

## Can Tax Knowledge, Tax Awareness and Socialization Increase Taxpayer Compliance?

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### ABSTRACT

*This study wants to examine how the influence of knowledge and awareness on taxpayer compliance; and want to test whether tax socialization is able to moderate to relationship awareness and taxpayer compliance. Data was collected through a questionnaire distributed to 100 taxpayers at KPP West Makassar research samples then analyzed using the Partial Least Square (PLS) approach. The results of the study found that tax knowledge and awareness affect taxpayer compliance. However, tax socialization was unable to moderate the relationship between awareness and taxpayer compliance*

## INTRODUCTION

If the government will lead the government and carry out the same progress in all fields, improving people's welfare can be achieved (Hamzah, Ramdani, Muslim, & Putra, 2018). One of the sources of government funds to increase the growth of the country is the tax sector. Therefore, the active involvement of the community in tax payments is required to promote funding for growth. The fact that compliance with tax return filing has deteriorated in the last three years has made the government continue to allow individuals to pay their tax debts. Taxpayer compliance discusses how the taxpayer meets his or her tax debt and reports on a fixed timeline (Amin, 2018; Sudirman & Muslim, 2018). By understanding the behaviors of the person, behavioral theory related to individual attitudes can affect individual impulses to act. With respect to behavioral theory, it explains that if the taxpayer recognizes taxes, enforcement would increase. The behavioral theory further explains that enforcement would improve if the taxpayer is aware of paying taxes (Kamil, 2015).

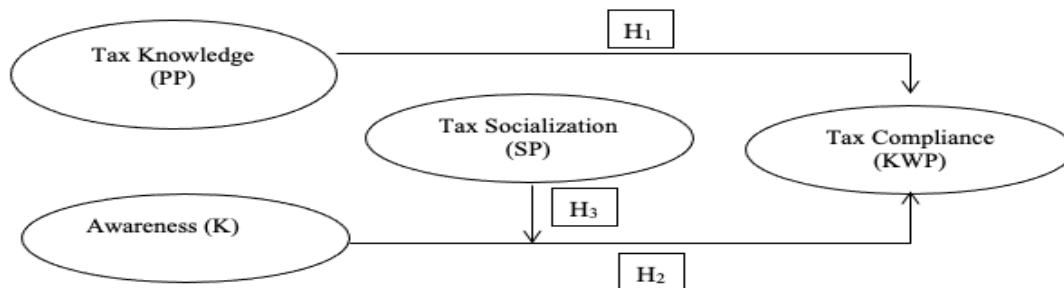
The knowledge of tax laws and regulations means an increase in tax-paying compliance. Taxpayer compliance demonstrates how taxpayers fill in full blanks, correctly measure their due tax, pay, and report on time. Tax information means that taxpayers are aware of their responsibilities, that they are aware of their NPWP (Non-Taxable Income Number), PTKP (Non-Taxable Income Number), tax rates, tax penalties, how to pay taxes and how to apply taxes (Ilhamsyah, 2016). The research findings (Fitria, 2017; Setiyani, Andini, & Oemar, 2018) found that compliance with taxpayers is impaired by taxation. If the taxpayer's awareness of applicable taxes is strong, it will have an effect on increased enforcement by taxpayers.

Taxpayer awareness is one factor that is often needed to enhance taxpayer compliance (Naslia et al., 2021). The consciousness of taxpayers can be seen by the severity and willingness of taxpayers to meet their tax obligations as defined in their understanding (Putri & Jati, 2013). In addition, (Andreas & Savitri, 2015) claims that taxpayer knowledge is a situation in which taxpayers are aware of, recognize, measure, pay and satisfy tax obligations on a voluntary basis. If taxpayers are conscious, they will pay their taxes in compliance with the laws and raise their income tax income (Vionita & Kristanto, 2018). On the other hand, if a taxpayer just knows, does not understand and does not follow tax laws, it means that he still has a low level of understanding (Suriambawa & Setiawan, 2018). Research findings (Siamena, Sabijono, & Warongan, 2017;

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Nurkhin, Novanty, Muhsin, & Sumiadji, 2018; Sari & Wirakusuma, 2018; Prakoso, Wicaksono, Iswono, Puspita, Bidhari, & Kusumaningrum, 2019; Mumu, Sondakh, & Suwetja, 2020) indicate that perception of taxpayers has a huge impact on compliance with taxpayers. If taxpayers feel that the tax role is important to growth, the value of paying taxes will be understood.

