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ABSTRACT

Under Indonesia's self-assessment tax system, individual taxpayers are entrusted with primary responsibility for determining and fulfilling their tax obligations, making voluntary compliance a critical issue in tax administration. This study investigates the extent to which tax knowledge and tax awareness shape individual taxpayer compliance in Surabaya. Drawing on survey data collected from 202 registered individual taxpayers (NPWP holders), the analysis employs multiple linear regression to examine the proposed relationships. The findings demonstrate that tax knowledge plays a significant role in enhancing compliance by improving taxpayers' capacity to understand tax regulations and procedural requirements. In addition, tax awareness is found to exert a positive influence on compliance, indicating that internalized responsibility and personal commitment to tax obligations are central to compliant behavior. Taken together, these results suggest that individual tax compliance in Surabaya is driven more strongly by internal motivation than by reliance on enforcement mechanisms. By emphasizing the psychological and behavioral foundations of compliance, this study contributes to the growing literature on voluntary tax compliance and offers practical implications for tax authorities, particularly the importance of education and awareness-oriented strategies in fostering sustainable taxpayer compliance.

Keywords: Individual Taxpayers, Tax Awareness, Tax Compliance, Tax Knowledge.

Introduction

Tax compliance plays a central role in sustaining government revenue and supporting national development, particularly in countries that rely on taxation as a primary mechanism for allocating public resources. In Indonesia, the adoption of a self-assessment tax system places substantial responsibility on individual taxpayers to calculate, pay, and report their tax liabilities independently (Saputro et al., 2022). Under such a system, the effectiveness of tax administration cannot be explained solely by the strength of legal enforcement; rather, it is closely tied to the willingness and ability of individuals to comply voluntarily. Consequently, understanding individual tax compliance behavior has become a critical concern in both academic research and public policy debates (Hidayat et al., 2023; Khozen & Setyowati, 2023).

Individual taxpayers constitute a significant portion of the tax base in urban and metropolitan areas such as Surabaya, where economic activity is relatively high, income levels are diverse, and access to information is comparatively advanced. Despite this importance, empirical studies focusing on individual taxpayer compliance in such urban contexts remain limited. Existing research suggests that tax compliance is influenced by a combination of cognitive, attitudinal, and institutional factors, including tax knowledge, tax awareness, trust in tax authorities, and perceptions of enforcement practices (Hardiningsih et al., 2021; Prasetyana & Febriani, 2022; Putri et al., 2024). Nevertheless, the relative contribution of these factors has not been consistently established, and scholars have emphasized the need for more context-specific investigations to address this gap in the literature (Mebratu, 2024).

Theoretical frameworks for tax compliance behaviour predominantly analyse tax compliance through the Theory of Planned Behaviour (TPB), which considers tax compliance as a function of intention, an outcome of attitudinal and subjective norm, and perceived behavioural control (Ajzen, 1991; Wahyuni et al., 2023). In the current



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situation, tax comprehension, or tax knowledge, is viewed as a perceptual-behavioural control, limiting what activities a taxpayer may understand and perform regarding taxes. In contrast, tax awareness within the TPB framework involves a positive attitude and a behavioural component, which refers to a sense of accountability and the moral burden of tax (Nguyen et al., 2024; Novrianto & Rachmawati, 2021). These factors are most likely to help the tax system achieve its objective of voluntary tax compliance.

In contrast to behavioral approaches, enforcement-oriented perspectives emphasize external mechanisms, particularly tax sanctions, as instruments to influence compliance behavior. Drawing on coercive power theory, compliance is assumed to arise from the fear of punishment, including the perceived certainty and severity of sanctions imposed by authorities (Cheng et al., 2024; French Jr & Raven, 1959). Tax penalties are designed to deter non-compliance by imposing financial or legal consequences on violators (Pratiwi & Sinaga, 2023; Rahmayanti et al., 2020). However, empirical findings regarding the effectiveness of sanctions remain mixed. While some studies report that sanctions positively affect compliance (Larasdiputra & Saputra, 2021; Sari et al., 2021), others argue that inconsistent or weak enforcement may undermine their deterrent effect and even contribute to long-term non-compliance (Pratiwi & Diamastuti, 2023).

