

Analysis of Taxpayer Compliance Determinants through Taxpayer Awareness (A Study on Individual Taxpayers at KPP Pratama Sekayu)

Budi Ismantoro*¹, Tubagus Ismail², Sri Astuty³

¹Master of Management, University Terbuka

²Sultan Ageng Tirtayasa University

³Makassar State University

Email : 530073908@ecampus.ut.ac.id

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ABSTRACT

The purpose of this research is to determine the factors of taxpayer compliance at the Sekayu Tax Office. This research was conducted on individual taxpayers at the Sekayu Tax Office. The research method used is a quantitative method using five research variables, namely Love of Money, tax knowledge, tax sanctions as the independent variable, and taxpayer compliance as the dependent variable with taxpayer awareness as the intervention/mediation variable. The variable measurement scale used in this research is the Likert Scale. The type of data used is primary data collected through a questionnaire survey of 100 individual taxpayers at the Sekayu Tax Office. Data analysis was carried out using Structural Equation Modeling (SEM) based on Partial Least Square (PLS) using SmartPLS 4.0 software. The results of the research show that: 1) Tax knowledge and tax sanctions have a significant influence on taxpayer awareness 2) Tax knowledge and tax sanctions have a positive and significant influence on taxpayer compliance 3) Love of money has a negative and insignificant influence on taxpayer awareness and compliance tax 4) Tax awareness does not have a significant effect on taxpayer compliance and 5) Tax knowledge and tax sanctions do not have a significant effect on taxpayer compliance through taxpayer awareness.

Corresponding Author:

Name of Corresponding Author,

Informatics Department, Faculty of Science & Technology, UIN Sunan Gunung Djati Bandung

Jl. A. H. Nasution No. 105, Cibiru, Bandung, Indonesia. 40614

Email: join@uinsgd.ac.id



1. INTRODUCTION

The presence of taxes has now reached almost every aspect of life and economic activities in society. Sometimes, taxes cause unrest in society because, in general, only a small number of taxpayers are willing to voluntarily fulfill their tax obligations, such as paying taxes, reporting taxes, or both. Taxes are still seen as burdensome, especially in the face of uncertain business climates and unstable economies.

Not only is it difficult to pay taxes, but many people also struggle to meet their daily needs. However, on the other hand, as a source of state revenue used for government spending and national development, taxes have become the primary source of state income to finance government administration, public services, and national development (Mardiasmo, 2018). The importance of taxes as the main source of financing, infrastructure improvement, and the provision of public services, which in turn drives economic growth in both developing and developed countries, is clear (Alshira'h & Abdul-Jabbar, 2020). Between 2020 and 2022, taxes contributed more than 70 percent to Indonesia's state budget (APBN). This ratio shows that tax revenue plays a very important role compared to other sources of state revenue.

One important aspect of tax revenue is increasing taxpayer compliance. Taxpayer compliance is at the core of Indonesia's tax system, which adheres to the Self Assessment System. The government has been making various efforts to increase tax revenue, including raising awareness and compliance so that taxpayers understand their obligations and the benefits of paying taxes. The Self Assessment System is a tax collection system that gives taxpayers the trust to determine the amount of tax payable each year according to applicable tax laws. With this system, the state trusts taxpayers to calculate, deposit, and report their own taxes. The tax authorities, in this case, the Directorate General of Taxes (DJP), are responsible for guiding and overseeing the fulfillment of taxpayers' tax obligations based on tax law.

The Self Assessment System has been implemented for three decades in Indonesia since 1983 but has not yielded satisfactory results. According to data from the Ministry of Finance, tax revenue in 2022 reached IDR 1,716.8 trillion, growing by 34.3% compared to IDR 1,278 trillion in 2021. Despite this, Indonesia's tax ratio remains below the global average at 13.5% of Gross Domestic Product (GDP). In fact, Indonesia's tax ratio in 2022 improved compared to 2021, reaching 10.4% of GDP, up from 9.11% in 2021 (kontan.co.id). A tax ratio of 15% is required for a country to be sustainable and have sufficient funding for national development (kontan.co.id). This indicates that tax revenue in Indonesia is still unsatisfactory. The low tax ratio suggests that the government, particularly the DJP, needs to realize higher tax revenue to support national development. The low tax ratio reflects a lack of taxpayer awareness in fulfilling their self-assessment obligations, or in other words, a low level of taxpayer compliance (Anugrah & Fitriandi, 2022).

Kantor Pelayanan Pajak (KPP) Pratama Sekayu is one of the 13 KPPs under the Directorate General of Taxes (DJP) South Sumatra and the Bangka Belitung Islands Office. KPP Pratama Sekayu serves two districts: Musi Banyuasin, with an area of 14,266 km², and Banyuasin, with an area of 11,833 km². Given the vast geographic area, it presents a unique challenge for KPP Pratama Sekayu in carrying out its duties to ensure state revenue from taxes.

