

THE BEHAVIOR OF TAXPAYERS BETWEEN RATIONALITY AND SOCIAL PSYCHOLOGY: COMPARATIVE ANALYSIS OF THE REPUBLIC OF MOLDOVA AND THE EUROPEAN UNION IN THE LIGHT OF THE BEHAVIORAL ECONOMY

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Abstract: The article analyzes the tax behavior of taxpayers in the Republic of Moldova (RM) compared to the member states of the European Union (EU), using the fundamental concepts of behavioral economics. The study examines the transition from the classical Homo Economicus model, focused on strict rationality and coercive mechanisms, to the taxpayer influenced by psychological and social factors, such as the perception of fairness, fiscal morality and trust in institutions. Based on data for the period 2020-2025, the developments regarding the share of tax revenues, the size of the informal economy, the degree of digitalization and the level of voluntary compliance are analyzed. The comparison with the experiences of Estonia, the Netherlands and Denmark shows that naked instruments, budget transparency and institutionalized cooperation can generate higher voluntary compliance, with reduced administrative costs. The conclusions of the article propose a set of applied public policies.

Keywords: fiscal behavior, behavioral economics, voluntary compliance, nudging, RM, European Union

JEL Classification: H26, D91, D03, H1, C83, H30

Introduction. The theoretical analysis of fiscal behavior has been based, for a long time, on the rational taxpayer model, conceptualized through the homo economicus paradigm, focused on maximizing personal utility by relating costs to potential benefits. This explanatory framework has oriented fiscal policies, predominantly, towards the application of rigorous controls and penalties. However, recent research reveals the limits of this exclusive model, especially in the absence of an approach that integrates the psychosocial dimensions of fiscal behavior. The justification for this scientific research lies in the need for a thorough understanding of the behavioral traits of taxpayers in the Republic of Moldova, in a context characterized by a high share of the shadow economy and a low level of trust in authorities. Unlike advanced European experiences, in which behavioral methods have already been institutionalized within fiscal policies, the Republic of Moldova remains a relevant case for a comparative analysis. In this regard, the research aims to: 1) clarify the theoretical foundations of behavioral economics applied to the tax field; 2) investigate the tax behavior of taxpayers in the Republic of Moldova; 3) evaluate European good practices in applying behavioral economics principles in tax policies; 4) carry out a comparison of the factors that influence tax compliance and 5) develop a set of specific public policy recommendations adapted to national realities.

1. Theoretical foundations and models of tax compliance

In the framework of traditional economic theory, the taxpayer is viewed as a rational agent – homo economicus – concerned with optimizing his own utility, by systematically comparing the potential benefits of non-compliance with tax obligations to the costs associated with detecting and sanctioning them. In this analytical framework, the tax compliance decision is influenced exclusively by external constraint mechanisms and the severity of regulations imposed by state authorities (PwC România, 2021).

However, contemporary literature indicates the insufficiency of this reductionist perspective in capturing the full behavioral complexity associated with the tax compliance process. Developments in the field of behavioral economics and contributions from social psychology have led to a significant expansion of the theoretical framework, bringing cognitive, emotional and socio-cultural factors to the forefront. These include the perception of the fairness of the tax system, the degree of trust given to public institutions or the pressure exerted by prevailing social norms (CECCAR Business Magazine, 2018; European Union, 2021). The results of empirical research confirm that taxpayers' willingness to voluntarily comply increases substantially when they perceive the tax regime as fair and transparent – even in the absence of a high probability of tax control (CECCAR Business Magazine, 2019; European Commission, 2021).

On this basis, a fundamental conceptual difference is outlined between the classical model of the taxpayer (European Commission, 2021; KPMG, 2018). This reconceptualization of the foundations of fiscal behavior marked a paradigm shift, reflected in a transition from fiscal-budgetary policies oriented exclusively on constraint, to integrative approaches, which include tools inspired by behavioral economics.

Thus, modern strategies for increasing fiscal compliance incorporate subtle interventions of the nudging type, measures to increase decisional transparency and participatory mechanisms designed to strengthen the relationship of trust between the taxpayer and the state (EY, 2018; European Parliament, 2021). These policies do not only aim at formal obedience, but also at cultivating a fiscal climate based on cooperation and civic responsibility.

The traditional model, based on the *homo economicus* figure, assumes that the individual acts exclusively rationally, choosing between compliance and evasion according to the anticipated net utility. In this context, tax behavior is treated as the result of a strategic calculation, in which the economic actor evaluates his options in terms of quantifiable risks and benefits (CECCAR Business Magazine, 2018). This approach has facilitated the development of mathematical and analytical models that attempt to formalize the taxpayer's decision as a binary choice between risk and compliance.