Despite the growing body of literature on tax compliance, several important gaps remain. First, many studies examine tax knowledge, tax awareness, and tax sanctions either in isolation or without clearly distinguishing their conceptual boundaries, resulting in overlapping interpretations and inconsistent findings (Bornman & Ramutumbu, 2019; Dewi et al., 2023). Second, research on individual tax compliance in urban Indonesian settings, particularly regarding the primary factors shaping taxpayers' willingness or reluctance to comply, is still scarce. Given the distinctive socio-economic characteristics and compliance dynamics of Surabaya, empirical evidence focusing on individual taxpayers in this context is notably limited (Khan & Tjaraka, 2024).

This study addresses these gaps by examining tax compliance within the framework of a self-assessment system, with a particular emphasis on behavioral dimensions. Unlike assessment-based systems that rely heavily on external control, self-assessment systems prioritize voluntary compliance. In this context, tax compliance is understood as the accuracy, completeness, and timeliness with which individual taxpayers fulfill their tax obligations. This study focuses exclusively on individual taxpayers, thereby excluding business taxpayers and institutional enforcement mechanisms, in order to achieve greater analytical clarity. To minimize conceptual overlap, tax knowledge is treated as a cognitive construct, tax awareness as an attitudinal construct, and tax compliance as a behavioral outcome.

Specifically, this study investigates the effects of tax knowledge and tax awareness on individual tax compliance in Surabaya, while positioning tax sanctions at a more abstract level within the broader theory of compliance behavior. By integrating the Theory of Planned Behaviour and coercive power theory, this study seeks to delineate the boundary between internal motivational factors and external enforcement mechanisms. The findings are expected to contribute to the tax compliance literature by clarifying the relative importance of behavioral determinants and to provide practical insights for tax authorities in designing more effective compliance strategies that emphasize education, awareness, and voluntary compliance alongside regulatory measures.

Literature Review

Theoretical Perspectives on Tax Compliance

The literature on tax compliance generally converges around two broad theoretical perspectives: behavioral approaches and enforcement-based approaches. Behavioral perspectives emphasize the internal determinants of compliance, focusing on how

cognitive, attitudinal, and normative factors shape taxpayers' intentions and actions. In contrast, enforcement-based approaches highlight external mechanisms, particularly legal sanctions, as tools to deter non-compliance (Kornhauser, 2022). Understanding the interaction between these perspectives is particularly important within a self-assessment tax system, where compliance depends not only on regulatory oversight but also on taxpayers' voluntary participation.

One of the most widely applied behavioral frameworks in tax compliance research is the Theory of Planned Behavior (TPB). TPB conceptualizes individual behavior as the outcome of behavioral intention, which is shaped by attitudes toward the behavior, subjective norms, and perceived behavioral control (Ajzen, 1991; Fishbein & Ajzen, 1975). In the taxation context, attitudes reflect taxpayers' evaluative judgments about paying taxes, subjective norms capture perceived social expectations from relevant reference groups, and perceived behavioral control represents taxpayers' confidence in their ability to comply with tax regulations (Bosnjak et al., 2020; Wahyuni et al., 2023). Within this framework, tax compliance is understood primarily as a voluntary behavior influenced by cognitive capacity and internalized beliefs rather than by coercion alone.

In contrast, enforcement-based perspectives draw on coercive power theory, which posits that compliance emerges from the perceived threat of punishment imposed by authorities (French Jr & Raven, 1959). Coercive power exists when institutions possess legitimate authority to impose sanctions on rule violators, thereby encouraging compliance through deterrence (Cheng et al., 2024; Newman & Zhang, 2024). In the taxation domain, this perspective underscores the role of tax sanctions as instruments for controlling taxpayer behavior and reducing non-compliance (Rahmayanti et al., 2020). By integrating behavioral and enforcement-based perspectives, tax compliance can be conceptualized as the outcome of both internal motivations and external enforcement pressures. This study adopts such an integrative approach to examine whether internal behavioral factors or external sanctions exert a more dominant influence on individual taxpayer compliance.

