

The Effect of Tax Knowledge and Tax Sanctions on Taxpayer Compliance with Risk Preference as a Moderating Variable for Individual Taxpayers at KPP Subulussalam

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Abstract:

Taxes are used to fund national development and other government spending. Taxes are a type of state revenue that helps to balance governmental expenditures and income. To achieve the tax target, taxpayer compliance is required in paying taxes. Several factors can influence the knowledge of taxation, tax sanctions and risk preferences. The population in this study amounted to 57,974 people. The sample in this study amounted to 381 respondents. The determination of the sample in this study was made using the Convenience Sampling method. This study uses Partial Least Square (PLS). The results showed that knowledge of taxation has a positive and significant effect on taxpayer compliance. The application of tax sanctions also has a positive and significant effect on taxpayer compliance. Risk preference is not a moderating variable that can strengthen or weaken the effect of tax knowledge on individual taxpayer compliance. Risk preference is not a moderating variable that can strengthen or weaken the effect of tax sanctions on individual taxpayer compliance.

Keyword: Tax Knowledge, Tax Sanctions, Taxpayer Compliance, Risk Preference

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I. Introduction

The Ministry of Finance (Kemenkeu) noted that the realization of tax revenues throughout 2020 only reached Rp. 1,070.0 trillion, or 89.3 percent of the target of Rp. 1,198.8 trillion. With this realization, there will be a shortfall of less than Rp128.8 trillion in 2020.

Taxes can be regarded as a mandatory contribution that must be paid by the people to the state and will be used for the benefit of the government and the general public. Taxes have an important function in the economic life of a country, namely as a source of government funds. Where this source of funds is used to carry out development, both the central government and local governments. Then, taxes have a function as a tool that regulates government policies in the socio-economic field.

To achieve the tax target, it is necessary to continuously develop public awareness and compliance (taxpayers) to fulfill tax obligations in accordance with applicable regulations. Taxpayer compliance is one of the determining factors in increasing income tax revenue.

The low level of tax compliance can be seen from the tax ratio. The Standard Tax Ratio, according to the World Bank, is 15%. Meanwhile, the tax ratio in Indonesia is still below the standard. The following is Indonesia's Tax Ratio data for the last 10 years:

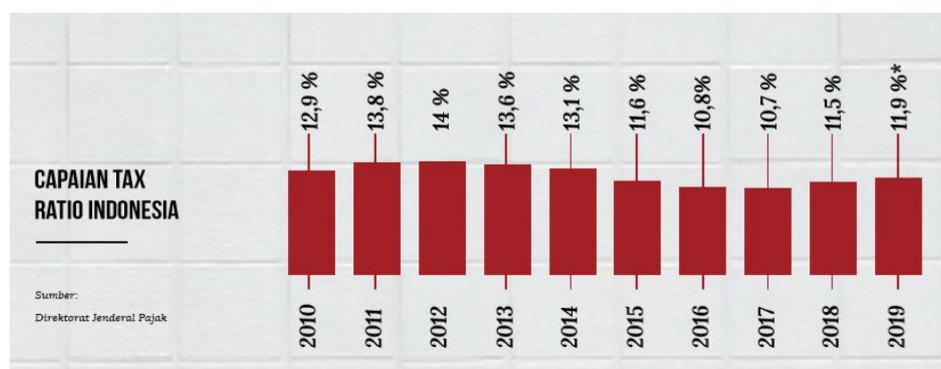


Figure 1.1. Indonesia's Tax Ratio

Source: www.kemenkeu.go.id

The Organization for Economic Cooperation and Development (OECD) released a survey report stating that Indonesia's tax ratio is the lowest among 17 Asian and Pacific countries (2017 data). The report is entitled Revenue Statistics in Asian and Pacific Economies.

