

# Revealing Awareness and Compliance of Tax (Case Study in Tax Office (KPP) Pratama Jepara)

Khoirul Fuad<sup>a,\*</sup> and Lutfi Khusfiah<sup>b</sup>

<sup>a</sup>*Faculty of Economics, Universitas Islam Sultan Agung Semarang, khoirulfuad@unissula.ac.id, Indonesia*

<sup>b</sup>*Faculty of Economics, Universitas Islam Sultan Agung Semarang, lutfikhus@gmail.com, Indonesia*

**Abstract.** This study aims to determine the empirical evidence of tax knowledge, trust, transparency and tax awareness on tax compliance. This study involved 100 respondents as sample by using accidental sampling technique. Respondents who participated in this study were Personal Taxpayer and Corporate Taxpayers registered at Tax Office (Kantor Pelayanan Pajak/KPP) Pratama Jepara. This type of research is quantitative method using primary data. In this study, data was collected by distributing questionnaire for 5 days. The data in this study were analyzed with Partial Least Square (PLS) using Smart PLS 3.0 software. The results showed that there are two variables, namely tax knowledge and transparency that have positive and significant effect on tax awareness and tax compliance. Although, there are still some variables which don't have any significant effect, such as tax awareness on tax compliance, trust on tax awareness and trust on tax compliance. Tax awareness moderates the effect of tax knowledge and transparency on tax compliance. Tax awareness doesn't mediate the effect of trust on tax compliance.

Keywords: tax knowledge, trust, transparency, tax awareness, tax compliance

---

\* Corresponding author. E-mail: khoirulfuad@unissula.ac.id

**Introduction**

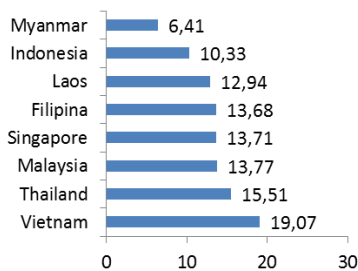
In various countries, tax has a very big role. Tax is an important element of state revenue. Not only in Indonesia, almost all countries in the world also rely on tax revenue. Over the past few years, the contribution of tax in national income in Indonesia is more than 70%. The table of state revenue and the percentage of tax contribution in state revenue are shown as follows.

Table 1  
The Table of State Revenue and The Percentage of Tax Contribution in State Revenue

Year	2014	2015	2016
State Revenue	1.550,6	1.761,6	1.786,2
Tax Contribution	1.144,9	1.489,3	1.539,2
Percentage	73,8 %	82,4%	82,6%

Source: Kemenkeu.go.id

If observed, the tax contribution in state revenue in the last three years has consistently increased every year. The high contribution of taxes in increasing state revenues is not matched by public compliance in paying taxes. Community compliance in paying taxes in Indonesia is categorized quite low, it can be seen from Indonesia's tax ratio. When compared to other Asian countries, Indonesia's tax ratio is lagging behind. The following is a comparison of tax ratios from several ASEAN countries.



Source: <https://data.worldbank.org>

Fig. 1. A Comparison of Tax Ratios from Several ASEAN Countries

From the picture above, it can be concluded that the lagging tax ratio reflects the compliance of taxpayers in Indonesia which is still low. James et al (2002) define tax compliance as a willingness to carry out obligations in paying taxes in accordance with applicable laws and regulations without any checks, investigations, warnings or threats both

legally and administratively. Thus, there are still many Indonesians who do not meet the criteria of citizens who are tax-compliant. This can be assessed from the target and realization of tax amnesty receipts carried out in the last three years. While the achievement of the tax amnesty program is considered good by some parties, it cannot be denied that the results obtained have not been maximized.

Table 2  
Tax Realization

	2013	2014	2015	2016
Target	995,21T	1.072,37T	1.294,26T	1.355,20T
Realization	921,27T	981,83T	1.060,83T	1.105,81T
Percentage	92,58%	91,86%	81,97%	78,96%

Source: pajak.go.id

Based on the table above, tax realization has decline from year to year. The reason for not achieving the target is due to the lack of enthusiasm of the community in welcoming this taxation programs.

Public tax awareness will grow if the government guarantees good transparency. Transparency is a fundamental problem. Transparency felt by the community can create the confidence of taxpayers to fulfill their obligations in paying taxes (Siahaan, 2013).

In addition to transparency, the government must also foster public confidence in law and bureaucracy in Indonesia. The negative perspective that developed in the community due to cases of abuse of authority in Indonesia resulted in a lack of public trust to government. The lack of public trust to government makes people more insensitive to the law and reluctant to comply with tax regulations.

Wahl, et al (2008) believe that one way to increase the level of tax compliance is to provide knowledge regarding taxation. Tax knowledge plays a very important role. Therefore, people need to get tax education so that taxpayers have a competent understanding.

The level of tax compliance can be caused by lack of knowledge or lack of patriotism. Many factors have been studied in finding the exact cause of tax compliance. In this study, three main factors were determined in measuring the level of tax compliance, namely tax knowledge, trust, and transparency. These three variables used because they are related to each other so that it is worth to be examined.

## Literature Review and Hypothesis Development

Ajzen (1991) has explained about human behavior in his study entitled "The Theory of planned behavior". He found, theory of planned behavior is used to predict a person's intention to engage in behavior at a certain time and place. The intention is the main function before the individual behaves. According to Ajzen (1991), a person's intention to behave is based on three things: behavioral beliefs, control beliefs, and normative beliefs.

Behavioral belief is an individual belief about the consequences or impacts from a behavior carried out. Control beliefs is and individual belief about factors that can inhibit or facilitate individuals to perform a behavior. Normative belief is individual perceptions of social normative pressures based on another people's judgment. An intention is a static trait. It means that a person's intention can change along with the changes experienced by individuals. Many factors underlie changes in individual intentions. In short, the factors triggering changes in intention can be sourced from within and outside the individual itself.

