

Article type:  
Original Research

Article history:  
Received 23 February 2025  
Revised 18 May 2025  
Accepted 23 May 2025  
Published online 15 July 2025

Mohsen. Jafari<sup>1</sup>, Jamshid. Edalatian  
Shahriari<sup>1\*</sup>, Mohammad Reza.  
Kabaran Zadeh Ghadim<sup>1</sup>

1 Department of Management, Central Tehran  
Branch, Islamic Azad University, Tehran, Iran

Corresponding author email address:  
dr.edalatian@yahoo.de

How to cite this article:

Jafari, M., Edalatian Shahriari, J., & Kabaran Zadeh  
Ghadim, M. R. (2025). Tax Policies Affecting  
Business Environment Performance with an  
Emphasis on Promoting Entrepreneurship. *Future of  
Work and Digital Management Journal*, 3(2), 1-11.  
<https://doi.org/10.61838/fwdmj.3.2.1>



© 2025 the authors. This is an open access article  
under the terms of the Creative Commons  
Attribution-NonCommercial 4.0 International (CC  
BY-NC 4.0) License.

## Tax Policies Affecting Business Environment Performance with an Emphasis on Promoting Entrepreneurship

### ABSTRACT

The present study aims to propose a model for digital marketing with an emphasis on artificial intelligence in the insurance industry. This research is categorized as a qualitative study, and the qualitative strategy employed is grounded theory. The statistical population in the qualitative section comprises 20 experts and managers from the insurance industry. The findings of the qualitative section were analyzed using MaxQDA 2020 software and were categorized into causal conditions, central phenomenon, intervening conditions, contextual conditions, strategies, and consequences. The causal conditions for presenting the digital marketing model with a focus on artificial intelligence in the insurance industry include: technological infrastructure, technological innovation, and digital culture. The contextual conditions consist of organizational culture, managerial structure, and legal and economic environment. The central phenomenon includes digital transformation in marketing, artificial intelligence in marketing, and digital integration in the insurance industry. The intervening conditions affecting the proposed model involve human factors, customer insight, and environmental challenges. The strategies include: interactive strategy, service personalization, digital brand development, and data analysis. The consequences are categorized into individual outcomes, organizational outcomes, cultural outcomes, and technological outcomes.

**Keywords:** Digital marketing, Artificial intelligence, Insurance industry.

### Introduction

In the dynamic and evolving landscape of contemporary economies, the quality and structure of a country's tax policy play a pivotal role in shaping the business environment and fostering entrepreneurial activity. Tax policy, as a fundamental component of public finance, not only impacts government revenue but also influences investment behavior, business formation, and innovation incentives [1, 2]. In particular, effective and well-targeted tax measures can serve as powerful tools to stimulate entrepreneurship, reduce entry barriers for new firms, and improve the overall performance of the business ecosystem [3, 4]. Conversely, inefficient, opaque, or overly burdensome tax structures may deter entrepreneurial initiatives and exacerbate informality, especially in emerging and developing economies [5].

Within this context, examining the components of tax policy that influence the performance of the business environment is not only necessary but urgent—particularly in economies striving to transition from resource-based growth toward innovation-led and entrepreneurial development models. As noted by [6], countries that align their tax systems with entrepreneurial goals often experience higher rates of new business formation, job creation, and economic diversification. Furthermore, [7] argues that entrepreneurial ecosystems are especially sensitive to the nuances of fiscal policy, given their reliance on incentives, access to capital, and a regulatory environment conducive to risk-taking.

Numerous studies have highlighted the multifaceted relationship between taxation and entrepreneurship. For instance, [8] emphasizes that tax incentives can increase innovation by lowering the cost of research and development (R&D) and reducing the financial risks associated with entrepreneurial ventures. This finding is supported by [9], who documents the positive effects of state-level R&D tax credits on both the quantity and quality of start-ups in the United States. In parallel, [10] finds that broad-based innovation policies, when backed by tax measures, significantly enhance the capabilities of small and medium-sized enterprises (SMEs), particularly in terms of technological advancement and market expansion.

At the same time, the equity and efficiency of tax systems have been subjects of critical concern. According to [11], complex tax codes and high compliance costs disproportionately affect small businesses and micro-enterprises, often pushing them toward informality or limiting their growth potential. Similar concerns are echoed by [12], who notes that inconsistencies in policy implementation, along with corruption and lack of transparency, undermine trust in the tax system and discourage formal business participation. Such systemic inefficiencies can exacerbate income inequality, hinder inclusive development, and weaken state capacity to support enterprise development.

