“The influence of income tax framework on tax evasion intention: The mediating role of taxpayer preparedness”

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THE INFLUENCE OF INCOME TAX FRAMEWORK ON TAX EVASION INTENTION: THE MEDIATING ROLE OF TAXPAYER PREPAREDNESS

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Abstract

Lebanon is characterized by a fragile economy, rising deficit, and low compliance. Tax deviance poses a major drain to public finances and undermines fiscal sustainability, particularly in the Lebanese context, where the quality of the tax framework directly influences taxpayer behavior. Hence, understanding the mechanisms by which tax legislation and administration shape the intent to defraud is crucial for strengthening tax compliance. This paper examines the influence of the tax framework, namely tax legislation and administration, on tax evasion intentions, with a focus on the mediating role of taxpayer preparedness. The analysis adopts a quantitative approach, using a questionnaire administered to 318 SMEs registered as taxpayers in the Akkar area, employing simple random sampling. The data were analyzed using exploratory and confirmatory factor analyses, followed by structural equation modeling to test the hypotheses. The results reveal that tax legislation has a direct effect on evasion intention ($\beta = 0.466$; $p < 0.001$), while tax administration exerts a moderate direct influence ($\beta = 0.148$). Taxpayer preparedness emerged as a primary determinant with a strong direct impact ($\beta = 0.744$) and a proven mediating role between tax legislation ($\beta = 0.098$), tax administration ($\beta = 0.012$), and tax evasion. These findings corroborated that evasion is a causal process in which individual preparedness is key to enhancing compliance. Effective tax policies must incorporate targeted actions on tax education and procedural simplification. Consequently, the study advocates for a transition from coercive to educational tax policies, emphasizing that a comprehensive institutional overhaul is required to rebuild trust in Lebanon's fiscal system.

Keywords tax evasion, legislation, administration, reform, trust, compliance, Akkar, Lebanon

JEL Classification H26, H21, M41

INTRODUCTION

Taxes and tax systems are an essential part of governmental revenue, enabling the state to finance public goods and services and to address economic inequalities. This system relies heavily on taxpayers' cooperation and compliance. Nevertheless, taxpayers engage in illegal or partially legal forms of tax avoidance and resistance (Martinangeli & Windsteiger, 2024). This behavior, grouped under the term "tax deviance," raises questions about both the perceived legitimacy of the tax burden and the rational and psychological mechanisms that motivate citizens to evade it. Tax deviance includes illegal tax fraud and morally controversial legal tax evasion (Buettner et al., 2023). Taxpayers who perceive social injustice in the tax system are less likely to voluntarily pay taxes, presenting a systemic challenge. Many taxpayers avoid fulfilling their tax obligations by concealing or underreporting income. This non-compliance results in substantial tax revenue losses, jeopardizing the financing of public utility projects and essential services.

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Psychological factors significantly influence organizational tax-paying behavior, particularly in sectors reliant on self-employment, such as SMEs, complicating tax collection. A pervasive challenge is the low level of taxpayer awareness and preparedness, whereby some SMEs as taxpayers perceive tax evasion as a right. They often remain unconvinced of the benefits of paying taxes, viewing them as unjust deductions imposed by the state with little tangible societal benefit (Dane & Nasr, 2020). Many Lebanese SMEs, as taxpayers, evade income taxes by underreporting or inflating their declarations, leading to billions in annual losses and a substantial decrease in GDP (Sayed, 2020; Abdo-Salloum & Al-Mousawi, 2023). This includes misreporting, revenue manipulation, and earnings limitation to reduce taxes. Lebanon also suffers from corruption, weak oversight, and tax evasion, leading to its ranking on the Corruption Perceptions Index (Chaabo, 2021; Helou, 2021). Lebanese taxpayers face a complex system, with schemes such as Articles 41-42 offering flat-rate reductions (World Bank, 2014). Hence, traditional income-taxing strategies based solely on deterrence and penalties have proven insufficient (Atala et al., 2016).

Theoretically, this paper aligns with the conditional model, where governance and tax transparency restore compliance through this mediating factor. In practice, we offer solutions to enhance tax compliance, emphasizing its importance beyond academia in Lebanon (Khalil & Sidani, 2020). We highlight effective measures and a clear understanding of root causes, vital for policymakers to curb evasion and protect revenue. Identifying causes of evasion among Lebanese taxpayers can boost economic stability, social justice, and public services. The analysis could serve as a guideline to inform better compliance strategies for all affected taxpayers. The study also supports awareness campaigns to promote voluntary compliance, which is vital given limited resources. Understanding causes of evasion is key to improving collection, assessing impact, and shaping policies. It underscores the mediating role of taxpayers' preparedness to explore how tax framework features influence tax evasion intention through willingness to pay, adding behavioral insights and filling literature gaps.

1. LITERATURE REVIEW AND HYPOTHESES

Tax charges are financial amounts imposed by the federal government or its municipalities and collected regularly from payers in accordance with regulations or rules (Maebayashi & Morimoto, 2024). The purpose of implementing such a tax is to fund various government expenditures (Kang & Quan, 2025). Tax serves multiple objectives based on conditions. It promotes fairness, income stability, revenue, public spending, and economic goals. An effective tax system is fair, certain, simple, appropriate, and efficient (De Vito et al., 2025). The income tax framework embraces tax legislation and tax administration factors. First, tax legislation often remains ambiguous to taxpayers, leading to disputes over taxpayer eligibility and profit calculations. While tax exemptions aim to help, they are frequently exploited for avoidance and fraud (Geno et al., 2023). Diverse assessment methods and broad legal provisions enable easy manipulation of records. The complexity and inconsistency of laws hinder understanding, facilitate evasion, and reduce accountability (Nyagawa, 2023). Key causes of tax evasion from ambiguous legislation include perceptions of unfairness, systemic vulnerabilities such as low detection rates and lenient penalties, and misuse of exemptions (Huston et al., 2023). Legislative gaps create loopholes that allow taxpayers to evade taxes and weaken revenue. Legal ambiguity leads to disputes, higher compliance costs, and enables tax avoidance by exploiting vague regulations (Lusch & Stekelberg, 2020). Second, tax administration faces challenges, including untrained staff, outdated equipment, and low pay, which lead to inefficiency, corruption, and fraud.

