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TAXPAYER EDUCATION PROGRAMS OF THE BUREAU OF INTERNAL REVENUE: AWARENESS AND COMPLIANCE OF INDIVIDUAL TAXPAYERS

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ABSTRACT

Taxation serves as the lifeblood of the government, providing the essential revenue required for public services and national development. However, taxpayers frequently encounter difficulties in navigating complex tax regulations and filing procedures, which often result in errors or unintentional non-compliance. This study determined the level of awareness of individual taxpayers in Pico, La Trinidad, Benguet, regarding government-implemented taxpayer education programs and assessed their level of tax compliance in terms of correct filing and timely payment. The research also examined the relationship between awareness of these programs and actual compliance behavior.

Utilizing a quantitative descriptive-correlational research design, the study surveyed 269 individual taxpayers, comprising employed individuals, self-employed business owners, and professionals. To ensure the accuracy and consistency of the data gathered, the survey instrument underwent pilot testing and achieved an overall Cronbach's alpha reliability score of 0.77, indicating an acceptable level of internal consistency.

The results indicated that taxpayers are moderately aware of digital outreach (websites, apps, online tools) and slightly aware of online campaigns (social media, posted infographics) and seminars/in-person activities). However, despite the low level of awareness, participants reported a high level of tax compliance in terms of correct filing and on-time payment of taxes. Correlation analysis revealed a significant but weak positive relationship between awareness of education programs and tax compliance. The finding indicates that while education programs contribute to compliance, they are not the sole drivers of taxpayer behavior. Other factors, such as structural mechanisms, employer-assisted withholding, and reliance on professional support, play a more substantial role in ensuring that taxpayers remain compliant.

KEYWORDS:

- ***Taxpayer Education Programmes:*** *Initiatives designed by the BIR to assist taxpayers in understanding tax laws to prevent errors during filing and payment.*
- ***Tax Compliance:*** *The act of filing tax returns correctly and punctually, adhering to all legislation, payments, and documentation requirements as defined by Mahangila (2017).*
- ***Bureau of Internal Revenue (BIR):*** *The primary Philippine government agency mandated to collect internal revenue taxes and ensure compliance with the National Internal Revenue Code.*
- ***Individual Taxpayers:*** *Natural persons, including employees, professionals, and self-employed individuals, required to file and pay taxes on income or business activities.*
- ***Tax Awareness:*** *The level of understanding regarding tax obligations and procedures, grounded in the Knowledge-Ability-Behaviour Framework.*

INTRODUCTION

Taxes represent the primary source of income for the state, functioning as the "lifeblood of the government." As established by the Supreme Court of the Philippines in its landmark 1988 ruling in *Commissioner of Internal Revenue v. Algue, Inc.*, the prompt and certain availability of tax revenue is an imperious need, for without it, the government would be paralyzed and unable to activate its motive power. These funds are essential for the delivery of public services, including infrastructure, healthcare, education, and national defense. In the Philippines, the Bureau of Internal Revenue (BIR) is the agency mandated under Republic Act No. 8424, also known as the Tax Reform Act of 1997, to ensure that individuals and corporations contribute their fair share toward national prosperity. Despite this mandate, the Philippine government continues to face challenges in optimizing revenue collection. While the BIR collected P690.4 billion in the first half of 2025, a 16.67% increase over the previous year, the national tax-to-GDP ratio remains at approximately 17.8%, which is notably lower than the Asia-Pacific average. This suggests a persistent gap between potential and actual revenue, often attributed to the complexity of the tax system and the varying levels of taxpayer awareness.

To understand the dynamics of tax compliance, this study integrates four core theoretical frameworks that explain the psychological and economic motivations of taxpayers. The Knowledge-Ability-Behaviour (KAB) Framework posits that knowledge and attitude are essential elements of learning that education programmes must address. Greater awareness of tax rules fosters honesty and accountability by reinforcing tax payment as a civic obligation. Similarly, the Theory of Planned Behaviour (TPB) suggests that behaviour is influenced by attitude, subjective norms, and perceived behavioural control. Taxpayer education strengthens this control by increasing taxpayers' confidence in filing and paying taxes correctly, encouraging voluntary compliance.

The study also applies the Slippery Slope Framework, which argues that tax compliance depends on the balance between trust in tax authorities and the power of enforcement. Education programmes build trust through transparency and assistance, while awareness of penalties reinforces enforcement. However, high compliance may still result from enforcement despite low awareness. Finally, Economic Deterrence Theory views taxpayers as rational actors who weigh potential gains against losses. By highlighting the consequences of non-compliance, such as surcharges of 25% to 50% and legal sanctions, education programmes encourage compliance, especially when the perceived risk of detection is high.

