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Analysis of the Effect of the Tax Electronic System on Tax Paying Behavior

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Abstract

In 1992, Mongolia adopted a set of tax laws, defining the rights and obligations of tax authorities and taxpayers, and creating a new legal framework for tax relations. When transitioning to the new tax system, the system for taxpayers to determine self-assessment tax rates was introduced for the first time. Mongolia switched to the "Integrated Tax Administration System" or electronic system in 2021. According to Business registry statistics, a total of 220,000 enterprises were registered in 2023. However, only 35 percent of the registered enterprises did not submit tax reports and did not pay the reported taxes on time, indicating that tax compliance is not satisfactory among enterprises. Unfortunately, little has been studied in our country on tax compliance behavior and the factors affecting it. This study aims to analyze the effect of the tax electronic system on tax compliance behavior. Concerning the framework of the Theories of Reasoned Action and Planned Behavior an intention to pay taxes was considered as a mediating factor in the relationship of the electronic tax system and tax compliance behavior. The analyses confirmed that the tax electronic system influences tax compliance behavior through the intention to comply with taxes. Hence, motivation to increase the use of the tax electronic system may improve tax compliance behavior.

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Introduction

Taxpayers contribute to financial resources necessary for the implementation of government functions by paying taxes (Begum, 2024; Humphrey, 1978). According to the constitution have as four major duties, such as, register, accurate tax collection, making and ordering tax returns, and pay taxes on time. Until 1990, an independent tax legal system was not fully formed in Mongolia, and the basis of tax law was in the form of decrees, rules, and instructions. Due to changes in the economic structure of Mongolia in the 1950s, the Income Tax Law was passed in 1957, and the income tax payers were classified into different tax rates (Humphrey, 1978). In 1992, the National Assembly approved a package of tax laws and then switched to a new system of "self-determining taxes and paying the rates and amounts prescribed by law" only by the reasons and procedures specified in the law (Dandar et al., 2007). Enterprise income tax, one of the first four taxes approved in 1992, is the main tax source for Mongolia's budget. The CIT law was revised twice in 2006 and 2019. Mongolia's tax system has the principle of "self-assessment system" or the principle that the taxpayer pays the tax himself (Tsaschikher, 2023). According to this principle, taxpayers are responsible for calculating their own taxes and paying them to the budget, and tax authorities are responsible for providing taxpayers with information, providing methodological assistance and services, accurately determining their taxes, and providing opportunities, infrastructure, and necessary conditions for payment within the time specified by law (Hlastec et al., 2023). Taxpayers are responsible for incorrect or incomplete taxes. In the case of Mongolia, the tax department has made it possible to determine the monthly VAT installments of VAT withholding taxpayers based on electronic documents and customs information. In the future, based on the integrated information system, we are moving to the principle of determining the tax payable by the taxpayer and informing the taxpayers, if they agree to pay it, and if they don't agree, we will inform them and re-determine it from both sides. At present, the tax authorities are able to determine the amount of land tax, real estate tax, firearms tax, vehicle tax, livestock tax, natural resource usage fees, and air and water pollution fees. Through the electronic system of the tax office www.etax.mta.mn and www.itax.mta.mn, the infrastructure for registering as a taxpayer, issuing, sending and editing tax returns, creating electronic documents and paying taxes has been created. According to the General Tax Law, Mongolian state taxes consist of official taxes, payments, and fees. Official taxes are classified into direct and indirect taxes depending on the form of imposition.

Taxes account for 85-90% of Mongolia's budget revenue, and on the other hand, the issue of tax law enforcement and efficient collection of tax revenue has been one of the issues to be solved by the tax authorities (Damiran et al., 2024). The introduction of tax information into the electronic system was carried out for the first time in 1994-1998, based on the Dbase system in the DOS operating system environment. A few programs written in the Clipper CA language, which process information such as taxpayer registration and tax income in the Dbase system that is not connected to the computer’s internal network, have been developed and introduced to the tax office. At that time, the activities of gathering and recording tax information at the national level were highly dependent on the infrastructure of Mongolia's information communication and sharing. In Mongolia, since 1998, the Mongolian tax office has started to install equipment and computers with a centralized information system using the Oracle system, as well as prepare and train specialists. Nowadays, when the global trend is moving to the electronic tax system, Mongolia is gradually moving to the electronic tax system. Within this framework, the Mongolian Tax Office has been developing the electronic tax system over the last 10 years, and in 2021, the "Integrated Tax Management System" will be introduced, allowing taxpayers to send tax reports directly from the financial program, prepare simplified reports from the data of the electronic payment receipt system, and pay taxes