Tax evasion occurs when individuals and companies fail to meet their legal tax obligations (Yamen et al., 2023). It involves operations to lower tax payments, often by shifting the tax base outside the jurisdiction. Its legality depends on the applicable laws, its systemic nature, intent, and whether it constitutes fraud or legitimate optimization. Courts assess on a case-by-case basis. The boundaries are fluid, as it is often seen as fraud. Tax eva-

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sion exploits ambiguities in an outdated system. It is a criminal act in which taxpayers may conceal or manipulate transactions (Irawan & Utama, 2021). The evolution of this phenomenon stems from a combination of institutional, economic, and behavioral factors. It depends, in particular, on taxpayers' attitudes toward their reporting obligations, their perception of the system's fairness, the severity of penalties, and the effectiveness of control mechanisms, as well as the accuracy of tax audits and the technical capabilities of the tax authorities (Martinangeli & Windsteiger, 2024). Structural factors, such as the number of businesses and their solvency, also play a role. Tax evasion reduces public revenue and resembles a form of tax defiance (Huston et al., 2023). Its primary origin lies in low tax compliance and excessive compliance costs (Kassa, 2021). Regulatory instability, perceptions of unfairness, inadequate dispute-resolution mechanisms, and certain competitive distortions fuel this behavior. In addition, tax pressure, regulatory complexity, and a lack of transparency in tax calculations all contribute to increased distrust (Parwati et al., 2021). Empirical studies also show that fraud is sensitive to the probability of detection, tax rates, taxable income, and the degree of trust in institutions (Ayoola et al., 2023). Other research highlights the influence of corruption, small business size, and the exploitation of legal loopholes. Finally, accounting deficiencies, ethical shortcomings, and inefficient public services all contribute to increased noncompliance (McGee & Pardisi, 2023).

The income tax framework influences taxpayer behavior, with factors like complexity, rates, transparency, and fairness affecting tax evasion (Thinh & An, 2023). Desire to pay, or tax morale, is key. Theories incorporate economic, psychological, and institutional aspects, showing how these factors shape avoidance, especially where loopholes exist. The economic model suggests taxpayers weigh benefits against costs, which vary with system design; a lenient or complex system lowers costs and boosts evasion, outperforming traditional theories. Kirchler's Sliding Slope Model shows how coercive power and legitimacy impact compliance via trust (Ayoola et al., 2023). An illegitimate system fosters evasion; legitimacy promotes voluntary compliance. The Conditional Compliance model adds social norms, fairness, and trust, explaining compliance better by fostering internal motivation. Psychosocial and behavioral economics theories explain how social perceptions and biases, such as loss aversion, influence real taxpayer behavior, contrary to rational models (Hauptman et al., 2024).

Legislative rules and administrative mechanisms govern taxation, and they exert a decisive influence on taxpayer behavior. It shapes the conditions under which taxpayers understand their obligations, organize their procedures, and anticipate the consequences of their tax choices (Thinh & An, 2023). Perceptions of clarity, stability, and fairness in the tax system are essential prerequisites for compliance with tax regulations and for reducing deviant behavior, particularly tax evasion. Tax legislation's clarity, consistency, and predictability are crucial for taxpayers' preparation. Complex, unstable, or unfair laws create uncertainty, hindering understanding and planning, and leading to errors and potential evasion in response to a restrictive or confusing system. Clear rules help taxpayers organize and anticipate obligations within a manageable framework. The tax administration is a key pillar affecting taxpayers' preparedness. Its information quality, transparency, support accessibility, and control credibility shape tax behavior (Al-Rahamneh et al., 2023). A fair, competent administration fosters understanding, reduces compliance costs, and promotes proactive preparation, strengthening trust and encouraging taxpayers to maintain documentation and anticipate obligations (Ayoola et al., 2023). Taxpayer preparedness is a proactive, cognitive, and organizational capacity at the core of the relationship between the tax system and tax evasion. It involves understanding rules, planning deadlines, keeping documents, and seeking advice. This process transforms legislation and administration into concrete behaviors rather than merely a mechanical outcome (Hauptman et al., 2024). Consequently, taxpayer preparedness occupies a crucial intermediate position between the tax framework and the intention to evade taxes. This position aligns with approaches stemming from the theory of planned behavior and tax compliance theory, which hold that deviant intentions result from a cost-benefit analysis and perceived preparedness and control (Nurwanah et al., 2018).