Table 1 Tax Revenue Achievement at KPP Pratama Sekayu

Year	Target (IDR)	Realization (IDR)	Achievement (%)	Growth (%)
2020	1,024,105,088,000	1,142,372,102,578	111.55%	-4.37%
2021	1,151,425,353,000	1,194,624,093,759	103.75%	16.57%
2022	1,075,009,676,000	1,265,171,039,328	117.69%	14.90%

Source: KPP Pratama Sekayu

The table above shows that KPP Pratama Sekayu achieved its tax revenue target, with increasing realizations from 2020 to 2022. In 2022, tax revenue reached IDR 1.26 trillion, achieving 117% of the set target, with a growth rate of 14.90%.

Table 2 Annual Tax Return (SPT) Submission Recap for Individual Taxpayers

Year	Number of Taxpayers	Submitted SPT	Compliance Ratio (%)
2020	229,582	32,073	13.97%
2021	252,165	35,138	13.93%
2022	281,512	31,637	11.24%

Source: KPP Pratama Sekayu

Despite achieving the tax revenue targets, the compliance ratio of individual taxpayers, as reflected in the submission of annual tax returns (SPT), remains very low. As shown in Table 1.2, the compliance ratio has decreased each year. In 2022, out of 281,512 registered individual taxpayers, only 31,637 submitted their SPT, resulting in a compliance ratio of only 11.24%.

Table 3 Tax Bill Issuance Recap for Individual Taxpayers

Year	STP Issued	STP Value (IDR)
2020	1,841	244,897,859
2021	1,154	301,547,503
2022	671	120,011,344

Source: KPP Pratama Sekayu

As shown in Table 1.3, the number of Tax Bills (STP) issued for individual taxpayers at KPP Pratama Sekayu has decreased from 2020 to 2022, although the nominal value has fluctuated. This indicates that the level of awareness and compliance among individual taxpayers remains low.

The Theory of Planned Behavior (TPB), first introduced by Ajzen (1991), explains the phenomena that influence an individual's intention to perform an action. In this case, taxpayer compliance is seen as an individual's intention to comply with tax regulations. TPB suggests that human actions are guided by three types of beliefs: behavioral beliefs, normative beliefs, and control beliefs. TPB explains that before taking an action, an individual forms beliefs about the consequences of the behavior and then decides whether to perform the behavior. Therefore, TPB is relevant to understanding taxpayer compliance. As shown in research by Ningrum & Hidayatulloh (2020), compliance with tax obligations reflects an individual's willingness to adhere to tax regulations and laws. Compliance is demonstrated by individuals who pay taxes continuously. Therefore, compliance can encourage taxpayers to meet their tax obligations.

Based on literature reviews of previous research, several determinants of individual taxpayer compliance have been discussed, such as love of money, tax knowledge, tax sanctions, and taxpayer awareness.

The love of money concept refers to an individual's strong attachment to money, which can lead them to base actions on financial considerations. It has been found that this can affect a taxpayer's compliance behavior (Choiriyah & Damayanti, 2020). Tax knowledge, including understanding tax procedures and regulations, also plays a significant role in increasing compliance (Afisah & Witono, 2023). Tax sanctions, such as administrative or criminal penalties, are meant to enforce compliance, though some studies show mixed results regarding their effectiveness (Hantono & Sianturi, 2022).

Lastly, taxpayer awareness is crucial in Indonesia's Self Assessment System, where taxpayers must voluntarily fulfill their tax obligations. Educating taxpayers about the role of taxes in funding government activities is essential for improving compliance.

Given the research gaps identified in prior studies, this research aims to examine whether love of money, tax knowledge, and tax sanctions influence taxpayer compliance, with taxpayer awareness acting as a mediator. This study will be conducted at KPP Pratama Sekayu, where tax revenue targets have been met, yet individual taxpayer compliance remains low.

2. METHOD

This type of research uses a quantitative approach. Quantitative research is used to study a specific population or sample, where data collection is done using research instruments, and data analysis is quantitative/statistical with the aim of testing the hypotheses that have been formulated. Quantitative research is applied to samples taken randomly, so the research findings can be generalized to the population from which the sample was drawn. Therefore, it can explain the condition of the variables being studied and describe the causal relationship between the independent variables—love of money, tax knowledge, and tax sanctions—and the dependent variable—taxpayer compliance—with taxpayer awareness as a moderating variable that will either strengthen or weaken the relationship between the dependent and independent variables.

This research was conducted at the Kantor Pelayanan Pajak (KPP) Pratama Sekayu. The population in this study consists of individual taxpayers registered at KPP Pratama Sekayu. There were 281,512 individual taxpayers registered in 2022. This research uses primary data, specifically a questionnaire distributed to the respondents. The data sources for this study were obtained from individual taxpayers

at KPP Pratama Sekayu. The taxpayers were selected as the population because there was a decline in individual taxpayer compliance in 2022 compared to the previous tax year.