### *Relationship between taxation knowledge and tax awareness*

Awareness of taxpayers will grow if taxpayers have an understanding of taxation (Jatmiko, 2006). The knowledge possessed by someone can be a determining factor in one's intentions and behavior. Without taxation knowledge, taxpayers may never realize the importance of tax for the country's development. The higher the taxpayer's knowledge of tax policies, the higher the awareness of taxpayers in fulfilling their obligations.

Siregar et al., (2012) gave empirical findings of a positive and significant influence between knowledge and services of the tax authorities on adherence. This is supported by research conducted by Oktadini (2018).

H1: Tax knowledge has a positive effect on tax awareness.

### *Effect of tax knowledge on tax compliance*

One obstacle in tax collection is the intellectual and moral development of the community (Mardiasmo 2008). Someone who has little knowledge of taxation will certainly be different from taxpayers who understand taxation deeply.

Taxpayers who have more knowledge in the field of taxation tend to prefer to reduce costs that must be paid. Taxpayers will seek reproach from existing regulations to minimize their obligations without breaking the law.

Research conducted by Wardani and Asis (2017) found that the level of taxpayer's knowledge has negative effect on tax compliance. The higher the taxpayer's ability to calculate taxes, the more likely the taxpayer to reduce tax that must be paid.

H2: Tax knowledge has negative effect on tax compliance.

### *Relationship between trust on tax awareness*

According to Sudharini (2016), Trust in the government and legal system will encourage taxpayer awareness to pay taxes, if the funds obtained from the tax collection are distributed evenly to finance all the needs and expenses of the State.

Taxpayer trust in the government instinctively will grow tax awareness. Trust can build an intention that originate from within the taxpayer. Research conducted by Prasetyo and Margareta (2018) shows that the effect of the level of trust in the government system and the law on tax awareness shows a significance value. Probondari (2014), Sudharini (2016) and Handayani also found the same result that trust has a significant positive effect on tax awareness.

H3: Trust has a significant positive effect on tax awareness.

### *Relationship between trust and tax compliance*

Trust in law and government regulators is a belief that underlies the community in terms of implementing the taxation system in Indonesia and compliance with obligations in paying taxes (Fitriani, et al: 2012).

The public or taxpayers who do not have trust in the government or tax officials will prefer not to pay taxes. Trust is a basic capital in tax compliance. Trust is likened to a lubricant in the relationship between the community and the government.

Faizal et al (2017) state that trust has a significant positive effect on tax compliance. Alm, James et al (2005) and Wahl et al (2010) also support this finding.

H4: Trust has a positive effect on tax compliance.

*Relationship between transparency and tax awareness*

Based on the development of the Theory of Planned Behavior, taxpayers act according to intentions. The intention is an individual's desire to do a thing. The transparency offered by the government can trigger the emergence of control beliefs in taxpayers. Transparency is used as a reason to strengthen or weaken the taxpayer's behavior. High or low transparency provided by the government determines the direction in which the taxpayer behaves, in the positive or negative direction. Experience and information obtained by taxpayers can also be the effect of tax awareness. The intended information can be positive or negative information. Taxpayers will be more tax conscious if the taxpayer has information about the importance of taxes. Transparency in allocating funds sourced from tax revenue can raise taxpayer awareness in complying with tax regulations. Conversely, the taxpayer's experience on a case of tax misuse caused by a lack of transparency can trigger a loss of taxpayer awareness in fulfilling their tax obligations. This is a new research so there is no prior research that underlies.

H5: Transparency has a positive effect on tax awareness.

*Relationship between transparency and tax compliance*

Transparency has an important role in the world of taxation. Without transparency, taxpayers can conduct negative actions through illegal practices such as tax fraud cases (Hamza et al, 2016). Transparency is needed in running a good government. Society and government will go hand in hand if there is transparency between both.

Dartini and Jati (2016) argue that transparency has a positive effect on tax compliance. This is supported by Putra (2017), Sumianto and CH. Heni (2015) and Siahaan (2013).

H6: Transparency has a significant positive effect on tax compliance.

*Relationship between tax awareness and tax compliance*

Awareness is an element that comes from within human beings that influences behavior to respond to all existing realities (Trisnawati 2015). Taxpayer awareness is a good faith of someone to fulfill the obligation to pay taxes based on a sincere conscience (Susilawati and Budiarti, 2013).

Sudharini (2016) has conducted research on taxpayer awareness toward tax compliance. The results obtained are that taxpayer awareness has a positive effect on tax compliance. This was also approved by research by Tiraada (2013), Nurlis and Islamiah (2015), Suyanto and Pratama (2018), Wardani and Rumiyaun (2017) who presented similar results.

H7: Tax awareness has a significant positive effect on tax compliance

**Research Methodology**

This research was conducted at Tax Office (KPP) Pratama Jepara. The study design used quantitative research. Data collection techniques in this study were conducted by using a questionnaire survey method. The population in this study were all individual and corporate taxpayers registered at Tax Office (KPP) Pratama Jepara. Sampling in this study was carried out using Accidental Sampling, namely taking respondents as samples based on chance. This study involved 100 respondents as a sample. Data collection was collected for 5 working days at Tax Office (KPP) Pratama Jepara.

*Variable Definition and Measurement*

**Tax Compliance**

Tax Compliance is a person's obedience, in this case, a taxpayer's compliance on tax regulations or laws (Tiraada, 2013). Wardani and Rumiyaun (2017) and Ilhamsyah et al (2016) mention the measurement indicators used to measure the extent of taxpayer compliance are as follows. 1) Meet the tax obligations that are in accordance with applicable regulations 2) Taxpayers have no tax arrears. 3)

Taxpayers meet the requirements in paying taxes 4) Taxpayers know the payment due date. 5) Never violate the rules.

