

VILLAGE FUND TAX COMPLIANCE: ADMINISTRATIVE FORMALITY OR SUBSTANTIVE FISCAL RESPONSIBILITY?

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ABSTRACT

Tax compliance in village fund management constitutes a crucial element of fiscal accountability and public financial governance at the local level. In practice, however, tax compliance in village fund management is predominantly understood as the fulfillment of administrative procedures rather than as a form of substantive fiscal responsibility. This study aims to critically examine how tax compliance in village fund management is conceptualized and implemented, specifically whether it functions as an administrative formality or as an expression of substantive fiscal accountability. This study employs a Systematic Literature Review using a narrative-critical approach to the public sector accounting and taxation literature. The findings indicate that the dominance of administratively oriented compliance tends to produce formal and symbolic fiscal accountability. Tax compliance practices are shaped by a combination of individual factors, institutional arrangements, administrative systems, as well as power dynamics and fraud risks. These findings highlight the need for a policy shift from procedural compliance toward the strengthening of substantive tax compliance through capacity building for village officials, risk-based policy approaches, and the reinforcement of public financial governance at the village level.

Keywords: Fiscal Accountability, Public Financial Governance, Tax Compliance, Village Funds

INTRODUCTION

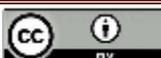
Village fund management represents a key instrument within Indonesia's decentralised fiscal policy framework aimed at promoting equitable development and strengthening local economic capacity. In practice, however, the management of village funds not only requires budgetary effectiveness but also fiscal accountability, which is reflected in the fulfilment of tax obligations arising from village expenditure transactions. Tax compliance in this context constitutes an integral component of village financial governance, as it connects local public financial management with the national fiscal system (Wardani & Susilowati, 2020).

Studies in accounting and taxation literature indicate that tax compliance has predominantly been understood through an administrative lens. Compliance is commonly positioned as the fulfilment of formal obligations, measured through the accuracy of tax withholding, remittance, and reporting in accordance with prevailing regulations. This approach frames tax compliance as a technical activity oriented toward legal certainty and the avoidance of administrative sanctions, where compliance performance is assessed primarily based on procedural completeness and documentation (Mangoting et

al., 2020). Such an orientation reflects the dominant paradigm in both practice and public sector tax compliance literature.

At the same time, several studies emphasise that tax compliance cannot be separated from behavioural and cognitive dimensions inherent to those responsible for implementing tax obligations. Tax knowledge and educational background influence how individuals understand regulations and their willingness to comply. Consequently, compliance is not determined solely by the existence of rules but also by the capacity of actors to internalise the meaning and objectives of tax policy (Susanti. et al., 2020). This perspective expands the understanding of tax compliance beyond procedural adherence toward fiscal awareness and responsibility.

Within the context of village fund management, tax compliance faces more complex challenges. Limited human resource capacity, frequent changes in tax regulations, and underdeveloped internal control systems at the village level create vulnerabilities to systemic non-compliance. Such non-compliance does not necessarily stem from intentional misconduct, but rather from administrative and institutional constraints faced by village officials (Mangoting et al., 2021). This condition highlights the need to



situate village fund tax compliance within a broader public financial governance framework.

Moreover, the literature underscores the importance of tax policy design that accounts for compliance risk. Uniform tax policies tend to be less adaptive when applied to small-scale public entities such as village governments, which possess organisational characteristics and administrative capacities distinct from those of corporate or individual taxpayers. Without policy approaches that are sensitive to context, tax compliance risks being reduced to administrative fulfilment with limited contribution to improving fiscal accountability (Mangoting et al., 2021).

Ethical and moral dimensions also play a role in shaping tax compliance behaviour. Research suggests that demographic characteristics and situational pressures, including economic uncertainty during crises such as the COVID-19 pandemic, influence tax morale and compliance orientation. This finding reinforces the notion that tax compliance is dynamic and highly context-dependent, and cannot be fully explained through regulatory or administrative approaches alone (Toly et al., 2021).