The research instrument used in this study is a questionnaire. The questionnaire includes questions on love of money, tax knowledge, tax sanctions, taxpayer awareness, and taxpayer compliance in the form of statements and written questions, which will then be distributed and answered by the respondents. Furthermore, to measure attitudes, opinions, and perceptions of individuals or groups of individuals regarding the research phenomena, a Likert Scale will be used for identification and measurement.

3. RESULT AND ANALISIS

Research Results

History of the KPP Pratama Sekayu

The KPP Pratama Sekayu was established in 1976 under the name Kantor Dinas Luar TK. II Pajak Sekayu, located on Jl. Letnan Munandar Sekayu, Musi Banyuasin. The office had the task and function of coordinating the implementation of the duties of the Regional Tax Inspectorate in South Sumatra. From 1990 to 1998, the name changed to Kantor Penyuluhan Pajak Sekayu, located at Jl. Kol Wahid Udin No. 229 Sekayu, Musi Banyuasin. The office's duties included conducting guidance and monitoring of tax education and services, handling public service relations, as well as performing tax education and services. From 1998 to 2004, it was renamed Kantor Penyuluhan, Pengamatan dan Potensi Perpajakan (KP4) Sekayu, which was under the vertical unit of the South Sumatra Regional Directorate General of Taxes (DJP) and became part of the KPP Pratama Palembang Selatan. In addition to handling service-related matters, the office was tasked with being a Tax Education, Monitoring, and Potential Office in South Sumatra. Then, from 2004 to 2008, KP4 Sekayu became Kantor Pelayanan Pajak Bumi dan Bangunan (KPPBB) Sekayu, located on Jl. Perjuangan No. 321 Sekayu, Musi Banyuasin. KPPBB was led by head of office M. Yamin (2004-2008), who was succeeded by Yunus Darmono (2008-2009). With the rapid development of the tax system, in 2009 KPPBB transitioned into the KPP Pratama Sekayu and was no longer under the KPP Pratama Palembang Seberang Ulu. Now, KPP Pratama Sekayu stands independently as one of the tax offices under the Directorate General of Taxes South Sumatra and Bangka Belitung Islands Regional Office.

Duties, Functions, and Organizational Structure of KPP Pratama Sekayu

Based on the Minister of Finance Regulation No. 184/PMK.01/2020 dated November 18, 2020, concerning amendments to the Minister of Finance Regulation No. 210/PMK.01/2017 regarding the Organization and Work Procedures of Vertical Units of the Directorate General of Taxes, a Tax Service Office (KPP) is a vertical unit of the Directorate General of Taxes that reports directly to the Head of the Regional Office. In this case, KPP Pratama Sekayu reports directly to the Head of the DJP South Sumatra and Bangka Belitung Regional Office in Palembang. According to Article 58 of PMK No. 184/PMK.01/2020, KPP Pratama Sekayu has the task of carrying out services, education, supervision, and enforcement of tax law for taxpayers in the fields of Income Tax, Value Added Tax, Luxury Goods Tax, other indirect taxes, and Land and Building Tax, as well as managing information regarding the subjects and objects of tax within its jurisdiction according to applicable laws. According to Article 59 of PMK No. 184/PMK.01/2020, KPP Pratama Sekayu performs the following functions:

- a. Analysis, elaboration, and achievement of tax revenue targets;
- b. Management of data and information regarding taxpayers and tax objects within the KPP's jurisdiction;
- c. Services, education, registration, and management of taxpayer reports;
- d. Registration of taxpayers, tax objects, and cancellation of Taxpayer Identification Numbers (NPWP); Registration and revocation of taxable entrepreneur status;
- e. Issuance and/or cancellation of Tax Object Numbers (NOP) ex officio;
- f. Resolving follow-ups on taxpayer or public requests for applications or cancellations;
- g. Supervision, auditing, assessment, and tax collection;
- h. Data collection and mapping of taxpayers and tax objects, and imposition; Setting, issuing, and/or correcting legal products and tax service products;

- i. Supervision and monitoring of tax amnesty follow-ups; Ensuring the quality of recorded data and internal and external data identification;
- j. Updating the tax database;
- k. Reductions in Land and Building Taxes; Managing performance and risk management;
- l. Implementation and monitoring of internal compliance;
- m. Record-keeping and management of tax receivables;
- n. Implementation of tax cooperation follow-ups;
- o. Management of tax and non-tax documents; Office administration.

KPP Pratama Sekayu is a technical implementation unit of the Directorate General of Taxes that provides direct services to taxpayers. Therefore, in carrying out its tasks and functions, KPP Pratama Sekayu is essentially carrying out the mandate established by the Directorate General of Taxes. Hence, KPP Pratama Sekayu must strive to be an effective and efficient agency, free from abuse of authority, and accountable for its success or failure in fulfilling the established vision and mission.

