

## The Impact of Islamic Economics Principles on the Tax Compliance Payment Entertainment Policy

Bambang Tri Bawono<sup>1</sup>, Abdul Kadir Jaelani<sup>2\*</sup>, Rian Saputra<sup>3</sup>, Bobur Baxtishodovich Sobirov<sup>4</sup>, Gaini Mukhanova<sup>5</sup>

<sup>1</sup>Faculty of Law, Universitas Islam Sultan Agung, Semarang, Indonesia

<sup>2</sup>Faculty of Law, Universitas Sebelas Maret, Surakarta, Indonesia

<sup>3</sup>Faculty of Law, Universitas Slamet Riyadi, Surakarta

<sup>4</sup>Samarkand Branch of Tashkent State University of Economics, Uzbekistan

<sup>5</sup>Financial Monitoring Agency of the Republic of Kazakhstan. Kazakhstan

\*Corresponding Author: jaelaniabdulkadir@staff.uns.ac.id

| Received: 16-04-2024

| Revised: 25-06-2024

| Accepted: 25-06-2024

**Abstract:** The Surakarta City Government has established various entertainment tax rate policies; however, entertainment taxpayers must still comply with these policies. This research examines and analyzes the impact of Islamic economics principles on the tax compliance payment entertainment policy. This research is normative research equipped with interviews. This research uses descriptive secondary data. The research results show that, first, the level of tax compliance in paying massage parlor and SPA entertainment taxes in Surakarta City differs from Islamic economics principles. At the same time, the causal factor is the minimal participation of taxpayers in formulating entertainment tax rate policies. Second, the Surakarta City government has a role in increasing tax compliance in massage parlors. SPA Entertainment is maximizing the imposition of sanctions, supervision, outreach, and providing applications that make tax services easier.

**Keywords:** Tax Compliance; Massage Parlors and Spas; Tax Collection.

### Introduction

Tax is a mandatory contribution to the state owed by an individual or entity that is coercive according to the law without receiving direct compensation and is used for state needs for the greatest prosperity of the people, as written in Article 1 of Law Number 28 of 2007 concerning the Third Amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures. Soemitro said that taxes are people's contributions to the state treasury based on the law, which can be enforced without receiving reciprocal services (counter-performance), which can be directly demonstrated and used to pay for public expenses (Jaelani et al., 2024).

Regional tax, a crucial component of our legal system as defined in Article 1 number 21 of Law No. 1 of 2022, is an obligatory contribution to the region. It is owed by a coercive individual or entity in the absence of direct compensation and in accordance with the law. The purpose of this tax is to benefit the populace in the region, making it a vital part of our community's development. Coercive tax collection, in accordance with legal regulations, ensures that taxpayers are unable to evade government levies, thereby ensuring the government generates revenue (Ayuningsekar et al., 2023).

Tax revenue issues arise when individuals express discontent with the infrastructure development that needs to be more uniform and receive or procure the taxes they have paid (Xu et al., 2024). This creates the perception that a substantial amount of tax funds must be correctly applied. This, in turn, encourages taxpayer noncompliance with their tax obligations. To establish an effective tax system, tax payers must actively participate in taxation, specifically in fulfilling tax obligations. There are two distinct categories for each taxpayer who fails to fulfill their tax obligations by paying their taxes (Dias & Gonçalves, 2024).

Taxpayers who need more comprehension of tax regulations consequently fail to fulfill their responsibilities by failing to remit tax payments. The second category includes those who understand tax regulations but refrain from remitting taxes. Obstacles to attaining certainty in tax revenues include issues about taxpayer tax compliance (Rojo-Suárez & Alonso-Conde, 2024). Regional tax authority officers personally visit taxpayers to address these concerns.

Surakarta is well-known for its abundant entertainment industries and diverse tourist attractions, earning it a reputation as a tourism hub. Surakarta highly values cultural values, so the entertainment industry presents the city with tremendous investment potential in the creative economy. Surakarta's entertainment industry is one of the sectors that contributes to regional tax revenues. A legal entity organizes each form of entertainment subject to an entertainment tax. Therapeutic spas and massage parlors are subject to the amusement tax, per Surakarta City Regional Regulation Number 11 of 2018 Article 16, letters (L) and (M). Spas offer therapeutic and treatment services for the extremities, while massage parlors are establishments where certified therapists perform physical massage therapy (Leonard et al., 2024).

Spas and massage parlors are subject to regional taxes by Surakarta City Regional Regulation Number 11 of 2018 regarding regional taxes. The payment rates for these taxes are 30% and 40%, respectively. Data from the Surakarta City Regional Revenue Agency reveals that five saunas and six massage parlors registered with taxpayers in Surakarta are not affiliated with hotel agencies. For the advancement of the city of Surakarta, the contribution of tax revenues from massage parlors and spas to the city's regional tax revenues is crucial in providing funding for enhancing regional public services and infrastructure (Kusumaningtyas & Kalimanzila, 2023). Contributing to Surakarta City's regional entertainment tax objective are the following entertainment tax revenues generated by massage parlors and spas:

**Table 1. Surakarta City Entertainment Tax Revenue**

Year	Target	Realization	
	entertainment tax	massage parlors	spa
2019	Rp 14.000.000.000	Rp 14.957.291	Rp 159.239.400
2020	Rp 5.500.000.000	Rp 13.031.200	Rp 59.399.300
2021	Rp 5.000.000.000	Rp 78.209.400	Rp 63.997.000
2022	Rp 20.000.000.000	Rp 249.367.683	Rp 111.396.444
2023	Rp 23.500.000.000	Rp. 331.501.600	Rp. 134.046.800

Source: Data from Bapenda Surakarta, 2023

The table above demonstrates the instability in tax revenues from the business entities of six (six) massage parlors and five (five) spas registered as taxpayers for the entertainment tax in Surakarta. The Surakarta City Regional Government does not receive income comparable to this quantity through the Surakarta City Regional Revenue Agency. Taxpayers are responsible for generating entertainment tax revenue. Apart from the issue of not maximizing income in the massage parlor and SPA sectors in Surakarta City, obstacles such as tax compliance arise during the implementation of entertainment taxation in the Surakarta City area, thereby impeding local government tax revenues. Compliance refers to the level of taxpayer compliance with tax regulations and carrying out predetermined tax payment obligations. Fulfilling mandatory tax obligations through applicable regulations can increase government revenue from the tax ratio. According to Krisnadeva and Merkusiwati, the level of tax compliance has indicators for measuring individual or corporate tax compliance, including compliance with tax payments, size of income, ability to pay taxes, and income earned (Sinaga et al., 2023). The following is data that presents

examples of tax non-compliance by massage parlor and spa entertainment taxpayers in the city of Surakarta in the last five years:

**Table 2. Data on the number of massage parlor and spa business entities that do not comply with taxes**

Year	Late	Payment	Not Payment	
	massage parlors	spa	massage parlors	spa
2019	-	1	-	-
2020	2	2	-	-
2021	2	2	-	1
2022	1	2	-	-
2023	1	3	1	1

Source: Data from Bapenda Surakarta, 2023.

Based on the data presented in the table above, it can be observed that massage parlor and spa business units in Surakarta City failed to fulfill their tax responsibilities from 2019 to 2023 due to delayed or non-payment during specific months. Several massage parlor and spa business entities must fulfill their tax responsibilities, resulting in suboptimal regional tax revenue. By Administrative Sanctions 11 of Surakarta City Regional Regulation 56 of 2018, taxpayers who neglect to fulfill their tax responsibilities could be subject to such penalties. Tax administration sanctions are defined in Article 11, paragraph (3) of Law No. 12 of 1994 as penalties levied against taxpayers after the due date, which require the remittance of a monetary amount to the State Treasury. The taxpayer may be subject to administrative sanctions if they do not meet their tax obligations. By Article 56 of Surakarta Regional Regulation Number 11 of 2018 about Regional Taxes No. 1, administrative sanctions outlined in Underpaid Regional Tax Assessment Letters (SKPDKB) incur a monthly interest charge of 2% (two percent) on the amount of tax that is not remitted or is paid late within the designated period. The total amount of tax owed to the SKPDKB will be subject to a 25% increase on the principal amount plus 2% monthly interest for twenty-four (24) months following the due date of the tax, with a maximum grace period of 24 months. Failure to comply with the requirements outlined in the Regional Tax Notification Letter (STPD) will result in administrative penalties for months, including a 2% monthly interest penalty on any tax underpayment or late payment (Bawono, 2023).

Apart from registered taxpayers who need to comply with tax regulations, forty-one massage parlor and wellness business units continue to operate without registration despite participating in activities that may be liable to taxation (Zamzami & Rakhman, 2023). The Surakarta City Regional Revenue Agency only maintains records of eleven massage parlors and saunas. In contrast, the official website of Surakarta City needs to include more than fifty-two (52) such establishments (Sugeng et al., 2024).

This generates revenue for the region through taxes on luxurious massage parlors and saunas – less than optimal. The Surakarta City region implements levies accompanied by a self-assessment system to tackle concerns about tax compliance and the payment of taxes on spa-type entertainment and massage parlor services. This highlights the importance of business entities as taxpayers fulfilling their tax responsibilities, including tax registration, turnover reporting, tax payment, and punctual submission of tax returns (Kamil et al., 2023). The capacity to scheme as a means to evade tax obligations. Numerous forms of tax noncompliance are perpetrated by business entities, including evading tax payments or failing to register as a taxpayer. Such actions result in financial detriment for the Surakarta City government, which is entitled to more significant tax revenue. The regional government of Surakarta City is obligated to consider and resolve the matter of inadequate tax compliance. Many factors, including economic

circumstances and a limited understanding of tax regulations, influence this issue. Consequently, such deficiencies hinder the generation of tax revenue (Amri et al., 2023).

