

The Effect of Complexity and Knowledge of Tax on Corporate Taxpayer Compliance with Compliance Costs as Intervening Variables

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Abstract:- This study aims to find empirical evidence that there is an effect of complexity and knowledge of taxation on compliance costs, that there is an effect of compliance costs on corporate taxpayer compliance, that there is an effect of complexity and knowledge of taxation on corporate taxpayer compliance. , and that there is an effect of compliance costs in mediating the effect of complexity and knowledge. tax on corporate taxpayer compliance. Data collection in this study was carried out using questionnaires which were distributed to corporate taxpayers registered at the KPP of large taxpayers in Jakarta. The hypothesis in this study was tested using partial least squares analysis with the help of Smart PLS software version 4.0. The results of this study indicate that tax complexity and knowledge affect compliance costs. Compliance costs have a significant negative effect on corporate taxpayer compliance, while tax complexity and knowledge have a negative effect on corporate taxpayer compliance. In addition, compliance costs can mediate the effect of tax complexity on taxpayer compliance. Compliance costs can also mediate the influence of tax knowledge on corporate taxpayer compliance in Jakarta.

I. INTRODUCTION

As one of the countries with the highest economic growth rates in Southeast Asia (World Bank, 2022), Indonesia needs to optimize the potential for state revenue, especially tax revenue, which is the country's main source of income. This is intended so that a sufficient amount of income can support the country's growing economic activities. With a high level of economic growth, it is hoped that the state will also have an optimal amount of tax revenue.

Based on the ratio of taxes to GDP (Gross Domestic Product), Indonesia only reaches 10.1%. Including the three lowest among Asia Pacific countries (OECD, 2022). Various efforts have been made by the tax authorities to increase the achievement of tax revenues, including through increasing organizational capacity, utilizing information technology, and utilizing tax data from third parties to ensure taxpayer compliance.

This study discusses the problem of tax compliance from the perspective of the taxpayer as a tax subject, namely regarding how the effect of Complexity and Knowledge of Taxes on Compliance Costs, the effect of Compliance Costs on Tax Compliance, how the effect of Complexity and Knowledge of Taxes on Tax Compliance, and how the effect of Compliance Costs in mediating Effect of Tax Complexity and Knowledge on Tax Compliance.

In terms of achieving the tax revenue target, the party that contributes and is the largest source of contributing tax revenue from non-oil and gas PPh (Income Tax) is corporate taxpayers, which reaches 34% of the total non-oil and gas PPh (Directorate General of Taxes, 2022) . With the high contribution in terms of the amount of tax payments paid by corporate taxpayers, especially large taxpayers, it is necessary to pay attention to the compliance behavior of corporate taxpayers who are classified as large taxpayers, so that this survey was conducted on legal entities registered at KPP Large taxpayers in DKI Jakarta. The DKI Jakarta area was chosen because this area is the center of business activities in Indonesia.

➤ Formulation of the Problem

With the background of the above, the problems in the research are described as follows:

- *Does tax complexity have an effect on compliance costs*
- *Does tax knowledge have an influence on compliance costs*
- *Do compliance costs have an influence on corporate taxpayer compliance*
- *Does tax complexity have an influence on corporate taxpayer compliance*
- *Does tax knowledge have an influence on corporate taxpayer compliance*
- *Does the cost of compliance mediate the effect of tax complexity on corporate taxpayer compliance*
- *Does the cost of compliance mediate the effect of tax knowledge on corporate taxpayer compliance*

➤ Research Purposes

Based on the background and formulation of the problem, the purpose of writing this article is to analyze and determine the effect of the following variables:

- *Knowing the effect of tax complexity on compliance costs*
- *Knowing the effect of tax knowledge on compliance costs*
- *Knowing the effect of compliance costs on corporate taxpayer compliance*
- *Knowing the effect of tax complexity on corporate taxpayer compliance*
- *Knowing the effect of tax knowledge on corporate taxpayer compliance*
- *Knowing the effect of compliance costs in mediating the effect of tax complexity on corporate taxpayer compliance*
- *Knowing the effect of compliance costs in mediating the effect of tax knowledge on corporate taxpayer compliance*

II. LITERATURE REVIEW

➤ *Tax Compliance*

Tax compliance is defined as a willingness to comply with tax obligations in accordance with applicable regulations, without inspections, thorough investigations, warnings or threats, and the application of legal and administrative sanctions. (Gunadi, 2013). In order for taxpayers to be able to fulfill their tax obligations in accordance with applicable regulations, it is necessary to have qualified tax knowledge, regarding applicable tax regulations that have low complexity.