electronically in real-time (Mongolia - Corporate - Taxes on corporate income, 2024). A total of 23 reports and 15 requests related to taxpayer registration and tax payment have been made available online. In 2002-2003, 94-95% of 21,800 enterprises, 89% of 62,000 enterprises in 2010, and 65% of 152,000 enterprises in 2019 submitted reports. The total number of enterprises to submit reports in 2023 decreased from the previous year due to the removal of 34,000 enterprises from the register, and for the first time in the last 5 years, the turnout of reports has exceeded 70% (Figure 1).

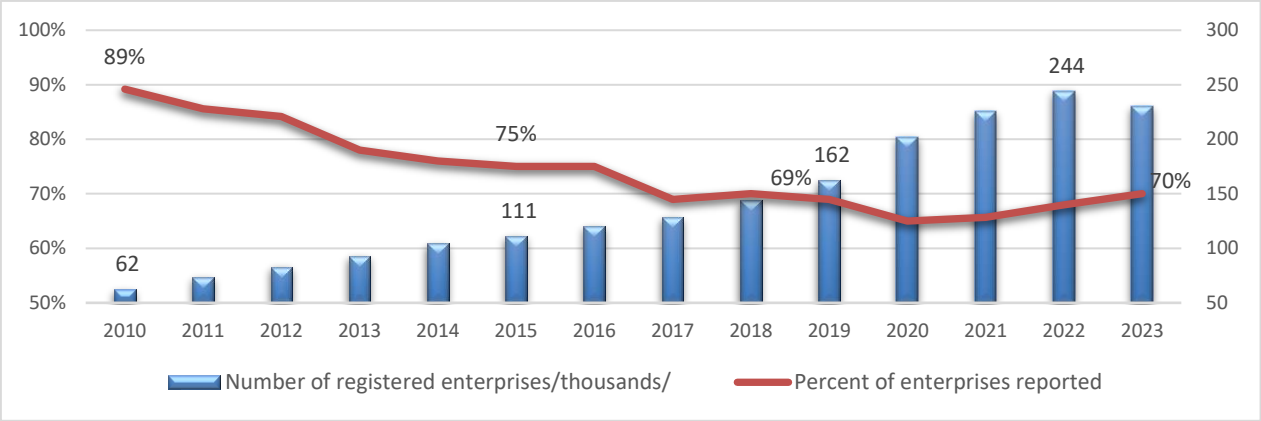

Figure 1. Attendance of corporate income tax returns /2010-2023/

Literature review

The issue of tax law enforcement dates back to the inception of taxes (Braithwaite, 2009). However, it can be argued that its systematic development began in the 1960s (Fauzan et al., 2022). Some scholars have observed that this field of research emerged relatively late (Alm & Torgler, 2011; Antoa et al., 2021). According to system requirements at varies among countries no unified definitions on tax compliance. Consequently, researchers conceptualized understanding in diverse ways, aligning with the objectives of their research endeavors For instance, Roth (1989) defined tax compliance as the timely submission of tax returns in adherence to laws and regulations, coupled with accurate reporting of tax liabilities. Conversely, James and Alli (2004) approached tax compliance from a narrower perspective, focusing primarily on taxpayer behavior in terms of adherence to tax laws or deviations from them, portraying it as a "continuous process" with a state-oriented outlook. Conversely, James and Alli (2004) approached tax compliance from a narrower perspective, focusing primarily on taxpayer behavior in terms of adherence to tax laws or deviations from them, portraying it as a "continuous process" with a state-oriented outlook.