The tax compliance payment entertainment policy commences with applying Article 51 paragraph (1) letter l and Article 58 paragraph (2) of Law Number 1 of 2022 concerning Financial Relations between the Central and Regional Governments. This law specifies that types of arts and discotheque entertainment services, karaoke, nightclubs, bars, and steam baths/spas are subject to a minimum of 40% and a maximum of 75%. Even though the Health Law and Regulation of the Minister of Health Number 8 of 2014 stipulates that spa services, health spa, wellness spa, relaxation, rejuvenation, hydrotherapy, aromatherapy, and massage are health services that are conducted holistically, this provision creates injustice. Integrating various traditional and modern health practices with water is not classified as an entertainment service, nor is it similar to karaoke discos, nightclubs, and bars. The business of organizing entertainment and recreation activities is a business whose scope of activity is the business of arts, performances, game arenas, karaoke, cinemas, and other entertainment and recreation activities aimed at tourism, as stated in Article 14 paragraph (1) letter g of Law Number 10 of 2009 concerning Tourism. This inclusion also contradicts this definition (Hajawiyah et al., 2021).

The inclusion of spas as arts and entertainment services in Article 55 paragraph (1) letter l and Article 58 paragraph (2) is a form of constitutional violation, as it is in direct opposition to the principle of justice regarding equality before the law, as envisioned in Article 28D paragraph (1), Article 28H paragraph (1), and Article 281 paragraph (2) of the 1945 Constitution. The principles of regional revenue policies must be based on the value of the benefit, even though Islamic values are present in the Islamic economic system. Tax withdrawals can take advantage of and reject harm or something that brings goodness, safety, benefit, or usefulness. When benefit is considered a legal principle, the law must benefit society. In this context, the principle of *maslahat* is implemented by tax collectors who are required to offer benefits in conjunction with various extant legal products. The theory of *maslahat* is of significant importance in the context of Islamic law and its evolution. Ash-Syathibi asserted that the ultimate objective of implementing Islamic laws is mashallah, or human virtue and welfare. Additionally, balanced justice should be prioritized during the voting process (Mukti & Baxtishodovich, 2023). The Islamic economic system is particularly pertinent to the concept of balance, as it seeks to establish a harmonious existence for humans by achieving a balance between worldly life and the afterlife and fostering physical and mental equilibrium. False pleasure and even disaster will result from economic development that prioritizes material and disregards spiritual aspects. The economic world is rife with the potential for injustice, as the pursuit of profit drives these activities. Fraud occurs when a member of the congregation disregards this principle of balance (Wangsa et al., 2023).

Tax payment compliance has been the subject of prior research; however, no such investigation has been conducted with respect to the subject matter of this study, for example, first Diane Kraal stated that tax incentives are preferential tax treatment granted to specific categories of taxpayers, which typically leads to reduced tax liability or delayed tax payment compared to the alternative course of action (Kraal, 2019). Second, Amrie Firmansyah, et al stated that political connections and investment opportunity sets positively affect tax avoidance. This study indicates that the Indonesia Tax Authority should include sustainability issues in refining existing tax policies. (Firmansyah et al., 2022) Research by Carmela D'Avino also stated that, US banks in offshore asset shielding is important evidence per se, as very little is known about the institutions facilitating asset shielding, even if tax havens are well documented to host tax evasion (D'Avino, 2023). Hidayat Amir also stated that the policies also lead to an increase in income inequality because the tax cut is more beneficial to households in the highest income categories. It is recommended that future tax cuts should target the urban and rural poor (Amir et al., 2013). This research will focus on two problems. First, regulations regarding tax compliance for entertainment tax payments for massage parlors and spas have yet to be able to increase regional taxes in the city of Surakarta. Second, what is the role of the Surakarta City Government in increasing tax compliance for entertainment taxes for massage parlors and SPA types.

## Literature Review

### Ensuring Adherence to Tax Regulations in the Entertainment Industry

Taxes are crucial in financing government development plans while managing a country's economy. Government expenditures for various forms of development necessitate substantial funding, and a crucial prerequisite for meeting these financial requirements is the active participation of the public through the payment of taxes. In essence, the taxes paid by the community will benefit public buildings, highways, toll roads, and constructed bridges. The entertainment tax is a specific category of taxation. The entertainment tax is levied on the providing of entertainment. Entertainment tax can be understood as a municipal charge imposed due to the supply of entertainment. Absolute rules do not govern the installation of entertainment tax in Indonesia. Instead, each region has its own distinct characteristics and the ability to apply the tax in specific districts or towns (Jaelani et al., 2023).

Entertainment taxes vary in their characteristics across different countries. In Indonesia, the entertainment tax encompasses various taxable activities, including cinema screenings, music concerts, karaoke sessions, spas, massage parlors, and horse racing, among others. In addition, the entertainment organizing organization is liable to a fee that is calculated depending on the revenue it generates or is expected to generate from ticket sales and other revenue streams. The entertainment tax rates fluctuate based on the nature of the entertainment, with each form having its own distinct percentage and calculation method. Ensuring adherence to tax regulations in the entertainment industry (Jaelani, 2023).

The entertainment tax rate often reaches a maximum of 35%, although it might differ based on regional policies. The following topic is tax, specifically entertainment tax, which encompasses individuals or companies that buy or consume the given entertainment. Tax subjects and taxpayers are distinct entities. Tax subjects refer to consumers, whereas taxpayers pertain to entertainment organizers. Entertainment tax is a regional tax component contributing to the Regional Original Income (PAD). The capacity of regional governments to fulfill their autonomous responsibilities is assessed based on the extent to which Original Regional Income (PAD) contributes to the APBD. The area's reliance on the central government decreases as the PAD increases. Implementing taxes in the local entertainment sector can significantly enhance regional revenue. Each region has different income percentages from entertainment taxes, which can be allocated towards financing development initiatives, projects, infrastructure improvements, public services, and enhancing the quality of life for residents in the area. However, an issue arises when individuals express dissatisfaction with the taxes contribute towards facilities that have yet to be received or acquired (Budiman & Kadir, 2023).

Furthermore, infrastructure development needs to be more consistent, creating the perception that a significant portion of tax funds needs to be utilized more effectively. This, therefore, fosters taxpayer non-compliance in meeting their tax responsibilities. In order to have an effective tax system. Taxpayers must actively meet their tax obligations, including complying with tax requirements. Tax compliance is the state in which taxpayers fulfill all their tax duties and exercise their tax entitlements. It's a crucial aspect of a functioning tax system, reflecting a taxpayer's willingness to meet their tax responsibilities. Adherence to relevant regulations is a key part of tax compliance, and any failure to meet these responsibilities is considered non-compliance. It's essential for taxpayers to actively engage in meeting their tax obligations, including complying with tax requirements, to maintain an effective tax system (Nuryanto & Jaelani, 2024).

A strategy employed to evade taxes is intentionally modifying tax data and financial reports to diminish tax liability. Compliance establishes a favorable environment that promotes adherence and consciousness in meeting tax responsibilities. It entails comprehending or making an effort to comprehend all aspects of tax legislation, accurately completing tax forms, meticulously calculating the amount of tax owed, and promptly settling the tax liability. Tax compliance can be categorized into two types: formal and material (Kester et al., 2024).

Formal compliance refers to the taxpayer's adherence to tax duties outlined by the applicable tax legislation. Material compliance refers to the taxpayer's act of accurately, entirely, and honestly completing the tax return (SPT) by the regulations and submitting it to the KPP (Tax Services Office) before the tax

deadline expires. The government can augment tax revenues by enhancing public knowledge regarding tax compliance and fostering a comprehensive grasp of the significance of tax payments. An individual's adherence to tax regulations depends on their understanding of taxation. Tax awareness is determined by behavioral intentions, which are shaped by behavioral control (comprising knowledge and comprehension of tax legislation) and the sense of obligation to engage in the tax process. Various factors, including tax rates, tax sanctions, understanding of taxation, and the tax service administration system, influence compliance with tax payments (Kubick et al., 2024).

### Overview of Massage Parlors and SPA

Massage is an ancient and widely practiced form of tactile therapy. It has been utilized for ages due to its intimate association with human pregnancy and childbirth processes. Massage therapy can restore energy equilibrium and relieve pain through prevention and treatment. Massage has physiological effects on the body, including stimulating and regulating blood flow. This, in turn, affects the regulation of oxygen and chemicals within the human body. Massage has become a preferred career path for individuals who subsequently establish their massage parlor enterprises (Jiang et al., 2023).

According to the Big Indonesian Dictionary, a massage parlor is a designated establishment that caters to individuals seeking massage services. It can also be defined as a facility specifically designed for providing massages. As per Minister of Tourism Regulation Number 20 of 2015, a massage parlor is a business that offers certified masseuses and facilities for providing recreational massages, including traditional massage and/or reflexology. In essence, massage parlors are establishments that play a crucial role in preserving or enhancing customers' physical well-being through various massage techniques. The satisfaction of customers is directly linked to the alignment of the massage parlor's offerings with their specific wants and goals.