The indicators used to measure taxpayer compliance in this study are determined through two approaches, namely the traditional approach and the alternative approach. In the traditional approach, Allingham and Sandmo (1972) argues that taxpayers can be said to behave obediently when they have the perception that acts of tax evasion have a high risk, because they are easily caught/detected by the DGT, as well as the perception that the threat of sanctions given by the DGT is high. exceed the profit he gets if he commits tax evasion. While Slemrod (2007) explains the importance of aspects of motivation, perception, and attitude in an alternative approach, where a taxpayer is categorized as obedient if he has intrinsic motivation to behave obediently, has a good perception of the fairness of the tax system, has a good perception of trust in the government, and has a negative attitude towards acceptance of tax evasion. So that the tax complexity measurement indicators used in this study include:

- *Perception of a high risk of being caught.*
- *Perception of the high value of sanctions imposed by the DGT.*
- *There is intrinsic motivation to behave obediently.*
- *Perception of a fair tax system.*
- *Good perception of trust in government.*
- *Negative attitude towards acceptance of tax evasion.*

➤ *Tax Complexity*

Tax complexity is the level of difficulty in reading, understanding, and interpreting tax laws to be applied in tax compliance, the time required and costs incurred to comply with the relevant tax laws and regulations (Tran-Nam and Evans, 2014).

The presence of electronic services, including e-filing, e-SPT, and e-bookpot provided by the DGT can help reduce the level of complexity of filling out SPT forms, paying and reporting taxes. However, tax complexity has a broader scope, which is related to the level of complexity of tax rules to understand, which can affect how taxpayers determine tax objects. Is a transaction subject to tax, what is the amount of the Tax Imposition Basis (DPP), and what is the applicable tax rate.

The indicators used to measure tax complexity include the readability of tax rules, the complexity of tax laws to understand, the complexity of tax laws to interpret, the complexity of tax rules to apply, the complexity of tax calculations, the complexity of paying taxes, the complexity of filling out SPT forms, and the complexity of the reporting process tax.

➤ *Tax Knowledge*

Hasseldine, Holland and van der Rijt (2012) stated that knowledge of taxation is the level of awareness or sensitivity of taxpayers to tax laws and regulations. Tax literacy refers to the process by which taxpayers become aware of tax regulations and other tax-related information. In fulfilling their tax obligations, taxpayers are expected to have sufficient tax knowledge.

Research conducted by Oladipupo and Obazee (2016) states that knowledge of taxation has a greater influence on increasing tax compliance compared to the imposition of tax sanctions. There are five indicators used to measure tax knowledge proposed by Mukhlis, Utomo and Soesetio (2015), namely: knowledge of tax rights and obligations, knowledge of tax functions and sanctions, knowledge of tax types and rates, knowledge of tax mechanisms and payments, as well as knowledge of tax measurement.

➤ *Compliance Fee*

Compliance costs are the value of resources required by taxpayers to fulfill tax obligations. Compliance costs are very relevant for taxpayers because these costs represent the value of the resources expended to fulfill their tax obligations (Tran-Nam et al., 2000).

In his book entitled "Administrative and Compliance Costs of Taxation" it is explained that Sandford, Godwin and Hardwick (1989) have divided the cost of tax compliance into three categories, namely the cost of money (direct money cost), time cost (time cost), and thought cost. (psychological cost). Money costs include employee training costs, tax consultant fees, costs for photocopying and filing tax documents, as well as round-trip transportation costs for the Tax Service Office (KPP). Time costs include time to read and understand tax regulations, time to prepare and report tax returns, and time to commute to and from the KPP. The cost of thought includes anxiety about the possibility of having a tax audit carried out, and anxiety waiting for the results of a tax audit.

➤ *Theory of Planned Behavior*

Theory of Planned Behavior TPB is a further development of Theory of Reasoned Action. Theory of Planned Behavior is a conceptual framework that aims to explain the determinants of certain behaviors. According to (Ajzen, 1991), the central factor of individual behavior is that behavior is influenced by individual intentions (behavioral intention) in relation to that particular behavior. Behavioral intention is influenced by three components, namely: (1) attitude, (2) subjective norms, and (3) perceived behavioral control.

In essence, the Theory of Planned Behavior is based on the assumption that humans are rational beings and systematically use the information available to them. People will think about the implications of their actions before deciding whether or not to engage in a particular behavior.

In relation to tax compliance, this theory explains that tax compliance behavior is influenced by the intention of the taxpayer himself to behave tax compliantly. Taxpayer perceptions of the complexity of the applicable tax rules, taxpayer knowledge of taxes, along with taxpayer perceptions the cost of compliance then creates certain beliefs about tax compliance behavior, thus influencing the taxpayer's intention to comply with applicable tax regulations.

➤ *Framework*

Based on the study of theory and the relationship between variables, the model or Conceptual Framework to build the hypothesis of this article is as follows:

- The effect of tax complexity on compliance costs based on research results: (Musimenta, 2020).
- The effect of tax knowledge on compliance costs based on research results: (Alsughayera, 2021).
- The effect of compliance costs on taxpayer compliance based on research results: (Abdul, Farida & David Wang'ombe, 2017), (Mahangila, Deogratius Ng'winula, 2017), (Zachary, Kariuki, and Mwangi, 2017), (Okpeyo, Musah, and Gapetor, 2019).
- The effect of tax complexity on taxpayer compliance based on research results: (Vincent and Olusegun, 2021), (Yahya, Shahrudin, and Abu Bakar, 2021), (Jusoh et al, 2021), (Martinez, Antonio Lopo and Raimundo da Silva, 2019).
- The effect of tax knowledge on taxpayer compliance based on research results: (Oladipo et al, 2022), (Nguyen, Thu Hien, 2022), (Nandal & Khera, 2022), (Wandesango et al, 2018), (Sari & Kusumawardhani, 2019), (Assfaw et al, 2019).
- The effect of compliance costs in mediating the effect of tax complexity on taxpayer compliance.
- The effect of compliance costs in mediating the effect of tax knowledge on taxpayer compliance.