The study of tax compliance is typically approached through two main lenses: the economic perspective and the taxpayer behavior perspective. From an economic standpoint, the seminal work on tax compliance was conducted by Allingham-Sandmo et al. in 1972 (Allingham & Sandmo, 1972). Early studies founded on economic perspectives laid the foundation of tax compliance but were criticized for not including the psychological and sociological factors (Alm, 1999; Torgler, 2002). To fill the gap recent studies on tax compliance root on behavioral approach (Kristina, 2004). The studies mainly practice Theory of Reasoned Action (TRA) (Sheppard et al., 1988) and Theory of Planned Behavior (TPB) (Armitage & Conner, 2001). Individuals perform a behavior if they judge it to have a positive consequence (Sheppard et al., 1988). Moreover, the behavior of taxpayers related to the adoption of information technology and electronic tax systems, especially the perception of the ease of use and usefulness of this technology by taxpayers may explained by Technology Acceptance Model (TAM) (Zaidi et al., 2017), (Davis, 1989). According to the model, the Ease of Use refers to the degree to which a

person believes that using the system will require no effort (Davis, 1989). Easy means that something can be done freely without any difficulty or extra effort. Based on this, ease of use refers to the belief that the system is not difficult to use or does not require much effort (Rakhmawati et al., 2020). One factor that shapes motivation in the theory of planned behavior is attitude. Attitude is the extent of a person's feelings of acceptance or rejection of something or behavior (Ajzen, 1985). Simplicity is a deconstructed factor in the theoretical approach. A taxpayer's attitude is not a behavior, but a feeling of a particular path toward behavior. Usefulness is defined as the degree to which a person believes that using a particular system will improve job performance (Davis, 1989). The TAM model shows that when an individual believes in a system, he accepts the system. The perceiving a benefit of the system is a dissociated factor from the known behavioral control construct.

There are no easy answers to what influences taxpayers' tax paying or compliance behavior (OECD, 2004). That is why the most important problem of the tax authorities is to identify the factors that influence the payment of taxes by taxpayers and take appropriate and effective management measures for them (Nguyen et al., 2020). Based on the economic approach to tax payment, tax rates, penalties, and detection probability have been identified as factors influencing tax paying behavior (Allingham & Sandmo, 1972). Since then, researchers have expanded the study of tax payment to find that social and psychological factors equally influence tax paying behavior (Wenzel, 2002). Factors affecting tax payment are defined as economic, social and psychological factors (Alm, 1999; Fischer et al., 1992; Kirchler, 2007a). Tax compliance can be understood as the factors that influence the taxpayer's decision (Alabede et al., 2011). Alm, Jackson, and McKee (1992), Jackson and Milliron (1986), and Eriksen and Fallan (1996) all found that implicit perceptions and social pressures influence taxpayers' decisions and understand factors that influence taxpayer attitudes and tax paying behavior, social science research and analysis can explain tax paying behavior (Alm et al., 1992; Jackson & Milliron, 1986; Eriksen & Fallan, 1996). A number of factors influence a taxpayer's decision to pay taxes. These factors are economic factors such as tax rates, probability of tax audits, tax penalties, psychological factors such as taxpayers' norms, morals and attitudes, social factors such as taxpayers' age, gender, education, and tax liability. There are tax authority factors such as the likelihood of detection of violations by inspection, the complexity of the tax system, and tax authority services (Jayawardane & Low, 2017). However, providing information, reminders, and communication facilitation is a simple reminder to taxpayers to pay taxes. In other words, tax reporting can be improved by simplifying tax reporting using technology and visualization, and by delivering news and information about tax legislation through all channels (Antinyan, 2020).

Electronic Tax System: The United Nations (2007), determined that electronic taxation is a mechanism for tax records or tax returns to be made electronically, usually without the need for paper filing. This includes the use of IoT, the World Wide Web, and software for a variety of tax administration and enforcement purposes. Researchers considered that electronic tax systems have proven to be the best tool to combat any tax system challenge as they provide information, education, and support to taxpayers, as well as compliance and regulation (Ali, et al., 2023). Umenweke and Ifediora concluded that the electronic taxation system is an automated process gradually phasing out manual tax administration globally and achieved as taxpayers pay their taxes electronically quickly from the comfort of their homes, workplaces, and other places where the internet is available (Umenweke, M. N., Ifediora E.S, 2016). Thomas and Garg concluded that electronic tax systems that developing countries often lag due to limited resources and socio-cultural constraints (Thomas, S., & Garg, P., 2021). Jacobs and Nwokocha delved into how SMEs in developing countries adapt to electronic tax systems and indicated that although challenges in the adoption due to limited resources, e-payment systems

