

The Effect of Tax Knowledge and Tax Sanctions on Business Entity Taxpayer Compliance

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ABSTRACT

Tax is one of the state revenues for state development. The Directorate General of Taxes for the Kupang Region seeks to increase the level of tax revenue through taxpayers. The city of Kupang itself still has several agencies or companies that are low in taxpayer compliance. This type of research uses quantitative research using primary data and secondary data. Sampling using incidental sampling technique with 100 respondents. Methods of data collection using a questionnaire. The data analysis technique used is the classical assumption test and hypothesis testing. Tax is one of the state revenues for state development. The Directorate General of Taxes for the Kupang Region seeks to increase the level of tax revenue through taxpayers. The city of Kupang itself still has several agencies or companies that are low in taxpayer compliance. This type of research uses quantitative research using primary data and secondary data. The sample technique used is simple random sampling with the calculation of the solvin formula that gets a sample of 100. Methods of data collection using a questionnaire. The data analysis technique used was classical assumption test and hypothesis testing. The results of this study indicate that tax knowledge and tax sanctions have a positive effect on taxpayer compliance

Keywords: Tax Knowledge, Tax Sanctions, Taxpayer Compliance

INTRODUCTION

State revenue is obtained from several sectors, both internal and external sectors. One source of state revenue from the internal sector is taxes, while external sources of revenue are foreign loans. In an effort to reduce dependence on external sources of revenue, the government continues to strive to maximize internal revenues. Currently, the realization of tax revenues has reached IDR 567.69 trillion, which is 44.88 percent of the APBN target (Kemenkeu, 2022). The proportion of taxes in the APBN is very large, so the government has a duty to maximize tax revenues. Several efforts by the Directorate General of Taxes to maximize tax revenue include increasing the effectiveness of audits and collections, implementing tax reform consistently and continuously, and improving services to taxpayers in the form of ease of reporting, payment, and easy access to tax information.

Based on Undang-Undang No.28 tahun 2007 pasal 1 states that "Taxes are contributions of taxpayers to the state that are owed by individuals or entities that are coercive under the law, without getting direct compensation and are used for state purposes for as much as possible. the great prosperity of the people."

Currently, Indonesia is starting to prioritize the tax sector as a source of development funding in various fields. The increase in tax revenue began in 1983, the government announced tax reform by implementing a self-assessment system in tax collection. Tax sector revenues have increased in volume from year to year since the reform in the field of taxation, known as tax reform. Reform itself means fundamental

change. A tax system should have a quasi-constitutional nature, which means that the system is valid in the long term and cannot be reformed intermittently (Henny, 2016).

Tax is one of the pillars of the country's economy that comes from tax revenues. Therefore, the Directorate General of Taxes seeks to increase the level of tax revenue through taxpayers. Taxpayers are strived to comply with taxpayer regulations so that the taxes paid can support the economy. Efforts made by the government are how taxpayers can pay taxes and report taxes on time. Taxes are levies that must be given to the state by individuals and entities/companies based on laws that will be used for the benefit of the state and the welfare of the general public. Taxes are one of the sources of funds for the central government and local governments to carry out development. The benefits of taxes may not be directly felt by taxpayers. However, the funds collected from this tax will be used for development equally for the public interest. The perceived benefits of the tax are educational facilities, transportation facilities, health facilities, public facilities and infrastructure. To meet all the needs of national development, the state needs an increase in tax revenue.

Tax revenue is one of the main pillars in the APBN which is used to meet the needs of state spending in the context of national development (Sinaga, 2017). One of the efforts to realize the independence of a nation or state in financing development is to explore sources of funds originating from within the country in the form of taxes (Farouq, 2018). Thus, the achievement of the independence of the nation and state in the context of realizing national development is very dependent on state revenues from the tax sector. One of the government's ways to maximize state revenue from the tax sector is the implementation of the Self-Assessment System tax collection system. Self-assessment system is a tax collection system that gives authority, trust, to taxpayers to calculate, pay, and self-report the amount of tax to be paid.

In order for the self-assessment system to run well, it is necessary to control or regulate which is passed in the form of tax sanctions if the taxpayer is negligent in paying taxes. The provision of tax sanctions is expected to provide a deterrent effect and encourage taxpayers to fulfill their obligations in paying taxes (Aryanti, 2020).

There are several factors that can affect taxpayers in increasing compliance, including the knowledge of taxpayers, lack of awareness of taxpayers in reporting and paying taxes owed so that they try to pay their tax obligations less than they should and the existence of a tax administration system that is always modernizing. where people are always required to adapt (Mustikasasti & Usman, 2019). In order to achieve the tax target, it is necessary to raise public awareness and compliance to fulfill their tax obligations.