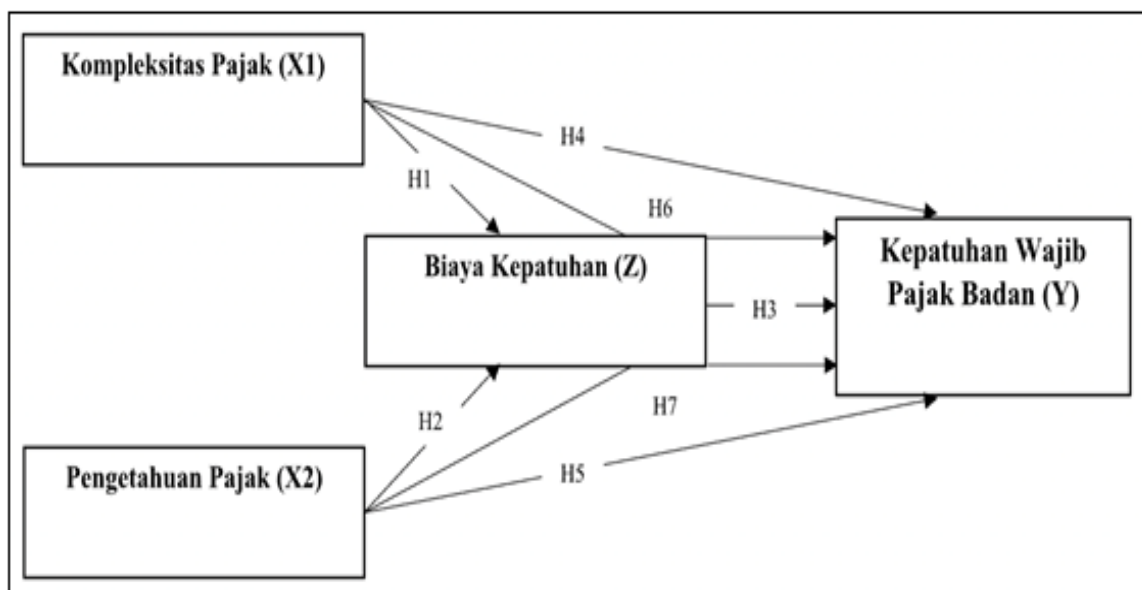


Fig 1 Thinking Framework

III. METHOD

The approach used for this research is quantitative, which is a process of seeking knowledge by using data in the form of numbers as a tool that can be generalized to prove hypotheses (Kasiram, 2008).

➤ *Dependent Variable*

The dependent variable (Y) used in this study is Tax Compliance.

➤ *Independent Variable*

In this study the independent variables used are Tax Complexity (X1) and Tax Knowledge (X2).

➤ *Moderation Variable*

This study also uses the intervening variable (Z), namely Compliance Costs.

➤ *Tax Compliance*

Tax compliance (Y), namely the willingness to carry out tax obligations in accordance with existing regulations without inspection, careful investigation, warnings, or threats and the application of both legal and administrative sanctions. The indicators and questions in this questionnaire are modifications and combinations of several questionnaires from previous researchers, such as Allingham

and Sandmo (1972), and Slemrod (2007). Variable indicators are described in Table 1.

Each question item was measured using a five-point Likert scale. For the purposes of quantitative analysis, the gradation of answers from "strongly agree" to "strongly disagree", was given a score of 5 for "strongly agree", 4 for "agree", 3 for "neutral", 2 for "disagree" and 1 for "totally disagree."

Table 1 Tax Compliance Variables and Indicators

Variable	Indicator	No. Question
Tax Compliance (Y)	Perception of a high risk of being caught.	1, 2, 3
	Perception of the high value of sanctions imposed by the DGT.	10, 11, 12
	There is intrinsic motivation to behave obediently.	5, 14
	Perception of a fair tax system.	7, 8, 9
	Good perception of trust in government.	4, 6
	Negative attitude towards acceptance of tax evasion.	13, 15, 16, 17

➤ *Tax Complexity*

Tax complexity is the level of difficulty in reading, understanding, and interpreting tax laws to be applied in tax compliance, the time required and costs incurred to comply with the relevant tax laws and regulations (Tran- Nam and Evans, 2014). This study uses tax complexity measurement indicators as described in Table 2.