As defined by Article 4 of Minister of Tourism Regulation Number 20 of 2015, massage parlor service businesses can operate as individual businesses or corporate entities, as specified by statutory laws. Massage parlors exist as businesses in the health sector that utilize massage techniques to achieve their objectives and meet the needs of their customers. Massage parlors provide a range of massage techniques and incorporate aromatic oils for aromatherapy, allowing customers to indulge in massages administered by trained therapists. The market segmentation of the massage parlor industry encompasses both the male and female demographics, including individuals from both the upper middle and lower middle socioeconomic levels.

The term "spa" is derived from the Latin phrase "Solus Per Acqua" or the French phrase "Sante Par Aqua," both of which translate to "healing water." Utilizing this aqueous medium for treatment promotes bodily harmony and equilibrium for individuals who partake in it. A spa is a conventional approach to promoting health by employing a holistic blend of hydrotherapy and massage techniques to restore equilibrium to the body, mind, and emotions (Anderson, 2020).

As per the Big Indonesian Dictionary, spa business services refer to establishments offering facilities and services to promote beauty, health, and relaxation. The Minister of Tourism Regulation Number 11 of 2019 defines Spa business services as a treatment business that combines water therapy, aroma therapy, spice massage, food services, healthy drinks, and physical activity. The aim is to balance the body and soul while preserving the traditions and culture of Indonesia. Spas categorized based on treatment goals are divided into two distinct categories: Health Spas and Medical Spas. A Health Spa is a type of spa that focuses on enhancing and preserving health, particularly relaxing and enhancing one's physical appearance. Medical Spa is a comprehensive service that focuses on improving health, maintaining health, preventing illness, and aiding recovery.

As defined in Article 1 point (3) of the Minister of Tourism Regulation Number 11 of 2019 regarding Spa Business Standards, Spa businesses are conducted by entrepreneurs, whether individuals or organizations, who provide Spa services. The Spa Business was established with the primary goal of providing health and relaxation services. Relaxation is a method that induces relaxation in both the mind and body by systematically alleviating muscle tension across the entire body. Relaxation denotes a state of

tranquility and ease. Therapists offer relaxation, care, and health services to customers seeking spa company services.

## Method

As a legal research method, the author utilized empirical legal research to examine the operation of the law in society. Empirical legal research employs information gathered from governmental bodies, legal entities, or society. This research is classified as descriptive due to the systematic and thorough compilation of data about societal symptoms. The primary objective of this endeavor is to verify hypotheses that aid in the improvement of established theories or the formulation of new ones. This study implements a case study methodology and adopts a comprehensive qualitative approach, incorporating various entities such as institutions and groups of individuals. Information for the research data will be gathered through in-person interviews with specific categories of massage parlors, SPA business actors, and the agency BAPENDA, as planned by the author. Empirical legal research typically employs secondary and primary data sources. Scholars collect primary data from the sources in person. Conversely, scholars acquire secondary data from reputable sources such as books, journals, and previously published scientific articles.

## Results and Discussion

### The Compliance Payment Entertainment Taxes Policy on *Salus Per Aquam* in Indonesia

Tax compliance encompasses a wide range of activities and obligations in society. Compliance refers to how individuals behave when confronted with an event that arises in their lives. Within the realm of taxation, the degree to which individuals adhere to tax regulations and fulfill their tax obligations significantly impacts the amount of tax income generated. Tax payment refers to an individual's voluntary use of specific items to reciprocate by depositing money with the government as a tax authority. Tax compliance is the most crucial determinant of all the elements that impact tax collections. Tax compliance refers to the extent to which the general population is willing to fulfill their tax duties by the relevant regulations (Fadilla et al., 2023).

The issue of tax compliance, also known as taxpayer compliance, is a significant challenge for the government and tax authorities. It's a problem that poses a substantial threat. If taxpayers fail to comply with tax regulations, they may resort to acts of tax evasion and negligence, which can lead to a drastic reduction in tax collections (Cingl et al., 2023). The indicators for tax compliance can be categorized into four points, each highlighting the potential areas of non-compliance (Azagba et al., 2024).

The government has specific standards for assessing tax conformity, as outlined in Minister of Finance Decree No. 554/KMK.04/2000. As per this ruling, taxpayers are required to timely file tax returns for all tax categories in the past two years, have no outstanding tax debts (unless they have obtained approval for installment or deferred payments), and have never been penalized for any tax-related offenses in order to be considered compliant. Over the past decade, taxpayers subjected to audits have been able to submit their reports. Additionally, certified public accountants have examined taxpayer reports from the last two years. Based on the Minister's Decree criteria, it is challenging to meet the requirements for taxpayers to be considered compliant in their tax activities. The last criterion, in particular, could be improved.

Data Collection Division at the Regional Revenue Agency (BAPENDA) of Surakarta City explained that tax compliance entails being registered as a taxpayer, reporting business turnover, paying taxes promptly, and submitting the SPT to the regional tax authority. Only 11 of the 52 massage parlors and spas operating in Surakarta City have registered as taxpayers. As a consequence, the regional administration of Surakarta City did not receive the full amount of taxes it was entitled to. This led to financial losses for the government, which should have received more money from the entertainment tax imposed on massage parlors and spas. To thoroughly investigate the level of tax compliance in Massage Parlor and Spa businesses in Surakarta, the author interviewed Mrs. Thiram, the Head of the Income Potential Development Sub Division at the Regional Revenue Agency (BAPENDA) of Surakarta City. Additionally,

interviews were conducted with 10 Massage parlor and spa business owners operating in Surakarta. The author's findings regarding the conditions of tax compliance for entertainment taxes for massage parlors and spas (Noviyanti et al., 2022).

The tax compliance status of massage parlors and spas in Surakarta has been inconsistent during the past five years. According to the author's analysis of the data, it can be concluded that massage parlor and spa business taxpayers in the Surakarta City area still need to achieve satisfactory compliance. From 2019 to 2023, several business entities needed to meet the criteria for tax compliance, specifically by not paying taxes on time. Furthermore, some individuals are exempt from paying taxes during specific months. Various influential factors determine the state of poor tax compliance. Researchers conducted interviews with owners or representatives of massage parlor and spa businesses in Surakarta to gain insights into tax compliance from the perspective of business operators. The author has collected the following conclusions regarding compliance with entertainment tax regulations among massage parlors and spas in Surakarta (Hanum, 2022).

**Table 3. Tax Compliance Conditions of Massage Parlor and Spa Business Units in the Surakarta City Area, which are the Objects of Research**

Informan	Type	Obligation	Tax	
	Have a NPWP	Register for Taxes	Obedient to Pay Taxes	Reporting SPT
1	Already	Already	Already	Already
2	Already	Already	Already	Already
3	Already	Already	Already	Already
4	Already	Already	Not yet	Already
5	Already	Not yet	Not yet	Not yet
6	Not yet	Not yet	Not yet	Not yet
7	Not yet	Not yet	Not yet	Not yet
8	Already	Already	Already	Already
9	Already	Already	Not yet	Already
10	Already	Already	Not yet	Already

Source: Data processed by Researcher, 2023.

The table above reveals that out of the ten massage parlor and spa business units willing to participate in interviews with the author, 7 (seven) had registered as taxpayers, and 3 (three) did not. Four of the 7 (seven) taxpayers have fulfilled their tax obligations, while the remaining 3 (three) have yet to be considered tax-compliant due to late or non-payment of taxes. During an interview on February 7, 2024, Informant 1, the owner of Q Massage Parlor, expressed the perspective that business operators must comply with tax regulations, which include registering, paying taxes promptly, and reporting SPT. Informant 1 emphasized the importance of adhering to tax obligations rather than facing penalties from tax authorities and the potential consequences of noncompliance with government regulations.

Informant 2, the proprietor of Spa N's business, affirmed that they have fulfilled their tax responsibilities. The informant has consistently registered his business as a taxpayer since its inception and has maintained a clean record, with no instances of late payments, non-payment, or failure to furnish tax returns. Furthermore, the informant possesses a comprehensive understanding of tax regulations and consistently meets his tax duties. Informant 3, the owner of Spa D, shares a similar perspective to Informant



1. During an interview on February 7, 2024, the author emphasized that corporate actors have a responsibility to meet their tax obligations as citizens. The informant not only comprehends but also acknowledges that taxation is an obligatory financial commitment imposed on the entire community, with the expectation that the community would also reap beneficial outcomes from fulfilling their tax obligations. Informant 3 has successfully registered their business as a taxpayer, consistently pays taxes on time, and consistently reports their annual SPT. This demonstrates their strong adherence to tax compliance, as they possess a thorough understanding of tax laws and regulations, as well as the necessary obligations that must be fulfilled. By avoiding any noncompliance, they effectively prevent any potential sanctions that could be imposed on their business (Liu et al., 2023).

Informant 8, as the proprietor of Spa R business, demonstrates proficiency in managing his tax obligations. During an interview conducted on February 12, 2024, Informant 8 stated that his business consistently generated enough revenue to ensure timely tax payments. Taxes are a mandatory financial responsibility that the government must fulfill, and failing to pay them promptly can create a moral burden. Based on the four informants mentioned, taxpayers have effectively met their tax duties and demonstrated ethical conduct in their tax-related actions. They experience genuine feelings of remorse when they fail to meet their responsibilities. The four informants manage their behavior with the notion that the ability to comply with taxes is a right that is in accordance with the provisions and obligations of citizens. During an interview on February 8, Informant 4, who acts on behalf of the S Massage Parlor business owner, confirmed that the business is registered as a taxpayer, regularly reports its monthly earnings, and submits an annual tax return. Nevertheless, although fulfilling the duty to pay taxes, the payment needed to be more time for specific months.