One of the most influential theoretical contributions to the analysis of tax behavior is the deterrence model developed by Allingham and Sandmo, which applies the *homo economicus* paradigm to the context of tax decision-making. This explanatory framework starts from the premise that the economic agent is fundamentally rational and determines his behavior by comparing the potential advantages of tax evasion with the risks and costs associated with it (Allingham, M. G. & Sandmo, A., 1972).

This model has dominated the economic literature for decades and has influenced the architecture of tax control systems in many countries; it is currently considered insufficient to capture the full complexity of taxpayer motivations. In particular, the deterrence model ignores the psychological and social dimensions of tax behavior, such as the perception of fairness, trust in authorities, or the internalization of ethical norms (European Commission, 2021). This reductionist view transforms the taxpayer into a simple risk calculator, without taking into account the cultural and institutional context that shapes tax behavior. Moreover, recent empirical evidence demonstrates that the voluntary compliance rate is, in many cases, significantly higher than could be anticipated by simply applying the cost-benefit formula. Even in situations where the probability of controls is low or sanctions are moderate, a significant proportion of taxpayers choose to comply (European Commission, 2021). These results suggest that behind tax decisions there are also factors such as civic loyalty, social pressure or the perception of legitimacy of the tax system, which requires the expansion of theoretical frameworks of analysis.

Thus, the evolution from the rational-classical paradigm to the behavioral one does not imply a total substitution, but rather an extension and refinement of the theoretical tools. Currently, modern approaches capitalize on the analytical foundations of the deterrent model, but

complement them with soft mechanisms for influencing behavior – such as nudging, strategic communication and institutional transparency – in order to strengthen voluntary compliance and trust in the tax system.

In the Republic of Moldova, the fiscal architecture has long been articulated around coercive mechanisms, placing the primary emphasis on controls, penalties and punitive instruments as the main means of deterring evasion. In the period 2000–2010, the strategic direction of the State Fiscal Service focused almost exclusively on intensifying inspections and applying sanctions, in line with the paradigm of compliance obtained through fear and institutional pressure. However, the effectiveness of these measures proved limited: tax revenues did not increase significantly, and the size of the informal economy remained one of the highest at regional level, constantly remaining above the 30% threshold of GDP (Deloitte România, 2020).

In the homo economicus hypothesis, a low probability of control should lead to low compliance. Contrary to this assumption, a significant part of Moldovan taxpayers continued to honor their tax obligations even in the absence of an immediate risk of sanction. This incongruence between theoretical predictions and actual behaviors indicates that variables such as internal fiscal morality, the influence of social norms, or a certain form of contextual trust in authorities may have a decisive weight in the motivation for compliance – going beyond the boundaries of traditional rationalist models.

Similar phenomena can be identified within the EU. Although anti-evasion strategies have long been inspired by the classical model, with a focus on multiplying inspections and intensifying sanctions, the results have often been below expectations. In countries such as Italy or Greece, punitive approaches have been the central pillar of tax policies, despite which the underground economy has remained persistently high (European Parliament, 2021-2022; CECCAR Business Magazine, 2021). These findings suggest that coercive measures, although necessary to a certain extent, cannot automatically generate substantive behavioral changes. For real efficiency, it is necessary to integrate policies that take into account the intrinsic motivations of taxpayers, social dynamics and the cultural context of reporting to authority and legality.

A striking contrast between tax compliance models is provided by the Nordic countries – Denmark, Sweden and Finland – where, despite a low probability of tax audits, the degree of voluntary compliance is among the highest in the European Union. From the perspective of classical rationalist logic, a low frequency of inspections should favor evasive behaviors. In reality, however, such tendencies are marginal in these countries. The explanation lies in the specifics of the relationship between citizens and institutions: a high level of trust in public administration, a deep perception of tax fairness and an internalization of social norms favorable to tax payment. All of this validates the importance of psychosocial factors in shaping tax behavior and goes beyond the explanatory limits of the utilitarian paradigm (KPMG, 2018).

These observations support the idea that the classical homo economicus model, although still relevant for justifying coercive policies, fails to comprehensively explain the mechanisms of tax compliance observable in practice. Both in the Republic of Moldova and in many EU member states, taxpayer behavior is influenced by a multitude of factors that transcend strict rationality. Tax morality, social capital, the degree of trust in state institutions, the perception of redistributive fairness, and the pressure of social norms are essential dimensions that determine the decision to comply with tax obligations or not. Therefore, the design of effective tax policies requires an integrative analytical framework, in which coercive approaches are balanced with tools inspired by behavioral economics and social psychology (CECCAR Business Magazine, 2019; European Commission, 2021).

