

## EFFECT OF ETHICS AND TAX SANCTIONS ON TAXPAYER COMPLIANCE WITH TAXPAYER KNOWLEDGE AS MODERATING VARIABLES IN PRATAMA LUBUK PAKAM TAX OFFICE

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### ABSTRACT

*The research objective was to determine whether there was an effect of ethics and tax sanctions on taxpayer compliance with taxpayer knowledge as a moderating variable at KPP Pratama Lubuk Pakam by using Partial Least Square (PLS) analysis. This study uses Ethics and Tax Sanctions as independent variables while Taxpayer Compliance as the dependent variable. And Taxpayer Knowledge as a moderating variable. The sampling technique in this study uses convenience sampling. The research approach used in this research is quantitative research methods, the type of research used is descriptive quantitative research and the nature of the research used is descriptive explanatory research. Data collection methods are primary data obtained from individual taxpayers (WPOP) who work as lecturers in the accounting department who have income other than lecturers and who meet these criteria are 33 lecturers registered at KPP Lubuk Pakam. The population of this study were all lecturers who taught in a private university in Yogyakarta. Based on the data listed in the forlap of the Higher Education, it was noted that the number of lecturers at the private university was 618 people. The sample used in this study were 392 respondents. Data processing with software Smart PLS 3.0. The results of the research prove that ethics has an effect on taxpayer compliance at KPP Pratama Lubuk Pakam. Tax sanctions have no effect on taxpayer compliance at KPP Pratama Lubuk Pakam. Taxpayer knowledge is not able to moderate ethics on taxpayer compliance at KPP Pratama Lubuk Pakam. Taxpayer knowledge is not able to moderate ethics on taxpayer compliance at KPP Pratama Lubuk Pakam with a determination coefficient value of 50%.*

**Keywords:** Ethics, Tax Sanctions, Taxpayer Compliance, Taxpayer Knowledge

### PRELIMINARY BACKGROUND

Tax is a very important aspect for every country because it is not uncommon for taxes to be one of the main sources of income for that State. The application of taxes in Indonesia still has many problems that must be resolved immediately. One of these problems is the lack of awareness of taxpayers to pay taxes. This lack of awareness can be seen from the percentage of tax revenue that has not met the target as previously set. This seems to be a classic problem that always recurs in the following years. For example, in 2015 the Indonesian government set revenue from the tax sector of IDR 1,249.25 trillion (Setuningsih, 2015) but the realization until December 2015 only reached 800 trillion or around 65% of the previously set target (Deny, 2015). This shows that there is still a tax difference (tax gap) between the realization obtained and the revenue target that has been set earlier. Therefore, state revenue originating from taxes always experiences problems. In addition, taxpayer compliance to submit or report annual tax returns is also considered low.

Sanction is an act of punishment for people who violate a rule. Rules or regulations are signs for someone to do something about what should be done and what should not be done.

Taxpayer compliance is an act of obeying and being aware of the orderliness of payment and reporting of periodic and annual tax obligations of a taxpayer in the form of a group of people and / or capital which is a business in accordance with applicable taxation provisions.

Giving awards or appreciation is a form of campaign to invite other taxpayers to fully carry out tax obligations by always improving tax compliance by paying taxes in an orderly, timely manner and reporting taxes accurately and correctly.

The increase in the number of taxpayers should also increase the awareness of taxpayers to pay taxes which results in increased taxpayer compliance.

**Table 1 Submission of the Annual SPT at KPP Pratama Lubuk Pakam 2016-2019 years**

No.	Year	OP		
		Registered WP	SPT Entry	%
1	2016	154,641	45,310	29.30%
2	2017	168,816	41,379	24.51%
3	2018	177,543	47,971	37.01%

4	2019	179,948	60,464	33.60%
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Source: Data and Information Processing (PDI) Section of KPP Pratama Lubuk Pakam

Based on Table 1.1, we can see that the submission of the Annual Tax Return at KPP Pratama Lubuk Pakam is not optimal, based on the table above we can see that there are still many taxpayers who are reluctant to pay taxes. In 2019 there was a decrease in the percentage of submission of the Annual Tax Return of the WPOP. Even though the Directorate General of Taxation has issued a system for submitting annual SPT online so that taxpayers can perform their obligations in paying more efficiently and provide comfort to taxpayers in carrying out their obligations.

