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Assessing the level of awareness and compliance with the Ease of Paying Taxes (EOPT) Act among local eateries in Laoag City: Basis for compliance enhancement

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ABSTRACT

Generally, this study was conducted to formulate strategies to enhance compliance with the provisions of the Ease of Paying Taxes (EOPT) Act among local eateries in Laoag City, Ilocos Norte, Philippines. Employing a descriptive-correlational research design, the study gathered data from 86 local eatery owners using a structured survey questionnaire. Statistical tools such as frequency count and percentage, weighted mean, binary logistic regression, and Pearson's r were utilized.

Findings revealed that respondents were slightly aware of the EOPT Act's provisions. The degree of seriousness of the problems encountered was rated as very serious. While the extent of compliance was generally low. Regression results indicated that awareness of withholding taxes significantly influenced compliance, while other areas did not. Furthermore, awareness and problem seriousness were significantly correlated, and problem seriousness significantly affected compliance.

The study concludes that awareness plays a crucial role in shaping compliance behavior, but greater awareness also heightens recognition of compliance barriers. Strengthening taxpayer education, enhancing access to accounting support, and fostering collaboration between the Bureau of Internal Revenue and local stakeholders are essential strategies to improve awareness and voluntary compliance with the EOPT Act among small and micro enterprises. Future research may expand to other cities or business sectors to allow comparative analysis and to assess the long-term impact of the EOPT Act on taxpayer behavior and compliance efficiency.

JEL Classification: M38

Introduction

Taxation is the process by which a sovereign state raises revenue through its legislative authority to fund essential government expenditures (Ampongan, 2016). It forms the financial foundation of the government, enabling the

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provision of public services, promotion of social welfare, and support for economic development. Taxes are compulsory contributions imposed on individuals and businesses and play a key role in generating public revenue and promoting equitable wealth distribution (Tabag, 2018).

Tax compliance refers to the timely and accurate fulfillment of tax obligations in accordance with existing laws (Youde & Lim, 2019). Tax awareness, meanwhile, involves an individual's knowledge and understanding of taxation, including its purpose, procedures, and requirements. Adequate awareness is crucial in encouraging voluntary compliance, as limited understanding of filing procedures and deadlines often results in unintentional non-compliance (Lestari & Wicaksono, 2017). Thus, strengthening tax knowledge is essential to improving compliance and sustaining government revenue.

Micro-enterprises are vital contributors to national economic development and represent the majority of businesses in many countries. Their low capital requirements and contribution to employment make them important drivers of inclusive growth. In the Philippines, micro, small, and medium enterprises (MSMEs) account for 99 percent of all registered businesses (Senate of the Philippines, 2015). Ahmed (2019) further emphasizes their significant role in innovation, job creation, and community development.

The enactment of the Ease of Paying Taxes Act (Republic Act No. 11976) in 2024 marks a major reform in the Philippine tax system. The law aims to simplify and modernize tax procedures, reduce administrative burdens, and promote digital compliance through taxpayer segmentation, simplified filing, and electronic tax administration. These reforms address long-standing inefficiencies that have discouraged voluntary compliance, particularly among MSMEs. The need for reform is highlighted by the World Bank's *Doing Business 2020* report, which ranked the Philippines 95th out of 190 economies in the "Paying Taxes" category. Consequently, the EOPT Act seeks to streamline tax processes, improve transparency, and align with global best practices.

At the local level, eateries in Laoag City contribute significantly to the community by providing employment and affordable food. However, many owners face challenges in complying with tax requirements due to limited awareness, complex procedures, and insufficient access to tax information. Similar findings are reported in other studies, including Michael and Widjaja (2024) on Indonesian MSMEs and Ramones et al. (2024) on e-commerce entrepreneurs. Palabrica (2016) also noted that many Filipinos perceive taxation as a burden rather than a civic duty. These challenges are likewise evident among Laoag City eatery owners, particularly in business registration, documentation, and compliance monitoring.

Addressing gaps in tax awareness and compliance among local eateries is essential to promoting fair competition, increasing government revenue, and supporting sustainable local economic growth. Improving tax literacy and simplifying procedures under the Ease of Paying Taxes Act can help small businesses comply more effectively.

Finally, since the Ease of Paying Taxes Act is newly enacted, limited empirical research has examined its implementation and impact, especially among micro-enterprises. This study seeks to address this gap by assessing the level of awareness and compliance of eatery owners in Laoag City, identifying compliance challenges, and proposing strategies to improve tax awareness and compliance.

Literature review

Tax awareness

Tax awareness refers to an individual's understanding of tax laws, rules, and principles applicable to specific transactions. Cain and Montaño (2021) emphasized that knowledge of tax laws—such as withholding taxes—significantly affects the accuracy and timeliness of compliance among small business owners. The Bureau of Internal Revenue (BIR) likewise recognizes tax awareness as essential in ensuring that taxpayers fulfill their obligations correctly and within prescribed deadlines. This awareness strongly influences the likelihood of timely tax payment (Lestari & Wicaksono, 2017).

Tax awareness is a critical determinant of compliance behavior, particularly among micro and small enterprises (MSEs). Paco and Quezon (2022) noted that adequate understanding of tax obligations enables business owners to comply properly with tax requirements. When taxpayers are aware of the importance of taxation, they are more likely to report income honestly, comply voluntarily, and view tax payment as a civic responsibility rather than a burden, thereby contributing to national economic growth.

According to Lestari and Wicaksono (2017), tax awareness involves understanding and internalizing the purpose, meaning, and role of taxation from the taxpayer's perspective. Familiarity with tax regulations and deadlines is necessary to ensure timely filing and payment; without such knowledge, compliance becomes difficult or impossible. Asrinanda (2018) further emphasized that taxpayers' understanding of procedures and regulations directly influences their level of compliance. Pandapotan and Tjen (2017) added that taxpayers' perceptions of the tax system shape their awareness, as responsiveness to taxation is influenced by how fair and efficient the system is perceived to be.

Taxation, in general, is regarded as the lifeblood of a nation, as it sustains government operations and supports national development. Tax revenues finance public services, infrastructure, public order, national defense, and social programs that enhance citizens' quality of life. Ampongan (2016) defined taxation as the process by which the government, through its legislative authority, raises funds to meet essential public expenditures, while Tabag (2018) described taxes as compulsory contributions imposed on individuals and businesses to support public services and social welfare.

In the Philippines, the Bureau of Internal Revenue (BIR) serves as the government's primary tax administration and enforcement agency. It is tasked with collecting internal revenue taxes, fees, and other assessments necessary to fund government expenditures. However, the BIR continues to face challenges in tax collection, particularly due to low taxpayer compliance. To address this, initiatives such as the Tax Compliance Verification Drive (TCVD) were implemented.

Compliance issues are especially evident among micro, small, and medium enterprises (MSMEs). An estimated 900,000 MSMEs in the informal economy remain unregistered, fail to maintain proper books of accounts, and do not comply with tax regulations. Under Republic Act No. 9501, or the Magna Carta for MSMEs, these enterprises are recognized as key drivers of employment, rural development, and entrepreneurship. Paco and Quezon (2022) stressed that despite their economic contribution, MSMEs also carry civic responsibilities, including proper tax compliance, which is essential to national sovereignty and effective governance.

BIR data cited by Paco and Quezon (2022) showed that most government revenue in 2017 came from self-assessed taxes, while only 2.42% originated from deficiency assessments. Gonzales (2020), citing the National Tax Research Center, reported that 96% of financial transactions in the Philippines were cash-based, largely due to limited access to digital payment systems and unstable internet connectivity. In response, the BIR expanded payment options.

As stated in Revenue Memorandum Circular No. 43-2020, Bernas and Mercado-Tamayo (2020) explained that taxpayers may now pay taxes either manually through Authorized Agent Banks or Revenue Collection Officers, or electronically through platforms such as online banking, Landbank Link.BizPortal, DBP Pay Tax Online, UnionBank platforms, GCash, PayMaya, and Moneygment, providing greater convenience and accessibility (Zoleta, 2020).

Tax compliance

Buted (2009) explained that the state inherently possesses the power to impose taxes, exercise eminent domain, and enforce police power, as these are fundamental attributes of sovereignty. As such, taxation is a lawful and essential means through which the government sustains its authority and operations.

