



The Effect of Knowledge and Understanding Taxation, Quality of Tax Services, and Tax Awareness on Personal Tax Compliance

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Abstract

The purpose of this study is to find out a significant influence between Knowledge and Understanding of Taxation, Tax Service Quality, and Tax Awareness on the Compliance of Individual Taxpayers registered at the KPP of Jakarta Penjaringan. The research method used is multiple regression analysis. The data used are primary data; a sample is determined by convenience sampling method, data collected using a questionnaire. Respondents in this study amounted to 100 people. The results of this study are knowledge and understanding of taxation, tax service quality, and tax awareness have a significant positive effect on the compliance of individual taxpayers. This study also proves that tax awareness, knowledge, and understanding of taxation, and tax service quality are jointly influential towards individual taxpayer compliance.

Keywords: awareness of taxation, knowledge, and understanding of taxation, quality of tax services, individual taxpayer compliance

JEL Classification: H21, H26

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INTRODUCTION

State income is obtained from two sources of income, namely income derived from taxes and non-taxes. Tax revenue has a large role in contributing to state revenues. The legal basis for tax collection in Indonesia is Article 23A of the 1945 Constitution, which reads, "Taxes and other forcing levies for state purposes are regulated by law" (Waluyo, 2009). Based on the law, it is intended that taxes constitute the transfer of wealth from the public to the government, to finance state expenditures by not getting a direct counterpart.

In the welfare of the community, the government requested that taxpayers realize the importance of paying taxes to lead to compliance in paying taxes. Tax compliance is a condition where the Taxpayer understands or seeks to know all the provisions of the tax laws, complete the tax form correctly and clearly, calculate the amount of tax payable correctly and deposit the tax payable on time (Jotopurnomo & Mangoting, 2013). The number of cases that occur in the world of taxation raises a concern for taxpayers in paying their tax debt. The cases raise distrust of taxpayers to tax authorities, supported by an unprofessional tax authorities service and lack of knowledge of the world of taxation causes a decrease in the level of tax compliance.

In the theory of Planned Behavior (TPB) explains the behavior displayed by individuals arises because of the intention to behave. Compliant or disobedient behavior in fulfilling tax obligations can be carried out by taxpayers if there is an intention or desire to do so. If the taxpayer has the intention to comply with his tax obligations, tax compliance will occur. Where the intention to obey is determined by three factors, namely attitudes, subjective norms, and behavioral controls that are perceived by the taxpayer.

Based on previous research, several factors have not consistently influenced taxpayer compliance in paying their obligations. These factors are knowledge and understanding of taxation, tax service quality, and tax awareness. The study was conducted at the KPP of Jakarta Penjaringan. This study aims to prove that knowledge and understanding of taxation, tax service quality, and tax awareness has a significant influence on individual taxpayer compliance so that the government can examine what factors can influence the individual taxpayer compliance and is expected to be a guide in increasing individual taxpayer compliance.

LITERATURE REVIEW

According to the theory of planned behavior, human behavior is based on three types of considerations, namely: Behavioral beliefs, namely beliefs about possible outcomes of behavior and evaluation of these results (beliefs strength and outcome evaluation). Behavioral beliefs produce attitudes toward good or bad behavior; Normative beliefs, namely beliefs about the normative expectations of others and motivation to fulfill those expectations (normative beliefs and motivation to comply). Normative beliefs result in perceived social pressure or subjective norms; and Control beliefs, namely beliefs about the existence of factors that can facilitate or inhibit behavior that will be displayed (control beliefs) and perceptions of how strong the perceived power is.

Control beliefs give rise to perceived behavioral control. In its combination, attitude toward behavior (subjective attitude), perceived norms and perceived behavioral controls lead to the formation of behavioral intention (Ajzen, 2002).