In Asranti's research (2018) entitled "The Influence of Tax Understanding and Sanctions on Tax Compliance with Risk Preference as a Moderation Variable (Study at KPP Pratama Makassar Selatan)" suggests that tax sanctions have a positive effect on taxpayer compliance. While Songsong Kenconowati (2015) with the title "The Effect of Tax Services, Tax Sanctions, and Ease of PP No. 46 of 2013 on Taxpayer Compliance at KPP Pratama Rungkut Surabaya" suggests that Tax Sanctions, and Ease of PP No. 46 of 2013 Has No Significant Effect on Taxpayer Compliance.

Based on this explanation, the researcher is interested in raising the title "The Effect of Ethics and Tax Sanctions on Taxpayer Compliance with Taxpayer Knowledge as a Moderating Variable at KPP Pratama Lubuk Pakam".

### IDENTIFICATION OF PROBLEMS

Based on the background of the problem above, research problems can be identified as follows:

1. Increasing taxpayer ethics is not always followed by an increase in taxpayer compliance.
2. Tax sanctions are not always followed by an increase in taxpayer compliance.
3. Taxpayer knowledge is not always followed by an increase in taxpayer compliance.

### FORMULATION OF THE PROBLEM

Based on the above background, several research questions were formulated as follows:

1. Is there an ethical influence on taxpayer compliance at KPP Pratama Lubuk Pakam?
2. Is there any effect of tax sanctions on taxpayer compliance at KPP Pratama Lubuk Pakam?
3. Does taxpayer knowledge moderate ethics on taxpayer compliance at KPP Pratama Lubuk Pakam?
4. Does taxpayer knowledge moderate tax penalties on taxpayer compliance at KPP Pratama Lubuk Pakam?

### THEORETICAL BASIS TAX COMPLIANCE DEFINITIONS

Compliance means obeying, obeying or obeying the teachings or rules. So taxpayer compliance can be interpreted as obedience and obedience to taxpayers in exercising their tax rights and obligations in accordance with the provisions of the applicable tax laws.

### TAXPAYER ETHICS

In the general Indonesian dictionary states that: "Ethics is the science of what is good and what is not, in accordance with the moral or moral standards adopted by the wider community; a measure of the value of what is wrong and what is right in accordance with the general assumption (adopted) of society".

### TAX SANCTIONS

In Indonesia, there are two types of tax sanctions, namely administrative sanctions and criminal sanctions. These two sanctions are regulated in Law number 28 of 2007 concerning General Tax Provisions (UU KUP) if taxpayers do not submit notification letters (SPT) on time according to the time frame for submitting SPT or the deadline for extension of notification letters where the period is.

### TAXPAYER KNOWLEDGE.

Knowledge means everything that is known; cleverness; or everything that is known regarding the matter (subject). "Knowledge is associated with everything that is known related to the learning process.

## CONCEPTUAL FRAMEWORK

The theoretical framework is shown in the following framework:

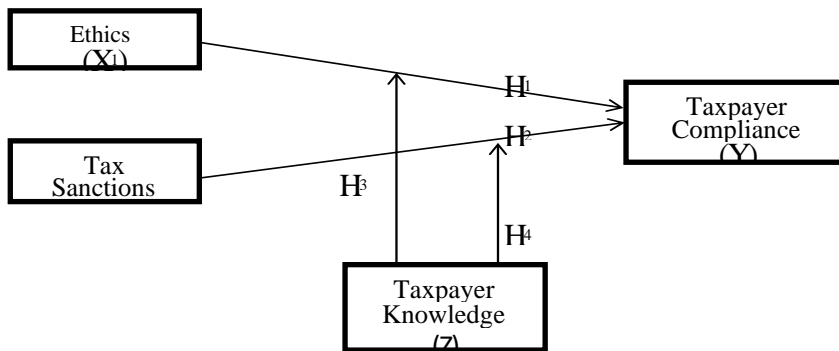


Figure 1 Conceptual Framework

## HYPOTHESIS

Based on the conceptual framework above, the following hypothesis can be formulated:

### EFFECT OF ETHICS ON TAXPAYER KNOWLEDGE OF PERSONNEL

Based on Research Muslim Al Kautsar (2017), Stating that Taxpayer ethics has a positive and significant effect on Taxpayer Compliance with Taxpayer Knowledge as a Moderating Variable (Case Study of Individual Taxpayers Registered at KPP Pratama Garut).

H1: Ethics affect the compliance of individual taxpayers at KPP Pratama Lubuk Pakam.

### THE EFFECT OF TAX SANCTIONS ON TAXPAYER KNOWLEDGE OF PERSONNEL

According to research by Sendy Ayu Kurniawati (2016), Afuan Fajrian Putra (2017), Luthvitasari Dwi Oktaviani, Saifudin (2019), Asrianti (2018) states that tax sanctions have a positive effect on personal knowledge of personal taxpayers. Meanwhile, according to Songsong kenconowati (2015) states that tax sanctions do not affect the knowledge of personal taxpayers.

H2: Tax sanctions affect individual taxpayer compliance at Lubuk Pakam KPP Pratama.

### THE EFFECT OF TAX SANCTIONS ON PERSONAL TAXPAYER COMPLIANCE.

Dina Fitri Septarini (2015), Ketut Gede Widi Artha, Putu Ery Setiawan (2016), gave an opinion that tax sanctions have a positive effect on individual taxpayer compliance. Meiliyah Ariani, Defrianto, Zul]. (2016) Tax sanctions have no effect on taxpayer compliance in paying taxes.

H3: Knowledge of taxpayers is able to moderate ethics on taxpayer compliance at KPP Pratama Lubuk Pakam.

### THE EFFECT OF TAX SANCTIONS ON TAXPAYER COMPLIANCE WITH TAXPAYER KNOWLEDGE OF PERSONNEL.

Based on research by Titis Wahyu Adi (2018), Esti Rizqiana Asfa I, Wahyu Meiranto (2017), Juliana Kesaulya, Semy Pesireron (2019) stated that tax sanctions on taxpayer compliance with the knowledge of individual taxpayers.

H4: Knowledge of taxpayers is able to moderate tax sanctions on taxpayer compliance at KPP Pratama Lubuk Pakam.

## RESEARCH METHODS RESEARCH SITES

This research was conducted at KPP Pratama Lubuk Pakam.

**POPULATION, SAMPLE AND DATA DETERMINATION TECHNIQUES**

The population of this research is taxpayers who are registered at KPP Pratama Lubuk Pakam. The sampling technique used in this research was convenience sampling, which means that the sample was taken by selecting the sample at will. Sample of 392 Respondents.

**RESEARCH DESIGN**

Data collection can use two sources, namely primary and secondary data sources.

**OPERATIONAL DEFINITION VARIABLES**

The operational definition of the research variables can be presented in Table 2 as follows:

**Table 2. Operationalization of Research Variables**

Variable	Operational definition	Indicator
Taxpayer compliance (Y)	Tax compliance can be defined as a condition in which the taxpayer fulfills all tax obligations and exercises his taxation rights. Abdul Rahman (2010: 32)	1. Compliance to register. 2. Kepatuahn in the framework of calculating and paying taxes payable. 3. Compliance with the payment of tax arrears.
Ethics (X1)	that taxpayer ethics is a belief that a person (taxpayer) has regarding moral obligations that require a person (taxpayer) to be honest in matters of taxation related to their behavior in fulfilling their obligation to pay taxes. Yosephus (2010)	1. the existence of taxpayers who violate the norms that regulate the behavior of citizens as taxpayers. 2. taxpayers who do not report additional income in the SPT and make estimates about tax deductions.
Tax Sanctions (X2)	Tax sanctions are a threat to violations of a taxation norm, some are threatened with administrative sanctions only, some are threatened with criminal sanctions only, and some are threatened with administrative sanctions and criminal sanctions. (Mardiasmo, 2011).	1. Administrative sanctions. 2. Criminal sanctions.
Variable	Operational definition	Indicator
Taxpayer Knowledge (Z)	Knowledge of taxation, the ability of a taxpayer to know tax regulations, whether it is the tax rate based on the law to be paid, or the tax benefits that are useful for their life. (Helda, 2014)	1. Knowledge of general tax provisions and procedures. 2. Knowledge of the taxation system in Indonesia. 3. Knowledge of tax functions.

