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The Effect of Tax Understanding, Tax Sanctions, and Tax Payment Awareness on Taxpayer Compliance in Jakarta

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Abstract

This study aims to analyze the effect of tax understanding, tax sanctions, and tax payment awareness on taxpayer compliance registered at tax service offices (KPP) in the DKI Jakarta region. This research is motivated by the fact that taxpayer compliance levels are still not optimal despite the continuous increase in the number of registered taxpayers each year. Under the self-assessment system, taxpayer compliance is influenced by both internal and external factors, making it important to examine the determinants of tax compliance. This study employed a quantitative approach using an explanatory research method. The research data were collected through questionnaires distributed to 75 taxpayer respondents registered in the KPP area of DKI Jakarta. Data analysis was conducted using Partial Least Square Structural Equation Modeling (SEM-PLS) with the assistance of SmartPLS software. The results indicate that tax understanding has a positive and significant effect on taxpayer compliance. Tax sanctions also have a positive and significant effect on taxpayer compliance. In addition, tax payment awareness was found to be the most dominant variable influencing taxpayer compliance. Simultaneously, tax understanding, tax sanctions, and tax payment awareness affect taxpayer compliance with an R-Square value of 0.286. These findings indicate that improving taxpayer compliance can be achieved through enhancing tax understanding, strengthening tax awareness, and implementing tax sanctions consistently.

Keywords: *Tax Awareness, Taxpayer Compliance, Tax Sanctions, Tax Understanding*

Introduction

Tax is the primary source of government revenue and plays a strategic role in financing national development. According to data from the Ministry of Finance of the Republic of Indonesia, tax revenues have contributed more than 70% of total state revenues in the State Budget (*Anggaran Pendapatan dan Belanja Negara* – APBN) over the past several years. In 2023, tax revenue realization reached approximately IDR 1,869 trillion, highlighting the significant contribution of the taxation sector to maintaining the country's fiscal stability. Nevertheless, Indonesia's tax revenue performance remains below its potential. This is reflected in Indonesia's tax ratio, which ranged between 10.2% and 10.4% of Gross Domestic Product (GDP) during the 2022–2023 period. This figure is relatively lower than that of many other developing countries, where tax ratios generally exceed 12%.

One of the factors influencing the optimization of tax revenue is the level of taxpayer compliance. According to data from the Directorate General of Taxes (DGT), the annual tax return (*Surat Pemberitahuan* – SPT) filing compliance rate in 2023 remained within the range of 77%–80%, indicating that a significant number of taxpayers had not yet fulfilled their tax obligations optimally. Under Indonesia's tax system, which adopts a *self-assessment system*, taxpayer compliance is strongly influenced by individual internal factors, particularly taxpayers' understanding of and awareness regarding their tax obligations (Hanifah et al., 2023). In addition, external factors such as the implementation of tax sanctions also serve as important instruments in improving taxpayer compliance.

Tax understanding is one of the key factors in improving taxpayer compliance. Taxpayers who possess adequate knowledge of tax regulations, procedures, and obligations are more likely to fulfill their tax responsibilities accurately and on time. Studies conducted by Saputra and Putra (2025) as well as Sholihah and Machdar (2024) found that tax understanding has a positive effect on taxpayer compliance. On the other hand, tax sanctions also function as a control mechanism designed to create a deterrent effect, thereby encouraging taxpayers to comply with tax regulations. Research by Syawali and Machdar (2025) and Karo and Herawati (2024) demonstrated that tax sanctions have a significant influence on taxpayer compliance.

In addition to tax understanding and tax sanctions, tax payment awareness is also an important factor influencing taxpayer compliance behavior. Tax awareness reflects taxpayers' attitudes and understanding regarding the importance of taxes as a source of funding for national development. Studies conducted by Gabriella et al. (2024) and Margaret et al. (2024) found that taxpayer awareness has a positive effect on tax compliance.

This study focuses on taxpayers registered at Tax Service Offices (*Kantor Pelayanan Pajak* – KPP) in the DKI Jakarta region. As the center of Indonesia's national economic activities, DKI Jakarta has the largest taxpayer population in the country and contributes more than 30% of total national tax revenue. As of 2023, the number of registered taxpayers in DKI Jakarta was estimated to exceed

4–5 million taxpayers. Nevertheless, the annual tax return (*SPT*) filing compliance rate in this region remained within the range of 75%–80%, indicating a gap between the number of registered taxpayers and the actual level of taxpayer compliance.