One way that is done by the tax authorities in overcoming this is by providing socialization of tax regulations in order to increase the knowledge of taxpayers about their obligations. In addition, it requires high compliance from taxpayers, namely compliance in fulfilling tax obligations in accordance with the truth. In reality, compliance is not an easy action to be realized by every taxpayer. Improving tax knowledge possessed will have a positive impact on the understanding and awareness of taxpayers in paying taxes as a form of taxpayer participation in state financing and national development.

The city of Kupang itself still has several agencies or companies that are low in taxpayer compliance, one of which is due to a lack of knowledge. It can be seen from the data at the Kupang Pratama Tax Office (KPP) which records the number of taxpayers and data on SPT receipts registered in 2019-2021 who report. The following is a table of Compliance Levels of Business Entity Taxpayers Registered at KPP Pratama Kupang:

Table 1. Data for Corporate Taxpayers at KPP Pratama Kupang in 2019 – 2021

No	Year	Registered Amount	Realization of Annual SPT Receipts
1	2019	15,574	3455
2	2020	16,443	3165
3	2021	17,319	3533

Source: Tax Service Office (KPP) Pratama Kupang, 2022

LITERATURE REVIEW

Theory Planned Behavior

Theory Planned Behavior (TPB) provides a framework for studying attitudes toward behavior. Based on this theory, the most important determinant of a person's behavior is the intention to behave. The individual's intention to display a behavior is a combination of the attitude to display the behavior and subjective norms. Individual attitudes towards behavior include beliefs about a behavior, evaluation of behavioral outcomes, subjective norms, normative beliefs and motivation to comply (Ajzen, 1991).

TPB in taxation can be related to the attitude of the taxpayer's behavior towards tax payments. Tax knowledge and tax sanctions are guidelines as well as norms that must be obeyed by taxpayers themselves, so that taxpayers get mandatory behavior in tax administration because they have witnesses if they are not implemented.

Tax Knowledge

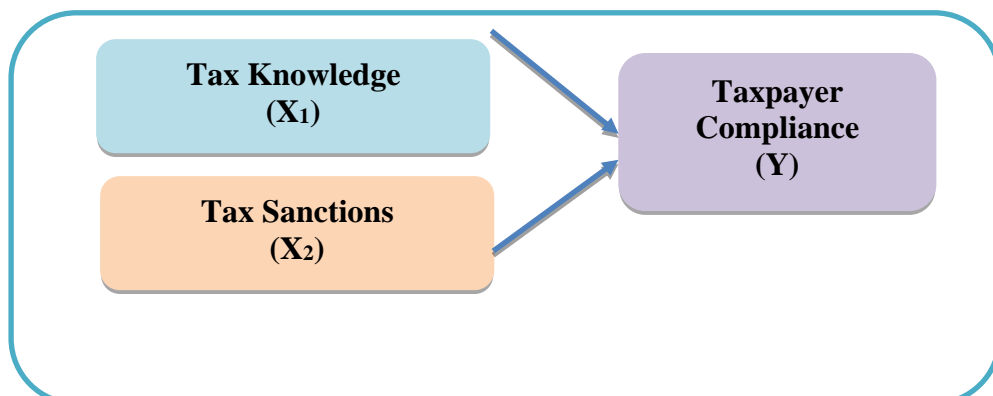
Tax knowledge is everything that is known and understood in relation to tax law, both in the form of material and formal tax law (Mardiasmo, 2019). Therefore, the Taxation Knowledge possessed by the Taxpayer will directly affect the compliance of the Taxpayer in carrying out his tax obligations.

H₁: Tax knowledge has a positive effect on Business Entity Taxpayer Compliance at KPP Pratama Kupang.

Tax Sanction

Tax sanctions are a guarantee that the provisions of tax laws (tax norms) will be obeyed, adhered to and obeyed (Mardiasmo, 2019). Or in other words, tax sanctions are a deterrent so that taxpayers do not violate tax norms.

H₂: Tax sanctions have a positive effect on Business Entity Taxpayer Compliance at KPP Pratama Kupang.