2. The influence of psychological and social factors on taxpayer behavior

In recent decades, the literature has demonstrated that tax decisions cannot be reduced to simple rational cost-benefit calculations. Taxpayer behavior is profoundly influenced by

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psychological and social determinants, which explain the differences in compliance between states that apply similar sanctions and control regimes. These factors define the “psychological-social” taxpayer, whose behavior goes beyond the boundaries of classical rationality and falls within the paradigm of behavioral economics (CECCAR Business Magazine, 2018; European Union, 2021)

A first determinant is tax morality, understood as the internal motivation of individuals to pay taxes even in the absence of external constraints. Studies have shown that countries with a high level of tax morality experience a low level of tax evasion, while where the perception of corruption is high, voluntary compliance decreases significantly (European Commission, 2021). In the Republic of Moldova, the low level of trust in institutions and the persistent perception of corruption negatively affect tax morale, explaining why evasion and the informal economy remain at high levels (Deloitte România, 2020; OECD). In contrast, in the Nordic countries, where tax morality is strengthened by a transparent institutional framework and efficient public services, voluntary compliance remains high, even in conditions of a low risk of sanction (KPMG, 2018).

Another key factor is the perception of tax fairness, which refers to both the ratio of income to tax burden (vertical fairness) and the equal treatment of taxpayers in similar situations (horizontal fairness). When taxes are perceived as disproportionate or public services as insufficient, willingness to comply decreases (CECCAR Business Magazine, 2019). In the Republic of Moldova, dissatisfaction with the quality of infrastructure and public services fuels the perception of an unjustified tax burden, which leads many taxpayers to adopt strategies of selective compliance or partial avoidance of obligations (Deloitte România, 2020). In contrast, in Germany and the Netherlands, where tax systems are perceived as fair and transparent, voluntary compliance is significantly higher (CECCAR Business Magazine, 2021).

Trust in institutions is another major determinant of tax behavior. The level of compliance is directly proportional to the degree of taxpayers’ trust in the authorities and in the state’s ability to use collected resources efficiently (European Parliament, 2021). In the Republic of Moldova, surveys and international reports confirm the existence of a deficit of trust in public administration, which erodes tax morale and accentuates the preference for the informal economy (OECD). In contrast, countries such as Estonia and Denmark have demonstrated that investments in digitalization and citizen-oriented tax services increase trust and strengthen voluntary compliance (Council of the European Union, 2021; KPMG, 2018).

Last but not least, social norms and social capital play a key role in shaping tax behavior. Taxpayers frequently align their behavior with what they perceive to be the general rule in their community (European Commission, 2021). In Moldova, where tax avoidance practices are widespread, social norms reinforce the tendency towards evasion and maintain a “vicious circle” of non-compliance. In contrast, in the European Union, nudging campaigns have been developed to capitalize on positive social norms. The experience of Great Britain and the Netherlands shows that simply informing taxpayers that “the majority of citizens pay their taxes on time” has led to a significant increase in compliance (EY, 2018; European Parliament, 2021).

Thus, social psychology and behavioral economics offer a much more nuanced explanatory framework for understanding tax behavior than the classical paradigm based on strict rationality. Psychosocial factors – tax morality, perception of fairness, level of trust in institutions and influence of social norms – emerge as essential determinants of voluntary compliance. Modern tax policies cannot remain anchored exclusively in the coercive logic of controls and sanctions, but must integrate these dimensions to build a sustainable tax system, capable of reducing evasion and strengthening the public revenue base (CECCAR Business Magazine, 2018; European Commission, 2021; KPMG, 2018).

The analysis of tax behavior is particularly relevant in the Republic of Moldova, where voluntary compliance is limited and the informal economy maintains high proportions, at around 30% of GDP (Deloitte România, 2020). This situation reflects not only the structural difficulties

of the economy, but also a major deficit of trust in public institutions, which discourages the correct payment of taxes. Although important reforms have been initiated in the last decade – such as the partial digitalization of the tax administration, the expansion of electronic services and the simplification of declaration procedures – these measures have had a limited impact on taxpayers’ mentalities and behavior (PwC România, 2021). The persistence of the perception of corruption, the low quality of public services and the lack of effective communication from the state have continued to erode tax morality, stimulating the preference for informal solutions and the avoidance of legal obligations (OECD).

The study of taxpayers' tax behavior is of particular importance for the Republic of Moldova, where the level of voluntary compliance remains low and the informal economy continues to represent a considerable share of GDP (Deloitte România, 2020). Although reforms aimed at modernizing tax administration have been promoted in recent years – including the digitalization of some processes and the simplification of interaction between taxpayers and the state – the persistence of evasion and the lack of trust in public institutions confirm that traditional control and sanctioning instruments are not sufficient to ensure efficient and sustainable collection (PwC România, 2021; OECD).

In contrast, in the European Union there is a growing trend towards integrating behavioural economics tools into tax policies. Member States have experimented with and implemented various tax nudging mechanisms, confidence-building campaigns and transparency initiatives aimed at stimulating tax morality and reducing reliance on enforcement inspections (EY, 2018; European Parliament, 2021; KPMG, 2018). The results of these experiments show that psychological and social factors (CECCAR Business Magazine, 2019; European Commission, 2021).