A related concern is the design of corporate income tax (CIT) policies. [3] warns that poorly structured CIT regimes can distort firm behavior, reduce capital investment, and stifle innovation. This is particularly critical in countries where entrepreneurship serves as a major source of employment and economic resilience. Indeed, the experience of many developing nations suggests that tax reform must go hand-in-hand with broader institutional development to ensure that incentives translate into tangible entrepreneurial outcomes [13, 14].

Furthermore, the political and institutional dimensions of tax systems cannot be ignored. As [15] asserts, policy windows for tax reform often open during broader governance transitions, where public demand for equity, efficiency, and accountability creates momentum for institutional change. Yet, as [16] shows, the interplay between tax evasion, corruption, and weak rule of law continues to challenge such reform efforts, especially in middle-income countries. This highlights the need for integrated strategies that combine tax policy design with institutional strengthening, civic engagement, and anti-corruption frameworks.

The role of local governments and decentralized administration in fostering entrepreneurial development through tax policy has also gained scholarly attention. [17] provides compelling evidence from the Kraków metropolitan region, demonstrating that municipal-level interventions—such as reduced local tax rates, simplified registration procedures, and proximity-based support systems—can substantially enhance the local business climate. Such findings align with [18], who emphasize the importance of tailored tax measures in promoting rural and sectoral entrepreneurship, particularly in agriculture and artisanal industries.

Moreover, tax policies must be responsive to demographic and socio-economic diversity within the entrepreneurial population. [19] argues that gender, education, location, and access to finance all mediate the relationship between tax burden and business success, especially in marginalized communities. Similarly, [20] highlights how youth entrepreneurship can be bolstered through tax incentives, provided these are complemented by training, mentorship, and access to startup capital. These studies underscore the importance of intersectional policy design, where fiscal measures are adapted to the needs and capacities of specific entrepreneurial groups.

Another critical aspect is the psychological and behavioral impact of tax policy on entrepreneurial decision-making. According to [21], entrepreneurs often base their investment and growth strategies not only on formal tax rates but also on

their perceptions of fairness, predictability, and enforcement. Ambiguity in tax laws or fear of arbitrary penalties may discourage risk-taking and reduce the vibrancy of the entrepreneurial sector. As [22] points out, fostering a culture of tax compliance must go hand-in-hand with policies that respect the autonomy and aspirations of entrepreneurs, including transparency, accountability, and participatory policymaking.

Some scholars have called for more comprehensive frameworks to evaluate the long-term effects of tax policy on entrepreneurship. For example, [23] advocates for the development of public policy models that integrate tax with education, infrastructure, and innovation ecosystems. Similarly, [24] recommends that cross-national comparative analyses be conducted to assess the impact of tax policies on entrepreneurship in the SAARC region, highlighting institutional factors that mediate policy outcomes. These perspectives reinforce the idea that tax policy must not be viewed in isolation but as a component of a broader developmental strategy.

In line with this integrated view, [25] explores the dynamic relationship between pricing mechanisms, tax policy, and entrepreneurial behavior in African economies, showing that responsive fiscal frameworks can serve as catalysts for regional development. Likewise, [26] insists on the importance of clear tax policy assumptions—anchored in macroeconomic realities—to ensure consistency and adaptability over time. Meanwhile, [2] introduces the concept of negative marginal returns adjustment theory, arguing that overly aggressive tax regimes can eventually reduce overall tax revenues by suppressing economic activity, especially in high-tech and self-employment sectors.

Taken together, the literature paints a comprehensive picture of how tax policy can be both a constraint and an enabler of entrepreneurship. While tax systems must fulfill their primary function of revenue generation, they must also be strategically designed to support inclusive growth, reduce inequality, and empower local business ecosystems. With careful design, transparent implementation, and institutional alignment, tax policies can unlock the entrepreneurial potential of diverse populations and lay the groundwork for sustainable economic transformation. Accordingly, the present study aims to explore the dimensions of tax policy that impact business environment performance in Iran, with a particular emphasis on mechanisms that promote entrepreneurship.

## Methods and Materials

This study employed a qualitative research design aimed at exploring and identifying the tax policy factors influencing the performance of the business environment, particularly in relation to enhancing entrepreneurship. The participant sample was selected through purposive sampling to ensure the inclusion of individuals with deep expertise and institutional experience relevant to the subject matter. A total of ten participants were interviewed. These included one Director General, five deputy heads, and one head of tax affairs in Tehran's municipal and provincial tax departments. Additionally, three academic faculty members from Iranian universities with recognized expertise in tax systems, economic policy, and entrepreneurship were involved. This diverse composition of participants enabled the research to capture a multi-perspective understanding of how tax regulations shape business climate dynamics and entrepreneurial activity in the region.