#### Tax Awareness

Tax Awareness is an attitude of understanding taxpayers to carry out their tax obligations towards the implementation of the function to determine the purpose of obligations in paying taxes (Aswati et al, 2018). Awareness of paying taxes in this study was measured by an instrument of questions from the research of Wardani and Rumiyyatun (2017) that consists of three question items, such as: 1) Awareness of tax rights and obligations 2) Public trust in paying taxes for state financing. 3) Self-drive to pay taxes voluntarily.

#### Tax Knowledge

Tax knowledge is the process of changing the attitudes and behavior of a taxpayer or group of taxpayers to mature humans through teaching and training efforts. Tax knowledge about taxation in this study was measured by the question instruments derived from the research of Wardani and Rumiyyatun (2017) that consist of four question items, such as: 1) Knowledge of the terms of payment procedures 2) Knowledge of tax functions. 3) Knowledge of Tax Sanctions 4) Knowledge of where to place tax payments.

#### Trust

Kreitner and Kinicki (2007) suggest that trust is a reciprocal belief in the intentions and behavior of others. The reciprocal relationship is illustrated that when someone sees other people behaving in a way that implies the existence of a trust, someone will be more motivated to reciprocate with more trust. While distrust arises when other parties show actions that violate trust.

The level of trust in the government and legal system in this study was measured by an instrument of questions derived from the research of Handayani et al. 2012, which consisted of four question items, such as: 1) Trust in the government system 2) Trust in the legal system 3) Trust in tax employees 4) Trust in tax collection which is reallocated to the people.

#### Transparency

Tax transparency is an openness to information regarding tax management and utilization (Putra, 2017). Tax transparency in this study was measured by an instrument of questions derived from research of Rahayu (2006) that consist of five indicators, such as: 1) Information disclosure and bureaucracy 2) Easy to understand 3) Enough information 4) Data is easily monitored 5) Data can be justified.

#### *Research Instrument Development*

This study used indicators and a list of questions that have been tested by previous researchers and developed by researchers. So that the indicators and items of research questions are not tested using a pilot test. But after it has been reprocessed using smartPLS, several question items have a loading factor  $< 0.6$ . It can be said that the question item is invalid so it must be deleted because it cannot be used as a benchmark in this research. The question items removed are X.1.5, X1.6, Y.1.1, Y1.2, Y1.3, Z1.8, Z1.9. The question is said to be valid if it has a loading factor  $> 0.6$ . The scoring in this study uses the Likert scale 1-5, strongly disagree (STS), disagree (TS), Neutral (N), agree (S), and strongly agree (SS). For the negative questions, the scoring must be reversed.

#### *Data Analysis Technique*

The analysis in this study used PLS (Partial Least Square) equation using SmartPLS 3.0 software. PLS is a Structural Equation Modeling (SEM) based on components or variants. PLS is a powerful analytical method because it does not assume the data must be on a specific measurement scale and also on relatively small sample size (Ghozali and Latan, 2015). The SEM-PLS in this study is divided into two, namely the outer equation model (measurement model) and the inner equation model (structural model) as follows:

- a. Outer Equation model (measurement model)
  - 1) Variable of exogenous latent  $n$   
 $X_n = \lambda X_n \zeta_n + \delta_n$
  - 2) Variable of endogenous latent  
 $Y_n = \lambda Y_n \eta_n + \epsilon_n$

- b. Inner Equation Model
  - $\eta_1 = \gamma_1\xi_1 + \gamma_2\xi_2 + \gamma_3\xi_3 + \zeta_1$
  - $\eta_2 = \beta_1\eta_1 + \gamma_4\xi_1 + \gamma_5\xi_2 + \gamma_6\xi_3 +$

Which:

- Xn : indicator n
- $\Lambda_{xn}$  : outer loading indicator n
- YN : indicator  $\eta$
- $\lambda Y$  : outer loading indicator  $\eta$
- $\xi_1$  : knowledge
- $\delta$  : noise as exogenous latent variable
- $\xi_2$  : transparency
- $\epsilon$  : noise as endogenous latent variable
- $\xi_3$  : trust
- $\zeta$  : residual value
- $\eta_1$  : tax awareness
- $\eta_2$  : tax compliance
- $\gamma_1$  : coefficient of the path of tax knowledge on tax awareness
- $\gamma_2$  : coefficient of the path of transparency on tax awareness
- $\gamma_3$  : coefficient of the path of trust on tax awareness
- $\gamma_4$  : coefficient of the path of tax knowledge on tax compliance
- $\gamma_5$  : coefficient of the path of transparency on tax compliance
- $\gamma_6$  : coefficient of trust path on tax compliance
- $\beta_1$  : coefficient of the path of tax awareness on tax compliance

### Findings and Discussion

#### Findings

Table 7  
Descriptive Statistical Analysis

	N	Min	Max	Mean	Std. deviation
Tax compliance	100	25	45	41.46	349.724
Tax awareness	100	23	34	30.49	242.252
Knowledge	100	20	34	28.06	295.016
Trust	100	10	25	20.41	368.479
Transparency	100	8	25	18.36	406.642

Based on the descriptive statistical test results in table 7, it is shown that the tax compliance variable has a minimum value of 25 and a maximum value of 45. The average value of the tax compliance variable is 41.46 and the standard deviation is as large as 3.49724. This shows that the level of accuracy of the

tax compliance variable is good because the average value is higher than the standard deviation.

Tax awareness variable has a minimum value of 23 and a maximum value of 34. The average value of the tax compliance variable is 30.49 and the standard deviation is as large as 2.42252. This shows that the level of accuracy of the tax compliance variable is good because the average value is higher than the standard deviation.

Tax knowledge variable has a minimum value of 20 and a maximum value of 34. The average value of tax knowledge is 28.06 and the standard deviation is 2.95016. This shows that the level of accuracy of the tax knowledge variable is good because the average value is higher than the standard deviation.

Trust variable has a minimum value of 10 and a maximum value of 25. The average value of the trust variable is 20.41 and the standard deviation is as large as 3.68479. This shows that the accuracy of the trust variable is good because the average value is higher than the standard deviation.

