



The Effect of Knowledge, Taxpayer Awareness and Tax Sanction on the Tax Compliance

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ABSTRACT

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Keywords: Knowledge; Taxpayer Awareness;
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This study aims to determine the effect of knowledge, awareness of taxpayers, and tax sanctions on taxpayer compliance. The population of this study is an individual taxpayer registered at the Pratama Surabaya Mulyorejo Tax Service Office and the determination of the sample using incidental sampling. This study used a sample of 100 respondents who were calculated using the Slovin formula. The sample collection method used a questionnaire which was measured using a Likert scale. The analysis technique uses Partial Least Square with WarpPLS 7.0 software. The results of this study indicate that knowledge, awareness of taxpayers, and tax sanctions have a positive effect on individual taxpayer compliance at the Pratama Surabaya Mulyorejo Tax Service Office.

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INTRODUCTION

Indonesia is a developing country whose sources of income come from three sectors, namely taxes, non-taxes, and grants. Indonesia also has abundant resources and potential. However, Indonesia has not been able to maximize its resources and potential for the welfare of the community, so Indonesia is facing one of the biggest problems today, namely economic problems. The low economic level due to the COVID-19 pandemic has caused the government to collect taxes so that taxes can help economic problems in Indonesia.

The 2020 State Revenue and Expenditure Budget (APBN) is set at 2,233.2 trillion for state revenue. The state revenue comes from tax revenues of 1,865.7 trillion and the rest comes from non-tax state revenues and grant receipts. From this data, it can be seen that the largest state revenue is from tax revenues (Kementerian Keuangan, 2020).

Compliance with paying taxes is one of the important problems for taxpayers who have not complied, such as tax avoidance, evasion, and neglect so that it can harm the state. During the current covid-19 pandemic, many workers, such as employees and workers, have experienced layoffs so that taxpayers tend to avoid paying taxes which results in decreased personal taxpayer compliance.

This is an obstacle for the government in tax collection because the understanding and awareness of taxpayers in Indonesia is still low so that taxpayers do not comply with tax regulations. Tax revenue is inseparable from the awareness of taxpayers in reporting and paying taxes to the state.

According to data from KPP Pratama Surabaya Mulyorejo which is the place of research specifically, the percentage of individual taxpayer compliance has decreased in 2017 - 2020 but there has been a drastic decrease in 2019 - 2020, namely the percentage of taxpayer compliance is known to be 73.71%. The following table shows the number of registered individual taxpayers who have reported annual tax returns for the last 5 years.

Table 1. Summary of Compliance Level of Individual Taxpayers at di KPP Pratama Surabaya, source: primary data.

Year	Number of	Number of Individual Taxpayer	Number of Individual Taxpayer	Percentage of Taxpayer Compliance
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	Individual Taxpayer	Report Annual SPT	Mandatory SPT	
2016	88.838	39.280	51.658	76,04%
2017	94.654	36.155	43.195	83,70%
2018	101.328	38.804	47.115	82,36%
2019	108.667	38.464	48.326	79,59%
2020	133.689	39.062	52.993	73,71%

Judging from the individual taxpayer compliance level data above, it shows that there is still non-compliance because the percentage of individual taxpayer reporting compliance in 2020 is only 73.71%, there are still 26.29% that has not been achieved. Therefore, the level of compliance of individual taxpayers in reporting annual tax returns at KPP Pratama Surabaya Mulyorejo is less than optimal.

Compliance is important in realizing tax revenue targets. According to the Big Indonesian Dictionary, obedience is obedient, obedient, subject to teachings or rules. Heri (1999) states that "compliance is a form of behavior that comes from the impulses that exist in humans". With the encouragement from within humans to pay taxes, it can increase the number of taxpayers who pay taxes. So that the revenue targets set by the government can be met. Individual taxpayer compliance in Indonesia as of 1 May 2020 reached 65% with 10.3 million annual tax returns. The authority noted that there are still around 6.3 million individual taxpayers who have not submitted their annual tax returns.

One of the factors that influence taxpayer compliance is tax knowledge of the tax payment mechanism. In the Big Indonesian Dictionary understanding is a process or way to understand or understand. Knowledge and understanding of taxpayers about taxes are needed to improve taxpayer compliance. Taxpayers will try to carry out their tax obligations to avoid tax sanctions by following per under tax laws (Z.A & Mayowan, 2016). A study conducted by Trihatmoko & Mubaraq (2020) shows that understanding taxation

has a positive effect on taxpayer compliance. This research is supported by research conducted by K. J. Putri & Setiawan (2017).