Semi-structured interviews were utilized as the primary data collection tool. These interviews were designed to elicit detailed and nuanced responses from participants regarding the variables and components of tax policy that influence business environment performance, with a specific emphasis on entrepreneurial growth. The interview guide included open-ended questions tailored to provoke discussion on the practical impacts of tax laws, policy formulation mechanisms,

administrative burdens, tax incentives, compliance costs, and regulatory clarity. Following the initial collection of interview data, the identified variables and components were reviewed and validated by expert academics and senior tax officials to ensure the credibility and relevance of findings. The goal of the interviews was not merely to collect descriptive insights but also to uncover latent constructs and thematic relationships that could inform policy reform.

Thematic analysis was employed to interpret and systematize the qualitative data collected from interviews. Analysis was conducted using MAXQDA, a specialized qualitative data analysis software that facilitates the organization and coding of textual data. The analysis followed six methodological steps to ensure depth, validity, and consistency. In the first step, data familiarization was achieved through immersive engagement with the interview transcripts, including repeated reading and active searching for patterns of meaning. The second step involved generating initial codes, which captured analytically interesting features of the data relevant to the research objectives. These codes represented discrete data elements that could later be clustered thematically.

In the third step, the coded data segments were examined and grouped into potential themes. During this phase, the researcher began synthesizing related codes to identify broader thematic patterns that connected individual insights into a conceptual framework. The fourth step entailed reviewing these themes at two levels: first, checking that the themes coherently represented the coded extracts, and second, ensuring their validity in relation to the entire dataset. Redundant, overlapping, or poorly supported themes were refined or discarded.

In the fifth step, each theme was defined and named based on its core essence, and a narrative was developed for what the theme encapsulated. This phase enabled the researcher to articulate the interpretive meaning behind each theme and to ensure that it directly addressed the central research question concerning effective tax policy and entrepreneurship. In the sixth and final stage, the results were synthesized into a coherent narrative and reported systematically. This report includes not only the presentation of themes but also illustrative quotations from participants and interpretive commentary linking the findings to broader policy implications. Through this comprehensive approach, the study aimed to provide a grounded, evidence-based account of how tax policies can either foster or hinder a vibrant, entrepreneurial business environment.

## Findings and Results

The findings of this study, derived through thematic analysis of expert interviews, revealed several key components of tax policy that significantly influence the performance of the business environment and the development of entrepreneurship. Participants highlighted critical issues such as the complexity of tax regulations, administrative inefficiencies, lack of targeted tax incentives for startups, and the unpredictability of tax enforcement. Emerging themes from the data suggest that a more transparent, supportive, and innovation-oriented tax system is essential for fostering a dynamic entrepreneurial ecosystem in Iran. The following sections detail the major themes extracted from the qualitative data and their implications for tax policy reform.