"General Provisions and Procedures for Taxation" in Law Number 28 of 2007, the definition of a taxpayer is an individual or entity, including taxpayers, tax cutters, and tax collectors, who have taxation rights and obligations in accordance with statutory provisions taxation. As a taxpayer has the right to obtain information, be accompanied, and hear complaints when the process of paying taxes. Taxpayers are also entitled to appeal and have the right to pay taxes no more than they should have the right to legal certainty (Lubis, 2011).

Also, taxpayers must fulfill their obligations in registering themselves in obtaining a taxpayer identification number (NPWP), reporting their business activities as taxable entrepreneurs (PKP), correctly calculating and paying their tax obligations, and correcting annual tax returns (SPT) and completing its tax obligations in the Tax Service Office. In accordance with the specified time limit, organizing bookkeeping or recording, if there is an inspection, it must show documents and books or records relating to income reporting to tax officials, and taxpayers are not allowed to keep tax payment reports confidential examination requirements (Mardiasmo, 2016).

Knowledge and understanding of taxation is the reasoning and capture of the meaning of applicable tax regulations. (Rusli and Hadiprajitno, 2014). Knowledge and understanding of the tax regulations in question are understood and understood about general provisions and

taxation procedures (KUP) which includes how to submit notification letter (SPT), payment, place of payment, fines and payment deadline or SPT reporting (Official, 2016). If the taxpayer has sufficient and adequate knowledge about taxation, it will cause a sense of obedience in paying his tax obligations.

Hypothesis development

From previous research, it was found that understanding taxation has a positive influence on tax compliance (Asbar et al., 2014). Research that is not significant from knowledge and understanding of taxation. As is known from Andinata's research (2015), the results were not significant towards taxpayer compliance.

H1: Knowledge and understanding of taxes have a positive and significant effect on tax compliance.

The quality of tax services provided by tax officials in helping and directing taxpayers provides an increase in tax compliance. If the needs needed by taxpayers can be met, the taxpayer will fulfill his tax obligations. In this case Asbar et al. (2014), Pranadata (2014), Caroko et al. (2015), Wilda (2015), Zulaika (2016) revealed similar things, namely tax services have a positive and significant influence on taxpayer compliance. Research that says that tax services do not influence tax compliance (Andinata, 2015). Based on the explanation above, the hypothesis can be obtained as follows.

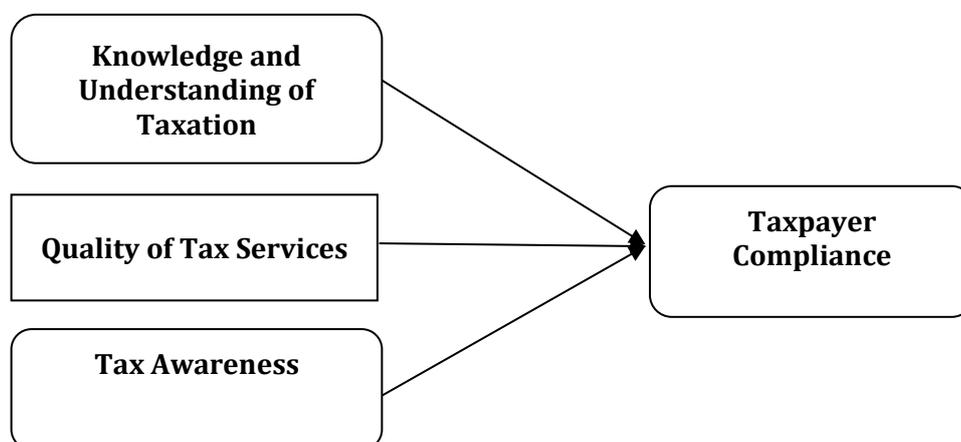
H2: Tax service quality has a positive and significant effect on tax compliance.