Tax compliance refers to a taxpayer's willingness to fulfill tax obligations imposed by the government without misreporting or manipulating income figures (Yulianto et al., 2019). It reflects voluntary behavior in declaring income and expenses in accordance with existing tax laws. Emphasizing voluntary compliance is important, as research shows that enforcement-based approaches are generally less effective than strategies that encourage voluntary participation (Inasius et al., 2020). Rahman (2017) defined voluntary compliance as the ability of taxpayers to (i) register as taxpayers, (ii) complete tax forms accurately, (iii) calculate the correct tax due, and (iv) pay taxes on time without audits, reminders, or penalties.

Similarly, Youde and Lim (2019) described tax compliance as the decision of taxpayers to conform to tax laws by paying taxes correctly and on time. Taxpayer compliance is a critical determinant of a country's tax revenue, as higher awareness and compliance among citizens lead to increased domestic revenue generation.

In cases of tax non-compliance, the Bureau of Internal Revenue may suspend or close business operations. Taxpayers are legally obligated to fulfill their tax responsibilities, and failure to do so authorizes the government to assess and collect taxes, even if enforcement causes financial harm. Since taxes are essential to government functioning, those who refuse to comply are not protected by the law, as constitutional protection applies only to specific legal entities (Buted, 2022).

One of the key factors influencing tax compliance among Micro, Small, and Medium Enterprises (MSMEs) is the level of tax knowledge. Limited understanding of tax obligations often leads to poor bookkeeping, disorganized records, and errors in tax reporting (Juniarti & Anggrahini, 2020). MSME owners who understand their tax responsibilities and the importance of taxation are more likely to comply with tax regulations.

Studies have shown that taxpayer education and continuous guidance significantly improve voluntary compliance, particularly among micro and small enterprises with limited knowledge of tax procedures (Sari et al., 2021). Meidawati and Azmi (2019) noted that tax knowledge includes understanding applicable taxes, payment deadlines, and proper reporting procedures. Awareness of tax incentives and benefits further encourages compliance among MSME owners (Harjanto et al., 2020).

Moreover, awareness of the consequences of non-compliance, such as penalties and legal sanctions, serves as a deterrent and motivates MSME owners to fulfill their tax obligations (Dularif & Rustiarini, 2022). Such knowledge helps business owners navigate the tax system responsibly, maintain accurate records, report income honestly, and pay taxes on time, thereby supporting government revenue and national development (Subroto, 2020).

Overall, MSME owners who understand tax requirements, deadlines, reporting procedures, and available incentives are more likely to view taxation positively and recognize it as a civic duty. Conversely, limited awareness of penalties and legal consequences may lead to neglect of tax obligations. In this context, attribution theory helps explain how tax knowledge influences MSME compliance behavior, which ultimately affects government revenue and national development, particularly in Indonesia.

Factors affecting tax compliance

Several factors influence tax compliance among small and medium enterprises (SMEs), including tax rates, tax knowledge, tax awareness, tax audits, tax collection methods, taxpayer perceptions, and tax fairness. Understanding these factors is essential in addressing compliance issues among SMEs. Omosanya and Adeyemi (2023), in their study *Determinants of Tax Compliance among SMEs in Lagos State*, examined how tax fairness, tax rates, tax audits, tax awareness, and perceptions of government spending affect tax compliance levels among SMEs in Nigeria. Their findings underscore the multifaceted nature of tax compliance behavior.

Tax awareness plays a crucial role in influencing compliance. Financial constraints and high operational costs often hinder small business owners from prioritizing tax obligations, as daily business expenses tend to outweigh administrative responsibilities. Beyond financial strain, other factors such as the likelihood of tax audits also affect compliance behavior. Many taxpayers fear audits because they are often time-consuming and financially burdensome. However, Abrea (2018) noted that audit frequency has declined in recent years, reducing the perceived risk of being audited and potentially weakening compliance motivation.

Penalties are another significant factor affecting tax compliance. Tax violations result in civil penalties, including surcharges, interest, and compromise penalties. Under existing regulations, a surcharge equivalent to 25% of the basic tax due is imposed, along with a 12% annual interest on unpaid taxes until full settlement. Compromise penalties are likewise applied for specific violations, as outlined in the Revised Consolidated Schedule of Compromise Penalties under Revenue Memorandum Order (RMO) No. 7-2015. Abrea (2018) identified insufficient tax education as a major contributor to non-compliance, often leading to costly penalties.

Murray (2020) observed that many micro-enterprises experience difficulty accessing credit and funding for startup and expansion, which affects their capacity to meet Bureau of Internal Revenue (BIR) requirements. Thus, a taxpayer's ability to pay is a critical determinant of tax compliance. Despite these challenges, MSMEs play a significant role in the economy and carry important civic responsibilities. Taxes, as an inherent attribute of state sovereignty, serve as the lifeblood of the economy, and compliance is based on the principle of reciprocal benefit between the government and its citizens.

To ensure the efficient implementation of government programs, the Bureau of Internal Revenue must ensure that taxpayers accurately file and pay their taxes on time. However, compliance issues persist when individuals and businesses fail to meet these obligations, highlighting the need for improved tax awareness, education, and supportive compliance mechanisms.

Problems encountered in tax awareness and compliance

tax compliance among micro and small enterprises (mses) is shaped not only by their willingness to comply but also by the practical barriers they encounter throughout the process. because small entrepreneurs already handle various responsibilities, the additional burden of tax paperwork and deadlines often becomes difficult to manage.

as deloitte (2019) points out, a big part of the problem starts with the basics: a lot of mse owners simply don't have enough tax knowledge to confidently navigate the system.

on top of that, the cost of complying with tax rules hits smaller businesses much harder. matarirano, chiloane-tsoka, and makina (2019) explain that tax compliance costs are regressive—meaning the smaller the business, the heavier the burden feels. lestari and wicaksono (2017) found that many owners miss filing deadlines or submit incomplete documents simply because they're unsure about what exactly is required. ramones et al. (2024) note that processes like business registration, using e-filing systems, or preparing supporting documents can be overwhelming—especially for entrepreneurs who aren't technologically proficient or who lack stable internet access.

all these hurdles—confusing procedures, technical requirements, and the pressure of limited time and resources—make compliance feel more complicated than it should be. despite government efforts to simplify things, many mses continue to struggle because the system doesn't always match the realities they face on the ground. in the end, it's not that they don't want to comply; it's that the process itself often feels too demanding for the little time and support they have.

Ease of Paying Taxes (EOPT)

The Ease of Paying Taxes (EOPT) Act, enacted as Republic Act No. 11976 on January 5, 2024, aims to modernize and simplify the Philippine tax system, particularly benefiting micro and small taxpayers.

The taxpayer classification allows for tailored tax compliance requirements, easing the burden on smaller enterprises. Simplified measures like two-page Income Tax Returns, reduced penalties and interest rates for non-compliance, elimination of the PHP 500 annual registration fee, and flexibility to file and pay taxes at any authorized location without incurring penalties aim to reduce administrative costs and encourage voluntary compliance among small businesses. Also, by streamlining filing processes like the availability of registration facilities for all taxpayers, including non-residents, simplifying invoicing requirements, and harmonizing VAT treatment for sales of goods and services, registration aims to make tax compliance more straightforward and less time-consuming.

Simplifying tax payment processes through legislation like the EOPT Act, coupled with efforts to enhance tax awareness, can lead to improved tax compliance. By reducing administrative burdens and educating taxpayers, small businesses can meet their obligations with less complexity and greater ease.

Local eatery

Local eateries, often referred to as carinderias, are food establishments originally established in Laoag City, Ilocos Norte. These venues, distinct from formal restaurants, offer home-cooked meals and embody the city's rich culinary traditions. Carinderias play a vital socio-economic role in local communities by providing affordable meals to the public while serving as a source of livelihood for small entrepreneurs.

According to Tio (2021), carinderias are an integral part of Filipino food culture, representing accessibility, affordability, and the communal nature of Filipino dining. They cater primarily to the working class and students, offering traditional dishes that reflect regional tastes and preferences. Similarly, Domingo and Javier (2020) noted that local eateries contribute to local economic vibrancy by supporting small-scale food production and generating employment within communities.

From a business perspective, Gonzales and Cruz (2019) emphasized that carinderias fall under the microenterprise category of the food service industry, typically operating with low capitalization and informal management structures. Despite limited financial and accounting resources, they continue to thrive due to their adaptability, community trust, and consistent demand for home-style meals. Furthermore, Reyes (2022) highlighted that local eateries also promote cultural preservation by sustaining traditional cooking practices and passing them down across generations.