Numerous previous studies have examined the effects of tax understanding, tax sanctions, and taxpayer awareness on taxpayer compliance. However, the findings have shown considerable variation, which may be attributed to differences in respondent characteristics and research settings. Furthermore, studies that simultaneously investigate these three variables among taxpayers in the DKI Jakarta region, which is characterized by a high level of economic complexity, remain relatively limited. This condition indicates the existence of a research gap that warrants further investigation.

Based on the foregoing discussion, the research problem addressed in this study is whether tax understanding, tax sanctions, and tax payment awareness influence taxpayer compliance among taxpayers registered at Tax Service Offices (*Kantor Pelayanan Pajak* – KPP) in the DKI Jakarta region. Accordingly, this study aims to analyze the effects of tax understanding, tax sanctions, and tax payment awareness on taxpayer compliance among taxpayers registered at Tax Service Offices in DKI Jakarta.

The novelty of this study lies in the simultaneous examination of tax understanding, tax sanctions, and tax payment awareness as determinants of taxpayer compliance within the context of DKI Jakarta, a region characterized by a high level of economic activity and tax complexity. Furthermore, this study employs Partial Least Squares Structural Equation Modeling (SEM-PLS) to analyze the relationships among variables simultaneously and comprehensively.

Literature Review and Hypothesis Development

The literature review in this study presents the theoretical foundations used to explain the relationships among tax understanding, tax sanctions, tax payment awareness, and taxpayer compliance. This study is grounded in the Theory of Planned Behavior proposed by Ajzen, which explains that individual behavior is influenced by attitudes, subjective norms, and perceived behavioral control (Ajzen, 1991). In addition, this study also adopts Deterrence Theory, which suggests that compliance behavior can be influenced by the existence of sanctions or punishment threats (Allingham & Sandmo, 1972; Devos, 2014).

Conceptually, tax understanding is regarded as a factor that enhances taxpayers' ability to fulfill their tax obligations. Taxpayers who possess a good understanding of tax regulations and procedures are more likely to comply with their tax responsibilities (Saputra & Putra, 2025). Tax sanctions serve as a control mechanism that promotes compliance through a deterrent effect, thereby encouraging taxpayers to adhere to tax regulations (Syawali & Machdar, 2025; Karo & Herawati, 2024). Meanwhile, tax payment awareness reflects taxpayers' voluntary attitude toward fulfilling their tax obligations and positively influences the level of taxpayer compliance (Margaret et al., 2024; Astuti et al., 2025).

Various previous studies have demonstrated that these three variables influence taxpayer compliance, although the findings have shown some variation depending on respondent characteristics and research settings. Hanifah et al. (2024) found that tax knowledge, taxpayer awareness, and tax sanctions simultaneously affect taxpayer compliance. However, studies that specifically examine these three variables among taxpayers in the DKI Jakarta region, which is characterized by a high level of economic activity and tax complexity, remain relatively limited.

The research gap addressed in this study lies in the limited number of studies that simultaneously examine the effects of tax understanding, tax sanctions, and tax payment awareness on taxpayer compliance within the context of DKI Jakarta. Therefore, this study is conducted to provide empirical evidence that extends previous research while strengthening the understanding of the factors that influence taxpayer compliance.

Based on the theoretical foundations and findings of previous studies, the hypotheses of this study are formulated as follows: tax understanding has a positive effect on taxpayer compliance; tax sanctions have a positive effect on taxpayer compliance; tax payment awareness has a positive effect on taxpayer compliance; and these three variables simultaneously have a positive effect on taxpayer compliance.