**SOURCES AND DATA COLLECTION TECHNIQUES**

The source of this research comes directly from the source and requires further processing of the data obtained.

The data collection techniques that researchers use are as follows:

1. Researchers obtain company documents in the form of company history, organizational structure and job descriptions of the company

The researcher gave a questionnaire to KAP auditors who would be given to employees to answer their statements. The measurement criteria for variables were as follows:

Table 3. Likert Scale Score Value

No.	Statement	Indicator	Score
1	Strongly agree	SS	5
2	Agree	S	4
3	Disagree less	KS	3
4	Disagree	TS	2
5	Strongly Disagree	STS	1

2. Interview

Researchers conducted direct interviews.

3. Document Study

According to Sujarweni (2014: 75), "document analysis that leads to real evidence and to analyze the contents of documents that can support researchers". Researchers obtained documents in the form of company history, organizational structure and job descriptions of KAP

4. Literature Study

According to Widodo (2017: 44) "a literature review reflects a comprehensive description of the theories or concepts that are relevant to the research topic, even more specifically reaching variables, dimensions and indicators that are inherent (related)". Researchers used several theoretical reference books related to organizational culture, discipline and employee performance.

DATA ANALYSIS TECHNIQUE

In this study, data analysis used the Partial Least Square (PLS) approach, PLS is a component or variant-based Structural Equation Modeling (SEM) equation model. PLS is a powerful analysis method and is often referred to as soft modeling because it eliminates OLS (Ordinary Least Square) assumptions, such as the data must be normally distributed in a multivariate manner and there is no multicollinearity problem between exogenous variables. can be completed by Covariance-based SEM (Riyanto & Hatmawan, 2020).

RESEARCH RESULTS AND DISCUSSION

RESEARCH RESULT

After removing the invalid variable indicator in the model, the model is calculated again so that it produces a new outer loading value and can be seen in the final path diagram image below:

