



The Influence of Tax Knowledge and Quality of Service Tax Authorities to the Individual Taxpayer Compliance through Taxpayer Awareness

Dyah Sawitri¹, Sukma Perdana², Umi Muawanah³ and Kohar Adi Setia⁴

¹ Dyah Sawitri, is a DPK Lecturer at the Economics Faculty of Gajayana University of Malang.

² Sukma Perdana, Post graduate Student at the Economics Faculty of Gajayana University of Malang.

³ Umi Muawanah, is a DPK Lecturer at the Economics Faculty of Gajayana University of Malang.

⁴ Kohar Adi Setia, is a Lecturer at the Economics Faculty of Gajayana University of Malang.

Abstract: Low levels of tax compliance is a barrier in tax collection. Compliance can be defined as the behavior of the taxpayer in fulfilling their tax obligations in accordance with applicable regulations. Various ways have been done by the government in order to improve taxpayer compliance is still low. One of them by improving the quality of service tax authorities or tax officials.

The purpose of this study to examine (1) the effect of tax knowledge to the awareness of the taxpayer. (2) The impact of service quality to the awareness of taxpayers tax authorities. (3) the effect of compliance awareness taxpayer individual taxpayer. (4) the effect of tax knowledge to compliance of individual taxpayers. (5) the effect of service quality on an individual taxpayer compliance. (6) the effect of tax knowledge to compliance of individual taxpayers through awareness taxpayer. (7) the effect of quality of service tax authorities on tax compliance through awareness of individual taxpayers.

This research is a survey research using explanatory research. The population in this study are all individual taxpayers by the number of samples taken a number of 100 respondents. Methods of data collection by questionnaire using a Likert scale with convenience sampling method. The data were analyzed using path analysis use equipment SPSS version 16 program.

The results showed that: (1) knowledge of the tax effect on taxpayer awareness. (2) The service quality consciousness affect the tax authorities the taxpayer. (3) awareness of taxpayers effect on tax compliance. (4) knowledge of the tax effect on tax compliance. (5) service quality affects the tax authorities on tax compliance. (6) the knowledge of tax effect on tax compliance through taxpayer awareness. (7) the quality of service fiskus influence taxpayer compliance through taxpayer awareness.

Suggested for KPP Pratama Malang Utara to conduct outreach counseling to taxpayers about the tax rules that apply so that taxpayers have the awareness and compliance to pay taxes.

Keywords: Tax knowledge, quality of service tax authorities, awareness of the taxpayer, the taxpayer compliance

INTRODUCTION

Background

Tax is a nation's stable source of fund with fixed earnings, and it also reflects the citizens' participation in nation funding. According to Finance Department, the importance of tax role in funding development is reflected in the amount of tax earnings every year. Tax earning realization during the year of 2015 is noted to reach 1,060 trillion rupias.

The type of tax that becomes the nation's funding source is Income Tax regulated in the Constitution Number 36 Year 2008 regarding the last amendment for Constitution Number 7 Year 1983 regarding the Income Tax. The system of Income Tax collection in Indonesia is based on the self assessment system. Self assessment system is a tax collection system that gives the authority to taxpayers to decide their own amount of payable tax (Mardiasmo, 2009: 7).

Tax is a knowledge that must be understood by every taxpayer and also tax apparatus. The mastery towards tax regulation for taxpayers will increase compliance towards tax obligations. Taxpayers will make efforts in doing their obligation so that they can avoid the applied sanctions regarding tax regulation (Zain, 2008:20-21).

Based on the data collected by Tax Office Pratama North Malang, the amount of individual taxpayer has reached the result of the new taxpayer addition and the increase towards SPT report that can be seen in Table 1.

Table 1
Data of New Taxpayer Amount and SPT Report

<i>Year</i>	<i>The Amount of New Tax payer</i>	<i>The Amount of SPT Report</i>	<i>Compliance Percentage</i>
2013	54.714	25.211	46.1
2014	59.104	28193	47.7
2015	66.225	37.883	57.2

Source: KPP Pratama North Malang, 2016.

Table 1 shows that the percentage of individual taxpayers who do not comply to KPP Pratama Malang Utama is still high from year to year, therefore, there should be more individual taxpayers that have the potential to increase the nation's tax earnings if those taxpayers comply and fulfill their tax obligations.

Tax compliance is the individual taxpayers' willfulness to fulfill their tax obligation according to the prevailing regulations without the need to do inspection, thoroughout investigation, warning, or threats and sanctions appliance, whether it is punishment or administration (Gunadi, 2005:4). So that tax collection can be effective and the growth of tax income can also increase, Directorate General of Taxation needs efforts in growing citizens' awareness and compliance regarding their obligation in paying taxes, which can

be done by doing tax socialization (Rohmawati *et al*, 2014:2). Increasing the knowledge about taxes consequently will increase awareness and compliance level of taxpayers. Siregar *et al*. (2012) stated that hopefully with the knowledge about taxes that the taxpayers have, the compliance of taxpayers can also improve.