Table 2 Variables and Indicators of Tax Complexity

Variable	Indicator	No. Question
Tax Complexity (X1)	Readability of tax regulations.	8
	Complexity of tax laws to understand.	5
	Complexity of tax laws to interpret.	6
	Complexity of tax regulations to be implemented.	4, 9, 10, 11
	The complexity of tax calculations.	7
	The complexity of paying taxes.	3
	The complexity of filling out the SPT form.	1, 2
	The complexity of the SPT reporting process.	3

➤ *Tax Knowledge*

Tax knowledge is the level of awareness or sensitivity of taxpayers to tax laws and regulations (Hasseldine, Holland and van der Rijt, 2012). Tax knowledge refers to the process by which taxpayers become aware of tax regulations and other tax-related information. This study uses measurement indicators as suggested by Mukhlis, Utomo and Soesetio (2015). Variable indicators are described in Table 3.

Table 3 Tax Knowledge Variables and Indicators

Variable	Indicator	No. Question
Tax Knowledge (X2)	Knowledge of tax rights and obligations.	1, 2, 3
	Knowledge of functions and tax penalties.	10
	Knowledge of types and rates of taxes.	4, 5, 7, 8
	Knowledge of mechanism and payment of taxes.	9
	Knowledge of tax measurement.	6

➤ *Compliance Fee*

Compliance costs are the value of resources expended by taxpayers in fulfilling their tax obligations. Compliance costs are very relevant for taxpayers because these costs represent the value of the resources expended to fulfill their tax obligations (Tran-Nam et al., 2000). This study uses an indicator of tax compliance costs based on three dimensions of tax compliance costs according to Sandford, Godwin and Hardwick (1989). This study uses indicators for measuring tax complexity as described in Table 4.

Table 4 Compliance Cost Variables and Indicators

Variable	Indicator	No. Question
Compliance Fee (Z)	Tax consultant fees	1
	Employee training costs	4
	Cost of photocopying and filing of tax documents	2
	KPP round-trip transportation costs	3
	It costs time to read and understand tax rules.	5
	The cost of preparing documents and reporting SPT	6
	KPP round-trip costs	7
	Anxiety costs will likely be examined	8
	The cost of anxiety waiting for the results of a tax audit	9

➤ *Data Types and Sources*

In this study, primary data was collected by distributing a list of questions (questionnaires) to be filled in or answered by corporate taxpayer respondents registered at the KPP of large taxpayers in Jakarta.

IV. RESULTS AND DISCUSSION

➤ *Description of Subjects and Research Objects*

Respondents in this study were 124 people, who were employees whose job was to carry out or make decisions related to the tax obligations of corporate taxpayers registered at the KPP large taxpayers in Jakarta. Of the 124 questionnaires that were distributed, 120 questionnaires were returned, and 110 questionnaires were completely filled out. Thus, a total of 110 questionnaires were further processed.

Table 5 Number of Questionnaires

Questionnaire	Amount
Distributed questionnaires	124
Unreturned questionnaires	10
Incomplete questionnaire	4
An appropriate questionnaire is used for data input purposes	110

➤ *Variable Descriptive Statistics*

Based on the processed questionnaire data, then to see the response to each variable can be seen from the frequency of each variable score and the average in Table 6.

Table 6 Description of Respondents' Responses

Variable	N	Minimum	Maximum	Means
Tax Complexity	110	2,345	3,700	3,078
Tax Knowledge	110	3.055	4.109	3,715
Compliance Fee	110	2,300	3,464	2,820
Corporate WP Compliance	110	2,891	4,345	3,707

➤ *Tax Complexity*

Based on the description of the respondents' responses above, the description for the tax complexity variable is known to have a minimum score of 2.345, and a maximum score of 3.700. The average score of the tax complexity variable is also quite high, namely 3.078. The maximum score is found in the statement "I feel that often changes to tax regulations are made suddenly", which indicates that a high number of respondents feel that tax regulations often change suddenly. The minimum score for the statement "I have difficulty filling out the tax administration form", which shows the low number of respondents who stated that they had difficulty filling out the tax administration form.

➤ *Tax Knowledge*

The results of respondents' responses to the tax knowledge variable show a minimum score of 3.055 which is still quite high, and a maximum score of 4.109. The

average score of the tax knowledge variable is also relatively high, which is equal to 3.715. The maximum score is found in the statement "As a taxpayer, my company is responsible for informing and declaring the actual income received from all sources to the DGT", which shows the high number of respondents who understand well the responsibility of companies as corporate taxpayers to declare income correctly and complete to DGT. Minimum score for the statement "So far, Mr / Ms understands how to calculate, report and pay taxes independently without anyone's help.",

➤ *Compliance Fee*

Respondents' responses to the compliance cost variable show a minimum score of 2.300 and a maximum score of 3.464. The average score of the variable compliance costs is quite high, which is 2.820. The maximum score is found in the statement "Anxiety about the possibility of carrying out

a tax audit that will be burdensome for the company where I work.", which shows the high number of respondents who object to the possibility of a tax audit. The minimum value of opinion on the statement "The amount of money spent on photocopying, filing tax documents, etc. is burdensome for the company where I work" which shows the low number of respondents who object to having to bear the cost of photocopying, filing documents, etc. as an effort to comply with tax regulations apply.