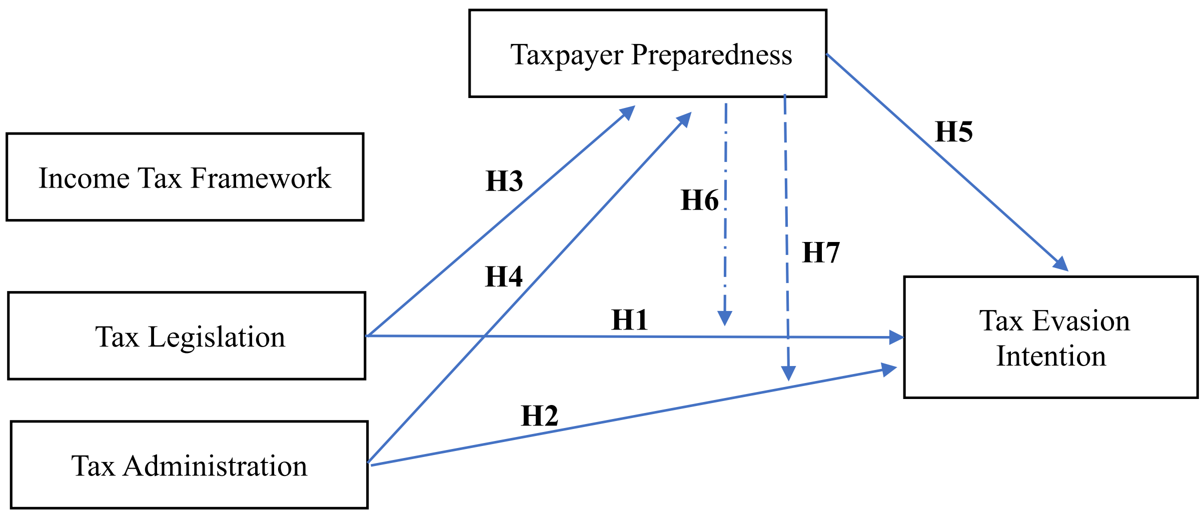

Figure 1. Conceptual framework

Tax evasion has persisted since the inception of the Lebanese tax system. Lebanon has low tax rates but significant evasion of income, VAT, customs, and property taxes, with income tax evasion most prevalent. Estimated annual losses in the billions are driven by factors identified by the Fraud Triangle Theory: financial pressure, opportunity, and rationalization (Abdo-Salloum et al., 2023). These vulnerabilities originate from the tax system's structure. The flat-rate system and legislative ambiguities enable aggressive tax optimization, especially through family income distribution, lowering the effective tax burden (Aslett, 2023). Complexity and perceived unfairness reinforce these behaviors (Ismail et al., 2014), while preferential tax jurisdictions expand these strategies globally. The Lebanese Income Tax Law classifies income and taxes into three titles: profits from various professions, salaries and pensions, and income from movable assets (Azar, 2017). Taxpayers must submit tax returns detailing all income, expenses, profits, and liabilities. Nevertheless, some Lebanese SMEs deliberately fail to file reports or falsify them to avoid taxes. Besides, tax exemptions for offshore activities weaken preparedness, leading to avoidance (Assouad, 2023). These factors, added to corruption and weak oversight among SMEs, complicate tax evasion.

This paper aims to inspect the influence of the tax framework, namely tax legislation and administration, on tax evasion intentions among Lebanese SMEs operating in Akkar, north Lebanon. It investigates the mediating role of taxpayer preparedness in the relationship between these concepts. The tax framework impacts tax evasion intentions, especially when complexity and penalties are high, fostering coercive compliance among SMEs (Abou-Zeid et al., 2020). The scheduled system and legislative loopholes challenge tax compliance (Aslett, 2023). An unfair or complex system increases the likelihood of evasion (Ismail et al., 2014). Tax legislation and administration also influence preparedness. The tax framework and taxpayer preparedness influence the intentions to evade taxes among Lebanese taxpayers (Khalil, 2022). Preparedness mediates the framework's impact, in which social norms and benefits reduce incentives to evade, surpassing the impact of coercive tactics. Inadequate perceptions of an oppressive framework prompt evasion tactics such as fictitious salaries or freelance work. The conceptual framework in Figure 1 suggests that willingness to pay serves as an adjustment mechanism (mediating variable) linking the characteristics of the tax framework to tax evasion intention. Building upon the theoretical framework, seven hypotheses are proposed and configured in Figure 1.

H1: *Tax legislation significantly influences the intention to evade taxes among Lebanese taxpayers.*

H2: *Tax administration has a significant statistical influence on the intention to evade taxes among Lebanese taxpayers.*

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H3: Tax legislation has a statistically significant influence on taxpayer preparedness.

H4: Tax administration exerts a statistically significant influence on taxpayer preparedness.

H5: Taxpayer preparedness has a direct, statistically significant effect on the intention to evade taxes among Lebanese taxpayers.

H6: Taxpayer preparedness mediates the relationship between tax legislation and tax evasion intention.

H7: Taxpayer preparedness mediates the relationship between tax administration and the intention to evade taxes.

2. METHODOLOGY

This study adopts a positive philosophical stance, which we believe better explains these connections. From this positivist methodological perspective, the study uses an action research approach, with a questionnaire as the data collection tool. The goal is to examine the influence of the income tax framework on tax evasion intention, emphasizing taxpayer preparedness as a mediating variable among Lebanese taxpayers in the Akkar area. The applied approach is deductive, as it involves forming hypotheses based on previously acquired concepts from the literature, which are then tested against data collected from SMEs in the Akkar area. This study population focuses on registered small and medium-sized organization taxpayers in Akkar, Northern Lebanon, a key socio-economic area with many SMEs and strong ties to regional tax authorities. Akkar was chosen for empirical and analytical reasons. It is a peripheral region with SMEs, trade, services, agribusiness, and informal activities. Its socioeconomic indicators are below the national average, making it ideal for studying institutional constraints, organizational capacity, and tax behavior. The area's homogeneity reduces biases from regional tax rule differences. The survey included 1,361 SMEs as the population in the region, using a comprehensive database to minimize coverage errors. Focusing on the Akkar Governorate ensures contextual coherence, strengthens internal validity, and clarifies the empirical scope, reinforcing the study's scientific validity. This location offers a uniform setting to study how legislation impacts evasion intentions without regional differences interfering.

The demographic data in Table 1 depict a heterogeneous community for whom income tax collection and management are embedded in various economic, legal, and professional contexts. This intricate profile is crucial for understanding the factors that influence tax evasion and the perception or circumvention of tax policies in the Akkar region. The study conducted in the Akkar region highlights, through its statistics, how taxpayers' perceptions and experiences with income tax revolve around several areas of concern and daily experiences.