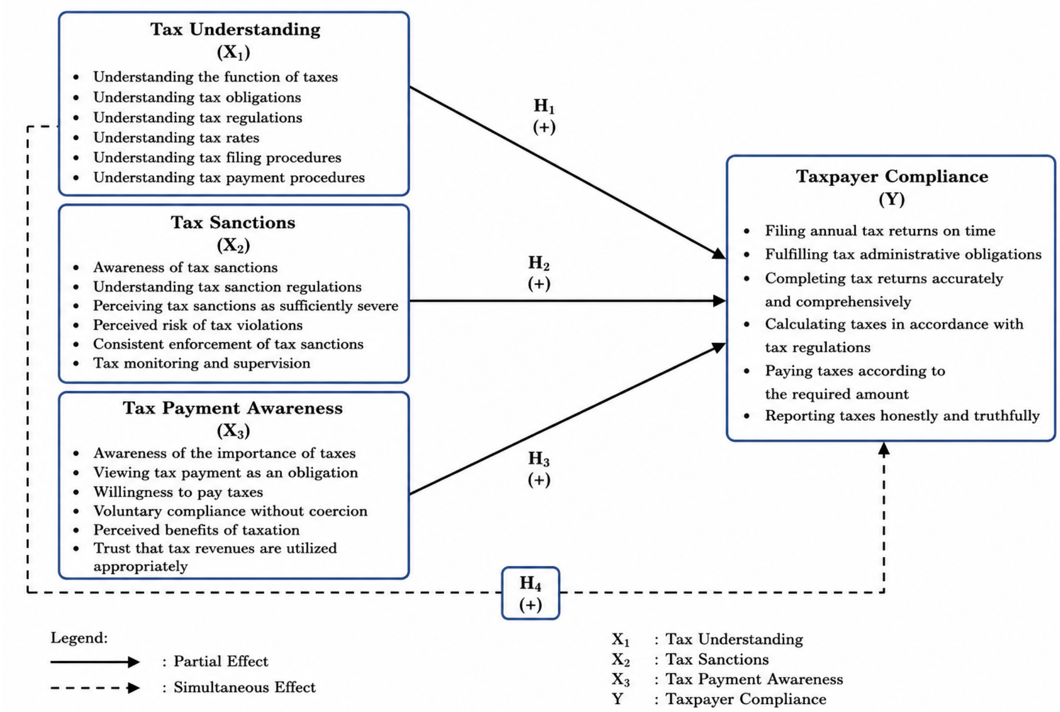

Figure 1. Conceptual Framework of the Effect of Tax Understanding, Tax Sanctions, and Tax Payment Awareness on Taxpayer Compliance.

Research Hypotheses

Based on the conceptual framework, the underlying theories, and the findings of previous studies, the hypotheses of this study are formulated as follows:

H1 : Tax understanding has a positive effect on taxpayer compliance among taxpayers registered at Tax Service Offices (KPP) in DKI Jakarta.

H2 : Tax sanctions have a positive effect on taxpayer compliance among taxpayers registered at Tax Service Offices (KPP) in DKI Jakarta.

H3 : Tax payment awareness has a positive effect on taxpayer compliance among taxpayers registered at Tax Service Offices (KPP) in DKI Jakarta.

H4 : Tax understanding, tax sanctions, and tax payment awareness simultaneously have a positive effect on taxpayer compliance among taxpayers registered at Tax Service Offices (KPP) in DKI Jakarta.

Research Methods

This study employs a quantitative approach using an explanatory research method to analyze the effects of tax understanding, tax sanctions, and tax payment awareness on taxpayer compliance among taxpayers registered at Tax Service Offices (KPP) in the DKI Jakarta region. A quantitative approach is adopted because the study focuses on examining the relationships among variables through statistical analysis based on numerical data collected from respondents (Sugiyono, 2019). Meanwhile, the explanatory research method is used to explain the causal relationships between the independent variables and the dependent variable in this study.

The population of this study consists of taxpayers registered at Tax Service Offices (*Kantor Pelayanan Pajak* – KPP) in the DKI Jakarta region. The sampling technique employed is purposive sampling, which is a method of selecting samples based on specific criteria that are consistent with the objectives of the study (Sugiyono, 2019). The respondents selected for this study were taxpayers who possess a Taxpayer Identification Number (*Nomor Pokok Wajib Pajak* – NPWP), have previously filed tax returns or made tax payments, and were willing to complete the research questionnaire. The sample consisted of 75 respondents, which meets the minimum sample size requirement for Partial Least Squares Structural Equation Modeling (SEM-PLS) analysis based on the 10-times rule (Hair et al., 2021).

The data used in this study consist of both primary and secondary data. Primary data were collected directly through the distribution of questionnaires to the research respondents. The questionnaire was designed using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). According to Sugiyono (2019), the Likert scale is used to measure individuals' attitudes, perceptions, and opinions regarding a particular social phenomenon. Meanwhile, secondary data were obtained from various sources, including the Directorate General of Taxes (DGT), the Ministry of Finance of the Republic of Indonesia, academic journals, books, and previous studies relevant to the research topic.