Critical scholarship further links tax compliance with the risk of fraud and tax evasion. The fraud pentagon framework demonstrates that pressure, opportunity, rationalisation, competence, and arrogance may trigger non-compliant behaviour, particularly in environments where internal supervision and control mechanisms are weak. This perspective positions tax compliance as closely related to governance quality and the integrity of public financial management systems (Puspita et al., 2021).

In addition, studies on tax avoidance and tax aggressiveness indicate that compliance is influenced by power structures and actor characteristics, such as political connections and personal traits. Although these findings are largely derived from corporate contexts, their implications are relevant for understanding potential power biases in public sector taxation practices, including at the village level (Alfiyah et al., 2022; Primasari et al., 2024; Widyasari & Gunawan, 2023).

Based on this body of literature, it is evident that tax compliance research has evolved from an administrative focus toward behavioural, institutional, and ethical perspectives. Nevertheless, a research gap remains regarding the integration of tax compliance discourse with village fund management as a public fiscal entity. Existing studies have not explicitly examined

whether village fund tax compliance is practised primarily as an administrative formality or as an expression of substantive fiscal responsibility.

Accordingly, this study aims to examine tax compliance in village fund management through the dual framework of administrative formality and fiscal responsibility. The novelty of this study lies in its synthesis of public sector accounting and taxation literature to position village fund tax compliance as an integral component of village fiscal accountability, thereby contributing conceptually to the strengthening of public financial governance at the local level.

LITERATURE REVIEW

Fiscal Accountability and Public Financial Governance

Fiscal accountability constitutes a foundational principle in public financial governance, positioning taxation as both a revenue-generating instrument and a mechanism of public accountability. In this sense, tax compliance reflects how public institutions translate fiscal authority into responsible financial management. The effectiveness of tax compliance therefore has direct implications for the legitimacy of public finance administration.

In the public sector, fiscal accountability extends beyond procedural correctness. It encompasses the obligation of public officials to justify fiscal decisions and transactions that affect collective resources. Tax compliance becomes one of the most visible manifestations of this accountability, linking fiscal conduct at the operational level with broader governance outcomes (Wardani & Susilowati, 2020).

From an institutional perspective, fiscal accountability operates as a relational concept between government actors and society. Tax compliance serves as an indicator of whether public financial managers honour their stewardship responsibilities. Consequently, compliance failures signal not only technical shortcomings but also governance weaknesses.

Taxation, within this framework, functions as an institutional bridge between state fiscal interests and public trust. When compliance is consistently implemented, it reinforces the credibility of public financial governance. Conversely, weak compliance undermines confidence in the government's capacity to manage public resources responsibly.

However, fiscal accountability risks being reduced to symbolic compliance when taxation is treated merely as an administrative obligation.



Such a reduction weakens the normative function of tax compliance as a governance mechanism. This condition necessitates a conceptual shift toward viewing compliance as a substantive component of fiscal responsibility.

Accordingly, fiscal accountability becomes meaningful only when tax compliance is embedded within transparent, responsible, and accountable public financial practices. This perspective underscores the importance of examining how tax compliance is interpreted and operationalised within public sector entities.

Tax Compliance from Administrative and Substantive Perspectives

Administratively, tax compliance is commonly defined as adherence to formal legal requirements governing tax withholding, remittance, and reporting. This perspective prioritises procedural accuracy and timeliness as indicators of compliance performance. Compliance is thus framed as a technical obligation aimed at legal certainty and sanction avoidance (Mangoting et al., 2020; Wardani & Susilowati, 2020).

Within this approach, compliance assessment is dominated by documentation completeness and reporting conformity. The fulfilment of administrative procedures becomes the primary benchmark, while the underlying fiscal purpose of taxation receives limited attention. As a result, compliance risks being detached from broader accountability considerations.

This administrative orientation often produces reactive compliance behaviour. Public officials tend to comply because of regulatory pressure rather than fiscal awareness. Consequently, tax obligations are perceived as bureaucratic burdens rather than as integral components of public financial governance.