Table 1. Demographics

Indicators	Measures	Frequency	Valid Percent
Economic Sector	Commercial	89	28.0
	Industrial	22	6.9
	Services	89	28.0
	Freelance/ Professional	76	23.9
	Non-Governmental	42	13.2
Legal Entity Type	Sole Proprietorship	80	25.2
	Partnership (General, Limited)	56	17.6
	Corporation (Joint Stock, Limited Liability)	55	17.3
	Cooperative or Association	127	39.9
Years of Business Experience	Less than five years	49	15.4
	5–10 years	84	26.4
	More than 10 years	185	58.2
	Total	318	100.0

Most surveyed taxpayers are from the commerce, services, and self-employed sectors. Commerce and services are equally represented, each over 25%. Participants include 28% from commerce, 28% from services, 13.2% from non-governmental sectors, and 23.9% self-employed/professional. The industrial sector is underrepresented at 6.9%, likely due to the local economic structure. Business types vary: sole proprietorship (25.2%), general partnership (17.6%), corporation (17.3%), and cooperatives/associations (39.9%). Cooperatives and associations dominate, reflecting their importance in Akkar's socio-economic fabric. Most partici-

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pants are experienced, with 58.2% having over 10 years in business, which influences their tax behavior and perceptions.

The study team decided to administer an online questionnaire. This approach allows us to test hypotheses using measurable data, identify the correlations between the variables under analysis, and achieve the research objectives. Data collection used an online questionnaire (Appendix A) administered to organizations in North Lebanon's Akkar region, chosen for their geographic dispersion and ease of access. Before the final distribution, a face validation was conducted, involving chartered accountants in Lebanon, chosen for their experience and knowledge. They assessed clarity, relevance, vocabulary, and coherence, helping improve readability and contextual understanding. A pilot test with managers followed, focusing on comprehension, timing, and flow. Interactions helped identify interpretation issues, leading to reworded and simplified questions. This process enhanced the validity and reliability of the data collection tool. The study population is primarily comprised of Lebanese taxpayers from the Akkar area (Elhassan et al., 2025).

The respondents of this study consist of owners and senior managers of small and medium enterprises (SMEs) officially registered as taxpayers in the Akkar region, Northern Lebanon. This specific sample was strategically selected because SMEs constitute the backbone of the Lebanese economy and represent the group most vulnerable to complexities in tax legislation and administrative inefficiencies.

Using simple random sampling from 1,361 SMEs as taxpayers using a statistical equation, a minimum sample of 300 was calculated with Thompson's formula (5% margin of error, 95% confidence). Collecting 318 responses improves statistical power, surpassing SEM requirements, and ensuring robust, reliable, and generalizable results within Lebanon's economic context.

$$n = \frac{N}{1 + N^{e2}} = 300, \qquad (1)$$

where n = number of samples searched; N = population; e = margin sampling error (5%).

Strict measures ensured the confidentiality and anonymity of data. No identifying info was requested; responses were anonymous and stored securely, accessible only to us. Data were used solely for academic purposes and processed in aggregate, preventing traceability of individual responses. An informed consent form outlined study objectives, voluntary participation, the right to withdraw, and confidentiality guarantees. Completing the questionnaire indicated informed consent and adherence to the ethical principles of management research. The questionnaire and responses relied solely on respondents' input and a researcher-developed instrument based on scientific literature, with no AI involvement. Analyses used original data, maintaining the authenticity of responses and research integrity. As a result, the concepts were operationalized to translate abstract (theoretical) ideas into observable, measurable phenomena. The questionnaire includes statements that measure variables. The operation definition and its references are included in Table 2. Items were rated on a 5-point scale ranging from (1) "Strongly Disagree" to (5) "Strongly Agree."

Data processing was completed following Churchill's (1979) paradigm. First, a principal component analysis (PCA) in SPSS 25 was conducted to refine the measurement scales. The PCA approach ensures the quality of the measuring in-

Table 2. Operational definition and references

Variables	Operational definition	References
Tax Legislation TL	Seven items measure the quality of income tax laws and their administrative implementation, as perceived by taxpayers.	Lamichhane et al. (2024), Mukiyidin et al. (2021)
Tax Administration TA	Six statements assess the efficiency, integrity, fairness, and effectiveness of the tax administration	Lamichhane et al. (2024), Bassey et al. (2022), Ojala et al. (2023)
Taxpayer Preparedness TR	Five items evaluate the moral, cognitive, and technical preparedness of taxpayers to comply with income tax obligations	Hauptman et al. (2024), Djafri et al. (2023), Setyadi and Armaini (2025)
Tax Evasion Intention TEI	Five items measure the taxpayer's inclination or willingness to reduce tax obligations through non-compliant behavior	Khalil and Sidani (2022), Dane and Nasr (2020), and El-Mousawi et al. (2023)

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struments. The PCA removed the least significant items and confirmed the instrument's dimensionality. Next, sample adequacy was assessed using the Kaiser–Meyer–Olkin (KMO) index ($p > 0.5$); Bartlett's test of sphericity ($p < 0.001$) was also employed. Cronbach's alpha was calculated to assess the scales' reliability (Maaliky et al., 2025). The confirmatory factor analysis (CFA) operates in conjunction with exploratory analyses and utilizes the structural equation modeling (SEM) framework. It aims to identify latent variables that account for the covariance among observed variables. SEM is based on specific statistical assumptions: data points are independent, and exogenous variables adhere to a multivariate normal distribution. Subsequently, SEM was applied to evaluate the primary effect hypotheses (Moussa & Massoud, 2025).

3. RESULTS

Table 3 presents normality indicators for variables including tax legislation, administration, taxpayer preparedness, and evasion intention. Analyzing skewness, kurtosis, and Kolmogorov–Smirnov statistics helps assess data quality and suitability for subsequent analyses.

All variables show positive skewness within acceptable thresholds, indicating responses cluster toward higher measurement levels and reflect strong perceptions of the tax framework and behavior. This asymmetry suggests sensitivity to tax preparedness and evasion intention. Higher kurtosis, particularly for taxpayer preparedness, remains acceptable, indicating a more concentrated distribution that strengthens statistical estimates. The Kolmogorov–Smirnov test shows that none of the variables are significant at the 0.05 level, supporting the assumption of normality. These findings validate the use of parametric methods such as regression, mediation, and structural equation modeling to test complex relationships. The normal distribution suggests taxpayers view the tax system similarly, both legislatively and administratively, implying that reforms tend to have a uniform impact. The responses' focus on high preparedness underscores its role in tax behavior. The stable distribution of fraud intent indicates it is driven by rational factors related to system quality and taxpayer readiness.