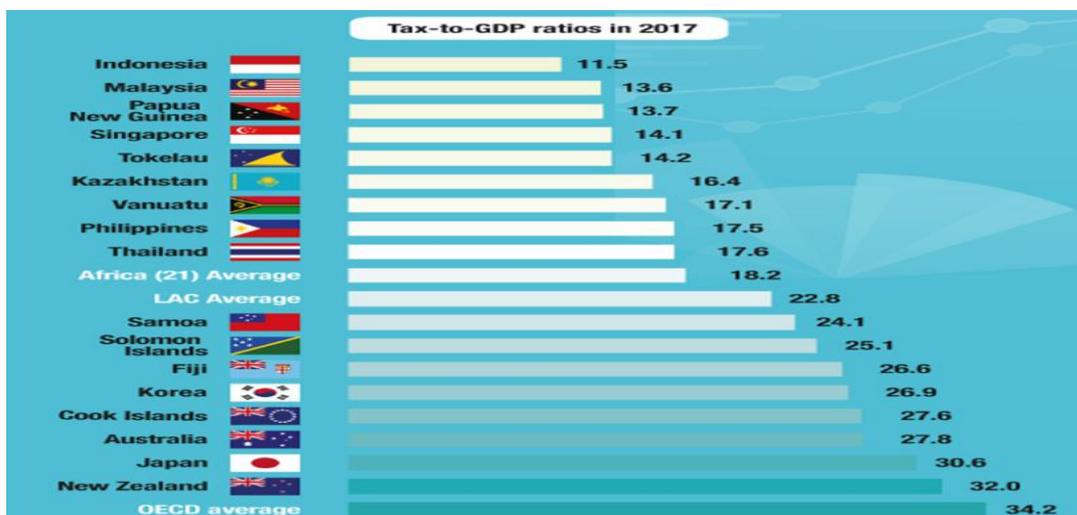


Figure 1.2. Tax Ratio According to OECD 2017

Source: news.ddtc.co.id

One of the Tax Service Offices (KPP) which is under the working area of the DJP Nanggroe Aceh Darussalam regional office whose tax revenue target in 2019 missed the target is KPP Subulussalam.

**Table 1.1
Tax Revenue Target and Realization At KPP Subulussalam 2019**

Penerimaan Pajak	Jumlah
Target Penerimaan Pajak 2019	272.293.620.000
Realisasi Penerimaan Pajak 2019	250.101.690.000

Source: KPP Subulussalam

**Table 1.2
Comparison of individual taxpayers who have NPWP and report SPT at KPP Subulussalam 2019**

Waji Pajak	Jumlah
Jumlah WPOP yang memiliki NPWP 2019	57.974
Jumlah WPOP yang melaporkan SPT 2019	11.723

Source: KPP Subulussalam

Tax compliance can be affected by a wide variety of factors. These factors are divided into internal factors and external factors. Internal factors include knowledge of tax regulations, awareness and motivation of taxpayers. In short, behavior related to an individual as a taxpayer. Knowledge of taxation is a factor that can influence behavior because it is related to obedient behavior.

According to Salamun (1990: 190), the factor that determines taxpayer compliance is the understanding or knowledge of the taxpayer. Taxpayers who are educated and acquire tax knowledge, based on existing facts, will be more obedient in fulfilling their tax obligations than those who are less informed. In addition, factors that affect taxpayer compliance are tax sanctions and tax awareness, Rochmat (1991:94).

Understanding of tax regulations is the level of knowledge of taxpayers about their tax rights and obligations based on applicable tax regulations. Taxpayers who do not understand tax regulations clearly tend to be disobedient taxpayers.

Taxes emphasize the element of coercion in their collection. This is because if a taxpayer does not pay taxes, he will be subject to sanctions or fines. Taxpayers are of the view that paying taxes is very heavy, but if the obligation to pay taxes is not forced, no one will pay taxes. Darmayasa and Aneswari, (2016).

Tax sanctions can be used as a guarantee that tax regulations are complied with by taxpayers. In short, tax sanctions are a deterrent 'tool' so that taxpayers remain obedient to tax regulations. Tax sanctions can be given to anyone if they are negligent in carrying out their tax obligations.