**Table 1**

*Interview Responses and Initial Codes*

Row	Interview Statements (Semantic Units)	Initial Codes
1	A key factor in improving the business environment is the tax payment system, which should be supported by the government. The economic, organizational, and social factors influencing tax payment and business environment include: reducing tax payment time and collection costs; increasing the tax base and collection amount; and promoting a culture of tax payment via electronic systems.	Reduced tax payment time, government support for business tax systems, economic factors in tax payment, organizational factors in tax payment, social factors in entrepreneurial business environment, reduced tax collection costs, increased tax base and collection, promotion of electronic tax culture
2	Corporate income tax policies and awareness of tax rates are crucial for achieving tax goals and improving entrepreneurship. Demographic, economic, individual, organizational, and social factors influence the entrepreneurial business environment.	Tax system, corporate income tax policies, awareness of tax rates, entrepreneurial development, demographic factors, economic factors, individual factors, organizational factors, social factors
3	Taxes are among the most important financial instruments regulating economic and social activity. Public attitude toward taxes, continuous training to instill tax culture, and the entrepreneurial business climate are interrelated.	Financial instruments regulating economy, tax policy, public attitude improvement toward taxes, continuous tax education
4	Taxes as key economic and social factors should be simple and fair to motivate entrepreneurial growth. Key tax-related policies include targeted exemptions, avoiding discrimination in exemptions, and implementing integrated tax systems.	Economic and social factors, tax fairness and simplicity, entrepreneurial motivation, targeted exemptions, avoiding tax discrimination, integrated tax system implementation
5	Tax laws should promote economic transparency, create economic data banks, enhance regulatory bodies, and reduce tax burden. Otherwise, they lead to higher transaction costs and lower investment, production, and entrepreneurship. Tax reforms positively impact innovation and income growth.	Economic transparency, economic data banks, supervisory bodies, tax burden reduction, transaction cost increase, reduced investment and entrepreneurship, tax reforms, innovation, income growth, tax incentives and entrepreneurship
6	For resource-based economies like Iran, tax increases reduce entrepreneurship. Policymakers should move toward efficiency, stabilize the economy, and consider the negative impacts of tax policies on entrepreneurship.	Efficiency-oriented policy, economic stability, innovative policymaking, tax policy effects on entrepreneurship, budget independence from oil, unemployment
7	Reforming the tax system and preventing informal economy growth enhances economic security and fosters investment and entrepreneurial growth.	Tax system reform, informal economy control, economic security, investment improvement, business prosperity, creativity and innovation, entrepreneurship growth
8	Taxes are policy tools to encourage economic production and entrepreneurial investment. Low tax revenue share from GDP and dissatisfaction with high rates show limited coverage across economic sectors.	Tax as policy tool, entrepreneurial investment, low tax-to-GDP ratio, high tax rate dissatisfaction, limited tax coverage, tax collection challenges
9	Investment security in entrepreneurship correlates with tax revenue and taxpayer data support. Institutional factors like transparency, regulations, fiscal stability, and currency value impact investment and tax revenue growth. Tax reforms should not increase business costs or expand the informal economy.	Investment security, taxpayer data support, tax revenue, institutional investment factors, transparency, business regulations, fiscal stability, real exchange rate, informal economy prevention
10	Higher tax revenues fund monitoring and business environment stabilization, enhancing economic security and national income. Taxation on labor, capital, and controlled social spending can support entrepreneurship in all business scales.	Tax revenue increase, monitoring resources, business stability, economic security, national income, labor tax, capital tax, controlled social spending, entrepreneurship development

Table 1 presents a synthesis of semantic units extracted from interview responses and their corresponding initial codes. These interviews provided deep insight into the multidimensional impact of tax policy on business environment performance and entrepreneurship. Common themes include the necessity for government support in facilitating efficient tax payment systems, reducing tax-related administrative burdens, and increasing transparency. Many respondents emphasized the positive effects of targeted tax exemptions, integration of electronic systems, and reforming fiscal regulations to encourage entrepreneurial activity. Other significant points raised involve the need to avoid discriminatory tax policies, create a stable macroeconomic context, and reform tax structures in resource-dependent economies like Iran. The data also highlighted how fiscal tools, if designed and implemented effectively, can stimulate innovation and increase national income without overburdening formal businesses or expanding the informal sector. Through thematic coding, these recurring insights were categorized to form the foundation for subsequent analytical themes.

**Table 2**

*Sub-Themes and Core Themes Related to Factors Influencing Business Environment Performance with an Emphasis on Entrepreneurship Development*

Initial Codes	Sub-Themes	Core Theme	Experts
Reducing tax payment time; government support for business tax systems; lowering tax collection costs; increasing the tax base and total tax revenue; promoting a culture of tax payment through electronic systems; tax system structure; awareness of tax rates; tax policy; financial policy; continuous tax education; preventing discrimination in tax exemptions; reducing tax burden on the economy; tax reform; reducing dependence on oil revenues via tax increases; reforming the tax system; low tax revenue-to-GDP ratio; high tax rates; incomplete tax coverage; challenges in tax revenue collection; adjusting tax rates and laws to avoid high business costs; preventing tax burdens from expanding the informal economy.	Tax Collection from Entrepreneurial Businesses	Enhancing Tax Efficiency and Fairness in Business Taxation	P1, P2, P3, P4, P5, P6, P7, P8, P9, P10
Economic, organizational, and social factors influencing tax indicators and business environment; demographic, economic, individual, organizational, and social variables; financial mechanisms regulating the economy and society; economic and social factors; economic transparency; production and entrepreneurship in society; reduced social entrepreneurship; rising unemployment; controlling informal economy; boosting economic security; revitalizing the entrepreneurial economy; tax as a production incentive tool; institutional factors; informal economic expansion; economic health prerequisites; business environment control and stability; social expenditures; entrepreneurial investment; investment security in entrepreneurship-oriented businesses.	Support for Entrepreneurs and Investors	Institutional and Economic Foundations for Business Security	P1, P2, P3, P4, P5, P6, P7, P8, P9, P10
Entrepreneurial development; social factors in tax indicators and entrepreneurial business environment; motivation for entrepreneurial business growth and expansion; production and entrepreneurship in society; entrepreneurship; reduction in social entrepreneurship; entrepreneurial growth; investment in entrepreneurship; investment security in entrepreneurship-based businesses.	Entrepreneurship Development	Motivational and Security Drivers of Entrepreneurship	P1, P2, P4, P5, P6, P7, P8, P9