The variables examined in this study consist of three independent variables and one dependent variable. The independent variables include tax understanding (X1), tax sanctions (X2), and tax payment awareness (X3), while the dependent variable is taxpayer compliance (Y). Tax understanding is measured through indicators related to knowledge of tax regulations, procedures, and obligations (Saputra & Putra, 2025). Tax sanctions are measured based on respondents' perceptions of the implementation of tax penalties (Syawali & Machdar, 2025), whereas tax payment awareness is measured by taxpayers' level of awareness regarding the importance of taxation for national development (Astuti et al., 2025). Taxpayer compliance is measured based on compliance with tax reporting, tax payment, and the fulfillment of tax administrative obligations (Santoso et al., 2024).

The data analysis technique employed in this study is Partial Least Squares Structural Equation Modeling (SEM-PLS) using SmartPLS software. The SEM-PLS method was selected because it is capable of simultaneously analyzing relationships among variables, can be applied to relatively small sample sizes, and does not require normally distributed data (Hair et al., 2021). The analysis was conducted through the evaluation of the measurement model (outer model) and the structural model (inner model). The outer model evaluation was performed to assess construct validity and reliability through convergent validity, discriminant validity, Cronbach's Alpha, and Composite Reliability tests. Meanwhile, the inner model evaluation was conducted to examine the relationships among variables using the R-Square (R^2) value, path coefficients, and bootstrapping procedures. Research hypotheses were considered supported when the T-statistic value exceeded 1.96 at a significance level of 5% (Hair et al., 2021).

Results and Discussion

Respondent Characteristics

The characteristics of the respondents in this study are presented based on gender, age, educational level, and the length of time they have held a Taxpayer Identification Number (NPWP) or been employed. The total number of respondents in this study was 75 taxpayers registered at Tax Service Offices (KPP) in the DKI Jakarta region.

Based on gender, the majority of respondents were male, accounting for 48 individuals or 64.0% of the total sample, while female respondents numbered 27 individuals or 36.0%. This finding indicates that the respondents in this study were predominantly male taxpayers. This dominance suggests that men remain a relatively active group in economic activities and in fulfilling tax obligations.

In terms of age, most respondents were between 25 and 35 years old, totaling 41 individuals or 54.7% of the sample. Respondents aged 36–45 years accounted for 17 individuals or 22.7%, those under 25 years old accounted for 13 individuals or 17.3%, and respondents over 45 years old accounted for 4 individuals or 5.3%. These results indicate that the majority of respondents were within the productive age group, which tends to be actively engaged in economic activities and subject to tax obligations.

Regarding educational attainment, most respondents held a bachelor's degree (S1), totaling 36 individuals or 48.0% of the sample. In addition, 20 respondents (26.7%) had completed senior high school or vocational high school (SMA/SMK), 11 respondents (14.7%) held a master's degree (S2), 6 respondents (8.0%) had a diploma qualification, and 2 respondents (2.6%) held a doctoral degree (S3). This indicates that the majority of respondents possessed a relatively high level of education, which is expected to support a better understanding of tax regulations and procedures.

Meanwhile, based on the length of time respondents had held an NPWP or been employed, the majority had more than three years of experience, totaling 48 individuals or 64.0% of the sample. Respondents with one to three years of experience numbered 19 individuals or 25.3%, while those with less than one year of experience accounted for 8 individuals or 10.7%. These findings suggest that most respondents had sufficient experience in fulfilling their tax obligations and were therefore considered capable of providing relevant responses to the research questions.

Descriptive Analysis of Research Variables

Descriptive analysis was conducted to provide an overview of respondents' perceptions regarding the research variables, namely tax understanding, tax sanctions, tax payment awareness, and taxpayer compliance.

This study employed a five-point Likert scale with the following categories:

Score Interval	Category
1,00 – 1,80	Very Low
1,81 – 2,60	Low
2,61 – 3,40	Moderat
3,41 – 4,20	Hight
4,21 – 5,00	Very Hight

Table 1. Results of the Descriptive Analysis of Research Variables

Variable	Mean	Category
Tax Understanding (X1)	4,12	Hight
Tax Sanctions (X2)	3,98	Hight
Tax Payment Awareness (X3)	4,18	Hight
Taxpayer Compliance (Y)	4,05	Hight

Source: Processed Data (2026)

Based on Table 1, the tax understanding variable has a mean score of 4.12, which falls within the high category. This result indicates that the respondents possess a good understanding of tax regulations and procedures.

The tax sanctions variable achieved a mean score of 3.98, which is also categorized as high. This finding suggests that respondents are aware of tax sanctions and perceive them as an important mechanism for enhancing taxpayer compliance.

