

## TAX COMPLIANCE BEHAVIOUR UNDER GST: EVIDENCE FROM HOSIERY INDUSTRY

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### ABSTRACT

**Purpose:** The aim of this paper is to investigate the factors that affect Goods and Services Tax (GST) compliance behaviour of hosiery industry taxpayers and to test the mediating effect of Behavioural Intention on the association between Attitude, Subjective Norms, perceived behavioural control, Tax Knowledge and tax compliance.

**Design/methodology/approach:** The research is grounded on the Theory of Planned Behaviour and uses quantitative methodology. The primary data were collected from hosiery industry taxpayers registered under GST using a questionnaire. Structural Equation Modelling (SEM) was used to examine the direct and indirect effects of the constructs.

**Findings:** The results show that Attitude, Subjective Norms, perceived behavioural control and Tax Knowledge have a significant impact on Behavioural Intention to comply with GST. Behavioural Intention also has a positive influence on tax compliance. The mediation test reveals that Behavioural Intention has a significant mediating effect on the antecedents and tax compliance.

**Originality/value:** The research offers insights for policymakers to enhance voluntary GST compliance among the hosiery industry players through increased awareness, ease of compliance and positive Attitudes towards taxation.

**Keywords:** GST compliance, Tax compliance, Behavioural intention, Theory of Planned Behaviour, Hosiery industry, Structural Equation Modelling, Tax knowledge

### INTRODUCTION

Taxes play a vital role in economic development and public finance of a country. Taxes are involuntary exactions by the government on individuals and business entities for raising revenue to meet government expenditure and to ensure the equitable distribution of resources in the society. Tax revenue helps the government to deliver necessary public goods and services like infrastructure, education, health and social protection, thereby facilitating economic development and social advancement (Ibrahim et al., 2015; Yew et al., 2015). In

India, tax is also used as a means for regulating the economy and financial stability (Do et al., 2022).

But Tax Compliance is at the heart of the effectiveness of a taxation system. Tax Compliance is defined as the taxpayers' willingness to meet their tax liabilities in accordance with the law and regulations. However, tax non-compliance refers to tax evasion, tax avoidance, underreporting, deferrals and hiding taxable income (Kirchler et al., 2008). Tax non-compliance hampers the tax collection system and reduces the state's ability to deliver public goods and facilitate development (Andreoni et al., 1998; Alm, 2012). It also places an unequal burden on compliant taxpayers and has a negative impact on economic justice (Ozili, 2020).

India has a significant share of indirect taxes. In order to replace the multi-layered indirect taxes and cascading effect of taxation, the GST came into effect on 1st July 2017. GST subsumes multiple indirect taxes like Value Added Tax (VAT), excise duty and service tax, and provides a harmonised tax structure for the country (Yadav & Shankar, 2018; Kumar, 2018). While GST was introduced to enhance transparency and compliance, there are still some procedural and technical issues with taxpayers such as registration, return filing, matching and claiming Input Tax Credit (ITC), particularly for small and medium enterprises.

GST compliance issues have a major impact on the hosiery industry, which is a key component of the Indian manufacturing and trading sector. The industry has a long supply chain with multiple stages and frequent transactions, thereby making compliance more complex, which leads to a higher risk of tax evasion and avoidance (Garg et al., 2022). Research has indicated that there has been no significant improvement in GST compliance, leading to revenue losses for the central and state governments (Mukherjee, 2020).

The Theory of Planned Behaviour (TPB) is a useful way to explain taxpayer behaviour. Ajzen (1991) suggests that intention to perform a behaviour is driven by Attitude, Subjective Norm and perceived behavioural control, which in turn influences actual behaviour. Tax Knowledge also has a significant impact on Tax Compliance in the GST regime.

Hence, in this study, we intend to investigate the factors that influence the GST compliance behaviour of taxpayers in the hosiery industry by assessing the effect of Attitude, Subjective Norms, perceived behavioural control and Tax Knowledge on Behavioural Intention and tax compliance.

**This research seeks to answer the questions:**

- (1) How does Attitude, Subjective Norms, perceived behavioural control and Tax Knowledge influence Behavioural Intention to comply with GST?
- (2) What are the effects of Behavioural Intention on Tax Compliance of the hosiery industry taxpayers?
- (3) Is Behavioural Intention a mediator of the impact of these factors on tax compliance?