Table 2 presents a thematic categorization of the initial codes derived from expert interviews into sub-themes and overarching core themes related to tax policy impacts on business environment performance and entrepreneurship. The first core theme, titled *"Enhancing Tax Efficiency and Fairness in Business Taxation,"* consolidates a wide array of policy-related variables such as tax reform, simplification of payment procedures, targeted tax incentives, and digitalized collection systems. These components collectively highlight the need for a more transparent, accessible, and responsive tax structure to support entrepreneurial activity.

The second core theme, *"Institutional and Economic Foundations for Business Security,"* encapsulates structural and contextual factors like macroeconomic stability, institutional transparency, and efforts to curtail the informal sector. Interviewees emphasized that without addressing these broader systemic enablers—such as investment security and fair enforcement—entrepreneurship will continue to face significant institutional friction.

The third theme, *"Motivational and Security Drivers of Entrepreneurship,"* focuses on individual and societal motivations for starting businesses, including perceptions of fairness, return on investment, and policy predictability. Participants pointed to the importance of cultivating both psychological and economic conditions conducive to entrepreneurship, such as reducing risks, enhancing policy clarity, and fostering trust between government and business actors.

These themes emerged consistently across all ten interviews, indicating strong expert consensus on the multidimensional nature of tax policy's influence on entrepreneurship and business environment performance.

## Discussion and Conclusion

The findings of this study revealed three main themes as critical components of a tax policy that effectively enhances the performance of the business environment with an emphasis on entrepreneurship: tax collection mechanisms for entrepreneurial businesses, institutional and economic support for entrepreneurs and investors, and motivational and security-related drivers for entrepreneurial development. These themes emerged from expert interviews with tax officials and academic specialists, and they collectively illuminate the multifaceted nature of the relationship between taxation and entrepreneurship in developing economies such as Iran.

The first theme, related to *tax collection mechanisms*, emphasized the importance of transparent, efficient, and equitable tax practices. Participants consistently pointed to the reduction of tax payment time, simplification of compliance procedures,

and implementation of electronic tax payment systems as necessary reforms. This aligns with the findings of [1], who demonstrated that simplified taxation systems improve compliance among micro and small enterprises in Brazil, leading to increased formalization and business continuity. Similarly, [11] argues that effective tax management not only eases administrative burdens but also creates the fiscal space necessary for business reinvestment and expansion. Furthermore, participants emphasized the need for reforming tax exemptions, addressing discriminatory practices, and increasing tax base coverage without disproportionately burdening compliant businesses—a concern echoed in [4], who stresses that regional tax policies must be both inclusive and performance-based to sustain entrepreneurial momentum.

Another prominent finding was the role of *institutional and economic support systems* in fostering entrepreneurship through tax policy. The experts in this study emphasized that tax-related interventions cannot succeed in isolation but must be embedded in broader institutional frameworks that promote economic transparency, reduce uncertainty, and enhance investor security. This supports the observations of [13], who found that institutional quality significantly affects how tax structures are perceived and acted upon by entrepreneurs across EU economies. Similarly, [18] notes that decentralized and sector-specific tax policies in rural regions are more effective when supported by institutional trust and sectoral policy coherence. In the Iranian context, experts underscored the need for a unified and integrated tax information system to minimize arbitrary enforcement and support consistent, rule-based administration—an approach that mirrors [5]'s argument for formalizing informal sector enterprises through trust-based tax policy.

The third key theme concerns *entrepreneurial motivation and security*. Participants highlighted the importance of stable macroeconomic conditions, transparent tax rates, and predictable enforcement in fostering a positive entrepreneurial climate. This resonates with [21], who found that perceived fairness and predictability of the tax regime are just as influential as nominal tax rates in shaping entrepreneurial behavior in Germany. In this light, unpredictable or arbitrarily enforced tax policies act as psychological deterrents, reducing the willingness of entrepreneurs to innovate or expand. Likewise, [22] suggests that entrepreneurial decisions are grounded not only in financial calculations but also in cultural and institutional perceptions of state-business relations. This study's findings confirm that policies that promote investment security—through both tax incentives and broader regulatory stability—can unlock significant entrepreneurial potential, especially in sectors with high perceived risk.