The reason is because they experience limited turnover, which leads to a delay in paying their taxes. The informant acknowledged his comprehension of the tax legislation but needed to adequately complete his tax obligations in running his massage parlor business. The informant's failure to comply was driven by economic factors, specifically adverse business conditions that made it impossible to fulfill his tax responsibilities on time. During an interview with the author on February 12, 2024, Informant 9, the proprietor of the N Massage Parlor business, confirmed that the business had promptly registered itself as a taxpayer upon its establishment. The owner consistently fulfilled their financial obligations from the inception of the business. However, following the outbreak of the Covid-19 pandemic, the business's financial situation did not fully recuperate. Consequently, during the recovery phase, the owner frequently encountered delinquencies in tax payments. The informant acknowledged this and settled administrative penalties for overdue tax payments. The informant stated that the punishments imposed were relatively lenient, thus not significantly burdening business owners. The informant's attitude demonstrates that there are possibilities for corporate operators to evade tax compliance (Yu et al., 2024).

Source 10 During an interview with the author on February 13, 2024, Spa J business proprietors confirmed that their Spa business had been registered as a taxpayer. However, tax activities must frequently adhere to relevant tax regulations when conducting their operations. Owners frequently exhibit tardiness in fulfilling their tax duties, and in some instances, they fail to make any payment during a specific month. The informant frequently anticipated a cautionary letter from the tax officer, who would visit his business premises. This demonstrates the informants' need for more awareness and motivation to complete their tax duties since they rely on receiving a warning from the tax officer before taking action (Mujib & Muchlas, 2023).

Based on the explanation above, it can be inferred that the factors influencing tax non-compliance or tax compliance in massage parlors and spa businesses in Surakarta include legal factors. This is because the laws and regulations about regional taxation have yet to be adequately disseminated to the general public, particularly those involved in such businesses. Unregistered Massage Parlor and Spa enterprises are producing tax-related confusion. The ineffectiveness of sanctions for tax violators is a contributing cause of tax non-compliance among massage parlors and spa firms. These problems ultimately result in a need for compliance with tax regulations. The second element is the economic aspect, which refers to the

difficult economic conditions faced by massage parlors and spa enterprises. This sometimes leads to delays or non-payment of taxes by business owners, and some hesitate to register their operations as taxpayers officially (Müller et al., 2023). This fulfills the requirements for tax non-compliance. Three non-economic factors contributing to the low rate of business registration as taxpayers are the reluctance of business actors to pay taxes, poor moral responsibility in tax activities, and the normalization of non-compliant actions due to cultural and environmental factors. Taxation. The third element serves as the foundation for issues that hinder tax compliance as it emerges and evolves throughout society (Pieretti & Pulina, 2024).

The low compliance of massage parlors and spas in paying entertainment taxes, focusing on the perspective of business actors. Additionally, the author discusses the issues that impact tax collection from the viewpoint of local governments as tax authorities. Five variables contribute to low tax compliance from a legal standpoint: the legal component itself, factors related to law enforcement, factors related to facilities and infrastructure, community factors, and cultural factors (Xu et al., 2024).

The law of the Republic of Indonesia Number 28 of 2007 outlines the tax legal regulations in society, which pertains to the Third Amendment to Law Number 6 of 1983 on General Provisions and Procedures for Taxation. These regulations have been subsequently revised with the Law of the Republic of Indonesia Number 7 of 2021, which focuses on harmonizing tax regulations. The laws and regulations comprehensively explain tax procedures, tax topics, tax objects, types of taxes levied, government authority, tax authority requirements, taxpayer obligations in tax activities, and the consequences of non-compliance with tax laws. This research examines the taxation of massage parlors and spas about entertainment taxes. Regional Regulation Number 11 of 2018 of the City of Surakarta outlines the tax regulations utilized, specifically addressing regional taxes and retributions. These regulations encompass various aspects, such as the types of taxes imposed, the entities subject to taxation, the objects of taxation, the tax rates, the procedures for tax payment and collection, and the penalties imposed on individuals who violate tax laws (Yozi et al., 2019).

The two aspects related to law enforcement. Law enforcement is an institution that possesses the capacity and responsibilities to directly engage in the enforcement of laws, with a primary focus on upholding justice in line with statutory requirements. The Regional Revenue Agency, or BAPENDA, is the regulatory authority in regional taxation. This institution is a subordinate officer to the regional leader in implementing power transfer and responsibility in regional revenue. The primary responsibility of the Regional Revenue Agency is to enforce policies for managing regional revenues derived from taxes and levies. This includes formulating policies about regional revenues, developing regional revenue plans, collecting taxes, promoting the implementation of regional revenues, and overseeing regional administration in the revenue field. Civil Servant Investigators, also known as PPNS, are designated civil servant officers in the Regional City Government who can conduct investigations into infractions of Surakarta City regional regulations. Municipal administration. Regional governments, including governors, mayors, and regents, are responsible for overseeing the administration of regional taxes. They have a role in shaping taxation policies, setting tariffs, and allocating tax revenues for regional development (Cheng et al., 2022).

The three components are amenities and infrastructure. The government provides facilities to the public through tax information and socialization to foster public comprehension of taxes as their responsibility. Tax authorities rely on their high-quality resources to enforce tax regulations effectively. Tax officials are responsible for providing guidance, enforcing tax laws, and conducting tax audits within the community. They must possess a well-developed strategy to ensure the successful implementation of the program. The Surakarta City government, represented by BAPENDA as the regional tax authority, conducts outreach and advisory programs to educate and encourage the community to fulfill their tax duties dutifully. The website and tax applications offer digital tools enabling taxpayers to access tax-related information and conveniently fulfill their tax duties. It can incentivize taxpayers to adhere to their tax commitments and increase knowledge of local governments' responsibilities, as they have been simplified – procedures involved in tax-related tasks.

The four sociological variables. In this scenario, members of society have varying degrees of tax compliance. A society's lack of tax compliance can be attributed to public discontent with public services, unequal infrastructure development, and mistrust of the government as the entity responsible for managing taxes. Specific individuals perceive a lack of reciprocity for the taxes they have contributed, leading certain factions to suspect fraudulent behavior on the part of tax authorities even though it has been clarified that taxes serve as a non-conflicting mechanism. This prevailing view leads to hindrances to achieving tax compliance. The five cultural factors. A certain amount of trust facilitates a culture of tax compliance in the government that is ingrained in society. There is a direct correlation between the level of public faith in the government's performance as a tax authority and the level of public incentive to fulfill their tax duties accurately and appropriately. This indicates that external and internal causes shape the culture of adhering to tax regulations (Zhou et al., 2023).

The Head of the Income Potential Development Sub Division of the Regional Revenue Agency of Surakarta City explained various circumstances that hinder tax compliance in paying entertainment taxes for massage parlors and spas in the Surakarta City area. The initial determinant is the economic state of the corporate entity. Under entertainment taxation in Surakarta, every massage parlor and spa business entity does not generate a fixed monthly income. When a business entity is experiencing financial difficulties, the actors opt to delay or avoid paying taxes altogether. This pertains to the taxation rates imposed on establishments offering massage and spa services. Suparmono and Damayanti define tax rates as the specific rates utilized to calculate the precise amount of tax required to be paid. According to this definition, the tax rate is the foundation for levying taxes on taxable entities under the taxpayer's duty. Article 19 of Surakarta City Regional Regulation Number 11 of 2018 regarding Regional Taxes states that 30% and 40% rates are regarded as significantly high within a single month.

The second determinant is the level of taxpayers' comprehension regarding taxation. Comprehension is crucial since it promotes compliance with tax legislation. Conversely, a lack of comprehension can lead to noncompliance with tax duties. BAPENDA Surakarta has seen numerous instances in the entertainment sector, massage parlors, and spas where taxpayers lack comprehension of taxation. These taxpayers occasionally need to acknowledge or heed tax inspectors' warnings or socialization efforts. Many taxpayers frequently need to pay more attention to payment deadlines and fulfill their tax obligations (Abidin et al., 2023).

The third factor pertains to tax penalties. Tax sanctions are a preventive measure to ensure that taxpayers comply with statutory provisions and tax regulations, preventing violations. According to Article 56 of Surakarta Regional Regulation Number 11 of 2018, taxpayers who fail to pay the total amount of regional taxes and make late payments may be subject to administrative penalties. According to provision (1), the Regional Tax Underpayment Assessment Letter (SKPDKB) imposes an administrative penalty with an interest rate of 2% per month. This interest is calculated on the amount of tax that is either underpaid or paid late within 24 months from the due date of the tax. In addition, under condition (4), the SKPDKB imposes administrative penalties on the tax amount owed if the Regional Tax Notification Letter (STPD) is not fulfilled. These penalties include a 25% increase on the principal tax and a 2% interest charge. The interest is calculated based on the underpayment or late tax payment for 24 months. Imposing more severe administrative penalties results in taxpayers suffering more significant financial losses, impacting their willingness to comply with tax obligations. Concerning the efficacy of implementing the regional tax law, namely Surakarta City Regional Regulation Number 11 of 2018 regarding Regional Taxes and Levies, the administrative penalties imposed on non-compliant taxpayers are suboptimal. Some massage parlor and spa enterprises intentionally delay their tax payments to avoid correctly meeting the taxpayer's criteria. This behavior leads to poor tax compliance despite the relatively few administrative punishments imposed (Kurniawan & Rizki, 2019).