Globally, tax systems vary in complexity and revenue focus. The United States collected approximately $4.99 trillion in 2024, relying mainly on income and payroll taxes, while European Union member states generated over €7,263 billion through a mix of value-added and corporate taxes. In Asia, Japan's tax collection reached a record projected ¥75 trillion in 2024, driven by strong corporate performance and wage growth. Despite these differences, a common challenge remains: more complex tax systems often experience higher levels of non-compliance. In the Philippines, the BIR has modernized through initiatives such as the Taxpayer Assistance Service and the Philippine Tax Academy (PTA), established under RA 10143 in 2010 to strengthen tax administration and education. Although formal taxpayer education dates back to 1954, technological barriers in digital platforms like eBIRForms continue to limit accessibility for some taxpayers.

The Philippine tax system is also undergoing digital transformation through initiatives such as the "Nationwide Simultaneous CHAT Day (Counsel, Help, Assist Taxpayers)" launched in February 2026, where revenue officers provided direct guidance to businesses nationwide. Likewise, the BIR's "Friendly Tax Compliance Verification Drive (TCVD)" emphasizes taxpayer assistance over immediate penalties by addressing registration and invoicing issues early. However, the effectiveness of these initiatives in rural and semi-urban communities like Barangay Pico, Cordillera Administrative Region (CAR), remains understudied. Many taxpayers still face challenges due to accounting complexities and technological barriers. This study evaluates whether these education programmes effectively reach taxpayers or whether compliance is primarily driven by structural enforcement.

OBJECTIVES

The primary goal of this research was to determine the role of taxpayer education programmes in improving tax compliance among individual taxpayers in Pico, La Trinidad, Benguet. Specifically, the study sought to achieve the following:
First, the research aimed to determine the current level of awareness among individual taxpayers regarding government-implemented taxpayer education programmes. This assessment covered three areas: face-to-face seminars and in-person activities (e.g., small business orientations and public briefings), digital outreach through websites and online tools (including eBIRForms and digital payment channels), and online campaigns using social media and infographics (such as Facebook announcements and video advisories).

Second, the study assessed the level of tax compliance among respondents after their participation in or exposure to these programmes. Compliance was measured through two key indicators: the accuracy of tax filing and the timeliness of tax payments, particularly adherence to the April 15 deadline and the "pay-as-you-file" principle.

Third, the study examined the relationship between awareness of taxpayer education programmes and tax compliance. It sought to determine whether greater awareness is associated with more responsible tax-paying behavior or whether other structural factors, such as enforcement and professional delegation, play a more significant role in ensuring compliance.

METHODOLOGY

This study utilized a quantitative research approach, specifically a descriptive-survey correlational design. This design was chosen to describe the existing levels of awareness and compliance while establishing whether a statistically significant relationship exists between the two variables. The quantitative method allowed for the collection of numerical data through a structured survey, facilitating the analysis of patterns in taxpayer behavior without manipulating the variables.

The primary data-gathering tool was a researcher-made survey questionnaire developed based on official BIR materials and existing literature. To ensure the tool's effectiveness, it underwent an extensive validation process. This subsequent round involved 30 taxpayers who met the study's inclusion criteria.The questionnaire was structured into two parts: the first measuring awareness across various channels and the second measuring filing and payment behavior using a four-point Likert scale.

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Data collection involved a multi-modal approach to maximize reach within the community. The researcher administered survey questions face-to-face and distributed them online via Google Forms to accommodate the varied digital literacy levels of the respondents. Permission to conduct the study was also secured from the Municipal Government of La Trinidad. Participation was strictly voluntary, and all data were treated with total confidentiality in accordance with the Data Privacy Act. Each questionnaire was accompanied by an informed consent letter outlining the study's purpose, risks, and benefits, ensuring that participants were fully aware of their rights before engaging in the research.

SAMPLING DESIGN

The study was conducted in Barangay Pico, La Trinidad, Benguet. Since an exhaustive list of individual taxpayers was not available from the local revenue office, the researcher used the total household count as the projected population base. Official records showed that Barangay Pico has 8,127 households, representing a diverse taxpayer population, including small business owners, professionals, and employees.

The target sample size was determined using the Yamane formula. With a population of 8,127 and a 5% (0.05) margin of error, the required sample size was 381 respondents. However, only 269 participants were successfully surveyed due to several socio-economic factors encountered during data collection. Many residents were minimum wage earners whose annual gross income fell below the taxable threshold, making them exempt from filing. Others were covered by substituted filing, where employers handled their tax obligations. In addition, many professionals and business owners delegated their tax responsibilities to third-party professionals, making them ineligible since they could not provide the first-hand perspectives on taxpayer education and voluntary compliance required by the study. Time constraints also limited the recruitment of additional qualified respondents. Despite the shortfall, the 269 respondents provided sufficient data for meaningful correlational analysis and represented the diverse taxpayer categories in the barangay.