The rest of the paper is structured as follows: Section 2 is on the review of literature and theoretical framework. Section 3 explains the methodology adopted for the study. Section 4 discusses analysis and interpretation of the results. Section 5 explains the findings and suggestions. Finally, Section 6 provides the study's conclusion, limitations and recommendations for future studies.

## REVIEW OF LITERATURE

### Theoretical Background

The behavioural aspect of Tax Compliance has been traditionally explained by the economic model, which treats taxpayers as rational agents who comply with tax regulations based on penalties, risk of detection, and cost and benefit analysis (Schwartz, 2016; Alm, 2012). But recent research in behavioural economics and tax psychology indicates that compliance is also influenced by psychological and social factors including morality, perceived fairness, social influence, trust in government and control over tax processes (Kirchler et al., 2008; Alm, 2012). With respect to Goods and Services Tax (GST), particularly among Micro and Small Enterprises (MSEs), compliance is not just a legal but also a behavioural activity, which is framed by intention and perception.

In this study, we adopt the Theory of Planned Behaviour (TPB) proposed by Ajzen (1991), as one of the most popular theories to explain intentional behaviour. TPB builds on the Theory of Reasoned Action (TRA) proposed by Fishbein & Ajzen (1975) by including the concept of Perceived Behavioural Control (PBC) in order to better predict behaviour in situations where individuals may not have full volitional control. Under TPB, behaviour is not spontaneous but is planned and Behavioural Intention precedes behaviour.

According to the theory, three main factors influence behavioural intention: Attitude, Subjective Norms, and Perceived Behavioural Control. Attitude is a person's positive or negative assessment of performing the behaviour. For GST, if taxpayers view paying taxes as moral, advantageous and desirable, they will have a more favourable intention to comply. Subjective Norms are social expectations from family, friends, accountants and business partners to comply with tax. If others expect taxpayers to comply, their compliance intention will be higher. Perceived Behavioural Control is the perceived difficulty or ease of complying with GST rules and regulations, such as knowledge of tax laws, computer literacy, access to professionals, and resources (Ajzen, 1991). Behavioural Intention is the immediate antecedent of Tax Compliance behaviour. It is a state of readiness to carry out Tax Compliance activities such as keeping records, filing returns and paying tax. The level of Behavioural Intention will be positively associated with compliance behaviour.

To extend TPB and increase its explanatory ability, the current study incorporates another construct, Tax Knowledge. Tax Knowledge is defined as the taxpayer's awareness of tax regulations, procedures, tax rates, filing procedures and Input Tax Credit (ITC) regulations. Increased Tax Knowledge lessens uncertainty and enhances confidence in performing GST

procedures, thus positively impacting Behavioural Intention and compliance behaviour (Eriksen & Fallan, 1996; Saad, 2014).

The hosiery business involves a complex GST environment with multiple transactions, supply chains and documentation. Hence, TPB is an appropriate theory to explain GST compliance behaviour among taxpayers in this industry. The theory explains the combined effects of psychological factors and knowledge factors on compliance behaviour. Therefore, this study adopts TPB as the underlying theoretical and conceptual framework to discuss the effects of Attitude, Subjective Norms, perceived behavioural control, and Tax Knowledge upon Behavioural Intention and tax compliance.

## **Hypothesis Development**

### **Attitude and Behavioural Intention toward GST Compliance**

Attitude plays a key role in shaping Behavioural Intention according to the Theory of Planned Behavior (TPB) and represents a person's favourable or unfavourable evaluation of engaging in a particular behaviour. In GST compliance, taxpayers with positive Attitudes tend to form favourable intentions to comply. This is confirmed by empirical studies. For example, Bidin et al. (2014) noted a positive impact of favourable Attitudes on the intention of GST taxpayers to comply, while Yusri & Yee (2015) confirmed that Attitude is positively related to behavioural intention, although perceived behavioural control might be stronger. Likewise, Garg et al. (2018; 2024) found that positive Attitude towards GST increases acceptance and voluntary compliance in India. But negative Attitudes due to compliance burden or cost can diminish this effect (Rametse & Yong, 2009). In the hosiery sector, where operational and procedural issues are widespread, Attitude towards GST - which results from perceived fairness, compliance cost and electronic filing - emerges as a key predictor of intention to comply. Consequently, positive Attitude is likely to enhance taxpayers' compliance intention towards GST.