Tax Compliance

Tax compliance refers to the extent to which taxpayers fulfill their tax obligations accurately, completely, and in a timely manner in accordance with applicable regulations (Machfuzhoh & Pratiwi, 2021). Within a self-assessment system, compliance reflects a taxpayer's voluntary disposition to calculate, pay, and report tax liabilities without direct compulsion. Prior studies identify multiple determinants of tax compliance, including tax knowledge, tax awareness, tax sanctions, and the quality of services provided by tax authorities. Improved service quality has been shown to enhance taxpayer satisfaction and foster greater compliance (Prasetyana & Febriani, 2022). Empirical research further suggests that tax compliance is not solely determined by individual attitudes or social environments but is shaped by a broader set of cognitive and behavioral considerations that influence taxpayers' decisions to comply or evade their obligations (Nasution et al., 2020). Higher levels of compliance contribute directly to increased tax revenue, thereby strengthening economic stability and supporting national development objectives (Atarwaman, 2020). Moreover, tax compliance reflects taxpayers' integrity and ethical orientation, which play a critical role in minimizing tax avoidance behavior.

Tax Knowledge

Tax knowledge involves the understanding of a tax system, tax processes, and tax requirements including tax calculation, payment, and reporting (Bornman & Ramutumbu, 2019). Knowledge is crucial, because the taxes a nation's citizens pay are used to construct and sustain nation-owned facilities, and exemplify the equity principle of tax payment (Dewi et al., 2023). Taxpayers have to perform tax duties in a self-

assessment system. Therefore, tax knowledge is essential. Otherwise, a taxpayer will face challenges in performing his/her duties (Ainiyah & Febriani, 2023). Tax knowledge is the ability to understand the governing procedures and rules, including the consequences and penalties of non-compliance, reporting timelines, forms to be filled, payment mechanisms, and methods. An informed taxpayer can perform his tax obligations and reduce the chances of suffering tax penalties.

Tax Awareness

A tax aware individual is someone who clearly understands the tax regulations, voluntarily fulfills his/her tax obligations, and is not required to do so through any legal coercion (Atarwaman, 2020). Tax awareness is partially a reflection of the public perception of taxes, and especially, the perception of taxes and their role in the development of the state. Tax awareness is low in some people, and such people see tax as a burden, and therefore, show some kind of tax reticent (Nguyen et al., 2024). With this in mind, the government puts in efforts to improve tax awareness through dissemination of information and clarifying the tax purposes so that the taxpaying citizens appreciate the purpose of tax toward the social welfare and economic development of the state. Tax awareness is indeed a social phenomenon that can be appreciated by the voluntary actions of the taxpayers concerned to calculate, pay and report taxes (Karsam & Budiandru, 2023). In the self assessment system, taxpayers are assumed to be fully responsible to perform their tax obligations and to a certain extent this is a reflection of trust placed by the tax authorities to the taxpayers. Thus, the greater the tax awareness, the greater the level of tax compliance (Novrianto & Rachmawati, 2021).

Tax Sanctions

Tax authority punishments for transgressing tax rules, be it by intention or by accident, are called tax sanctions. The full provisions are spelled out within the law and regulations own (Pratiwi & Sinaga, 2023). These regulations are made to be sure tax evaders, tax late report, tax payment mistakes, or tax obligation neglect are all subject to some form of legal penalty (Manap et al., 2024). In simplest form, tax sanctions are the tax consequences of what people do or do not do (Mukhtaruddin et al., 2023). The law is also an instrument of social engineering to create a social order of compliance. With law in place, it is also the hope of the government to have tax payers act with due diligence (Rahmayanti et al., 2020). These hopes of government are to help with tax compliance and remind people of there tax obligation (Puspitasari & Siswo, 2021).

The Influence of Tax Knowledge on Tax Compliance

Tax knowledge refers to an individual's understanding of tax regulations, procedures, and technical aspects of taxation, including tax calculation, reporting requirements, deadlines, and penalties for non-compliance (Bornman & Ramutumbu, 2019). In the context of TPB, tax knowledge represents perceived behavioral control, as it determines taxpayers' ability to perform tax-related tasks correctly and confidently (Bosnjak et al., 2020). Empirical evidence consistently suggests that higher levels of tax knowledge are associated with higher levels of tax compliance. Taxpayers with higher levels of knowledge are less likely to experience uncertainty or commit administrative errors, which enhances their likelihood of complying with tax regulations (Dewi et al., 2023). Previous studies further demonstrate that tax knowledge enables taxpayers to better understand both their rights and obligations, thereby fostering informed and compliant behavior (Hanifah et al., 2024; Purnamasari & Sudaryo, 2018). Nevertheless, some scholars caution that tax knowledge alone may not be sufficient to ensure compliance across all contexts, highlighting the importance of complementary behavioral and

attitudinal factors (Mebratu, 2024). Accordingly, this study conceptualizes tax knowledge as a cognitive construct that enhances compliance by strengthening taxpayers' capacity to fulfill their obligations.