In addition to tax knowledge and tax sanctions, taxpayers' decisions on tax compliance are also influenced by risk preferences that are likely to be faced. Risk preference explains that when someone has a high level of risk, it will be able to influence decision making on what to do. In this case, it is taxpayer compliance. A high risk preference is a situation where a taxpayer will face risks related to the possibility of paying taxes. The risks inherent to taxpayers in relation to increasing taxpayer compliance include, among others, financial risks, health risks, social risks, occupational risks, and safety risks.

II. LITERATURE REVIEW

2.1 Taxpayer Compliance

According to Rahayu (2020: 193), obedient taxpayers are taxpayers who are obedient and fulfill and carry out tax obligations in accordance with the provisions of tax laws and regulations.

2.2 Tax Knowledge

According to Rifki (2019), understanding of taxation is all matters related to taxation that are understood properly and correctly by taxpayers and can translate and/or apply what they have understood.

2.3 Tax Sanctions

According to Mardiasmo (2019:72), tax sanctions are a guarantee that the provisions of tax laws and regulations (tax norms) will be complied with. Or, in other words, tax sanctions are a preventive tool so that taxpayers do not violate tax norms.

2.4 Risk Preference

According to Aryobimo (2012), risk preference is one of the characteristics of a person which will affect his behavior. A person's risk preference is one component of several theories related to decision making, including tax compliance.

2.5 Hypothesis Development

2.5.1 The Effect of Tax Knowledge on Tax Compliance

Rachmat, et al (2020) conducted a study on the Effect of Tax Knowledge and Taxpayer Awareness on Compliance with Annual SPT Submission of Individual Taxpayers. The results of this study found that there was a positive and significant effect of tax knowledge on taxpayer compliance in tax compliancesubmission of SPT, and there was a positive and significant effect of taxpayer awareness on taxpayer compliance in SPT submission.

2.5.2 The Effect of Tax Sanctions on Tax Compliance

Siamena, et al (2017) conducted a study on the Effect of Tax Sanctions and Awareness taxpayer compliance with individual taxpayers in Manado. The results of this study indicate that there is a significant and positive relationship between tax sanctions and individual taxpayer compliance. This means that the higher the tax sanctions, the more taxpayer compliance will be achieved and will increase. Taxpayer awareness partially has an influence on individual taxpayer compliance. In this case, it means that the higher awareness of taxpayers, then taxpayer compliance will certainly increase.

2.5.3 The Effect of Tax Knowledge on Tax Compliance Moderated by Risk preference

Putra, et al (2020) conducted a study on the effect of understanding tax regulations on taxpayer compliance with risk preferences as a moderating variable. The results of this study show that understanding of tax regulations has a positive effect on taxpayer compliance. Risk preference is able to moderate the relationship between understanding tax regulations and taxpayer compliance negatively.

2.5.4 The Effect of Tax Sanctions on Tax Compliance Moderated by Risk Preference

Pravasanti and Pratiwi (2021) conducted a study on the Effect of Awareness, Understanding, Sanctions, and Services on Taxpayer Compliance by Moderating Risk Preference. Taxpayer awareness affects taxpayer compliance. Understanding affects taxpayer compliance. Tax sanctions affect taxpayer compliance. affect taxpayer compliance. Awareness affects risk preferences, understanding affects risk preferences, sanctions affect risk preferences, and services affect risk preferences.

III. Methodology

3.1 Research Place and Time

3.1.1 Research Place

This research was conducted at KPP Subulussalan Nanggroe Aceh Darussalam.Jl. Teuku Umar No. 63, Subulussalam, Simpang Kiri sub-district, Subulussalam City, Aceh.

3.1.2 Research Time

This research was conducted from June 2021 to August 2021.

3.2 Population and Sample

3.2.1 Population

According to Sugiyono (2012), the population is a generalization area consisting of objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions. The population in this study is all individual taxpayers registered at the Subulussalam Tax Service Office, totaling 57,974 data per year.

3.2.2 Sample

According to Sugiyono (2012), the sample is part of the number and characteristics possessed by the population. This study uses a sampling technique called the Convenience Sampling method, or samples that are taken randomly by approaching everyone who is in the same location. The sample used in this study refers to the schedule of Krejcie & Morgan (1970) with confidence = 95% and margin of error of 5%, namely Individual Taxpayers who have reported their Annual SPT at the Pratama Subulussalam Tax Office, as many as 381 people.

