

THE IMPACT OF TAXATION UNDERSTANDING, TAX SANCTIONS, AND TAX MORALITY ON THE COMPLIANCE OF INDIVIDUALS' TAX OBLIGATIONS

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Abstract

This study aims to analyze the impact of taxation understanding, tax sanctions, and tax morality on the compliance of individuals' tax obligations. *The type of research is quantitative with an associative approach. The population of this research is Taxable Personal Registered KPP Pratama Pondok Aren. The sampling technique used was accidental sampling. Testing the hypothesis using double linear regression analysis with the help of the statistical tool SPSS 27. The results of the data testing in the study showed that simultaneously, the impact of tax comprehension, tax sanctions, and tax morals influenced the compliance of individuals with their tax obligations.*

Keywords: Taxation Understanding; Taxation Sanctions; Tax Morality; Compliance of Individuals Tax Obligations.

INTRODUCTION

Indigenous taxes are one of the most important sources of income for a nation. Indonesia is a developing country that relies on two main sources: foreign funds and domestic funds. By optimizing domestic resources, the country will no longer depend on funds that come from an uncertain foreign source. One of the largest sources of receipts for the state is taxes, which are the main component of the receipt of domestic money. Taxes are the primary source of national income that is allocated and used to finance all expenditures and the development of the country (Ramadhanty & Zulaikha, 2020).

Every year, the government seeks to increase tax receipts in order to finance state expenditures independently and to the maximum. As the population of the country increases, the number of taxpayers increases from year to year. However, a phenomenon emerges when the tax obligation increases, and this increase is not offset by the compliance of tax obligations, such as paying and reporting taxes. One of the causes of low tax compliance could be the public's perception that taxes are merely a compulsory measure and do not contribute to the advancement of the state, as they have yet to witness tangible benefits for the state and society. (Ramadhanty & Zulaikha, 2020)

The number of taxable persons registered in the Annual Tax Return at KPP Pratama Pondok Aren shows the percentage ratio of compliance with tax obligations in the 2019–2023 SPT reporting. Table 1.1 provides a summary of the results.

Table 1. Compulsory Compliance Rate of KPP Pratama Pondok Aren Year 2019-2023

Year	Taxpayer Registered	Taxpayers Required Registered Tax Annual Tax Return	Realization Annual Tax Return	Percentage Ratio of Tax Compliance
2019	332.930	155.466	80.817	0,52
2020	376.473	114.193	84.239	0,74
2021	404.690	89.321	88.659	0,99
2022	432.076	109.254	94.424	0,86
2023	449.904	142.695	96.208	0,67

Source : KPP Pratama Pondok Aren, 2024

From the results of Table 1, the potential and realization of tax receipts of taxable individuals in KPP Pratama Pondok Aren increased in 2019–2021, but then decreased in 2022–2023. Therefore, the realization of compulsory tax reporting of Annual Tax Return in the years 2022–2023 has not reached the target expected by the government.

Based on the table 2. below, KPP Pratama Pondok Aren has recorded the number of taxpayers reporting Annual Tax Return:

Tabel 2. Compliance Level of Annual Tax Return of Personal Income Tax in KPP Pratama Pondok Aren

Type Annual Tax Return	2019	2020	2021	2022	2023
1770	6.569	6.461	6.511	6.094	5.319
1770 S	55.372	58.696	60.015	63.650	65.675
1770 SS	19.733	21.325	22.701	20.510	16.441
Total	81.674	86.482	89.227	90.254	87.435

Source : KPP Pratama Pondok Aren, 2024

Realization annual tax return of personal income tax performance varies from year to year, as shown in Table 1.2 in 2019 amounting to 81,674, in 2020 to 86,482, in 2021 to 89,227, in 2022 to 90,254, and in 2023 to 87,435.

The issue of tax compliance is very important because if the taxpayer does not comply, it will generate a desire to undertake tax evasion which will ultimately harm the state, i.e., a reduction in tax receipts. (Lafau & Widiyati, 2024). Based on the description

of the above background, the researchers felt interested in conducting a study entitled **“The impact of taxation understanding, tax sanctions, and tax morality on the compliance of individuals’ tax obligations.”**

Theoretical tracks

1. Attribution Theory

The attribution theory is a theory that explains the behavior of others or oneself through two factors, internal and external (Kelley & Michela, 1980). This theory can identify factors that affect tax compliance in the context of taxation. (Romadhon & Diamastuti, 2020). Internal factors include nature, character, and attitude, while external factors include situations or conditions that influence individual behavior.

2. Theory of Planned Behavior

The theory of planned behavior is a theory that reveals the relationship between attitudes, subjective norms, and perceptions that will affect the behavioral intentions of an individual to perform an action. Behavior depends not only on one's intentions but also on other factors that cannot be controlled by the individual himself. According to the theory of planned behavior, there are three variables: behavioral beliefs, normative beliefs, and control beliefs, which are the appearance of the intention to behave. (Ajzen, 1991).