Table 4. Convergent validity (component matrix)

	Factor loading	Extraction	Mean
Tax Administration (TA) KMO: 0.841; TVE: 60%; AVE: 0.768; a: 0.859			
TA6.	0.839	0.747	3.90
TA3.	0.814	0.681	3.73
TA2.	0.739	0.602	3.65
TA4.	0.732	0.614	3.86
TA5.	0.716	0.554	3.79
Tax Legislation (TL) KMO: 0.815; TVE: 60%; AVE: 0.716; a: 0.815			
TL3.	0.820	0.674	2.94
TL2.	0.804	0.677	3.36
TL5.	0.677	0.522	3.52
TL1.	0.660	0.596	3.41
TL4.	0.622	0.502	3.85
Taxpayer Preparedness (TR) KMO: 0.835; TVE: 75%; AVE: 0.866; a: 0.890			
TR4.	0.897	0.805	4.06
TR2.	0.877	0.769	3.70
TR1.	0.860	0.739	3.92
TR3.	0.833	0.693	3.72
Tax Evasion Intention (TEI) KMO: 0.800; TVE: 64%; AVE: 0.796; a: 0.806			
TEI5.	0.816	0.666	3.74
TEI3.	0.797	0.636	3.50
TEI1.	0.795	0.632	3.53
TEI4.	0.773	0.597	4.13

Table 4 shows PCA results assessing the validity and reliability of the research constructs. Critical statistics such as KMO, variance ratio, mean variance, loadings, and Cronbach's alpha assess the robustness of the measures for causal and mediating analyses. All KMO values exceed the thresh-

Table 3. Normality distribution

Variables	Skewness		Kurtosis		Kolmogorov-Smirnov	
	Statistic	Std. Error	Statistic	Std. Error	Statistic	Sig.
TL Tax Legislation	0.449	0.137	0.227	0.273	0.292	0.300
TA Tax Administration	0.874	0.137	0.926	0.273	0.230	0.290
TR Taxpayer Preparedness	1.205	0.137	1.342	0.273	0.375	0.330
TEI Tax Evasion Intention	0.914	0.137	0.837	0.273	0.357	0.350

Table 5. Divergent validity (Correlations and VIF)

	Correlations				Collinearity Statistics	
Variable	**TL**	**TA**	**TR**	**TEI**	**Tolerance**	**VIF**
TL Tax Legislation	1	–	–	–	0.992	1.00
TA Tax Administration	0.546**	1	–	–	0.974	1.02
TR Taxpayer Preparedness	0.480**	0.765**	1	–	0.910	1.09
TEI Tax Evasion Intention	0.483**	0.684**	0.756**	1	–	–

Note: ** Correlation is significant at the 0.01 level (2-tailed).

olds, confirming the suitability of the correlation matrix for factor analysis and indicating strong relationships among indicators within each construct. This improves PCA reliability and supports clear, interpretable factor structures. The variance ratios suggest the components effectively capture initial information, indicating well-defined, homogeneous concepts related to the tax framework, taxpayer preparedness, and tax evasion intent. Strong factor loadings demonstrate indicator contributions and convergent validity. High AVE values indicate that each construct explains substantial variance in its indicators, thereby boosting the measurement model's credibility. High Cronbach's alpha coefficients indicate high internal consistency, ensuring reliable measurement of underlying concepts, reducing measurement error, and supporting the analysis's reliability.

Table 5 presents the divergent validity results, including construct correlations and collinearity indicators (tolerance and VIF). Each latent variable uniquely captures a concept without biasing estimates. All correlations are positive and significant at 1%, confirming relationships aligned with the framework. Moderate correlations prevent conceptual confusion, balancing theoretical proximity and empirical distinction, crucial for validity. The association between tax framework dimensions and taxpayer preparedness is significant but not overly dependent, maintaining mediating variable autonomy for analysis. Collinearity analysis shows tolerance values above thresholds and VIFs near 1, indicating no multicollinearity issues. Regression and mediation results are stable. Findings suggest taxpayers differentiate between normative and administrative aspects, implying legal reform and administrative improvements. Taxpayer preparedness is key to tax evasion.

Figure 2 stipulates the confirmatory factor analysis based on second-order structural modeling. It