3. Behavioral economics and its relevance for the analysis of tax behavior

Behavioral economics emerged as a critical response to the limitations of classical homo economicus models, emphasizing that real economic decisions are not determined exclusively by perfect rationality, but also by cognitive, emotional, and social factors. Applied to the field of taxation, this approach explains why taxpayers sometimes choose to comply even when strictly rational logic would suggest otherwise.

A first fundamental concept is that of heuristics, defined as simplified decision rules used by individuals under conditions of uncertainty and incomplete information. In tax matters, taxpayers do not always resort to a detailed rational calculation of the costs and benefits associated with compliance or evasion, but prefer to rely on intuitive rules or previous experiences. Such rules can take the form of generalized beliefs, such as “I pay taxes because everyone does” or “the state will discover the irregularities anyway”, which leads to simplified decisions, but not always rational in the classical sense (CECCAR Business Magazine, 2018; European Union, 2021).

In the Republic of Moldova, the use of heuristics is evident in several situations. Many taxpayers base their tax behavior on the social conformity heuristic, following the example of their immediate environment. For example, in rural communities or in the agricultural sector, many taxpayers choose to declare only part of their income, based on the empirical rule “the state doesn’t check in the villages anyway”, which reflects a decision based on local experience, not on a rigorous analysis of the control risk. At the same time, the practice of reporting only when “everyone in the community reports” illustrates the dependence on intuitive norms. At the same time, there are also heuristics based on fear of sanction, where taxpayers prefer to pay taxes even when the probability of control is low, based on the simple assumption that taxation is inevitable. This ambivalence is reflected in the data of the State Tax Service: despite a low level of control probability, a significant proportion of economic agents pay their taxes on time (Deloitte România, 2020).

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Comparable situations can also be observed in the European Union, where the use of heuristics influences tax compliance in various ways. For example, in Germany and the Netherlands, studies have shown that simplifying tax forms has led to a significant reduction in unintentional errors, with taxpayers relying on practical rules such as “if the form is clear, I don’t risk mistakes” rather than on complex calculations (European Parliament, 2021-2022; CECCAR Business Magazine, 2021). This confirms that heuristics, although they reduce the complexity of the decision-making process, can generate both positive effects on compliance, when supported by appropriate policies, and negative effects, when the institutional context is fragile or marked by informal practices. A second important element in the analysis of tax behavior is cognitive biases, understood as systematic deviations from strict rationality, which lead taxpayers to adopt predictable, but not always efficient or compliant, decisions. Among the most relevant biases identified in the tax field are excessive optimism, the anchoring effect and the status quo bias.

Excessive optimism occurs when taxpayers underestimate the risk of being subject to a tax audit and, as a result, more easily assume behaviors to avoid obligations. In the RM, this phenomenon is particularly visible among small traders and self-employed individuals, who believe that the small size of their business makes them invisible to the authorities. In reality, after 2020, the introduction of digitally targeted controls significantly increased the probability of discovering irregularities, but taxpayers’ perception remained different from reality, thus perpetuating practices of income undeclaration and the expansion of the informal economy (Deloitte România, 2020).

The anchoring effect occurs when tax decisions are influenced by previous experiences or generalized perceptions of tax levels. In the Republic of Moldova, many taxpayers relate to the level of taxes levied in the past or to comparisons with countries in the region. For example, the introduction of new social contribution rates or an increase in income taxes is often met with resistance, not so much because of the objective financial impact, but because the taxpayer’s decision is anchored in a previously consolidated perception that the tax burden is excessive.

The status quo bias expresses the tendency of taxpayers to repeat previous behaviors, even when circumstances have changed. In the Republic of Moldova, this bias is reflected in the continuation of tax avoidance practices, especially in situations where they have not been previously sanctioned. A company that has operated for several years with undeclared employees will be less willing to change its behavior, even if the control risk has increased or if modern digitalization measures, such as electronic invoicing, have been implemented. Similar phenomena are also visible in the European Union: in Italy and Greece, taxpayers continue to manifest the status quo bias, maintaining tax avoidance practices based on past experiences, even if the sanction regime has tightened considerably in recent years (CECCAR Business Magazine, 2021; European Commission, 2021).

These examples confirm that cognitive biases contribute to the perpetuation of inefficient tax behaviors and show that simply strengthening coercive mechanisms is not enough to correct these deviations. For RM, an effective approach involves integrating these cognitive limits into tax policies, through clear information campaigns on the real probability of controls, transparent explanation of legislative changes and the creation of “defaults” favorable to compliance by digitalizing procedures. Only in this way can the impact of biases on tax compliance be reduced and fiscal discipline be strengthened in the long term.