Tax socialization of text-based data such as brochures, ads, or blogs can be solved by tax education. The goal of socialization is to understand the importance of taxation and to hope that the public can understand the advantages of taxes. In raising taxpayer awareness, tax socialization will be more successful because it will acquire understanding, information, and guidance for carrying out tax obligations. (2017 Megawangi & Setiawan). Taxpayers' high awareness of the benefits of paying taxes for the welfare of people would increase taxpayer compliance by government tax socialization to increase taxpayer awareness of paying their taxes. (2019: Muhammad, Asnawi, & Pangayow). (Boediono, Sitawati, & Harjanto, 2018) found that, through tax socialization, taxpayer compliance would increase. Study findings (Vionita & Kristanto, 2018; Wardani & Wati, 2018; Devi & Purba, 2019; Suardana & Gayatri, 2020) show that socialization has a big impact on compliance with taxpayers. Socialization would improve tax payment enforcement if it is followed by taxpayers' understanding. Meanwhile, (Siahaan & Halimatusyadiah, 2018) found that taxpayer compliance was not impaired by socialization. It is the reason why this study is vital to respond to the phenomenon of the problem of cheating that exists and the findings of previous studies that have been mentioned above.



**Figure 1. Conceptual Framework**

## METHOD

An interpretation of data and testing of the proposed hypothesis responded to the quantitative method used in this research. The descriptive type of quantitative data will respond to information from respondents who have given a value or ranking. Primary data is the basis of data used. An individual taxpayer registered at the West Makassar Tax Office is the population in this sample. The number of samples is calculated by a convenient method of sampling, namely random sampling, taking account of the ease of access of the researcher. In this research, the determination of the sample is based on the calculations put forward by the Slovin formula as follows:

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

$$n = \frac{136.414}{1 + 136.414(0.1)^2} = 100$$

Description:

- n = Number of Sample
- N = Number of Population
- e = Tolerance of Inaccuracy

The number of samples taken in this analysis was 100 taxpayers, based on this formula. The data was then analyzed using the Partial Least Square (PLS) strategy.

## RESULT and DISCUSSION

### Result

The performance table shows the tax information, understanding, tax socialization, and taxpayer compliance importance of the correlation. Each indicator exceeds the value of the loading factor of 0.50 and the value of the derived average variance. (AVE) is higher than 0.50, It can be argued that all variables have become a suitable instrument for calculating.

**Table 1. Outer Loading**

	Tax Knowledge	Awareness	Tax Socialization	Tax Compliance	Average Variance Extracted (AVE)
PP.1	0.889				0.764
PP.2	0.869				
PP.3	0.876				
PP.4	0.861				
K.1		0.831			0.772
K.2		0.871			
K.3		0.901			
K.4		0.911			
K.5		0.878			
SP.1			0.861		0.659
SP.2			0.701		
SP.3			0.869		
SP.4			0.804		
KWP.1				0.891	0.713
KWP.2				0.790	
KWP.3				0.840	
KWP.4				0.854	

**Table 2. Composite Reliability**

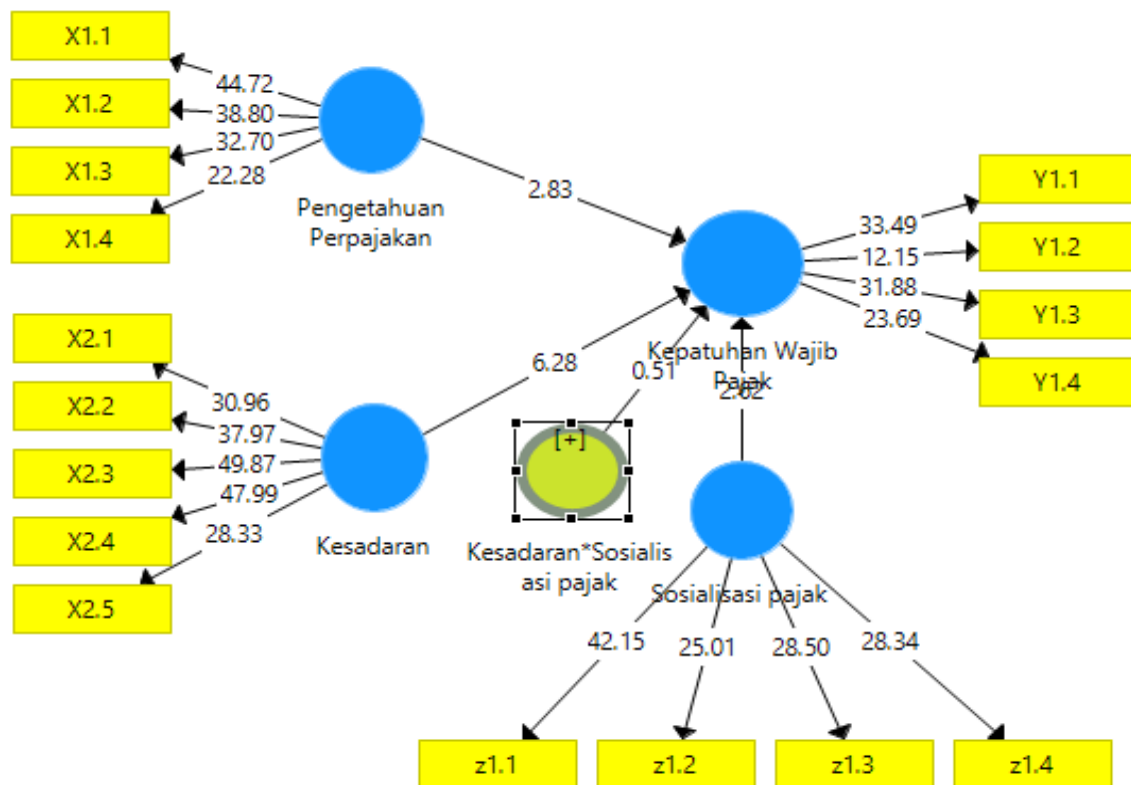
	Composite Reliability	Cronbach Alpha
Tax Knowledge	0,928	0,897
Awareness	0,944	0,926
Tax Socialization	0,885	0,866
Tax Compliance	0,908	0,825