The awareness to pay taxes is the condition in which taxpayers know, understand, and apply the taxes regulations voluntarily, which means that awareness is the will of taxpayers, and they will voluntarily fulfil their tax obligations (Jatmiko, 2006).

Problem Formulation

1. Does the tax knowledge significantly affect the awareness of taxpayers?
2. Does the fiscal services quality significantly affect the awareness of taxpayers?
3. Does the awareness of taxpayers significantly affect the individual taxpayers' compliance?
4. Does the tax knowledge significantly affect the individual taxpayers' compliance?
5. Does the fiscal services quality significantly affect the individual taxpayers' compliance?
6. Does the tax knowledge significantly affect the individual taxpayers' compliance through taxpayers' awareness?
7. Does the fiscal services quality significantly affect the individual taxpayers' compliance through taxpayers' awareness?

The Scope of Research

The scope of this research is in the Tax Office Pratama North Malang, with the limitations of variable as following : tax knowledge, fiscal services quality, taxpayers' awareness, and the individual taxpayers' compliance.

The Purpose of Research

1. To test whether the effect of tax knowledge significantly affect taxpayers' awareness.
2. To test whether the effect of fiscal services quality significantly affect taxpayers' awareness.
3. To test whether the effect of taxpayers' awareness significantly affect the individual taxpayers' compliance.
4. To test whether the effect of tax knowledge significantly affect the individual taxpayers' compliance.
5. To test whether the effect of fiscal services quality significantly affect the individual taxpayers' compliance.
6. To test whether the effect of tax knowledge significantly affect the individual taxpayers' compliance through taxpayers' awareness.
7. To test whether the effect of fiscal services quality significantly affect the individual taxpayers' compliance through taxpayers' awareness.

LITERATURE REVIEW

Tax Knowledge

Knowledge regarding the understanding of taxes regulations means that one must know and understand the general provisions and taxation procedures (KUP) that includes the matters on how to deliver the Letter of Notification (SPT), payment, payment venues, fine, and the payment deadline or SPT report (Resmi, 2009:69).

Rahayu (2010:29) stated that :

“With the adequate level of citizens’ tax knowledge, it will be easier for taxpayers to comply with the taxes regulations. By prioritizing the nation needs more than individual needs, it will increase the citizens’ sincerity to comply in their taxes obligations. And with the adequate knowledge acquired due to having high education level, they will understand that by not following the regulations, they will receive sanctions, be it administration sanctions or fiscal punishment. So we can actualize a community that is tax aware and willing to fulfill their taxes obligations”.

The better quality of the knowledge attained will also improve the attitude of fulfilling their obligations correctly by the establishment of nation’s taxes system that is deemed equal. Taxpayers’ awareness will increase when the perception regarding tax appears among the community.

Fiscal Services Quality

Siregar *et al.* (2012:7), stated that “Fiscal service is service delivery (serving) the needs of people or community who have business to the said organizations according to the main regulations and predefined ordinances”. According to Ramadiansyah *et al.* (2014:3), a good service will push the taxpayers’ compliance to fulfill their taxes obligations. In order to improve the taxpayers’ compliance, we need to hear, find out and make efforts to fulfill what the taxpayers want regarding to their taxes rights and obligations.

Taxpayers’ Compliance

Rahman (2010:32) defines taxpayers’ compliance as

“the condition in which taxpayers fulfill every taxes obligation and do their taxes rights”.

According to Nowak (in Zain, 2008:31), taxpayers’ compliance is:

“a discipline climate and awareness in fulfilling the taxes obligations, which can be observed in the condition where : taxpayers know and make efforts to understand the provisions of the taxation legislation; fill the taxes form complete and clear; count the amount of payable tax exactly at the appointed time”.

Taxpayers can be said to possess compliance (tax compliance) if the reported income is appropriately correct, Letter of Notice (SPT) is reported and the amount of payable taxes paid in time. According to Gunadi (2005:14),

“Tax compliance is the condition in which individual taxpayer has the willfulness to fulfill their taxes obligations in accordance to the applicable rules without the need to do inspections, thoroughout investigations, warnings, or threats and sanction application, be it legal or administration”.

Taxpayers' Awareness

Suyatmin (2004:34) stated that:

“Awareness is the condition in which one knows or understands, while taxes is the matters regarding taxations. Thus, taxation awareness is the condition in which one knows or understands the matters regarding taxations”.

Wuri (2009) stated that:

“Taxpayers' awareness is the condition in which taxpayers understand, admit, appreciate, and obey the applicable taxes regulations and possess the sincerity and will to understand their taxes obligations”.

Conceptual Framework

Framework of thinking is the model of conceptual framework that places the knowledge of taxes and fiscal services quality as the independent variables that affect the taxpayers' awareness. In the end, the taxpayers' awareness affects the individual taxpayer's compliance in a positive correlation. To understand further, please see Figure 1.