Another essential analytical tool is nudging. Fiscal nudging comes from the nudging theory formulated by Thaler and Sunstein (2008) within the framework of behavioral economics and designates “gentle nudges”, i.e. subtle public policy interventions aimed at guiding taxpayers’ behavior in the desired direction, without resorting to legal constraints or explicit sanctions.

In the tax field, these interventions are implemented through various mechanisms that facilitate voluntary compliance. A classic example is the use of social messages, such as those

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applied in the UK, where taxpayers were sent letters containing the information that “nine out of ten citizens in your area pay their taxes on time”, which led to a significant increase in compliance.

In the RM, fiscal nudging could be applied through a series of interventions adapted to the local specifics, designed to stimulate voluntary compliance and reduce exclusive dependence on controls and sanctions. A first direction consists of the use of social messages and comparisons with the “majority”, through which the State Tax Service could send notifications that highlight the predominant behavior of taxpayers. For example, a message such as “80% of taxpayers in your locality have already paid their taxes on time” would activate the pressure of social norms, causing individuals to conform to collective behavior.

Another intervention aims to send sequential notifications via SMS, email or mobile applications. These could be scheduled before the payment deadline, containing messages such as “You have 5 days left to pay your income tax. Paying on time avoids penalties” or “Today is the last day to pay your tax. Over 70% of taxpayers have already paid”. Such notifications help reduce procrastination and strengthen tax discipline. At the same time, pre-filing and simplifying forms could play a key role, especially for employees, where declarations would be automatically generated based on data existing in the tax system, with the taxpayer only having to confirm or correct the information. This measure reduces the psychological and time cost of compliance and reduces administrative errors.

In addition, the use of friendly and visual language in communicating with taxpayers can contribute to strengthening the perception of fairness. Instead of technical formulations and exclusive references to articles of law, clear and suggestive messages can be used, such as: “Your taxes finance schools, hospitals and roads. Your contribution means better services for your community”, which increases the social relevance of taxes and fiscal legitimacy. Another valuable tool is personalized feedback, through which taxpayers could receive on the SFS electronic platform messages such as “Congratulations! You have paid on time for the last 3 years. Continue to contribute to the development of the community.” This type of positive recognition strengthens fiscal morality and creates a symbolic link between the taxpayer and the common good.

Finally, direct visibility of the destination of public money would transform taxes from abstract obligations into tangible contributions. For example, after making an online payment, the taxpayer could receive the message: “With your payment of 1,500 lei, the state provides 2 days of food for schoolchildren or 10 medical consultations.” Such an approach personalizes the fiscal impact and strengthens the sense of belonging to the community.

By applying these tools, fiscal nudging can become a strategic component of fiscal reform in the Republic of Moldova, capable of strengthening voluntary compliance through psychological and social mechanisms, without resorting exclusively to coercion.

A special role in explaining tax behavior is played by loss aversion, a concept derived from the prospect theory formulated by Kahneman and Tversky, according to which individuals feel losses more intensely than equivalent gains. In the tax field, this principle translates into the fact that sanctions and penalties are perceived much more strongly than benefits or reductions, which explains why even moderate punishments can generate disproportionate effects on compliance (CECCAR Business Magazine, 2018).

In the Republic of Moldova, loss aversion is evident in several situations. Fines for late filing or penalties for failure to pay taxes on time are perceived as direct and immediate losses, having a stronger impact on tax behavior than offering symbolic incentives, such as discounts for early payment. Reports from the State Tax Service show that the introduction of fixed penalties for late filings has led to an increase in the share of timely filings, especially among small and medium-sized enterprises, where financial resources are limited (Deloitte România, 2020). An illustrative example is that of fines imposed for failure to use cash and control equipment (CCE) in small

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trade: although the value of the penalties was relatively modest, the fear of loss generated a much stronger psychological effect than the potential tax benefits granted for compliance.

The phenomenon is also confirmed at the European level. In France, the introduction of moderate penalties for late payment of VAT led to a significant increase in compliance, demonstrating that the perception of loss has a more mobilizing effect than the promise of discounts or incentives for early payment (CECCAR Business Magazine, 2019; CECCAR Business Magazine, 2018).

However, this approach is not without risks. In the RM, excessive emphasis on sanctions can generate frustration and resentment towards the tax administration, diminishing trust and tax morale. Therefore, the use of loss aversion as a tax policy instrument needs to be balanced: on the one hand, clear and proportionate sanctions stimulate compliance, but on the other hand they need to be complemented by transparency measures, tax education and positive recognition mechanisms, to prevent the system from becoming exclusively coercive.

Last but not least, the fairness effect is a central determinant of tax behavior and one of the most important factors influencing voluntary compliance. Taxpayers are significantly more likely to comply with their obligations when they perceive the tax system as fair and the resources collected as being used transparently and efficiently. In the absence of this perception, even high-performing tax administrations can experience high levels of evasion (European Commission, 2021).