Impact of the Tax Understanding on Compliance with Individuals Tax Obligations

Understanding relating to the rules in force The authorities can calculate, pay, and report themselves in a timely manner while understanding the sanctions that will be imposed if there is a delay in payment or tax reporting. (Trihatmoko & Mubaraq, 2020). According to Ramadhanty and Zulaikha's research (2020), an understanding of taxation influences tax compliance. Based on the above description, the hypothesis in this study is as follows:

H1: Supposed understanding of taxation has an influence on the tax compliance of individuals.

Impact of Tax Sanctions on Compliance with Individual Tax Obligations

Sanctions will be imposed on taxpayers who do not comply with the applicable rules. Tax sanctions include administrative sanctions and criminal sanctions. The higher the sanctions, the more taxpayers are expected to care about their tax obligations. (Khodijah et al., 2021). According to Fathani and Apollo's (2020) research, tax sanctions influence tax compliance. Based on the above description, the hypothesis in this study is as follows:

H2: Supposed tax sanctions have an impact on the compliance of individuals' tax obligations.

Impact of Tax morality on compliance with Individual Tax Obligations

Tax morals include regret and guilt when evading taxes. The more regrets and mistakes taxpayers make, the stronger their willingness to pay taxes will be. (Burhan & Gunadi, 2023). According to Sriniyati's research (2020), tax morals influence tax compliance. Based on the above description, the hypothesis in this study is as follows:
H3: Supposed the morality of taxes has an influence on the tax compliance of individuals.

Impact of Taxation, Taxation Sanctions, Tax Morals on Compliance with Individual Tax Obligations.

Between tax understanding, tax sanctions, and tax morality, there is a chance to influence tax compliance. For example, people with a strong tax understanding may react more sensitively to upcoming fiscal sanctions and therefore be more tax-compliant. Strict and fair taxation sanctions can improve compliance with tax obligations because people will be more motivated to avoid the negative consequences of non-compliance. In addition, a strong tax morality can also recognize the importance of tax contributions to the development and maintenance of the country. Based on the above description, the hypothesis in this study is as follows:

H4: Supposed understanding of taxation, tax sanctions, tax morality have an influence on compliance with individual tax obligations.

RESEARCH METHOD

The type of research used is a type of quantitative research with an associative approach, i.e., research that questions the relationship between two or more variables. The relationships used in this study are causal relationships. Casual relationships are relationships of cause and effect, consisting of independent and dependent variables. The technique used in this study is non-probability sampling with the approach of accidental sampling.

Tax Compliance

Tax compliance is a taxable act for fulfilling taxable rights and obligations in force in a state. It can be seen from the compliance or non-compliance of a taxpayer in registering himself, re-depositing a tax notice, and the and the compliance of taxpayers in the calculation and payment of final taxes (Irawati & Sari, 2019). The indicators used to measure compliance with tax obligations are taken from research by Pranciska et al. (2020): Compliance will register NPWP, Compliances will fill out the tax form well and correctly, in will calculate taxes properly,compliances will pay taxes on time, and Compliant will report SPT properly and properly.

Taxation Understanding

Taxation understanding is the process of knowing and understanding taxation, starting with the taxation definition, tax function, rules or provisions applicable, and procedures or procedures established in terms of tax reporting and payment. (Sulastiningsih et al., 2023). Indicators used to measure tax understanding are taken from the Ramadhanty & Zulaikha (2020) study: Every taxpayer who has income knows and understands how to register to obtain NPWP. Every taxpayer must know and understand their rights and obligations as a taxable Every tax payer should know and comprehend PTKP, PKP, and the tax rate. Knowing and understanding the taxation rules through socialization carried out by the KPP, each taxpayer should be aware of and understand tax sanctions.

Taxation Sanctions

Tax sanctions are a means of preventing taxpayers from breaking tax rules. Sanctions will be imposed on taxpayers who do not comply with the applicable rules. Tax sanctions include administrative sanctions and criminal sanctions. (Khodijah et al., 2021). The indicators used to measure tax sanctions are taken from the Abdullah & Iswara study (2023): The Directorate General of Taxes (DJP) should be fair; the tax sanction should be in accordance with the type of violation; the punishment that can make the offender feel shameful; the Directorate General of Taxes (DJP) must be firm and clear; and it is necessary to impose sanctions in order to establish discipline.

Tax morality

Tax morality is the willingness of an individual to pay taxes, fulfill moral obligations, or make contributions to society through taxes. Tax morality includes regret and guilt for having committed tax evasion. Indicators used to measure tax morality are taken from the Sularsih & Wikardojo study (2021): violation of ethics, guilt, principles of life, level of confidence in the legal system and government, perception of the effectiveness of the tax system.