In contrast, the substantive perspective conceptualises tax compliance as an expression of fiscal responsibility. Compliance is understood as a conscious commitment to supporting public financing through responsible fiscal behaviour. Taxation is thereby framed as an ethical and social obligation embedded in public resource management (Mangoting et al., 2020).

Substantive compliance emphasises internalisation of fiscal values rather than mere rule-following. It aligns tax behaviour with public interest objectives and governance legitimacy. This perspective elevates compliance from a procedural activity to a governance practice.

The distinction between administrative and substantive compliance thus provides a critical

lens for evaluating fiscal accountability. While administrative compliance ensures order, substantive compliance determines the quality and credibility of public financial governance (Mangoting et al., 2021).

Individual Factors in Shaping Tax Compliance

Individual characteristics play a significant role in shaping tax compliance behaviour within public institutions. Tax knowledge and educational background influence how officials interpret regulations and execute fiscal responsibilities. Adequate tax literacy enhances accuracy in compliance implementation (Susanti et al., 2020).

Beyond technical competence, individual understanding affects the consistency of tax compliance. Officials who comprehend fiscal implications are more capable of integrating tax obligations into broader financial management practices. This capacity reduces reliance on procedural checklists alone.

Cognitive capacity also shapes how public officials perceive accountability. When tax obligations are well understood, compliance becomes part of responsible financial decision-making rather than an isolated task. This orientation supports more sustainable compliance practices.

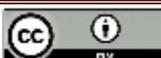
Tax morale further complements technical knowledge. Moral considerations influence attitudes toward taxation as a contribution to public welfare. Compliance motivated by moral commitment differs fundamentally from compliance driven by coercion.

Empirical studies indicate that tax morale is sensitive to contextual conditions. Economic uncertainty, crisis situations, and demographic factors may alter compliance behaviour by reshaping individual perceptions of fiscal fairness (Toly et al., 2021).

These findings highlight that tax compliance is neither static nor purely regulatory. Individual cognition and moral orientation jointly determine whether compliance remains administrative or evolves into substantive fiscal responsibility.

Institutional Factors, Policy Design, and Administrative Systems

Institutional arrangements significantly condition tax compliance outcomes. Uniform tax policies often fail to accommodate disparities in administrative capacity across public entities. Village governments, in particular, operate under constraints that complicate compliance implementation (Mangoting et al., 2021).



Such institutional limitations may produce systemic non-compliance rather than isolated errors. Compliance becomes formalistic when policies exceed the administrative capacity of implementing entities. This mismatch weakens fiscal accountability.

Risk-based tax policy design offers a more adaptive approach. Differentiated supervision and guidance enable proportional compliance enforcement aligned with institutional capacity. This approach shifts compliance from formal fulfilment toward substantive accountability (Mangoting et al., 2021).

Administrative systems also shape compliance behaviour. Technology-based tax systems enhance efficiency and transparency but do not guarantee behavioural change. Without institutional support, digital compliance may remain superficial.

Digitalisation can inadvertently reinforce administrative compliance if system usage becomes the primary indicator of compliance success. In such cases, technology substitutes substantive accountability with procedural monitoring (Mangoting et al., 2022).

Therefore, institutional effectiveness depends on policy coherence, administrative capacity, and governance orientation. Compliance quality improves when institutional frameworks prioritise fiscal responsibility over procedural completion.

Tax Compliance, Fraud Risk, and Power Structures

Tax compliance is closely associated with fraud risk within public financial management. Weak internal controls create conditions that enable non-compliance. The fraud pentagon framework illustrates how behavioural and structural factors interact in facilitating fiscal misconduct (Puspita et al., 2021).

Pressure and opportunity often arise in environments with limited oversight. Rationalisation and competence further enable non-compliant behaviour, particularly when accountability mechanisms are ineffective. Compliance failures thus reflect governance vulnerabilities.

Tax compliance should therefore be analysed as part of internal control systems. Effective compliance contributes to fraud prevention by strengthening fiscal discipline. Conversely, weak compliance increases exposure to fiscal risks.