Conceptual framework

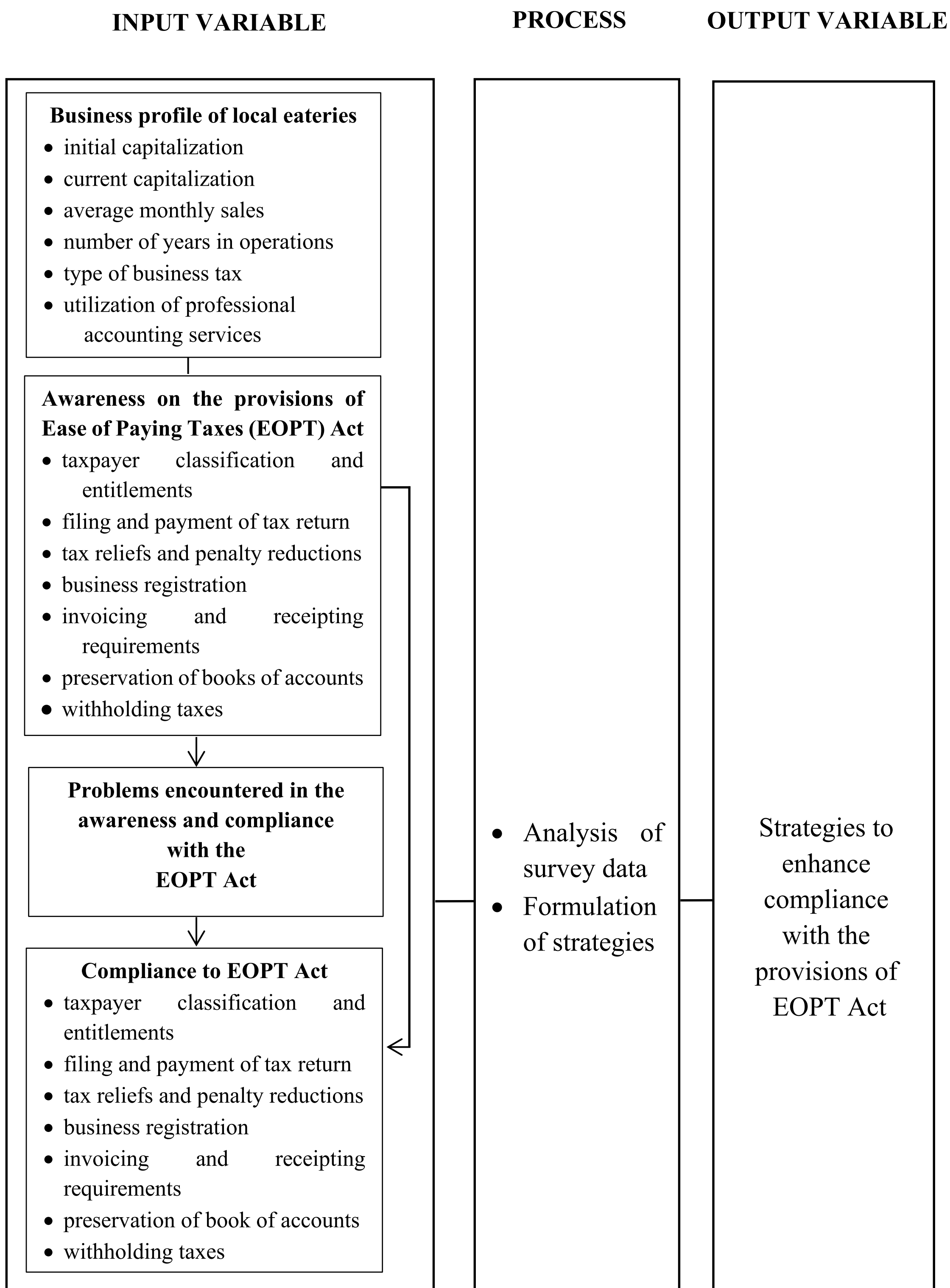

Figure 1. Research Paradigm

The research paradigm presented in Figure 1 illustrates the study's conceptual framework in analyzing the strategies to enhance compliance with the provisions of the Ease of Paying Taxes (EOPT) Act.

This study used the Input-Process-Output (IPO) model as shown in Figure 1. The input of the study consists of the following: business profile of local eateries; awareness of the provisions of the Ease of Paying Taxes (EOPT) Act; compliance with the EOPT Act; and Problems encountered in the awareness and compliance with the EOPT Act. The study sought to establish the relationship between the level of awareness of the provisions of the Ease of Paying Taxes (EOPT) Act among local eatery owners and their extent of compliance with its provisions. Likewise, it aimed to determine whether there is a significant relationship between the level of awareness of the EOPT Act and the degree of seriousness of the problems encountered by local eatery owners in their awareness and compliance with the law. Furthermore, the study examined whether a significant relationship exists between the degree of seriousness of the problems encountered and the extent of compliance with the provisions of the EOPT Act.

The process states the analysis of survey data and formulation of strategies. And lastly, the output is the Strategies to enhance compliance with the provisions of the EOPT Act.

Statement of the problem

The study was conducted to formulate strategies to enhance compliance with the provisions of the Ease of Paying Taxes (EOPT) Act among local eateries in Laoag City, Ilocos Norte, Philippines.

Specifically, it sought to answer the following questions:

1. What is the business profile of local eateries in terms of:
   1.1 initial capitalization;
   1.2 current capitalization;
   1.3 average monthly sales;
   1.4 number of years in operation;
   1.5 type of business tax; and
   1.6 Utilization of professional accounting services?

2. What is the level of awareness of the provisions of the EOPT Act among local eateries in terms of:
   2.1 taxpayer classification and entitlements;
   2.2 filing and payment of tax returns;
   2.3 tax reliefs and penalty reductions;
   2.4 Business Registration
   2.5 invoicing and receipting requirements;
   2.6 preservation of books of accounts; and
   2.7 withholding taxes?

3. What is the degree of seriousness of the problems encountered in the awareness and compliance with the EOPT Act?

4. What is the extent of compliance with the provisions of the EOPT Act among local eateries in terms of:
    4.1 taxpayer classification and entitlements;
    4.2 filing and payment of tax return;
    4.3 tax reliefs and penalty reductions;
    4.4 Business Registration; and
    4.5 invoicing and receipting requirements
    4.6 preservation of books of accounts; and
    4.7 withholding taxes?

5. Is there a significant relationship between the level of awareness of the provisions of the EOPT Act among local eateries and their extent of compliance with its provisions in terms of:
    5.1 taxpayer classification and entitlements;
    5.2 filing and payment of tax return;
    5.3 tax reliefs and penalty reductions;
    5.4 Business Registration; and
    5.5 invoicing and receipting requirements
    5.6 preservation of books of accounts; and
    5.7 withholding taxes?

6. Is there a significant relationship between the level of awareness of the provision of the EOPT Act and the degree of seriousness of the problems encountered by local eateries in the awareness and compliance with the EOPT Act?

7. Is there a significant relationship between the degree of seriousness of the problems encountered by local eateries in their awareness and compliance with the EOPT Act and their extent of compliance with its provisions in terms of:
    7.1 taxpayer classification and entitlements;
    7.2 filing and payment of tax return;
    7.3 tax reliefs and penalty reductions;
    7.4 Business Registration; and
    7.5 invoicing and receipting requirements;
    7.6 preservation of books of accounts; and
    7.7 withholding taxes?

8. What strategies can be formulated for the local eateries in Laoag City to increase the level of awareness and compliance with the provisions of the EOPT Act?

Hypothesis

H_a1.There is a significant relationship between the level of awareness of the provisions of the EOPT Act among local eateries and their extent of compliance with its provisions in terms of:

a. taxpayer classification and entitlements;
b. filing and payment of tax return;
c. tax reliefs and penalty reductions;
d. business registration; and
e. invoicing and receipting requirements;
f. preservation of books of accounts; and

g. Withholding taxes?

H_a2.There is a significant relationship between the level of awareness of the provision of the EOPT Act and the degree of seriousness of the problems encountered by local eateries in awareness and compliance with the EOPT Act.

H_a3. There is a significant relationship between the degree of seriousness of the problems encountered by local eateries in their awareness and compliance with the EOPT Act and their extent of compliance with its provisions in terms of:

a. taxpayer classification and entitlements;
b. filing and payment of tax return;
c. tax reliefs and penalty reductions;
d. business registration; and
e. invoicing and receipting requirements;
f. preservation of books of accounts; and
g. Withholding taxes?

Scope and delimitation of the study

This study aimed to formulate strategies to enhance compliance with the provisions of the Ease of Paying Taxes (EOPT) Act among local eateries in Laoag City, Ilocos Norte, Philippines.