According to research conducted by Muliari and Setiawan (2010) that taxpayer awareness is a condition where taxpayers know, understand, and implement tax provisions correctly and voluntarily. The higher the level of awareness of one's tax obligations, the better understanding, and implementation of tax obligations can increase compliance itself. Awareness of taxpayers on the function of taxation as state financing is needed to improve taxpayer compliance (Jatmiko, 2006). With the awareness of taxpayers to pay taxes can increase taxpayer compliance and increase state revenues as well. In research conducted by Andinata (2015) found a positive and significant influence on taxpayer compliance. Research conducted by Zulaika (2016) states a significant positive effect on taxpayer compliance with taxpayer compliance. From previous studies

revealed the results of a positive relationship. Based on this, the following hypothesis is formulated:

H3: Awareness of taxpayers has a positive effect on individual taxpayer compliance.

Figure 1. Conceptual Framework



METHODS

This research is quantitative research with the nature of research testing hypotheses because hypothesis testing explains certain relationships. The type of data and data sources used are primary data through the questionnaire method. This research study was conducted on taxpayers registered at KPP of Jakarta Penjaringan, with samples determined by convenience sampling and the scale used in this questionnaire is a 1-5 Likert scale, where one = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree. Data analysis used is multiple linear regression analysis.

Compliance with taxpayers leads to Simon James et al. in Santoso (2009) who explained that tax compliance is the willingness of taxpayers to fulfill their tax obligations in accordance with applicable regulations without the need for examinations, thorough investigations, warnings, or threats and application both legal and administrative sanctions.

Knowledge and Understanding Taxation is the process by which taxpayers know about taxation and make tax payments. However, if a taxpayer does not know about tax regulations and processes, then the taxpayer does not carry out his obligations as a taxpayer properly.

Tax Service Quality is a way of tax officers in providing services to help or prepare all the needs and requirements of taxpayers optimally.

With satisfaction obtained by taxpayers from services provided by tax authorities, the taxpayer will carry out the obligation to pay taxes correctly in accordance with the applicable rules and regulations.

Taxpayer awareness is a condition where taxpayers know, understand, and implement tax provisions correctly and voluntarily.

The population used in this study is all individual taxpayers registered in KPP of Jakarta Penjarangan until July 2017, which amounted to 41,602 people. The method of determining the sample used in this study is convenience sampling, which is a method of returning samples freely and conditionally without determining the status, or circumstances of the respondents to make researchers comfortable and easy in the sampling process (Sekaran, 2009). The sample is part of a particular population that is the object of research. Due to the limited funds, energy, and time that the researcher has, the researcher uses the Slovin formula

Table 1. Variable Measurement

Variables	Indicator	Scale
Taxpayer Compliance	<ol style="list-style-type: none"> 1. I registered myself as a taxpayer to fulfill my obligations as a good citizen. 2. I will report the SPT on time. 3. I will calculate the tax payable honestly and correctly. 4. As a taxpayer, need to pay taxes. 5. As a compulsory taxpayer, pay administrative sanctions. 	Interval
Knowledge and Understanding of Taxation	<ol style="list-style-type: none"> 1. I feel that taxpayer knowledge about taxes can easily be obtained from mass media (such as television and radio), banners, billboards, and other print media. 2. I know the functions and benefits of taxes used to finance the country's development and public facilities. 3. Taxes are compelling so that if a violation occurs, then sanctions will be imposed. 4. I do not get compensation directly from the tax that I pay. 	Interval
Quality of Tax Service	<ol style="list-style-type: none"> 1. The tax officer is friendly and polite in serving each taxpayer. 2. The tax officer is quick to respond to complaints experienced by taxpayers. 3. The tax officer provides information and explanations clearly and easily understood by the taxpayer and provides the right solution. 4. In the implementation of taxes so far the capacity tax authorities are to direct taxpayers. 5. Satisfactory service quality will make taxpayers feel helped and profitable in terms of time and service. 	Interval