Transparency variable has a minimum value of 8 and a maximum value of 25. The average value of the transparency variable is 18.36 and the standard deviation is as large as 4.06642. This shows that the level of accuracy of the transparency variable is good because the average value is higher than the standard deviation.

Table 8  
Score of Average Variance Extracted (AVE)

	Average Variance Extracted
TA	0.508
TC	0.554
KNW	0.551
TRST	0.632
TRNS	0.671

Based on the outputs obtained in Table 8, it can be seen that each construct has the AVE value of  $\geq 0.5$ . It fulfills the criteria and the construct that can be classified as good.

Table 9  
Composite Reliability and Cronbach's Alpha

	Cronbach's Alpha	Rho_A	Composite Reliability
TC	0.761	0.774	0.837
TA	0.732	0.739	0.832
KNW	0.864	0.877	0.895
TRST	0.852	0.869	0.895
TRNS	0.882	0.889	0.910

Based on the results of the processing in Table 9, it shows that each construct has a composite reliability value and Cronbach's alpha of more than 0.7. This

means that each latent construct has good reliability because it meets the requirements of the composite reliability and Cronbach's alpha test.

Table 10  
R-Square (R<sup>2</sup>)

	R-Square (R <sup>2</sup> )
TA	0.472
TC	0.437

Based on the results of data processing in Table 10 above, it can be explained that the value of R-Square (R<sup>2</sup>) in the model structure variables is equal to 0.472 and 0.437. Tax awareness variable has an R<sup>2</sup> value of 0.472 or 47.2%. It can be interpreted that the variables of knowledge, transparency, trust can explain the tax awareness variable of 47.2% while 52.8% is explained by other variables. Likewise, with the tax compliance variable, 0.437 or 43.7% can be explained using the variables of knowledge, transparency, trust, and tax awareness while as many as 56.3% can be explained using other variables.

Table 11  
Hypothesis Test Results

	Original sample	Sample Average	Standard deviation	T-Statistic	P-Value
KNW > TA	0.282	0.288	0.095	2.975	0.002
KNW > TC	0.334	0.331	0.104	3.204	0.001
TA -> TC	0.177	0.190	0.107	1.660	0.058
TRNS > TA	0.478	0.471	0.087	5.516	0.000
TRNS > TC	0.244	0.231	0.110	2.218	0.020
TRST > TA	0.119	0.115	0.096	1.243	0.117
TRST > TC	0.122	0.121	0.106	1.150	0.126

Test of Hypothesis 1

Effect of tax knowledge on tax awareness shows the parameter coefficient of 0.282 obtained from the original sample. This shows that tax knowledge has a positive direction on tax awareness. The p value indicates the number 0.002 meaning that the value meets the requirements, namely p value <0.05. The T-statistic value of 2,975 is greater than the T-Table (1,997) indicating that there is significance between tax knowledge and tax awareness of 0.002. It can be concluded that tax knowledge has a significant

positive effect on tax awareness.

Test of Hypothesis 2

Effect of tax knowledge on tax compliance has a parameter coefficient of 0.334 obtained from the original sample. This shows that tax knowledge has a positive direction on tax compliance. The p-value indicates the number 0.001 meaning that the value meets the requirements, namely p-value <0.05. The T-statistic value of 3,204 is greater than the T-table (1,997) indicating that there is significance between tax knowledge and tax compliance of 0.001. Then, it can be concluded that tax knowledge has a significant effect on tax compliance in a positive direction.

Test of Hypothesis 3

Effect of trust on tax awareness has a parameter coefficient of 0.119 obtained from the original sample. This shows that trust has a positive direction on tax awareness. The value of p-value indicates the number 0.117 meaning that it does not meet the requirements, namely p-value <0.05. The T-statistic value of 1,243 is less than the T-Table (1,997) indicating that there is no significance between tax awareness on tax compliance. Then, it can be concluded that trust does not affect tax awareness in a positive direction.

Test of Hypothesis 4

Effect of trust on tax compliance has a parameter coefficient of 0.122 obtained from the original sample. This shows that trust has a positive direction on tax compliance. The p-value indicates the number 0.126 meaning that it does not meet the requirements, namely p value <0.05. T-statistic value of 1,150 less than T-Table (1,997) shows that there is no significance between trust in tax compliance. Then, it can be concluded that trust does not affect tax compliance.

Test of Hypothesis 5

Effect of transparency on tax awareness has a parameter coefficient of 0.478 obtained from the original sample. This shows that transparency has a positive direction on tax awareness. The p-value indicates the number 0,000 meaning that it meets the requirements, namely p-value <0.05. The T-statistic

value of 5,516 is greater than the T-Table (1,997) indicating that transparency and tax awareness are significant of 0,000. Then, it can be concluded that transparency has a significant positive effect on tax awareness.

**Test of Hypothesis 6**

The effect of transparency on tax compliance has a parameter coefficient of 0.224 obtained from the original sample. This shows that transparency has a positive direction on tax compliance. The p-value indicates the number 0.020 meaning it meets the requirements, namely p-value <0.05. The T-statistic value of 2,218 is greater than the T-table (1,997) indicating that transparency and tax compliance are significant. It can be concluded that transparency has a significant positive effect on tax compliance.

**Test of Hypothesis 7**

Effect of tax awareness on tax compliance has a parameter coefficient of 0.177 obtained from the original sample. This shows that awareness has a positive direction on tax compliance. The p-value indicates the number 0.058 meaning that it does not meet the requirements, namely p-value <0.05. The T-statistic value of 1.574 is less than the T-Table (1.997) indicating that there is no significance between tax awareness on tax compliance. It can be concluded that tax awareness does not affect tax compliance in a positive direction.