Power relations further complicate compliance dynamics. Political connections and personal authority influence how tax rules are interpreted and enforced. These dynamics

challenge the assumption of neutral compliance implementation.

Empirical evidence shows that decision-maker characteristics affect tax behaviour. Power asymmetries may normalise non-compliance and weaken enforcement consistency (Alfiyah et al., 2022; Primasari et al., 2024; Widyasari & Gunawan, 2023).

Accordingly, tax compliance must be understood as an institutional and political phenomenon. Its effectiveness depends not only on rules and systems but also on governance integrity and power accountability.

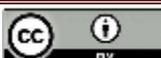
Conceptual Framework

This study conceptualizes village fund tax compliance as a multidimensional governance phenomenon situated within the framework of fiscal accountability and public financial governance. Tax compliance is not treated merely as a technical obligation, but as a mechanism through which public financial responsibility is exercised and evaluated at the village government level.

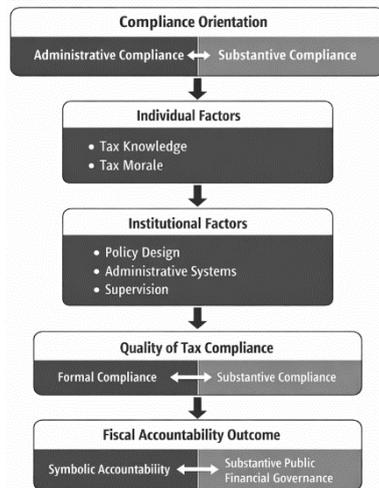
At the conceptual level, tax compliance is shaped by how compliance is interpreted, namely whether it is understood as administrative compliance or substantive fiscal responsibility. Administrative compliance emphasizes procedural fulfillment such as tax withholding, remittance, and reporting, whereas substantive compliance reflects the internalization of fiscal values, accountability, and responsibility toward public resources.

The framework further posits that tax compliance behavior is influenced by individual factors, particularly tax knowledge and tax morale of village officials. Adequate tax knowledge enhances technical accuracy and regulatory understanding, while tax morale influences ethical commitment toward taxation as a public contribution. These individual dimensions determine whether compliance remains procedural or evolves into substantive accountability.

In addition, institutional factors play a decisive role in shaping compliance outcomes. Policy design, administrative systems, supervision mechanisms, and governance capacity affect how tax obligations are implemented. Uniform tax policies and purely system-based compliance mechanisms may unintentionally reinforce formalistic compliance if not aligned with institutional capacity and accountability principles.



The interaction between compliance orientation, individual capacity, and institutional governance ultimately determines the quality of fiscal accountability produced. Administrative-oriented compliance tends to generate formal and symbolic accountability, whereas substantively grounded compliance strengthens transparency, fiscal responsibility, and public financial governance in village fund management.



Gambar 1. Kerangka Pemikiran Teoritis

RESEARCH METHOD

This study adopts a conceptual research design based on a Systematic Literature Review (SLR) to achieve its research objective, namely to examine and reconstruct the meaning of tax compliance in village fund management as either an administrative formality or a form of substantive public fiscal responsibility. A conceptual design is employed because this study does not aim to conduct empirical field testing, but rather to develop a conceptual framework that explains the relationship between tax compliance, its influencing factors, and its implications for fiscal accountability at the village government level.

The conceptual design treats public sector accounting and taxation literature as a conceptual foundation for systematic analysis. The literature is positioned as the primary data source representing practices, policies, and dynamics of tax compliance within public financial management. Through this approach, the study seeks to identify fundamental issues emerging from the literature and to develop a conceptual synthesis as an analytical response to those issues.

Conceptual Data and Research Context

The data used in this study consist of scholarly articles relevant to tax compliance, tax policy, tax morale, tax avoidance, tax

administration systems, and fiscal accountability in the public sector. These materials are treated as contextual data that directly inform the formulation of research problems and the objectives of the conceptual design.