The tax payment awareness variable recorded a mean score of 4.18, making it the variable with the highest average score among all variables examined. This result indicates that most respondents have a strong awareness of the importance of paying taxes as a contribution to national development.

Meanwhile, the taxpayer compliance variable obtained a mean score of 4.05, which is classified as high. This finding indicates that respondents tend to comply with their tax obligations, including tax reporting, tax calculation, and tax payment activities.

Overall, the results of the descriptive analysis show that all variables in this study fall within the high category. This indicates that the respondents demonstrate relatively high levels of tax understanding, tax awareness, and taxpayer compliance.

Data Analysis Using SEM-PLS

The data in this study were analyzed using Partial Least Squares Structural Equation Modeling (SEM-PLS) with the assistance of SmartPLS software. SEM-PLS analysis was conducted through two main stages: the evaluation of the measurement model (*outer model*) and the evaluation of the structural model (*inner model*). The purpose of the outer model evaluation is to assess the validity and reliability of the research constructs, whereas the inner model evaluation is intended to examine the relationships among variables and the effects of the independent variables on the dependent variable.

Outer Model Evaluation

Table 2. Results of the Outer Model Assessment

Construct	Indicator	Outer Loading	Description
X1	X1.1	0.805	Valid
X1	X1.2	0.867	Valid
X1	X1.3	0.825	Valid
X1	X1.4	0.845	Valid
X1	X1.5	0.877	Valid
X1	X1.6	0.797	Valid
X2	X2.1	0.768	Valid
X2	X2.2	0.793	Valid
X2	X2.3	0.826	Valid
X2	X2.4	0.800	Valid
X2	X2.5	0.758	Valid
X2	X2.6	0.791	Valid
X3	X3.1	0.775	Valid
X3	X3.2	0.783	Valid
X3	X3.3	0.800	Valid
X3	X3.4	0.765	Valid
X3	X3.5	0.791	Valid
X3	X3.6	0.819	Valid
Y	Y1	0.773	Valid
Y	Y2	0.728	Valid
Y	Y3	0.703	Valid
Y	Y4	0.755	Valid
Y	Y5	0.739	Valid
Y	Y6	0.701	Valid

Source: output SmartPLS 4.0

Based on the results of the measurement model (*outer model*) evaluation using the SEM-PLS method, it can be concluded that all indicators and constructs in this study meet the validity and reliability criteria. The outer loading assessment results indicate that all indicators have values exceeding 0.70 and are therefore considered valid for measuring the latent variables under investigation. This finding demonstrates that each indicator is capable of adequately representing the constructs of tax understanding, tax sanctions, tax payment awareness, and taxpayer compliance.

Table 3. Validity and Reliability Test Results

Variable	Cronbach's Alpha	Composite Reliability	AVE	Conclusion
X1	0.914	0.933	0.700	Valid & Reliabel
X2	0.878	0.909	0.624	Valid & Reliabel
X3	0.878	0.908	0.622	Valid & Reliabel
Y	0.818	0.869	0.526	Valid & Reliabel

Source: SmartPLS 4.0 Output

Based on the results of the validity and reliability assessment using the SEM-PLS method, all variables in this study meet the required validity and reliability criteria. Reliability was assessed using Cronbach's Alpha and Composite Reliability values, while convergent validity was evaluated using the Average Variance Extracted (AVE) value.

The tax understanding variable (X1) achieved a Cronbach's Alpha value of 0.914 and a Composite Reliability value of 0.933. These values indicate a very high level of internal consistency, as both exceed the recommended threshold of 0.70. Furthermore, the AVE value of 0.700 demonstrates that the indicators associated with the tax understanding construct explain more than 50% of the variance in the construct, thereby satisfying the requirement for convergent validity. Therefore, all indicators of the tax understanding variable are considered capable of measuring the research construct consistently and accurately.

The tax sanctions variable (X2) obtained a Cronbach's Alpha value of 0.878 and a Composite Reliability value of 0.909. These values indicate that the tax sanctions construct possesses a high level of reliability. The AVE value of 0.624 further demonstrates that the indicators used satisfy the requirement for convergent validity, as the value exceeds the minimum threshold of 0.50. This finding indicates that the research instrument for the tax sanctions variable adequately captures respondents' perceptions regarding the implementation of tax sanctions.