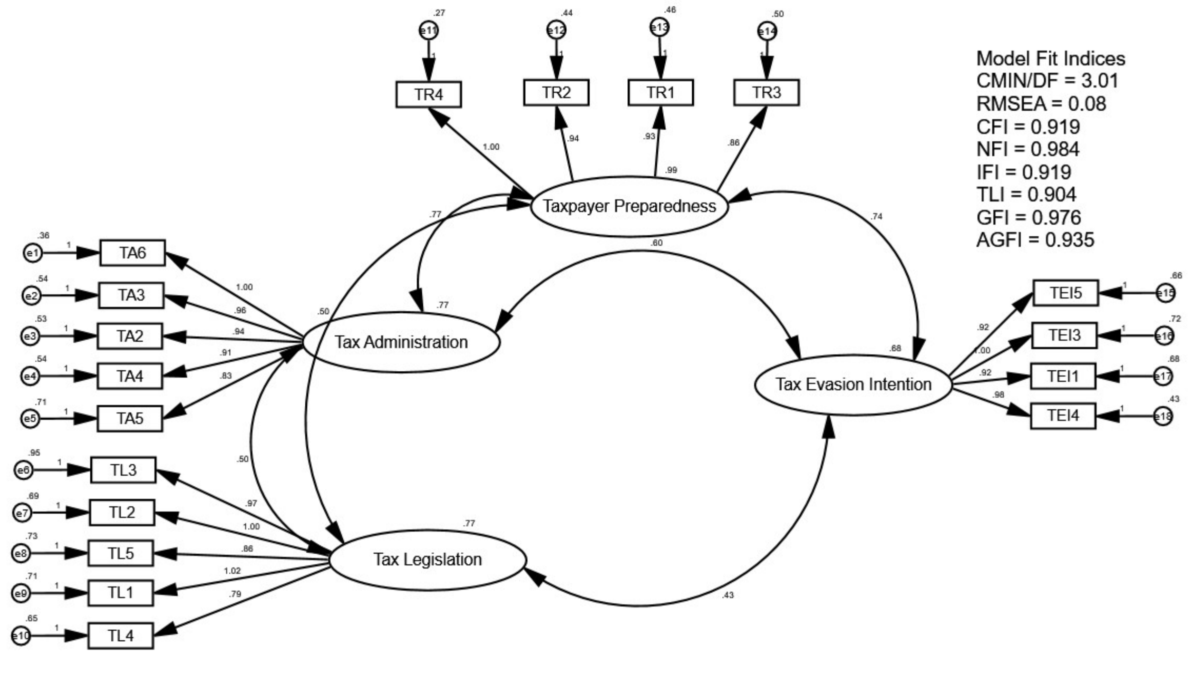

Figure 2. Second-order structural modeling and goodness of fit

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Table 6. Regression weights

Variables	Relation	Items	Estimate	S.E.	C.R.	P
Tax Administration	→	TA6	1.000	–	–	–
Tax Administration	→	TA3	0.958	0.064	14.872	0.00
Tax Administration	→	TA2	0.940	0.064	14.791	0.00
Tax Administration	→	TA4	0.915	0.063	14.473	0.00
Tax Administration	→	TA5	0.831	0.067	12.402	0.00
Tax Legislation	→	TL3	0.974	0.092	10.547	0.00
Tax Legislation	→	TL2	1.000	–	–	–
Tax Legislation	→	TL5	0.857	0.081	10.553	0.00
Tax Legislation	→	TL1	1.021	0.089	11.518	0.00
Tax Legislation	→	TL4	0.786	0.076	10.390	0.00
Taxpayer Preparedness	→	TR4	1.000	–	–	–
Taxpayer Preparedness	→	TR2	0.941	0.050	18.830	0.00
Taxpayer Preparedness	→	TR1	0.925	0.050	18.431	0.00
Taxpayer Preparedness	→	TR3	0.855	0.050	16.991	0.00
Tax Evasion Intention	→	TEI5	0.918	0.083	11.029	0.00
Tax Evasion Intention	→	TEI3	1.000	–	–	–
Tax Evasion Intention	→	TEI1	0.923	0.084	10.969	0.00
Tax Evasion Intention	→	TEI4	0.980	0.079	12.380	0.00

was employed to validate the measurement model's structural integrity empirically and to evaluate the consistency of the relationships among the latent constructs. The results indicate an overall satisfactory goodness-of-fit and corroborate the conceptual robustness of the proposed theoretical model. The fit indices suggest the model fits the data well, with chi-square ratios and incremental indices (CFI, IFI, TLI, NFI), GFI, and AGFI exceeding standard thresholds, indicating a good fit and accurate covariance reproduction. The mean error is acceptable, validating the model for testing causal and mediating relationships. Factor loadings are high and significant, confirming a consistent, unidimensional measurement for the income tax framework. Taxpayer preparedness, indicated by accounting skills, tax knowledge, discipline, and civic responsibility, shows high saturation, underscoring its central role in the model both statistically and theoretically. Similarly, tax evasion intent, based on behavioral rationalization, perceived unfairness, and tolerance of non-compliance, is internally consistent, confirming convergent validity. These constructs justify their use in a model with direct and indirect links.

Table 6 shows regression weights from the confirmatory factor analysis, illustrating how key indicators (from the PCA) measure each latent construct. These results assess the validity and reliability of the measurement model and the structural relationships. All regression coefficients are high and significant, with CRs surpassing thresholds, confirming strong relationships between constructs and indicators. This validates the factor structure and the explanatory power of the PCA indicators. For tax administration, high weights for indicators such as administrative quality, efficiency, fairness, and integrity indicate strong internal consistency, thereby reducing measurement noise. Tax legislation is explained by clarity, stability, transparency, and perceived tax burden, supporting convergent validity. Taxpayer preparedness, with high weights for accounting, understanding, discipline, and accountability, justifies its mediating role. The intention to evade taxes is explained by non-compliance rationalization, perceived unfairness, and civic disengagement, confirming it as a distinct latent construct.

Table 7 presents the results of the structural model, including hypothesis test results on the effects of the tax framework on tax avoidance intent and the mediating role of taxpayer preparedness. All hypotheses are substantiated by positive, significant coefficients, thereby confirming the model's robustness. Notable points include elevated critical ratios (>10), minimal standard deviations, and the role of taxpayer preparedness as a central mediator. The data endorse the model's validity, explicit relationships, and mediating effects.

Tax legislation has a significant direct effect on tax fraud intent, with an estimated coefficient of

Table 7. Hypotheses testing and regression weights

Hypotheses	Variables	Relation	Variables	Estimate	S.E.	C.R.	P	Results
H1	Tax Legislation	→	Tax Evasion Intention	.466	.034	13.543	0.00	Supported
H2	Tax Administration	→	Tax Evasion Intention	.148	.053	2.809	.005	Supported
H3	Tax Legislation	→	Taxpayer Readiness	.097	.039	2.484	.013	Supported
H4	Tax Legislation	→	Taxpayer Preparedness	.800	.040	19.912	0.00	Supported
H5	Taxpayer Preparedness	→	Tax Evasion Intention	.744	.049	15.158	0.00	Supported
H6	Tax Legislation → Taxpayer Preparedness	→	Tax Evasion Intention	.098	.006	16.837	0.00	Supported
H7	Tax Administration → Taxpayer Preparedness	→	Tax Evasion Intention	.012	.005	2.261	.024	Supported

0.466, low standard deviation (0.034), and a critical ratio higher than 1.96, indicating high precision and stability. Results support Hypothesis H1. Tax legislation positively influences tax evasion behavior, with the normative characteristics of the tax system being a major determinant. Therefore, perceived complexity and instability promote tax evasion intention. Tax administration has a moderate direct effect on tax fraud intent, with an estimated coefficient of 0.148, a standard deviation of 0.053, a critical ratio of 2.809, and a p-value of 0.005. Hypothesis H2 is supported. Although significant, this effect is weaker than that of tax legislation, indicating a secondary but notable contribution. Tax administration directly affects tax evasion intention.