STATISTICAL DESIGN

Scale for Awareness	Scale for Compliance
• 3.25 – 4.00: Highly Aware (HA) • 2.50 – 3.24: Moderately Aware (MA) • 1.75 – 2.49: Slightly Aware (SA) • 1.00 – 1.74: Minimally Aware (MiA)	• 3.25 – 4.00: Always Comply (AC) • 2.50 – 3.24: Often Comply (OC) • 1.75 – 2.49: Sometimes Comply (SC) • 1.00 – 1.74: Rarely Comply (RC)

The data were analyzed using several statistical measures to ensure accuracy and scientific rigour. The weighted mean was employed to interpret the responses from the four-point Likert scale, allowing the researcher to summarize the overall level of awareness and compliance across various indicators.

To determine the relationship between awareness and compliance, the researcher used the Pearson Product-Moment Correlation Coefficient (r) to measure the strength and direction of their association. The Coefficient of Determination was also applied to identify the percentage of compliance explained by awareness of education programmes. The t-value and p-value were computed to test the null hypothesis at the 0.05 level of significance. This statistical approach provided a robust basis for determining whether education programmes are a primary driver of tax compliance or merely incidental to it.

GEOGRAPHICAL AREA

The research locale was Barangay Pico, situated in the Municipality of La Trinidad, Benguet, within the Cordillera Administrative Region (CAR). La Trinidad serves as the provincial capital and is the hub for economic activity in the region, particularly known for its agricultural trade and small-scale commercial industries. Barangay Pico was selected due to its dense and diverse taxpayer base, which includes high-earning professionals, medium-sized business owners, and employees of both the private and public sectors. This area represents a semi-urban environment where the BIR regularly conducts assistance programmes and information campaigns, such as the "Tax Awareness Month" activities in February. The locale provides an ideal setting to test the reach and impact of these initiatives on a population that balances traditional business practices with an increasing reliance on digital government services.

RESULTS

The findings of the study reveal a profound disconnect between the reach of taxpayer education and the high level of compliance maintained by the respondents. While the BIR has expanded its digital and online presence, these efforts have yet to translate into widespread deep awareness among individual taxpayers in Pico.

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Level of Awareness

Taxpayers in Pico demonstrated an inconsistent level of awareness regarding BIR education programmes, with an overall average of 2.46 ("Slightly Aware"). Digital outreach emerged as the most recognised category, primarily because it is tied to transactional necessity.

Table 2: Level of Awareness of Individual Taxpayers

Indicators	Mean	Descriptive Equivalent (D.E.)	Rank
A. Seminars / In-Person Activities	**2.26**	**Slightly Aware**	**3**
1. Filing and payment instructional sessions	2.45	Slightly Aware	
2. BIR taxpayer education seminars	2.32	Slightly Aware	
3. Taxpayer assistance booths	2.29	Slightly Aware	
4. Small Business Orientation Program	2.11	Slightly Aware	
5. Public consultations and briefings	2.11	Slightly Aware	
B. Digital Outreach (Website, Apps, Online Tools)	**2.63**	**Moderately Aware**	**1**
1. eBIRForms for tax filing	2.81	Moderately Aware	
2. Digital payment channels (Landbank/DBP)	2.75	Moderately Aware	
3. Online tax guides	2.59	Moderately Aware	
4. BIR website for updates	2.56	Moderately Aware	
5. FAQs and step-by-step tutorials	2.46	Slightly Aware	
C. Online Campaigns (Social Media, Infographics)	**2.49**	**Slightly Aware**	**2**
1. Deadline reminders in social media posts	2.60	Moderately Aware	
2. BIR Facebook announcements	2.51	Moderately Aware	
3. Tax-related video advisories	2.51	Moderately Aware	
4. Official BIR social media channels	2.50	Moderately Aware	
5. Online tax infographics	2.35	Slightly Aware	
Average	**2.46**	**Slightly Aware**	

Level of Tax Compliance

Despite slight-to-moderate awareness, the respondents demonstrated an exceptionally high level of compliance, yielding a mean of 3.77. This illustrates a compliance paradox where taxpayers follow rules they do not fully understand.