The research focused on assessing the business profile of local eateries in terms of initial and current capitalization, average monthly sales, number of years in operation, type of business tax, and utilization of professional accounting services.

It further examined the level of awareness of local eateries regarding the provisions of the EOPT Act, particularly on taxpayer classification and entitlements, filing and payment of tax returns, tax reliefs and penalty reductions, business registration, invoicing and receipting requirements, preservation of books of accounts, and withholding taxes.

Moreover, the study assessed the extent of compliance of local eatery owners with the major provisions of the EOPT Act and identified the degree of seriousness of the problems encountered in their awareness and compliance. It also explored the relationships between the level of awareness, extent of compliance, and degree of seriousness of problems encountered.

Finally, the study formulated strategies to improve the level of awareness and strengthen compliance of local eateries with the provisions of the EOPT Act.

The study was delimited to local eateries operating for at least two years within the jurisdiction of Laoag City, Ilocos Norte.

The study was conducted from July to November 2025.

Research methodology

Research design

The study adopted the descriptive-correlational research design to comprehensively examine various aspects of compliance with the EOPT Act. According to Siedlecki (2020), descriptive research provides a detailed and accurate portrayal of a population or phenomenon, helping uncover patterns, trends, and relationships. It offers insight into taxpayers' awareness and compliance (Calderon & Gonzales, 2018). Complementing this, the correlational aspect of the study examined how variables related to tax compliance are associated, without manipulating them. As Miksza et al. (2023) noted, correlational research focuses on identifying the strength and direction of these relationships. Together, these methods allowed the study to describe compliance levels and analyze influencing factors.

Locale of the study

The study was conducted in **Laoag City**, Ilocos Norte, which consists of 80 barangays. As a growing commercial hub in the province, Laoag City has a steadily developing local economy driven by retail trade, tourism, and small food businesses. The presence of numerous micro-enterprises, including local eateries, reflects the city's active economic environment and its reliance on small-scale ventures that contribute to everyday consumer needs. This condition makes Laoag City an ideal setting for examining how eatery businesses operate within the local economy and navigate their tax compliance under the Ease of Paying Taxes (EOPT) Act.

Population and sampling

The respondents of this study consisted of registered local eateries operating in Laoag City, Ilocos Norte. The study specifically included eateries that have been in operation within the city for at least two years. To determine the population, the researchers sought assistance from the Business Processing and Licensing Office (BPLO) of the City Government of Laoag, which provided an official list of registered local eateries. Based on their records, there were 322 registered local eateries in the city, of which 248 had been operating for at least two years. Using Slovin's formula, a sample size of 153 was determined; however, only 86 respondents successfully participated in the study because only these local eatery owners agreed to participate, as others from the computed sample size declined despite **repeated visits and requests from the researchers**.

Data gathering instruments

The study utilized a researcher-made questionnaire based on the Ease of Paying Taxes (EOPT) Act. It was designed to assess participants' awareness, understanding, and compliance with the key updates in tax procedures, forms, and payment methods. The questionnaire for the compliance with the provisions of the EOPT Act among local eateries in Laoag City, Ilocos Norte, Philippines, is structured into four main parts. The first part, the "Profile of the Owner" section, gathered business background information about the respondents. The second part, "Level of Awareness on the Provisions of the EOPT Act," assessed how well eatery owners understand the provisions of the Ease of Paying Taxes Act. Respondents rated their awareness on a Likert scale (1 to 5) regarding specific provisions. The third part, "Compliance with the Provisions of the EOPT Act," evaluated actual compliance behavior. Participants check "Yes" or "No" based on whether they follow each listed provision of the EOPT Act. It mirrors the items in Part II to allow comparison between awareness and compliance. And the last part, "Problems Encountered in Awareness and Compliance," explores perceived barriers to compliance, using another 5-point Likert scale.

Data gathering procedure

The data gathering was conducted by personally distributing survey questionnaires to selected local eateries within the city. Before distribution, formal permission was secured from the owners or managers of each establishment. The respondents were given a brief explanation of the study's purpose and were assured of the confidentiality of their responses. After obtaining their consent, they were asked to complete the questionnaire on-site.

Ethical considerations

The study was grounded in ethical principles. Participants provided informed consent, having been fully informed of the study's purpose, procedures, and their right to withdraw at any time, in accordance with the provisions of the Philippine Data Privacy Act of 2012 (Republic Act No. 10173). All data were anonymized to safeguard confidentiality, accessible only to the research team, and reported in aggregate form to ensure the protection of individual identities. Participation in the study was entirely voluntary and conducted in line with established ethical research standards to uphold participant autonomy and well-being.

Data security was given utmost importance. The researchers implemented robust physical security measures, including restricted access to storage cabinets containing research materials. Transparency and honesty guided all interactions throughout the research process, thereby ensuring the integrity of the findings and adherence to the highest standards of academic rigor and ethical conduct.

Tools for data analysis

The collected data underwent thorough statistical analysis to ensure accuracy in interpretation. Quantitative responses were analyzed using both descriptive and inferential statistical methods. Descriptive statistics such as frequency and percentage were employed to describe the business profile of local eatery owners and their extent of compliance with the provisions of the EOPT Act. The weighted mean was used to determine the level of awareness of the provisions of the EOPT Act and the degree of seriousness of the problems encountered in the awareness and compliance with the EOPT Act.

The following were used to analyze the mean ratings.

Level of awareness with the provisions of the EOPT Act:

Scale	***Range of Values***	***Descriptor***	***Descriptive Interpretation***
5	4.51 - 5.00	Strongly Agree	Very much aware (VMA)
4	3.51 - 4.50	Agree	Highly aware (HA)
3	2.51 - 3.50	Somewhat Agree	Moderately Aware (A)
2	1.51 - 2.50	Disagree	Slightly Aware (SA)
1	1.00 - 1.50	Strongly Disagree	Very slightly aware (VSA)

Degree of seriousness of the problems encountered in the awareness and compliance with the EOPT Act:

Scale	***Range of Values***	***Descriptor***	***Descriptive Interpretation***
5	4.51 - 5.00	Strongly Agree	Very serious (VS)
4	3.51 - 4.50	Agree	Serious (S)
3	2.51 - 3.50	Somewhat Agree	Moderately Serious (MS)
2	1.51 - 2.50	Disagree	Slightly serious (SS)
1	1.00 - 1.50	Strongly Disagree	Not a problem (NAP)

Furthermore, binary logistic regression and Pearson's r were utilized to determine the relationships among the study variables.

The Statistical Packages for Social Sciences (SPSS) version 20 was used to analyze and interpret data. Interpretation level will be set to level 0.05.

Data presentation and analysis

The data are presented according to the statement of the problem. The study answered the following questions:

1. **What is the business profile of local eateries in terms of:**
   1.1 initial capitalization;
   1.2 current capitalization;
   1.3 average monthly sales;
   1.4 number of years in operation;
   1.5 type of business tax; and
   1.6 Utilization of professional accounting services?

Table 1. Business profile of local eateries in Laoag City, Ilocos Norte (n=86)

	Frequency (f)	Percentage (%)
Initial capitalization		
Below ₱50,000	4	4.65
₱50,001- ₱100,000	75	87.21
₱100,001 - ₱150,000	5	5.81
₱150,001 - ₱200,000	1	1.16
Above ₱200,000	1	1.16
Total	**86**	**100.00**
Current capitalization		
Below ₱50,000	12	13.95
₱50,001- ₱100,000	1	1.16
₱100,001 - ₱150,000	68	79.07
₱150,001 - ₱200,000	3	3.49
Above ₱200,000	1	1.16
Total	**86**	**100.00**
Average monthly sales		
Below ₱50,000	5	5.81
₱50,001 - ₱100,000	4	4.65
₱100,001 - ₱150,000	21	24.42
₱150,001 - ₱200,000	2	2.33
Above 200,000	52	60.47
Total	**86**	**100.00**
Number of years in operation		
2-4	34	39.53
5-7	19	22.09
8-10	16	18.60
more than 10	17	19.77
Total	**86**	**100.00**
Type of business tax		
Non-VAT	68	79.07
VAT	18	20.93
Total	**86**	**100.00**
Utilization of professional accounting services		
Utilizes	17	19.77

	Frequency (f)	Percentage (%)
Does not utilize	69	80.23
Total	**86**	**100.00**

Source: Authors' own table (2025)

Table 1 presents the business profile of local eateries in Laoag City, Ilocos Norte. Data showed that a majority of the respondents (87.21%) started their businesses with an initial capitalization between ₱50,001 and ₱100,000, indicating that most eateries began as small-scale enterprises requiring modest start-up investment. Over time, their current capitalization increased, with 79.07% reporting between ₱100,001 and ₱150,000, suggesting gradual business growth and reinvestment of earnings.