RESEARCH METHOD

This research uses quantitative research. This research was conducted at KPP Pratama Kupang. The population in this study were all business entity taxpayers registered at KPP Pratama as many as 52,846. The sampling technique used is simple random sampling with the calculation of the solvin formula which gets a sample of 100. The following is the solvin formula:

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

$$n = 52.846 / (1 + (52.846 \times 0,1^2))$$

$$n = 99,81 = 100 \text{ sample (rounded up)}$$

The data collection method used in this study was to use a questionnaire to obtain primary data. The scale used in the preparation of this research questionnaire is the Likert scale. Each statement is provided with 5 (five) alternative answers, namely with points. Point 1 is Strongly Disagree (scale 1), Point 2 is Disagree (scale 2), Point 3 is Disagree (scale 3), Point 4 is Agree (scale 4), and Point 5 is Strongly Agree (scale 5) . Analysis of the data used to test the hypothesis is a multiple linear test, with validity and reliability tests, then using the classical assumption test consisting of multicollinearity test, heteroscedasticity test, and normality test, and hypothesis testing using multiple linear analysis.

RESULTS AND DISCUSSION

RESULTS

Validity test

The validity test is intended to test the validity and reliability of the questionnaire items used in the study (Sugiyono, 2019). Analysis was carried out on all questionnaire items using the SPSS 26.0 program, where the critical number limit (α) was 0.05 (5%). Validity testing is carried out with the following criteria:

- a. If r count is positive and r count $>$ r table then the question is declared valid
- b. If r count is negative and r count $>$ r table then the question is declared invalid

The following is discussed successively the results of the validity test for each variable:

Table 2. Tax Knowledge Validity Test Results (X_1)

o	Question points	r count	r table	descrip tion
.	Question 1	0,540	0,196	Valid
.	Question 2	0,735	0,196	Valid
.	Question 3	0,439	0,196	Valid
.	Question 4	0,693	0,196	Valid

Question 5	0,526	0,196	Valid
Question 6	0,723	0,196	Valid
Question 7	0,520	0,196	Valid
Question 8	0,511	0,196	Valid
Question 9	0,453	0,196	Valid

Source: data processed by the author 2022

By using the number of respondents as many as 100 people, then the value of r table can be obtained through df (degree of freedom) = n-2. So df for the tax knowledge variable (X_1) = 100-2 = 98 and the table r is 0.196. Based on the comparison between r arithmetic and r table, it can be stated that there are 9 valid statement items, namely points 1, 2, 3, 4, 5, 6, 7, 8 and 9.

Table 3. Tax Sanction Validity Test Results (X_2)

o	Question points	r count	r table	description
	Question 1	0,603	0,19	Valid
	Question 2	0,712	0,19	Valid
	Question 3	0,644	0,19	Valid
	Question 4	0,710	0,19	Valid
	Question 5	0,598	0,19	Valid
	Question 6	0,695	0,19	Valid

Source: data processed by the author 2022

By using the number of respondents as many as 100 people, then the value of r table can be obtained through df (degree of freedom) = n-2. So df for the tax penalty variable (X_2) = 100-2 = 98 and the r table is 0.196. Based on the comparison between r arithmetic and r table, it can be stated that there are 6 valid statements, namely points 10, 11, 12, 13, 14 and 15.

Table 4. Taxpayer Compliance Validity Test Results (Y)

o	Question points	r count	r table	description
	Question 1	0,592	0,196	Valid
	Question 2	0,545	0,196	Valid
	Question 3	0,557	0,196	Valid
	Question 4	0,626	0,196	Valid
	Question 5	0,746	0,196	Valid
	Question 6	0,673	0,196	Valid

	Question 7	0,751	0,196	Valid
	Question 8	0,516	0,196	Valid
	Question 9	0,492	0,196	Valid
	Question 10	0,408	0,196	Valid
0				
	Question points	r count	r table	descrip tion
0				
1	Question 11	0,626	0,196	Valid
2	Question 12	0,746	0,196	Valid
3	Question 13	0,673	0,196	Valid

Source: data processed by the author 2022

By using the number of respondents as many as 100 people, then the value of r table can be obtained through df (degree of freedom) = $n-2$. So df for the taxpayer compliance variable (Y) = $100-2 = 98$ and the r table is 0.196. Based on the comparison between r arithmetic and r table, it can be stated that there are 13 valid statement items, namely points 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and 28.

Reliability Test

Reliability is a number that shows the consistency of a measuring instrument in measuring the same object. The reliability of a construct is said to be good if it has Cronbach's Alpha > 0.60 (Gozali, 2018).

Table 5. Reliability Test Results

No	Variable	Cronbach's Alpha	descripti on
1	Tax Knowledge	0,744	Reliable
2	Tax Sanction	0,740	Reliable
3	Taxpayer Compliance	0,858	Reliable

Source: data processed by the author 2022

The reliability of a variable construct can be said to be good if it has a Cronbach's Alpha value > 0.60. in the table above it can be seen that the value of Cronbach's Alpha for the Tax Knowledge Variable (X_1), Tax Sanctions Variable (X_2), and Taxpayer Compliance Variable (Y) is greater than 0.60 which means that the instruments contained in the three variables are declared reliable.