In the Republic of Moldova, the equity effect is visible through the tension between the level of the tax burden and the quality of public services provided. Many taxpayers believe that the taxes paid are not reflected in quality infrastructure, education or health, which erodes the motivation to comply. Recent surveys indicate a constant dissatisfaction with insufficient investment in roads and hospitals, and the perception of corruption fuels the idea that budgetary resources are managed inefficiently (Deloitte România, 2020; OECD). This perception of inequity stimulates evasion and justifies, at a social level, the non-payment of tax obligations in full. As a result, even taxpayers willing to comply with the rules often choose selective compliance or partial avoidance of obligations, citing a lack of reciprocity on the part of the state.

In contrast, European experience shows that where budget transparency is high and taxpayers perceive a direct link between taxes and the quality of public services, voluntary compliance increases significantly. Countries such as Germany and the Netherlands confirm that perceived fairness and clear communication of the destination of taxes strengthen tax morale and reduce dependence on coercive mechanisms (CECCAR Business Magazine, 2021). Moreover, in Nordic countries such as Sweden and Denmark, transparency of public spending and high quality of services provided to citizens determine a very high degree of compliance, even in conditions of high tax rates (Council of the European Union, 2021; KPMG, 2018).

These contrasts highlight the fact that the perception of fairness not only encourages voluntary compliance, but also contributes to the legitimacy of the tax system as a whole, being an essential element for reducing evasion and sustainably consolidating public revenues.

The analysis of tax behavior through the lens of behavioral economics demonstrates that taxpayers' decisions in the Republic of Moldova cannot be explained exclusively by strict rationality, but are shaped by a combination of cognitive, emotional and social factors. The five fundamental concepts – heuristics, cognitive biases, nudging, loss aversion and the fairness effect – provide a complex analytical framework for understanding the phenomenon.

Overall, the integration of these five concepts into the tax policies of the Republic of Moldova would allow overcoming the limits of the classical approach, focused on sanctions and controls.

The integration and valorization of these concepts in tax analysis allows overcoming the limits of the rationalist model and provides a more realistic understanding of taxpayers'

motivations and can contribute to reducing the informal economy and sustainably increasing voluntary compliance.

4. Tax compliance in the Republic of Moldova: realities, determinants and recent trends

In the context of economic integration and gradual alignment with EU standards, a comparative analysis of the level of tax compliance between the Republic of Moldova and the EU member states becomes not only relevant, but also essential for the formulation of efficient and sustainable tax policies. Such an approach allows highlighting the existing structural and institutional gaps, while providing a solid empirical basis for regulatory and administrative interventions.

Beyond the structural dimension, the comparison with EU Member States allows for an in-depth exploration of the psychological, cultural and social factors that influence taxpayers’ tax behavior. Last but not least, this approach contributes to assessing the degree of fiscal and institutional convergence of the Republic of Moldova with European standards, providing relevant reference points for reform and modernization policies. Successful models within the EU can be adapted to the national context, taking into account the local economic, administrative and cultural specificities, and the lessons learned can guide the process of strengthening fiscal capacity in a gradual but coherent manner.

The analysis of the situation at the national level (Table 1) allows for the identification of the real degree of voluntary compliance, the factors that fuel the informal economy, the perceptions and attitudes of taxpayers towards the tax system, as well as the level of digitalization and efficiency of the tax administration.

Only on the basis of such a deep understanding of the domestic fiscal environment can one legitimately and relevantly proceed to explore the differences and similarities with the European context. Thus, the comparative analysis becomes a natural extension of the research and not a simple juxtaposition of statistics, allowing the formulation of applicable recommendations adapted to the specifics of the Republic of Moldova.

Based on the data presented in Table 1, several key trends can be highlighted regarding the dynamics of tax compliance and the informal economy in the Republic of Moldova in the period 2020–2025.

Table 1: Evolution of tax compliance and the informal economy in the Republic of Moldova during the period 2020-2025 compared to the EU average (2023)

Indicator	2020	2021	2022	2023	2024	2025	EU average (2023)
Tax revenues (% of GDP)	25,8%	26,4%	27,1%	27,6%	28,1%	28,5%	41%
Size of the informal economy (% of GDP)	34%	33%	32%	31%	30%	29%	16%
Trust in institutions ratio (CPI score)	34/100	36/100	39/100	41/100	42/100	43/100	64/100
Share of online tax returns	45%	52%	57%	60%	63%	65%	95%
Users of the e-Invoice platform	9.000	15.000	22.000	30.000	35.000	40.000	almost universal

Source: developed by the author based on Ministerul Finanțelor (2020-2024), Serviciul Fiscal de Stat (2020-2024), Biroul Național de Statistică (2021-2024) and OECD (2023)

Voluntary compliance of taxpayers remains at a modest level, which reflects the persistence of a significant informal economy. Estimates by the World Bank and the Ministry of Economy show that, in 2022, the share of the underground economy was between 30 and 32% of GDP — one of the highest values in Eastern Europe. In contrast, the European Union average is only 15–

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17% of GDP, confirming a much more robust institutional capacity for fiscal integration of economic activities (European Parliament, 2021-2022; Deloitte România, 2020).