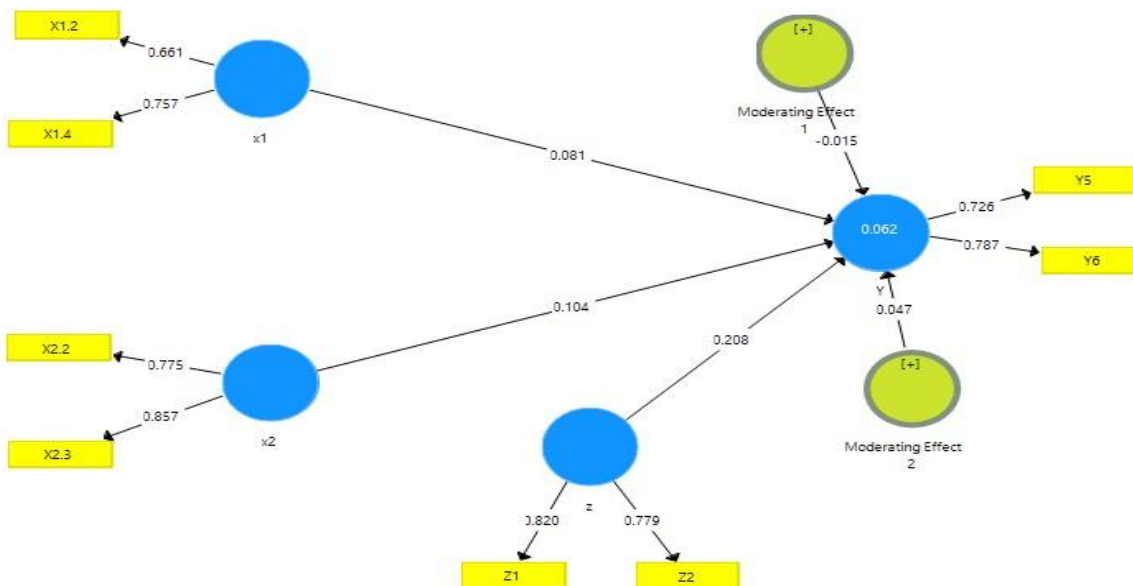


Figure 2. Final Path Diagram

The hypothesis is accepted when the significance level is less than 0.05 or the tvalue exceeds the critical value (Hair et al, 2014). The value of t statistics for the 5% significance level is 1.96

**Table 4 Peth Coefficient Results**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O / STDEV)	P Values	Result
MOD X1 -> Y	0.111	0.096	0.122	0.909	0.364	Rejected
MOD X2 -> Y	-0.016	-0.013	0.087	0.184	0.854	Rejected
X1 -> Y	0.303	0.285	0.109	2,781	0.006	Be accepted
X2 -> Y	0.088	0.102	0.082	1,170	0.285	Rejected
Z -> Y	0.264	0.294	0.121	1,179	0.384	Rejected

Source: Research results, processed with Smart PLS 3.0, 2020

**DISCUSSION**

**EFFECT OF ETHICS ON PERSONAL TAX COMPLIANCE WITH PRATAMA LUBUK PAKAM TAX OFFICE.**

The results of this study are also in line with previous researchers Luthvitasari Dwi Oktaviani, Saifudin (2019) that ethics, tax sanctions, and tax transparency affect taxpayer compliance. In addition, there are also other researchers who also have similar results, namely Muslim Al Kautsar (2017), taxpayer ethics has a positive and significant effect on Taxpayer Compliance with Taxpayer Knowledge as a Moderating Variable (Case Study of Individual Taxpayers Registered at KPP Pratama Garut ). But this research is not in line with Nur Cahyonowati (2012). ethics does not have a significant effect on the level of tax compliance.

Thus, researchers can conclude that taxpayer ethics provides a positive impact on increasing individual taxpayer compliance at KPP Pratama Lubuk Pakam. Having an individual taxpayer ethics is also considered to be able to make a big contribution to the state, one of which is in fulfilling tax obligations in paying taxes. Taxation conditions that require the active participation of individual taxpayers in fulfilling their tax obligations require high taxpayer compliance, namely compliance in fulfilling tax obligations in accordance with the truth. With good ethics, it can increase taxpayer compliance.

**THE EFFECT OF TAX SANCTIONS ON PERSONAL TAXPAYER COMPLIANCE AT PRATAMA LUBUK PAKAM TAX OFFICE**

The results of this study indicate that tax sanctions have no effect on individual taxpayer compliance at KPP Pratama Lubuk Pakam. with the imposition of tax sanctions on individual taxpayers who violate it will not make taxpayers obey, but taxpayers prefer not to carry out their obligations in the field of taxation, so this will have an impact on the compliance of individual taxpayers with KPP Pratama Lubuk Pakam Will Decrease. Thus, it can be concluded that by giving tax sanctions on individual taxpayer compliance does not affect taxpayers to obey the applicable tax rules so that taxpayer compliance is very low.

The results of this study are in line with previous researchers Songsong Kenconowati (2015), that Tax Sanctions, and Ease of PP No. 46 of 2013 Has No Significant Effect on Taxpayer Compliance. But this study is not in line with previous researchers Luthvitasari Dwi Oktaviani, Saifudin (2019), that ethics, tax sanctions, and tax transparency affect taxpayer compliance.