The study's population comprises 449.904 taxable individuals registered at the KPP Pratama Pondok Aren in 2023. The sampling technique in this study uses the Accidental Sampling Method, and the sample-taking process using the Slovin formula is as follows:

$$n = \frac{449.904}{1 + 449.904 (10\%)^2}$$

$n = 99,97$ rounded 100 samples

RESULT AND DISCUSSION

The questionnaire distributed obtained respondents of as many as 110 taxpayers individuals who have tested their ability to be used as samples in this study.

1. Descriptive Statistical Test Results

Descriptive statistics are used to describe the characteristics of the variables studied namely Taxation Understanding (X1) Taxation Sanctions (X2), Tax Morality (X3) and Tax Compliance (Y).

Table 3. Descriptive Statistical Test Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Pemahaman Perpajakan	110	10,00	25,00	21,7091	2,97496
Sanksi Pajak	110	15,00	25,00	23,0273	2,28862
Moral Pajak	110	13,00	25,00	21,9273	2,76846
Kepatuhan Wajib Orang Pribadi	110	14,00	25,00	23,0909	2,67693
Valid N (listwise)	110				

Source: Data output in 2024

Instrument Test

Validity Test

Based on the validity test results can be seen that all variable indicators have a person correlation value greater than 0.361 so it can be concluded that all indicators are declared valid.

Reliability Test

Based on the reliability test results presented above, it can be seen that all statements relating to independent variables and dependent variables have a Cornbach'a Alpha value greater than 0.60 It can then be concluded that all the data used is said to be reliable.

Classical Assumption Test

Normality Test

Based on the results of the normality test shows a significance value of 0,56 with the Monte Carlo approach. Since the significance result shows a value greater than 0,05 it can be concluded that the regression equation model is normally distributed.

Multicollinearity test

Based on the test results, it can be seen that all independent variables have tolerance values greater than 0,10 while VIF values are less than 10

Heteroscedasticity test

Based on the test results showed that the significance value of all these free variables is greater than 0,05 so it can be said to have no symptoms of heteroscedasticity.

Double Linear Regression Analysis

Table 4. Double Linear Regression Analysis

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,005	1,766		1,702	,092
	Pemahaman Perpajakan	,358	,081	,398	4,404	,000
	Sanksi Pajak	,293	,086	,250	3,400	,001
	Moral Pajak	,254	,083	,263	3,075	,003

a. Dependent Variable: Kepatuhan Wajib Pajak Orang Pribadi

Source: Data output in 2024

The equation obtained from the analysis is as follows:

$$Y = 3,005 + 0,358 X_1 + 0,293 X_2 + 0,254 X_3$$

Qualification Test Model

Determination Coefficient (R²) or Adjusted R²

Table 5. Results Test Determining Coefficients (R²)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,776 ^a	,603	,592	1,711
a. Predictors: (Constant), Moral Pajak, Sanksi Pajak, Pemahaman Perpajakan				

Source: Data output in 2024

Based on table 5 that the adjusted R square value of 0.592, or 59.2%, means all free variables simultaneously have an influence of 59.2% on compliance with the compulsory tax of individuals, with the remaining 40.8% influenced by other factors outside this study.

F-Test

Table 6. F-Test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	470,870	3	156,957	53,631	,000 ^b
	Residual	310,221	106	2,927		
	Total	781,091	109			
a. Dependent Variable: Kepatuhan Wajib Pajak Orang Pribadi						
b. Predictors: (Constant), Moral Pajak, Sanksi Pajak, Pemahaman Perpajakan						

Source: Data output in 2024

Based on table 6 shows that the F-count of 53,631 with a signifying value of 0,000 < 0,05 then it can be concluded that the whole independent variable collectively has a simultaneous influence on compliance with tax obligations.

T-Test

Table 7. T-Test

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	
		B	Std. Error	Beta	
1	(Constant)	3,005	1,766		1,702 ,092
	Pemahaman Perpajakan	,358	,081	,398	4,404 ,000
	Sanksi Pajak	,293	,086	,250	3,400 ,001
	Moral Pajak	,254	,083	,263	3,075 ,003

a. Dependent Variable: Kepatuhan Wajib Pajak Orang Pribadi

Source: Data output in 2024

- Based on the results of table 7 above, some results can be concluded as follows:
1. The t-test result for the Tax Understanding (X_1) of Tax Compliance is a t-count larger than the t-table $4,404 > 1,982$ with a significant rate of $0,000 < 0,05$. Then it proves H_1 is accepted.
 2. The t-test result for the Tax sanctions (X_2) of Tax Compliance is a t-count larger than the t-table $3,400 > 1,982$ with a significant rate of $0,01 < 0,05$. Then it proves H_1 is accepted.
 3. The t-test result for the Tax morality (X_3) of Tax Compliance is a t-count larger than the t-table $3,075 > 1,982$ with a significant rate of $0,03 < 0,05$. Then it proves H_1 is accepted.