In terms of tax collection, the gaps are equally pronounced. The Republic of Moldova annually mobilizes budget revenues equivalent to 27–28% of GDP, significantly below the EU average, which exceeds 40% of GDP. This difference reveals structural weaknesses in tax administration and low efficiency in the process of mobilizing public resources, although progress has been made in the digitalization of declaration and reporting processes. The Moldovan informal economy is supported mainly by undeclared activities in agriculture, services and trade, generating annual budget losses estimated at 10–12% of GDP. According to the State Fiscal Service, over 40% of small and medium-sized enterprises presented, in 2021, deviations in declaring income, which highlights the structural vulnerability of this sector. By comparison, in EU member states, where digitalization and interconnection of tax databases are widely implemented, the compliance rate of SMEs frequently exceeds 80%, thanks to automated verification and reporting systems.

A determining factor of the low level of voluntary compliance is the limited trust of taxpayers in public institutions. According to the Corruption Perceptions Index (CPI) developed by Transparency International, the Republic of Moldova obtained a score of 42 out of 100 in 2024, which indicates a negative perception of institutional integrity and efficiency. The European Union average is 64/100, and the Nordic countries consistently exceed 80/100, which also explains the major differences in the level of tax compliance. The specialized literature confirms the existence of a direct correlation between trust in governance and tax behavior: in states where public authorities are perceived as legitimate, fair and transparent, voluntary compliance tends to increase and evasion to decrease significantly.

In addition to the institutional dimension, psychological and cultural determinants also contribute significantly. A survey conducted by the State Tax Service in 2023 revealed that over 55% of Moldovan taxpayers consider the tax burden to be excessive in relation to the income obtained, and 48% express distrust in the use of public funds. These perceptions fuel the effect of fiscal inequity and reinforce the cognitive bias of the “status quo” type, which, together, generates an increased degree of social tolerance towards the informal economy. Despite these systemic and psychological constraints, the period 2018–2023 was marked by relevant efforts to modernize the administration and digitize the taxpayer-state relationship. Thus, the number of users of the SIA e-Factura platform increased from approximately 6,000 to over 30,000 economic agents, indicating a positive trend towards digitization. However, the degree of effective use of electronic services remains limited: in 2023, only about 60% of tax returns were submitted online, compared to over 95% in most EU member states.

In conclusion, the statistical data highlight the major gaps separating the Republic of Moldova from advanced European tax practices. The low level of voluntary compliance, the scale of the informal economy, the fragile trust in institutions, as well as the low degree of use of digital platforms outline a problematic tax environment, in which classic coercive instruments are becoming increasingly ineffective. Without strengthening "tax morale" and the perception of fairness, administrative modernization risks not achieving its strategic objectives, and reform efforts must be complemented by behavioral incentive policies and interventions aimed at rebuilding taxpayers' trust in the tax contract.

5. Applied comparison: the practice of Estonia, the Netherlands and Denmark for increasing tax compliance in the Republic of Moldova

The effective application of modern tax policies requires a contextual reporting to international good practices. In this regard, the comparative analysis of the experience of advanced European states such as Estonia, the Netherlands and Denmark provides valuable benchmarks for the Republic of Moldova, both from an administrative and behavioral perspective.

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Estonia illustrates a model of integral tax digitalization, where the X-Road infrastructure facilitates the interoperability of registers and allows for the automatic pre-filling of tax returns. This digital framework substantially reduces administrative costs and maximizes voluntary compliance, relying on simplicity and speed. In comparison, the Republic of Moldova is at an intermediate stage: although it has launched tools such as e-Invoice and is exploring the implementation of SAF-T, their integration is still fragmented, and the lack of a single tax window with centralized authentication limits accessibility. Replicating the Estonian model would require not only technological investments, but also a procedural simplification strategy, accompanied by intelligent pre-filling of returns, which would reduce cognitive barriers and stimulate compliance through status quo effects.

The Dutch model emphasizes trust-based compliance, based on transparency and predictability, in which taxpayers can sign ex-ante agreements on tax treatments. The result is reduced litigation and strengthened fiscal stability. For the Republic of Moldova, where the relationship between taxpayer and tax administration is often perceived as adversarial, such a system could be introduced gradually, through pilot programs for large taxpayers and SMEs with a risk profile. In parallel, the development of public tax position guides could increase trust and reduce uncertainties. From a behavioral perspective, this transition would contribute to strengthening tax morality, by increasing the perception of fairness and strengthening institutional trust capital.