Taxpayer awareness	<ol style="list-style-type: none"> 1. Tax is a contribution of the general public funds for carrying out the functions and duties of the government. 2. Tax is the largest source of state revenue. 3. Tax is a form of participation in supporting the country's development. 4. I have to pay taxes because taxes are our obligation as taxpayers. 5. I realize that non-compliance with paying taxes can hurt the country. 	Interval
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The testing of this study was carried out by multiple linear regression analysis, a method that is associated with independent variables on the dependent variable. The regression model used:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Information:

- Y = Individual Taxpayer Compliance
- X1 = Knowledge, and Understanding of Taxation
- X2 = Quality of Tax Service
- X3 = Tax Awareness
- A = Constant

RESULT

Table 2. Test Descriptive Statistics

NO	VARIABLES	MIN	MAX	MEAN	STD.DEV
1	Tax awareness	1.00	5.00	4.290	0,692
2	Knowledge and understanding of taxation	1.00	5.00	3.940	0,839
3	Quality of tax service	2.00	5.00	4.210	0,672
4	Compliance with OP taxpayers	1.00	5.00	4.200	0.636

Source: SPSS output

Based on the table of descriptive statistics above, it is known that the number of questionnaires collected and used as the study sample was 100 questionnaires. In the Tax Knowledge and Understanding variable the statistical results show the minimum value obtained is 1 (strongly disagree) and the maximum value is 5 (strongly agree) while the mean value is 3.940 and the standard deviation value is 0.839 smaller than 1 means that the spread of data on knowledge and understanding of taxation is good and homogeneous.

On the Tax Service Quality the statistical results show the minimum value obtained is 2 (disagree) and the maximum value is 5 (strongly agree)

while the mean value is 4.210 and the standard deviation value of 0.672 smaller than one means that data distribution of tax service quality is good and homogeneous.

On the tax awareness the statistical results show the minimum value obtained is 1 (strongly disagree) and the maximum value is 5 (strongly agree) while the mean value is 4.290 and the standard deviation value is 0.692 smaller than one means that data distribution of tax service quality is good and homogeneous.

In the variable taxpayer compliance shows statistical results, the minimum value obtained is 1 (strongly disagree) and a maximum value of 5 (strongly agree) while the average value (mean) is 4,200, and the standard deviation value of 0,636 is smaller than 1 means that the data distribution of tax service quality is good and homogeneous.

Based on the above table 3, the results of validity tests are obtained regarding the variable Knowledge and Understanding of Taxation, Quality of Tax Services, Tax Awareness, Taxpayer Compliance Sig. (2-Tailed) 0,000 <0,050 which means all variables are valid

Table 3. Validity test

No Item	Variables	Question	Significance	Decision
1	Knowledge and Understanding of Taxation	4	0,000	Valid
2	Quality of Tax Services	5	0,000	Valid
3	Tax Awareness	5	0,000	Valid
4	Taxpayer Compliance	5	0,000	Valid

Source: SPSS output

Test Reliability is used to measure a reliable questionnaire and is an indicator of a variable or construct.

Table 4. Reliability Test

No.	Variable	Cronbach 's Alpha	Decision
1	Knowledge and Understanding of Taxation	0,755	Reliable
2	Quality of Tax Services	0,793	Reliable
3	Tax Awareness	0,796	Reliable
4	Taxpayer Compliance	0,800	Reliable

Source: SPSS output

From the table 4 above it can be seen that the value of Cronbach's Alpha which is owned by the variable Knowledge and Understanding of Taxation, Quality of Tax Services, Tax Awareness, Taxpayer Compliance is above the number 0.6, so it can be said that all variable instruments are reliable.

Examiners performed on the model formed to explain how much the contribution of the independent variables studied on the dependent variable.