Taxpayer awareness in paying taxes is a taxpayer's behavior in the form of views or feelings that involve knowledge, belief, and reasoning accompanied by a tendency to act according to the stimulus provided by the tax system and provisions. High public awareness will encourage more and more people to fulfill their obligations to register as taxpayers, report and pay their taxes correctly.

However, taxpayer awareness is very difficult to realize, until now public awareness in paying taxes has not yet reached the target expected by the government. People do not believe in the existence of taxes because they still feel burdensome and in making payments they often experience difficulties. In a study conducted by (Ramadhanty & Zulaikha, 2020) the taxpayer awareness variable has a positive effect on individual taxpayer compliance. However, according to research conducted by (Aditya Nugroho, Rita Andini, 2016) that partial tax awareness does not affect the fulfillment of individual tax obligations.

In addition to tax knowledge and awareness of taxpayers, a factor that is thought to increase compliance is sanctions. Based on the Big Indonesian Dictionary sanctions are actions or punishments to force people to keep an agreement. Tax sanctions are a guarantee that the provisions of tax laws and regulations (tax norms) will be complied with or complied with. Tax sanctions are a preventive tool so that taxpayers do not violate tax norms (Putri & Setiawan, 2017).

Taxpayers will comply with tax regulations if there are strict tax sanctions. In a study conducted by (As'ari, 2018) the results of his research show that the tax sanctions variable has a positive effect on individual taxpayer compliance. However, according to research conducted by (Yuli Chomsatu Samrotun, Suhendro, 2018) the variable of tax sanctions does not significantly affect taxpayer compliance.

The object of this research is an individual taxpayer registered at KPP Pratama Surabaya Mulyorejo. KPP Pratama Surabaya Mulyorejo is one of the Primary Tax Service Offices among 13 KPP Pratama in the Surabaya city area which operates under the auspices of the Indonesian

Ministry of Finance. KPP Pratama Surabaya Mulyorejo has a large area and the number of taxpayers is relatively large compared to other KPP Pratama in the same regional office.

Based on this background description, the authors are interested in examining the effect of knowledge, taxpayer awareness, and tax sanctions on individual taxpayer compliance at KPP Pratama Surabaya Mulyorejo.

LITERATURE REVIEW

Basic Concepts

a. Theory of Attribution

Attribution theory explains the process of how we determine the causes and motives for a person's behavior. In addition, it also explains the understanding of someone's reaction to events around them.

The relevance of attribution theory with this research is that someone in determining obedient or non-compliant behavior to pay taxes is influenced by internal and external factors. Internal factors that affect taxpayer compliance in paying taxes are the knowledge and awareness of taxpayers. Meanwhile, external factors that affect taxpayer compliance in paying taxes are tax sanctions.

b. Theory of Compliance

Compliance theory is a theory that explains a person's condition to obey orders or rules given. Taxpayer compliance is behavior that is based on the awareness of a taxpayer towards his tax obligations while still based on the laws and regulations that have been set (Noerman Syah & Wati, 2017)

Compliance theory can encourage someone to comply more with applicable regulations, as well as taxpayers who try to fulfill their obligations, namely paying taxes on time. Timely payment of taxes will be beneficial for the taxpayers themselves because they will not be penalized for delays in paying taxes and will also assist the State in infrastructure development.

c. Taxation Fundamentals

The definition of tax according to Law Number 16 of 2009 concerning the fourth amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures in Article 1

Paragraph 1 is a mandatory contribution to the state-owned by an individual or entity that is coercive under the law - the law, by not getting direct compensation and being used for the needs of the state for the greatest prosperity of the people.

According to Sukrisno (2014:3), taxes are achievements to the government that are owed through general norms, and which can be enforced, without any counter-achievements that can be shown individually; means to finance government spending.