➤ *Corporate Taxpayer Compliance*

The results of respondents' responses to the WP Agency compliance variable show a minimum score of 2.891 and a maximum score of 4.345. The average score of the Corporate Taxpayer compliance variable is high, namely 3.707. The maximum score is found in the statement "Just because the supporting documents don't need to be sent to the DGT, doesn't mean I can manipulate the numbers in the company's SPT", which shows a very high number of respondents who are aware not to manipulate the numbers in the company's SPT without having to attach supporting evidence. The minimum score for the statement "The government doesn't waste too much of its budget" shows a

relatively high number of respondents who have confidence in the government as the party that manages tax funds.

V. MODEL ANALYSIS AND HYPOTHESIS TESTING

➤ *Outer Model Measurement Estimation*

The measurement of the external model in this study was carried out by measuring the reflection of the indicators assessed from the correlation between the estimated score of the item/component score and the value of the external load factor. The minimum threshold for the external loading factor value of an indicator that is appropriate to be used to reflect a variable is 0.5 (Chin, 1998). This study uses the Structural Equation Model (SEM) with the Partial Least Square (PLS) analysis model to test the hypotheses that have been proposed previously. PLS analysis was tested using SmartPLS 4.0 software to examine the effect of tax complexity and tax knowledge on corporate taxpayer compliance with compliance costs as the intervening variable.

The results of the outer loading factor can be seen in Figure 2 below:

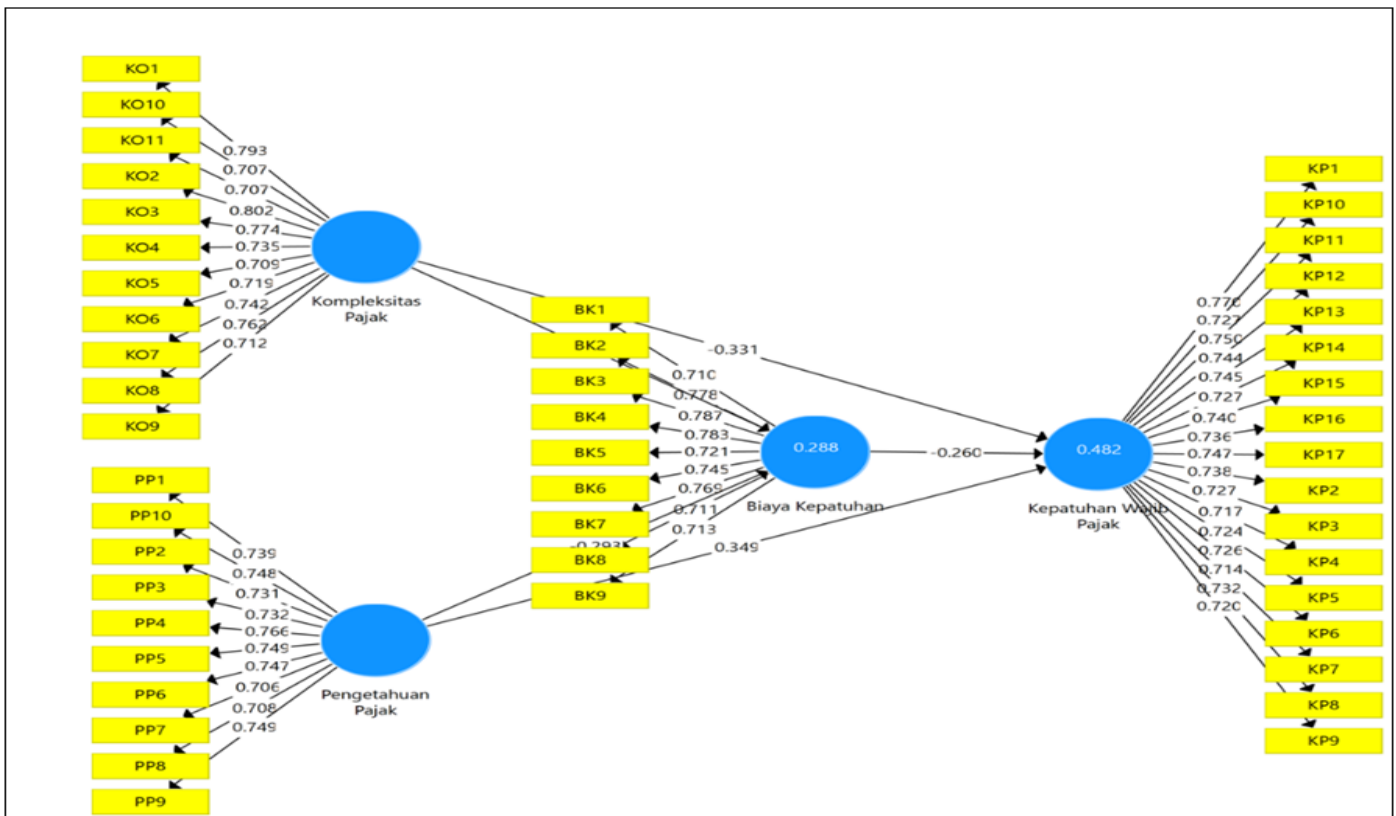


Fig 2 Outer Loading Factor Results

With the results shown in Figure 2, it is known that all proxies for each indicator used to measure tax complexity, tax knowledge, taxpayer compliance, and compliance costs have an outer loading factor value above 0.7. Thus, it can be concluded that all proxies used to measure each variable are valid or have met convergent validity, so that it is appropriate to be used as an indicator to reflect each related variable.