The vision of KPP Pratama Sekayu is "To Become an Excellent and Trusted Institution in Collecting State Revenues for the Welfare of the People." Meanwhile, the mission of KPP Pratama Sekayu, based on the mission set by the Directorate General of Taxes, includes:

- a. Providing effective, efficient, and targeted excellent service;
- b. Carrying out duties with full responsibility, integrity, and professionalism;
- c. Collecting state revenue, increasing tax compliance, and enforcing fair legal justice;
- d. Building a sense of ownership of taxes as a collective pride.

Respondent Characteristics

The respondents in this study are individual taxpayers registered at KPP Pratama Sekayu. The characteristics of the respondents are an important statistical tool to measure the population, and are described in terms of gender, age, occupation/business, and education level. Data for this research was obtained using a questionnaire distributed directly to taxpayers at KPP Pratama Sekayu. The respondent characteristics are further explained through the following tables:

Gender

Table 4 Respondent Characteristics Based on Gender

No	Gender	Number	Percentage
1	Male	63	63%
2	Female	37	37%
Total		100	100%

Source: Processed Primary Data (2024)

Table 4 shows that the number of male respondents from KPP Pratama Sekayu is 63 people or 63%, while the number of female respondents is 37 people or 37%. This indicates that male taxpayers dominate the population of KPP Pratama Sekayu.

Age

Table 5 Respondent Characteristics Based on Age

No	Age Range	Number	Percentage
1	20-30 Years	23	23%
2	31-40 Years	54	54%
3	41-50 Years	14	14%
4	>51 Years	9	9%
Total		100	100%

Source: Processed Primary Data (2024)

Table 5 shows that most respondents at KPP Pratama Sekayu are aged between 31-40 years, with 54 people or 54%. The second largest group is in the 20-30 year range, with 23 people or 23%. The

remaining respondents are in the 41-50 year range (14 people or 14%), and those over 51 years old make up only 9 people or 9% of the total respondents.

Occupation/Business Type

Table 6 Respondent Characteristics Based on Occupation/Business

No	Occupation/Business	Number	Percentage
1	ASN, TNI, POLRI	41	41%
2	Private Employees	20	20%
3	Entrepreneurs	19	19%
4	Farmers/Gardeners	3	3%
5	Services	17	17%
Total		100	100%

Source: Processed Primary Data (2024)

Table 6 shows that the majority of respondents at KPP Pratama Sekayu work as ASN, TNI, or POLRI, with 41 people or 41% of the respondents. The next largest group consists of private employees, with 20 people or 20%. Entrepreneurs make up 19 people or 19%, while those working in services account for 17 people or 17%. Only 3 respondents, or 3%, are farmers or gardeners.

Education Level

Table 7 Respondent Education Level

No	Education Level	Number	Percentage
1	High School (or equivalent)	26	26%
2	D3 (Diploma)	14	14%
3	D4/S1 (Bachelor's)	57	57%
4	S2 (Master's)	3	3%
Total		100	100%

Source: Processed Primary Data (2024)

Table 7 shows that the majority of respondents have a D4 (Diploma) or S1 (Bachelor's) degree, with 57 people or 57%. This is followed by respondents with a high school education or equivalent (26 people or 26%), D3 (Diploma) holders (14 people or 14%), and those with a master's degree (S2) are the smallest group, with only 3 people or 3%.

Description of Research Results

One of the techniques used in this research to collect data is through a questionnaire consisting of various statements based on 25 indicators being studied. This questionnaire was distributed to taxpayers receiving services at KPP Pratama Sekayu. The respondents' answers were measured according to the pre-established measurement scale to describe the assessment results from the respondents regarding the research variables. Afterward, these results were formulated into several class intervals to determine the value limits for each class, which serves as the basis for categorizing the respondents' answers.

Table 8 Class Interval

Value	Category
1.00 – 1.80	Very Poor
1.81 – 2.60	Poor
2.61 – 3.40	Fair
3.41 – 4.20	Good
4.21 – 5.00	Very Good