H₁: Tax Knowledge has a positive effect on individual tax compliance.

The Influence of Tax Awareness on Tax Compliance

Tax awareness captures taxpayers' internalized sense of responsibility and their voluntary commitment to fulfilling tax obligations as a contribution to public welfare and national development (Atarwaman, 2020). Unlike tax knowledge, which emphasizes technical understanding, tax awareness centers on moral values, social norms, and personal accountability. Prior research consistently shows that higher levels of tax awareness are associated with greater voluntary compliance (Novrianto & Rachmawati, 2021). Empirical findings further suggest that awareness strengthens taxpayers' intrinsic motivation to comply accurately and on time (Nguyen et al., 2024). From the TPB perspective, tax awareness aligns with attitudinal and normative beliefs, reinforcing the role of attitudes and subjective norms in shaping behavioral intention (Triandani & Apollo, 2020). In this study, tax awareness is therefore conceptualized as an attitudinal construct that complements tax knowledge by fostering intrinsic motivation for compliance.

H₂: Tax Awareness has a positive effect on individual tax compliance.

The Impact of Tax Sanctions on Tax Compliance

Tax sanctions function as external enforcement mechanisms intended to deter non-compliance by increasing the perceived cost of violating tax regulations (Mukhtaruddin et al., 2023; Pratiwi & Sinaga, 2023). Within coercive power theory, sanctions encourage compliance through fear of punishment imposed by legitimate authority (French Jr & Raven, 1959). Several empirical studies report that sanctions positively influence compliance by discouraging delinquent behavior (Larasdiputra & Saputra, 2021; Sari et al., 2021). However, other studies suggest that the deterrent effect of sanctions may weaken when enforcement is perceived as inconsistent or when internal motivations dominate compliance decisions (Prastiwi & Diamastuti, 2023). These mixed findings underscore the need to examine sanctions alongside behavioral determinants rather than in isolation. In this study, tax sanctions are positioned as an external control mechanism whose effectiveness is evaluated relative to internal behavioral factors.

H₃: Tax Sanctions have an effect on individual tax compliance.

Methodology

This study adopts a quantitative research design using a survey-based approach to examine the effects of tax knowledge, tax awareness, and tax sanctions on individual taxpayer compliance. A quantitative approach was selected because the primary objective of the study is to empirically test the relationships among variables through statistical analysis, which is appropriate for hypothesis-driven research (Hair et al., 2019). This design allows for systematic measurement of behavioral constructs and facilitates the evaluation of their simultaneous effects on tax compliance. The population of the study consists of individual taxpayers domiciled in Surabaya, an urban area characterized by high economic activity and a substantial contribution of individual taxpayers to tax revenue. Individual taxpayers were chosen as the unit of analysis because they bear direct responsibility for fulfilling tax obligations under Indonesia's self-assessment tax system. Sampling was conducted using simple random sampling, ensuring that each member of the population had an equal probability of being selected, thereby enhancing the representativeness of the sample (Hair et al., 2019). Respondents were selected based on three criteria: (1) residence in Surabaya, (2) age between 20 and

60 years, and (3) willingness to complete the research questionnaire. A total of 202 valid responses were collected and deemed adequate for multiple linear regression analysis, in line with the minimum sample size recommendations proposed by Hair et al. (2019).

This study examines one dependent variable and three independent variables, each representing a distinct conceptual dimension within tax compliance behavior. Although these variables are theoretically related, they capture different aspects of compliance, thereby reducing the risk of conceptual overlap. Tax knowledge refers to taxpayers' understanding of tax functions, regulations, and obligations and represents the cognitive dimension of taxation (Hanifah et al., 2024). Tax awareness reflects taxpayers' internalized sense of responsibility and awareness regarding tax obligations, liabilities, and applicable regulations, representing the attitudinal dimension (Adhikara et al., 2022; Hanifah et al., 2024). Tax sanctions refer to taxpayers' perceptions of legal penalties and enforcement consequences intended to encourage compliance and deter violations, representing an external institutional control mechanism (Adhikara et al., 2022; Rahmayanti et al., 2020). Tax compliance, as the dependent variable, is defined as taxpayers' behavior in accurately calculating, reporting, and paying taxes in accordance with prevailing regulations and represents the behavioral outcome of the compliance process (Hanifah et al., 2024). By clearly distinguishing cognitive, attitudinal, institutional, and behavioral dimensions, this study minimizes potential theoretical multicollinearity among variables.