Table 5. R Square

Model	R	R Square	Adjusted R ²	Std. Error of the Estimate
1	.680 ^a	.463	.446	1.99062

Source: SPSS output

Based on table 8, it is known that the coefficient of determination seen from the value of Adj.R2 is equal to 0.446. This 0.446 means that 44.6% of the variation of the dependent variable of Individual Taxpayer Compliance can be explained by the independent variable, namely understanding, and knowledge of taxation, tax awareness, and taxation quality while the remaining 55.4% (100% -44.6%) is explained by other variables not included in the equation.

Shows tall the independent variables included in the model have a joint effect on the dependent variable.

Table 6. ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	327.835	3	109.278	27.578	.000 ^a
	Residual	380.405	96	3.963		
	Total	708.240	99			

Source: SPSS output

From the results of the test, the F value of 27,578 obtained a significance of 0,000 <0.05, the results obtained that the variable understanding and knowledge of taxation, tax awareness, and quality of taxation together have an influence on firm value. Also, testing the influence of each independent variable used in this study partially used the t test with a significance level of 5%.

Table 10. T-test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.403	2.081		1.155	.251
	KPTOT	.523	.102	.444	5.131	.000
	PPTOT	.247	.110	.191	2.243	.027
	KUPTOT	.209	.083	.214	2.521	.013

Source: SPSS output

Based on the table 10 results of the t-test above the variable understanding and knowledge of taxation, tax awareness, and the quality of taxation influence individual taxpayer compliance, this is evident from the significance of <0.05 .

DISCUSSION

Based on the results of the T-test, knowledge, and understanding of taxation has a beta coefficient of 0.247 for tax compliance. The significant value obtained is 0.027, where the significant value <0.05 ; therefore, it can be concluded that there is an influence of knowledge and understanding of taxation on taxpayer compliance.

The results of this study are in accordance with the finding of Caroko et al. (2015) explaining that knowledge and understanding of taxation has a significant positive effect on individual taxpayer compliance. The higher the knowledge and understanding of taxpayers regarding applicable laws and tax regulations, the higher taxpayer compliance.

Based on the results of the T-test, the tax service quality variable has a beta coefficient of 0.209 and the significant value obtained is 0.013 where the significant value is <0.05 , therefore, it can be concluded that there is an influence on the quality of service on tax compliance.

The results of this study are in accordance with the research conducted by Pranadata (2014), Wilda (2015), Caroko et al. (2015), and Zulaika (2016) stating that tax service quality has a significant positive effect on tax compliance. The services provided by the tax authorities to taxpayers already have a code of ethics. The facilities provided have met the expectations and needs of the taxpayer. The convenience of good service by the tax authorities causes taxpayers to feel satisfied, and the taxpayer will not object to returning to the KPP. If the services provided are bad, taxpayers will feel lazy and burdened to carry out their tax obligations so that this can have a bad influence on tax compliance.

Based on the results of the T-test, the tax awareness variable has a beta coefficient of 0.523 for taxpayer compliance. The significant value obtained is 0.000, where a significant value < 0.05 ; therefore, it can be concluded that there is an effect of tax awareness on tax compliance.

This conclusion is in line with the research of Zulaika (2016), Santoso, et al. (2015), and Andinata (2015) which states that awareness of

taxation has a positive influence on taxpayer compliance. The awareness of taxation from the taxpayer itself can improve the compliance of the taxpayer. Based on the observations of researchers, there is an awareness of their tax obligations so that taxpayers also feel the need to comply with all the rules or opportunities in paying taxes because in order to create development in Indonesia this can be a role in the progress of this country. Awareness of taxpayers can also help them to understand the function of a country's tax.

CONCLUSION

The research aims to prove the influence of Understanding and Knowledge of Taxation, Quality of Tax Service, and Taxpayer Awareness on Compliance with Personal Taxpayers in the KPP of Jakarta Penjaringan 2017. The results of the study can be concluded, namely (1) knowledge and understanding of taxation have a positive influence on compliance individual taxpayer (2) tax service quality has a positive influence on individual taxpayer compliance (3) tax awareness has a positive influence on individual taxpayer compliance.

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