**Test of Indirect Effect**

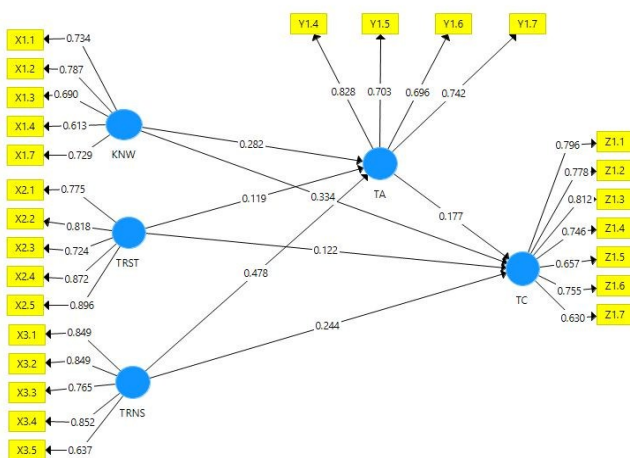


Fig. 2. Indirect Effect

**a. Relationship between Tax Knowledge and Tax Compliance through Tax Awareness**

The results of Sobel Test for Significance of Mediation Calculator show the Sobel test value of 7,458 (> 1.96). This means that there is a mediating effect of the tax knowledge variable on the effect of tax awareness on tax compliance with a significance value of 0.0 (<0.05). It can be concluded that there is a significant mediation effect or an indirect effect of tax knowledge on tax compliance through tax awareness.

**b. Relationship between Trust and Tax Compliance through Tax Awareness.**

The result of Sobel Test for Significance of Mediation Calculator value of the Sobel test is 1.232 (<1.96). This means that there is no mediating effect of the trust variable on the effect of tax awareness on tax compliance. This can also be seen from the significance value of 0.22 (> 0.05). It can be concluded that there is no significant mediation effect or there is no indirect effect of trust on tax compliance through tax awareness.

**c. Relationship between Transparency and Tax Compliance through Tax Awareness**

The result of Sobel Test for Significance of Mediation Calculator value of Sobel test is 4.96 (> 1.96). It can be interpreted that there is a mediating effect of transparency variable on the effect of tax awareness on tax compliance with a significance value of 0.0 (<0.05). It can be concluded that there is a significant mediation effect or an indirect effect of transparency on tax compliance through tax awareness.

**Discussion**

**Relationship between Tax Knowledge and Tax Awareness**

Test results of hypothesis 1 show that there is a significant positive effect of tax knowledge on tax awareness. This can be interpreted that the level of knowledge possessed by the community is very influential on one's tax awareness. The higher the level of community knowledge, the higher the public's awareness in fulfilling their tax obligations.



The relationship between the level of knowledge with tax awareness is important, because the higher a person's knowledge, the more extensive the insight they have. Insight forms one's mindset regarding the importance and fundamentals of taxes. People who lack tax knowledge and insight never know the impact that will arise if they do not pay taxes.

The results of this study are consistent with research of Siregar et al., (2012), Violita (2015), Wardani and Rumiyaun (2017), Suyanto and Pratama (2018) who found that knowledge had a significant positive effect on tax awareness.

#### Relationship between Tax Knowledge and Tax Compliance

Test results of hypothesis 2 show that the influence of tax knowledge on tax compliance shows a positive and significant direction. This can be interpreted that the level of knowledge possessed by the community is very influential on a person's tax compliance. Knowledge can create encouragement from within individuals to be more obedient in their obligations. Besides, the law also acts as a motivating aspect for the community to be more obedient. Sanctions contained in the taxation law clarify the consequences that they will get if the community does not carry out their obligations. Therefore, people who have taxation knowledge prefer to obey tax laws rather than looking for loopholes to avoid paying taxes.

The results of this study are consistent with the findings of Nurlis and Kamil (2015), Rahayu (2017), Prasetyo and Margareta (2018) who revealed that knowledge has a significant effect on tax compliance.

#### Relationship Between Trust and Tax Awareness

Test results of hypothesis 3 indicate that there is an influence of trust on tax awareness in a positive but not significant direction. If it is seen from its significance, it can be said that trust has little influence on tax awareness. Based on the results of the questionnaire, the trust of taxpayers in Tax Office (KPP) Pratama Jepara on the government and the law is quite good. People prefer to think positively about the bureaucracy in Indonesia. Although the public often hears news of abuse of authority by officials, then it does not cause corruption mindset in most people. The other side that underlies public trust in the government is the Indonesian people's culture which tends to be passive. Some people out there pay taxes just to complete their obligations without caring

about the allocation of tax funds. However, the culture seemed to be eroded. With current technological developments, Indonesian people are smarter and wiser in dealing with government regulations and bureaucracy.

The results of this study are consistent with the findings of Hendri (2016) that although the public has trust in government and legal officials, this does not guarantee the public to pay taxes.

#### Relationship between Trust and Tax Compliance

Test results of hypothesis 4 indicate that there is an influence of trust on tax compliance in a positive direction but not significant. If it is seen from its significance, it can be said that trust has not too much effect on tax compliance. This shows that if the trust of taxpayers increases, tax compliance will also increase.

The results of this study are in line with the findings of Handayani et al (2012) and Purnamasari et al (2017) who state that there is a need to improve the attitude of government officials by upholding discipline and honest legal improvements so as to encourage public trust in the government and law enforcement in Indonesia.

The results of the questionnaire showed that the public had more trust in government if government was able to realize visible national development. With the existence of national development, the people can judge that the tax they paid actually goes to the State treasury and is used properly. Development and improvement of public welfare is a form of reciprocity that can be provided by the government to the community.

#### Relationship between Transparency and Tax Awareness

Test results of hypothesis 5 indicate that there is an influence of transparency on tax awareness in a significant positive direction. This can be interpreted that transparency has a big influence on tax awareness. The results of this study are in accordance with the development of the theory of planned behavior in which taxpayers act in accordance with intentions. The intention is the desire of the individual to do something that arises due to the influence from within and outside the individual.