3.3 Data Collection Techniques

This data collection technique uses a questionnaire. According to Sugiyono (2012: 199), the questionnaire is a data collection technique that is carried out by giving a set of questions or written statements to respondents to answer. In this case, the questionnaire will be distributed to the respondents, namely the individual taxpayers of KPP Subulussalam.

IV. Results

4.1 Characteristics of Respondents

Characteristics of respondents in this study, among others, based on gender, education last and income.

Table 4.1 Characteristics of respondents by gender, education level and level of income.

TYPE SEX	EDUCATION	INCOME	TOTAL WP	TOTAL	
MAN	Junior High School	Rp. 0 - Rp. 5,000,000	7	10	
		Rp. 5,000,000 - Rp. 8,000,000	3		
		Above Rp. 8,000,000	0		
	Senior High School	Rp. 0 - Rp. 5,000,000	2	90	
		Rp. 5,000,000 - Rp. 8,000,000	88		
		Above Rp. 8,000,000	0		
	S1	Rp. 0 - Rp. 5,000,000	0	168	
		Rp. 5,000,000 - Rp. 8,000,000	151		
		Above Rp. 8,000,000	17		
	S2	Rp. 0 - Rp. 5,000,000	0	11	
		Rp. 5,000,000 - Rp. 8,000,000	0		
		Above Rp. 8,000,000	11		
WOMAN	SD	Rp. 0 - Rp. 5,000,000	1	1	
		Rp. 5,000,000 - Rp. 8,000,000	0		
		Above Rp. 8,000,000	0		
	Junior High School	Rp. 0 - Rp. 5,000,000	0	1	
		Rp. 5,000,000 - Rp. 8,000,000	1		
		Above Rp. 8,000,000	0		
	Senior High School	Rp. 0 - Rp. 5,000,000	0	12	
		Rp. 5,000,000 - Rp. 8,000,000	12		
		Above Rp. 8,000,000	0		
	S1	Rp. 0 - Rp. 5,000,000	0	80	
		Rp. 5,000,000 - Rp. 8,000,000	72		
		Above Rp. 8,000,000	8		
	S2	Rp. 0 - Rp. 5,000,000	0	8	
		Rp. 5,000,000 - Rp. 8,000,000	0		
		Above Rp. 8,000,000	8		
	Total			381	381

Source: Primary Data Processed (2021)

Table 4.1 shows that the most studied data are men with an undergraduate education level and have an income of Rp. 5,000,000 - Rp. 8,000,000 which is as many as 151 people, then Men with a high school education level and have an income of Rp. 5,000,000 - Rp. 8,000,000 which is as many as 88 people, Women with an undergraduate education level and have an income level of Rp. 5,000,000 - Rp. 8,000,000 which is as many as 72 people, Men with an undergraduate education level and have an income above Rp. 8,000,000 that is as many as 17 people, women with high school education level and have an income level of Rp. 5,000,000 - Rp. 8,000,000 which is as many as 12 people, Men with a Master's education level and have an income above Rp. 8,000,000 that is as many as 11 people, women with an undergraduate education level and have an income above Rp. 8,000,000 which is as many as 8 people, Men with a junior high school education level and have an income of Rp. 0 - Rp. 5,000,000 that is as many as 7 people, Men with a junior high school education level and have an income of Rp. 5,000,000 - Rp.8,000,000 that is as many as 3 people, Male with high school education level and have an income of Rp. Rp. 0 - Rp. 5,000,000 that is as many as 2 people, Women with elementary education level and have an income of Rp. 0 - Rp. 5,000,000 which is 1 person, a woman with a junior high school education level and has an income of Rp. 5,000,000 - Rp. 8,000,000 which is 1 person.