Data were collected using a structured questionnaire designed to capture respondents' perceptions and behaviors related to the studied variables. All constructs were measured using a five-point Likert scale, ranging from 1 ("Strongly Disagree") to 5 ("Strongly Agree"), which is widely accepted in behavioral research and suitable for regression-based analysis (Hair et al., 2019). The operational definitions of variables, their indicators, and corresponding questionnaire items are presented in Table 1.

Table 1. Operational Definition of Variables

No	Variable	Indicator	Question No.	Reference
1	Tax Compliance	Understanding of tax calculation and reporting procedures	1,2,4	Hanifah et al. (2024)
		Timeliness in tax payment	3,5	
2	Tax Knowledge	Understanding of tax functions	1	Hanifah et al. (2024)
		Understanding of tax regulations	2,3	
		Understanding of tax obligations	4,5	
3	Tax Awareness	Awareness of tax obligations	1	Hanifah et al. (2024); Adhikara et al. (2022)
		Awareness of tax liabilities and underpayments	2,3	
		Awareness related to tax regulations	4,5	
4	Tax Sanctions	Perceived strength of tax sanctions in enforcing compliance	1,2,3	Rahmayanti et al. (2020); Adhikara et al. (2022)
		Sanctions related to tax obligations	4	

The collected data were analyzed using multiple linear regression analysis to assess the influence of tax knowledge, tax awareness, and tax sanctions on tax compliance. Multiple linear regression is appropriate when examining the simultaneous effects of several independent variables on a single dependent variable (Hair et al., 2019). The regression model employed in this study is specified as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \quad (1)$$

Keterangan:

y = Tax Compliance

α = Constant

β = Regression Coefficient
X1 = Tax Knowledge
X2 = Tax Awareness
X3 = Tax Sanctions
 ϵ = Standard Error

Prior to hypothesis testing, classical assumption tests, including tests for normality, multicollinearity, and heteroscedasticity, were conducted to ensure that the regression model satisfied the assumptions required for linear regression analysis (Hair et al., 2019). Statistical analyses were performed using statistical software with a significance level of 5 percent. Participation in the study was entirely voluntary. Respondents were informed that their responses would be used solely for academic purposes, and confidentiality was maintained throughout the research process in accordance with ethical research standards.

Analysis and Discussion

Analysis

Data for this study were collected through an online questionnaire distributed to 222 respondents. Following a screening process to ensure data completeness and eligibility, 202 valid responses were retained for subsequent analysis. The respondents consisted of individual taxpayers who possessed a Taxpayer Identification Number (NPWP), were either employees with side businesses or entrepreneurs, did not rely on tax consultant services, and independently fulfilled their tax obligations. These criteria ensured that the sample captured taxpayers who actively engaged with the self-assessment tax system. The demographic profile of respondents indicates a relatively balanced distribution, as summarized in Table 2. Female respondents accounted for 51 percent, while male respondents represented 49 percent of the sample. In terms of age, 49.5 percent of respondents were between 20 and 40 years, whereas 50.5 percent were aged 41 to 60 years, suggesting a fairly even representation across economically productive age groups. Regarding annual income, 43.5 percent of respondents reported earnings of \geq Rp 500,000,000, while 56.5 percent earned $<$ Rp 500,000,000 per year. This distribution indicates that the sample adequately represents economically active individual taxpayers in Surabaya who are directly involved in tax compliance decisions.

Table 2. Percentage of Respondents based on Demographic Data

Demographics	Characteristics	Frequency	Percentage
Gender	Woman	103	51,00%
	Man	99	49,00%
Age	20-40 years	100	49,50%
	41-60 years	102	50,50%
Income (1 year)	\geq Rp 500.000.000	88	43,50%
	$<$ Rp 500.000.000	114	56,50%
Other	Employees with side businesses or entrepreneurs	202	100%
	Without the intervention of a tax consultant	202	100%
	Have a Taxpayer Identification Number (NPWP)	202	100%