H1: Attitude has a significant positive impact on Behavioural Intention toward GST compliance.

### **Subjective Norms and Behavioural Intention toward GST Compliance**

The Subjective Norm reflects perceived social pressure from significant reference groups to engage (or not engage) in a behaviour (Ajzen, 1991). For GST compliance, such pressures come from friends, tax advisors, trade groups and government agencies. The evidence from empirical studies is mixed but overall positive. Bobek & Hatfield (2003) and Wenzel (2004) reported a strong influence of perceived social pressures on compliance intention. Likewise, Damayanti et al. (2015) and Saad (2011) found a positive impact of Subjective Norms on Tax Compliance intention in the context of SMEs. In the GST context, Night & Bananuka (2019) identified that the impact of organisational expectations and Subjective Norms enhance compliance intention. But some research (Chan et al., 2000; Hanno & Violette, 1996) found that Subjective Norms might have a lower impact relative to Attitude and perceived

behavioural control. In hosiery, supply chain interdependence and the use of external advisors can amplify normative influences, although financial constraints can diminish this influence (Joshi et al., 2014). Notwithstanding these differences, Subjective Norms are a significant social factor influencing behavioural intention.

H2: Subjective Norms have a significant positive impact on Behavioural Intention toward GST compliance.

### **Perceived Behavioural Control and Behavioural Intention toward GST Compliance**

Perceived behavioural control (PBC) captures the perceived ease or difficulty of performing the behaviour, including skills, opportunities and resources (Ajzen, 1991). In the context of GST compliance, PBC encompasses taxpayers' self-efficacy in electronic filing, understanding compliance processes, and managing the compliance burden. Numerous studies support its role in intention. Yusri & Yee (2015) reported that PBC is the strongest predictor of GST compliance intention, with Zainan et al. (2017) showing that perceived complexity and knowledge influence behavioural intention. Likewise, Saad (2014) found perceived complexity decreases taxpayers' confidence and hence intention. Enforcement studies (Klepper & Nagin, 1989; Iyer et al., 2010) also indicate that enforcement awareness (detection and penalties) increases PBC and intention. In the hosiery sector, lack of technical know-how and resource limitations may lower perceived control, impacting compliance intention. However, increased knowledge, IT skills and streamlined processes can enhance PBC and intention. Therefore, perceived behavioural control is a key factor in influencing intention to comply with the GST.

H3: Perceived behavioural control has a significant positive impact on Behavioural Intention toward GST compliance.

### **Tax Knowledge and Behavioural Intention toward GST Compliance**

Tax Knowledge is taxpayers' awareness of tax law, rules and regulations, and is a key aspect of behaviour intention. Increased knowledge minimises uncertainty and increases confidence, which strengthens behavioural intention. Eriksen & Fallan (1995) showed that Tax Knowledge enhances perceptions of fairness, and Palil & Mustapha (2011) found a positive relationship between Tax Knowledge and tax compliance. Within GST, Chen & Taib (2017) showed that insufficient procedural knowledge poses compliance problems, especially for small businesses. Muzakkir et al. (2019) also confirmed the positive impact of Tax Knowledge on behavioural intentions, both direct and indirect. But Tan & Fatt (2000) show that knowledge will not necessarily produce a positive Attitude without trust towards institutions. In sectors like hosiery, where compliance requires intricate online processes, knowledge is crucial to forming intention. Hence, better awareness and technical knowledge is expected to improve taxpayers' willingness to comply.

H4: Tax Knowledge has a significant positive impact on Behavioural Intention toward GST compliance.

## **Behavioural Intention and GST Compliance Behaviour**

Behavioural Intention is the closest predictor of behaviour in TPB and is defined as the readiness to perform a specific behaviour (Ajzen, 1991). In the area of taxation, intention is a vital link between psychological and contextual variables and compliance behaviour. Research provides evidence for this link. Yusri & Yee (2015) showed that Behavioural Intention is a strong predictor of GST compliance, while Zainan et al. (2017) revealed that behavioural determinants predict compliance mainly via intention. Likewise, Iyer et al. (2010) found that awareness of enforcement leads to increased compliance through intention. In emerging markets, Nguyen et al. (2021) found that intention is the mediator of trust and perceptions on compliance. For hosiery industry taxpayers, compliance behaviour may be hampered by operational issues, compliance costs and technological hurdles unless there is a high level of behavioural intention. Therefore, intention is the prime factor linking perceptions with compliance behaviour.