The composite reliability results and Cronbach alpha display the value of each variable above the value of 0.70, indicating that all instrument variables are accurate.

**Table 3. R Square**

	R Square	R Adj. Square
Tax Compliance	0,907	0,903

For the taxpayer compliance variable, the R-Square value is 0.907 or 90.7 percent, indicating that tax literacy, understanding will clarify the taxpayer compliance variable, and tax socialization variables are 90.7 percent as a moderating variable. In contrast, other factors not found in this analysis can be explained by the remaining 9.30 percent: service efficiency, tax penalties, and others.



**Figure 2. Structural Model**

**Tabel 4. Bootstrapping Test**

Variabel	Original Sample	Sample Mean	Standard Error	T Statistics	P Values
Tax Knowledge → Tax Compliance	0,288	0,291	0,102	2,829	0,005
Awareness → Tax Compliance	0,487	0,484	0,078	6,280	0,000
Awareness*Tax Socialization → Tax Compliance	0,013	0,013	0,025	0,505	0,614

Research findings show that the coefficient value of the tax information variable is 0.288, a substantial level of 0.005, which is higher than the level of significance of 0.05. The suggested hypothesis 1 is therefore accepted. That is, there is a unidirectional impact of the information variable on taxpayer compliance. The performance of knowledge indicates that the coefficient value is 0.487, which is greater than the 0.05 significance level, a significant level of 0.000. Hypothesis 2 is thus acknowledged in this review. That means that there is a direct impact of the perception variable on taxpayer compliance. The performance of this study also showed that the moderation coefficient value on taxpayer compliance between knowledge and tax socialization was 0.013, a meaningful value of 0.614 that is not at the level of significance of 0.05. Hypothesis 3 in this analysis is also denied. Which implies that tax socialization is unable to mitigate taxpayer compliance awareness.

## Discussion

The findings of this study indicate that positive awareness has a huge effect on the compliance of taxpayers. It means that taxpayers, with the information that taxpayers have, will disclose their tax debts according to the laws and on time. The findings of this study confirm the research results (Lydiana, 2018; Maghriby & Ramdani, 2020), showing that tax awareness has a huge effect on taxpayer compliance. In addition (Putri & Setiawan 2017) shows that tax awareness will increase taxpayer compliance. The information and understanding that the taxpayer has will characterize the ability of the taxpayer to accurately disclose his tax debt.

The findings of this study indicate that constructive awareness greatly influences the compliance of taxpayers. If the taxpayer is aware of the advantages of taxation that can make people prosper, it would influence the compliance of taxpayers with the payment of taxes. The findings of this study confirm research findings (Megawangi & Setiawan, 2017; Amin 2018) that recognition has a major effect on taxpayer compliance. It is said that taxpayers are aware of fulfilling their tax obligations if they are able to pay their tax debt not only because they fear that a tax officer will inspect them, but because taxpayers are also compliant with the provisions of tax laws (Putri & Setiawan, 2017).

The study results showed that the relationship between perception and taxpayer compliance could not be moderated by tax socialization. While tax socialization can be sustained if taxpayers are not conscious of the value of paying taxes, enforcement would not increase awareness of the ability to contribute to the timely payment of taxes (Danarsi, Nurlaela, & Subroto, 2017). To raise awareness of taxpayers paying taxes, KPP West Makassar therefore needs to perform tax socialization intensively. The results (Wardani & Wati, 2018) that tax socialization does not directly affect taxpayer compliance by awareness are confirmed by this report. The findings of this study also support the finding (Lianty, Hapsari, & Kurnia, 2017) that tax socialization does not impact taxpayer compliance. However, these findings do not support the research results (Megawangi & Setiawan, 2017), which found that taxpayer compliance will be impacted by the more regular introduction of tax socialization by tax authorities for corporate taxpayers.

## CONCLUSION

Significant positive information and understanding of taxpayer compliance was contained in the findings of this report. These findings also showed that the relationship between tax recognition and taxpayer compliance could be moderated by tax socialization. For more frequent tax socialization, it is suggested to the Makassar Tax Office so that taxpayer compliance can increase. It is anticipated that more research will incorporate independent variables related to taxpayer compliance, namely quality of service, taxpayer characteristics, social climate, etc.

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