

Factors Affecting Tax Compliance: An Empirical Study Of Individual Taxpayers

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Abstract

This study aims to examine and analyze the effect of each variable used in this research, namely tax knowledge and awareness, tax sanctions, and tax socialization, on individual taxpayer compliance. The study was conducted on individual taxpayers registered at the South Makassar Tax Office (KPP Makassar Selatan). The data used in this research are primary data collected by distributing questionnaires to individuals registered at the Makassar Tax Office. The population in this study consists of individuals registered as taxpayers. A total of 214,920 taxpayers were identified, and 215 respondents were selected as the sample. Data analysis was carried out using SPSS. The results of the partial test (t-test) show that the Taxpayer Awareness variable has a positive and significant effect with a T-statistic of 0.431; Tax Sanctions have a positive and significant effect with a T-statistic of 0.404; and Tax Socialization has a positive and significant effect with a T-statistic of 0.587.

Keywords: Money Supply, Card-Based Payment Instruments, Monetary Stability

INTRODUCTION

Tax compliance refers to the extent to which taxpayers adhere to the substantive and procedural requirements stipulated in tax regulations. Compliance encompasses both formal and material dimensions: formal compliance relates to the timely fulfillment of administrative requirements, while material compliance concerns the accuracy and completeness of tax reporting in accordance with substantive tax laws (Wluyo, 2020). These dimensions collectively serve as essential indicators of the performance of a country's tax administration.

To provide a theoretical foundation for understanding taxpayer compliance behavior, the Theory of Planned Behavior (TPB), developed by (Ajzen, 1991), is widely applied in taxation studies. TPB posits that individual behavior is driven by behavioral intention, which is influenced by attitudes toward the behavior, subjective norms, and perceived behavioral control. In the taxation context, compliance intention is shaped by taxpayers' perceptions of the benefits of paying taxes, social pressures to comply, and their perceived ability to meet tax obligations. TPB extends the earlier Theory of Reasoned Action (TRA) by Ajzen and Fishbein (1975), and has been empirically validated across numerous taxation studies.

Existing research suggests that taxpayer compliance is determined by several factors, including tax awareness, tax knowledge, tax socialization, tax authority service quality, and tax sanctions. Tax awareness involves taxpayers' comprehension of the role and importance of taxes in public finance. Individuals with strong awareness are inclined to demonstrate higher levels of compliance (Cindy & Yenni, 2013). However, empirical inconsistencies exist. For instance, As'ari (2018) found that awareness does not always significantly influence individual taxpayer compliance.

Tax knowledge is another determinant that influences compliance behavior. Well-informed taxpayers tend to comply more accurately because they understand reporting procedures, regulatory obligations, and administrative requirements (Nurulita, 2017).

Meanwhile, tax sanctions, whether administrative or criminal, serve as deterrents to non-compliance. Properly enforced sanctions can reduce tax evasion tendencies and reinforce lawful behavior (Oladipupo & Obazee, 2016).

Tax socialization constitutes an important governmental instrument to disseminate tax-related information to the public. Effective socialization initiatives enable taxpayers to acquire accurate and updated information regarding tax regulations, thereby facilitating compliance (Sudrajat & Ompusunggu, 2015). Nonetheless, research by (Yogatama, 2014) indicates that tax socialization does not consistently exert a significant influence on compliance, suggesting that the quality, frequency, and outreach of socialization efforts may require improvement. Considering these dynamics, examining factors influencing taxpayer compliance becomes particularly relevant in specific administrative areas, such as the South Makassar Tax Office (KPP Pratama Makassar Selatan). In this region, taxpayer awareness, tax socialization, and tax sanctions constitute key variables that may shape individual taxpayer compliance. Given that tax compliance is fundamental to national revenue sustainability, empirical analysis of these determinants is expected to provide valuable insights for policymakers in designing more effective tax administration strategies.