H5: Behavioural Intention has a significant positive impact on GST compliance behaviour among hosiery industry taxpayers.

### **Mediating Role of Behavioural Intention**

Behavioural Intention is a mediating variable which explains how psychological and cognitive factors affect behaviour, in the TPB. The role of Behavioural Intention is well supported in Tax Compliance research. Muzakkir et al. (2019) showed that Tax Knowledge has both direct and indirect effects on compliance via intention. Likewise, Nguyen et al. (2021) showed that perceptions, trust and emotions affect compliance behaviour through intention. Also, Zainan et al. (2017) proved the behavioural determinants such as knowledge and perceived complexity affect GST compliance behaviour via intention. Moreover, Yusri & Yee (2015) found that Attitude and perceived behavioural control are the significant determinants that influence compliance through behavioural intention. In the hosiery industry where compliance is constrained by various factors, Behavioural Intention serves as the key factor in translating the determinants (Attitude, Subjective Norms, perceived behavioural control, and tax knowledge) into actual behaviour. In the absence of intention, favourable perceptions may not result in compliance.

H6: Behavioural Intention significantly mediates the relationship between Attitude, Subjective Norms, perceived behavioural control, tax knowledge, and GST compliance behaviour.

## **RESEARCH METHODOLOGY**

### **Sampling Design and Data Collection**

In the current research on GST compliance tax behaviour of hosiery industry taxpayers, a convenience sampling method was used for data collection, which is commonly adopted because of its accessibility and speedy response rates (Malhotra et al., 2006). Convenience

sampling is a non-probability sampling technique, but was deemed relevant because of the lack of a complete sampling framework and the geographical spread of hosiery firms as suggested in previous research (Raut et al., 2020). This sampling technique allowed the researcher to gather a large sample within a short period. To encourage maximum response, the questionnaire was sent both online and offline. The online questionnaire was distributed through channels including WhatsApp, Email and business groups, while data was collected offline through direct visits to hosiery units and market clusters. A screening question was asked to check if the respondent was a GST taxpayer and engaged in business transactions related to hosiery. This helped to target knowledgeable respondents for the study. The respondents were briefed about the nature of the study and were given instructions on how to respond to the questionnaire, ensuring quality responses. A sample of 480 was collected, of which 420 valid responses were selected based on the screening questions for analysis. The respondents were not offered any financial incentives.

### **Instrumentation**

The questionnaire was meticulously developed to test the factors affecting GST compliance behaviour based on the Theory of Planned Behavior. The variables measured were Attitude, Subjective Norms, perceived behavioural control, tax knowledge, Behavioural Intention and GST compliance behaviour. The constructs were measured using scales adapted from previous research to ensure that they were valid and reliable. Attitude, Subjective Norms and perceived behavioural control were measured with items adapted from Ajzen (1991) and other TPB studies. Items measuring Tax Knowledge were adapted from Palil & Mustapha (2011) and Eriksen & Fallan (1995). GST compliance behaviour and Behavioural Intention were adapted from Yusri & Yee (2015) and other research on Tax Compliance behaviour. The items were answered using a 5-point Likert scale from 1 = “Strongly disagree” to 5 = “Strongly agree”. The questionnaire was pretested by six experts in the fields of taxation, commerce and research methodology to ensure clarity and context. Slight adjustments were made to the wording of questions for clarity. In the pilot study, 50 hosiery industry taxpayers were asked to complete the questionnaire to assess its reliability and consistency. The questionnaire used in this study was divided into two parts: (1) demographics and (2) items that measured all the constructs being examined.