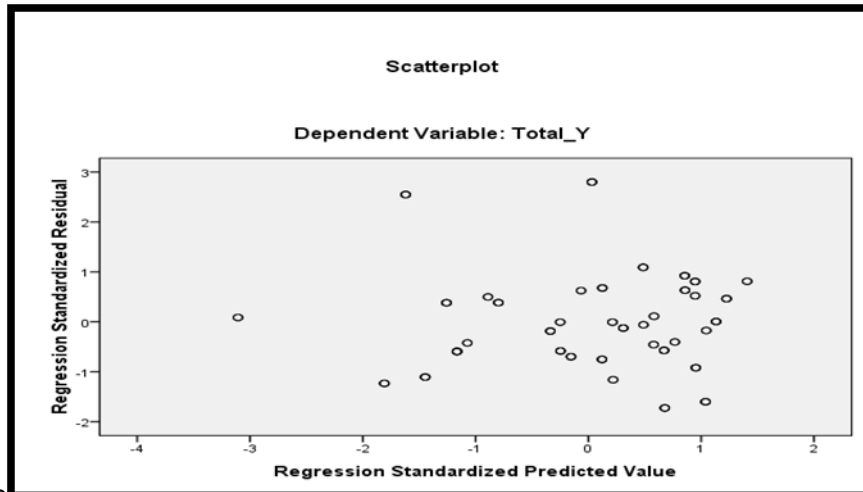
Classic assumption test

1. Heteroscedasticity Test

Heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residual of one observation to another observation. If the variance of the residuals from one observation to another is different, it is called Heteroscedasticity. In this study, the way to detect the heteroscedasticity test is by testing the glesjer, which means regressing the absolute residual value on the independent variable, provided that if the sig value <0.05, it means that this model

contains heteroscedasticity. The following table shows the results of the glesjer test in the following table:

Table 6. Heteroscedasticity Test Results



The picture above shows that the points spread above and below or around the number 0 on the Y axis, so that the variable knowledge of taxation and tax sanctions does not occur heteroscedasticity symptoms in the regression model.

2. Multicollinearity Test

The multicollinearity test aims to test whether the regression model found a correlation between independent variables (Ghozali, 2018). To see whether or not multicollinearity can be measured from the tolerance value and VIF. The results of the multicollinearity test can be seen in the table below:

Table 7. Multicollinearity Test Results

Variable	Tolerance	VIF	description
Tax Knowledge	0,839	1,192	There is no multicollinearity
Tax Sanction	0,839	1,192	There is no multicollinearity

Source: data processed by the author 2022

From the test results above, the Tolerance value is $0.446 > 0.10$ while the VIF value is $1.192 < 10$. It can be concluded that in this test there is no multicollinearity disorder.

3. Normality test

The normality test of the data in this study used Kolmogorov Smirnov as shown in the table below:

Table 8. Normality test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		100
Normal Parameters ^{a,b}	Mean	0.0000000
	Std. Deviation	3.45327616
	Absolute	.086
Most Extreme Differences	Positive	.086
	Negative	-.055
Kolmogorov-Smirnov Z		.863
Asymp. Sig. (2-tailed)		.446
a. Test distribution is Normal.		

Source: data processed by the author 2022

From the results of the normality test of the data with Kolmogrov Smirnov above, the Kolmogrov Smirnov value on knowledge and tax sanctions on taxpayer compliance is 0.863 and the Asymp Sig value is 0.446 which is greater than 0.05.

Hypothesis Test

1. Multiple Regression Analysis

In this study, the technique used is multiple analysis because the independent variable is more than one. Multiple analysis technique is a test technique used to determine the effect of the independent variable on the dependent variable. Multiple regression analysis equation can be formulated as follows:

$$Y = a + b_1 X_1 + b_2 X_2 + e$$

The results of multiple linear regression analysis are as follows:

Table 9. Results of Multiple Linear Regression Analysis

Coefficients ^a							
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	
		B	Std. Error				
1	(Constant)	10.54	3.710		2.8	.005	
2	Total_X1	.400	.096	.288	4.1	.000	41
	Total_X2	1.187	.133	.619	8.9	.000	50
					40		

a. Dependent Variable: Total Y

Source: data processed by the author 2022

Based on the table above, the multiple linear regression equation can be arranged as follows:

$$Y = 10,542 + 0,400 \text{ Tax Knowledge} + 1,187 \text{ Tax Sanction} + e$$

Based on the multiple linear regression equation can be interpreted as follows:

- a) The constant has a positive value of 10,542, this indicates that if the variables of tax knowledge and tax sanctions are considered constant (0), then the value of taxpayer compliance is 10,542.
- b) The regression coefficient of the tax knowledge variable (b1) is positive at 0.400. This shows that the increase in one unit of tax knowledge variable (X_1) is 0.400, then the level of taxpayer compliance variable (Y) increases by 0.400.
- c) The regression coefficient of the tax sanction variable (b2) is positive at 1.187. This shows that an increase in one unit of the tax sanction variable (X_2) is 1.187, then the level of the taxpayer compliance variable (Y) increases by 1.187.