The primary research context is village fund management as part of Indonesia's public financial system. Village funds are conceptualized as local-scale fiscal entities characterized by limited human resource capacity, regulatory complexity, and distinctive oversight dynamics. This contextual setting provides the basis for interpreting the literature and identifying key issues, particularly the tendency of tax compliance in village fund management to be oriented toward administrative fulfillment (Mangoting et al., 2020; Wardani & Susilowati, 2020).

In addition to institutional context, this study also considers the social and economic context influencing tax compliance behavior. The literature indicates that demographic conditions, economic pressures, and situational dynamics shape tax morale and compliance orientation. These contextual factors are treated as important variables in designing the conceptual framework for understanding tax compliance in village fund management (Toly et al., 2021).

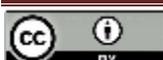
Design Approach and SLR Procedure

The conceptual design is implemented through a structured SLR process consisting of identification, screening, eligibility assessment, and inclusion stages. These stages are designed to ensure that the conceptual data used are relevant, consistent, and analytically robust.

The identification stage involves collecting articles addressing tax compliance from administrative, behavioral, and institutional perspectives. At this stage, the literature is gathered without overly restrictive initial criteria to capture a comprehensive overview of tax compliance discourse. The subsequent screening stage examines titles and abstracts to assess the substantive relevance of each article to the research objectives.

The eligibility assessment is conducted through full-text review to evaluate analytical depth, clarity of argumentation, and relevance to the public financial management context. Articles meeting the eligibility criteria are included and used as the basis for developing the conceptual synthesis. This procedure is designed to ensure transparency and replicability for future studies examining similar issues in different contexts (Mangoting et al., 2021).

Analytical and Synthesis Approach



Data analysis employs a thematic synthesis approach, focusing on sections of the literature that directly inform the identification of research issues and objectives. Thematic coding is conducted across three main dimensions: (1) the conceptualization of tax compliance, (2) factors influencing tax compliance, and (3) the implications of tax compliance for fiscal accountability (Mangoting et al., 2022; Susanti. et al., 2020).

Each theme is analyzed comparatively to identify patterns, similarities, and divergences across studies. This process facilitates the development of a conceptual framework that illustrates the relationship between administrative and substantive tax compliance within the context of village fund management. The thematic synthesis approach is chosen to preserve analytical depth while avoiding the reduction of the complexity inherent in tax compliance phenomena.

Design Validity and Replicability

The validity of the conceptual design is ensured through consistent literature selection criteria, clearly defined analytical stages, and strong alignment between research objectives, design approach, and synthesis outcomes. By systematically documenting each stage of the SLR process, this study enables procedural replication by other researchers, whether in the context of village funds or other areas of public sector finance

This conceptual design is expected to generate a deeper understanding of tax compliance in village fund management and to provide an analytical foundation for strengthening fiscal accountability within public financial governance.

DISCUSSION

Fiscal Accountability and Public Financial Governance

Fiscal accountability constitutes the normative foundation of public financial governance, positioning taxation as both a revenue instrument and a mechanism of public responsibility. In the context of village fund management, tax compliance reflects how fiscal authority is exercised at the local level and how public resources are accounted for within the national fiscal system (Wardani & Susilowati, 2020).

Within this framework, tax compliance serves as a visible indicator of whether village governments uphold principles of transparency and responsibility in managing public funds.

Compliance practices therefore cannot be detached from broader governance outcomes, as they signal the integrity of fiscal management beyond procedural correctness.

Fiscal accountability requires more than adherence to technical rules. It entails substantive justification of fiscal decisions and transactions that affect collective resources. When tax compliance is reduced to administrative execution, its contribution to accountability becomes limited and largely symbolic.

The literature suggests that procedural compliance may satisfy formal reporting requirements but fails to strengthen public trust. In such cases, taxation functions merely as an administrative checkpoint rather than a governance mechanism that legitimizes public financial management.

Conversely, when tax compliance is embedded within fiscal accountability, it reinforces the credibility of village fund governance. Compliance becomes part of a broader commitment to responsible financial stewardship rather than an isolated obligation.

Accordingly, fiscal accountability is realized meaningfully only when tax compliance is understood as an integral component of public financial governance, rather than as a standalone administrative task.