## **RESULTS**

### **Demographic profile of the participants**

The study sample is a cross section of hosiery industry taxpayers. Among the 420 respondents, 55.2% (N=232) were male and 44.8% (N=188) were female. The age distribution indicates that 40.5% (N=170) of respondents were below 30 years, 38.1% (N=160) were between 31 and 45 years, and 21.4% (N=90) were above 45 years. In terms of monthly income, 23.1% (N=97) reported income below ₹20,000, 33.8% (N=142) earned between ₹20,001 and ₹50,000, 25.5% (N=107) reported income between ₹50,001 and

₹100,000, and 17.6% (N=74) earned above ₹100,000. In terms of occupation/business role, 28.3% (N=119) were small business owners, 31.7% (N=133) were self-employed traders, 29.5% (N=124) were involved in manufacturing, and 10.5% (N=44) were engaged in other related activities. This diverse representation suggests a good mix of respondents across various age, income and occupations/business in the hosiery industry, contributing to the generalizability of the study.

### **Examination of Normality and Common Method Bias**

In order to ascertain the fit of the data in the present research on GST compliance of hosiery industry taxpayers, an assessment of normality and common method bias (CMB) was performed. To test the normality of the data, skewness and kurtosis values of all the constructs were examined. In line with the recommendations of Curran et al. (1996), all skewness values were less than  $\pm 2$  and kurtosis values were less than  $\pm 7$ , suggesting that the data were normally distributed and not a problem for the application of multivariate statistical techniques. To test for the presence of common method bias, Harman's single-factor test was used (Podsakoff et al., 2003). The findings suggested that a single factor did not explain most of the variance (less than 50% of the variance, or 29%), thus, common method bias was not a significant issue. This suggests that common method bias is not a significant issue in this study.

### **Analysis of the Measurement Model**

To test the measurement model and relationships between constructs and items, Confirmatory Factor Analysis (CFA) was performed. The model showed acceptable fit, suggesting that the theoretical model postulated is suitable to explain GST compliance. Composite Reliability (CR), Cronbach's alpha ( $\alpha$ ), Average Variance Extracted (AVE) and factor loadings were used to test the reliability and convergent validity of the constructs (Table 1). All the CR values were greater than the recommended level of 0.70 (0.855-0.889), and Cronbach's alpha values ranged from 0.844 to 0.881, showing that the constructs have adequate reliability. The AVE values ranged from 0.512 (Tax Compliance) to 0.582 (Behavioural Intention), being higher than the recommended value of 0.50, thus confirming convergent validity. Moreover, all factor loadings were greater than 0.60, and most were greater than 0.70, which indicated that the indicators are good representations of their respective constructs. The Fornell-Larcker criterion (Table 2) and HTMT ratios (Table 3) were used to test discriminant validity. The square root of the AVE for each construct was higher than its correlation with the other constructs (Fornell-Larcker criterion). For example, the square root of AVE for Behavioural Intention was 0.763, which was greater than its maximum correlation with Tax Compliance (0.648), establishing discriminant validity. Also, HTMT values (Table 3) were lower than the threshold of 0.90 (0.438-0.654), supporting the discriminant validity of the constructs. This confirms the reliability and validity of the measurement model.

Table 1: Reliability and Convergent Validity

Name of the Variable	Items	Outer Loadings	AVE	Composite Reliability	Cronbach ( $\alpha$ )
Attitude (ATT)	ATT01	0.671	0.558	0.862	0.853
	ATT02	0.762			
	ATT03	0.691			
	ATT04	0.739			
	ATT05	0.847			
Subjective Norms (SON)	SON01	0.663	0.543	0.855	0.844
	SON02	0.663			
	SON03	0.756			
	SON04	0.772			
	SON05	0.761			
Perceived Behaviour Control (PBC)	PBC01	0.677	0.572	0.889	0.881
	PBC02	0.772			
	PBC03	0.631			
	PBC04	0.810			
	PBC05	0.802			
	PBC06	0.817			
Tax Knowledge (TAK)	TAK01	0.660	0.561	0.864	0.856
	TAK02	0.810			
	TAK03	0.750			
	TAK04	0.720			
	TAK05	0.754			
Behavioural Intention (BIT)	BIT01	0.734	0.582	0.874	0.866
	BIT02	0.774			
	BIT03	0.736			
	BIT04	0.735			
	BIT05	0.849			
Tax Compliance (CMP)	CMP01	0.640	0.512	0.862	0.851
	CMP02	0.698			
	CMP03	0.751			
	CMP04	0.750			
	CMP05	0.711			
	CMP06	0.673			