2. Coefficient of Determination (R^2)

The coefficient of determination (R^2) aims to determine how much the ability of the independent variable is able to explain the dependent variable. In other words, the coefficient of determination is used to measure the ability of the tax knowledge variable (X_1) and the tax sanctions variable (X_2) to explain the taxpayer compliance variable (Y).

Table 10. Results of the Coefficient of Determination (R^2)

Model	R	Model Summary ^b			
		R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.781 ^a	.609	.601	3.48870	2.301

Source: data processed by the author 2022

Based on table 4.8, the overall regression results show a correlation coefficient value (R^2) of 0.609, which means that the correlation or relationship between the variables of tax knowledge and tax sanctions with taxpayer compliance is 60.9%. This shows that there is a relationship between the independent variable and the dependent variable. While the value of R square or coefficient of determination is 0.601 which means that the dependent variable (taxpayer compliance) can be explained by the independent variable (tax knowledge and tax sanctions) of 60.1% and the remaining 39.9% can be explained by other factors outside the study.

DISCUSSION

1. The Effect of Tax Knowledge on Taxpayer Compliance

Taxpayer knowledge has an effect on taxpayer compliance. This is stated based on the results of the t-test of the taxpayer knowledge variable on the taxpayer compliance variable with a value of $t_{count} (4.150) > t_{table} (1.984)$ where the significance value is $0.000 < 0.05$. These results can be said that if the knowledge of taxpayers is good, it can increase the compliance of corporate taxpayers at KPP Pratama Kupang.

Knowledge of taxation related to the theory of planned behavior, namely normative beliefs. Where the relationship with tax knowledge is information that has been provided by the tax service office in the rules of taxation activities that will be carried out to increase taxpayer compliance in carrying out tax activities. The more a person has knowledge of taxes, the more taxpayer compliance will increase in paying taxes.

Knowledge of the concept of general applicable tax provisions covering subject, object, rate, calculation of tax payable, tax recording, and filling of notification letter, payment deadline, amount of tax to be paid, applicable tax provisions. Tax knowledge can be measured by tax subjects in carrying out their obligations in paying the amount of tax payable and calculating the amount of tax.

The results of this study are in line with previous research conducted by Aryanti (2020) and Lesmana & Setyadi (2020) which stated that tax knowledge had a positive and significant effect on taxpayer compliance.

2. The Effect of Tax Sanctions on Taxpayer Compliance

Tax sanctions affect taxpayer compliance. This is stated based on the results of the t-test of the tax sanctions variable on the taxpayer compliance variable with a value of $t_{count} (8.940) > t_{table} (1.984)$ where the significance value is $0.000 < 0.05$. This means that if the tax sanctions have been carried out properly, it can increase the compliance of business entity taxpayers at KPP Pratama Kupang.

Tax sanctions are a guarantee that the provisions of tax laws and regulations (tax norms) will be obeyed / adhered to / complied with, in other words, tax sanctions are a deterrent so that taxpayers do not violate tax norms. Taxpayers only know that they will be subject to tax sanctions if they do not pay taxes. But in reality, tax sanctions can be given not only to taxpayers who do not pay taxes, both administrative sanctions and criminal sanctions. The higher the sanctions given to violators, the higher the taxpayer compliance itself.

The results of this study are in line with previous research conducted by Lesmana & Setyadi (2020), Wujarno, et al (2020) which stated that tax sanctions had a positive and significant effect on taxpayer compliance.

CONCLUSION

Based on the results of the analysis that has been carried out, it can be concluded that (1) Tax knowledge has a positive and significant effect on taxpayer compliance. This indicates that the higher the level of knowledge possessed by the taxpayer, it will have an effect on fulfilling its tax obligations so as to increase taxpayer compliance. (2) Tax sanctions have a positive and significant effect on taxpayer compliance. This indicates that the higher the tax sanctions applied, the greater the effect on corporate taxpayers in fulfilling their tax obligations so as to increase taxpayer compliance.

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