➤ *Validity Test and Variable Reliability Test*

Discriminant validity measured through a comparison of the square root Average Variance Extracted (AVE) value of each construct with the correlation between other constructs in the model. AVE value must be above 0.50. The results of discriminant validity measurements in this study can be seen in Table 7 below.

Table 7 Discriminant Validity Measurement Results

Variable	Average Variance Extracted (AVE)
Tax Complexity	0.551
Tax Knowledge	0.544
Compliance Fee	0.558
Taxpayer Compliance	0.539

Based on Table 7, all variables have a discriminant validity value of more than 0.50. So, it can be concluded that all variables in this study are valid and can provide confidence.

After the variables are declared valid, a reliability test is performed on all the variables used in this study. Variable

reliability was tested using the composite reliability technique. Determination of a reliable measuring instrument or not is done through the reliability coefficient. The reliability coefficient must be greater than 0.70. Composite reliability measurement results can be seen in Table 8 below.

Table 8 Composite Reliability Measurement Results

Variable	Composite Reliability
Tax Complexity	0.931
Tax Knowledge	0.923
Compliance Fee	0.919
Taxpayer Compliance	0.952

Based on Table 8, all variables have a composite reliability value above 0.70. From these results, it can be concluded that all variables in the study are reliable and can be relied upon to be used in further analytical tests.

➤ Inner Model Measurement Estimation

Measurement of the inner model to examine the relationship between variables in the study uses the adjusted

R2 value. Based on the value of adjusted R2, a model can be classified as strong (≤ 0.70), medium (≤ 0.45) and weak (≤ 0.25), while the relationship between variables in the system built in the study is calculated using the value of predictive relevance (Q2), which aims to assess the predictive validity of the independent variables. The predictive validity of an independent variable is said to be good if it has (Q2) which is greater than zero.

Table 9 Adjusted R-square value(R2)

Variable	Adjusted R-square value(R2)	Q-square value(Q2)
Compliance Fee	0.275	0.141
Taxpayer Compliance	0.467	0.250

From Table 9, it can be seen that compliance costs have an Adjusted R-square (R2) value of 0.275 (27.5%). This shows that the variable cost of compliance can be explained by 27.5% by the variables of tax complexity and tax knowledge. The remaining 72.5% of the compliance cost variable is influenced by variables not tested in this study.

Adjusted R-square value on the taxpayer compliance variable is 0.467. this shows that 46.7% of the variable taxpayer compliance can be influenced by variables of tax complexity, tax knowledge, and compliance costs while the remaining 53.3% is influenced by other variables outside those studied.

To see the relationship of all variables in the system built in this study, two Q-square values were obtained,

namely 0.141 and 0.250 which were greater than zero so that it can be concluded that the model has predictive relevance, meaning that the observed values produced by the model and also the parameter estimates are good. and meet the criteria of good predictive validity.

➤ Verification of the Hypothesis

The hypothesis in this study was tested using the t-statistic test which was analyzed using the partial least squares model with a significance level of 5%. Based on data from the variables that have been measured, an analysis was then carried out to determine the effect of tax complexity and tax knowledge on taxpayer compliance with compliance costs as the intervening variable. The results of the calculation of the t-statistic test can be briefly seen in Table 10 below.

Table 10 T-Statistic Test Results

Influence Between Variables	Original Sample (O)	P Value
Tax Complexity of Compliance Costs	0.403	0.000
Tax Knowledge of Compliance Fees	-0.293	0.001
Compliance Fee for Taxpayer Compliance	-0.260	0.004
Tax Complexity on Taxpayer Compliance	-0.331	0.000
Tax Knowledge of Taxpayer Compliance	0.349	0.000

Compliance Costs Mediate Tax Complexity on Taxpayer Compliance	-0.105	0.026
Compliance Fee Mediating Tax Knowledge to Taxpayer Compliance	0.076	0.029

Referring to the results in Table 10, it can be concluded that the tax complexity variable affects compliance costs. This can be illustrated from the p-values which are <0.05 and based on the estimated value of the regression coefficient (original sample) that is produced, which is equal to 0.403. The positive sign on the regression coefficient (original sample) indicates a unidirectional effect between tax complexity and compliance costs, and if tax complexity increases once, compliance costs will increase by 0.403 units.

Referring to the results in Table 10, it can be concluded that the tax knowledge variable has an effect on compliance costs. This can be seen from the p-values of <0.05 and based on the estimated value of the regression coefficient (original sample), which is -0.293. The negative sign on the regression coefficient indicates an inverse effect between tax knowledge and compliance costs, where if tax knowledge increases once, then compliance costs will decrease by 0.293 units.