could significantly improve tax compliance rates (Jacobs, L., & Nwokocha, U., 2021). About whether gender impacts electronic taxation system adoption Kingsley et al. studied and found that women were more inclined to use electronic systems due to perceived safety and ease of use (Kingsley, J., Robert, M., & Ngozi, F., 2019). Fernandez et al. concluded that the transparency and efficiency of the electronic tax system significantly improved taxpayer morale and thus increased compliance (Fernandez, L., Clark, H., & Dean, A., 2018). Gupta et al. focused on the adoption of blockchain technology and noted the importance of blockchain in the tax system to improve security and transparency (Gupta, S., Sharma, V., & Paul, R., 2022). Using the electronic tax system creates motivation for taxpayers to comply with the tax laws (Rakhmawati et al., 2020). The most important thing is how easy and useful it is to file your taxes with the electronic tax system. The higher the convenience and usefulness of the electronic tax system, the higher the percentage of taxpayers' compliance with the tax law (Dian & Sunita, 2023). Utility is defined as how much taxpayers perceive and believe that the electronic tax system is useful, while ease is defined as how easily they believe they can use the electronic tax system (Rakhmawati et al., 2020). Profitability can also be defined as the introduction of an electronic tax system that reduces corruption by making government spending more transparent and increases funds for social welfare by reducing the cost of paying taxes. Convenience and usefulness have a positive effect on the willingness to pay taxes (Younus et al., 2021).

It has been observed that the quality of the information system and the computer knowledge of the individual influence the motivation to use or not to use the electronic tax system (Zaidi et al., 2017). If taxpayers have a positive attitude toward paying taxes, they will do their best to fulfill their tax obligations and pay according to the new technology (Zaidi et al., 2017). The electronic tax system will facilitate the fulfillment of tax payment and reporting obligations and will create an attitude of taxpayers to comply with the tax law (Rakhmawati et al., 2020). In the framework of this research, the purpose of determining the effect of the electronic tax system on tax payment behavior through the intention to pay tax was set. A research design was proposed based on the theory of reasoned action and planned behavior (Figure 2). The main purpose of the study is to determine how the electronic tax system affects tax payment behavior through the desire to pay tax. Within the framework of the research, factors such as electronic tax system, intention to comply with tax regulations, and tax compliance behavior were selected and studied. In this study, the following questions will be answered. It includes: (i) Whether e-tax system increase intention to pay taxes? and (ii) Does collecting taxes through e-tax system improve tax paying behavior?

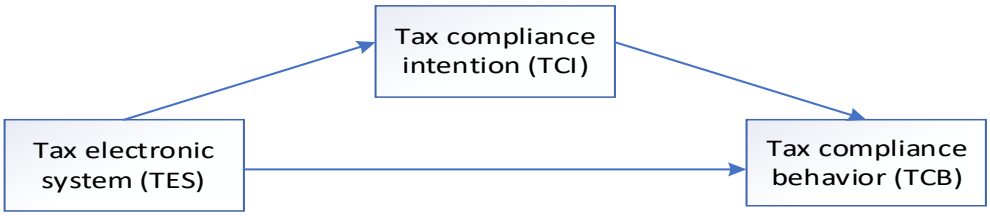

Figure 2. A conceptual model

Based on the model, the following assumptions are made.
H1: *Collecting taxes through electronic tax systems improve intention to pay taxes*
H2*: Intention to pay taxes positively effect on tax compliance behavior.*
H3: *Electronic tax systems will improve tax compliance behavior through the intention to comply.*

Research Methodology

In this study to determine the factors affecting tax payment, the intention to pay tax was studied as a determinant of behavior, and within the framework of the research methodology,

the research design, sampling, data collection process, definition of measurement tools, and conceptual model were defined. Quantitative methods are most commonly used in research in this area (Hofmann et al., 2017), which is the main method that allows the quantification of attitudes, motivations, and opinions, as well as the analysis of relationships and differences between variables (Christensen et al., 2014; Creswell & Creswell, 2017). In this study we utilized a survey of questionnaire using a Likert scale. A questionnaire consisted of 117 questions to represent the constructs of the proposed research model. The usefulness of the electronic tax system was measured by questions such as all tax registration is done electronically, increased labor productivity, lower costs, and fair treatment, electronic registration is easy to understand, electronic registration is less time-consuming, and there is no government bureaucracy involved in electronic registration.