Table 2: Analysis of Discriminant Validity through Fornell and Larcker

	<b>ATT</b>	<b>SON</b>	<b>PBC</b>	<b>TAK</b>	<b>BIT</b>	<b>C M</b>
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						<b>P</b>
Attitude (ATT)	0.747					
Subjective Norms (SON)	0.524	0.737				
Perceived Behaviour Control (PBC)	0.488	0.546	0.756			
Tax Knowledge (TAK)	0.462	0.431	0.515	0.749		
Behavioural Intention (BIT)	0.601	0.558	0.574	0.590	0.763	
Tax Compliance (CMP)	0.542	0.509	0.561	0.527	0.648	0.715

Table 3: HTMT Values

	ATT	SON	PBC	TAK	BIT	CM P
Attitude (ATT)						
Subjective Norms (SON)	0.531					
Perceived Behaviour Control (PBC)	0.496	0.552				
Tax Knowledge (TAK)	0.468	0.438	0.521			
Behavioural Intention (BIT)	0.608	0.563	0.581	0.596		
Tax Compliance (CMP)	0.548	0.514	0.568	0.533	0.654	

### Hypothesis Testing

The proposed relationships were tested using AMOS, and a Structural Equation Modeling (SEM) approach. The findings (Table 4) provide strong evidence for the proposed model for GST compliance behaviour of hosiery industry taxpayers. These insights demonstrate that Attitudes play a significant role in influence on Behavioural Intention (H1:  $\beta = 0.312$ , C.R. = 6.118,  $p < 0.001$ ), with positive views of GST contributing to higher compliance intention. Subjective Norms also have a significant effect on Behavioural Intention (H2:  $\beta = 0.228$ , C.R. = 4.851,  $p < 0.001$ ), indicating the impact of social pressure. Perceived behavioural control has a significant positive effect on Behavioural Intention (H3:  $\beta = 0.267$ , C.R. = 5.449,  $p < 0.001$ ), suggesting that taxpayers' self-efficacy plays a crucial role. Tax Knowledge also has a significant impact on Behavioural Intention (H4:  $\beta = 0.184$ , C.R. = 4.182,  $p < 0.001$ ), suggesting greater knowledge about GST increases Behavioural Intention to comply. Behavioural Intention significantly affects Tax Compliance behaviour (H5:  $\beta = 0.396$ , C.R. = 6.827,  $p < 0.001$ ), suggesting that it is a core predictor of Tax Compliance behaviour. Further, direct impacts on Tax Compliance were also found. Attitude (H6:  $\beta = 0.141$ ,  $p = 0.002$ ), perceived behavioural control (H7:  $\beta = 0.173$ ,  $p < 0.001$ ), and Tax Knowledge (H8:  $\beta = 0.156$ ,  $p = 0.001$ ) all significantly influence Tax Compliance behaviour.

Table 4: Results of Hypothesis Testing

Hypothesis	Relationships	Estimate	S.E.	C.R.	P
H1	Behavioural Intention <--- Attitude	0.312	0.051	6.118	** *
H2	Behavioural Intention <--- Subjective Norms	0.228	0.047	4.851	** *
H3	Behavioural Intention <--- Perceived Behaviour Control	0.267	0.049	5.449	** *
H4	Behavioural Intention <--- Tax Knowledge	0.184	0.044	4.182	** *
H5	Tax Compliance <--- Behavioural Intention	0.396	0.058	6.827	** *
H6a	Tax Compliance <--- Attitude	0.141	0.046	3.065	0.02
H6b	Tax Compliance <--- Perceived Behaviour Control	0.173	0.052	3.327	** *
H6c	Tax Compliance <--- Tax Knowledge	0.156	0.048	3.250	0.01