Source: Processed Primary Data (2024)
Table 9 Research Results Description

Construct/Variable	Indicator	Symbol	STS	TS	RR	S	SS	Total Respondents	Total Score	Average Score
Love of Money	Priority	X1.1	2	3	11	38	46	100	423	4.23
	Caution	X1.2		1	6	47	46	100	438	4.38
	Achievement	X1.3	1	17	33	31	18	100	348	3.48
	Relation	X1.4		16	23	41	20	100	365	3.65
	Purpose	X1.5		7	21	42	30	100	395	3.95
Average										3.94
Tax Knowledge	Identity	X2.1	1		2	37	60	100	455	4.55
	Administration	X2.2	1		3	39	57	100	451	4.51
	Rights and Obligations	X2.3	1	3	37	59	100	454	4.54	
	Tax Sanctions	X2.4	2	10	37	51	100	437	4.37	
	Tax Objects	X2.5	1	5	37	57	100	450	4.50	
	Function	X2.6	1	6	37	56	100	448	4.48	
Average										4.49
Tax Sanctions	Purpose	X3.1		4	17	45	34	100	409	4.09
	Relevance	X3.2	3	15	43	39	100	418	4.18	
	Strict Sanctions	X3.3	1	6	13	40	40	100	412	4.12
	Impact	X3.4		4	13	43	40	100	419	4.19
	Basis	X3.5	3	8	36	53	100	439	4.39	
Average										4.19
Taxpayer Awareness	Rights and Obligations	Y1.1	1	1	6	44	48	100	437	4.37
	Tax Use	Y1.2	1	3	5	44	47	100	433	4.33
	Tax Objects	Y1.3		4	12	43	41	100	421	4.21
	Motivation	Y1.4		5	13	46	36	100	413	4.13
Average										4.26
Taxpayer Compliance	Registration	Y2.1	1	3	15	47	34	100	410	4.10
	SPT Calculation	Y2.2	3	9	40	48	100	433	4.33	
	Timely Payment	Y2.3	2	14	42	42	100	424	4.24	
	Timely Reporting	Y2.4	1	11	35	53	100	440	4.40	
	Avoiding Sanctions	Y2.5	2	22	36	40	100	414	4.14	
Average										4.24

Source: Processed Primary Data (2024)

On the Love of Money construct, it is observed that from the 100 respondents surveyed, in general, the respondents agreed with the indicators in this variable. With an average score of 3.94, the indicators in this variable are considered good. The highest average score of 4.38 within the Love of Money variable is for the indicator of caution, followed by the priority indicator with an average score

of 4.23. It can be concluded that the majority of taxpayers at KPP Pratama Sekayu use money carefully because they consider money to be very important in life.

In the tax knowledge construct, the highest average score of 4.55 is for the identity indicator. This is followed by the indicators of rights and obligations, administration, and tax objects, each with average scores of 4.54, 4.51, and 4.5. This means that the average respondent agrees with the indicators in this variable and has very good tax knowledge. Overall, the average score of the variables is 4.49, which reaches the highest class interval, indicating an "Excellent" value.

In the tax sanctions construct, it is noted that from 100 respondents surveyed, in general, respondents' perceptions of the indicators of this variable have an average score of 4.19, which is considered good. This means that the average respondent agrees with the indicators in the tax sanctions construct. The highest average score in the tax sanctions variable is found in the "basis" indicator. The majority of taxpayers at KPP Pratama Sekayu consider the application of tax sanctions to be necessary and should be based on clear laws and regulations.

In the taxpayer awareness construct, it is evident that respondents' perceptions of the indicators in the taxpayer awareness variable have an average score of 4.26, which is considered very good. This means that the average respondent agrees with the indicators in this variable. The indicator with the highest average score of 4.37 is the rights and obligations indicator. Most taxpayers at KPP Pratama Sekayu are aware of their rights and obligations in fulfilling their tax duties.

In the taxpayer compliance construct, it is known that respondents' perceptions of the indicators in the taxpayer compliance variable have an average score of 4.24, which is considered very good. This means that the average respondent agrees with the indicators in this variable. The indicator with the highest average score of 4.4 is the timely reporting indicator. It can be seen that the majority of taxpayers who agree with the taxpayer compliance variable are those who report their annual tax return on time.

Measurement Model (Outer Model)

Table 10 Outer Loading, Composite Reliability, and Average Variance Extracted (AVE)

Construct/Variable	Indicator	Outer Loading	Description	Cronbach's Alpha	Composite Reliability	AVE
Tax Compliance	Y2.1	0.674	Valid	0.898	0.926	0.716
	Y2.2	0.867	Valid			
	Y2.3	0.911	Valid			
	Y2.4	0.853	Valid			
	Y2.5	0.906	Valid			
Tax Awareness	Y1.4	0.831	Valid	0.903	0.932	0.775
	Y1.1	0.903	Valid			
	Y1.2	0.905	Valid			
	Y1.3	0.881	Valid			
Love of Money	X1.1	0.859	Valid	0.852	0.887	0.613
	X1.2	0.774	Valid			
	X1.3	0.725	Valid			
	X1.4	0.719	Valid			
	X1.5	0.828	Valid			
Tax Knowledge	X2.1	0.894	Valid	0.965	0.972	0.851
	X2.2	0.951	Valid			
	X2.3	0.933	Valid			
	X2.5	0.94	Valid			
	X2.6	0.945	Valid			