Referring to the results in Table 10, it can be concluded that the variable compliance costs affect taxpayer compliance. This can be seen from the p-values of <0.05 and based on the resulting estimated value of the regression coefficient (original sample), which is -0.260. The negative sign on the regression coefficient indicates an inverse effect between compliance costs and taxpayer compliance, where if compliance costs increase once, then taxpayer compliance will decrease by 0.260 units.

Referring to the results in Table 10, it can be concluded that the tax complexity variable affects taxpayer compliance. This can be seen from the p-values of <0.05 and based on the resulting estimated value of the regression coefficient (original sample), which is -0.331. The negative sign on the regression coefficient indicates an inverse effect between tax complexity and taxpayer compliance, where if tax complexity increases once, then taxpayer compliance will decrease by 0.331 units.

Referring to the results in Table 10, it can be concluded that the tax knowledge variable affects taxpayer compliance. This can be seen from the p-values of <0.05 and based on the estimated value of the resulting regression coefficient (original sample), which is equal to 0.349. The positive sign on the regression coefficient indicates a unidirectional effect between tax knowledge and taxpayer compliance, where if tax knowledge increases once, then taxpayer compliance will increase by 0.349 units.

Referring to the results in Table 10, it is concluded that the compliance cost variable partially mediates the effect of tax complexity on taxpayer compliance. This can be seen from the p-values of <0.05 and based on the resulting estimated value of the regression coefficient (original sample), which is -0.105. The negative sign on the coefficient indicates an inverse effect between tax

complexity and taxpayer compliance through compliance costs. However, the direct effect of tax complexity on taxpayer compliance also has a high regression coefficient of -0.331. That is, without the variable cost of compliance, when the tax complexity increases once, the taxpayer compliance will decrease by 0.331 units. While mediated by variable compliance costs,

Referring to the results in Table 10, it can be concluded that the variable cost of compliance partially mediates the effect of tax knowledge on taxpayer compliance. This can be seen from the p-values of <0.05 and based on the estimated value of the resulting regression coefficient (original sample), which is equal to 0.076. The positive sign on the coefficient indicates a directly proportional effect between tax knowledge and taxpayer compliance through compliance costs. However, the direct effect of tax knowledge on taxpayer compliance also has a high regression coefficient of 0.349. That is, without the variable cost of compliance, when tax knowledge increases once, then taxpayer compliance will increase by 0.349 units. While mediated by variable compliance costs,

VI. DISCUSSION

➤ *Tax Complexity of Compliance Costs*

The statistical test results in Table 10 suggest that the level of tax complexity affects compliance costs. It can be concluded that tax complexity is one of the main factors in determining the compliance costs to be paid by corporate taxpayers in Jakarta. The high complexity of the applicable tax regulations will increase compliance costs for taxpayers. The results of this study can support research conducted by Musimenta (2020) which states that when the tax system becomes more complex, compliance costs also become high.

➤ *Tax Knowledge of Compliance Fees*

The results of the study using statistical tests in Table 10 show that the tax knowledge variable has an effect on compliance costs. This shows that tax knowledge is the main factor to be able to reduce the cost of tax compliance that must be borne by corporate taxpayers in Jakarta. The results of this study can support research conducted by Alsughayera (2021) which shows that adequate tax knowledge can reduce compliance costs.

➤ *Compliance Fee for Taxpayer Compliance*

Table 10 proves that compliance costs affect corporate taxpayer compliance in Jakarta. The results of this study can be interpreted that the high cost of compliance is one of the main factors that can reduce the level of tax compliance on corporate taxpayers in Jakarta. The results of this study can support research conducted by Abdul, Farida & David Wang'ombe (2017) which shows that tax compliance in Kenya has decreased significantly with increasing tax compliance costs. The results of this study also support the results of Mahangila's research, Deogratius Ng'winula (2017) tax non-compliance increases significantly when the

cost of tax compliance increases. This study also supports the research results of Zachary, Kariuki, and Mwangi (2017) that there is a significant positive relationship between the cost of tax compliance and tax compliance. Research by Okpeyo, Musah, and Gakpetor (2019) also states that compliance costs have a significant effect on tax compliance.

➤ *Tax Complexity on Taxpayer Compliance*

The statistical test results in Table 10 show that the tax complexity variable affects corporate taxpayer compliance. These results indicate that tax complexity is a major factor in increasing corporate taxpayer compliance in Jakarta. The results of this study can support the research results of Martinez, Antonio Lopo and Raimundo da Silva (2019) which states that reducing the complexity of tax laws is very important to obtain greater tax compliance. This research also supports the results of research conducted by Vincent and Olusegun (2021) which shows that the complexity of the tax system is an important determinant of tax compliance behavior. Research conducted by Yahya, Shaharuddin, and Abu Bakar (2021) also prove that tax complexity is seen as a contributing factor to non-compliance behavior. In addition, Jusoh et al (2021) also stated the same thing that tax complexity has proven to have a significant effect on tax compliance behavior.