The transparency that is only published in certain media results in an uneven distribution of information received by the public. Only people who want to know and find information by self can feel

the development of transparency in Indonesia. Ordinary people, especially those far from technological developments, are perceived to be difficult to obtain government information. The general public's lack of understanding of technology can be a barrier to government efforts in voicing transparency in Indonesia. Another way for information disclosure to be felt by the general public is by publishing information not only on government pages, but the disclosure should be disclosed in public facilities. Thus, the community consciously or unconsciously obtained information about government activities.

#### Relationship between Transparency and Tax Compliance

Test results of hypothesis 6 show that there is an influence of transparency on tax compliance in a positive direction but not significant. This can be interpreted that transparency has an influence but not so big on tax compliance when it is seen from the significance value.

The results of this study support the results of research conducted by Sumianto and CH. Heni (2015), Dartini and jati (2016) and Putra (2017) that transparency has a role in the level of community compliance in fulfilling its obligations.

People ask to be more transparent. Although transparency in Indonesia is now increasing, not all people can judge it. The reason is that the government only publishes state information through certain platforms. Therefore, not all people are aware of government actions in voicing government information. The public requests that the State's financial information be published not only on the State Web page or other platforms but the government must be more aggressive in publishing through media that are commonly used by ordinary people, such as television, public service announcements, pamphlets, billboards, social media and so forth, because there are still many people who complain about transparency in Indonesia.

#### Relationship Between Tax Awareness and Tax Compliance

Test results of hypothesis 7 show that there is an influence of tax awareness on tax compliance in a positive direction but not significant. This can be interpreted that tax awareness has an influence but not so much on tax compliance

The results of this study are consistent with the findings of Thia and Cardinal (2013) which states that there are still many aspects that underlie a person's level of compliance in paying taxes. The average motivation of respondents in paying taxes is not trusted in the government, but job demands that underlie respondents' compliance. In addition to increasing tax compliance, the public expects to be notified in the mass media in the due months of Annual Notification Letter (SPT) reporting and tax payments. Notification via short message service (SMS) or email considered ineffective. The reason is people who have received notifications via SMS or email often forget to pay taxes or report tax returns because the people often delay paying taxes and eventually forget their obligations. Not only that, tax rates that do not pressure the small people are also considered capable of increasing the level of public compliance.

#### Relationship between Knowledge and Tax Compliance through Tax Awareness

Effect of tax knowledge on tax compliance with tax awareness as an intervening variable shows a significant positive relationship. It can be said that tax knowledge can make the individual aware of how important tax is. The higher the tax awareness of someone, the more he will be obedient to tax policies. This intention will later foster public awareness that paying taxes is an obligation of good citizens. By paying taxes, the community indirectly participates in the development of the State and develops public welfare. Awareness that has developed in the community will later become the forerunner to the growth of tax compliance.

#### Relationship between Trust and Tax Compliance through Tax Awareness

The effect of trust on tax compliance with tax awareness as an intervening variable shows a positive but not significant relationship. A person's trust in law enforcement, bureaucracy and government cannot be an individual tax compliance standard. Individuals who believe in government in Indonesia do not necessarily have tax awareness. Conversely, someone who does not have full trust in government is not necessarily ignorant of taxation law. Trust is a quality that is within an individual. Trust is likened to vehicles that require fuel as a driving force. Without other supporting aspects such as demands or coercion from other parties, a person's trust cannot be a

measure of one's awareness. There are many other aspects of driving to support one's beliefs to build one's awareness and adherence to tax policy.

#### Relationship between Transparency and Tax Compliance through Tax Awareness

The effect of transparency on tax compliance with tax awareness as an intervening variable shows a significant positive relationship. The transparency provided by the government can be proof that the tax that the community has paid has been used properly. The information in the form of the State Budget (APBN) report that has been presented by the government makes the public aware that the tax they have paid has been collected as much as a certain amount and which will later be allocated for the benefit of the people. Transparency of information provided by the government can open and foster public awareness in the world of taxation. The allocation of funds which will then be realized in the form of public facilities makes people aware that the tax they once paid had felt the benefits. The benefits that have been felt make people's awareness grow. Awareness of the importance of community contributions makes it more compliant in tax policy. Therefore, transparency is one of the important factors in increasing tax awareness and compliance by an individual.

### Conclusions, Limitations, and Suggestions

#### Conclusions

Based on the analysis of 100 respondents at Tax Office (KPP) Pratama Jepara who collaborated as respondents, it can be concluded that:

- a. Knowledge of taxation has a statistically significant and positive effect on tax awareness.
- b. Knowledge of taxation has a statistically significant and positive effect on tax compliance.
- c. Trust statistically has a positive but not significant effect on tax awareness.
- d. Trust statistically has a positive but not significant effect on tax compliance.
- e. Transparency is a statistically significant positive effect on tax awareness.
- f. Transparency is a statistically significant positive effect on tax compliance.
- g. Tax awareness has a statistically positive but not significant effect on tax compliance.
- h. There is evidence of the indirect influence of tax knowledge on tax compliance through tax awareness.
- i. There is no evidence that trust influences tax compliance through tax awareness.
- j. There is evidence of an indirect effect of transparency on tax compliance through tax awareness.

#### Limitations

1. There are still some respondents who are not serious in answering question items, so the choice of answers is less appropriate to the real situation. This may cause too many question items given.
2. This study shows the R square value of tax awareness is 0.472 and tax compliance is 0.437. This shows that there are still other variables that are more influential on tax compliance and tax awareness.
3. In this study, three hypotheses have no significant effect, namely tax awareness on tax compliance, trust in tax awareness and trust in tax compliance.

#### Suggestions

1. This research used an accidental sampling technique. It is expected that further researchers can combine using other sampling techniques.
2. In this study, there are still variables that have no significant effect. It is expected that further researchers can use other variables in measuring the level of tax awareness and tax compliance.
3. Further researchers are expected to be able to arrange a question item that is concise but can cover all aspects of the study.