Construct/Variable	Indicator	Outer Loading	Description	Cronbach's Alpha	Composite Reliability	AVE
	X2.4	0.869	Valid			
Tax Sanctions	X3.1	0.901	Valid	0.942	0.956	0.813
	X3.2	0.922	Valid			
	X3.3	0.916	Valid			
	X3.4	0.919	Valid			
	X3.5	0.848	Valid			

Source: SmartPLS 4.0 Output (2024)

Validity Test Based on Table 4.7, the outer loading calculation results for the indicators of tax compliance, tax awareness, Love of Money, tax knowledge, and tax sanctions variables are shown using PLS. The table indicates that the indicators for these variables have a factor loading greater than 0.70, meaning all the construct indicators are valid. Additionally, the AVE values for all constructs are greater than 0.50, which indicates high consistency and stability of the instruments used. Therefore, all the indicators are valid for measuring the constructs of tax compliance, tax awareness, Love of Money, tax knowledge, and tax sanctions.

Reliability Test The reliability of the research instruments in this study is tested using composite reliability and Cronbach's alpha coefficient. Additionally, AVE measurement can be used to assess the reliability of the latent variable component score, and its results are more conservative than composite reliability. Based on the results from Table 4.7, both composite reliability and Cronbach's alpha values indicate satisfactory values, with each variable's value exceeding the minimum threshold of 0.70. Composite reliability ranges from 0.887 to 0.972, while Cronbach's alpha ranges from 0.852 to 0.965. In other words, all constructs—tax compliance, tax awareness, Love of Money, tax knowledge, and tax sanctions—are reliable measurement tools, and all questions used to measure each construct are reliable and acceptable.

Structural Model R-Square Test

Table 11 R-Square

Variable	R-Square
Tax Compliance	0.772
Tax Awareness	0.7

Source: SmartPLS 4.0 Output (2024)

The R-square statistic shows the amount of variance in the dependent variables explained by the other independent variables in the model. According to Chin (1998), the qualitative interpretation of R-square is 0.19 (low impact), 0.33 (moderate impact), and 0.66 (high impact). Based on Table 4.8, it can be stated that the combined effect of Love of Money, Tax Knowledge, and Tax Sanctions on Tax Compliance is 0.772 or 77.2% (high impact), and on Tax Awareness is 0.70 or 70% (high impact). This indicates that the Tax Compliance and Tax Awareness variables can be explained by the combination of Love of Money, Tax Knowledge, and Tax Sanctions by 77.2% and 70%, respectively, while the remaining 22.8% and 30% can be explained by other variables not present in this study.

Goodness of Fit (GoF) Test

Table 12 GoF Index

AVE	Average R-Square	GoF Index
0.7536	0.7315	0.742

Source: SmartPLS 4.0 Output (2024)

Formula: $GoF = \sqrt{(AVE \times R^2)}$

The calculated GoF value of 0.742 or 74.2% falls into the high GoF category. The empirical data can explain the measurement and structural models with a high level of fit.

Hypothesis Testing

Table 13 Hypothesis Testing

Hypothesis	Path Coefficient	p-value	95% Confidence Interval	F square	Conclusion
H1. Tax Sanctions -> Tax Awareness	0.327	0	0.168 to 0.464	0.152	Accepted
H2. Tax Sanctions -> Tax Compliance	0.501	0	0.252 to 0.683	0.408	Accepted
H3. Tax Knowledge -> Tax Awareness	0.562	0	0.415 to 0.712	0.412	Accepted
H4. Tax Knowledge -> Tax Compliance	0.34	0.001	0.143 to 0.549	0.141	Accepted
H5. Love of Money -> Tax Awareness	-0.004	0.952	-0.111 to 0.125	0	Accepted
H6. Love of Money -> Tax Compliance	0.075	0.138	-0.022 to 0.177	0.021	Accepted
H7. Tax Awareness -> Tax Compliance	0.07	0.581	-0.149 to 0.347	0.007	Rejected

Source: SmartPLS 4.0 Output (2024)

Path Coefficient Test & Effect Size (F-Square)

Based on the hypothesis testing results, it is known as follows:

- Hypothesis 1 (H1)** is accepted, indicating a significant effect of Tax Sanctions on increasing Tax Awareness, with a path coefficient of (0.327) and a p-value of (0.00 < 0.05).
- Hypothesis 2 (H2)** shows a significant positive effect of Tax Sanctions on Tax Compliance, with a path coefficient of (0.501) and a p-value of (0.00 < 0.05).
- Hypothesis 3 (H3)** is accepted, showing a significant effect of Tax Knowledge on increasing Tax Awareness, with a path coefficient of (0.562) and a p-value of (0.00 < 0.05).
- Hypothesis 4 (H4)** is accepted, indicating that Tax Knowledge significantly increases Tax Compliance, with a path coefficient of (0.34) and a p-value of (0.001 < 0.05).
- Hypothesis 5 (H5)** is accepted, indicating that Love of Money has a negative but insignificant effect on Tax Awareness.
- Hypothesis 6 (H6)** is accepted, indicating that Love of Money has a small and negative effect on Tax Compliance.
- Hypothesis 7 (H7)** is rejected, meaning Tax Awareness does not have a significant effect on increasing Tax Compliance.

