

CHAPTER II

THEORETICAL REVIEW AND HYPOTHESIS DEVELOPMENT

2.1. Tax

2.1.1. Definition Of Tax

The law mandates taxation as a compulsory contribution from individuals or entities to the state, which allocates these funds for public expenditures, including national development, without providing direct compensation to the taxpayer. Law No 07 of 2021 on General Provisions and Tax Procedures (*KUP*) establishes that individuals or entities are required to make a mandatory contribution to the state, as mandated by law, which is utilized for state purposes to promote the welfare of the populace.

Mardiasmo (2016) defines a tax as a mandatory charge imposed by the government on individuals or legal entities, without the expectation of direct benefits in return. The revenue generated is primarily utilized to fund development initiatives. This definition indicates that taxes possess multiple characteristics.

1. **Compulsory:** Taxes are mandatory for every citizen or legal entity that meets the subjective and objective criteria as stipulated by law.
2. **No Direct Compensation:** Tax revenues do not yield direct benefits to taxpayers; however, societal advantages manifest through development and public services.
3. **Used for Public Interest:** Taxes finance state expenditures, primarily for development and the provision of public services that enhance community welfare.

2.1.2. Taxation Function

The taxation function relates to the fundamental roles and objectives of government in the imposition of taxes. Law No 07 of 2021 on General Provisions and Tax Procedures (*KUP*) defines taxes as compulsory contributions to the state, utilized for financing government expenditures and managing the economy and social conduct. Taxation can be broadly categorized into two primary roles:

1. Budgetary Function (*Anggaran*)

Taxation is a fundamental source of government revenue, supporting expenditures on infrastructure development, healthcare, education, and various public services. Taxes function as a mechanism to finance the state budget, allowing the government to deliver services to the populace. Mardiasmo (2016) states that the primary function of taxation is to generate revenue for government spending directed toward public welfare objectives.

2. Regulatory Function (*Mengatur*)

In addition to being a source of revenue, taxes also serve as a regulatory tool in the economy and society. Suandy (2016) asserts that the government uses the regulatory function of taxation to accomplish specific goals like controlling inflation, fostering growth in certain sectors, or safeguarding domestic products by imposing import taxes. By imposing higher taxes, the government can also use them as a tool

to regulate the consumption of undesirable goods, such as cigarettes and alcohol.

2.2. Income Tax

Law No. 7 of 2021 on income tax, which has been amended multiple times, most recently by Law No. 36 of 2008, establishes the legal framework for income tax collection in Indonesia. Mardiasmo (2016) states that income tax is levied on taxable entities based on the income they receive or earn within a tax year. Any economic gain, regardless of its form or designation, that the taxpayer can utilize for consumption or to enhance their wealth, whether derived from domestic or foreign sources, is classified as income.

2.3. Individual taxpayer

An individual taxpayer is defined as any natural person who, under tax regulations, bears the legal obligation to pay income tax on earnings derived from employment, business operations, investments, or other economic activities, provided their income surpasses the prescribed non-taxable thresholds. This encompasses residents and certain non-residents subject to taxation based on worldwide or sourced income, regardless of the specific origin (Eric, 2025).

2.3.1. Professional taxpayer Based on Type of Work and Revenue

1. Employee (*WPOP Karyawan*)

An employee is an individual who works for a company and receives a monthly salary. Professional taxpayers classified as employees are typically subject to income tax (*PPh*) based on their gross income. The employer usually reduces their monthly salary by the non taxable

income threshold (*PTKP*) before automatically withholding the tax. The employer directly deducts the income tax (*PPh*) from the monthly salary to ensure employees fulfill their tax obligations without the need for additional calculations. Generally, employers already withhold and report employees' taxes, eliminating the need for them to file an independent tax return (Directorate General of Taxes, 2008). The taxation of individual taxpayers (*WPOP*) who are employees, based on Government Regulation No. 55 of 2022, applies to progressive rates aligned with annual taxable income levels. The effective tax rates are structured as follows: 5% for income up to IDR 60 million annually, 15% for income exceeding IDR 60 million but not surpassing IDR 250 million, 25% for income above IDR 250 million and up to IDR 500 million, 30% for income ranging from IDR 500 million to IDR 5 billion, and 35% for income that exceeds IDR 5 billion. This structured rate system reflects the principle of equity by implementing a reduced tax rate for lower-income employees and higher rates for those with greater income, with the objective of improving taxpayer compliance.

2. Entrepreneur (*WPOP Usahawan*)

a. Entrepreneur taxpayer with Omzet Below IDR 4.8 Billion

Micro, small, and medium enterprises (UMKM) with revenues below IDR 4.8 billion are governed by a streamlined tax regime, featuring a final income tax rate of 0.5% on gross revenue, as stipulated in Government Regulation No. 55 of 2022. This program

aims to foster growth in small enterprises by decreasing tax liabilities and streamlining compliance procedures. MSMEs taxpayers must notify the Directorate General of Taxes or the nearest tax service office within three months of the tax year's commencement if they intend to employ this simplified taxation technique.