The TRA, developed by (Ajzen & Fishbein, 1975), contends that an individual's behavior is determined by their behavioral intention, which in turn is shaped by attitudes and subjective norms. Within the taxation context, this theory emphasizes that taxpayers' intentions are influenced by their perceptions of tax authority services, tax socialization, and the effectiveness of the tax system. High-quality tax services, user-friendly systems, and effective socialization can enhance taxpayers' perceptions, thereby strengthening their intention to comply.

(Siahaan et al., 2018) explain that TPB is grounded in the assumption that individuals behave rationally by considering available information and weighing potential consequences. TPB highlights three belief structures:

1. **Behavioral beliefs**, which shape attitudes toward outcomes, e.g., taxpayers comply when they believe their contributions support national development.
2. **Normative beliefs**, which reflect perceived social pressures, e.g., tax socialization acts as a governmental mechanism to guide taxpayer behavior.
3. **Control beliefs**, which relate to perceived ease or difficulty in performing behavior, e.g., tax sanctions operate as external controls that promote compliance.

According to (Nurulita, 2017), taxpayer compliance denotes adherence to applicable tax regulations. (Siahaan et al., 2018) highlight that compliance reflects voluntary fulfillment of tax obligations, including accurate and complete submission of annual tax returns. Tax compliance can be categorized into formal and material compliance. Formal compliance pertains to administrative fulfillment, while material compliance relates to substantive accuracy. Collectively, these represent responsible and lawful taxpayer behavior.

Taxpayer awareness reflects an individual's understanding of the meaning, purpose, and importance of paying taxes (Nurulita, 2017). (Rusady & Mildawati, 2020) describe awareness as a moral obligation contributing to state financing. High awareness leads to stronger compliance levels. Factors enhancing awareness include tax socialization, service quality, taxpayer characteristics, knowledge level, economic capacity, and positive perceptions of the tax system. Conversely, negative perceptions of tax officers, external institutional barriers, corruption issues, perceived deficiencies in public development, and perceived lack of transparency may lower awareness.

(Mardiasmo, 2018) defines tax sanctions as mechanisms ensuring obedience to tax laws. Sanctions may be administrative or criminal, depending on the nature and severity of violations. Administrative sanctions include interest charges, fines, and penalty increases, whereas criminal sanctions involve fines, short-term detention, or imprisonment. The severity of sanctions escalates with the magnitude of the taxpayer’s violation (As’ari, 2018).

Tax socialization functions as a communication channel that enables the government to provide taxpayers with information, guidance, and consultation on tax obligations (Purba, 2018). According to DJP Circular SE-98/PJ/2011, tax socialization aims to enhance public knowledge, skills, and attitudes regarding taxation. Socialization activities may be conducted directly, through seminars, workshops, and technical guidance, or indirectly through media broadcasts and distribution of informational materials.

Tax socialization can be described as an effort undertaken to provide taxation knowledge to the public, particularly to taxpayers, so that they understand all matters related to taxation, both in terms of regulations and procedures, through the use of appropriate methods