According to Mardiasmo (2016:4), the tax function has two tax functions, namely the budget function and the regulating function. The function of the budget (Budgetair), taxes serve as a source of funds for the government to finance its expenditures. While the regulatory function (regulated), taxes function as a tool to regulate and implement government policies in the social and economic fields.

d. Taxpayer Compliance

In the General Indonesian Dictionary, obedience means submission or obedience to teachings or rules. Compliance is the motivation of a person, group, or organization to act according to established rules. Tax compliance is a person's compliance, in this case, the taxpayer, to tax regulations or laws.

Compliant Taxpayers are Taxpayers who meet certain criteria based on the Regulation of the Minister of Finance of the Republic of Indonesia Number 39/PMK.03/2018 Article 3. The criteria are as follows: on time in submitting Annual Tax Returns, not having tax arrears for all types of taxes, except for tax arrears that have obtained permission to pay in installments or delay tax payments, the financial statements are audited by a public accountant or government financial supervisory agency with an unqualified opinion for 3 (three) consecutive years and have never been convicted of a crime in the field of taxation based on a court decision that has had permanent legal force within the last 5 (five) years.

It can be concluded that tax compliance is an obedient and obedient attitude or act of a taxpayer to be able to fulfill the obligation to carry out tax provisions by following established rules.

e. Knowledge

According to the Indonesian Dictionary, knowledge means everything that is known; intelligence: or everything that is known regarding things (subjects). Tax knowledge is everything that is known by taxpayers in tax regulations, both about tax rates based on the law they will submit and tax benefits used in the public interest (Adi, 2018).

The concept of tax knowledge is an attitude of mindset or understanding or assessment of a person towards tax provisions that will affect his attitude in fulfilling his tax obligations. This understanding can be implemented with action, namely the payment and reporting of SPT, and automatically grows an attitude of obedience. Because a deep understanding of taxation is not only useful for taxpayers or tax officers but also for all the general public because the results of tax revenues will be used for public facilities.

f. Taxpayer Awareness

In the General Indonesian Dictionary, awareness means a state of understanding what one feels for oneself. Awareness of paying taxes means a situation where someone knows, understands, and understands how to pay taxes.

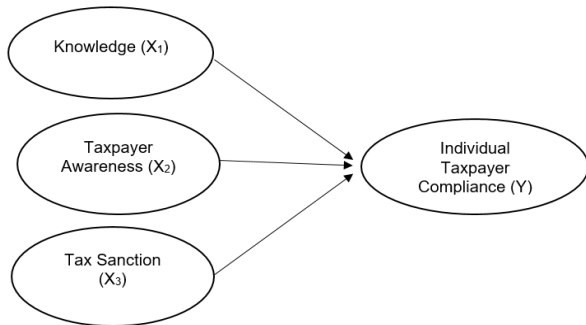
Awareness of paying taxes can be interpreted as a form of moral attitude that contributes to the state to support the development of the country and strives to comply with all regulations set by the state and can be imposed on taxpayers. Awareness in meeting tax obligations not only in technical matters just like a tax audit, the tax rate, but also depends on the willingness of taxpayers to comply with the statutory provisions of tax laws (Putri & Setiawan, 2017).

g. Tax Sanction

In the General Indonesian Dictionary, sanctions mean actions to force people to comply with agreements or to comply with regulations. In the legal context, sanctions mean punishments imposed by the court on those found guilty. Tax sanctions occur because there is a violation of tax laws and regulations so that if there is a violation, the taxpayer is punished with an indication of taxation policies and tax laws.

Tax sanctions are a guarantee that the provisions of tax laws and regulations (tax norms) will be complied with. Or in other words, tax sanctions are a (preventive) tool so that taxpayers do not violate tax norms (Mardiasmo, 2016). In the Taxation Law, there are two kinds of tax sanctions, namely administrative sanctions and criminal sanctions.

Framework of Thinking



Picture 1. The framework of Thinking, source: authors

Hypothesis

H1: Knowledge affects taxpayer compliance.

Tax knowledge is everything that is known by taxpayers in tax regulations, both about tax rates based on the law they will submit and tax benefits used in the public interest (Adi, 2018). Therefore, Tax Knowledge owned by taxpayers will directly affect whether or not the taxpayer complies in carrying out their tax obligations. This Tax Knowledge will have an impact on tax revenues received by the State if the people already have sufficient tax knowledge.

According to research conducted by K. J. Putri & Setiawan (2017), that understanding taxation knowledge has a positive effect on taxpayer compliance.