Table 3: Level of Tax Compliance of Individual Taxpayers

Indicators	Mean	Descriptive Equivalent (D.E.)	Rank
A. Correct Filing Behaviour	**3.77**	**Always Comply**	**1.5**
1. TIN verification and correct usage	3.81	Always Comply	
2. Selection of correct BIR forms (1700/1701)	3.78	Always Comply	
3. Submission on April 15 deadline	3.76	Always Comply	
4. Review of annual tax info (Form 2316)	3.76	Always Comply	
5. Use of ORUS or eBIRForms platforms	3.75	Always Comply	
B. On-Time Payment Behaviour	**3.77**	**Always Comply**	**1.5**
1. Settle balance on or before April 15	3.78	Always Comply	
2. Remittance of monthly/quarterly dues	3.78	Always Comply	
3. Use of Authorized Agent Banks (AABs)	3.78	Always Comply	
4. Adherence to "Pay-as-you-file" principle	3.78	Always Comply	
5. Completion within digital cut-off times	3.73	Always Comply	
Average	**3.77**	**Always Comply**	

The high compliance score (3.77) is driven by structural imperatives. For employees, compliance is mandated through the withholding system. For self-employed individuals and professionals, compliance is driven by the fear of penalties (25% to 50% surcharges) and the necessity of tax clearances for business permit renewals. The lower score for digital cut-off times (3.73) highlights the "May Bukas Pa" (procrastination) mindset, where taxpayers wait until the last minute, causing system congestion.

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This confirms that while taxpayers "Always Comply," they do so out of a sense of legal obligation and deterrence rather than voluntary engagement born of education.

Relationship Analysis

The study examined the statistical link between education and behavior to determine if awareness drives compliance.

Table 4: Relationship between Awareness and Compliance

Variables	r-value	r^2	p-value	Interpretation
Awareness vs. Compliance	0.17953	0.0322	0.003	Weak positive, significant

The r-value of 0.17953 indicates a weak positive relationship. While statistically significant ($p < 0.05$), the value shows that only 3.22% of compliance behavior is explained by awareness of education programmes. This proves that 96.78% of compliance in Pico is driven by other factors—primarily the "Power" dimension of the Slippery Slope Framework (enforcement, withholding, and professional intermediaries) rather than the "Trust" dimension (education and awareness).

SUGGESTIONS

Based on the findings, the following recommendations are proposed to bridge the gap between awareness and compliance:

1. **Decentralized and Localized Dissemination:** The BIR should shift from centralized bulletin-board notices to more active community outreach. Seminar announcements and tax updates should be disseminated through barangay-level notices, SMS alerts, and visible signage at Authorized Agent Banks (AABs). Information should also be simplified and translated into local dialects or "Taglish" to reduce the cognitive barriers posed by technical accounting language.
2. **Mitigating Procrastination:** To address the "last-minute" payment behavior that strains digital systems, the BIR and local government units should promote a "pay early" culture. This can be achieved through calendar-based mobile alerts and providing non-monetary incentives—such as priority processing or certificates of recognition—for those who settle dues well before the April 15 deadline.
3. **Platform Redesign:** The BIR should prioritize the redesign of platforms like eBIRForms and ORUS. The systems should be more intuitive, offering step-by-step guidance and clear error messages in plain language. By making the digital interface less intimidating, the BIR can reduce the taxpayers' over-reliance on expensive professional intermediaries and encourage independent voluntary compliance.

CONCLUSION

The study leads to three core conclusions regarding the current state of tax administration in the Cordillera region. First, taxpayer education programmes currently have a limited reach. Most individual taxpayers in Pico remain only slightly aware of face-to-face and social media initiatives, suggesting that current dissemination strategies are failing to penetrate the general population. The "moderate" awareness of digital tools is a result of necessity, not interest in tax education.

Second, the high level of tax compliance observed is not a primary outcome of these education programmes. Instead, compliance is driven by structural and external factors, including employer-mandated withholding, the assistance of professional bookkeepers, and a rational, economic fear of high financial penalties. This creates a state of "enforced compliance" rather than "voluntary cooperation."

Third, awareness plays a secondary role to enforcement. While there is a statistically significant relationship between awareness and compliance, its weakness indicates that simply knowing about tax rules is less influential than the systems and penalties that mandate compliance. In terms of the Slippery Slope Framework, the Philippine tax system in this locale is currently over-functioning on the "Power" side and under-performing on the "Trust" side. For education programmes to become a primary driver of compliance, they must be redesigned to be more accessible, less technical, and more integrated into the daily business routines of the community.

AREA FOR FURTHER RESEARCH

Future research should explore the impact of automated withholding systems on the long-term development of tax morality. Additionally, a comparative study between urban centres (such as Baguio City) and more remote rural areas in the Cordillera region would provide insight into how internet infrastructure and digital literacy affect the reach of BIR's online campaigns. Finally, investigating the role of professional accountants as "compliance intermediaries" could reveal the extent to which taxpayer education should be targeted at these professionals versus the individual taxpayers themselves.

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