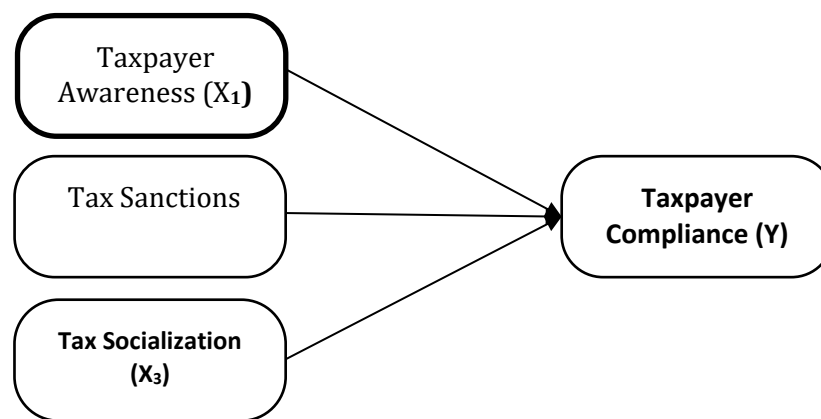


Figure 1. Conceptual Framework

RESEARCH METHODS

This study employs a quantitative research approach, as this method allows the researcher to address various issues related to paradigms, strategies, methods, personal experience, and researcher competence, all of which influence the research process. The quantitative approach also enables the researcher to understand phenomena within a specific group more comprehensively and to make inferences about a broader population beyond the respondents studied. Additionally, this method offers efficiency, clarity, and the potential to derive more systematic scientific insights.

The population in this study consists of all individual taxpayers registered at the South Makassar Tax Office (KPP Makassar Selatan), totaling 214,920 individuals. A sample is defined as a subset of the population that possesses the same characteristics as the population (Sugiyono, 2015). The sampling technique used in this study is non-probability sampling, specifically incidental sampling. Incidental sampling is a technique in which samples are selected based on chance, meaning that anyone who happens to meet the researcher and is deemed suitable may be

included as a respondent (Sugiyono, 2015).

Given the large population size, it is not feasible to include all taxpayers as research subjects. Therefore, the number of samples was determined using the Slovin formula as cited by Riduwan (2005:65), which is expressed as:

$$n = \frac{N}{1 + N e^2}$$

n = sample Size

e = margin of error tolerated (10% or 0.10)

$$n = \frac{N}{1 + N e^2}$$

$$n = \frac{214.920}{1 + (214.920)(0,01)^2}$$

n = 214,92 Thus, the sample size was rounded to **215 respondents**.

Based on this calculation, the number of individual taxpayers included as respondents in this study is 215 individuals registered at KPP Makassar Selatan. The data utilized in this research are secondary data obtained through the distribution of structured questionnaires in the form of checklists to assist respondents at the South Makassar Tax Office.

RESULTS AND DISCUSSION

The data used in this study were obtained from the South Makassar Tax Office (KPP Makassar Selatan) for the period 2015–2018. KPP Makassar Selatan administers four districts in the city of Makassar, namely Panakkukang District, Manggala District, Rappocini District, and Makassar District. The data collected from KPP Pratama Makassar Selatan include the number of registered individual taxpayers and active individual taxpayers. A total of 215 questionnaires were distributed, resulting in 215 observations (n = 215) for this study, consisting of individual taxpayer respondents.

Descriptive Analysis

Descriptive statistics are used to summarize and describe research data statistically. In this study, descriptive statistical analysis refers to measures such as the mean, standard deviation, minimum and maximum values for all variables examined, namely Taxpayer Compliance (Y), Taxpayer Awareness (X1), Tax Sanctions (X2), and Tax Socialization (X3).

Table 1 Descriptive Statistics

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
Taxpayer Awareness	215	5,00	25,00	1695,00	7,8837	3,31105
Tax Sanctions	215	5,00	25,00	1794,00	8,3442	3,74947
Tax Socialization	215	4,00	20,00	1353,00	6,2930	2,75184
Taxpayer Compliance	215	3,00	13,00	1027,00	4,7767	2,03392

Valid N (listwise)	215					
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Source: Data processed using SPSS

Based on Table 1 above, it is shown that the total number of observations in this study is 215. There are no missing variables, which indicates that all variables can be analyzed. The descriptive results show that the Taxpayer Awareness variable has minimum and maximum values ranging from 5 to 25, with an average score of 7.8837. The Tax Sanctions variable also ranges from 5 to 25, with a mean value of 8.3442. The Tax Socialization variable has minimum and maximum values between 4 and 20, with a mean score of 6.2930. Meanwhile, the Taxpayer Compliance variable has minimum and maximum values between 3 and 13, with an average of 4.7767.