The constraint of having a limited number of human resources is a critical issue. At BAPENDA Surakarta City, the shortage of tax officers responsible for overseeing, invoicing, and admonishing has significantly hampered the effectiveness of tax services, particularly in the entertainment industry of

Surakarta City. Given the significant role of tax compliance in the financial stability of entertainment establishments like massage parlors and spas in Surakarta, BAPENDA, as the regional government agency responsible for managing regional revenues, is compelled to implement measures to improve the level of tax compliance among taxpayers (Chen et al., 2018).

The measure of a legal system's effectiveness is the efficacy of law enforcement. A government is considered successful when its laws are effectively implemented and adhered to by all segments of society (Berman & Ershov, 2024). Both central and regional governments encounter numerous hurdles and challenges in the administration of government affairs. Each autonomous area faces challenges in governing itself, including economic problems related to taxation. The Surakarta City Government, acting as the tax authority, encounters challenges in the tax domain, precisely the inadequate revenue generated by regional taxes. In addition to variables commonly regarded by the public as affecting taxpayers, normative difficulties concerning law enforcement and the implementation of tax compliance laws are also hindrances to achieving higher levels of tax compliance. The data indicates that entertainment tax compliance in massage parlors and spas in the city of Surakarta has been suboptimal. Addressing numerous normative concerns, including rules, institutions, and law enforcement, is crucial to enhancing entertainment tax compliance (Hu, 2024).

The Surakarta City Blood Regulation Number 11 of 2018 and Surakarta Mayor Regulation Number 28A of 2018 are the legal frameworks that govern the collection of regional taxes, specifically for entertainment tax. This regulation currently does not establish a minimum threshold for taxable income in the entertainment industry. As a result, individuals may need to be aware of their tax responsibilities and choose not to register their businesses as taxpayers, believing they are not morally obligated to pay taxes. Moreover, this rule does not include any provision that governs or specifies the allocation of funds for entertainment tax. Several informants, who lack trust in local governments, assert that the government's unclear tax money management needs to be clarified (Mahyuliza et al., 2021).

Consequently, the public perceives the government as non-transparent, so they are hesitant to fulfill their tax duties. It pertains to enforcing penalties, wherein taxpayers who fail to fulfill their tax responsibilities are liable to face administrative and criminal punishments. Imposing relatively modest fines on tax violators does not result in significant financial losses, therefore failing to serve as an effective deterrence. This is evidenced by the author's interview with informant 9, who stated that the punishments are relatively mild and do not burden business owners. The informant's attitude demonstrates the existence of loopholes that enable corporate operators to evade tax compliance (Iqbal et al., 2023).

The regional tax regulations lead to decreased tax compliance rates. The insufficient magnitude of administrative penalties illustrates the deficient implementation of legal measures in the domain of regional taxation. In addition, the enforcement of tax legislation in the Surakarta City area needs to be improved precisely due to the restrictions on individuals who violate entertainment activities, as stated in the Surakarta Mayor Regulation 28A, which provides guidelines for implementing entertainment taxes. Chapter V, explicitly addressing the Implementation of Entertainment, Article 10, point (2), stipulates that executing entertainment enterprises that have yet to undergo registration is obligatory. Pahak is liable to a penalty of 100% of the tax amount due. Given the prevalence of massage parlors and spa enterprises operating without paying taxes, government enforcement is ineffective (Singgih et al., 2022).

The subsequent matter pertains to regional tax establishments. BAPENDA is responsible for implementing regional tax institutions in Surakarta. During the discussion with Mrs. Thiram, the author discovered that the institution was facing challenges due to a scarcity of human resources. A limited number of tax officials are responsible for overseeing, invoicing, and disciplining. The diminished efficacy of tax services in the entertainment industry of Surakarta City was attributed to a need for more human resources. In addition, there needs to be more collaboration among law enforcement agencies in overseeing and coordinating the activities of massage parlors and spas that fail to fulfill their tax responsibilities adequately (Nugroho et al., 2018).

The three normative difficulties are associated with elements that impede the public or business actors from complying with entertainment taxes for massage parlors and spas. The issues about regulation and law enforcement are directly linked to legal aspects, as rules and regulations serve as the foundation for conducting tax activities (Tang & Yang, 2023). The disharmony between Law Number 1 of 2022 and other laws and regulations, such as the Health Law, Minister of Health Regulation Number 8 of 2014, and Law Number 10 of 2009 concerning Tourism, shows the need to harmonize laws and regulations. Harmonizing laws and regulations is essential to create legal certainty, avoid overlaps or conflicts between regulations, and ensure fair and consistent application of the law. In the context of spa categorization, harmonization of legal regulations is needed to harmonize the definition, characteristics, and legal treatment of spa businesses. Harmonization can be achieved by significantly revising Law Number 1 of 2022, including the articles that categorize spas as arts and entertainment services. The revision must consider the nature of health services inherent in the spa business and align it with other relevant laws and regulations. The government and relevant stakeholders need to take concrete steps to realize justice and protect the constitutional rights of citizens, especially spa businesses and people who use spa services.

First, the government must review Law Number 1 of 2022, significantly the articles that categorize spas as arts and entertainment services. The review should involve various stakeholders, including spa businesses, spa industry associations, health professionals, and the general public, to ensure that the revisions accurately reflect the characteristics and needs of the spa industry. Second, the government needs to develop clear and detailed implementing regulations for categorizing spa businesses, including appropriate criteria, requirements, and legal treatment. These implementing regulations must align with relevant laws and regulations and consider justice, legal certainty, and citizens' constitutional rights protection. Third, there is a need for outreach and education to the public, spa businesses, and relevant stakeholders regarding applicable laws and regulations, legal rights and obligations, and the importance of compliance with regulations. This outreach and education can help increase legal understanding and awareness and encourage active participation in realizing a healthy, fair, and sustainable spa industry. Fourth, consistent and effective supervision and law enforcement are needed to ensure the revised laws and regulations are correctly implemented. The government must provide a complaint and dispute resolution mechanism that is easily accessible to spa businesses and the public and follow up on every violation report with firm and proportional action. Fifth, the government can provide incentives or facilities for spa business actors who comply with the law and contribute positively to the spa industry and society. These incentives can be tax breaks, ease of licensing, or promotional and marketing support. Providing incentives can be an incentive for business actors to comply with regulations and improve the quality of spa services.

Regulatory loopholes facilitate instances of tax non-compliance. Inadequate law enforcement also contributes to the non-economic aspect of tax duty awareness. The absence of stringent punishments and penalties for individuals who fail to fulfill their tax duties has fostered a detrimental culture that normalizes such infractions, impeding tax compliance growth. Moreover, about institutional matters, the insufficient number of tax officers as human resources leads to inadequate oversight, allowing both registered and unregistered commercial entities to evade monitoring, hence contributing to instances of tax non-compliance.

### **The Impact of Islamic Economics Principles on the Tax Compliance Payment Entertainment Policy**

The role of local governments, particularly tax organizations that serve as tax authorities, needs to improve in enhancing public trust. It is crucial to consider corporate players who distrust the government's tax management, as this directly impacts the functioning of taxation. Transparency in tax administration is achieved through the publication of information on a publicly accessible website. This helps to foster public trust in local governments responsible for managing tax funds. Establishing trust within the community can significantly influence the degree of tax compliance, directly affecting tax revenues that contribute to the community's overall well-being (Capasso et al., 2021).

The Surakarta city government has officially approved Surakarta City Regional Regulation Number 14 of 2023 about Regional Taxes and Regional Levies. This regulation will be implemented starting from January 2024. This decision is a positive measure in addressing the matter of tax compliance from a regulatory standpoint. The current regional rule supersedes Surakarta City Regional rule Number 11 of 2018 regarding Regional Taxes, as it no longer aligns with current demands and advancements. The most recent regional regulations include various items that enhance taxpayers' compliance with tax obligations. Article 27 introduces a change in the tax rate for massage parlors that fall under the Certain Goods and Services Tax (PBJT). These parlors will now be subject to a 10% tax rate, a significant reduction from the previous rate of 30%, which was effective in 2024. This reduction in tax rate is expected to provide relief for business owners in terms of their tax payments (Astarah et al., 2022).

Additionally, due to the reduced tax payment rate, unregistered business owners can now register themselves as taxpayers. Nevertheless, the rate for spas remains at 40% due to the provisions outlined in Article 58 of Law Number 1 of 2022, which pertains to the financial relations between the central government and regional governments. This article specifies that certain establishments, including spas, nightclubs, discos, and bars, must adhere to a minimum tax rate of 40%. According to Article 50 of Surakarta City Regional Regulation Number 14 of 2023, tax funds must be allocated for specific activities. This contributes to the government's endeavor to enhance tax compliance by establishing public confidence in the taxes paid to local governments, which are subsequently utilized for regional development purposes. Attaining collective prosperity necessitates significant investments in constructing a cohesive community. Taxes serve as a primary revenue stream for the region. The Surakarta regional government can secure the essential resources for financing government expenditures, such as infrastructure development, public services, subsidies, and welfare programs, by increasing tax revenue from entertainment taxes, specifically massage parlors, and spas, through greater taxpayer compliance. As tax revenue increases, the budget available for these programs also increases. Infrastructure development and the implementation of social programs can create a multiplier effect, stimulating economic growth and enhancing the well-being of individuals. Hence, massage parlors and spas that adhere to their tax responsibilities substantially enhance the quality of Surakarta's infrastructure, thereby directly affecting the daily lives of its residents (Kurniawati & Kholis, 2022).