Furthermore, the tax payment awareness variable (X3) achieved a Cronbach's Alpha value of 0.878 and a Composite Reliability value of 0.908. Both values indicate that the tax payment awareness construct has a satisfactory level of reliability. The AVE value of 0.622 also confirms that the indicators associated with this variable are valid in representing the construct of tax payment awareness. Therefore, all indicators are considered capable of measuring taxpayers' level of awareness accurately and consistently.

For the taxpayer compliance variable (Y), the Cronbach's Alpha value was 0.818 and the Composite Reliability value was 0.869. These results indicate that the taxpayer compliance construct possesses good reliability, as both values meet the recommended reliability standards in SEM-PLS analysis. In addition, the AVE value of 0.526 indicates that the indicators associated with the taxpayer compliance variable also satisfy the criterion for convergent validity.

Overall, the results of the outer model assessment demonstrate that all variables in this study meet the required validity and reliability criteria. Therefore, the measurement model is considered adequate and suitable for further analysis in the structural model (*inner model*) evaluation and hypothesis testing stages.

Inner Model Evaluation

Table 4. Inner Model Evaluation Results

Endogenous Variable	R-Square	Category
Taxpayer Compliance (Y)	0.286	Moderate

Source: SmartPLS 4.0 Output

The R-Square value of 0.286 indicates that the variables of tax understanding, tax sanctions, and tax payment awareness are able to explain 28.6% of the variance in taxpayer compliance. The remaining 71.4% is explained by other factors that are not included in the research model.

Although this value is not considered high, an R-Square value ranging from 0.25 to 0.50 is generally regarded as acceptable in social and behavioral research, as human behavior is influenced by numerous factors beyond those incorporated into the research model. Therefore, the proposed model can still be considered appropriate for explaining the effects of the independent variables on taxpayer compliance.

Path Coefficient Analysis

The path coefficient analysis aims to determine the direction and magnitude of the relationships among variables in the research model. The assessment was conducted using the bootstrapping procedure by examining the path coefficient values and T-statistics. A hypothesis is considered supported when the T-statistic value exceeds 1.96 at a significance level of 5%.

The results of the path coefficient analysis are presented below:

Table 5. Path Coefficient Results

Relationship Between Variables	*Path Coefficient*	*T-Statistic*	Interpretation
X1 → Y	0,199	3,241	Signifikant
X2 → Y	0,228	2,245	Signifikant
X3 → Y	0,335	3,828	Signifikant

Source: output SmartPLS 4.0

Based on Table 5, all relationships among the variables have T-statistic values greater than 1.96, indicating that all research hypotheses are supported. The tax payment awareness variable exerts the strongest influence on taxpayer compliance, with a path coefficient value of 0.335. This finding suggests that taxpayers' internal awareness is the most dominant factor in enhancing tax compliance.

Hypothesis Testing

Hypothesis testing in this study was conducted using the bootstrapping procedure within the SEM-PLS approach with the assistance of SmartPLS software. The purpose of the analysis was to examine the effects of tax understanding, tax sanctions, and tax payment awareness on taxpayer compliance. A hypothesis was considered supported when the T-statistic value exceeded 1.96 at a significance level of 5%.

Hypothesis Testing for H1

The first hypothesis in this study states that tax understanding has a positive effect on taxpayer compliance. Based on the SEM-PLS analysis results, the path coefficient was 0.199 with a T-statistic value of 3.241 (> 1.96). These results indicate that tax understanding has a positive and significant effect on taxpayer compliance. Therefore, the first hypothesis (H1) is supported.

This finding suggests that the better taxpayers understand tax regulations, procedures, and obligations, the higher their level of compliance in fulfilling tax responsibilities. Taxpayers who understand the procedures for tax reporting and payment are more likely to fulfill their tax obligations accurately and on time.

Hypothesis Testing for H2

The second hypothesis states that tax sanctions have a positive effect on taxpayer compliance. Based on the SEM-PLS analysis results, the path coefficient was 0.228 with a T-statistic value of 2.245 (> 1.96). These results indicate that tax sanctions have a positive and significant effect on taxpayer compliance. Therefore, the second hypothesis (H2) is supported.

The findings suggest that the implementation of strict and consistent tax sanctions can enhance taxpayer compliance. The existence of sanctions encourages taxpayers to be more cautious in fulfilling their tax obligations, thereby reducing the likelihood of tax violations.