Mediation Test

Hypothesis Table for Mediation Effects

Hypothesis	Path Coefficient	p-value	95% Confidence Interval	Confidence Path	Upsilon v	Remarks
			Lower Bound		Upper Bound	
H8. Love of Money -> Tax Awareness -> Tax Compliance	0	0.978	-0.016		0.024	0.00
H9. Tax Knowledge -> Tax Awareness -> Tax Compliance	0.04	0.595	-0.085		0.208	0.0015
H10. Tax Sanction -> Tax Awareness -> Tax Compliance	0.023	0.599	-0.052		0.126	0.00052

Source: SmartPLS 4.0 Output (2024)

Mediation Effect Size Upsilon V: 0.175 (large), 0.075 (medium), 0.01 (small)

a. Hypothesis Eight (H8) Accepted

The hypothesis suggests that tax awareness does not significantly mediate the indirect effect of love of money on tax compliance with a mediation path coefficient of (0.00) and p-value ($0.978 > 0.05$). However, at the structural level, the mediation role of tax awareness is still considered low (Upsilon $v = 0.00$), Ogbeibu et al. (2020). In the 95% confidence interval, increasing tax awareness will enhance this mediation role up to 0.024.

b. Hypothesis Nine (H9) Rejected

Tax awareness does not significantly mediate the indirect effect of tax knowledge on tax compliance with a mediation path coefficient of (0.04) and p-value ($0.595 > 0.05$). The structural level of mediation role is also low (Upsilon $v = 0.0015$), Ogbeibu et al. (2020). In the 95% confidence interval, increasing tax awareness will enhance this mediation role up to 0.208.

c. Hypothesis Ten (H10) Rejected

Tax awareness does not significantly mediate the indirect effect of tax sanctions on tax compliance with a mediation path coefficient of (0.023) and p-value ($0.599 > 0.05$). The structural level of mediation role is also low (Upsilon $v = 0.00052$), Ogbeibu et al. (2020). In the 95% confidence interval, increasing tax awareness will enhance this mediation role up to 0.126.

4. DISCUSSION/CONCLUSION

The Effect of Tax Sanctions on Tax Awareness of Individual Taxpayers at KPP Pratama Sekayu

The research indicates that tax sanctions have a positive and significant impact on individual taxpayers' tax awareness at KPP Pratama Sekayu. Tax sanctions indirectly make taxpayers aware of their tax obligations. The imposition of sanctions generates a deterrent effect, motivating taxpayers to fulfill their obligations due to fear of high sanctions for delayed payments or non-compliance. These findings align with Pramatiya & Srimindarti (2023), who state that tax sanctions and tax awareness influence tax compliance.

The Effect of Tax Sanctions on Tax Compliance of Individual Taxpayers at KPP Pratama Sekayu

The research shows that tax sanctions positively and significantly impact tax compliance at KPP Pratama Sekayu. The implementation of tax sanctions, whether administrative (fines, interest, penalties) or criminal (imprisonment), encourages compliance, but they must be applied consistently to all taxpayers who fail to meet their tax obligations. This supports findings from Solichah (2019) and Pramatiya & Srimindarti (2023), although it contradicts the studies of Zahrani & Mildawati (2019) and Setiawati et al. (2019), which suggest that tax sanctions do not influence tax compliance.

The Effect of Tax Knowledge on Tax Awareness of Individual Taxpayers at KPP Pratama Sekayu

The research indicates that tax knowledge has a positive and significant impact on taxpayers' awareness. Tax awareness is the understanding and willingness to fulfill tax obligations in accordance with the regulations. Taxpayers with good tax knowledge are more likely to realize their duties and responsibilities. This is in line with Prena & Putuhena (2022), who suggest improving taxpayer knowledge to increase compliance.

The Effect of Tax Knowledge on Tax Compliance of Individual Taxpayers at KPP Pratama Sekayu

The study finds that tax knowledge has a significant positive impact on tax compliance. Respondents in this study generally have high levels of education and are aware of the importance of complying with tax regulations. The higher their understanding, the greater the likelihood of compliance. This finding supports research by Afisah & Witono (2023), Prena & Putuhena (2022), and others, which show that tax knowledge positively influences tax compliance.

The Effect of Love of Money on Tax Awareness of Individual Taxpayers at KPP Pratama Sekayu

The study shows that love of money negatively affects tax awareness, but the effect is not significant. Love of money refers to a strong attachment to wealth, which may lead to unethical behaviors, including neglecting tax obligations. However, in this study, taxpayers with a high love of money still maintain an awareness of their tax responsibilities, although it does not directly contribute to increasing their awareness of taxes.