In terms of average monthly sales, most eateries (60.47%) earned above ₱200,000, reflecting good financial performance and the potential profitability of local food establishments. Regarding years in operation, the highest proportion (39.53%) had been in business for 2 to 4 years, while others had operated for more than 8 years, showing both new entrants and long-standing establishments in the local market.

As to the type of business tax, the majority (68 or 79.07%) were Non-VAT registered, indicating that their annual gross sales did not exceed the ₱3 million VAT threshold set by the Bureau of Internal Revenue. Only 18 or 20.93% were VAT-registered, likely due to higher sales volumes or voluntary registration. In terms of utilization of professional accounting services, the majority of eatery owners did not engage accounting professionals (80.23%), indicating a low level of awareness or accessibility to proper financial management and tax compliance practices. Only a small portion (19.77%) availed of such services, reflecting limited reliance on professional accounting support among local eateries.

Overall, the findings imply that local eateries in Laoag City are primarily small but growing enterprises, showing positive financial trends, increasing operational experience, and a progressive shift toward better compliance and professional financial practices under the Ease of Paying Taxes (EOPT) Act.

According to the Senate of the Philippines (2015), micro, small, and medium enterprises (MSMEs) make up nearly all registered businesses in the country, underscoring their dominant role in the national economy. Ahmed (2019) further emphasizes that MSMEs play a key part in advancing technological innovation, fostering community development, and generating employment opportunities—serving as an essential driver of the nation's overall economic growth.

2. **What is the level of awareness of the provisions of the EOPT Act among local eateries in terms of:**
   2.1 taxpayer classification and entitlements;
   2.2 filing and payment of tax returns;
   2.3 tax reliefs and penalty reductions;
   2.4 Business Registration
   2.5 invoicing and receipting requirements;
   2.6 preservation of books of accounts; and
   2.7 withholding taxes?

Table 2. Level of awareness with the provisions of the EOPT Act among local eatery owners in Laoag City, Ilocos Norte (n=86)

Indicators	Mean	Descriptive Interpretation
Taxpayer Classification and Entitlements		
1. I am aware that as a micro or small taxpayer under the EOPT Act, my eatery benefits from simplified tax compliance and specific tax incentives.	2.45	SA
2. I understand that my tax classification determines my tax rates, penalties, and filing procedures.	2.42	SA
Composite Mean	**2.44**	**SA**
Filing and Payment of Tax Return		
1. I am aware that I will file a simplified two-page Income Tax Return as allowed under the EOPT Act.	2.41	SA
2. I am aware that I will benefit from the file-and-pay anywhere system, which allows me to file and pay taxes at any authorized venue without incurring penalties for the wrong venue.	2.44	SA
Composite Mean	**2.42**	**SA**
Tax Reliefs and Penalty Reductions		
1. I am aware that I will benefit from the reduced civil penalty rate of 10% under Section 248 of the Tax Code.	2.42	SA
2. I am aware that I will enjoy a 50% reduction in the interest penalty under Section 249 of the Tax Code.	2.50	SA
3. I am aware that I am only required to pay a reduced fine of ₱500 for failure to file certain information returns under Section 250.	2.53	MA
4. I am aware that I will benefit from a 50% reduced compromise penalty for violations under Sections 113, 237, and 238 of the Tax Code.	2.55	MA
Composite Mean	**2.50**	**SA**
Business Registration		
1. I am aware that I am no longer required to pay the ₱500 Annual Registration Fee.	2.64	MA
2. I am aware that I can register, cancel, or transfer my registration by simply filing an application with the Revenue District Office (RDO).	2.63	MA
Composite Mean	**2.63**	**MA**
Invoicing and Receipting Requirements		
1. I know that including 'business style' is no longer required in my official sales invoices.	2.52	MA
2. I am aware that I will issue sales invoices instead of official receipts for transactions worth ₱500 or more, in line with the new requirements.	2.43	SA
3. I understand that I can still claim input VAT credits even if some invoice details are missing, as long as the key information is complete.	2.43	SA
4. I am aware that I will change my receipts from official receipts to sales invoice.	2.49	SA
Composite Mean	**2.47**	**SA**
Preservation of Books of Accounts		

Indicators	Mean	Descriptive Interpretation
1. I am aware that I will maintain my books of accounts and accounting records for 5 years from the filing deadline or the actual date of filing.	2.51	MA
Composite Mean	**2.51**	**MA**
Withholding Taxes		
1. I understand that my obligation to withhold taxes now arises when income becomes payable, simplifying my tax compliance.	2.41	SA
2. I know that I can claim deductible expenses even if taxes were not withheld, due to changes under the EOPT Act.	2.38	SA
Composite Mean	**2.40**	**SA**
Overall Mean	**2.48**	**SA**

Legend:

Range of Mean Values	***Descriptive Interpretation***
4.51 – 5.00	*Very much aware (VMA)*
3.51 – 4.50	*Highly aware (HA)*
2.51 – 3.50	*Moderately Aware (MA)*
1.51 – 2.50	*Slightly Aware (SA)*
1.00 – 1.50	*Very slightly aware (VSA)*

The results presented in Table 2 highlight the level of awareness of local eatery owners in Laoag City, Ilocos Norte regarding the provisions of the Ease of Paying Taxes (EOPT) Act. The overall mean of 2.48, which falls under the *Slightly Aware* descriptive category, indicates that respondents have limited familiarity with the Act's provisions. This suggests that while some business owners possess basic knowledge of specific tax requirements, a significant portion remains inadequately informed. The implication is that continuous taxpayer education and outreach programs are necessary to enhance compliance and awareness among micro and small business operators.

"Business Registration," with a composite mean of 2.63, is interpreted as *Moderately Aware.* This suggests that local eatery owners are relatively more knowledgeable about registration-related provisions of the EOPT Act, such as the removal of the ₱500 annual registration fee and the simplified process of registration, transfer, or cancellation through the Revenue District Office. The implication is that these aspects are more visible and frequently encountered by business owners, resulting in greater awareness compared to other provisions.

"Withholding Taxes," had the lowest composite mean (2.40), suggesting a *"Slightly Aware"* understanding. Although still within the slightly aware category, this rating implies that respondents have limited understanding of the revised withholding tax rules, such as the timing of withholding obligations and the deductibility of expenses even without tax withheld. The implication is that technical tax provisions remain less understood by small taxpayers, emphasizing the need for simplified guidance and clearer communication from the Bureau of Internal Revenue to improve awareness and compliance.

Awareness of tax regulations has been identified as a fundamental determinant of voluntary compliance among taxpayers. Insufficient awareness—particularly regarding procedural requirements such as filing deadlines—has been shown to contribute significantly to delayed submissions and instances of non-compliance (Lestari & Wicaksono, 2017). In alignment with this, the Ease of Paying Taxes Act (Republic Act No. 11976, 2024) was enacted to strengthen taxpayer awareness through simplified procedures and clearer guidelines, thereby fostering an environment that encourages voluntary compliance among micro and small enterprises.

3. What is the degree of seriousness of the problems encountered in the awareness and compliance with the EOPT Act?

Table 3. Degree of seriousness of the problems encountered in the awareness and compliance with the EOPT Act among local eateries in Laoag City, Ilocos Norte (n=86)

Indicators	Mean	Interpretation
1. I do not fully understand the tax rules, like which taxes I need to pay or what category my business falls under.	4.73	VS
2. I find the online tax filing systems (eFPS/eBIRForms) hard to navigate, especially since I do not have much experience with technology.	4.64	VS
3. I get confused about how VAT works and how to issue proper invoices to my customers.	4.66	VS
4. When my tax refunds or credits are delayed, it puts a strain on my business's finances.	4.74	VS
5. I find it too expensive to hire accountants or tax consultants to help with my taxes.	4.63	VS
6. It is difficult for me to keep track of receipts, invoices, and other records, and this leads to disorganized finances.	4.51	VS
7. I do not see enough training sessions or resources that could help small businesses like mine understand and follow tax rules.	4.70	VS
8. It is often slow to get answers from the BIR or local tax offices, so resolving issues quickly becomes difficult.	4.66	VS
9. There are no rewards or benefits for businesses like mine that try to follow tax rules properly, which makes compliance feel less motivating.	4.62	VS
10. The daily costs of running my eatery—like ingredients, utilities, and wages—keep going up and hurt my profit margins.	4.90	VS
11. It is a constant challenge to find reliable staff and deal with frequent turnover.	4.84	VS
12. With so many eateries in the area, it is hard for my business to stand out and attract enough customers.	4.88	VS
Overall Mean	**4.71**	**VS**

Legend:

Range of Mean Values	***Descriptive Interpretation***
4.51 – 5.00	*Very serious (VS)*
3.51 – 4.50	*Serious (S)*
2.51 – 3.50	*Moderately serious (MS)*
1.51 – 2.50	*Slightly serious (SS)*
1.00 – 1.50	*Not a problem (NAP)*

The results revealed an overall mean of 4.71, interpreted as Very Serious (VS), indicating that local eatery owners face substantial challenges in understanding and complying with the Ease of Paying Taxes (EOPT) Act. Although the Act aims to simplify tax compliance, its implementation continues to pose significant barriers for small and micro-enterprise owners. These challenges may be attributed to limited taxpayer education, low digital literacy, and inadequate support mechanisms from regulatory agencies such as the Bureau of Internal Revenue (BIR).