Hypothesis Testing for H3

The third hypothesis states that tax payment awareness has a positive effect on taxpayer compliance. Based on the SEM-PLS analysis results, the path coefficient was 0.335 with a T-statistic value of 3.828 (> 1.96). These results indicate that tax payment awareness has a positive and significant effect on taxpayer compliance. Therefore, the third hypothesis (H3) is supported.

Among all variables examined, tax payment awareness has the strongest effect on taxpayer compliance. This finding indicates that taxpayers' internal awareness is the dominant factor in enhancing tax compliance. Taxpayers who possess a high level of awareness regarding the importance of taxes for national development are more likely to comply with their tax obligations.

Hypothesis Testing for H4

The fourth hypothesis states that tax understanding, tax sanctions, and tax payment awareness simultaneously affect taxpayer compliance. Based on the SEM-PLS analysis, the R-Square value obtained was 0.286. This value indicates that tax understanding, tax sanctions, and tax payment awareness collectively explain 28.6% of the variance in taxpayer compliance, while the remaining 71.4% is explained by other variables outside the research model.

These findings indicate that the three independent variables simultaneously influence taxpayer compliance. Therefore, the fourth hypothesis (H4) is supported.

Overall, the hypothesis testing results demonstrate that tax understanding, tax sanctions, and tax payment awareness have positive effects on taxpayer compliance among taxpayers registered at Tax Service Offices (KPP) in the DKI Jakarta region. Among these variables, tax payment awareness is the most dominant factor influencing taxpayer compliance.

Discussion

The Effect of Tax Understanding on Taxpayer Compliance

Based on the SEM-PLS analysis results, the tax understanding variable obtained a path coefficient value of 0.199 with a T-statistic value of 3.241 (> 1.96). These results indicate that tax understanding has a positive and significant effect on taxpayer compliance. Therefore, the first hypothesis (H1) is supported.

The findings suggest that the better taxpayers understand tax regulations, procedures, and obligations, the higher their level of compliance in fulfilling tax responsibilities. Tax understanding enables taxpayers to comprehend the procedures for tax reporting, calculation, and payment, thereby minimizing errors and tax-related violations.

From the perspective of the Theory of Planned Behavior, tax understanding is associated with perceived behavioral control, which refers to an individual's perception of their ability to perform a particular behavior. Taxpayers who understand the tax system are more likely to feel capable of fulfilling their tax obligations and, consequently, tend to demonstrate higher levels of compliance.

The results of this study are consistent with those of Saputra and Putra (2025), who found that tax understanding positively affects individual taxpayer compliance. Similarly, Sholihah and Machdar (2024) identified tax understanding as one of the primary factors enhancing taxpayer compliance. In addition, Karsam et al. (2022) reported that tax knowledge has a significant influence on individual taxpayer compliance.

These findings imply that enhancing tax education and tax socialization programs is essential for improving taxpayer compliance, particularly in DKI Jakarta, which is characterized by a high level of economic activity and a large taxpayer population.

The Effect of Tax Sanctions on Taxpayer Compliance

Based on the SEM-PLS analysis results, the tax sanctions variable obtained a path coefficient value of 0.228 with a T-statistic value of 2.245 (> 1.96). These findings indicate that tax sanctions have a positive and significant effect on taxpayer compliance. Therefore, the second hypothesis (H2) is supported.

The results suggest that the existence of tax sanctions encourages taxpayers to comply more closely with tax regulations. Taxpayers tend to consider the consequences of non-compliance, and therefore the implementation of sanctions can create a deterrent effect.

These findings are consistent with Deterrence Theory, which posits that individuals evaluate risks and potential punishments before engaging in violations. In the context of taxation, tax sanctions function as a control mechanism that enhances taxpayer compliance through the threat of administrative and financial penalties.

The results are in line with the findings of Syawali and Machdar (2025), who reported that tax sanctions significantly affect taxpayer compliance. Similarly, Karo and Herawati (2024) found that tax sanctions improve compliance among millennial taxpayers. Furthermore, Santoso et al. (2024) demonstrated that the consistent implementation of tax sanctions can increase individual taxpayer compliance.

These findings indicate that firm and consistent enforcement of tax regulations remains an important factor in improving taxpayer compliance in Indonesia.

The Effect of Tax Payment Awareness on Taxpayer Compliance

Based on the SEM-PLS analysis results, the tax payment awareness variable obtained a path coefficient value of 0.335 with a T-statistic value of 3.828 (> 1.96).

These findings indicate that tax payment awareness has a positive and significant effect on taxpayer compliance. Therefore, the third hypothesis (H3) is supported.