An important and recurrent insight from the interviews was the adverse effect of *high effective tax rates* and *narrow tax base coverage*. Participants noted that when only a limited number of economic actors bear the bulk of the tax burden, while large swaths of the informal economy remain untaxed, this leads to a distorted playing field. This concern is echoed by [24], whose panel study on SAARC countries confirms that uneven tax enforcement exacerbates informality and undermines the fiscal capacity to support entrepreneurship. [15] similarly warns that fragmented tax structures and loophole-ridden systems not only reduce state revenue but also incentivize avoidance and reduce market competitiveness. Addressing this requires comprehensive tax base expansion strategies that incorporate informal sector actors while offering clear and achievable pathways toward formalization.

The data also suggest that *progressive reform of corporate income tax (CIT)* is necessary to avoid deterring investment. Experts in the present study emphasized the importance of tailoring CIT rates and deductions to the specific realities of small and medium-sized enterprises (SMEs). This is consistent with [3], who highlights that excessive CIT rates discourage reinvestment and growth among small firms, often leading to stagnation or exit. Furthermore, [8] provides empirical support

for tax incentives that reward innovation, suggesting that such measures can lead to measurable increases in both start-up creation and firm longevity. In Iran's case, where bureaucratic inertia and tax-related opacity are common, participants stressed that even modest policy clarity and simplification could have outsized effects on entrepreneurial activity.

A particularly relevant finding in light of regional economic structures is the tension between *taxation and resource dependency*. Participants raised concerns about attempts to increase tax revenues as a substitute for oil-based income, warning that this may lead to hasty and poorly designed tax hikes that penalize productive entrepreneurship. This concern finds support in the work of [6], who argues that in contexts of economic transition, shifting revenue strategies must be carefully balanced to avoid crowding out private investment. Moreover, [23] calls for coordinated public policies that integrate tax reform with investment in infrastructure, education, and innovation ecosystems—a perspective mirrored by several Iranian experts who advocated for linking tax benefits with skill-building and startup incubation initiatives.

The study also confirmed that tax policy must be sensitive to *demographic and regional disparities*. Urban versus rural tax incentives, youth versus veteran entrepreneur needs, and gender-specific barriers all require nuanced attention. [19] emphasizes that socio-economic heterogeneity among entrepreneurs should inform the calibration of fiscal tools to ensure equity and inclusivity. Similarly, [20] underscores the importance of targeted youth entrepreneurship support within fiscal systems, arguing that failure to recognize demographic diversity undermines the long-term sustainability of entrepreneurial ecosystems. Iranian respondents echoed these sentiments, especially in their advocacy for special provisions for women entrepreneurs, marginalized regions, and early-stage startups.

Finally, the cumulative evidence from the interviews and supporting literature reinforces the notion that *tax policy is both a technical and political instrument*. As such, it must be designed not only for administrative efficiency but also for legitimacy and perceived fairness. This conclusion aligns with [9] and [10], who note that transparent and participatory tax policy design processes improve compliance and foster a sense of civic engagement among entrepreneurs. Several Iranian experts recommended participatory platforms for co-developing tax incentives, thereby ensuring alignment with business needs and reducing policy misinterpretation. Such approaches may be especially effective in addressing the widespread mistrust between entrepreneurs and tax authorities, a dynamic that has long hampered fiscal reform in the region.

This study is not without limitations. Firstly, it is based on qualitative data collected from a relatively small group of participants, which may not capture the full diversity of perspectives within Iran's entrepreneurial or tax policy communities. Although purposive sampling allowed for the inclusion of key informants, the findings may still reflect institutional biases or region-specific experiences. Secondly, the study focused exclusively on the Iranian context, which may limit the generalizability of the findings to other socio-economic and legal environments. Third, the research design relied heavily on expert interpretation, which, while insightful, may overlook the lived experiences and challenges of grassroots entrepreneurs who are more directly affected by tax policy on a day-to-day basis.

Future research could address these limitations by adopting a mixed-methods design that combines in-depth qualitative interviews with large-scale quantitative surveys among business owners, especially SMEs and startups. Additionally, comparative studies between Iran and similar emerging economies could provide valuable insights into the contextual factors that mediate the relationship between taxation and entrepreneurship. Researchers may also explore longitudinal approaches to assess the effects of recent or proposed tax reforms on entrepreneurial dynamics over time. Finally, future studies should

examine the intersection of tax policy with gender, age, and sectoral dimensions of entrepreneurship to better understand how taxation can either empower or inhibit specific groups of entrepreneurs.