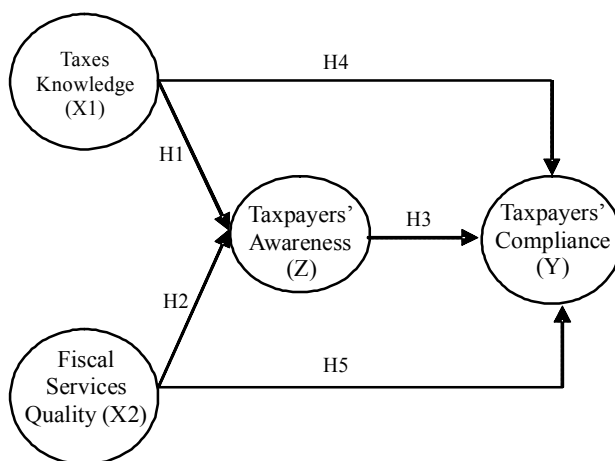


Figure 1: The Correlation between Taxes Knowledge and Fiscal Services Quality, with Taxpayers' Compliance through Taxpayers' Awareness

Source: Rahayu (2010); Andayu *et al.* (2015); Irianto (2005); Zuhdi *et al.* (2015).

Hypothesis

In accordance to the background, problem formulation, and literature review, the hypothesis to this research can be formulated as following:

H1 : Taxes knowledge positively affects taxpayers' awareness

H2 : Fiscal services quality positively affects taxpayers' awareness

H3 : Taxpayers' awareness positively affects taxpayers' compliance

H4 : Taxes knowledge positively affects taxpayers' compliance

H5 : Fiscal services quality positively affects taxpayers' compliance

H6 : Taxes knowledge positively affects taxpayers' compliance through taxpayers' awareness

H7 : Fiscal services quality positively affects taxpayers' compliance through taxpayers' awareness

RESEARCH METHODS

Research Design

The research design that is used in this paper is descriptive and explanatory research using quantitative approach. Explanatory research is the research that does data collection in such a way to explain the causal connection among the variables by hypothesis testing so that it is possible to gain a conclusion. The research method that is used in this research is survey method, with the research object being the Individual Taxpayer Compliance in the Tax Office Pratama North Malang.

Population and Sample

The population of this research is the individual taxpayers registered in the Tax Office Pratama North Malang with the total of 66,225 taxpayers.

Sample gained is representative, and researchers used the Slovin formula (Umar, 2008:120), which is as following:

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

Information:

n = sample proportion

N = population proportion

e = percentage for leniency of inaccuracy that can still be tolerated

With using the leniency percentage (10%), so from the population of 66,225 people, we can gain the amount of sample as following:

$$n = \frac{66,225}{1 + 66,225(0.1)^2} = 99.5(100 \text{ taxpayers})$$

After deciding the amount of sample counted using the Slovin formula, the research samples are taken with convenience sampling technique, questionnaire data distribution on respondents, in this case the taxpayers that can be met easily, can be reached, or are in the right time which is the time in which they pay their taxes in the Tax Office Pratama North Malang.

Data Type and Source

The data type that is used in this research is divided into primary data and secondary data. Primary data is the data that comes from data sources that has been gathered specially and directly connected with the observed problem. Secondary data is needed in this research as a writing support. Data is gathered from various information sources that have been published, whether it is a scientific journal related to the reviewed field, or literatures related to the writing theme.

Data Collection Method

Data collection methods are techniques or methods that can be used by researchers to gather data (Riduwan, 2011:69). From how the data is gathered or data collection technique, data collection methods used in this research are as following:

1. Interview, used to gain data from direct observation on the field by holding an interview session with the research object (individual taxpayers that are registered in the Tax Office Pratama North Malang)
2. Questionnaire, is a data collection tool by creating list of questions or statements that are spread to the respondents directly so the result of its content can be more accurate and clear. List of questions or statements are made to gain respondents' responses regarding the general description, attention, and respondents' opinion.

Operational Definition and Variable Measurement

Operational definition from used variables in this research can be explained briefly on Table 2.

Table 2
Operational Variables and Research Indicators

<i>Variables</i>	<i>Indicators</i>
1. <i>Taxes Knowledge (X₁)</i> Taxes information that can be used by taxpayers as the fundamental to act, make decisions, and to walk through directions or specific strategies related to the rights and obligations fulfillment in the taxation field.	<ol style="list-style-type: none"> 1. Taxes information can easily be gained from the mass media 2. The functions and benefits of used taxes 3. How to fill SPT correctly 4. How to count tax 5. Administration sanctions (fine) and legal sanctions (imprisonment) 6. Violation occurred
2. <i>Fiscal Services Quality (X₂)</i> Service delivery (serving) the needs of people or community who have business to the said organizations according to the main regulations and predefined ordinances	<ol style="list-style-type: none"> 1. Friendly and polite 2. Quick responses 3. Recommend correct solutions 4. Lead without influencing 5. Call Center or Taxes Kring. 6. Satisfying services quality
3. <i>Taxpayers' Compliance (Y)</i> A discipline climate and awareness in fulfilling the taxes obligations	<ol style="list-style-type: none"> 1. Getting NPWP 2. Filling SPT 3. Reporting SPT 4. Counting income taxes 5. Paying income taxes 6. Lack of income taxes
4. <i>Taxpayers' Awareness (Z)</i> The condition in which taxpayers understand, admit, appreciate, and obey the applicable taxes regulations and possess the sincerity and will to understand their taxes obligations	<ol style="list-style-type: none"> 1. Laws 2. Community service form 3. Nation development 4. Tax deduction 5. Results in loss

Measurement scale used in this research is the likert scale. The successfully collected data from the questionnaire will then be measured with the weight of 1 (one) to 5 (five) with the categories as in Table 3.