H₁ : The Impact of Tax Comprehension, Tax Sanctions and Tax Morals on the Compliance of Individual Tax Obligations.

Based on the results of the statistical test F shows that the value of F-count > F-table is $53,631 > 2,69$, and the significance value obtained is $0,000 < 0,05$. It states that H₁ is accepted. So the whole independent variable of tax comprehension, tax sanctions, and tax morals has an influence on the compliance of individuals with tax obligations. Furthermore, it can be seen from the adjusted R square determination coefficient test that it obtained a value of 0,592 or 59.2%, which shows that compliance with the tax obligations of individuals is influenced by their understanding of taxation, tax sanctions, and tax morals.

H₂: Impact of the Tax Understanding on Compliance with Personal Tax Obligations

Based on the results of the t statistical test, the t-count value > t-table is $4,404 > 1,982$ and the significance value obtained is $0,000 < 0,05$. It shows that H₂ is accepted, and it can be said that the Taxation Understanding has an influence on the compliance of individuals' tax obligations.

Understanding taxation is the process by which a taxpayer understands what a tax is and uses that knowledge to pay taxes. As described in the attribution theory, an impression-forming process is carried out by observing the behavior of an individual, which can be influenced by internal and external factors. According to the theory of planned behavior that behavioral belief is a belief in the possibility of a behavior.

Belief of the outcome of such behavior will then form a variable of attitude. (attitude). Research by Zahrani and Mildawati (2019) found that tax understanding affects individual tax compliance. The results also showed that taxpayers understand tax rules easier if they understand them better, so they can improve their compliance with them. To be more obedient to paying taxes, taxpayers must understand taxes.

H₃ : The impact of tax sanctions on compliance with individual tax obligations.

Based on the results of the statistical test t that the t-count value > t-table is $3,400 > 1,982$ and the obtained significance value is $0,001 < 0,05$. This shows that H₃ is accepted and it can be said that the tax sanction has an influence on the compliance of individuals' tax obligations.

Tax sanctions are used to prevent taxpayers from breaking tax laws. Their connection to the attribution theory is that tax sanctions and the theory of attribution are closely related in understanding how taxpayers view and react to the sanctions imposed. The attribution theory helps to explain whether a taxpayer sees sanctions as a result external factors. (For example, the system's injustices or the rules' unclearness). However, in the theory of planned behavior, it is related to control beliefs. Control Belief is a belief that prevents or supports taxable behavior to obey or disobey. The existence of tax rates, tax sanctions, and tax awareness can be a deterrent and supportive factor

for the taxpayer's intention to obey or disobey in carrying out its tax obligations. Tax sanctions protect taxpayers from violating tax rules. The heavier the sanctions, the more they obey the tax rules.

H₄: The moral impact of taxation on compliance with individual tax obligations.

Based on the results of the t statistical test, the t-calculate value > t-table is 3,075 > 1,982, and the significance value obtained is 0,003 < 0,05. It shows that H₄ is accepted, and it can be said that tax morality has an influence on the compliance of individuals' tax obligations.

The morality of a taxpayer is the incentive within a taxable person to pay taxes that derives from a moral obligation to pay tax. Therefore, the moral aspect of the taxpayer can help taxable persons be more likely to fulfill their tax obligations. The link between the theory of attribution and tax compliance lies in the presence of an internal impulse in the individual. In the theory of planned behavior, tax morality is categorized as behavioral belief, the belief in the possibility of a behavior.

Belief and judgment of the result of such behavior will then form a variable of attitude. (attitude). The findings of this study, in support of Pranciska et al. (2022), stated that the morality of taxation influences compliance with the tax obligations of individuals. Factors related to the morality of taxpayers can encourage them to be more likely to fulfill their tax obligations. Therefore, the higher the moral obligation of the taxpayer to fulfill its obligations, the greater the level of compliance they have.

CONCLUSION

Based on the research that has been carried out on the understanding of taxation, tax sanctions, and tax morals against compulsory tax compliance of individuals at the Tax Service Office of Pratama Pondok Aren, the sampling technique used is accidental sampling, with the number of samples in this study being as many as 110 mandatory persons. The conclusion can be drawn as follows:

1. Tax Understanding, Tax Sanctions, and Tax Morality have an influence on the Compliance of Individuals' Tax Obligations.
2. Tax Understanding has an influence on individual taxpayer compliance.
3. Tax sanctions have an influence on individual taxpayer compliance.
4. Tax morals have an influence on individual taxpayer compliance.

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