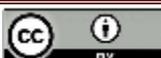
Tax Compliance from Administrative and Substantive Perspectives

From an administrative perspective, tax compliance is commonly understood as adherence to formal legal requirements governing withholding, remittance, and reporting. Compliance performance is assessed through procedural accuracy and timeliness, emphasizing legal certainty and sanction avoidance (Mangoting et al., 2020; Wardani & Susilowati, 2020).

This orientation frames compliance as a technical obligation detached from fiscal purpose. Success is measured by document completeness and conformity to regulations, while the broader role of taxation in public finance remains peripheral.

Such an approach encourages reactive compliance behavior. Village officials tend to comply due to regulatory pressure rather than internalized fiscal responsibility, reinforcing perceptions of taxation as a bureaucratic burden.

In contrast, substantive compliance conceptualizes taxation as an expression of fiscal responsibility. Compliance reflects an understanding of taxes as contributions to public welfare and collective financing rather than mere



legal duties (Mangoting et al., 2020).

Substantive compliance emphasizes internalization of fiscal values, aligning tax behavior with accountability objectives. It positions taxation as a governance practice rather than a procedural requirement.

The distinction between administrative and substantive compliance is therefore critical. While administrative compliance ensures procedural order, substantive compliance determines whether fiscal accountability is achieved in practice (Mangoting et al., 2021).

Individual Factors in Shaping Tax Compliance

Individual characteristics play a central role in shaping tax compliance within village governments. Tax knowledge and educational background influence how officials interpret regulations and execute fiscal responsibilities, directly affecting compliance accuracy (Susanti. et al., 2020).

Adequate tax literacy enhances officials' capacity to integrate tax obligations into broader financial management processes. This reduces reliance on procedural checklists and supports more consistent compliance behavior.

Beyond technical competence, individual understanding influences how tax obligations are perceived. Officials with stronger fiscal awareness are more likely to view compliance as part of responsible governance rather than an isolated task.

Tax morale further complements cognitive capacity. Moral orientation shapes attitudes toward taxation as a contribution to public interest rather than a coercive obligation.

Empirical evidence shows that tax morale is sensitive to contextual conditions. Economic uncertainty and crisis situations may alter individual compliance behavior by reshaping perceptions of fiscal fairness (Toly et al., 2021).

These dynamics indicate that tax compliance is neither static nor purely regulatory. Individual cognition and moral orientation jointly determine whether compliance remains administrative or evolves into substantive fiscal responsibility.

Institutional Factors, Policy Design, and Administrative Systems

Institutional arrangements significantly condition tax compliance outcomes. Uniform tax policies often fail to accommodate disparities in administrative capacity across public entities, particularly at the village level (Mangoting et al., 2021).

Such mismatches encourage formalistic compliance practices. When regulatory demands

exceed institutional capacity, compliance tends to focus on procedural fulfillment rather than accountability enhancement.

Risk-based policy design offers a more adaptive approach. Differentiated supervision and guidance allow compliance enforcement to align with institutional characteristics, supporting substantive accountability (Mangoting et al., 2021).

Administrative systems also influence compliance behavior. Technology-based tax systems improve efficiency and traceability but do not automatically change fiscal behavior.

Without institutional capacity development, digital compliance may reinforce administrative orientation. System usage becomes the primary compliance indicator, overshadowing accountability considerations (Mangoting et al., 2022).

Therefore, institutional effectiveness depends on policy coherence, administrative capacity, and governance orientation. Compliance quality improves when institutional frameworks prioritize fiscal responsibility over procedural completion.

Tax Compliance, Fraud Risk, and Power Structures

Tax compliance is closely linked to fraud risk within public financial management. Weak internal controls create conditions that enable non-compliance and fiscal misconduct, particularly in decentralized governance settings (Puspita et al., 2021).

The fraud pentagon framework illustrates how pressure, opportunity, rationalization, competence, and arrogance interact in facilitating non-compliant behavior. These elements emerge when accountability mechanisms are ineffective.