The results on taxpayer preparedness show clear differences. A low coefficient (0.097), a standard deviation of 0.039, and a critical ratio of 2.484 (p = 0.013) confirm a limited but real effect supporting Hypothesis H3. Conversely, a very high coefficient (0.800), a small standard deviation (0.040), and a high critical ratio (19.912) indicate a very strong, precise effect that explains a substantial portion of the variance. Results support H4. Both hypotheses confirm a significant relationship between the tax framework and preparedness, particularly regarding the intention to evade taxes. Taxpayer preparedness significantly influences tax evasion intent, with a coefficient of 0.744, standard deviation of 0.049, and a critical ratio of 15.158 (p < 0.001), confirming Hypothesis H5. The latter highlights its strong predictive power and central role in the model. Taxpayer preparedness explains much of the variance in tax evasion, beyond the tax framework.

H6 and *H7* explore indirect effects via taxpayer preparedness. The mediation effect from tax legislation is 0.098, with a low SD of 0.006 and a critical ratio of 16.837, showing strong stability supporting *H6*, with a weaker effect (0.012, SD = 0.005) and a critical ratio of 2.261. Its significance at p = 0.024 confirms the mediation effect of *H7*. Both hypotheses support taxpayer preparedness as a mediator between the tax framework and tax evasion intent, with significant indirect effects indicating the tax framework influences behavior through preparedness levels. These effects validate the model's causal structure and highlight taxpayer preparedness as a key factor.

4. DISCUSSION

Results confirm that the tax framework, administration, legislation, and taxpayer behavior are each statistically significant and play interdependent roles in explaining tax evasion intention. Tax legislation has a direct, positive, and highly significant effect on tax evasion intent (*H1*). The tax system's normative traits significantly influence tax avoidance. Legislation explains much of the variation in avoidance intent, as complexity, instability, and regulatory pressure foster an environment conducive to tax evasion (Torregrosa-Hetland, 2020). Tax administration also has a significant direct effect on the intention to evade taxes (*H2*). Therefore, administrative practices perceived as efficient and fair can decrease the propensity to evade taxes (Khalil & Sidani, 2022).

Results confirm a significant link between the tax framework and taxpayer preparedness (*H3* and *H4*). Taxpayer preparedness depends heavily on the quality of the tax environment, which conditions the functioning of the tax system. Taxpayer preparedness has a strong, highly significant direct effect on tax evasion intention (*H5*). The result confirms the variable's central role in the model

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as a key determinant of tax behavior, indicating that preparedness explains a major portion of the variance in tax evasion intent, beyond the direct effects of the tax framework. Tax evasion is closely linked to the ability to understand, organize, and manage tax obligations (Markonah & Manrejo, 2022). Preparedness affects evasion behavior due to opportunism and the objective difficulty of complying with the system. Empirical results confirm the mediating role of taxpayer preparedness in the relationship between the tax framework and tax evasion intention (*H6* and *H7*), justifying its role as a central explanatory mechanism. The indirect effects are statistically significant, indicating that the tax framework's impact operates through changes in taxpayers' preparedness levels.

Studies based on institutional and behavioral approaches generally establish a direct link between the characteristics of the tax framework and compliance (Chaabo, 2021; Ayoola et al., 2023). Results confirm a significant relationship between the tax system and the intention to evade taxes, with this relationship mediated by tax preparedness. This finding partially confirms the results of Setyadi and Armaini (2025) and Markonah and Manrejo (2022), who validated a linear relationship between institutional quality and taxpayers' behavior. Another interesting aspect of classical deterrence theories concerns the relationship between compliance, the level of penalties, and the probability of an audit. Results are remarkable because the relationship between the tax system and taxpayers' intentions to evade taxes appears to depend on taxpayers' ability to prepare for taxes. In this respect, the results extend the rationality and deterrence theories discussed by Djafri et al. (2023) by introducing the institutional learning effect. Lastly, while Hauptman et al. (2024) discuss the impact of tax pressure on non-compliance, the present results show that this impact is exacerbated when reporting is constrained. This finding is consistent with Mukiyidin et al. (2021) regarding the impact of institutional factors; however, it offers additional insights into the phenomenon: tax evasion is not caused solely by tax restrictions, but also by the interplay between restrictions and the degree of preparedness.

The dominant literature establishes that the quality of the tax framework directly influences compliance, either through deterrence (the probability of audits and the severity of penalties) or through institutional legitimacy and trust (Djafri et al., 2023; Setyadi & Armaini, 2025). Results confirm these direct relationships but reveal some limitations: the effect of the tax framework on the intention to evade tax remains partial when it does not incorporate the intermediate variable of tax preparedness. Results contradict prior studies that favor linear causality; empirical estimates highlight a transmission mechanism. This observation extends behavioral analyses by showing that the perception of rules is insufficient to explain the decision to defraud; the operational capacity to comply with them also plays a decisive role (Hauptman et al., 2024). While some studies conclude that strengthening controls or simplifying regulations is sufficient to improve compliance, our results indicate that these levers are only fully effective when taxpayers have the necessary skills and resources to apply the rules (Lamichhane et al., 2024). Thus, the study refines the scope of the literature by demonstrating that the relationship between the tax framework and the intention to defraud is conditioned by a structural factor that is often underestimated: tax preparedness.