Ease of use was measured by questions such as ease of registration, ease of understanding of electronic reporting forms, ease of use of the electronic system, ease of filing, reporting, and typing of taxes, ease of obtaining statements, and ease of paying taxes. A variable of tax compliance intention was measured by perception on fairness for a company with high profits to pay more tax than a company with low profits, a correctness on the reporting costs of large enterprises is higher than those of small and medium enterprises, and on the number of cases subject to tax inspection of large enterprises is higher than that of small and medium enterprises. A sampling adequacy test measurement (Kaiser-Meyer-Olkin - KMO) was greater than 0.7, it means that the sample can represent the population (Field, 2013). Measures of internal consistency (Cronbach's alpha) was above recommended level (0.7), indicating reliability and validity of the survey instrument. Overall data analyses were performed using Amos26, MS Excel and IBM SPSS Statistics26 software. The results of the study were processed using Andrew F. Hayes' Process procedure (Hayes, 2017) regression analysis to calculate the effect of transmitter or mediator variables. Process procedure regression analysis by Andrew F. Hayes will show the TDS->TCI equation in PART1, the correlation coefficient “a” is statistically significant, and the lower value of the interval (LLCI) and upper value (ULCI) of the interval at 95% confidence level. If there is no value "0" in the interval, the confidence level is considered to be 95%. PART2 shows the results of the TCI->TCB and TDS->TCB equations, and the coefficient “b” (TCI->TCB) and the direct effect “c′” (TDS->TCB) meet the criteria of PART1. PART 3 shows the total impact factor “c” (TDS->TCB). In PART 4, the total effect “c”, the direct effect “c′”, and the indirect effect a*b are respectively shown, and these coefficients meet the criteria of being in PART 1 (Hayes, 2017; UCLA, 2022).

Results

A survey covered 400 representatives of active enterprises, 68% of which were located in Ulaanbaatar, and rest were located in rural area. About 50 percent of the surveyed enterprises operate in the service sector, 28.8% in the trade sector, and 19.1% in the manufacturing sector. Considering the data of the relevant tax departments, 48.1% belong to the district and 11.6% belong to the capital tax department. 59.5% of the surveyed enterprises have up to 20 employees, 16.2% have 20-49 employees, and 24.3% have more than 50 employees. As per survey results, respondents mainly gather information on tax payment from tax office (73.6%). In detail tax office provide information through tax office official website-40.6%, other websites -18.3%, reference phone - 8.1%, tax officials - 6.6%. Other sources of information were named as medias such as TV, newspapers, magazines - 2%, tax advisory services - 15%, informally or from acquaintances -6.6%. However, 2.8% of respondents mentioned that do not receive any information on tax payment and procedures. When clarifying the reasons for non-payment of taxes by enterprises, 84.8% said that the company's expenses increase due to the price increase, 90.9% said that the economic base price increase, and 92.9% said that the solvency decreased due to the depreciation of the exchange rate. Economically, if prices and

exchange rates are stable, companies have expressed their willingness to comply with tax laws without committing tax evasion or evasion.

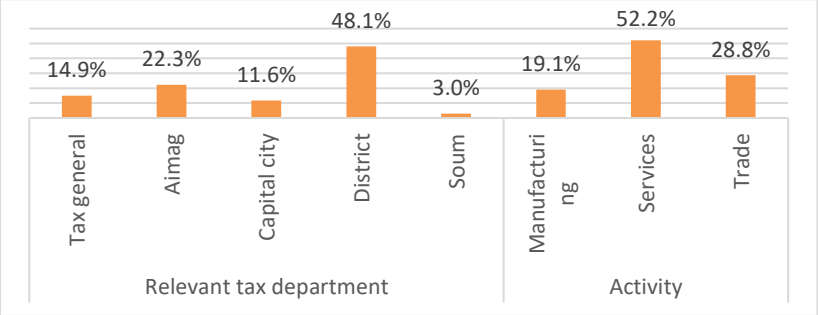

Figure 3. Tax departments and areas of activity of the respondents, %

Principal component analysis results: In the factor analysis, the Eigenvalue of the factor is greater than 1 and the absolute value of the variable is greater than 0.6. Here, the KMO (Kaiser-Meyer-Olkin) value is 0.904, which indicates that the sample size is sufficient. According to the results of the analysis, Cronbach's alpha was at an appropriate level (tax compliance intention -0.812, electronic tax system -0.950, and tax compliance behavior -0.871), which indicates the reliability of the questionnaire, and the internal consistency of the variables is acceptable. Therefore, in the future, it is possible to evaluate and analyze the model using the results of the questionnaire (Table 1).