Policymakers should prioritize the simplification and digitalization of tax procedures to reduce administrative burdens for entrepreneurs. Tax reforms must be rooted in institutional transparency and designed in consultation with stakeholders to enhance legitimacy and compliance. Equally important is the need to link fiscal incentives with broader entrepreneurial support structures, such as innovation hubs, education programs, and financing schemes. Regional disparities should be addressed through targeted tax breaks and subsidies for underdeveloped or marginalized areas. By aligning tax policy with the real-world needs and motivations of entrepreneurs, governments can create a more inclusive, vibrant, and sustainable business environment.

### Acknowledgments

We would like to express our appreciation and gratitude to all those who cooperated in carrying out this study.

### Authors' Contributions

All authors equally contributed to this study.

### Declaration of Interest

The authors of this article declared no conflict of interest.

### Ethical Considerations

The study protocol adhered to the principles outlined in the Helsinki Declaration, which provides guidelines for ethical research involving human participants. Written consent was obtained from all participants in the study.

### Transparency of Data

In accordance with the principles of transparency and open research, we declare that all data and materials used in this study are available upon request.

### Funding

This research was carried out independently with personal funding and without the financial support of any governmental or private institution or organization.

### References

- [1] S. Tatiane De Oliveira dos, "Tributação E Seus Impactos No Empreendedorismo: o Caso De Micro E Pequenas Empresas Marabá-Pa," *Remos - Revista Científica Multidisciplinar O Saber*, vol. 1, no. 1, 2025, doi: 10.51473/rcmos.v1i1.2025.1066.
- [2] E. Walters, "Eddison Walters Self-Employment Tax Modernization Reform Entrepreneurship Revitalization Negative Marginal Returns Adjustment Theory: Tax Reform for Forgotten American Workers That Will Increase Tax Revenue in Today's Technological Driven Economy," *European Journal of Accounting Auditing and Finance Research*, vol. 12, no. 10, pp. 88-101, 2024, doi: 10.37745/ejaaf.2013/vol12n1088101.
- [3] J. Block, "Corporate Income Taxes and Entrepreneurship," *Iza World of Labor*, 2021, doi: 10.15185/izawol.257.v2.