Implementing entertainment taxes can serve as a means for the Surakarta City regional administration to enhance public services and boost regional income. The acquired funds can be allocated towards enhancing the standard of education through the improvement of school infrastructure, enhancing healthcare accessibility by fortifying health facilities and expanding services, and enhancing security by allocating resources for the improvement of police facilities and community security programs (Laoli et al., 2022). Therefore, the adherence to tax regulations by massage parlors and spas in Surakarta contributes to the improvement of public services, leading to a good effect on the community's well-being and standard of living. The degree of tax compliance exhibited by massage parlors and spas closely correlates with the amount of regional income acquired by the Surakarta government. In contrast, when there is low tax compliance, regional income might be adversely affected, decreasing available resources for funding development initiatives and enhancing public services. Hence, enhancing the adherence to entertainment tax regulations by massage parlors and spas is a crucial measure to bolster the fiscal viability of local authorities and enhance the well-being of the community in Surakarta (Setiawan et al., 2024).

Establishing a taxation system that is equitable, effective, and by Islamic values is contingent upon applying Islamic economic principles, particularly the principles of benefit and justice. The principle of benefit underscores efforts to achieve virtue and benefits for society. Conversely, the principle of justice requires that the tax burden be distributed relatively and proportionally, considering each individual's economic capabilities. The benefit principle can be employed to encourage society to perceive taxes as a means of attaining shared prosperity in the context of compliance with taxation. The taxes finance various development programs and initiatives that benefit the broader community, such as infrastructure, health

services, education, and social security. People are more inclined to fulfill their tax obligations when they comprehend that their taxes enhance the quality of life and the general welfare (Bawono, 2023).

The benefit principle also underscores the significance of transparency and accountability in the administration of tax funds. The government is responsible for the efficient, effective, and transparent management of tax revenues, which must be allocated to programs that offer tangible benefits to society. The level of compliance with paying taxes tends to increase when individuals believe that tax funds are used responsibly and for the common benefit. In the meantime, the principle of equity in Islamic economics underscores the significance of distributing the tax burden equitably and uniformly. The tax system must consider each individual's economic capabilities, with individuals with higher incomes bearing a more significant tax burden than those with lower incomes. The principle of justice can lead to increased tax compliance, as individuals perceive the current tax system as equitable and not overly burdensome (Al-Fatih, 2023).

The principle of justice also requires abolishing discriminatory minimum taxes and granting outages to specific groups. Tax law must be applied impartially to all citizens, irrespective of their social, economic, or other circumstances. People will be more inclined to fulfill their tax obligations when they observe that the tax system is applied impartially and that no party is granted preferential treatment. Nevertheless, the taxation system in Indonesia, particularly Law Number 1 of 2022 concerning Financial Relations between the Central and Regional Governments, continues to encounter numerous obstacles in applying the principles of benefit and justice. One example is the legal classification of spa businesses as arts and entertainment services, which has generated controversy and is regarded as unjust to spa businesses (Rofiah et al., 2024).

Categorizing spa businesses as arts and entertainment services with the imposition of high tax rates (40%-75%) is contrary to the principles of justice in Islamic economics. Spa businesses, part of holistic health services, have different characteristics and properties from entertainment services such as discos, karaoke, or nightclubs. The imposition of the same tax rate between spa businesses and entertainment services reflects injustice in the distribution of the tax burden. The inappropriate categorization of spa businesses in Law Number 1 of 2022 also conflicts with the principle of benefit. Spa services improve individual health, relaxation, and well-being, which benefits society. However, with incorrect categorization and the imposition of high tax rates, the growth of the spa industry can be hampered, which, in the end, can be detrimental to the people who need these services (Zaidah & Abdullah, 2024).

Additionally, implementing the benefit principle in the tax system necessitates transparency and accountability in managing tax funds. Explicit provisions regarding accountability and reporting mechanisms for using tax funds and public participation in surveillance and evaluation must be included in Law Number 1 of 2022. In order to foster public confidence in the tax system and promote tax compliance, it is crucial to prioritize transparency and accountability. Several modifications and enhancements are required to ensure that Law Number 1 of 2022 is based on Islamic economic principles, mainly benefit and justice. Initially, it is necessary to review and revise the classification of spa enterprises as arts and entertainment services by the characteristics and nature of the actual spa services. Spa enterprises must be well-positioned within the health service framework, considering the benefits to society (Arum & Sharma, 2024).

Secondly, adjusting the tax rates for spa enterprises by the principles of justice is necessary. The tax rate levied must be proportional and consider the economic capacity of spa enterprises and the social and health effects of spa services on the community. By implementing equitable tax rates, spa enterprises will be motivated to comply and participate in their tax obligations. Third, Law Number 1 of 2022 must include explicit provisions regarding the administration of tax funds in order to ensure transparency and accountability. The use of tax funds must be regulated in detail, with community participation in monitoring and evaluation, as well as accountability and reporting mechanisms. This transparency and accountability will foster compliance with tax obligations and bolster public confidence in the tax system (Sugeng et al., 2024).

Fourth, the community, business actors, and related stakeholders must be subjected to intensive socialization and education regarding the principles of Islamic economics, particularly the principles of benefit and justice. Compliance with tax obligations and active engagement in establishing a sustainable and equitable tax system will be fostered by a comprehensive comprehension of Islamic economic principles. Fifth, it is crucial to implement consistent and resolute law enforcement against tax violations to promote compliance with tax obligations and ensure justice. In order to preserve the integrity of the tax system and serve as a deterrent to those who violate it, each instance of tax avoidance or evasion must be addressed with firmness and without prejudice. A taxation system that is more effective, equitable, and consistent with Islamic values can be established by aligning Law Number 1 of 2022 with Islamic economic principles, particularly the principles of benefit and justice. When society perceives the tax system as a tool for achieving shared prosperity and implements it fairly and transparently, compliance with tax obligations will increase. Nevertheless, it is crucial to acknowledge that the initial stage in implementing a more effective tax system is to align Law Number 1 of 2022 with Islamic economic principles. Consistent implementation of these principles in daily tax practices necessitates the commitment and cooperation of all stakeholders, including government, society, and business (Karjoko et al., 2023).

Furthermore, it is of utmost importance to continuously investigate and assess the implementation of Islamic economic principles in the taxation system. This ongoing process ensures that these principles truly benefit society. To maintain the relevance and efficacy of the application of Islamic economic principles, it is necessary to periodically assess and modify tax policies that are adaptable to changes in economic and social circumstances. The implementation of Islamic economic principles in the taxation system is expected to foster economic development that is more sustainable, inclusive, and equitable in the long term. A tax system that is founded on Islamic principles, including transparency, accountability, justice, and benefit, will promote a more equitable distribution of wealth, mitigate economic inequality, and enhance the well-being of society as a comprehensive unit (Harahap et al., 2023).

The establishment of a taxation system that is fair, effective, and based on Islamic values is significantly influenced by Islamic economic principles, particularly the principles of benefit and justice. Tax compliance will rise when taxes are perceived as a means of achieving shared prosperity and are administered fairly and transparently. Nevertheless, applying these principles in Law Number 1 of 2022 concerning Financial Relations between the Central and Regional Governments continues to encounter numerous obstacles, including classifying spa businesses as arts and entertainment services, which is deemed unjust and inconsistent with the principle of benefit (Azizah, 2024).

In order to ensure that the law is consistent with Islamic economic principles, modifications and enhancements must be made. These include the review of the categorization of spa businesses, the adjustment of fair tax rates, the enhancement of transparency and accountability in the management of tax funds, the socialization and education of individuals about Islamic economic values, and the implementation of strict law enforcement against tax violations. It is anticipated that these endeavors will result in the establishment of a taxation system that is more equitable, effective, and consistent with Islamic principles. This, in turn, will promote more inclusive and sustainable economic development and increase tax compliance. Nevertheless, the initial step of harmonizing laws with Islamic economic principles must be followed by all stakeholders' unwavering commitment and cooperation in consistently implementing these principles in daily tax practices (Jaelani et al., 2023).

## Conclusion

The execution of regional tax collection in Surakarta City is impacted by the degree of tax conformity. The level of tax compliance in the massage parlor and spa industry in Surakarta could be improved. Various variables influence the low level of tax compliance. Legal concerns encompass discrepancies in regional tax legislation, which create chances to evade tax duties. The prevailing economic conditions of business entities determine economic elements. Moreover, the absence of stringent penalties and effective law enforcement has fostered a detrimental environment for those who violate tax regulations, making tax



non-compliance appear inconsequential regarding economic consequences. Massage parlor and spa business operators need to comprehend laws and tax regulations more, exhibit better faith in the government's tax system, and face a shortage of competent personnel in tax authorities to enforce tax oversight effectively. The extent to which massage parlors and spas in Surakarta contribute to the regional income is closely tied to their adherence to entertainment tax regulations. Massage parlors and spas in Surakarta contribute to the local government's income by paying entertainment tax. The massage parlors and spas in Surakarta will contribute to sustainable growth with the supplementary revenue generated from the entertainment industry. The implementation of sustainable development relies on the uninterrupted flow of regional funds and income. The Surakarta city government plays a crucial role in addressing tax compliance for entertainment taxes related to nursing homes and spas. They do so by implementing various strategies, such as enforcing sanctions by the law, assigning regional coordinators to handle tax non-compliance issues, conducting public outreach on taxation, collaborating with the Surakarta City Culture and Tourism Office to increase events and boost tax revenue, and providing an E-tax application to streamline taxpayer activities. The Surakarta regional government has taken a commendable measure by implementing Regional Regulation Number 14 of 2023, which aims to address the issue of tax compliance.

### Conflict of Interest

There are no conflicts of interest to declare.