H2: Taxpayer awareness affects taxpayer compliance.

Taxpayer awareness is a taxpayer who is willing without coercion in paying his tax obligations (Abdul Rahman, 2010). Besides that, taxpayer awareness can be interpreted as a taxpayer who has awareness of the importance of paying taxes. Taxpayers are said to have good awareness if they know how to tax regulations, implement tax provisions correctly. Taxpayers who are aware of their taxes will not violate the applicable tax regulations.

If the taxpayer already has awareness in carrying out his tax obligations and rights by following with the provisions of the applicable legislation, then this will form a positive attitude of the taxpayer which will increase taxpayer compliance. Conversely, if the awareness of taxpayers is low, then this will form a negative attitude of taxpayers which will further reduce taxpayer compliance.

Research conducted by Ariesta (2017) the results of his research show that taxpayer awareness has a positive effect on taxpayer compliance. This is in line with the research conducted by Ramadhanty & Zulaikha (2020) on the Effect of Tax Understanding, Quality of Fiscal Services, Tax Transparency System, Taxpayer Awareness, and Tax Sanctions on Individual Taxpayer Compliance.

H3: Tax sanction affects taxpayer compliance.

Tax sanctions are a guarantee that the provisions of tax laws and regulations (tax norms) will be complied with or complied with. In other words, tax sanctions are a preventive tool so that taxpayers do not violate tax norms (Mardiasmo, 2016:62).

Indonesia using the self-assessment taxation system, where the system provides taxpayer awareness full taxpayers to meet their tax obligations. But in reality, there are still taxpayers who do not fulfill their obligations. Tax sanctions are set with the aim of motivating taxpayers to comply with the established tax regulations. Taxpayers act obediently if they have a perception that there will be severe sanctions if they violate. Therefore, it is necessary to impose sanctions on non-compliant taxpayers. The strict implementation of tax sanctions will further harm taxpayers if they do not pay taxes so that taxpayers will prefer to comply with their tax obligations.

This is by following per the research results of Ramadhanty & Zulaikha (2020) that tax sanctions have a positive effect on taxpayer compliance. This result is supported by previous research by K. J. Putri & Setiawan (2017).

METHOD

This study uses quantitative methods. The population in this study is an individual taxpayer who is registered at the Pratama Surabaya

Mulyorejo Tax Service Office. Determination of the sample using incidental samples. This study used a sample of 100 respondents who were calculated using the slovin formula. Methods of sample collection using a questionnaire distributed to taxpayer's taxes. The analysis technique uses Partial Least Square with the help of WarpPLS 7.0 software.

Four variables in this study were measured using a Likert scale (Sugiyono, 2018:146), namely: 1 (strongly disagree); 2 (disagree); 3 (did n't agree); 4 (agree); 5 (strongly agree). Furthermore, an analysis was carried out using two sub-models, namely the measurement model and the structural model on the data that had been collected through the google form.

The measurement model consists of convergent validity which is analyzed using a significance level of outer loading > 0.7 and average variance extracted > 0.5, discriminant validity is measured using a significance level of cross loading > 0.7 and composite reliability is measured by a significance level of Cronbach's alpha > 0.6 and composite reliability > 0.7.

While the structural model is evaluated by using R 2 for the dependent construct, the path coefficient values or t-values for each path for the significance of the constructs. Furthermore, statistical hypothesis testing was carried out for the measurement model and the structural model.

RESULT AND DISCUSSION

Data Analysis

a. Summary of the Characteristics of the Respondents

The object of this research is an individual taxpayer registered at KPP Pratama Surabaya Mulyorejo. The number of respondents obtained is 100 respondents.

The description of the research data will present a summary of the characteristics of the respondents and the results of the statistical description of the research that has been carried out. A summary of the characteristics of the respondents is shown in table 1 below:

Table 2. Summary of the Characteristics of the Respondents, source: primary data.