Descriptive statistics presented in Table 3 reveal that all study variables exhibit relatively high mean values. Tax compliance (Y) recorded a mean score of 4.412, followed by tax knowledge (X1) at 4.340, tax awareness (X2) at 4.336, and tax sanctions (X3) at 4.205. These results suggest that respondents generally demonstrate high levels of compliance, possess substantial tax-related knowledge, exhibit strong awareness of tax obligations, and hold positive perceptions of tax sanctions. Collectively, this pattern

indicates a strong internal orientation toward tax compliance among the sampled taxpayers. Validity testing was conducted using Pearson correlation coefficients between individual questionnaire items and their respective total scores. As shown in Table 3, all item correlation coefficients exceed the critical r-value, confirming that each measurement item is valid and adequately represents its intended construct. Reliability testing using Cronbach's alpha further supports the internal consistency of the measurement instruments. As reported in Table 4, Cronbach's alpha values range from 0.62 to 0.677, exceeding the commonly accepted threshold of 0.60 for exploratory and behavioral research. Accordingly, all constructs in this study are considered reliable.

Table 3. Results of Descriptive Statistics and Validity Test

Variable	Min	Max	Mean	Std. Deviation	Pearson Correlation
Y1.1	3	5	4,5	0,558	0,660
Y1.2	3	5	4,4	0,616	0,626
Y1.3	3	5	4,42	0,619	0,642
Y1.4	3	5	4,39	0,615	0,743
Y1.5	1	5	4,36	0,649	0,638
X1.1	3	5	4,41	0,502	0,595
X1.2	3	5	4,27	0,675	0,637
X1.3	3	5	4,31	0,628	0,671
X1.4	2	5	4,29	0,676	0,681
X1.5	3	5	4,43	0,636	0,670
X2.1	3	5	4,45	0,59	0,613
X2.2	1	5	4,31	0,696	0,658
X2.3	3	5	4,3	0,617	0,596
X2.4	3	5	4,24	0,595	0,683
X2.5	3	5	4,37	0,611	0,616
X3.1	3	5	4,37	0,594	0,692
X3.2	2	5	4,13	0,628	0,621
X3.3	2	5	4,23	0,697	0,719
X3.4	3	5	4,09	0,681	0,703

Reliability testing using Cronbach's alpha (Table 4) shows coefficient value ranging from 0.62 to 0.677. Following the criterion that a Cronbach's alpha value of 0.60 is acceptable for exploratory and behavioral research, all variables in this study are considered reliable and internally consistent.

Table 4. Cronbach's Alpha Reliability Test

Variable	Cronbach's Alpha
Tax Compliance	0,677
Tax Knowledge	0,658
Tax Awareness	0,625
Tax Sanctions	0,62

Table 5. Results of Hypothesis Testing and Coefficient of Determination

Variable	Coefficients	Std. Error	t	Sig
(Constant)	5,743	1,558	3,686	0,00
Tax Knowledge	0,405	0,06	6,769	0,00
Tax Awareness	0,387	0,062	6,266	0,00
Tax Sanctions	-0,052	0,065	-0,793	0,429
Coefficient of Determination				
R	R Square	Adjusted R Square	Std. Error of the estimate	
0,643	0,413	0,404	1,561	

Multiple linear regression analysis was employed to test the proposed hypotheses. The regression results are presented in Table 5. Tax knowledge ($\beta = 0.405$; $p < 0.05$) and tax awareness ($\beta = 0.387$; $p < 0.05$) have positive and statistically significant effects on tax

compliance. In contrast, tax sanctions ($\beta = -0.052$; $p = 0.429$) do not have a statistically significant effect on tax compliance. The estimated regression equation is expressed as follows: $Y = 5.743 + 0.405X_1 + 0.387X_2 - 0.052X_3 + \varepsilon$. The coefficient of determination indicates an adjusted R-square value of 0.404, meaning that tax knowledge, tax awareness, and tax sanctions jointly explain 40.4 percent of the variance in tax compliance, while the remaining 59.6 percent is explained by other factors not included in this model.

Discussion

The Influence of Tax Knowledge on Tax Compliance

The findings demonstrate that tax knowledge has a positive and statistically significant effect on individual tax compliance. This result indicates that taxpayers who possess a stronger understanding of tax regulations, procedures, and obligations are better equipped to fulfill their tax responsibilities accurately and in a timely manner. Adequate tax knowledge reduces uncertainty and minimizes administrative errors, thereby facilitating compliant behavior. This finding is consistent with previous empirical studies emphasizing the role of tax knowledge in enhancing compliance (Dewi et al., 2023; Hanifah et al., 2024). From a theoretical standpoint, this result supports the Theory of Planned Behavior, particularly the concept of perceived behavioral control. Tax knowledge strengthens taxpayers' confidence in their ability to comply with tax requirements, which in turn reinforces their intention to comply (Bosnjak et al., 2020; Wahyuni et al., 2023). When taxpayers understand how the tax system operates, compliance is perceived as a manageable and rational activity rather than as a burdensome obligation. This finding also aligns with the argument of Purnamasari and Sudaryo (2018), who suggest that knowledge enables taxpayers to better understand both their rights and obligations, thereby promoting higher compliance levels.