4.2 Descriptive Statistics Results

Descriptive statistics provide an overview of the minimum, maximum, total value, value the mean and standard deviation of the data used in the study. Based on statistical data from all data variables used in this study obtained the following data:

Table 4.2 Descriptive Statistics

	N	Min	Max	Mean	Standard Deviation
X1.1	381	1.000	5.000	4.438	0.922
X1.2	381	1.000	5.000	4.522	0.859
X1.3	381	1.000	5.000	4.491	0.904
X1.4	381	1.000	5.000	4.530	0.837
X1.5	381	1.000	5.000	4.564	0.841
X1.6	381	1.000	5.000	4.588	0.804
X2.1	381	1.000	5.000	4.493	0.871
X2.2	381	1.000	5.000	3.339	1.084
X2.3	381	1.000	5.000	4.283	1.064
X2.4	381	1.000	5.000	4.591	0.794
Y.1	381	1.000	5.000	4.504	0.815
Y.2	381	1.000	5.000	4.530	0.815
Y.3	381	1.000	5.000	4.575	0.779
Y.4	381	1.000	5.000	3.449	1.276
Y.5	381	1.000	5.000	4.533	0.852
Y.6	381	1.000	5.000	4.530	0.802
Y.7	381	1.000	5.000	4.543	0.757
Z.1	381	1.000	5.000	4.659	0.766
Z.2	381	1.000	5.000	4.735	0.699
Z.3	381	1.000	5.000	4.588	0.807
Z.4	381	1.000	5.000	4.551	0.911
Z.5	381	1.000	5.000	4.593	0.820

Source: Primary Data processed with SmartPLS, 2021

Based on table 4.2, it shows that there are 381 samples with a minimum value of 1,000 and a maximum value of 5,000. The mean value (Mean) on X1.1 is 4.438 with a standard deviation of 0.922. The mean value (Mean) on X1.2 is 4.522 with a standard deviation of 0.859. The average value (Mean) of X1.3 is 4.491 with a standard deviation of 0.904. The average value (Mean) of X1.4 is 4,530 with a standard deviation of 0.837. The mean value (Mean) on X1.5 is 4.564 with a standard deviation of 0.841. The average value (Mean) of X1.6 is 4,588 with a standard deviation of 0.804.

The average value (Mean) on X2.1 is 4.493 with a standard deviation of 0.871. The average value (Mean) on X2.2 is 3,339 with a standard deviation of 1,084. The average value (Mean) on X2.3 is 4.283 with a standard deviation of 1.064. The average value (Mean) on X2.4 is 4,591 with a standard deviation of 0.794.

The mean value (Mean) at Y.1 is 4,504 with a standard deviation of 0.815. The mean value (Mean) at Y.2 is 4,530 with a standard deviation of 0.815. The mean value (Mean) at Y.3 is 4,575 with a standard deviation of 0.779. The mean value (Mean) at Y.4 is 3,449 with a standard deviation of 1,276. The mean value

(Mean) at Y.5 is 4,533 with a standard deviation of 0.852. The mean value (Mean) at Y.6 is 4,530 with a standard deviation of 0.802. The mean value (Mean) at Y.7 is 4,543 with a standard deviation of 0.757.

The mean value (Mean) on Z.1 is 4,649 with a standard deviation of 0.766. The mean value (Mean) on Z.2 is 4.735 with a standard deviation of 0.699. The mean value (Mean) on Z.3 is 4,588 with a standard deviation of 0.807. The mean value (Mean) on Z.4 is 4,551 with a standard deviation of 0.911. The mean value (Mean) on Z.5 is 4,593 with a standard deviation of 0.820.