This paper highlights taxpayer preparedness as a key mediator between the tax framework and evasion, differing from traditional deterrence models by emphasizing the cognitive and organizational processes behind evasion. It advances theories of tax legitimacy by showing that the quality of the tax framework influences taxpayers' understanding and internalization of obligations, integrating these factors into a coherent model. Taxpayer preparedness is a distinct, influential factor, affected by but independent of institutional perceptions, offering new insights into tax behavior, especially in contexts of regulatory instability and weak governance. The study advises policymakers that fighting tax fraud requires more than coercion, emphasizing prevention and capacity building.

Despite these contributions, limitations persist. The latter includes reliance on cross-sectional data, self-reported perceptions that may be biased, and a specific institutional context that limits generalizability. The small sample size and focus on Akkar also limit applicability. Broader psychological, cultural, or economic factors remain unexplored, warranting future research with wider geographic scope, qualitative methods, and longitudinal studies of reforms' effectiveness. Future research could explore several complementary avenues. A longitudinal approach would enable analysis of how taxpayer preparedness evolves in response to successive tax reforms. Furthermore, incorporating moderating variables such as institutional trust, tax morality, or the digitalization of tax services would enrich the explanatory model. Finally, international comparative studies would provide external validation of the mediating role of taxpayer preparedness in different institutional contexts.

CONCLUSION

This study aimed to evaluate the influence of the income tax framework on tax evasion intentions, utilizing the mediating role of taxpayer preparedness among Lebanese SMEs in Akkar. Tax legislation and administration, as two components of the income tax framework, significantly influence tax evasion intentions both directly and indirectly. The influence of tax legislation underscores the need for reforms that prioritize clarity, stability, and consistency. Improving procedural quality, fairness, and transparency in tax administration can reduce tax evasion. Strengthening administration with advanced control technologies, streamlined processes, and transparent governance is key to increasing compliance and preventing evasion. Taxpayer preparedness exerts a significant direct and indirect influence on the intention to evade taxes and represents a priority for public intervention.

Income tax evasion stems from cognitive and organizational factors influenced by the quality of the tax system. Policymakers should invest in tax education, streamline processes, provide support, and digitize services. These measures can sustainably reduce evasion. Transparent procedures boost trust and taxpayer readiness, indirectly cutting evasion. Improving taxpayer capacity makes the tax burden clearer and more accepted, encouraging compliance and strengthening system legitimacy. To conclude, the results verified that the intention to evade taxes stems from a structured causal chain linking the quality of the tax framework to taxpayer preparedness. The intention to evade tax arises from a complex interplay between the system's normative quality and taxpayers' operational capacity to comply with it. Hence, a sustained reduction in tax evasion levels demands that legislative clarity and stability should be prioritized, while tax preparedness should be enhanced through appropriate support mechanisms. The tax system's effectiveness depends on a simultaneous strengthening of regulatory governance and taxpayers' reporting capabilities. This study surpasses traditional constraint-centered methodologies and advances an integrated perspective on tax compliance grounded in governance, capacity, and legitimacy.

AUTHOR CONTRIBUTIONS

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APPENDIX A

Table A1. Questionnaire

General Information about the Taxpayer						
Characteristics	**Category**	**Choice**				
Economic Sector	Commercial					
	Industrial					
	Services					
	Freelance/Professional					
	Other (Please specify)					
Legal Entity Type	Sole Proprietorship					
	Partnership (General, Limited)					
	Corporation (Joint Stock, Limited Liability)					
	Other (Please specify)					
Years of Business Experience	Less than five years					
	5–10 years					
	More than 10 years					
Part 2						
Items	**Tax Legislation TL**					
TL1.	Current income tax rates in Lebanon are excessively high	1	2	3	4	5
TL2.	Income tax laws are complex and difficult to understand	1	2	3	4	5
TL3.	The method used to calculate income tax lacks transparency	1	2	3	4	5
TL4.	Frequent changes in income tax regulations make compliance difficult	1	2	3	4	5
TL5.	The income tax burden negatively affects taxpayers’ economic competitiveness	1	2	3	4	5
TL6.	Repeated exemptions from penalties weaken respect for tax obligations	1	2	3	4	5
TL7.	Income tax laws provide taxpayers with adequate legal rights to object and appeal	1	2	3	4	5
Items	**Tax Administration TA**					
TA1.	Weak monitoring by tax authorities facilitates tax non-compliance	1	2	3	4	5
TA2.	Inefficient application of tax laws by officials encourages tax evasion	1	2	3	4	5
TA3.	Lengthy, complex tax procedures discourage proper compliance	1	2	3	4	5
TA4.	Corruption within tax authorities contributes to tax evasion	1	2	3	4	5
TA5.	Poor administrative management reduces the effectiveness of tax enforcement	1	2	3	4	5
TA6.	Insufficient guidance and awareness efforts by tax authorities hinder compliance	1	2	3	4	5
Items	**Taxpayer Readiness TR**					
TR1.	I do not clearly understand the purpose and role of income taxes	1	2	3	4	5
TR2.	Weak ethical values among some taxpayers increase acceptance of tax evasion	1	2	3	4	5
TR3.	Poorly maintained accounting records increase the likelihood of tax evasion	1	2	3	4	5
TR4.	Disorganized and inadequate record-keeping creates opportunities for non-compliance	1	2	3	4	5
TR5.	Perceived mismanagement of public funds reduces taxpayers’ willingness to comply	1	2	3	4	5
Items	**Tax Evasion Intention TEI**					
TEI1.	When income tax obligations are perceived as excessive, I feel inclined to reduce my tax burden through non-compliant means	1	2	3	4	5
TEI2.	The complexity and ambiguity of income tax laws make me consider avoiding full compliance	1	2	3	4	5
TEI3.	Weak enforcement and unfair treatment by tax authorities increase my willingness to evade income tax	1	2	3	4	5
TEI4.	When public funds are perceived as poorly managed, I feel less obligated to fully comply with income tax requirements	1	2	3	4	5
TEI5.	Inadequate record-keeping and disorganized accounting practices foster opportunities for evasion	1	2	3	4	5

Note: 1: Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree, 5: Strongly Agree.