The highest mean (4.90, VS) was recorded for the statement, *"The daily costs of running my eatery—such as ingredients, utilities, and wages—keep increasing and affect my profit margins."* This finding highlights financial strain as the most critical challenge faced by local eatery owners. Rising operational expenses limit their capacity to allocate resources for tax compliance, including accounting services and recordkeeping tools, thereby deprioritizing tax-related obligations in favor of business survival.

Conversely, the lowest mean (4.51, VS) corresponded to the statement, *"It is difficult for me to keep track of receipts, invoices, and other records, resulting in disorganized finances."* While comparatively lower, this result still reflects a very serious concern, suggesting persistent weaknesses in bookkeeping skills and documentation practices. Poor financial management hinders accurate tax filing, increases the risk of errors, and further discourages compliance with the EOPT Act.

These findings are consistent with existing literature showing that micro and small enterprises face significant tax compliance barriers due to limited financial capacity and operational constraints (Murray, 2020). Escalating business costs often reduce the priority given to tax obligations as owners focus on daily operations (Abrea, 2018). Furthermore, inadequate taxpayer knowledge has been shown to contribute to weak bookkeeping practices and disorganized records, increasing reporting errors and compliance inefficiencies (Juniarti & Anggrahini, 2020).

4. **What is the extent of compliance with the provisions of the EOPT Act among local eateries in terms of:**
   4.1 taxpayer classification and entitlements;
   4.2 filing and payment of tax return;
   4.3 tax reliefs and penalty reductions;
   4.4 Business Registration;
   4.5 invoicing and receipting requirements;
   4.6 preservation of books of accounts; and
   4.7 withholding taxes?

Table 4. Extent of compliance with the provisions of the EOPT Act among local eatery owners in Laoag City, Ilocos Norte (n=86)

Indicators	**Compliant**		**Not Compliant**	
	f	**%**	**f**	**%**
Taxpayer classification and entitlements				
1. I acknowledge that, as a micro or small taxpayer under the Ease of Paying Taxes (EOPT) Act, my eatery is entitled to simplified tax compliance procedures and specific tax incentives provided by law.	29	33.72	57	66.28
2. I understand that my tax classification directly determines the applicable tax rates, penalties, and filing procedures, and I commit to complying with all requirements set forth by the Bureau of Internal Revenue (BIR).	29	33.72	57	66.28
Average	**29**	**33.72**	**57**	**66.28**
Filing and payment of tax return				
1. I filed a simplified two-page Income Tax Return as allowed under the EOPT Act electronically.	29	33.72	57	66.28

Indicators	Compliant		Not Compliant	
	f	%	f	%
2. I paid my tax liabilities on the most convenient platform for me, which allows me to file and pay taxes at any authorized venue without incurring penalties for the wrong venue.	29	33.72	57	66.28
Average	**29**	**33.72**	**57**	**66.28**
Tax reliefs and penalty reductions	29	33.72	57	66.28
1. I benefited from the reduced civil penalty rate of 10% under Section 248 of the Tax Code.	29	33.72	57	66.28
2. I enjoyed a 50% reduction in the interest penalty under Section 249 of the Tax Code.	29	33.72	57	66.28
3. I am only required to pay a reduced fine of ₱500 for failure to file certain information returns under Section 250.	29	33.72	57	66.28
4. I benefited from a 50% reduced compromise penalty for violations under Sections 113, 237, and 238 of the Tax Code.	29	33.72	57	66.28
Average	**29**	**33.72**	**57**	**66.28**
Business registration				
1. I comply with the provision under the Ease of Paying Taxes (EOPT) Act stating that I am exempt from paying the ₱500 Annual Registration Fee.	29	33.72	57	66.28
2. I ensure that I will register, cancel, or transfer my business registration by filing the appropriate application with the Revenue District Office (RDO) in accordance with BIR regulations.	29	33.72	57	66.28
Average	**29**	**33.72**	**57**	**66.28**
Invoicing and receipting requirements				
1. 'Business style' is no longer part of my official sales invoices.	29	33.72	57	66.28
2. I issued sales invoices instead of official receipts for transactions worth ₱500 or more, in line with the new requirements.	29	33.72	57	66.28
3. I acknowledge and comply with the provision allowing me to claim input VAT credits even if certain invoice details are missing, provided that all key information required by the BIR is complete and accurate.	29	33.72	57	66.28
4. I commit to update my business documents by changing my Official Receipts to Sales Invoices, in compliance with the Ease of Paying Taxes (EOPT) Act and BIR regulations.	29	33.72	57	66.28
Preservation of Books of Accounts				

Indicators	Compliant		Not Compliant	
	f	%	f	%
1. I ensure compliance by maintaining and preserving my books of accounts and accounting records for five (5) years from the filing deadline or the actual date of filing, in accordance with the Ease of Paying Taxes (EOPT) Act and BIR regulations.	29	33.72	57	66.28
Withholding Taxes				
1. I complied with the rule that my obligation to withhold taxes arose when income became payable, which simplified my tax compliance process.	29	33.72	57	66.28
2. I applied the provision that allowed me to claim deductible expenses even if taxes were not withheld, in accordance with the Ease of Paying Taxes (EOPT) Act.	29	33.72	57	66.28
Average	**29**	**33.72**	**57**	**66.28**
Overall Average	**29**	**33.72**	**57**	**66.28**

Source: Republic Act No. 11976: Ease of Paying Taxes (EOPT) Act, 2024

Legend:

***Compliant**: The eatery owner consistently adheres to the specific provision of the Ease of Paying Taxes (EOPT) Act.*

***Not Compliant:** The eatery owner does not consistently adhere to the specific provision of the Ease of Paying Taxes (EOPT) Act.*

Table 4 shows that only **33.72%** of respondents are compliant, while **66.28%** remain noncompliant across all provisions of the EOPT Act. The consistency of these results across indicators suggests a uniform pattern of compliance behavior among local eatery owners, indicating that noncompliance is systemic rather than confined to specific provisions.

The generally low compliance rate implies that most eatery owners have not fully adjusted their business practices to align with the EOPT Act. Although the law aims to simplify tax procedures, reduce penalties, and improve taxpayer convenience, these benefits appear underutilized due to limited awareness and understanding of the Act's provisions. As shown in Table 2, awareness levels were only slightly high to moderate. This is further compounded by the findings in Table 3, where challenges were rated as *very serious*, particularly those related to rising operational costs, financial constraints, inadequate bookkeeping skills, and limited access to professional accounting services. These conditions hinder effective compliance, as business survival often takes precedence over administrative obligations.

The observed low compliance rate is consistent with prior studies emphasizing that tax compliance among micro and small enterprises is strongly influenced by taxpayer knowledge and awareness. Sari et al. (2021) found that MSME owners with limited understanding of tax requirements—such as filing procedures, deadlines, and recordkeeping—are less likely to comply. Similarly, Yulianto et al. (2019) and Inasius et al. (2020) argue that voluntary compliance depends largely on taxpayers' awareness and willingness, with low tax literacy significantly weakening compliance capacity in the absence of enforcement.

5. Is there a significant relationship between the level of awareness of the provisions of the EOPT Act among local eatery owners and their extent of compliance with its provisions?