Table 3
Likert Scale Rankings

<i>Scale</i>	<i>Answer Choice</i>	<i>Information</i>	<i>Score</i>	<i>Meaning</i>
1	Strongly Agree	SA	5	Very Good
2	Agree	A	4	Good
3	Quite Agree	QA	3	Enough
4	Disagree	D	2	Not good
5	Strongly Disagree	SD	1	Very deficient

Source: Riduwan (2011:87)

Data Analysis Methods

1. Descriptive analysis, this analysis is used to describe research variables without drawing a generalization.
2. Path analysis, is a statistic analysis method that makes it possible to give a reading or qualitative interpretation for the correlation of various variables in a model. The purpose of this path analysis is to decide the direct and indirect influences among various variables and path analysis is also used to test the amount of contribution that is showed by the path coefficient in every path diagram of causal relationship between X_1 , X_2 variables towards Y and the effect towards Z . Correlation and regression analysis is the base for path coefficient measurement. Then, during the measurement, we used the SPSS 16 for Windows software program.

Kerlinger (2003) stated that the meaning of path analysis is the applied form of multiregression analysis. By using it, we can count the amount of direct influence of independent variables towards a dependent variable. These influences are reflected in what is usually called as path coefficients that are actually regression coefficients that have been standardized (which is β).

RESEARCH RESULT AND DISCUSSION

Respondents Characteristics

Respondents characteristics data describes the condition of respondents that are displayed descriptively. Based on the research data collected through questionnaire, we can get the data regarding respondents' gender, age range, and education level. Respondents in this research are individual taxpayers who are registered in the Tax Office Pratama North Malang, with the total number of 100 people in which the respondents characteristics will be detailed in the Table 4.

Based on Table 4, it is known that the majority of the respondents' gender is male, which amount to 85%. This reflects that the individual taxation handling process is still dominated by taxpayers who are male.

Table 4
Respondents Characteristics

<i>Description</i>	<i>Information</i>	<i>Quantity</i>	<i>Percentage</i>
Gender	Male	85	85
	Female	15	15
Age Range	< 40 years old	30	30
	41-50 years old	64	64
	> 50 years old	6	6
Education Level	High School	20	20
	Diploma	15	15
	Bachelor (S1)	56	56
	Master (S2)	9	9

Source : Processed Primary Data, Year 2016.

The majority of respondents are mostly aged between 41-50, with the amount being 64%. This shows that the age of 41-50 years old is the age range where people have the relatively highest awareness level to pay taxes.

From the education level, we know that the majority of 56% respondents have attended Bachelors (S1) level of education. This shows that the higher education attained by the taxpayers, the awareness regarding taxes becomes better, and the higher education attained by taxpayers, the better taxpayers' compliance becomes.

Data Analysis Result

Descriptive Data Analysis

According to the data gathered from questionnaires on those said variables, the descriptive analysis result of respondents' responses and the grand mean of it can be seen on Table 5.

Based on the association result on Table 5, the overall data regarding respondents' responses towards taxes knowledge variable, we obtained a grand mean of 4.05. This shows that the taxes knowledge that taxpayers own is already good. Respondents' perception towards taxes knowledge variable is reflected from the average mean of every question.

Respondents' responses regarding the quality variable on Table 5, on fiscal services, we obtained a grand mean of 4.02. This shows the fiscal services as a way for revenue officers in helping taxpayers to handle or prepare everything that they need. Therefore, fiscals are demanded to give friendly, equal, and assertive services every time towards taxpayers and also to be able to raise citizens' awareness regarding their responsibilities to pay taxes.

Based on the overall data association result regarding respondents' responses towards taxpayers' compliance variable, we obtained a grand mean of 4.13. This shows that taxpayers' compliance is a discipline

Table 5
Respondents' Responses and Grand Mean

<i>Variable</i>	<i>Indicator</i>	<i>Mean</i>	<i>Grand Mean</i>
1. <i>Taxes Knowledge Variable (X₁)</i>	X1.1	3,93	4,05
	X1.2	4,17	
	X1.3	3,99	
	X1.4	3,79	
	X1.5	4,21	
	X1.6	4,25	
2. <i>Fiscal Services Quality (X₂)</i>	X2.1	4,07	4,02
	X2.2	3,93	
	X2.3	3,99	
	X2.4	4,01	
	X2.5	3,98	
	X2.6	4,18	
3. <i>Taxpayers' Compliance (Y)</i>	Y1	4,24	4,13
	Y2	4,21	
	Y3	3,92	
	Y4	3,96	
	Y5	4,25	
	Y6	4,23	
4. <i>Taxpayers' Awareness (Z)</i>	Z1	4,05	4,18
	Z2	4,20	
	Z3	4,17	
	Z4	4,20	
	Z5	4,31	

Source : Processed Primary Data, Year 2016.

climate and awareness in fulfilling the taxes obligations, reflected in situations where taxpayers understand or make efforts to understand every provisions of the taxation legislation, fill in the taxation forms complete and clear, count the amount of payable taxes correctly, and pay the payable taxes at the appointed time.