- [4] A. V. Glotko and G. G. Lyaskin, "The System of Tax Incentives in Regional Tax Policy," *SHS Web of Conferences*, vol. 128, p. 01010, 2021, doi: 10.1051/shsconf/202112801010.
- [5] C. C. Williams, "Policy Approaches Toward Informal Sector Entrepreneurship: An Overview," *Journal of Developmental Entrepreneurship*, vol. 26, no. 02, p. 2150013, 2021, doi: 10.1142/s1084946721500138.
- [6] D. B. Audretsch, M. Belitski, F. Chowdhury, and S. Desai, "Necessity or Opportunity? Government Size, Tax Policy, Corruption, and Implications for Entrepreneurship," *Small Business Economics*, vol. 58, no. 4, pp. 2025-2042, 2021, doi: 10.1007/s11187-021-00497-2.
- [7] A. J. Borah and A. Bhowal, "The Economics of Entrepreneurship: Drivers, Impacts, and Policy Implications," *South Asian Journal of Social Studies and Economics*, vol. 20, no. 2, pp. 89-99, 2023, doi: 10.9734/sajsse/2023/v20i2703.
- [8] P. Braunerhjelm and M. Henrekson, "Tax Policy to Stimulate Innovation and Entrepreneurship," pp. 145-165, 2023, doi: 10.1007/978-3-031-42756-5\_5.
- [9] C. Fazio, J. Guzmán, and S. Stern, "The Impact of State-Level Research and Development Tax Credits on the Quantity and Quality of Entrepreneurship," *Economic Development Quarterly*, vol. 34, no. 2, pp. 188-208, 2020, doi: 10.1177/0891242420920926.
- [10] K. Zhao, W. Wu, and J.-M. Ye, "The Impact of "Mass Entrepreneurship and Innovation" Policy on SMEs' Innovation: Using Quasi-natural Experiments," *Bulletin of Economic Research*, vol. 75, no. 2, pp. 348-365, 2022, doi: 10.1111/boer.12359.
- [11] A. J. Netto and F. Ferreira, "Enhancing Small Business Success Through Effective Tax Management and Policy Optimization," *Revista Sistemática*, vol. 14, no. 5, 2024, doi: 10.56238/rcsv14n5-008.
- [12] C. G. E. Salami, S. E. Ekakitie, and L. O. Ebinim, "Impact of Government Policy on Entrepreneurship Growth and Development of Small-Scale Business," *Journal of Global Social Sciences*, vol. 4, no. 14, pp. 73-102, 2023, doi: 10.58934/jgss.v4i14.154.
- [13] K. Charalampos, Z. Dermatis, E. Kalamara, and A. Anastasiou, "Multi-Criteria Evaluation of the Institutional and Tax Environment for Business in the EU Economies," *Economies*, vol. 12, no. 7, p. 178, 2024, doi: 10.3390/economies12070178.
- [14] C. Q. Jiang, M. Hu, S. Chun-yan, S. Jiang, and Z. Wu, "A Survey on the Entrepreneurial Satisfaction of College Students in Wuhan," 2019, doi: 10.2991/bems-19.2019.24.
- [15] A. Roland, "Multiple Streams, Leaked Opportunities, and Entrepreneurship in the EU Agenda Against Tax Avoidance," *European Policy Analysis*, vol. 6, no. 1, pp. 77-99, 2019, doi: 10.1002/epa2.1069.
- [16] M. M. Khyareh, "A Cointegration Analysis of Tax Evasion, Corruption and Entrepreneurship in OECD Countries," *Economic Research-Ekonomska Istraživanja*, vol. 32, no. 1, pp. 3627-3646, 2019, doi: 10.1080/1331677x.2019.1674175.
- [17] W. Sroka, T. Filipiak, and J. Barczyk-Ciuła, "The Role of the Local Government in Fostering Entrepreneurship – Evidence From Municipalities in the Kraków Metropolitan Area," *Economic and Regional Studies / Studia Ekonomiczne I Regionalne*, vol. 17, no. 1, pp. 21-57, 2024, doi: 10.2478/ers-2024-0002.
- [18] I. Forkun, O. S. Prystemskyi, O. S. Chernenko, I. A. Chkan, and I. Yakusheva, "Institutionalization of State Support and Development of Sectoral Entrepreneurship of Rural Areas," *Public Policy and Administration*, vol. 20, no. 3, pp. 454-463, 2021, doi: 10.5755/j01.ppaa.20.3.28405.
- [19] R. A. Gbadeyan, N. Y. Oppong, and S. Oduro, "Effects of Socio-Economic Factors on Entrepreneurship Activities in Cape Coast, Ghana," *Journal of Entrepreneurship and Business*, vol. 5, no. 1, pp. 39-51, 2021, doi: 10.17687/jeb.v5i1.72.
- [20] K. O. Deyganto, "Determinants of Entrepreneurship Sustainable Development in Africa," *J Glob Entrep Manage*, vol. 1, no. 1, pp. 1-12, 2023, doi: 10.59462/jgem.1.1.105.
- [21] S. R. Ramzani, P. Horam, A. Abu-Alkheil, and S. Vasa, "The Effect of Taxes on Entrepreneurs and Their Decision-Making Process in Germany," *Ijbqr*, vol. 2, no. 01, pp. 28-38, 2024, doi: 10.63922/ijbqr.v2i01.664.
- [22] E. H. Attak, "Tax Policy and Entrepreneurship," pp. 421-442, 2023, doi: 10.4018/978-1-6684-8781-5.ch019.
- [23] R. P. Singh, "The Need for New Public Policies to Increase Entrepreneurship and Spur Economic Growth," *Journal of Entrepreneurship and Public Policy*, vol. 11, no. 1, pp. 70-81, 2022, doi: 10.1108/jep-08-2019-0067.
- [24] A. J. F. Shifaniya and T. N. Vidanage, "Taxation and Entrepreneurship: Panel Data Evidence From SAARC Countries," *South Asian Journal of Social Studies and Economics*, vol. 20, no. 3, pp. 203-218, 2023, doi: 10.9734/sajsse/2023/v20i3724.

- [25] T. G. Niyonzima and G. Tchouassi, "Price Dynamics and Entrepreneurship in Africa," pp. 215-252, 2024, doi: 10.4018/979-8-3693-9486-1.ch008.
- [26] J. Tocicka, "Assumptions of State Tax Policy," *International Journal of New Economics and Social Sciences*, vol. 18, no. 2, pp. 93-100, 2023, doi: 10.5604/01.3001.0054.3040.