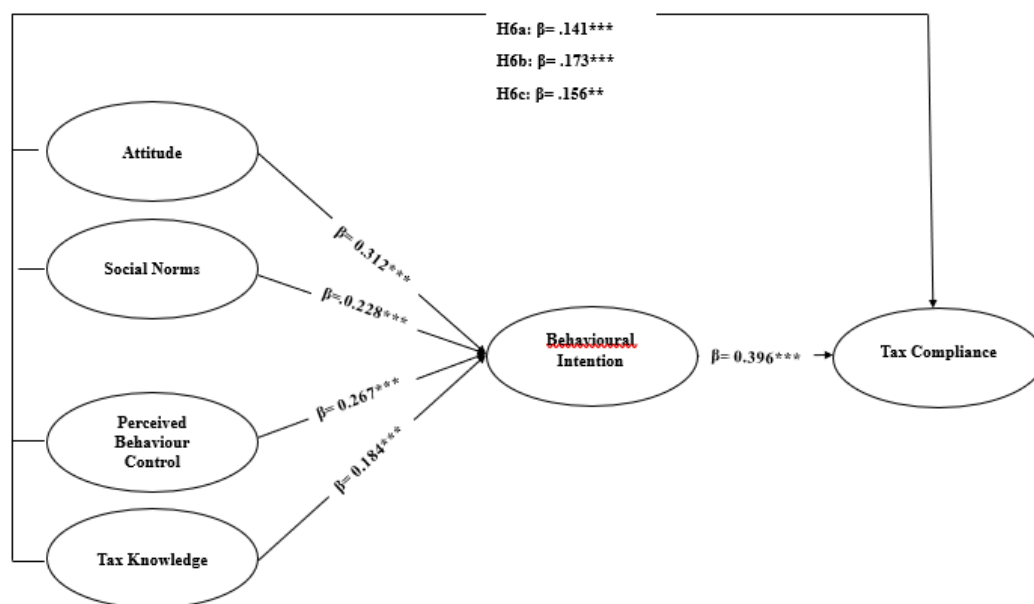


Figure 1: Results of Hypothesis

### MEDIATION ANALYSIS

The mediation analysis (Table 5) was performed to test the indirect effect of Attitude, Subjective Norms, perceived behavioural control and Tax Knowledge on Tax Compliance

through behavioural intention. This analysis reveals that Behavioural Intention plays an important mediating role in the relationship between all independent variables and tax compliance. First, Attitude has a significant indirect effect (H9a: indirect effect = 0.124,  $p < 0.001$ , CI [0.081, 0.176]) on Tax Compliance through behavioural intention, suggesting partial mediation. Also, Subjective Norms have a significant indirect effect on Tax Compliance (H9b: indirect effect = 0.090,  $p < 0.001$ , CI [0.052, 0.141]) which confirms the influence of Subjective Norms through behavioural intention. There is also a significant indirect effect for perceived behavioural control (H9c: indirect effect = 0.106,  $p < 0.001$ , CI [0.067, 0.158]). Tax Knowledge also shows a significant indirect effect on Tax Compliance (H9d: indirect effect = 0.073,  $p < 0.001$ , CI [0.039, 0.118]). In sum, these results support the notion of Behavioural Intention as a significant mediator of psychological and knowledge-based factors on GST Tax Compliance behaviour of hosiery industry taxpayers.

**Table 5: Mediation Effects**

Hypothesis	Relationships	Indirect Effects	LL	UL	Mediation Effect
H7a	Attitude → Behavioural Intention → Tax Compliance	0.124***	0.081	0.176	Mediation
H7b	Subjective Norms → Behavioural Intention → Tax Compliance	0.090***	0.052	0.141	Mediation
H7c	PBC → Behavioural Intention → Tax Compliance	0.106***	0.067	0.158	Mediation
H7d	Tax Knowledge → Behavioural Intention → Tax Compliance	0.073***	0.039	0.118	Mediation

## DISCUSSION

This study explores hosiery industry taxpayers' behaviour towards GST compliance using the Theory of Planned Behavior (TPB). The results show that Attitude, social influence, perceived control and Tax Knowledge play important roles in affecting Behavioural Intention that subsequently influences Tax Compliance behaviour. In particular, Attitude was found to be the most significant predictor of behavioural intention, suggesting that positive evaluations of GST (such as fairness, transparency, and simplicity) are important in driving taxpayers' intentions to comply. This is consistent with previous studies that indicate that favourable Attitudes towards tax systems promote voluntary compliance. There was also a significant impact of Subjective Norms on behavioural intention, which shows the impact of peer pressure, advice from tax professionals and expectations from the tax authority. Such norms are especially important in the hosiery industry, since businesses are often part of tight-knit communities. Perceived behavioural control had a significant influence on behavioural intention, indicating that taxpayers' self-perception of their ability to comply (particularly in terms of technology readiness and knowledge of procedures) is important. This is particularly