No	Respondent's Characteristics	Amount
1	Gender:	
	Male	64
	Female	36
2	Usia:	
	20 – 30 years	51
	31 – 40 years	23
	41 – 50 years	16
	> 51 years old	10
3	Education:	
	SMA/SMK	40
	D3	6
	S1	48
	S2	2
	Others	4

Based on table 1, it can be seen that most of the respondents who pay or report taxes are male with a total of 66 taxpayers. In terms of age, most of the respondents who pay or report taxes are aged 20-30 years with a total of 51 taxpayers. Meanwhile, based on the level of education, most of the respondents who pay or report taxes are bachelor's degrees with a total of 48 taxpayers.

b. Data Analysis (Measurement Model and Structural Model)

Convergent Validity Test

The Convergent validity test aims to test the correlation between the metrics to measure the construct. Convergent validity occurs if the scores obtained from two different instruments that measure the same construct have a high correlation. The convergent validity test in PLS is seen from the value of the loading factor indicators that measure the construct. The rule of thumb used for convergent validity is outer loading > 0.7, and for AVE (Average Variance Extracted) > 0.5 (Abdillah, W., & Hartono, 2015:195).

Table 3. Summary of Outer Loading Tahap 1, source: primary data.

	X1	X2	X3	Y
X1p1	0,641			
X1p2	0,742			
X1p3	0,842			
X1p4	0,772			
X1p5	0,569			

X1p6	0,755			
X2p1		0,749		
X2p2		0,645		
X2p3		0,872		
X2p4		0,902		
X2p5		0,759		
X2p6		0,631		
X3p1			0,900	
X3p2			0,867	
X3p3			0,905	
X3p4			0,865	
X3p5			0,802	
Yp1				0,730
Yp2				0,826
Yp3				0,736
Yp4				0,821
Yp5				0,688
Yp6				0,808
Yp7				0,843
Yp8				0,832

X2p5		0,789		
X3p1			0,900	
X3p2			0,867	
X3p3			0,905	
X3p4			0,865	
X3p5			0,802	
Yp1				0,723
Yp2				0,819
Yp3				0,744
Yp4				0,847
Yp6				0,796
Yp7				0,846
Yp8				0,853

Based on the results of the second stage of outer loading in table 4, it can be seen that all indicators are valid after 2 stages of analysis have been carried out. The indicator can be said to be valid because all loading factor values are above 0.70 so that the constructs for all variables are not eliminated from the model.

Discriminant Validity Test

Discriminant validity test used to determine whether construct has an adequate discriminant. The method used to measure discriminant validity is to compare the square root of average variance extracted (AVE) value for each construct with the correlation value between latent variables in the same column where the AVE value must be higher than the others. The results of the discriminant validity test are as follows:

Based on table 3, the first stage of outer loading has 5 red indicators that have a loading value below 0.70. This indicates that the indicator must be removed because it is not suitable for meeting the minimum measurement criteria. Thus, the convergent validity test was carried out again based on the second stage of outer loading.

Table 4. Summary of Outer Loading Tahap 2, source: primary data

	X1	X2	X3	Y
X1p2	0,787			
X1p3	0,854			
X1p4	0,797			
X1p6	0,811			
X2p1		0,787		
X2p3		0,921		
X2p4		0,902		

Table 5. Summary of Pengujian Validitas Diskriminan, source: primary data

	Loading		Nilai Loading ke konstruk lainnya				
			X1	X2	X3	Y	
x1p2	0,787	>		-0,384	-0,059	-0,087	Meets Discriminant Validity
x1p3	0,854	>		-0,161	0,272	-0,06	Meets Discriminant Validity
x1p4	0,797	>		0,377	-0,117	0,098	Meets Discriminant Validity

x1p6	0,811	>		0,172	-0,114	0,051	Meets Discriminant Validity
x2p1	0,787	>	0,066		-0,021	0,016	Meets Discriminant Validity
x2p3	0,921	>	0,045		-0,175	-0,053	Meets Discriminant Validity
x2p4	0,902	>	-0,072		0,041	-0,004	Meets Discriminant Validity
x2p5	0,789	>	-0,036		0,179	0,05	Meets Discriminant Validity
x3p1	0,9	>	0,054	-0,185		0,068	Meets Discriminant Validity
x3p2	0,867	>	0,1	-0,144		0,069	Meets Discriminant Validity
x3p3	0,905	>	0,035	0,101		-0,049	Meets Discriminant Validity
x3p4	0,865	>	-0,107	0,268		0,004	Meets Discriminant Validity
x3p5	0,802	>	-0,093	-0,04		-0,101	Meets Discriminant Validity
yp1	0,723	>	0,173	-0,022	0,123		Meets Discriminant Validity
yp2	0,819	>	-0,236	-0,029	-0,045		Meets Discriminant Validity
yp3	0,744	>	0,153	-0,016	-0,078		Meets Discriminant Validity
yp4	0,847	>	-0,005	-0,12	0,059		Meets Discriminant Validity
yp6	0,796	>	-0,089	0,168	-0,271		Meets Discriminant Validity
yp7	0,846	>	0,026	-0,035	0,065		Meets Discriminant Validity
yp8	0,853	>	0,009	0,058	0,137		Meets Discriminant Validity