Normality Test

The results of the normality test using a histogram analysis show that the distribution of the data forms a bell-shaped curve, indicating that the data follow a normal distribution. The graphical analysis can be observed in the figure below:

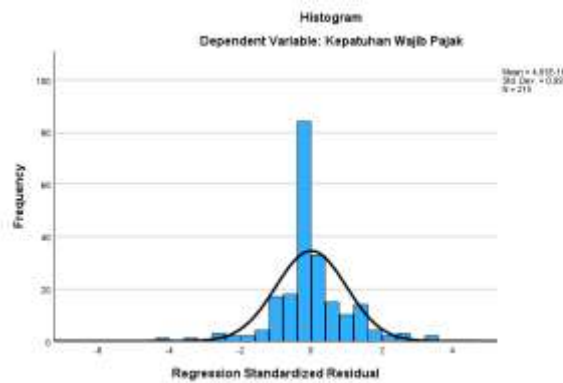


Figure 2 Histogram Chart

The normality test aims to determine whether the disturbance terms or residuals in the regression model are normally distributed. Based on the histogram shown above, it can be observed that the distribution appears to meet the normality assumption. The histogram displays a bell-shaped pattern, indicating that the data follow a normal distribution.

Heteroscedasticity Test

This test is conducted to assess whether the disturbance terms exhibit constant variance or whether variance differs across observations.

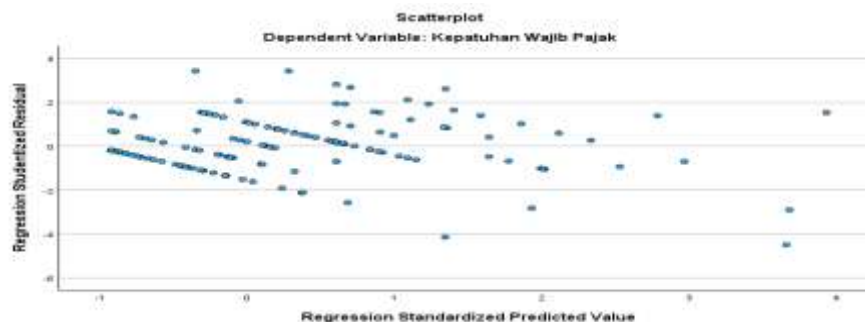


Figure 3 Heteroscedasticity Test Results

The figure above indicates that heteroscedasticity is not present, as there is no discernible pattern and the data points are randomly dispersed both above and below the zero value on the Y-axis. Therefore, it can be concluded that the heteroscedasticity assumption is satisfied.

T-Statistic Test

Table 2. t-Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3,866	,694		16,697	<,003
Taxpayer Awareness	,431	,030	,702	14,378	<,001
Tax Sanctions	,404	,025	,744	16,260	<,001
Tax Socialization	,587	,031	,795	19,118	<,001

Source: Data processed using SPSS

Based on the table above, it can be observed that variable X, Taxpayer Awareness (X1), has a significance level of $0.001 < 0.05$ and a coefficient value of $\beta = 0.431$. This indicates that higher levels of taxpayer awareness lead to higher levels of tax compliance. The Tax Sanctions variable (X2) has a significance level of $0.001 < 0.05$ and a coefficient value of $\beta = 0.404$, suggesting that the less stringent the sanctions imposed on taxpayers, the lower their compliance level tends to be. The Tax Socialization variable (X3) shows a significance level of $0.001 < 0.05$ and a coefficient value of $\beta = 0.587$, which means that more frequent tax socialization efforts lead to higher taxpayer compliance.

Taxpayer Awareness Toward Tax Compliance

The results of the hypothesis testing indicate that taxpayer awareness has a positive and significant effect on taxpayer compliance. This is evidenced by a significance value below 0.05 ($0.00 < 0.05$) and a coefficient of 0.431, confirming that the variable meets the significance criteria and exerts a positive influence.