4.3 Convergent Validity

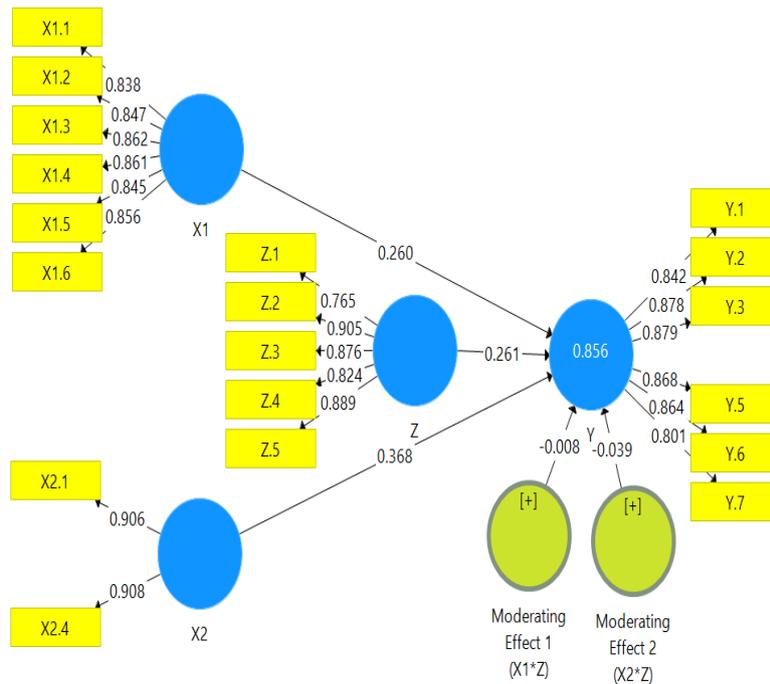


Figure 4.1 Model Framework After Processing (After Reduction)
Source: Primary Data processed with SmartPLS, 2021

From Figure 4.1, it can be seen that all indicators have a loading factor value of > 0.7, which means that all indicators used are valid, and can be continued to the next test. These results indicate that the research indicators have a good relationship with each construct.

4.4 Fornel Larcker Criterion

Table 4.3 Fornel Larcker Criterion

Moderating Effect 1 (X1*Z)	Moderating Effect 2 (X2*Z)	X1	X2	Y	Z
1.000					
0.983	1.000				
-0.754	-0.728	0.852			
-0.701	-0.683	0.821	0.907		
-0.791	-0.774	0.862	0.856	0.856	
-0.807	-0.788	0.790	0.716	0.831	0.854

Source: Primary Data processed with SmartPLS, 2021

From Table 4.3 it can be concluded that:

- a. The correlation value between the variables X1 (Taxation knowledge) is 0.852, which is greater than the correlation value of other variables, which include the X2 variable (Taxation Sanctions) of 0.821, and the Z variable (Risk Preference) of 0.790. However, it is smaller than the correlation value of variable Y (Tax Compliance) of 0.862.

- b. The correlation value between the variables X2 (Taxation Sanctions) is 0.907, which is greater than the correlation value of other variables which include the Y (Tax Compliance) variable at 0.856, and the Z variable (Risk Preference) at 0.716.
- c. The correlation value between the variable Y (Tax Compliance) is 0.856 which is greater than the correlation value of other variables which include the Z variable (Risk Preference) of 0.831.
- d. The correlation value between the Z variables (Risk Preference) is 0.854.

4.5 Cross Loading

Table 4.4 Cross Loading Results

	Moderating Effect 1 (X1*Z)	Moderating Effect 2 (X2*Z)	X1	X2	Y	Z
X1 * Z	1	0.983	-0.754	-0.701	-0.791	-0.807
X1.1	-0.576	-0.554	0.838	0.67	0.694	0.612
X1.2	-0.625	-0.591	0.847	0.666	0.705	0.68
X1.3	-0.616	-0.588	0.862	0.667	0.721	0.678
X1.4	-0.652	-0.63	0.861	0.717	0.741	0.685
X1.5	-0.679	-0.659	0.845	0.727	0.768	0.686
X1.6	-0.698	-0.687	0.856	0.742	0.77	0.693
X2 * Z	0.983	1	-0.728	-0.683	-0.774	-0.788
X2.1	-0.594	-0.576	0.772	0.906	0.772	0.63
X2.4	-0.677	-0.663	0.718	0.908	0.781	0.668