Based on table 5 shows that all indicators have met the criteria of discriminant validity. The knowledge variable has 4 indicators which are symbolized by X1P2, X1P3, X1P4, X1P6. X1P2 has a loading value of 0.787 whose loading values to other constructs are -0,384, -0,059, and -0,087. And the 3 indicators of the tax knowledge understanding variable also have a loading value that is greater than the loading value to other constructs.

The taxpayer awareness variable has 4 indicators which are symbolized by X2P1, X2P3, X2P4, and X2P5. X2P1 has a loading value of 0.787 whose loading values to other constructs are 0.066, -0.021, and 0.016. And the 3 indicators of the taxpayer awareness variable also have a loading value that is greater than the loading value to other constructs.

The tax penalty variable has 5 indicators which are symbolized by X3P1 to X3P5. X3P1 has a loading value of 0.900 whose loading values to other constructs are 0.054, -0.185, and 0.068. And the 4 indicators of the tax sanction variable also have a loading value that is greater than the loading value of other constructs.

The taxpayer compliance variable has 7 indicators symbolized by YP1, YP2, YP3, YP4, YP6, YP7, YP8. YP1 has a loading value of 0.723 whose loading values to other constructs are 0.173, -0.022, and 0.123. And the 6 indicators of the taxpayer compliance variable also have a loading value that is greater than the loading value to other constructs.

Composite Reliability

Composite Reliability or construct reliability test can be measured by 2 criteria, namely composite reliability and Cronbach's alpha. The following is the result of the latent variable coefficient output which is described by a table to facilitate analysis.

Table 5. Summary of Composite Reliability Coefficient dan Cronbach's Alpha Coefficient, source: primary data

	X1	X2	X3	Y		
Composite Reliability	0,886	0,913	0,939	0,928	> 0,7	Reliable

Cronbach's Alpha	0,828	0,872	0,918	0,909	> 0,6	Reliable
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Based on table 5, it can be seen that the Composite Reliability values for each variable X1, X2, X3, and Y are 0.886, 0.913, 0.939, and 0.928. While for Cronbach's Alpha each variable is assessed from X1, X2, X3, and Y in the amount of 0.828, 0.872, 0.918, and 0.909. Based on the results of Composite Reliability and Cronbach's Alpha, it can be concluded that all variables have met the requirements of the reliability test criteria.

Structural Model

Evaluation of the structural model (Inner Model) aims to measure the overall relationship of variables and to determine the effect of the relationship between variables. Inner models include R-Squared, Q-Squared model fit test (model fit).

In the model fit test, there are 3 test indices including, average path coefficient (APC), average R-Squared (ARS), and average variance inflation (AVIF) with APC and ARS criteria accepted provided that p-value < 0.05 and AVIF < 5 (Abdillah, W., & Hartono, 2015).

Model fit and quality indices			
Average path coefficient (APC)=0.269, P<0.001			
Average R-squared (ARS)=0.504, P<0.001			
Average adjusted R-squared (AARS)=0.488, P<0.001			
Average block VIF (AVIF)=1.871, acceptable if <= 5, ideally <= 3.3			
Average full collinearity VIF (AFVIF)=2.061, acceptable if <= 5, ideally <= 3.3			
Tenenhaus GoF (GoF)=0.593, small >= 0.1, medium >= 0.25, large >= 0.36			
Simpson's paradox ratio (SPR)=1.000, acceptable if >= 0.7, ideally = 1			
R-squared contribution ratio (RSCR)=1.000, acceptable if >= 0.9, ideally = 1			
Statistical suppression ratio (SSR)=1.000, acceptable if >= 0.7			
Nonlinear bivariate causality direction ratio (NLBCDR)=1.000, acceptable if >= 0.7			
AVIF	1,871 Good if < 5	AVIF < 5	Be Accepted

Based on the results above, it is known that APC has an index of 0.269 with a p-value < 0.001, while ARS has an index of 0.504 with a p-value < 0.001, judging from the criteria for APC and ARS has met the criteria because it has a p < 0.001. And for the AVIF value which should be < 5, it has been fulfilled because based on the data, the AVIF value is 1.871.