Among all variables examined, tax payment awareness exerts the strongest influence on taxpayer compliance. This finding suggests that taxpayer compliance is largely driven by internal awareness and voluntary willingness to fulfill tax obligations.

Tax awareness reflects taxpayers' attitudes toward the importance of taxation for national development. Taxpayers with a high level of awareness tend to view tax payment as a contribution to the country and as a civic responsibility.

Within the framework of the Theory of Planned Behavior, tax awareness is associated with attitude toward behavior, which refers to an individual's evaluation of a particular behavior. A positive attitude toward taxation is expected to strengthen taxpayers' intentions and compliance behavior.

The results of this study are consistent with those reported by Komang (2024), Astuti et al. (2025), and Nurhayadi et al. (2022), who found that taxpayer awareness positively influences taxpayer compliance. Margaret et al. (2024) also identified taxpayer awareness as a crucial factor in enhancing tax compliance. Furthermore, Lumenta and Sulistyowati (2024) as well as Rahiem and Ardillah (2022) concluded that tax awareness makes a significant contribution to improving individual taxpayer compliance.

These findings indicate that taxpayer compliance can be improved not only through legal enforcement but also through strengthening taxpayers' awareness and tax morale.

The Simultaneous Effect of Tax Understanding, Tax Sanctions, and Tax Payment Awareness on Taxpayer Compliance

Based on the SEM-PLS analysis, the R-Square value was found to be 0.286, indicating that tax understanding, tax sanctions, and tax payment awareness collectively explain 28.6% of the variance in taxpayer compliance. Therefore, the fourth hypothesis (H4) is supported.

These findings suggest that taxpayer compliance is influenced by a combination of internal and external factors. Tax understanding and tax payment awareness represent internal factors originating from taxpayers themselves, whereas tax sanctions represent an external factor arising from tax law enforcement.

The findings support the integration of the Theory of Planned Behavior and Deterrence Theory, which propose that compliance behavior is shaped by psychological factors, individual awareness, and the threat of punishment.

The results are also consistent with those of Hanifah et al. (2024), who found that tax knowledge, taxpayer awareness, service quality, and tax sanctions simultaneously influence taxpayer compliance. Similarly, Khatimah and Girindratama (2024), Purnamasari and Sudaryo (2018), and Dularif and Rustiarini (2022) reported that the combination of tax knowledge, tax awareness, and tax sanctions significantly affects taxpayer compliance.

Therefore, efforts to improve taxpayer compliance in DKI Jakarta should be implemented comprehensively through enhanced tax education, strengthened public awareness, and the consistent enforcement of tax sanctions.

Conclusion

Based on the results of this study examining the effects of tax understanding, tax sanctions, and tax payment awareness on taxpayer compliance among taxpayers registered at Tax Service Offices (KPP) in the DKI Jakarta region using the SEM-PLS method, it can be concluded that tax understanding has a positive and significant effect on taxpayer compliance. The analysis yielded a T-statistic value of 3.241 (> 1.96), indicating that the better taxpayers understand tax regulations, procedures, and obligations, the higher their level of compliance in fulfilling their tax responsibilities.

Tax sanctions were also found to have a positive and significant effect on taxpayer compliance. The analysis produced a T-statistic value of 2.245 (> 1.96), suggesting that the implementation of strict and consistent tax sanctions can enhance taxpayer compliance through a deterrent effect. The existence of sanctions encourages taxpayers to be more cautious in fulfilling their tax obligations in order to avoid violations.

Furthermore, tax payment awareness was found to have a positive and significant effect on taxpayer compliance, with a T-statistic value of 3.828 (> 1.96). This variable emerged as the most dominant factor influencing taxpayer compliance. The findings indicate that internal awareness, voluntary willingness, and taxpayers' understanding of the importance of taxation for national development are key determinants of tax compliance.

Simultaneously, tax understanding, tax sanctions, and tax payment awareness were found to significantly influence taxpayer compliance. The analysis yielded an R-Square value of 0.286, indicating that these three independent variables explain 28.6% of the variance in taxpayer compliance, while the remaining variance is explained by factors outside the research model.

The findings of this study demonstrate that taxpayer compliance is influenced by a combination of internal and external factors. Internal factors are reflected in tax understanding and tax awareness, whereas external factors are represented by the implementation of tax sanctions. Therefore, the results of this study support the Theory of Planned Behavior and Deterrence Theory in explaining taxpayer compliance behavior.

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