Compliance failures therefore signal governance vulnerabilities rather than isolated technical errors. Tax compliance functions as part of internal control systems that safeguard fiscal integrity.

Power relations further complicate compliance dynamics. Political connections and personal authority influence how tax rules are interpreted and enforced.

Empirical studies indicate that decision-maker characteristics affect tax behavior. Power asymmetries may normalize non-compliance and weaken enforcement consistency (Alfiyah et al., 2022; Primasari et al., 2024; Widiasari & Gunawan, 2023).

Accordingly, tax compliance must be understood as an institutional and political phenomenon. Its effectiveness depends not only



on rules and systems but also on governance integrity and power accountability.

Table 1. Summary of the Literature on Tax Compliance

Key Aspect	Main Findings	Key References
Meaning of tax compliance	The literature indicates that tax compliance in the public sector is predominantly framed as the fulfillment of administrative obligations oriented toward procedural certainty and sanction avoidance. Nevertheless, several studies develop a substantive interpretation of tax compliance as fiscal responsibility, emphasizing its role in supporting the legitimacy of public financial governance and fiscal accountability.	(Mangoting et al., 2020; Wardani & Susilowati, 2020)
Individual factors influencing tax compliance	Tax compliance is shaped by individual cognitive capacity and normative orientation, particularly tax knowledge, educational background, and tax morale. These factors determine how tax obligations are interpreted, whether merely as administrative duties or as fiscal contributions serving the public interest.	(Susanti. et al., 2020; Toly et al., 2021)
Institutional and administrative factors	Tax policy design, administrative systems, and supervisory quality structure the incentive environment influencing compliance behavior. Uniform and procedurally oriented policies tend to reinforce formal compliance, whereas risk-based approaches and institutional capacity strengthening encourage a shift toward substantive tax compliance.	(Mangoting et al., 2021, 2022)
Fraud risk and power structures	Tax compliance is embedded within broader institutional dynamics, including fraud risk, power relations, and decision-maker characteristics. Pressure, opportunity, rationalization, political connections, and personal authority demonstrate that tax compliance is an institutional phenomenon rather than a purely technical-administrative issue.	(Alfiyah et al., 2022; Primasari et al., 2024; Puspita et al., 2021; Widyasari & Gunawan, 2023)
Implications for fiscal accountability	The orientation of tax compliance determines the quality of fiscal accountability produced. Administratively oriented compliance tends to generate formal and symbolic accountability, while substantively grounded compliance contributes to enhanced transparency, fiscal responsibility, and the overall quality of public financial governance.	(Mangoting et al., 2020, 2021, 2022)

Source: Authors' Synthesis, 2025

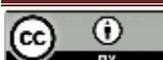
CONCLUSION

This study concludes that tax compliance in village fund management is predominantly practiced as an administrative formality rather than as a manifestation of substantive fiscal responsibility. Tax obligations are largely interpreted through procedural fulfillment, such as withholding, remittance, and reporting, resulting in compliance that prioritizes legal certainty and documentation completeness. Consequently, the fiscal accountability generated tends to be formal and symbolic, limiting the role of taxation as an instrument of public financial governance.

The findings further demonstrate that the quality of tax compliance is shaped by the interaction between individual and institutional factors. At the individual level, tax knowledge and tax morale influence whether compliance is internalized as a fiscal responsibility or treated as a technical obligation. At the institutional level, policy design, administrative systems, supervision

mechanisms, and governance capacity determine whether compliance practices reinforce procedural routines or support substantive accountability. Inadequate institutional capacity and uniform policy approaches tend to perpetuate formalistic compliance, while risk-based policies and capacity strengthening enable a shift toward more meaningful fiscal responsibility.

Overall, the study highlights that tax compliance should be understood as a multidimensional governance phenomenon rather than a purely technical-administrative process. Substantive tax compliance supported by individual capacity, institutional alignment, and governance integrity—has the potential to strengthen fiscal accountability, enhance transparency, and improve public financial governance in village fund management. These findings underscore the importance of reorienting tax compliance frameworks toward accountability-driven governance outcomes rather



than procedural completion alone.

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