The overall result of data association regarding respondents' responses towards taxpayers' awareness variable, we obtained a grand mean of 4.18. This shows that taxpayers' awareness is the condition in which taxpayers understand, admit, appreciate, and obey the applicable taxes regulations and possess the sincerity and will to understand their taxes obligations.

Path Analysis

Path analysis is an applied form of multiple regression that utilizes path diagram as a clue to a complex hypothesis testing. In the path analysis, it is necessary to evaluate the assumptions that must be met in the

data processing procedure. These assumptions include: Direct Influence, and Indirect Influence of Taxes Knowledge (X_1) and Fiscal Services Quality (X_2) towards Taxpayers' Awareness (Z). The summary of path analysis result is presented in Table 6.

Based on Table 6, it shows that the formed measurement model is as following:

Equation 1:

$$Z = 0.413X_1 + 0.453X_2$$

From equation 1, it can be informed that:

- (a) Direct coefficient of taxes knowledge (X_1) towards taxpayers' awareness (Z) as high as 0.413 states that taxes knowledge (X_1) positively and significantly affects taxpayers' awareness (Z).
- (b) Direct coefficient of fiscal services quality (X_2) towards taxpayers' awareness (Z) as high as 0.453 states that fiscal services quality (X_2) positively and significantly affects taxpayers' awareness (Z).
- (c) Equation 2 : $Y = 0.280X_1 + 0.375X_2 + 0.719Z$

Table 6
Summary of Path Analysis Result of Taxes Knowledge Variable (X_1) and Fiscal Services Quality (X_2) towards Taxpayers' Compliance (Y) through Taxpayers' Awareness (Z)

<i>Path</i>	<i>Direct</i>	<i>Indirect</i>	<i>Total</i>
Taxes Knowledge Taxpayers' Compliance (through Taxpayers' Awareness)	0.280	0.417	0.697
Fiscal Services Quality à Taxpayers' Compliance (through Taxpayers' Awareness)	0.375	0.360	0.735
Taxes Knowledge à Taxpayers' Awareness	0.413	–	0.413
Fiscal Services Quality à Taxpayers' Awareness	0.453	–	0.453
Taxpayers' Awareness à Individual Taxpayers' Compliance	0.719	–	0.719

Source: Processed Primary Data, Year 2016.

From equation 2, it can be informed that :

- (a) Direct coefficient of taxes knowledge (X_1) towards taxpayers' compliance (Y) as high as 0.2803 states that taxes knowledge (X_1) positively and significantly affects taxpayers' compliance (Y).
- (b) Direct coefficient of fiscal services (X_2) towards taxpayers' compliance (Y) as high as 0.375 states that fiscal services quality (X_2) positively and significantly affects taxpayers' compliance (Y).
- (c) Direct coefficient of taxpayers' awareness (Z) towards taxpayers' compliance (Y) as high as 0.719 states that taxpayers' awareness (Z) positively and significantly affects taxpayers' compliance (Y).
- (d) Direct coefficient of taxes knowledge (X_1) towards taxpayers' compliance (Y) through taxpayers' awareness (Z) as high as 0.417 states that taxes knowledge (X_1) positively and significantly affects taxpayers' compliance (Y) through taxpayers' awareness (Z).
- (e) Direct coefficient of fiscal services quality (X_2) towards taxpayers' compliance (Y) through taxpayers' awareness (Z) as high as 0.360 states that fiscal services quality (X_2) positively and significantly affects taxpayers' compliance (Y) through taxpayers' awareness (Z).

Based on Table 6, it is known that taxes knowledge (X_1) has direct influence towards taxpayers' compliance (Y) as high as 28% while the indirect influence through taxpayers' awareness (Z) is as high as 69.7%, and fiscal services quality (X_2) has direct influence towards taxpayers' compliance (Y) as high as 37.5% while the indirect influence through taxpayers' awareness (Z) is as high as 73.5%. Taxpayers' awareness variable (Z) has the influence as intervening variable.