The Effect of Love of Money on Tax Compliance of Individual Taxpayers at KPP Pratama Sekayu

The study finds that love of money negatively influences tax compliance. Taxpayers with a high love of money tend to avoid paying taxes because they see taxes as a financial loss without immediate personal return. This finding is supported by research from Purwanti & Herawati (2020), Artharini & Noviri (2021), and others, which show that love of money negatively affects individual tax compliance.

The Effect of Tax Awareness on Tax Compliance of Individual Taxpayers at KPP Pratama Sekayu

The study shows that tax awareness has a positive but insignificant impact on tax compliance. Although taxpayers have high tax awareness and education levels, it does not significantly affect their tax compliance behavior. This may be due to insufficient outreach and communication efforts by the tax authorities, as noted in Ramadhan et al. (2021) and Afisah & Witono (2023), which found that public awareness plays a significant role in enhancing tax compliance.

The Effect of Love of Money on Tax Compliance Through Tax Awareness at KPP Pratama Sekayu

The study finds that tax awareness does not significantly mediate the effect of love of money on tax compliance. Despite being aware of their tax obligations, taxpayers with a strong love of money are less likely to comply. This finding aligns with Wiharsianti & Hidayatulloh (2023) and Prahatma Ganinda et al. (2023), suggesting that a high level of love of money leads to non-compliance even if there is awareness.

The Effect of Tax Knowledge on Tax Compliance Through Tax Awareness at KPP Pratama Sekayu

The study finds that tax awareness does not significantly mediate the effect of tax knowledge on tax compliance. Although increasing tax awareness may improve compliance to some extent, it does not substantially influence compliance behavior in taxpayers who already possess a high level of tax knowledge. This contradicts findings by Pramatyta & Srimindarti (2023) and Ramadhan et al. (2021), who suggest that tax knowledge significantly impacts compliance through awareness.

The Effect of Tax Sanctions on Tax Compliance Through Tax Awareness at KPP Pratama Sekayu

The research shows that tax awareness does not mediate the effect of tax sanctions on tax compliance. Tax sanctions remain an effective tool for ensuring compliance, as taxpayers fear the consequences of non-compliance. Increasing tax awareness does not significantly enhance the impact of sanctions on tax compliance, which supports the findings of Darmayasa et al. (2022).

CONCLUSION

Based on the results of the research and testing conducted by the author regarding the analysis of factors affecting taxpayer compliance levels, it was found that not all variables have a significant relationship. The relationships between these variables are as follows:

1. Tax Knowledge and Tax Sanctions have a significant effect on taxpayer awareness at the Pratama Sekayu Tax Office. This indicates that taxpayers will be able to determine their behavior more appropriately in accordance with tax regulations if they have high knowledge and understanding of taxation. Taxpayer awareness will increase with the imposition of tax sanctions at the Pratama Sekayu Tax Office. Taxpayers will fulfill their tax obligations because they do not want to face severe sanctions if they are late or fail to pay taxes according to regulations.
 2. Tax Knowledge and Tax Sanctions have a positive and significant effect on taxpayer compliance at the Pratama Sekayu Tax Office. This shows that increasing tax knowledge, supported by the imposition of tax sanctions on taxpayers who violate the regulations, will create a deterrent effect that can improve taxpayer compliance at the Pratama Sekayu Tax Office.
 3. Love of Money has a negative and insignificant effect on taxpayer awareness and compliance at the Pratama Sekayu Tax Office. The higher the level of love of money in a taxpayer, the more likely they are to behave non-compliantly and be unaware of their tax obligations. This is because taxpayers feel they do not receive direct returns from the amount of money they pay when fulfilling their tax obligations.
2. Tax Awareness does not have a significant effect on taxpayer compliance at the Pratama Sekayu Tax Office. An increase in taxpayer awareness is not accompanied by a change in behavior that makes

taxpayers more compliant. This could be due to taxpayers fulfilling their tax obligations but still not perceiving direct benefits from the taxes they pay, or because the Pratama Sekayu Tax Office is still difficult for some taxpayers to access, and there is a lack of communication and consultation facilities provided by the Pratama Sekayu Tax Office to reach the majority of taxpayers.

3. Tax Knowledge and Tax Sanctions do not have a significant effect on taxpayer compliance through taxpayer awareness at the Pratama Sekayu Tax Office. This study shows that taxpayer awareness cannot mediate the relationship between tax knowledge and tax sanctions and taxpayer compliance at the Pratama Sekayu Tax Office. Taxpayers who already have high tax knowledge and have experienced tax sanctions find that an increase in awareness of their tax obligations does not significantly affect their tax compliance.

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