Table 1. Principal component analysis

Variables	Items	Cronbach's α	Factor Loadings
Tax Electronic system TES	Electronic registration is easy to understand	0.95	0.847
	Electronic registration is less time-consuming		0.811
	There is no government bureaucracy involved in e-registration		0.810
	The electronic report form is easy to understand		0.796
	All tax registrations are done electronically		0.778
	The use of electronic systems has increased labor productivity		0.755
	Electronic registration is less expensive		0.754
	The electronic system treats taxpayers equally and without discrimination		0.753
	The electronic system is simple and intuitive to use		0.730
	Taxes are easy to file, report, and type		0.729
	Electronic payment receipts are considered primary financial documents		0.662
	Getting a tax return has become easier		0.657
	Paying tax debt has become easier		0.654
Tax Complience Intention (TCI)	Large enterprises have a higher ability to pay OAT, so it is fair to pay more tax than small and medium enterprises.	0.812	0.774
	It is fair for a company with high profits to pay more tax than a company with low profits		0.755
	It is right that the reporting costs of large enterprises are higher than those of small and medium enterprises		0.688
	It is correct that the number of cases subject to tax inspection of large enterprises is higher than that of small and medium enterprises		0.672
Tax Compliance Behavior (TCB)	Our company cannot hide its income because the tax authorities can audit all reported income at risk.	0.871	0.787
	If the company underreports its income, the tax authorities may detect the violation and impose a fine		0.776
	It is believed that if the income earned in the reporting year is not fully reported, there is a high probability of detection by the tax authorities		0.758

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

Through factor analysis, the questions were grouped into three factors: the e-tax system, tax compliance intention, and tax compliance behavior. Based on the regression model, the average values of the dependent variable, tax compliance behavior, and the independent variable, the

electronic tax system, were considered. The effect of non-economic factor, the electronic tax system, on tax compliance intention is statistically significant.

$$TCB = 2.723 + 0.314TCI \qquad R^2 = 0.113$$

When considering the relationship between tax paying behavior and tax paying intention, tax paying behavior is statistically significant for tax paying intention. The tax compliance intention explained 11.3% of tax compliance behavior.

$$TCB = 1.398 + 0.623TES \qquad R^2 = 0.247$$

The above regression demonstrates that tax electronic system effects on tax compliance behavior are statistically significant. The tax electronic system explained 24.7% of tax compliance behavior.

$$TCI = 1.282 + 0.563TES \qquad R^2 = 0.176$$

The tax electronic system explained 17.6% of tax compliance intention and it has a statistically significant relationship with tax compliance intention.

$$TCB = 1.214 + 0.542TES + 0.143TCI \quad R^2 = 0.266$$

The above multivariate regression analysis, tax electronic system, and tax compliance intention are statistically significantly related to tax compliance behavior.

The effect of electronic tax payment system on tax compliance behavior via tax compliance intention was analyzed as follows.