**TAXPAYER KNOWLEDGE IS ABLE TO MODERATE ETHICS ON TAXPAYER COMPLIANCE AT KPP PRATAMA LUBUK PAKAM.**

The results of this study indicate that taxpayer knowledge is not able to moderate or is unable to strengthen or weaken ethics on taxpayer compliance at KPP Pratama Lubuk Pakam. with the knowledge of taxation that the taxpayer has but is unable to moderate ethics on the compliance of individual taxpayers at KPP Pratama Lubuk Pakam.

The results of this study have different results from previous research by Muslim Al Kautsar (2017), with the results of the research stating that taxpayers can moderate the influence of taxpayer ethics on individual taxpayer compliance registered at KPP Pratama Garut.

## TAXPAYER KNOWLEDGE IS ABLE TO MODERATE TAX SANCTIONS ON TAX COMPLIANCE AT KPP PRATAMA LUBUK PAKAM.

The results of this study indicate the knowledge of taxpayers is not able to moderate or strengthen or weaken tax sanctions on taxpayer compliance at KPP Pratama Lubuk Pakam. With the knowledge in the field of taxation that taxpayers have but are unable to moderate tax sanctions on taxpayer compliance at KPP Pratama Lubuk Pakam. The results of this study are in line with previous research, namely Songsong Kenconowati (2015), that the Tax Sanctions and Ease of PP No. 46 of 2013 Has No Significant Effect on Taxpayer Compliance. But it is not in accordance with researcher Esti Rizqiana Asfa I, Wahyu Meiranto (2017) Tax sanctions have a positive effect on taxpayer compliance. Titis Wahyu Adi (2018) The Influence of Tax Knowledge, Tax Sanctions and Taxpayer Awareness has a Positive and Significant Effect on Corporate Taxpayer Compliance at KPP Pratama Cilacap in 2018. Asrianti (2018) understanding of taxation has a positive effect and tax sanctions have a positive effect on taxpayer compliance.

Low taxpayer knowledge will affect the level of awareness of individual taxpayers. Taxpayers with low knowledge will not be afraid of tax sanctions, because taxpayers think that tax sanctions have not been implemented firmly by government officials. Tax sanctions are not important for taxpayers, because many cases of tax evasion are not punished with heavy penalties. So those taxpayers assume tax sanctions are not a worrying thing, which in the end, taxpayers do not comply with tax regulations. In other words, taxpayer knowledge is not able to moderate tax sanctions on taxpayer compliance.

## CONCLUSIONS AND SUGGESTIONS CONCLUSION

The conclusions of this study are as follows:

1. Ethics affect taxpayer compliance at KPP Pratama Lubuk Pakam.
2. Tax sanctions have no effect on taxpayer compliance at KPP Pratama Lubuk Pakam.
3. Taxpayer knowledge is not able to moderate ethics on taxpayer compliance at KPP Pratama Lubuk Pakam.
4. Taxpayer knowledge is not able to moderate ethics on taxpayer compliance at KPP Pratama Lubuk Pakam.

## SUGGESTION

Suggestions from this research are:

1. Ethics has an influence on taxpayer compliance on Kpp Pratama Lubuk Pakam, meaning that it needs to be maintained and improved in terms of providing services so that people who obey tax ethics will increase in the future.
2. For tax sanctions it has no effect on taxpayer compliance. The tax officer should have explained in more detail how the sanctions that apply if there are taxpayers who violate or accidentally commit violations in the calculation and reporting of taxes.
3. Taxpayer knowledge is not able to moderate ethics and tax sanctions on taxpayer compliance at KPP Pratama Lubuk Pakam. in this case the tax officer must pay attention to and provide services for individual taxpayers who still have minimal knowledge of taxation so that in the future the percentage of taxpayer compliance increases.
4. For the Kpp Pratama Lubuk Pakam also have to consider other factors that are not analyzed in this study, due to the significant role of these factors in the future.
5. For further researchers, the research conducted by the author is limited to taxpayer ethics, tax sanctions, taxpayer compliance and taxpayer knowledge. Researchers do not investigate other factors that can increase taxpayer compliance, therefore it is hoped that further research can examine other factors that can increase taxpayer compliance.

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