Table 5. Binary logistic regression analysis showing the relationship between the level of awareness of the provisions of the EOPT Act and the extent of compliance among local eatery owners in Laoag City, Ilocos Norte (n=86)

Awareness of the provisions of the EOPT Act		Compliance with EOPT						
		Taxpayer classification and entitlements	Filing and payment of tax return	Tax reliefs and penalty reductions	Business registration	Invoicing and receipting requirements	Preservation of books of accounts	Withholding taxes
Taxpayer classification and entitlements	B Coefficient	3.080	3.080	3.080	3.080	3.080	3.080	3.080
	Sig	.162	.162	.162	.162	.162	.162	.162
	Exp (B)	21.766	21.766	21.766	21.766	21.766	21.766	21.766
Filing and payment of tax returns	B Coefficient	-3.404	-3.404	-3.404	-3.404	-3.404	-3.404	-3.404
	Sig	.112	.112	.112	.112	.112	.112	.112
	Exp (B)	.033	.033	.033	.033	.033	.033	.033
Tax reliefs and penalty reductions	B Coefficient	-.070	-.070	-.070	-.070	-.070	-.070	-.070
	Sig	.958	.958	.958	.958	.958	.958	.958
	Exp (B)	.932	.932	.932	.932	.932	.932	.932
Business registration	B Coefficient	.388	.388	.388	.388	.388	.388	.388
	Sig	.654	.654	.654	.654	.654	.654	.654
	Exp (B)	1.474	1.474	1.474	1.474	1.474	1.474	1.474
Invoicing and receipting requirements	B Coefficient	.594	.594	.594	.594	.594	.594	.594
	Sig	.542	.542	.542	.542	.542	.542	.542
	Exp (B)	1.811	1.811	1.811	1.811	1.811	1.811	1.811
Preservation of books of accounts	B Coefficient	-1.195	-1.195	-1.195	-1.195	-1.195	-1.195	-1.195
	Sig	.126	.126	.126	.126	.126	.126	.126
	Exp (B)	.303	.303	.303	.303	.303	.303	.303
Withholding taxes	B Coefficient	**1.994***	**1.994***	**1.994***	**1.994***	**1.994***	**1.994***	**1.994***
	Sig	.013	.013	.013	.013	.013	.013	.013
	Exp (B)	**7.342**	**7.342**	**7.342**	**7.342**	**7.342**	**7.342**	**7.342**

*** p < 0.05 – Significant**

Source: Authors' own table

The binary logistic regression analysis examined the relationship between the level of awareness of the provisions of the Ease of Paying Taxes (EOPT) Act and the extent of compliance among local eateries in Laoag City, Ilocos Norte. The model included seven indicators of awareness as predictors of compliance.

As shown in the table, only awareness of withholding taxes ($p = 0.013 < 0.05$) was found to have a statistically significant relationship with compliance. The positive regression coefficient (B = 1.994) and odds ratio (Exp(B) = 7.342) indicate that respondents who were more aware of their withholding tax responsibilities were about 7 times more likely to comply with the provisions of the EOPT Act than those who were less aware. This may be due to the direct financial implications of withholding taxes, which affect both daily operations and compliance risks.

In contrast, the other six indicators—taxpayer classification and entitlements (p = 0.162), filing and payment of tax returns (p = 0.112), tax reliefs and penalty reductions (p = 0.958), business registration (p = 0.654), invoicing and receipting requirements (p = 0.542), and preservation of books of accounts (p = 0.126)—showed no significant relationship with compliance. This suggests that awareness in these areas alone did not significantly influence whether or not the eatery owners were compliant.

The results of the binary logistic regression analysis are consistent with prior research underscoring the importance of taxpayers' awareness in influencing compliance behavior. Cain and Montaño (2021) explained that understanding tax laws relevant to specific transactions—such as withholding taxes—significantly affects the accuracy and timeliness of compliance among small business owners. Similarly, Asrinanda (2018) emphasized that awareness of tax rules and processes plays a decisive role in ensuring that taxpayers properly fulfill their obligations. Moreover, Pandapotan and Tjen (2017) found that a taxpayer's perception and awareness of taxation directly shape their level of compliance, suggesting that higher awareness of specific provisions—such as withholding taxes—results in more consistent adherence to regulations.

Thus, Ha_1 is partially accepted, indicating that awareness in specific areas (particularly withholding taxes) influences compliance, but overall awareness of the EOPT Act does not uniformly predict compliance among local eatery owners.

6. **Is there any significant relationship between the level of awareness of the provision of the EOPT Act and the degree of seriousness of the problems encountered by local eateries in the awareness and compliance with the EOPT Act?**

Table 6. Relationship between the level of awareness of the provision of the EOPT Act and the degree of seriousness of the problems encountered by local eatery owners in the awareness and compliance with the EOPT Act (n=86)

Awareness of the provision of the EOPT Act		**Problems encountered by local eatery owners in the awareness and compliance with the EOPT Act**
Taxpayer classification and entitlements	r	**.565****
	(Sig. 2-tailed)	.000
Filing and payment of tax returns	r	**.545****
	(Sig. 2-tailed)	.000
Tax reliefs and penalty reductions	r	**.579****
	(Sig. 2-tailed)	.000
Business registration	r	**.580****
	(Sig. 2-tailed)	.000
Invoicing and receipting requirements	r	**.561****
	(Sig. 2-tailed)	.000
Preservation of books of accounts	r	**.515****
	(Sig. 2-tailed)	.000

Withholding taxes	r	**.549****
	(Sig. 2-tailed)	.000

**** Correlation is significant at the 0.01 level (2-tailed).**
Source: Authors' own table

Table 6 presents the relationship between the level of awareness of the provisions of the Ease of Paying Taxes (EOPT) Act and the degree of seriousness of the problems encountered by local eatery owners in their awareness and compliance with the Act.

The computed correlation coefficients (r) range from 0.515 to 0.580, all of which are moderate positive correlations and statistically significant at the 0.01 level ($p < 0.01$). This means that as awareness of the provisions of the EOPT Act increases, the seriousness of the problems encountered also tends to increase. In other words, those who are more aware of the EOPT provisions tend to perceive the challenges of compliance as more serious or pressing.

Among the indicators, the highest correlation ($r = 0.580$) was found between business registration and the degree of seriousness of problems encountered, indicating that issues related to registration procedures remain a major challenge for eatery owners despite increased awareness. Conversely, the lowest correlation ($r = 0.515$) was observed between preservation of books of accounts and the degree of seriousness of problems, suggesting that while bookkeeping remains a concern, it is relatively less problematic compared to other compliance areas.

These findings imply that awareness alone does not eliminate compliance challenges; in fact, being more aware may heighten recognition of the barriers within the tax system—such as procedural complexity, digital filing difficulties, or resource limitations.

Ramones et al. (2024) noted that understanding tax laws remains difficult for many small business owners, suggesting that awareness alone does not guarantee ease of compliance. Tax awareness, defined as the state of knowing, comprehending, and internalizing the meaning, function, and purpose of tax payment, is essential for cultivating a compliant attitude. However, greater awareness can also heighten recognition of systemic barriers such as procedural complexity, digital filing challenges, and recordkeeping requirements. As Lestari and Wicaksono (2017) emphasized, sufficient knowledge of tax rules is necessary for compliance, as unawareness of deadlines or procedures often results in delayed or improper submissions. Thus, while awareness fosters understanding and responsibility, it may simultaneously intensify the perception of compliance burdens, particularly among small business owners navigating a complex tax environment.

Therefore, Ha_2 is accepted — there is a significant relationship between the level of awareness of the provisions of the EOPT Act and the degree of seriousness of the problems encountered by local eatery owners in their awareness and compliance with the Act.

7. Is there a significant relationship between the degree of seriousness of the problems encountered by local eatery owners in their awareness and compliance with the EOPT Act and their extent of compliance with its provisions?

Table 7. Relationship between the level of awareness of the provision of the EOPT Act and the degree of seriousness of the problems encountered by local eatery owners in the awareness and compliance with the EOPT Act (n=86)

Compliance with EOPT		**Problems encountered by local eatery owners in the awareness and compliance with the EOPT Act**
Taxpayer classification and entitlements	B Coefficient	**8.638***
	Sig	<.001
	Exp (B)	5,643.553
Filing and payment of tax returns	B Coefficient	**8.638***
	Sig	<.001
	Exp (B)	5,643.553
Tax reliefs and penalty reductions	B Coefficient	**8.638***
	Sig	<.001
	Exp (B)	
Business registration	B Coefficient	**8.638***
	Sig	<.001
	Exp (B)	
Invoicing and receipting requirements	B Coefficient	**8.638***
	Sig	<.001
	Exp (B)	5,643.553
Preservation of books of accounts	B Coefficient	**8.638***
	Sig	<.001
	Exp (B)	5,643.553
Withholding taxes	B Coefficient	**8.638***
	Sig	<.001
	Exp (B)	5,643.553

**** Correlation is significant at the 0.01 level (2-tailed).**

Source: Authors' own table

The Binary Logistic Regression results indicate that the degree of seriousness of problems encountered has a **highly significant relationship** with the extent of compliance among local eateries in Laoag City (**$p < .001$**) across all compliance dimensions. The positive coefficient (**B = 8.638**) signifies a direct relationship, indicating that higher perceived seriousness of problems is associated with an increased likelihood of compliance with the Ease of Paying Taxes (EOPT) Act.