An analysis of mediation effect of electronic tax system was conducted using Hayes' Process v4.2beta macro, with mean values of the variables calculated. The results of the analysis related to the electronic tax system variable are presented below.

```
Run MATRIX procedure:
***************** PROCESS Procedure for SPSS Version 4.2 *****************
          Written by Andrew F. Hayes, Ph.D.       www.afhayes.com
    Documentation available in Hayes (2022). www.guilford.com/p/hayes3
**************************************************************************
Model  : 4
    Y  : TCB
    X  : TES
    M  : TCI
Sample
Size:  395
**************************************************************************
OUTCOME VARIABLE:                                                  PART1
 TCI
Model Summary
          R       R-sq        MSE          F        df1        df2          p
      .4205      .1768      .8065    84.4116     1.0000   393.0000      .0000
Model
              coeff         se          t          p       LLCI       ULCI
constant     1.2828      .2414     5.3151      .0000      .8083     1.7574
TES           .5633      .0613     9.1876      .0000      .4428      .6839
Standardized coefficients
          coeff
TES      .4205
**************************************************************************
OUTCOME VARIABLE:                                                  PART2
 TCB
Model Summary
          R       R-sq        MSE          F        df1        df2          p
      .5167      .2669      .6299    71.3737     2.0000   392.0000      .0000
Model
              coeff         se          t          p       LLCI       ULCI
constant     1.2144      .2208     5.4987      .0000      .7802     1.6486
TES           .5425      .0597     9.0834      .0000      .4251      .6599
TCI           .1437      .0446     3.2225      .0014      .0560      .2313
Standardized coefficients
          coeff
TES      .4329
TCI      .1536
```

```
************************** TOTAL EFFECT MODEL ****************************
OUTCOME VARIABLE:                                                  PART3
 TCB
Model Summary
          R       R-sq        MSE          F        df1        df2          p
      .4975      .2475      .6450   129.2761     1.0000   393.0000      .0000
Model
              coeff         se          t          p       LLCI       ULCI
constant     1.3987      .2158     6.4800      .0000      .9743     1.8230
TES           .6235      .0548    11.3700      .0000      .5157      .7313
Standardized coefficients
          coeff
TES      .4975
************** TOTAL, DIRECT, AND INDIRECT EFFECTS OF X ON Y **************
Total effect of X on Y
     Effect         se          t          p       LLCI       ULCI       c_cs
      .6235      .0548    11.3700      .0000      .5157      .7313      .4975
Direct effect of X on Y
     Effect         se          t          p       LLCI       ULCI      c'_cs
      .5425      .0597     9.0834      .0000      .4251      .6599      .4329
Indirect effect(s) of X on Y:
         Effect     BootSE   BootLLCI   BootULCI
TCI       .0809      .0273      .0303      .1369
Completely standardized indirect effect(s) of X on Y:
         Effect     BootSE   BootLLCI   BootULCI
TCI      .0646      .0218      .0243      .1106
*********************** ANALYSIS NOTES AND ERRORS ************************
Level of confidence for all confidence intervals in output:
  95.0000
Number of bootstrap samples for percentile bootstrap confidence intervals:
  1000
------ END MATRIX -----
```

Table 2 Mediator analysis results

Effect	*Description*	*B*	*t statistic*	*Sig.*	*LLCI*	*ULCI*
Direct	TES->TCB (*c'*)	**.5425**	**9.0834**	**.000**	**.4251**	**.6599**
Indirect	TES->TCI (a)	.5633	9.1876	.000	.4428	.6839
	TCI->TCB (b)	.1437	3.2225	.000	.0560	.2313
	Indirect=(2)* (3)	**.0809**	**-**	**-**	**.0884**	**.2106**
Total	Direct+Indirect (*c*)	**.6235**	**11.3700**	**.000**	**.7313**	**.4975**

From the above results, the direct effect of TES on tax compliance behavior is .5425(.000)***, and the indirect effect is .5633(.000)*** to TES->TCI, TCI->TCB to .1437(.000)***, and their product was .0809, and the total effect was .6235 (.000)***, which increased from the direct effect size. In other words, the tax electronic system has a direct effect on compliance, but it can be seen that its influence increases if it is transmitted through the desire to pay taxes.

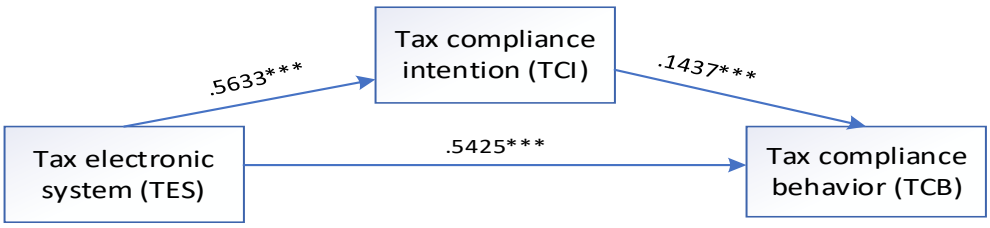

Figure 4. Electronic tax systems and mediator models influencing tax paying behavior

The tax electronic system has a statistically significant relationship with tax compliance behavior (0.6235***). Moreover, the tax electronic system has a partial mediator effect on tax payment behavior through the intention to pay taxes. Our hypotheses H1 and H2 are supported.