	Moderating Effect 1 (X1*Z)	Moderating Effect 2 (X2*Z)	X1	X2	Y	Z
Y.1	-0.663	-0.651	0.73	0.717	0.842	0.697
Y.2	-0.662	-0.641	0.743	0.789	0.878	0.71
Y.3	-0.685	-0.674	0.743	0.767	0.879	0.699
Y.5	-0.652	-0.642	0.776	0.775	0.868	0.686
Y.6	-0.706	-0.685	0.764	0.705	0.864	0.762
Y.7	-0.701	-0.687	0.669	0.637	0.801	0.718
Z.1	-0.667	-0.67	0.585	0.555	0.639	0.765
Z.2	-0.813	-0.795	0.712	0.652	0.772	0.905
Z.3	-0.695	-0.67	0.74	0.627	0.729	0.876
Z.4	-0.583	-0.562	0.635	0.571	0.659	0.824
Z.5	-0.677	-0.656	0.692	0.644	0.741	0.889

Source: Primary Data processed with SmartPLS, 2021

From Table 4.3 it can be concluded that:

- a. The correlation value between indicators X1.1 (0.838), X1.2 (0.847), X1.3 (0.862), X1.4 (0.861), X1.5 (0.845), X1.6 (0.856) with the variable X1 (Taxation knowledge) is greater than the correlation of the indicator with other variables.
- b. The correlation value between the indicators X2.1 (0.906), X2.4 (0.908) and the variable X2 (Taxation Sanctions) is greater than the correlation between these indicators and other variables.
- c. The correlation value between indicators Y.1 (0.842), Y.2 (0.878), Y.3 (0.879), Y.5 (0.868), Y.6 (0.864), Y.7 (0.801) with Y (Compliance) tax) is greater than the correlation of the indicator with other variables.
- d. The correlation value between indicators Z.1 (0.765), Z.2 (0.905), Z.3 (0.876), Z.4(0.824), Z.5(0.889) with variable Z (Risk Preference) is greater than the correlation indicator it with other variables.

4.6 AVE Test Results

Table 4.5 AVE Results

	Average Variance Extracted (AVE)
Moderating Effect 1 (X1*Z)	1.000
Moderating Effect 2 (X2*Z)	1.000
X1	0.725
X2	0.822
Y	0.732
Z	0.729

Source: Primary Data processed with SmartPLS, 2021

From table 4.5 above, it can be seen that all variables have an AVE value > 0.5 so that the convergent validity test has been accepted.

4.7 Reliability Test

Table 4.6 Composite Reliability dan Cronbach's Alpha

	Cronbach's Alpha	Composite Reliability
Moderating Effect 1 (X1*Z)	1.000	1.000
Moderating Effect 2 (X2*Z)	1.000	1.000
X1	0.924	0.941
X2	0.784	0.903
Y	0.927	0.943
Z	0.906	0.931

Source: Primary Data processed with SmartPLS, 2021

Composite Reliability and Cronbach's Alpha are part of the reliability test. From the table above, it can be seen that all Cronbach's Alpha and Composite Reliability values are greater than 0.7, which means that all variables are reliable.

4.8 Data Analysis Results

4.8.1 Coefficient of Determination

The coefficient of determination (R2) is carried out to measure the model's ability to explain the variation of the dependent variable. However, in this study, the value of adjusted R2 is used to evaluate which model is the best. In contrast to R2, the value of adjusted R2 can increase or decrease if one independent variable is added to the model. The Adjusted R2 value is used to measure how much influence the variable knowledge of taxation and tax sanctions have on tax compliance at KPP Subulussalam with the following calculation results:

Table 4.7 Coefficient of Determination

	R Square	R Square Adjusted
Y	0.856	0.854

Source: Primary Data processed with SmartPLS, 2021

The value of R Square Adjusted variable Y is 0.854. This shows that the variables X1 (Taxation Knowledge), X2 (Taxation Sanctions), and Z (Risk Preference) can explain 85.4% of the variable Y (Tax Compliance), and the rest, or 14.6%, is explained by other variables outside this study.

