, their determinants and their consequences. *Journal of Accounting and Economics*, 50(2-3), 344-401. <https://doi.org/10.1016/j.jacceco.2010.09.001>
- Committee of Sponsoring Organizations of the Treadway Commission. (2013). *Internal Control-Integrated Framework*. Durham, NC: COSO.
- IFRS Foundation. (2023). *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information*. London: IFRS Foundation.
- Verhoef, P. C., Broekhuizen, T., Bart, Y., Bhattacharya, A., Dong, J. Q., Fabian, N., & Haenlein, M. (2021). Digital transformation: A multidisciplinary reflection and research agenda. *Journal of Business Research*, 122, 889-901. <https://doi.org/10.1016/j.jbusres.2019.09.022>
- Kraus, S., Durst, S., Ferreira, J. J., Veiga, P., Kailer, N., & Weinmann, A. (2022). Digital transformation in business and management research: An overview of the current status quo. *International Journal of Information Management*, 63, 102466. <https://doi.org/10.1016/j.ijinfomgt.2021.102466>
- OECD. (2023). *OECD SME and Entrepreneurship Outlook 2023*. OECD Publishing. <https://doi.org/10.1787/342b8564-en>