These findings are consistent with the Theory of Planned Behavior, particularly the component of Behavioral Beliefs. This concept explains that before engaging in a behavior, individuals form beliefs about the potential outcomes of that behavior, which then influence their intention to perform or not perform it. In the context of taxation, taxpayers who are aware of the importance of paying taxes will believe that fulfilling their tax obligations contributes positively to national development (Behavioral Beliefs) (Arum, 2012).

This study is also aligned with research by (Rohmawati & Rasmini, 2012) and (Wicaksono, 2015), (Nurrahmi, Amran, 2025), (Masrullah et al., 2021), which found that tax sanctions have a positive and significant effect on taxpayer compliance. However, it contrasts with findings by (Tambun & Witriyanto, 2016), which reported that taxpayer awareness has a positive but insignificant effect on compliance.

Tax Sanctions Toward Tax Compliance

The hypothesis test results show that tax sanctions have a positive and significant influence on taxpayer compliance. The significance value is below 0.05, and the coefficient is 0.404, indicating that the variable meets the criteria and exerts a meaningful positive effect. Strict and consistent enforcement of tax sanctions positively affects individual taxpayer compliance. When taxpayers are aware of the substantial financial and legal consequences associated with non-compliance, they tend to behave more cautiously and adhere to tax regulations. Empirical

studies suggest that compliance increases as sanction enforcement becomes more effective. Taxpayers typically prefer to avoid the risk of penalties by ensuring accurate and timely tax payments and reporting.

Moreover, awareness of tax sanctions can foster long-term behavioral change. Understanding the potential consequences of non-compliance enhances taxpayers' perception of taxation as a civic responsibility. Thus, sanctions serve not only as a legal instrument but also as an educational mechanism that motivates taxpayers to contribute to state revenue by fulfilling their obligations properly.

Tax Socialization Toward Tax Compliance

The results of hypothesis testing indicate that tax socialization has a positive and significant influence on taxpayer compliance. The significance value is below 0.05, and the coefficient of 0.587 confirms the variable's influence and significance.

The effectiveness of tax socialization in improving individual taxpayer compliance lies in its ability to shape perceptions and attitudes toward taxation. When taxpayers have a clearer understanding of tax procedures and the benefits generated from tax revenues, they are more motivated to comply with tax regulations. Continuous and comprehensive socialization efforts enhance awareness of the essential role of taxes in national development, encouraging taxpayers to view tax payment as a constructive contribution rather than merely an administrative or financial burden.

Furthermore, effective tax socialization helps build transparency and trust between tax authorities and taxpayers. By providing clear, accessible information and responding promptly to taxpayer concerns, authorities create a more supportive environment. This trust is vital, as taxpayers who feel valued and supported tend to be more compliant. Therefore, tax socialization functions not only as a communication tool but also as a strategic approach to cultivating long-term tax compliance culture.

This finding aligns with research by (Saputra, 2018), which reported that tax socialization positively and significantly affects taxpayer compliance. Taxpayers who receive adequate information and education are generally more compliant in fulfilling their tax obligations.

CONCLUSION

Based on the results and discussion presented in this study, Taxpayer Awareness has a positive and significant effect on Taxpayer Compliance at the KPP Pratama Makassar Selatan. This finding indicates that taxpayers possess a high level of awareness regarding their tax obligations. As taxpayer awareness increases, their level of compliance also rises. This demonstrates that awareness plays a crucial role in encouraging taxpayers to fulfill their tax responsibilities properly.

Tax Sanctions have a positive and significant effect on Taxpayer Compliance at the KPP Pratama Makassar Selatan. Firm and consistent enforcement of tax sanctions encourages taxpayers to be more cautious and to comply with tax regulations to avoid financial and legal consequences. Moreover, awareness of tax sanctions enhances taxpayers' understanding of compliance as a form of social responsibility. Thus, sanctions function not only as a legal enforcement tool but also as an educational mechanism that supports active taxpayer participation in national development through accurate and timely tax payments.

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