relevant in the GST system, which emphasises e-filing and e-documents. Tax Knowledge also had a significant impact, suggesting that knowledge of GST rules and procedures increases compliance intention. This result highlights the role of knowledge and education in minimising uncertainty and enhancing compliance. Behavioural Intention emerged as a significant predictor of compliance behaviour, thus validating the key role allocated to this variable in the TPB. Further, the direct influence of Attitude, perceived behavioural control and Tax Knowledge on compliance implies that these factors have both direct and indirect influences on behaviour. The mediation analysis also supports the notion that Behavioural Intention plays an intermediary role in the behavioural process connecting psychological and Tax Knowledge factors to compliance behaviour. In conclusion, this study underlines the importance of cognitive (knowledge), psychological (Attitude) and social (norms) factors in the GST compliance of hosiery taxpayers.

## **IMPLICATIONS OF THE STUDY**

### **Theoretical Implications**

This research has important implications for the Tax Compliance literature by broadening the application of the Theory of Planned Behavior (TPB) to GST Tax Compliance in the hosiery industry. Although TPB has been extensively applied in behavioural studies, it has not been widely applied in studies on Tax Compliance in specific industries, especially in developing countries. Our research addresses this gap by offering evidence from the hosiery industry. First, the study confirms the TPB model by demonstrating that Attitudes, Subjective Norms and perceived behavioural control have a significant influence on behavioural intention, which in turn affects tax compliance. This further supports the validity of TPB in understanding taxpayer behaviour with respect to GST. Second, the addition of Tax Knowledge as a new construct to the TPB model provides a broader view of Tax Compliance behaviour. Our results indicate that knowledge not only has a direct effect, but also an indirect effect on Tax Compliance via behavioural intention, thus extending the explanatory power of the model. Third, the study adds to the mediation literature by revealing the important role of Behavioural Intention as a mediator between all the antecedent variables and tax compliance. This underscores the role of intention as a psychological factor bridging perceptions and knowledge with compliance behaviour. Lastly, the study adds to Tax Compliance literature by examining the hosiery industry. Specifically, it draws attention to the role of industry norms, including informality, resource scarcity and technology adoption, on compliance. So, the study contributes to the theory by synthesising behavioural, cognitive and contextual factors.

### **PRACTICAL IMPLICATIONS**

The results of this research provide policy implications for policy makers, tax administrators and industry stakeholders to enhance GST compliance in the hosiery industry. First, the important role of Attitude suggests measures should be taken to boost taxpayers' Attitude

toward GST. Governments can improve transparency, streamlining processes, and minimising compliance costs to improve taxpayers' Attitude. Public education about the merits of GST may also be beneficial in creating positive Attitudes. Second, the role of Subjective Norms suggests that social networks, industry bodies and tax practitioners can contribute to compliance. Governments should work with industry associations and tax professionals to foster compliance in the hosiery industry. Third, the effect of perceived behavioural control indicates the importance of enhancing taxpayers' skills. This can be done by organising workshops, training sessions and offering user-friendly online systems to boost taxpayers' perceived control over the GST system. Fourth, the strong influence of Tax Knowledge suggests the importance of ongoing education and awareness programs. Simple rules, multilingual documents and support services can assist taxpayers in understanding the GST. Finally, given that intention is a mediator between determinants and compliance, policies should aim to increase intention through education, assistance and enforcement. Through the removal of psychological and practical barriers, policymakers can enhance hosiery industry taxpayers' voluntary compliance.

## CONCLUSION, LIMITATIONS AND FUTURE SCOPE

This research finds that Attitude, Subjective Norm, perceived behavioural control and Tax Knowledge are important factors in GST compliance behaviour of taxpayers from the hosiery industry with Behavioural Intention as a mediator. The results reveal that both direct and indirect effects play a role in achieving compliance, underscoring the role of psychological, social and knowledge factors. Despite the advancements made, the study has several limitations. First, convenience sampling reduces the representativeness of the sample. Second, it is cross-sectional and not longitudinal, which means that it does not account for behavioural changes over time. Third, the study is limited to one industry and may not be applicable to others. These limitations can be overcome by using probability sampling and longitudinal designs to investigate changes in behaviour over time. Cross-sectional studies in different industry sectors or geographical areas can also help. Finally, future research can also include other possible variables such as trust in government, fairness or technology readiness to enhance the model. In conclusion, the study offers a solid basis for understanding compliance with the GST and suggestions for future research and policy.

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