The recapitulation of path analysis result can be visualized on figure 2 as following:

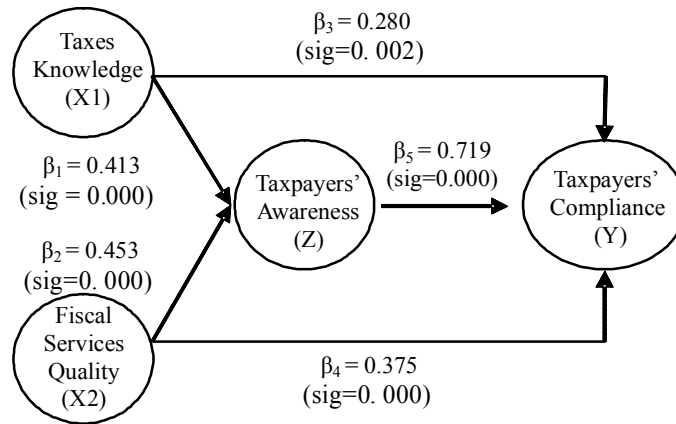


Figure 2: Path Diagram of Taxes Knowledge (X_1) and Fiscal Services Quality (X_2) towards Taxpayers' Compliance (Y) through Taxpayers' Awareness (Z)

Source: Processed Primary Data, Year 2016.

Discussion

1. The Influence of Taxes Knowledge towards Taxpayers' Awareness

Taxes knowledge variable positively and significantly affects taxpayers' awareness in Tax Office Pratama North Malang. The path analysis of taxes knowledge shows a positive score, which indicates that by assuming the absence of fiscal services quality, then taxes knowledge will have an increase towards taxpayers' awareness. Therefore in this research, it can be justified that taxes knowledge variable has a significant influence towards taxpayers' awareness and it must gain the attention of the head of Tax Office Pratama North Malang. It is said so because taxes knowledge variable will also be able to push taxpayers' awareness in Tax Office Pratama North Malang.

Taxes knowledge affects taxpayers' awareness regarding taxes obligations, the higher taxes knowledge on taxes regulations possessed, then the value of taxpayers' awareness will also be higher. Taxpayers' awareness is the action of taxpayers in fulfilling their taxes obligations in accordance with the provisions of law and the applicable taxation implementation rules in a country (Rahayu, 2010).

The result of this research is in line with the opinion stated by Nugroho and Zulaikha (2010) that the higher knowledge the taxpayers have, then the taxpayers can decide their own action more carefully and in accordance with the taxes provisions. But if the taxpayers do not possess the knowledge regarding the taxation's regulations and process, then taxpayers cannot decide their action correctly.

The result of this research is also in line with the research done by Rohmawati, *et al.* (2014) who concluded that the taxation knowledge has a positive and significant relationship with the taxpayers'

awareness. This means that the higher taxation knowledge one has, it will affect the taxpayer's awareness level.

2. The Influence of Fiscal Services Quality towards Taxpayers' Awareness

Fiscal services quality variable positively and significantly affects taxpayers' awareness in Tax Office Pratama North Malang. Path analysis of fiscal services quality scores positive, which states by assuming the absence of taxes knowledge variable, then the fiscal services quality will have an increase in regards to taxpayers' awareness. Therefore in this research, it can be justified that fiscal services quality variable has a significant influence towards taxpayers' awareness and it has to gain attention of the head of Tax Office Pratama North Malang. It is said so because fiscal services quality variable will also be able to push taxpayers' awareness in Tax Office Pratama North Malang.

The result of this research is in line with the theory stated by Anchok (1994), tax apparatus is demanded to give friendly, equal, and assertive services each time to every taxpayer and to be able to raise citizens' awareness regarding their responsibilities to pay taxes. Taxpayers can get to know taxes from the services given by tax apparatus. Therefore, tax apparatus must have the skill to satisfy taxpayers.

Service is a way to serve (assist in handling or preparing every needs that one has). Meanwhile, fiscal is revenue officer. So, fiscal services can be interpreted as how the revenue officer help, handle, or prepare every needs that one has, in this case is the taxpayer (Jatmiko, 2006). This is connected to taxpayers' awareness. Taxpayers who are aware of taxes, will have the conviction on the importance to pay taxes to help a nation's development (behavioral beliefs).

3. The Influence of Taxpayers' Awareness towards Taxpayers' Compliance

Taxpayers' awareness variable positively and significantly affects taxpayers' compliance in Tax Office Pratama North Malang. The path analysis of taxpayers' awareness scores positive, which states that by assuming the absence of taxes knowledge variable and fiscal services quality variable, then taxpayers' awareness will have an increase towards taxpayers' compliance in Tax Office Pratama North Malang. Therefore in this research, it can be justified that taxpayers' awareness variable has a significant influence towards taxpayers' compliance and it has to gain attention of the head of Tax Office Pratama North Malang. It is said so because the variable of taxpayers' awareness can also help in pushing the taxpayers' compliance in Tax Office Pratama North Malang.

Taxpayers' awareness gives an influence towards taxpayers' compliance in Tax Office Pratama Malang. Taxpayers' awareness is a condition in which taxpayers know, understand, and do the taxation provisions correctly and voluntarily. The higher level of taxpayers' awareness, then understanding and implementation of taxes obligations will also become better and therefore it can raise compliance. Taxpayers' awareness is really needed in raising taxpayers' compliance (Jatmiko, 2006).