Conclusion

A tax system of Mongolia has the principle of "self-assessment system" or the principle that the taxpayer pays the tax himself. According to this principle, taxpayers are responsible for calculating their own taxes and paying them to the budget, and tax authorities are responsible for providing taxpayers with information, providing methodological assistance and services, accurately determining their taxes, and providing opportunities, infrastructure, and necessary conditions for payment within the time specified by law. Although the Mongolian tax department has a specific policy to support law enforcement, it is necessary to pay attention to the fact that tax law enforcement is not sufficient. Providing tax training and advice to taxpayers can improve tax compliance by increasing their tax knowledge and making tax reporting easier and more comprehensible. The e-tax system can further improve taxpayers' tax payment by automating all non-human tax-related interactions. The influence of others, i.e., public tax education and information on tax benefits for people close to taxpayers, positively supports the taxpayer's tax paying behavior. It is important to increase the use of newly created electronic services, to make taxpayers understand the advantages of electronic services for up to 10 years, to conduct regular training, to increase the training and information related to the service, and to ensure the speed and normal operation of the electronic tax system. By creating a desire to pay taxes, tax law enforcement will be improved by implementing methods such as reminding the tax office, writing messages, emails, and delivering information in order to encourage the behavior of paying taxes in the future.

The two main approaches to the study of taxation are the economic and behavioral approaches. Based on the concept of expected utility in the economic approach, taxpayers are studied from the point of view of increasing their expected utility by avoiding taxes. On the other hand, behavioral approach is based on social and psychological theory to conduct research on tax payment and behavior prediction is based on the theory of reasoned action (TRA) and the theory of planned behavior (TPB). Factors affecting tax payment are classified as economic (tax inspection, tax penalties), non-economic (e-tax system, knowledge, ease, consulting services, influence of others). Through our research, we have investigated the factors affecting corporate income tax payment and measured the impact of those factors on the willingness to pay tax and the behavior of paying tax. In this study, within the scope of improving tax compliance behavior we studied an effect of electronic tax system, non – economic factor. To determine the effect of the electronic tax system on tax payment behavior through the mediator of willingness to pay tax we applied primary and secondary data. Secondary data from the General Department of Taxation and the National Statistics Office were used. Data on the factors affecting tax payment were collected through a questionnaire survey. A five-dimensional Likert model was used in the questionnaire survey and the variables originally developed by the researcher were measured. A survey results demonstrate that out of a total of 395 enterprises, 269 or 68.1% were from Ulaanbaatar, and 126 or 31.9% were local enterprises. 19.1% of enterprises operate in production, 52.2% in services, and 28.8% in trade. Looking at last year's sales revenue data, there are 20% of micro-enterprises with an income of less than 50 million MNT, 42% of small enterprises with an income of 51-1500 million MNT, 24.3% with an income of 1.5-20 billion MNT, and 13.7% with an income of more than 20 billion MNT. As a result, the measurement and research models were determined, and the reliability of the model was determined by evaluating the relevant indices. The study's results confirmed that the electronic tax system affects tax payment behavior partially through the willingness to pay tax. The electronic tax system is highly correlated with both tax-paying behavior and the willingness to pay tax. In other words, while the electronic tax system directly impacts tax-paying behavior, its influence is greater when mediated by the willingness to pay tax. Providing taxpayers with thorough training and a clear understanding of how to use the electronic tax system can improve their tax-paying behavior.

The electronic system minimizes physical contact between tax authorities and taxpayers, thereby reducing government bureaucracy and corruption. In the future, tax audits will be conducted online via the electronic system, eliminating the need for physical audits at enterprises and further diminishing bureaucracy and corruption. From the above results, tax reporting and collection activities should be digitized so that transparency will be increased, tax services will be easier for citizens and taxpayers, and hence increase the tax base. This is aligned to the aim of the midterm action plan 2020-2024 of the Government of Mongolia states that policies will be implemented to overcome financial and economic difficulties in a short period of time and ensure sustainable and accessible economic growth. In the framework of this study, we recommend further research in the following areas. For instance, study of the factors influencing the tax payment of small and medium enterprises and an investigation of the effects of the type of enterprise (company, partnership, fund, association, cooperative) on the tax compliance behavior.

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