The corresponding odds ratio (**Exp(B) = 5,643.553**) suggests that for every one-unit increase in perceived problem seriousness, the odds of compliance increase by approximately **5,643 times**. This implies that when local eatery owners perceive taxation, filing, or documentation issues as more severe, they are substantially more likely to undertake corrective actions—such as consulting tax professionals, improving recordkeeping, or adhering to EOPT guidelines—to ensure compliance.

These findings suggest that compliance behavior among local eatery owners is largely **reactive rather than preventive**. Owners tend to comply when problems become sufficiently serious to threaten business operations or profitability, rather than through proactive awareness or voluntary adherence to tax obligations.

This result is consistent with prior studies emphasizing that tax compliance is influenced by taxpayers' awareness of consequences and perceived risks of non-compliance. Youde and Lim (2019) define tax compliance as the willingness to meet tax obligations accurately and on time, shaped by the perceived impact of non-compliance. Similarly, Dularif and Rustiarini (2022) found that awareness of penalties and legal consequences motivates compliance, while Meidawati and Azmi (2019) emphasized that knowledge of tax procedures and deadlines heightens risk awareness among micro-entrepreneurs. These studies support the present finding that heightened perceptions of seriousness prompt compliance as a means of avoiding sanctions and operational disruptions.

Therefore, **Ha_3 is accepted**, confirming a significant relationship between the degree of seriousness of problems encountered by local eatery owners and their extent of compliance with the provisions of the EOPT Act.

8. What strategies can be formulated for the local eateries in Laoag City to increase the level of awareness and compliance with the provisions of the EOPT Act?

Table 8. Proposed Strategies to enhance awareness and compliance with the provisions of the Ease of Paying Taxes (EOPT) Act among local eateries in Laoag City

Findings	Key Result Area	Objectives	Strategy	Person/s Responsible	Time Frame	Expected Outcome
Low awareness of EOPT provisions	Tax Awareness Enhancement	To increase the level of awareness of local eatery owners regarding EOPT provisions and address the limited understanding of tax rules and procedures.	Conduct regular taxpayer education seminars, community caravans, and orientation sessions on EOPT provisions and digital filing systems.	BIR Revenue District Office	Quarterly	Increased awareness and understanding of EOPT provisions among local eatery owners.
Very serious difficulty understanding tax rules; Difficulty navigating online systems; Slow BIR response; Lack of accessible training resources	Accessible Tax Assistance	To reduce digital filing and procedural difficulties by providing accessible, direct, and timely support for registration, filing, and compliance.	Establish a Tax Assistance and Advisory Desk at the City Hall or BPLO to provide one-on-one guidance on registration, filing, and bookkeeping.	BPLO, City Treasurer's Office, BIR Revenue District Office	Within the next fiscal year	Improved accessibility to taxpayer support services and reduction of compliance-related difficulties.
80.23% do not utilize accounting professionals; R ecordkeeping difficulties	Professional Financial Support	To improve accuracy in recordkeeping and tax filing by giving micro-entrepreneurs access to affordable professional accounting support.	Partner with local accounting firms and professional organizations (e.g., PICPA) to offer low-cost or pro bono accounting and tax services.	BIR, PICPA, Local Accounting Firms	Semi-annual	Enhanced accuracy in recordkeeping and filing; higher compliance rate among eatery owners.
Confusion in invoicing, VAT, and official receipts; Low awareness of invoicing requirements	Simplified Learning Resources	To strengthen the understanding of technical EOPT procedures through simplified, easy-to-understand learning materials.	Develop and distribute multilingual infographics, digital guides, and short video tutorials explaining EOPT processes.	BIR Central Office	Continuous	Increased comprehension of tax procedures, especially among small business owners with limited technical skills.
No perceived rewards for compliance	Incentivized Compliance	To motivate voluntary and proactive compliance by recognizing and rewarding consistent adherence to EOPT provisions.	Introduce recognition programs such as "Compliant Eatery Awards" or provide minor incentives for consistent compliance.	City Government of Laoag, BIR Revenue District Office	Annual	Greater motivation for voluntary and proactive compliance among eatery owners.
Awareness significantly correlates with more perceived	Monitoring and Evaluation	To continuously assess and refine tax awareness and compliance	Conduct periodic surveys and feedback sessions to evaluate the	City Government, BIR, Academic Partners	Semi-annual	Continuous improvement of EOPT implementation and

problems; Compliance increases only when problems become serious.	programs, ensuring responsiveness to emerging taxpayer needs.	effectiveness of awareness and compliance initiatives.		responsiveness to taxpayer needs.

Source: Authors' own table

Table 8 presents the proposed strategies to enhance the awareness and compliance of local eatery owners in Laoag City with the provisions of the Ease of Paying Taxes (EOPT) Act. The strategies focus on increasing tax awareness through education campaigns, establishing a tax assistance desk, and promoting professional accounting support. They also include developing simplified learning materials, introducing incentive programs for compliant taxpayers, and conducting regular monitoring and evaluation. These initiatives aim to strengthen taxpayer understanding, improve compliance behavior, and encourage proactive engagement with the EOPT Act.

This is consistent with the findings of Sari et al. (2021), who emphasized that taxpayer education and continuous guidance significantly improve voluntary compliance, particularly among micro and small enterprises with limited knowledge of tax procedures.

Results and discussion

The results of this study revealed that local eatery owners in Laoag City are primarily small but growing enterprises with modest initial capitalization and increasing sales performance, although most remain non-VAT registered and do not utilize professional accounting services. The overall level of awareness of the Ease of Paying Taxes (EOPT) Act was found to be slightly aware, indicating limited familiarity with the Act's provisions. The degree of seriousness of problems encountered was rated very serious, with financial strain, lack of training, and technological challenges as major barriers to compliance.

The study further showed that only a small proportion of local eateries were compliant with EOPT provisions, revealing systemic and informational challenges rather than willful neglect. Regression analysis confirmed that awareness of withholding taxes significantly predicted compliance, while correlation analysis indicated a moderate positive relationship between awareness and the seriousness of problems encountered. Moreover, as problems became more serious, compliance levels increased, suggesting that compliance among eatery owners tends to be reactive rather than preventive. These findings are consistent with prior studies emphasizing that awareness, understanding of tax obligations, and recognition of compliance challenges influence taxpayer behavior (Ramones et al., 2024; Lestari & Wicaksono, 2017; Dularif & Rustiarini, 2022).

To address these issues, the study proposed strategies focusing on taxpayer education, accessible tax assistance, promotion of professional accounting support, development of simplified learning resources, and incentive programs to encourage voluntary compliance. Consistent with Sari et al. (2021), taxpayer education and continuous guidance are crucial in enhancing voluntary compliance among micro and small enterprises. The study implies that strengthening awareness, simplifying processes, and institutionalizing support mechanisms can transform compliance behavior from reactive to proactive, fostering a culture of sustained tax compliance under the EOPT Act.

Conclusion

This study examined strategies to improve compliance with the Ease of Paying Taxes (EOPT) Act among local eatery owners in Laoag City, Ilocos Norte. Findings suggest that many small and micro eatery businesses have limited awareness of tax obligations and face challenges in complying with the law.

Overall, increasing awareness and understanding of tax requirements, alongside providing accessible support and guidance, can help alleviate compliance difficulties and encourage voluntary adherence to the EOPT Act. Strengthening taxpayer education and fostering collaborations with professional organizations are essential steps to promote smoother compliance among small businesses.

Given these conditions, improving awareness and understanding of tax responsibilities is essential. Providing targeted taxpayer education, simplifying procedures, and strengthening the availability of practical support can help ease compliance pressures and encourage voluntary adherence to the EOPT Act. Partnerships with professional organizations and the promotion of affordable accounting assistance are also crucial in helping small businesses build confidence and capacity in managing their tax duties. Strengthening these systemic supports can promote smoother, more sustainable compliance among small and micro enterprises in Laoag City.

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