Table 7. Summary of R-Square, source: primary data

	X1	X2	X3	Y
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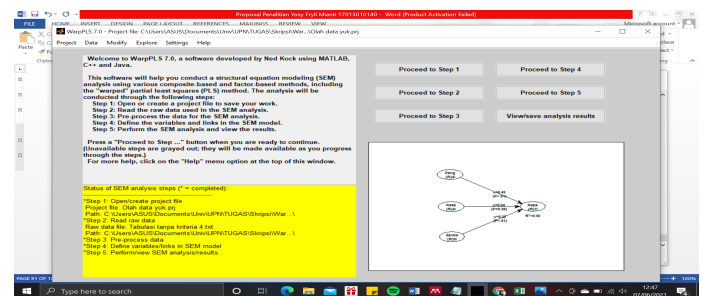
R-Square			0,504
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c. Hypothesis Test

The following is a table of research results from the effect size that has been obtained from data processing:

Table 8. Summary of Path Coefficient, p – values, dan Effect sizes for path, source: primary data

Criteria	Variable	X1	X2	X3	Y
Path Coefficients	X1	-	-	-	-
	X2	-	-	-	-
	X3	-	-	-	-
	Y	0,447	0,038	0,323	-
P-values	X1	-	-	-	-
	X2	-	-	-	-
	X3	-	-	-	-
	Y	<0,001	0,381	0,001	-
Effect sizes for path	X1	-	-	-	-
	X2	-	-	-	-
	X3	-	-	-	-
	Y	0,291	0,02	0,192	-



Picture 3. Research Results, source: primary data.

Structural Equation:

$$Y = 0,447(X1) + 0,038(X2) + 0,323(X3)$$

Information:

- Y : Taxpayer compliance
- X1 : Knowledge
- X2 : Taxpayer Awareness
- X3 : Tax Sanction

Discussion

a. The Effect of Knowledge on Individual Taxpayer Compliance

Based on the results of testing the inner model and outer model, it is known that knowledge affects individual taxpayer compliance. The acceptance of the first hypothesis means that increasing knowledge in society will have a

positive impact on taxpayer awareness in paying taxes, this will affect increasing taxpayer compliance. This is in line with research conducted by Trihatmoko & Mubaraq (2020) which states that knowledge has a positive effect on taxpayer compliance.

b. The Effect of Taxpayer Awareness on Individual Taxpayer Compliance

Based on the test results of the inner model and outer model, it is known that taxpayer awareness affects individual taxpayer compliance. The acceptance of the second hypothesis means that the increasing awareness of taxpayers will encourage more people to fulfill their obligations to register themselves as taxpayers, report and pay their taxes correctly. This is in line with research conducted by Ramadhanty & Zulaikha (2020) which states that taxpayer awareness positive effect on compliance with an individual taxpayer.

c. The Effect of Tax Sanction on Individual Taxpayer Compliance

Table 8. Summary of Path Coefficient, p – values, dan Effect sizes for path, source: primary data

Based on the results of testing the inner model and outer model, it is known that tax sanctions affect individual taxpayer compliance. The acceptance of the third hypothesis means that the existence of tax sanctions will motivate taxpayers to comply with the tax regulations set and taxpayers will act obediently because taxpayers have the perception that there will be severe sanctions if they violate so that it will have a positive impact on taxpayer compliance. This is consistent with the research conducted by As'ari (2018) which states that tax sanctions have a positive effect on individual taxpayer compliance.

CONCLUSION

Based on the results of the analysis that has been carried out, it can be concluded that 1) Knowledge has a positive effect on individual taxpayer compliance at KPP Pratama Surabaya Mulyorejo, 2) Taxpayer awareness has a positive effect on individual taxpayer compliance at KPP Pratama Surabaya Mulyorejo, 3) Sanctions taxation

has a positive effect on individual taxpayer compliance at KPP Pratama Surabaya Mulyorejo.

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