At the same time, Denmark highlights the importance of behavioral interventions integrated into the digital infrastructure, using nudging messages and budget transparency. Personalized notifications, comparative messages (“most taxpayers pay on time”) and public pages that visually show the destination of taxes contribute to aligning behavior with social norms. RM could capitalize on these tools by implementing automatic notifications via SMS or email, integrating quick payment options and developing “where the money goes” modules in the tax portal. Thus, compliance would be stimulated not by coercion, but by appealing to social norms and loss aversion, supported by moderate but consistently applied sanctions.

Overall, the experiences of Estonia, the Netherlands and Denmark demonstrate that the performance of tax collection does not depend exclusively on the severity of sanctions, but on the quality of the interaction between the state and the taxpayer. For the Republic of Moldova, adapting these models requires careful contextualization: expanding digitalization through interconnected tools, strengthening the relationship of trust through institutional piloting and integrating subtle behavioral mechanisms. Only through this synergistic approach can tax compliance be transformed from an obligation perceived as burdensome into a form of assumed civic participation.

Conclusions

The analysis carried out in this study demonstrates that an exclusively coercive approach, based on the classical model of economic rationality and the intensification of fiscal controls, is not sufficient to explain and, especially, to correct the fiscal behavior of taxpayers in the Republic of Moldova. Despite some progress in the digitalization of tax administration and the expansion of the tax base, empirical data indicate the maintenance of a low degree of voluntary compliance, an informal economy of approximately 30% of GDP and a level of trust in institutions considerably below the European (Deloitte România, 2020; OECD).

Integrating the theoretical and analytical tools of behavioral economics into tax research provides a more nuanced and realistic framework for taxpayer decision-making. Psychosocial factors – in particular trust in institutions, perceptions of tax fairness and internalized social norms – play a central role in shaping compliance, as evidenced by the experiences of advanced countries such as Estonia, the Netherlands and Denmark. These countries have demonstrated that through a smart combination of full digitalization, behavioral nudging interventions and tax transparency

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policies, measurable results in increasing voluntary compliance can be achieved, with reduced administrative costs and sustainable long-term effects (EY, 2018; Council of the European Union, 2021; KPMG, 2018).

Based on these findings, it becomes evident that a hybrid tax compliance model needs to be implemented in the Republic of Moldova, which would balance the coercive dimension with behavioral and institutional interventions. Such an approach must start, first of all, from strengthening fiscal and institutional transparency. The periodic publication of visual, interactive and easy-to-understand reports that clearly explain the destination of taxes and the social benefits of taxpayers can significantly contribute to increasing the perception of fairness and strengthening trust in the tax system.

Secondly, it is essential to institutionalize tax cooperation, by developing a transparent partnership between the tax administration and taxpayers, especially large ones and small and medium-sized enterprises with moderate risk. The implementation of ex-ante compliance agreements and horizontal monitoring mechanisms would reduce litigation and strengthen a tax climate based on predictability and accountability.

Another strategic direction is the application of nudging techniques and behavioral communication, by sending personalized social messages, using sequential notifications before the due date and optimizing the design of digital interfaces. These subtle but effective interventions can stimulate voluntary compliance, with a low administrative cost and measurable effects on tax behavior.

Also, the full digitalization of tax processes is an essential condition for increasing administrative efficiency. The universalization of electronic invoicing, the automatic pre-filling of tax returns (PIT and VAT) and the interconnection of institutional registers in a single tax window can significantly reduce errors, compliance costs and tax avoidance opportunities.

Finally, reforming the sanctioning framework should shift fiscal coercion from a punitive logic to an educational and predictable one. Replacing severe, but rarely applied, sanctions with moderate, proportionate and certain penalties based on risk analytics could transform coercion into a tool for correction and prevention, not just punishment.

By implementing these directions, the Republic of Moldova could evolve from a fiscal system centered on fear and control to one based on trust, transparency and cooperation, thus strengthening the sustainability of public finances and approaching European standards of fiscal governance.

The gradual and coherent implementation of this integrated package of policies could allow the Republic of Moldova to achieve clear strategic objectives by 2030: increasing tax revenues to over 30% of GDP, reducing the share of the informal economy to 25–26%, and improving trust in state institutions. At the same time, strengthening tax morale would ensure a sustainable basis for fiscal stability and inclusive economic development, bringing the country closer to EU functional standards.

In conclusion, this study emphasizes that the future of tax administration in the Republic of Moldova depends on the ability of the authorities to overcome the exclusively sanctioning paradigm and build a genuine partnership relationship with the taxpayer. Only through an integrated and evidence-based approach, which combines economic rationality with an understanding of the psychological and social dimensions of compliance, can a fair, efficient and resilient tax system be founded in the face of current and future structural challenges.

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