### References

- Abidin, M. Z., Widiastuti, E., & Najmudin, N. (2023). Comparative Analysis of the Effectiveness and Contribution of Local Taxes in the Tourism Sector Before and During Covid-19 (Study on Regency and City of Central Java Province). *Cashflow Current Advanced Research on Sharia Finance and Economic Worldwide*, 3(2), 188–195. <https://doi.org/10.55047/cashflow.v3i2.904>
- Al-Fatih, S. (2023). Understanding Delegated Legislation in The Natural Resources Sector. *Bestuur*, 11(2), 290–311. <https://doi.org/https://dx.doi.org/10.20961/bestuur.v11i2.78125>
- Amir, H., Asafu-Adjaye, J., & Ducpham, T. (2013). The impact of the Indonesian income tax reform: A CGE analysis. *Economic Modelling*, 31(1), 492–501. <https://doi.org/10.1016/j.econmod.2012.12.018>
- Amri, K., Masbar, R., Nazamuddin, B. S., & Aimon, H. (2023). Does Tax Effort Moderate the Effect of Government Expenditure on Regional Economic Growth? A Dynamic Panel Data Evidence from Indonesia. *Ekonomika*, 102(2), 6–27. <https://doi.org/10.15388/Ekon.2023.102.2.1>
- Anderson, W. B. (2020). "I paid my income tax today" : How the U . S . government used public relations to persuade its citizens to accept a mass tax during World War II. *Public Relations Review*, 46(4), 101945. <https://doi.org/10.1016/j.pubrev.2020.101945>
- Arum, R., & Sharma, R. (2024). Establishing Consumer Trust Through Data Protection Law as a Competitive Advantage in Indonesia and India. *Journal of Human Rights, Culture and Legal System*, 4(2), 354–390. <https://doi.org/https://doi.org/10.53955/jhcls.v4i2.200>
- Astarah, W. R., Karunia, A. P., Zahri, R. M., & Sasmita, R. P. H. (2022). The Perception of Property Entrepreneurs in Surakarta City, Indonesia, on the Policy 2 Voluntary Disclosure Program. *AKUMULASI: Indonesian Journal of Applied Accounting and Finance*, 1(2), 102–110. <https://doi.org/10.20961/akumulasi.v1i2.331>
- Ayuningsekar, C. I., Jaelani, A. K., & Hermawan, S. (2023). Legitimacy Principle of Equality in Collection of Rural and Urban Land Tax. *Journal of Sustainable Development and Regulatory Issues (JSDERI)*, 1(3), 151–174. <https://doi.org/10.53955/jsderi.v1i3.15>
- Azagba, S., Ebling, T., & Korkmaz, A. (2024). Beyond the smoke: Historical analysis of the revenue implications of state cigarette tax policies, 1989 to 2019. *International Journal of Drug Policy*, 127, 104408. <https://doi.org/10.1016/j.drugpo.2024.104408>
- Azizah, M. (2024). Does the Government ' s Regulations in Land Ownership Empower the Protection of

- Human Rights? *Journal of Human Rights, Culture and Legal System*, 4(2), 391–421. <https://doi.org/https://doi.org/10.53955/jhcls.v4i2.222>
- Bawono, B. T. (2023). The Urgency of Restorative Justice Regulation on Hate Speech. *Bestuur*, 11(2), 364–383. <https://doi.org/https://dx.doi.org/10.20961/bestuur.v11i2.82508>
- Berman, A., & Ershov, N. (2024). Tax resident status: approaches to determination and consequences of its loss by an individual. *BIO Web of Conferences*, 84, 05010. <https://doi.org/10.1051/bioconf/20248405010>
- Budiman, & Kadir, A. (2023). The Policy of Sustainable Waste Management Towards Sustainable Development Goals. *Journal of Human Rights, Culture and Legal System*, 3(1), 70–94. <https://doi.org/https://doi.org/10.53955/jhcls.v3i1.73>
- Capasso, S., Cicatiello, L., De Simone, E., Gaeta, G. L., & Mourão, P. R. (2021). Fiscal transparency and tax ethics: does better information lead to greater compliance? *Journal of Policy Modeling*, 43(5), 1031–1050. <https://doi.org/10.1016/j.jpolmod.2020.06.003>
- Chen, K.-C., Gursoy, D., & Lau, K. L. K. (2018). Longitudinal impacts of a recurring sport event on local residents with different level of event involvement. *Tourism Management Perspectives*, 28, 228–238. <https://doi.org/10.1016/j.tmp.2018.09.005>
- Cheng, Y., Jia, S., & Meng, H. (2022). Fiscal policy choices of local governments in China: Land finance or local government debt? *International Review of Economics & Finance*, 80, 294–308. <https://doi.org/10.1016/j.iref.2022.02.070>
- Cingl, L., Lichard, T., & Miklánek, T. (2023). Tax designation effects on compliance: An online experiment with taxpayers. *Journal of Economic Behavior & Organization*, 214, 615–633. <https://doi.org/10.1016/j.jebo.2023.08.016>
- D'Avino, C. (2023). Counteracting offshore tax evasion: Evidence from the foreign account tax compliance act. *International Review of Law and Economics*, 73, 106126. <https://doi.org/https://doi.org/10.1016/j.irl.2023.106126>
- Dias, T., & Gonçalves, S. (2024). Effectiveness of wealth-based vs exchange-based tax systems in reducing inequality. *Physica A: Statistical Mechanics and Its Applications*, 641, 129721. <https://doi.org/10.1016/j.physa.2024.129721>
- Fadilla, A., Brata, Y., Maminai, R., & Sedera, H. (2023). The Implementing a Carbon Tax as a Means of Increasing Investment Value in Indonesia. *Journal of Sustainable Development and Regulatory Issues (JSDERI)*, 1(2), 39–50.
- Firmansyah, A., Arham, A., Qadri, R. A., Wibowo, P., Irawan, F., Kustiani, N. A., Wijaya, S., Andriani, A. F., Arfiansyah, Z., Kurniawati, L., Mabur, A., Dinarjito, A., Kusumawati, R., & Mahrus, M. L. (2022). Political connections, investment opportunity sets, tax avoidance: does corporate social responsibility disclosure in Indonesia have a role? *Heliyon*, 8(8). <https://doi.org/10.1016/j.heliyon.2022.e10155>
- Hajawiyah, A., Suryarini, T., Kiswanto, & Tarmudji, T. (2021). Analysis of a tax amnesty's effectiveness in Indonesia. *Journal of International Accounting, Auditing and Taxation*, 44. <https://doi.org/10.1016/j.intaccudtax.2021.100415>
- Hanum, Z. (2022). The Influence of Entertainment Tax Receiving and Advertising Tax on Regional Original Income. *Journal of International Conference Proceedings*, 5(2), 518–525. <https://doi.org/10.32535/jicp.v5i2.1714>
- Harahap, B., Ayu, I. G., & Rachmi, K. (2023). Non-Muslims and Sharia-Based Regional Government; Comparison between Aceh, Indonesia and Selangor. *Al-Ihkam: Jurnal Hukum Dan Pranata Sosial*, 18(2), 364–391. <https://doi.org/http://doi.org/10.19105/al-lhkam.v18i2.10456>
- Hu, F. (2024). *Indonesia's entertainment tax hike taxes prospects for tourists and locals alike*. <https://doi.org/10.59425/eabc.1713564000>
- Iqbal, M., Sujianto, S., Erdianto, E., & Ayub, D. (2023). Enhancing Tax Compliance in the Energy Sector: PLS-SEM Analysis of Tax Administration Strategies. *International Journal of Energy Economics and Policy*, 13(6), 504–510. <https://doi.org/10.32479/ijeep.14623>