The Influence of Tax Awareness on Tax Compliance

The results further reveal that tax awareness exerts a positive and significant influence on individual tax compliance. This finding suggests that taxpayers who internalize the importance of taxation and perceive tax payment as a contribution to public welfare are more inclined to comply voluntarily. Tax awareness reflects moral responsibility and social consciousness, both of which play a crucial role in shaping compliance behavior. This result is consistent with prior research indicating that heightened awareness strengthens taxpayers' intrinsic motivation to comply with tax obligations (Nguyen et al., 2024; Novrianto & Rachmawati, 2021). Within the Theory of Planned Behavior, tax awareness corresponds to attitudinal and normative beliefs, where compliance is driven not merely by external pressure but by an internalized perception that paying taxes is the right and socially expected course of action (Triandani & Apollo, 2020). Accordingly, this study reinforces the view that voluntary tax compliance is largely grounded in internal values rather than solely in regulatory enforcement.

The Influence of Tax Sanctions on Tax Compliance

Contrary to expectations derived from coercive power theory, this study finds that tax sanctions do not have a statistically significant effect on individual tax compliance. The insignificant coefficient suggests that the existence of sanctions alone is insufficient to influence compliance behavior among individual taxpayers in Surabaya. While this finding contrasts with studies reporting a significant deterrent effect of sanctions (Larasdiputra & Saputra, 2021; Sari et al., 2021), it is consistent with research suggesting that sanctions may be less effective when enforcement is perceived as weak, inconsistent, or distant from taxpayers' daily experiences (Prastiwi & Diamastuti, 2023). Several explanations may account for this result. First, taxpayers may perceive tax sanctions as uncertain or infrequently enforced, thereby reducing their deterrent impact.

Second, strong internal factors, such as tax knowledge and tax awareness, may overshadow the role of external enforcement mechanisms. Third, in an urban context such as Surabaya, taxpayers may rely more heavily on self-regulation and normative considerations than on fear of punishment. These findings suggest that coercive power theory may have limited explanatory power in contexts where compliance is predominantly driven by voluntary, cognitive, and attitudinal factors.

Conclusions and Recommendations

This study investigates the determinants of individual taxpayer compliance in Surabaya within the context of a self-assessment tax system by examining behavioral and enforcement-related factors. The findings indicate that tax knowledge has a positive and significant effect on individual tax compliance, suggesting that taxpayers with a stronger understanding of tax regulations and procedures are better able to fulfill their obligations accurately and on time. Adequate tax knowledge reduces uncertainty and administrative errors, thereby enhancing perceived behavioral control and supporting compliance behavior.

The results further demonstrate that tax awareness significantly influences tax compliance. Taxpayers who internalize the social importance of taxation and perceive tax payment as a civic responsibility are more likely to comply voluntarily. This finding underscores the importance of attitudinal and normative dimensions of the Theory of Planned Behavior in explaining compliance behavior. Taken together, the results suggest that individual tax compliance in Surabaya is driven primarily by internal behavioral factors, while external enforcement mechanisms such as tax sanctions play a more limited role.

These findings imply that the effectiveness of the self-assessment tax system depends largely on voluntary compliance supported by sufficient knowledge and awareness. Accordingly, tax authorities are encouraged to prioritize education and awareness based strategies, including continuous taxpayer education, simplified guidance, and public campaigns highlighting the social and developmental role of taxation. Rather than relying predominantly on punitive measures, a balanced compliance strategy that integrates regulatory enforcement with trust-building and taxpayer empowerment is more likely to produce sustainable compliance outcomes.

For future research, incorporating additional variables such as trust in tax authorities, perceived tax fairness, service quality, and digitalization may enhance the explanatory power of compliance models. Expanding the analysis to different regions or employing longitudinal designs could also provide deeper insights into changes in taxpayer behavior over time.

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