#### References

- Ajzen, I. 1991. "The Theory of Planned Behavior." *Organizational Behavior And Human Decision Processes*, Vol.50 pp : 179-211.
- Aswati, Wa Ode; Arifuddin Mas'ud dan Tuti Nurdianti Nudi. 2018. "Pengaruh Kesadaran Wajib Pajak, Pengetahuan Pajak, dan Akuntabilitas Pelayanan Publik terhadap Kepatuhan Wajib Pajak Kendaraan Bermotor (Studi Kasus Kantor UPTB Samsat Kabupaten Muna)". *Jurnal Akuntansi dan Keuangan* Volume III.
- Dartini, Gusti Agung As dan I Ketu Jati. 2016. "Pemahaman Akuntansi, Transparasi, dan Akuntabilitas pada Kepatuhan Wajib

Pajak Badan". *E-Jurnal Akuntansi Universitas Udayana* Vol.17.3.ISSN: 2302-8556

Faizal, Sellywati Mohd., Mohd Rizal Palil., Ruhanita Maelah., Rosiati Ramli. 2017. "Perception on justice, trust and tax compliance behavior in Malaysia". *Kasetsart Journal of Social Sciences*.pp: 226-232

Fitriani, Sylvia., Zulfahridar., Elfi Ilham. 2012. "Pengaruh Pemahaman Tentang Peraturan Perpajakan, Persepsi Efektifitas Sistem Perpajakan dan Tingkat Kepercayaan Sistem Pemerintahan dan Hukum terhadap Kemauan Membayar Wajib Pajak Orang Pribadi Yang Melakukan Pekerjaan Bebas". *Jurnal Universitas Riau*

Ghozali, Imam dan Hengky Latan. 2015. *Partial Least Squares: Konsep, Teknik dan Aplikasi Menggunakan SmartPLS 3.0 Untuk Penelitian Empiris*. Semarang: Badan Penerbit Universitas Diponegoro.

Hamza Lachheb, Rachid Bouthanoute & Mohammed Bendriouch. "For A Local Tax System Dedicated To Sustainable Development Incorporating Governance, Transparency And Innovation". *International Journal Of Economics And Finance*, Vol. 8, No. 5 ISSN: 1916-971., E-ISSN 1916-972.

Handayani, Sapti Wuri., Agus Faturokhman., Umi Pratiwi. 2012, "Faktor-Faktor Yang Mempengaruhi Kemauan Membayar Pajak Wajib Pajak Orang Pribadi Yang Melakukan Pekerjaan Bebas". Simposium Nasional Akuntansi XV, Purwokerto

Hardiningsih, P., & Yulianawati, N. 2011. "Faktor-Faktor Yang Mempengaruhi Kemauan Membayar Pajak". *Dinamika Keuangan dan Perbankan*.pp: 126-142.

Hendri, Nedi. 2016. Faktor-Faktor Yang Mempengaruhi KepatuhanWajib Pajak Dalam Membayar Pajak Pada UMKM diKota Metro. *AKUISISI*.Vol. 12 No. 1.

Ilhamsyah, Dkk. 2016. "Pengaruh Pemahaman dan Pengetahuan Wajib Pajak Tentang Peraturan Perpajakan, Kesadaran Wajib Pajak, Kualitas Pelayanan, dan Sanksi Perpajakan terhadap Kepatuhan Wajib Pajak Kendaraan Bermotor (Studi Samsat Kota Malang)". *Jurnal Perpajakan (Jejak)*. Vol. 8 No. 1, 2016.

James, S., & Alley, C. (2002). "Tax Compliance, Self-Assessment and Tax Administration". *Journal Of Finance And Management InPublic Services*, 2(2), 27-42.

Jatmiko, Agus N. 2006, *Pengaruh Sikap Wajib Pajak pada Pelaksanaan Sanksi Denda, Pelayanan Fiskus, dan Kesadaran Perpajakan terhadap Kepatuhan Wajib Pajak Studi Empiris terhadap Wajib Pajak Orang Pribadi di Kota Semarang*, Tesis: Unisversitas Diponegoro

Kreitner, Robert, Kinicki, Angelo.2007. *Organizational Behavior*. 7th ed. McGraw-Hill Inc. New York.

Mardiasmo. 2008. *Perpajakan*. Yogyakarta: CV. Andi Offset

Nurlis, Islamiah Kamil. 2015. "The Effect Of Taxpayer Awareness, Knowledge, Tax Penalties and Tax Authorities Services On The Tax Compliance: (Survey On The Individual Taxpayer at Jabodetabek & Bandung)". *Research Journal Of Finance And Accounting*, ISSN : 2222-1697 (Paper) ISSN : 2222-2847 (Online) Vol.6, No.2, 2015

Oktadini, Raja Rensa., Amir Hasan., dan Andreas. 2018. "Analysis of Factors Affecting Taxpayers Compliance Paying Local Taxes with Taxpayers Awareness as Intervening Variable (Study on

Local Revenue Board of Pekanbaru City)".*Procuratio* Vol. 6 No. 1. E-ISSN 2580-3743

Prasetyo, Eko dan Yulia Margareta. 2018. " Kesadaran Wajib Pajak Orang Pribadi Dalam Melaporkan Perpajakan Di Kpp Pratama Pare Kabupaten Kediri". *Ekuivalensi Jurnal Ekonomi Bisnis*Vol. 4 No. 1.

Prasetyo, Eko dan Yulia Margareta. 2018. " Kesadaran Wajib Pajak Orang Pribadi Dalam Melaporkan Perpajakan Di KPPPratama Pare Kabupaten Kediri". *Ekuivalensi Jurnal Ekonomi Bisnis*Vol. 4 No. 1.