➤ *Tax Knowledge of Taxpayer Compliance*

The statistical test results in Table 10 show that the level of tax knowledge has an effect on corporate taxpayer compliance. It can be concluded that tax knowledge is one of the main factors in determining corporate taxpayer compliance in Jakarta. High tax knowledge possessed by taxpayers will be able to increase corporate taxpayer compliance in Jakarta. The results of this study are in line with research conducted by Wandesango et al (2018) which states that tax knowledge is a major factor influencing tax compliance. Research by Sari & Kusumawardhani (2019) also shows results that tax knowledge affects taxpayer compliance. Research in the same year was conducted by Assfaw et al (2019) and stated the same thing that tax compliance is positively influenced by tax knowledge. This research also supports research conducted by Oladipo et al (2022) which shows that tax knowledge significantly affects tax compliance. Nguyen, Thu Hien (2022) also stated the same thing that knowledge of taxation has a significant effect on voluntary tax compliance behavior. In addition, the results of research conducted by Nandal & Khera (2022) show that there is a positive and significant effect of VAT knowledge on Value Added Tax Compliance.

➤ *Compliance Costs in Mediating the Effect of Tax Complexity on Taxpayer Compliance*

The statistical test results in Table 10 show that compliance costs partially mediate the effect of tax complexity on tax compliance. It can be concluded that through the variable cost of compliance, tax complexity has a significant influence on the level of corporate taxpayer compliance. However, without the compliance cost variable, tax complexity can directly have a significant effect on corporate taxpayer compliance. The high level of

complexity of tax regulations which results in increased compliance costs that must be borne by taxpayers can reduce corporate taxpayer compliance.

In line with the theory of planned behavior put forward by Ajzen (1991), complex tax provisions have the potential to lead to the perception of taxpayers that it is the taxpayer's responsibility to comply in fulfilling tax obligations, coupled with the responsibility to calculate and self-report their tax payments, creating such a large "burden" borne by the taxpayer, so that complex tax regulations, can form a belief that tax compliance is difficult, and expensive. So that it can reduce the intention of individual taxpayers to behave tax compliantly. In order for taxpayers to behave obediently, it is expected that taxpayers will have a perception of low tax complexity.

➤ *Compliance Costs in Mediating the Effect of Tax Knowledge on Taxpayer Compliance*

The statistical test results in Table 10 show that compliance costs partially mediate the effect of tax knowledge on tax compliance. It can be concluded that through the variable cost of compliance, tax knowledge has a significant effect on the level of corporate taxpayer compliance. However, without the compliance cost variable, tax knowledge can directly have a significant effect on corporate taxpayer compliance. The high level of knowledge of tax regulations which results in reduced compliance costs that must be borne by taxpayers can increase corporate taxpayer compliance. In line with the theory of planned behavior put forward by Ajzen (1991), the taxpayer's understanding of the applicable tax regulations, especially with regard to the rights and obligations as a taxpayer can lead to the perception of taxpayers that the taxpayer's responsibility to comply in fulfilling tax obligations is not detrimental to the taxpayer, so that qualified tax knowledge can form a belief that tax compliance behavior is easy, and affordable. So that it can increase the intention of individual taxpayers to behave tax compliantly. In order for taxpayers to behave obediently, it is expected that taxpayers have high tax knowledge. So that it can increase the intention of individual taxpayers to behave tax compliantly. In order for taxpayers to behave obediently, it is expected that taxpayers have high tax knowledge. So that it can increase the intention of individual taxpayers to behave tax compliantly. In order for taxpayers to behave obediently, it is expected that taxpayers have high tax knowledge.

VII. CONCLUSION

Based on the results of the analysis tests that have been carried out on the variables studied, the conclusions that can be drawn from this study are tax complexity has a significantly positive effect on compliance costs which must be borne by corporate taxpayers at KPP Large Taxpayers in Jakarta; Tax knowledge has a significant negative effect on compliance costs which must be borne by corporate taxpayers at KPP Large Taxpayers in Jakarta; compliance costs have a significant negative effect on corporate taxpayer compliance at KPP Large Taxpayers in Jakarta; tax complexity has a significant negative effect on corporate

taxpayer compliance at KPP Large Taxpayers in Jakarta; knowledge of taxation has a significant positive effect on corporate taxpayer compliance at KPP Large Taxpayers in Jakarta; significant compliance costs partially mediate the effect of tax complexity on corporate taxpayer compliance at KPP Large Taxpayers in Jakarta; Significant compliance costs partially mediate the influence of tax knowledge on corporate taxpayer compliance at KPP Large Taxpayers in Jakarta.

This research is expected to explain and prove empirically the effect of tax complexity and knowledge on compliance costs; the effect of compliance costs on corporate taxpayer compliance; the influence of tax complexity and knowledge on corporate taxpayer compliance; as well as the effect of compliance costs in mediating the effect of tax complexity and knowledge on corporate taxpayer compliance. By understanding the factors that influence corporate taxpayer compliance, the Directorate General of Taxes can consider simplifying the applicable tax regulations, in order to make it easier for taxpayers to understand and comply with applicable tax regulations, so that the level of tax compliance, especially corporate taxpayers, can achieve optimal results. For taxpayers, in order to getmake efforts to increase tax knowledge, among others through training employees or recruiting workers who have expertise in the field of taxation, so that the total cost of compliance can be minimized.

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