- Jaelani, A. K. (2023). Indonesia ' S Omnibus Law On Job Creation : Legal Strengthening Digitalization of Micro , Small and Medium Enterprises. *Revista Relações Internacionais Do Mundo Atual Unicuritiba*, 3(41), 209–227. <https://doi.org/http://dx.doi.org/10.21902/Revrima.v3i41.5833>
- Jaelani, A. K., Luthviati, R. D., & Hayat, M. J. (2023). Halal tourism sector and tax allowance policy : a case study observed from normative problems to effective implementation. *Ijtihad: Jurnal Wacana Hukum Islam Dan Kemanusiaan*, 23(2), 185–210. <https://doi.org/10.18326/ijtihad.v23i2.185-210>
- Jaelani, A. K., Luthviati, R. D., Hayat, M. J., Kusumaningtyas, R. O., & Aini, F. N. (2024). *Indonesia carbon tax policy: A key role in sustainable development goals*. 020040. <https://doi.org/10.1063/5.0202042>
- Jiang, Q., Chen, Y., & Sun, T. (2023). Government social media and corporate tax avoidance. *China Journal of Accounting Research*, 16(2), 100304. <https://doi.org/10.1016/j.cjar.2023.100304>
- Kamil, A. S., Setyaningrum, L., Lesmana, A. C., Putri, M. S., Negara, S., Susiati, H., & Anggoro, Y. D. (2023). Regional Impact Analysis of Carbon Tax Implementation on Indonesia's Coal Power Plant with Interregional Input-output Method. *International Journal of Energy Economics and Policy*, 13(3), 149–157. <https://doi.org/10.32479/ijee.14115>
- Karjoko, L., Danendra, R., & Maret, U. S. (2023). *The Principle of Proportionality in Anti- Pornography Law : Comparing Several Countries*. 8(2), 1103–1150.
- Kester, A., Ong, S., Louise, N., Mae, A., Urbiztondo, B., German, J. D., Renzo, P., & Espe, E. (2024). Evaluation of consumer usage behavior for interactive entertainment: A Netflix case study. *Entertainment Computing*, 49(December 2023). <https://doi.org/10.1016/j.entcom.2023.100627>
- Kraal, D. (2019). Petroleum industry tax incentives and energy policy implications: A comparison between Australia, Malaysia, Indonesia and Papua New Guinea. *Energy Policy*, 126(March 2018), 212–222. <https://doi.org/10.1016/j.enpol.2018.11.011>
- Kubick, T. R., Omer, T. C., & Yazzie, C. E. (2024). Journal of Accounting and Public Policy Economic consequences of expanding sales tax nexus : Evidence from stock price reactions to the Wayfair decision. *Journal of Accounting and Public Policy*, 44(March), 107190. <https://doi.org/10.1016/j.jaccpubpol.2024.107190>
- Kurniawan, R., & Rizki, N. D. (2019). The Influence of Entertainment Tax and Advertising Tax toward Local Original Income in Bandung. *Proceedings of the 1st International Conference on Economics, Business, Entrepreneurship, and Finance (ICEBEF 2018)*. <https://doi.org/10.2991/icebef-18.2019.76>
- Kurniawati, L., & Kholis, N. (2022). The Determinant Analysis of E-Commerce Tax Payer Compliance in Surakarta: PP No. 23 of 2018. *Urecol Journal. Part B: Economics and Business*, 2(2), 80–97. <https://doi.org/10.53017/ujeb.167>
- Kusumaningtyas, R. O., & Kalimanzila, J. (2023). The Impact of Tax Incentive on Increase Foreign Direct Investment. *Journal of Sustainable Development and Regulatory Issues (JSDERI)*, 1(2), 51–63. <https://doi.org/10.53955/jsderi.v1i2.7>
- Laoli, A. F. T., Hanung Triatmoko, Asaprima Putra Kurnia, & Trisninik Ratih Wulandari. (2022). The Relationship between Terminal Monitoring Device Installation in Restaurants and an Increase in Tax Revenue in Surakarta from 2014 to 2021. *AKUMULASI: Indonesian Journal of Applied Accounting and Finance*, 1(1), 24–37. <https://doi.org/10.20961/akumulasi.v1i1.259>
- Leonard, T., Heriyanti, H., Pakpahan, E. F., & Fenitra, R. M. (2024). The Influence of Green Tax Regulations on New Renewable Energy Funding in Indonesia. *BESTUUR*, 11(2), 384. <https://doi.org/10.20961/bestuur.v11i2.82506>
- Liu, M., Huang, R., Ji, X., & Zhao, Z. (2023). Strategic interactions between product line design and carbon tax regulation. *Computers & Industrial Engineering*, 182, 109351. <https://doi.org/10.1016/j.cie.2023.109351>
- Mahyuliza, M., Rahmadana, M. F., & Nugrahadi, E. W. (2021). Analysis of Factors Affecting Taxpayer Compliance Paying Hotel Tax, Restaurant Tax and Entertainment Tax in Medan City. *Budapest International Research and Critics Institute (BIRCI-Journal): Humanities and Social Sciences*, 4(1), 563–574. <https://doi.org/10.33258/birci.v4i1.1639>

- Mujib, M. M., & Muchlas, M. K. (2023). Achievements and Challenges of Human Rights Protection Policy in Realizing Good Governance in Indonesia and China. In *Journal of Human Rights, Culture and Legal System* (Vol. 3, Issue 2). <https://doi.org/10.53955/jhcls.v3i2.98>
- Mukti, H., & Baxtishodovich, B. (2023). Environmental Justice at the Environmental Regulation in Indonesia and Uzbekistan. *Journal of Human Rights, Culture and Legal System*, 3(3), 476–512. <https://doi.org/https://doi.org/10.53955/jhcls.v3i3.171>
- Müller, M., Olsen, J., Kirchler, E., & Kogler, C. (2023). How explicit expected value information affects tax compliance decisions and information acquisition. *Journal of Economic Psychology*, 99, 102679. <https://doi.org/10.1016/j.joep.2023.102679>
- Noviyanti, A. M., Hanung Triatmoko, Trisninik Ratih Wulandari, & Meka Sabilla Salim. (2022). Analysis of the Application of Tapping Box as an Effort to Monitor Restaurant Tax Revenue in Sukoharjo Regency. *AKUMULASI: Indonesian Journal of Applied Accounting and Finance*, 1(2), 122–134. <https://doi.org/10.20961/akumulasi.v1i2.335>
- Nugroho, R. A., Susilowati, A. D., Ambarwati, O. C., & Pratiwi, A. (2018). Factors Affecting Users' Acceptance of E-Billing System in Surakarta Tax Office. *ComTech: Computer, Mathematics and Engineering Applications*, 9(1), 37. <https://doi.org/10.21512/comtech.v9i1.4621>
- Nuryanto, A. D., & Jaelani, A. K. (2024). The Role of State Official Wealth Report in Realizing the Principles of Maqashid Sharia. *Legality: Jurnal Ilmiah Hukum*, 32(1), 155–181. <https://doi.org/https://doi.org/10.22219/ljih.v32i1.32879>
- Pieretti, P., & Pulina, G. (2024). A game-theoretic analysis of international tax compliance. *Economic Modelling*, 134, 106690. <https://doi.org/10.1016/j.econmod.2024.106690>
- Rofiah, K., Eri, M., & Ikhlas, M. (2024). The Effectiveness of Accelerating Halal Product Certification: Regulations and Companions. *Journal of Human Rights, Culture and Legal System*, 4(2), 449–476. <https://doi.org/https://doi.org/10.53955/jhcls.v4i2.203>
- Rojo-Suárez, J., & Alonso-Conde, A. B. (2024). The role of shifts in the effective tax rate on the cost of equity. *Research in Economics*, 78(1), 61–72. <https://doi.org/10.1016/j.rie.2024.01.005>
- Setiawan, H., Ayu, I. G., Rachmi, K., & Hamzah, M. G. (2024). Digitalization of Legal Transformation on Judicial Review in the Constitutional Court. *Journal of Human Rights, Culture and Legal System*, 4(2), 263–298. <https://doi.org/https://doi.org/10.53955/jhcls.v4i2.263>
- Sinaga, S., Ekananda, M., Gitaharie, B., & Setyowati, M. (2023). Tax Buoyancy in Indonesia: An Evaluation of Tax Structure and Policy Reforms. *Economies*, 11(12), 294. <https://doi.org/10.3390/economies11120294>
- Singgih, R. P., Anisa, S. F., & Permatasari, M. (2022). Analysis of Implementation of Entertainment Tax Collection Policy in the Order to Increase Regional Tax Revenue at the DKI Jakarta Regional Revenue Agency. *Ilomata International Journal of Tax and Accounting*, 3(3), 328–338. <https://doi.org/10.52728/ijtc.v3i3.533>
- Sugeng, B., Suwadi, P., & Saiful, M. (2024). The Effectiveness of Recovering Losses on State Assets Policy in Dismissing Handling of Corruption. *Journal of Human Rights, Culture and Legal System*, 4(2), 299–330. <https://doi.org/https://doi.org/10.53955/jhcls.v4i2.259>
- Tang, W., & Yang, X. (2023). Is environmental tax legislation effective for pollution abatement in emerging economies? Evidence from China. *Frontiers in Environmental Science*, 10. <https://doi.org/10.3389/fenvs.2022.1113383>
- Wangsa, I. D., Vanany, I., & Siswanto, N. (2023). The optimal tax incentive and subsidy to promote electric trucks in Indonesia: Insight for government and industry. *Case Studies on Transport Policy*, 11, 100966. <https://doi.org/https://doi.org/10.1016/j.cstp.2023.100966>
- Xu, X., Yang, X., & Lian, H. (2024). How Does Tax Revenue Sharing Affect Local Government Governance? – Empirical Evidence from Chinese Cities. *Finance Research Letters*, 105473. <https://doi.org/10.1016/j.frl.2024.105473>
- Yozi, V., Mulyani, S., Sukmadilaga, C., & Pertama, H. A. (2019). Developing Business Management

- Strategy Based on the Factors that Affecting Willingness to Pay Tax: Evidence from Indonesia. *Industrial Engineering & Management Systems*, 18(3), 551–562. <https://doi.org/10.7232/iems.2019.18.3.551>
- Yu, Y., Liu, J., & Wang, Q. (2024). Has environmental protection tax reform promoted green transformation of enterprises? Evidence from China. *Environmental Science and Pollution Research*, 31(20), 29472–29496. <https://doi.org/10.1007/s11356-024-32844-7>
- Zaidah, Y., & Abdullah, R. (2024). The Relevance of Ihdad Regulations as a Sign of Mourning and Human Rights Restriction. *Journal of Human Rights, Culture and Legal System*, 4(2), 422–448. <https://doi.org/https://doi.org/10.53955/jhcls.v4i2.229>
- Zamzami, F., & Rakhman, F. (2023). Determinants of Local Government Financial Performance in Indonesia. *Academic Journal of Interdisciplinary Studies*, 12(5), 332. <https://doi.org/10.36941/ajis-2023-0148>
- Zhou, K., Qu, Z., Wei, Z., & Zhao, J. (2023). Does government fiscal pressure matter for firm environmental performance? The role of environmental regulation and tax competition. *Economic Analysis and Policy*, 80, 1187–1204. <https://doi.org/10.1016/j.eap.2023.10.015>