Probondari, Ryanni. 2013, *Faktor-Faktor Yang Mempengaruhi Kemauan Membayar Pajak Oleh Wajib Pajak Orang Pribadi Yang Terdaftar Di Kantor Pelayanan Pajak Pratama Bintang*. Skripsi :Universitas Maritim Raja Ali Haji Tanjungpinang.

Purnamasari, Apriani. Umi Pratiwi dan Sukirman.2017. "Pengaruh Pemahaman, Sanksi Perpajakan, Tingkat Kepercayaan Pada Pemerintah dan Hukum, Serta Nasionalisme Terhadap Kepatuhan Wajib Pajak dalam Membayar Pbb-P2 (Studi Pada Wajib Pajak Pbb-P2 Di Kota Banjar)". *Jurnal Akuntansi dan Auditing* Volume 14/ No. 1 Tahun 2017: 22-39 Universitas Jendral Soedirman.

Putra, Afuan Fajrian. 2017. "Pengaruh Etika, Sanksi Pajak, Modernisasi Sistem, dan Transparansi Pajak Terhadap Kepatuhan Pajak". *Jurnal Akuntansi Indonesia*, Vol. 6 No. 1hal 1-12

Rahayu, D.P. (2006), *Pengaruh Pengetahuan Perpajakan, Transparansi Belanja Pajak, dan Keadilan Pajak Terhadap Kepatuhan Pajak Pada Wajib Pajak Di Kota Surakarta*, Tesis : Universitas Gadjah Mada, Yogyakarta.

Siahaan, Marihot P. 2013. *Pajak Daerah dan Retribusi Daerah*. Jakarta : Raja Grafindo

Siregar, Y. A., Saryadi, dan S. Listyorini. 2012. "Pengaruh Pelayanan Fiskus dan Pengetahuan Perpajakan Terhadap Kepatuhan Wajib Pajak (Studi Empiris Terhadap Wajib Pajak di Semarang Tengah)". *Jurnal Ilmu Administrasi Bisnis*. pp : 1-18

Sudharini, Winda Shinta. 2016, *Faktor-Faktor Yang Mempengaruhi Kemauan Membayar Pajak Wajib Pajak Orang Pribadi (Studi Empiris Pada Kantor Pelayanan Pajak (KPP) Pratama Surakarta)*, Skripsi. Universitas Muhammadiyah Surakarta.

Sumianto dan Ch. Heni Kurniawan. 2015."Pengaruh Pemahaman Akuntansi dan KetentuanPerpajakan SertaTransparansi dalam Pajak terhadap Kepatuhan Wajib Pajak Orang Pribadi Usahawan Pada UKM di Yogyakarta". *Modus* Vol.27. ISSN : 0852-1875

Susilawati dan Budiarta. 2013. "Pengaruh Kesadaran Wajib Pajak. Pengetahuan Pajak. Sanksi Perpajakan dan Akuntabilitas Pelayanan Publik pada Kepatuhan Wajib Pajak Kendaraan Bermotor".*E-Jurnal Akuntansi Universitas Udayana*. Hal :345-357. ISSN : 2302-8556.

Suyanto dan Yhoga Heru Pratama. 2018. "Kepatuhan Wajib Pajak Orang Pribadi: Studi Aspek Pengetahuan, Kesadaran, Kualitas Layanan dan Kebijakan *Sunset Policy*".*Jurnal Ekonomi dan Bisnis*, Volume 21 No. 1. Hal. 139 – 158., ISSN : 1979-6471 E-ISSN : 2528-0147

Thia dan Kardinal. 2013. Pengaruh Kesadaran WP dan Sanksi Pajak Terhadap Kepatuhan WPOP Pada KPP Palembang Seberang Ulu. STIE MDP.

Wilda, Fitri .2015. Pengaruh Kesadaran Wajib Pajak, Pelayanan Fiskus dan Sanksi Pajak Terhadap Kepatuhan WPOP yang

Melakukan Kegiatan Usaha dan Pekerjaan Bebas di Kota Padang. Skripsi Universitas Negeri Padang

Tiraada, Tryana A.M. 2013. "Kesadaran Perpajakan, Sanksi Pajak, Sikap Fiskus Terhadap Kepatuhan WPOP Di Kabupaten Minahasa Selatan". *Jurnal* ISSN : 2303-1174.

Trisnawati, Ni Luh Mika. 2015, *Analisis Faktor-Faktor yang Mempengaruhi Kepatuhan Wajib Pajak Membayar Hotel, Pajak Restoran dan Pajak Hiburan di Kota Denpasar*. Thesis : Universitas Udayana.

Wahl, I., Kastlunger, B., &Kirchler, E. (2010). "Trust In Authorities And Power To Enforce Tax Compliance: An Empirical Analysis Of The 'Slippery Slope Framework". *Law & Policy*.pp: 32(4).,383 - 406.

Wardani, Dewi Kusuma dan Rumiyaun. 2017. "Pengaruh Pengetahuan Wajib Pajak, Kesadaran Wajib Pajak, Sanksi Pajak Kendaraan Bermotor, dan Sistem Samsat Drive Thru terhadap Kepatuhan Wajib Pajak Kendaraan Bermotor (Studi Kasus WP PKB Roda Empat di Kantor Samsat *Drive Thru* Bantul)." *Jurnal Akuntansi*, Vol. 5.,ISSN: 2540-964

Wardani, Dewi Kusuma dan Rumiyaun. 2017. "Pengaruh Pengetahuan Wajib Pajak, Kesadaran Wajib Pajak, Sanksi Pajak Kendaraan Bermotor, dan Sistem Samsat Drive Thru terhadap Kepatuhan Wajib Pajak Kendaraan Bermotor (Studi Kasus WP PKB Roda Empat di Kantor Samsat *Drive Thru* Bantul)." *Jurnal Akuntansi*, Vol. 5.,ISSN: 2540-964

World bank group. Data tax revenue based on GDP. <https://databank.worldbank.org/data/reports.aspx?source=2&series=GC.TAX.TOTL.GDZS&country=>. [13/02/2019]