4.8.2 Hypothesis Test

The next analysis after analyzing the model is hypothesis testing. This analysis is carried out by comparing the T-table value with the T-statistics value obtained from the bootstrapping results in PLS. The hypothesis is accepted if the T-statistic value is higher than the T-table of 1.96 with a significance level of 5%. The results of the path coefficients through the PLS bootstrapping process can be seen in the following table:

Table 4.8 Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values
Moderating Effect 1 (X1*Z) -> Y	-0.008	-0.001	0.055	0.153	0.878
Moderating Effect 2 (X2*Z) -> Y	-0.039	-0.048	0.054	0.714	0.476
X1 -> Y	0.260	0.260	0.065	3.988	0.000
X2 -> Y	0.368	0.367	0.060	6.138	0.000
Z -> Y	0.261	0.259	0.046	5.615	0.000

Source: Primary Data processed with SmartPLS, 2021

From table 4.8, it can be seen that the effect of X1 (Taxation Knowledge) on Y (Tax Compliance), X2 (Taxation Sanctions) on Y (Taxation Compliance), and Z (Risk Preference) on Y (Tax Compliance), has a P-Value 0.05, and T-Statistics > 1.96, which means that it has a significant effect, and the original sample value indicates the direction of the positive influence.

1. From the table above, it can be seen the results of the path coefficient test above between the X1 variable (Taxation knowledge) and the Y variable (Tax Compliance), which has an original sample value of 0.260 with a significant T Statistics 3.988 > 1.96, and a P Values of 0.000 < 0.05. This shows that tax knowledge has a significant positive effect on tax compliance
2. From the table above, it can be seen that the results of the path coefficient test above between the X2 variable (tax sanctions) and the Y variable (Tax Compliance), have an original sample value of 0.368 with a significant T statistic of 6.138 > 1.96, and a P value of 0.000 < 0.05. This shows that tax sanctions have a significant positive effect on tax compliance.
3. From the table above, it can be seen that the path coefficient test results, variable Z (Risk Preference) as a moderator between the X1 variable (Taxation Knowledge) and Y (Tax Compliance) variable, has an original sample value of -0.008 with a significant T Statistics 0.153 < 1.96 , and P Values 0.878 > 0.05. This shows that risk preferences can not moderate the relationship between tax knowledge and tax compliance
4. From the table above, it can be seen the results of the path coefficient test, the variable Z (Risk Preference) as a moderator between the X2 variable (Taxation Sanctions) and the Y variable (Tax Compliance), has an original sample value of -0.039 with a significant T Statistics 0.714 < 1.96 , and P Values 0.476 > 0.05. This shows that risk preferences cannot moderate the relationship between tax sanctions and tax compliance.

V. Conclusions and Suggestions

5.1 Conclusions

Based on empirical data, the results of the analysis and discussion of problem formulation using SmartPLS (Partial Least Square) analysis, it can be concluded that:

1. Knowledge of taxation affects taxpayer compliance at KPP Subulussalam.
2. Tax sanctions affect taxpayer compliance at KPP Subulussalam.
3. Risk preference is not able to moderate knowledge of taxation on taxpayer compliance at KPP Subulussalam.
4. Risk preference is not able to moderate tax sanctions on taxpayer compliance at KPP Subulussalam.

5.2 Suggestions

Berdasarkan kesimpulan tersebut, maka saran yang dapat peneliti berikan adalah sebagai berikut :

1. Seeing from the results of research on taxation knowledge that has a positive and significant effect on taxpayer compliance at KPP subulussalam, to improve taxpayer compliance in KPP subulussalam, it is necessary to have knowledge of taxpayers about taxation procedures and regulations. In increasing taxation knowledge, KPP subulussalam can conduct socialization about taxation, not only regarding taxation procedures or tax regulations, but also regarding the importance of taxation being implemented obediently.
2. Seeing from the results of research on tax sanctions that have a positive and significant effect on taxpayer compliance at KPP subulussalam, then to improve tax compliance, KPP subulussalam must be more assertive in applying tax sanctions.
3. For the public, it is hoped that more and more people will be aware of the function of taxes and will not hesitate to register NPWP if subjective and object conditions are met as taxpayers so that they participate in building the nation and state.
4. For Researchers Furthermore, it is recommended to increase the number of independent variables or use other independent variables to develop research on Taxpayer Compliance, such as tax socialization, Tax Amnesty, E-Filing.

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