Taxpayers will have the level of compliance to pay taxes if taxpayers have the awareness level regarding the obligations of payable taxes, have the awareness that tax is one of a nation's source of income, has the awareness that the paid taxes can be used to help a nation's development, has the awareness that postponing taxes payment can be disadvantageous to a nation and has the awareness that paying payable taxes in an inappropriate amount can be very disadvantageous to a nation.

This review finding is also in line with the review done by Musyarofah and Purnomo (2008) who concluded that the taxpayers' awareness positively affects taxpayers' compliance, which means that the more awareness the taxpayers have, they will have more understanding of the taxes' function and benefits, be it for the community or for them individually, so taxpayers will voluntarily pay taxes without any coercion. Therefore, it can raise taxpayers' compliance. Jotopurnomo and Mangoting (2013) concluded that the taxpayers' awareness significantly affects individual taxpayers' compliance in Surabaya.

4. The Influence of Taxes Knowledge towards Taxpayers' Compliance

Taxes knowledge variable positively and significantly affects taxpayers' compliance in Tax Office Pratama North Malang. The path analysis of taxes knowledge scores positive, which states that by assuming the absence of fiscal services quality variable and taxpayers' awareness, then taxes knowledge will have an increase towards taxpayers' compliance in Tax Office Pratama North Malang. Therefore in this research, it can be justified that taxes knowledge variable has a significant influence towards taxpayers' compliance and it has to gain attention of the head of Tax Office Pratama North Malang. It is said so because the variable of taxes knowledge can also help in pushing the taxpayers' compliance in Tax Office Pratama North Malang.

Taxes knowledge in Tax Office Pratama North Malang gives an influence towards taxpayers' compliance. Taxpayers' knowledge regarding the applicable rules and provisions of taxes hopefully can raise taxpayers' compliance. Information possessed by taxpayers can influence taxpayers towards their compliance. One of the reason behind the influence of taxes knowledge towards taxpayers' compliance is the presence of taxes information sources that every taxpayer gets, for example from the revenue officer, taxation magazines (Gardina and Haryanto, 2006).

Taxpayers will have the level of compliance to pay taxes if taxpayers have the knowledge regarding the registry of NPWP, have the knowledge regarding their rights and obligations as taxpayers, have the knowledge regarding PTKP, PTP, and taxes fare, have the knowledge regarding the sanctions if they do taxation violations and have the knowledge regarding taxes regulations through socializations done by revenue officers.

This review finding is in line with the review done by Nazir (2010) which showed that there is a positive and significant influence between taxes knowledge level and taxpayers' compliance. Susilawati and Budiarta (2013) concluded that the taxpayers' awareness, taxes knowledge, taxation sanctions and the accountability of public services positively affect taxpayers' compliance in regards of paying the motor vehicle taxes at the Joint Office SAMSAT Singaraja Town. Witono (2008) showed that there is a significant influence of taxes knowledge and the perception of taxes equality towards taxpayers' compliance.

5. The Influence of Fiscal Services Quality towards Taxpayers' Compliance

Fiscal services variable positively and significantly affects taxpayers' compliance in Tax Office Pratama North Malang. The path analysis of fiscal services variable scores positive, which states that by assuming the absence of taxes knowledge variable and taxpayers' awareness, then the fiscal services quality will have an increase towards taxpayers' compliance in Tax Office Pratama North Malang. Therefore in this research, it can be justified that fiscal services variable has a significant influence towards taxpayers' compliance and

it has to gain attention of the head of Tax Office Pratama North Malang. It is said so because the variable of fiscal services quality can also help in pushing the taxpayers' compliance in Tax Office Pratama North Malang.

The result of this research is in line with Boediono's theory (2003:154) which stated that the quality of service won't be reached without the quality in the process. Thus, a correct organization is needed. Because the quality in process will never be attained without the correct organization. Therefore, the success of tax services offices in giving the services quality that can fulfill the customers' hopes can increase taxpayers' compliance in Tax Office Pratama North Malang.

Murti and Jullie's research (2014:391) emphasized on the importance of taxes apparatus quality in giving services to taxpayers. The services given by fiscal during the process of taxation is related with the attitude of taxpayers. Taxation process involves fiscal and taxpayers where the services given by fiscal also have a role in forming the attitude of taxpayers in following taxation process.

6. *The Influence of Taxes Knowledge towards Taxpayers' Compliance through Taxpayers' Awareness*

Taxes knowledge variable positively and significantly affects taxpayers' compliance. The path analysis of taxes knowledge variable scores positive. Therefore in this research, it can be justified that taxes knowledge variable has a significant influence towards taxpayers' compliance through taxpayers' awareness and it has to gain attention of the head of Tax Office Pratama North Malang.

The result of this research is in line with the opinion of Sapti *et al.* (2011), who stated that if the taxpayers' awareness is high and comes from the motivation to pay taxes, then the willfulness to pay taxes will also be high and the nation's earning from taxes will increase. Muliari and Setiawan (2010) stated that compliance can be raised if the taxpayers' awareness also increased, then the understanding and application of taxation obligations will also be better. The ignorance of taxpayers regarding their form of real rewards that they get from paying taxes to the nation causes a low community awareness towards their fulfillment of taxes obligations. Taxpayers' awareness of their taxation obligations fulfillment is an important element that affects the improvement of taxes compliance. The research done by Jatmiko (2006) showed a positive and significant influence of taxpayers' awareness towards taxation compliance.

7. *The Influence of Fiscal Services Quality towards Taxpayers' Compliance through Taxpayers' Awareness*

Fiscal services quality variable positively and significantly affects taxpayers' compliance. The path analysis of fiscal services quality variable scores positive. Therefore in this research, it can be justified that fiscal services quality variable has a significant influence towards taxpayers' compliance through taxpayers' awareness and it has to gain attention of the head of Tax Office Pratama North Malang.

According to Boediono (2003:154), the quality of service won't be reached without the quality in the process. Thus, a correct organization is needed. Because the quality in process will never be attained without the correct organization. Therefore, the success of tax services offices in giving the services quality that can fulfill the customers' hopes can increase taxpayers' compliance in Tax Office Pratama North Malang.

The awareness that tax is a nation's source of income, awareness that the paid taxes can be used to improve a nation's development, awareness that postponing taxes payment can be disadvantageous to a nation and having the knowledge that paying the tax in an inappropriate amount can be very disadvantageous to a nation. When the taxpayers' awareness is high, it will also give an effect to taxpayers' compliance, which can be shown by reporting SPT in time, compliance in paying taxes, and reporting taxes voluntarily.

Research Implication

Based on the discussion and result findings that have been explained before, the followings are the research implications that have connection to research findings.

1. Education level, in this case the citizens' knowledge, when it is higher, it will cause citizens to easily understand the regulations and applicable laws and provisions in the field of taxation. A low level of knowledge will cause taxpayers to hesitate in doing their taxation obligations due to the lack of understanding regarding the applicable taxation system (Rustiyaningsih, 2011). Knowledge is also seen as a way to achieve a better status in the community, the higher level of education one has, then the hope to reach their goal will also be higher.
2. Taxpayers' compliance in fulfilling their obligations to pay taxes depends on how revenue officers give their best quality of services to the taxpayers. A good fiscal service is expected to be able to improve taxpayers' compliance, as it has been moderated through Circular Letter of the Directorate General of Taxation no. SE-84/PJ/2011 about excellent service. Taxpayers' compliance in fulfilling their taxation obligations, and the quality of taxation services must be improved by tax apparatus. A good fiscal service will give comfort to taxpayers in Tax Office Pratama North Malang.
3. Awareness is the condition in which one knows or understand, while taxation means the matters related to taxes. Therefore, taxation awareness is the condition in which one knows or understands the matters related to taxes. The positive assessment of taxpayers towards implementation of state functions by the government will move the community to fulfill their obligations in paying taxes, therefore taxpayers' awareness regarding taxation is really needed to improve taxpayers' compliance in Tax Office Pratama North Malang.

CONCLUSION AND RECOMMENDATIONS

Conclusion

1. Taxes knowledge affects taxpayers' awareness. The influence occurring is positive and significant or it can be interpreted that the higher knowledge level one has, then the taxpayer's awareness will also become higher.
2. Fiscal services quality affects taxpayers' awareness. The influence occurring is positive and significant or it can be interpreted that the better quality the fiscal services have, then the taxpayer's awareness will also be increased.
3. Taxpayers' awareness affects taxpayers' compliance. The influence occurring is positive and significant or it can be interpreted that the higher awareness that the taxpayer has, then the taxpayer's compliance will also be raised.

4. Taxes knowledge affects taxpayers' compliance. The influence occurring is positive and significant or it can be interpreted that the higher knowledge level one has, then the taxpayer's compliance will also become higher.
5. Fiscal services quality affects taxpayers' compliance. The influence occurring is positive and significant or it can be interpreted that the better quality the fiscal services have, then the taxpayer's compliance will also be increased.
6. Taxes knowledge affects taxpayers' compliance through taxpayers' awareness. The influence occurring is positive and significant or it can be interpreted that the higher knowledge level one has, then the taxpayer's compliance through taxpayer's awareness will also become higher.
7. Fiscal services quality affects taxpayers' compliance through taxpayers' awareness. The influence occurring is positive and significant or it can be interpreted that the better quality the fiscal services have, then the taxpayer's compliance through taxpayer's awareness will also be increased.

Recommendations and Implications

1. The result of this research is expected to be an evaluation for Tax Office Pratama North Malang, which are
 - (a) to organize counseling with taxpayers regarding the applicable taxation regulations so that taxpayers have the awareness and compliance to pay taxes.
 - (b) to improve the fiscal services' quality to the citizens so that the community's awareness to pay taxes will be raised.
2. Taxation apparatus must monitor taxpayers when taxpayers show negligence in paying or reporting their taxes, by always giving warnings to taxpayers who are late in paying their taxes or in reporting the Annual SPT.

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