- b. Entrepreneur taxpayer with Omzet Same or Above IDR 4.8 Billion
Entrepreneurs with annual omzet exceeding Rp 4.8 billion are individuals or entities engaged in business activities that produce gross annual revenue of Rp 4.8 billion or more. Government Regulation No. 55 of 2022 establishes that entrepreneurs with designated omzet are not classified within the Micro, Small, and Medium Enterprises (*UMKM*) category and are subject to income tax (*PPh*) assessed under the general taxation framework, utilizing progressive tax rates as specified in the Income Tax Law.

According to the Directorate General of Taxation (2020), entrepreneurs with an annual omzet of 4.8 billion or more must maintain comprehensive and accurate book keeping in accordance with relevant accounting standards. The accounting should accurately represent the company's comprehensive financial position, encompassing revenue, expenses, assets, liabilities, and equity. Government Regulation No. 55 of 2022 on Income Tax establishes progressive tax rates that vary from 5% to 35%, contingent upon the company's net profit.

3. Professional Taxpayer (*WPOP Pekerja Bebas*)

Professional taxpayers refer to individual taxpayers who earn income independently from professional or freelance activities rather than from a fixed employment relationship. This category includes freelancers and self-employed individuals whose income is derived from personal services or independent professional work. When their annual gross revenue does not exceed IDR 4.8 billion, professional taxpayers are subject to income tax based on their gross income and may apply the Norm of Net Income Calculation (Normalized Calculation of Net Income or NPPN) to determine taxable income. Under the self-assessment system, professional taxpayers are fully responsible for calculating, paying, and reporting their tax obligations independently. Those who choose to apply the NPPN method are required to notify the Directorate General of Taxes or the nearest tax service office within three months from the beginning of the relevant tax year.

2.4. Tax Compliance

2.4.1. Definition of Tax Compliance

Law No 07 of 2021 on General Provisions and Tax Procedures (*KUP*) defines taxpayer compliance as the fulfilment of all tax obligations accurately, comprehensively, and punctually, in accordance with existing regulations. Waluyo (2017) characterizes taxpayer compliance as a voluntary act undertaken by taxpayers to fulfill their tax obligations in accordance with regulations, devoid of external pressure or coercion from tax authorities. This indicates that

taxpayer awareness regarding compliance with government tax provisions functions as a metric for tax compliance.

2.4.2. Indicators of Tax Compliance

Several aspects regulated in tax laws, as well as those discussed in academic literature, serve as indicators of taxpayer compliance (Braithwaite, 2005). According to the Directorate General of Taxation (2016), the indicators of taxpayer compliance include the following elements:

1. Registering as a taxpayer

Any individual or entity that qualifies as a taxpayer is required to register and obtain a taxpayer identification number (*NPWP*). This process forms the basis for government tax supervision and collection.

2. Obedience in sending tax notification letters (*SPT*).

Tax compliance, specifically with the submission of the Tax Return (*SPT*) in Indonesia, refers to the obligation of taxpayers to accurately report their income and pay taxes within the specified deadlines. This compliance is crucial as it ensures that the government can effectively collect revenue necessary for public services and development. The annual tax return serves as a formal declaration of a taxpayer's financial activities, and timely submission reflects a taxpayer's adherence to legal requirements.

3. Correctly calculating and paying taxes

Taxpayers are required to determine the tax liability in compliance with relevant legislation and to remit payments punctually. This illustrates the taxpayer's adherence to independently meeting their tax responsibilities.

a. Timely tax reporting

Under Law No 07 of 2021, taxpayers are required to report their taxes through the Annual Tax Return (*SPT Tahunan*) or Periodic Tax Return (*SPT Masa*) within the stipulated deadlines. Timely reporting is one of the key indicators of taxpayer compliance.

b. Compliance with bookkeeping or record keeping

For corporate taxpayers or professional taxpayers engaged in business or freelancer taxpayers, proper bookkeeping or record keeping is mandatory. Article 28 of the KUP Law governs this requirement, which serves as a crucial indicator for assessing taxpayer compliance.

4. Obedience in making payments (related to year end tax arrears).

Taxpayers are expected to pay their taxes by specific deadlines, typically within six months of receiving a tax bill or notice. Failure to comply with these payment deadlines can result in penalties and interest charges, which further exacerbate the financial burden on the taxpayer. To assist those facing difficulties, the government provides options such as

installment payments or deferrals for settling tax debts, particularly for those impacted by economic challenges

This research uses tax compliance as the dependent variable. Previous researchers have conducted studies on tax compliance. Zulfa (2020) will measure the tax compliance variable using a modified version of the questionnaire.

2.5. Understanding of Self-Assessment System

2.5.1. Definition of Understanding of Self-Assessment System

The active participation of taxpayers is essential in this system, while tax authorities primarily serve as supervisors and enforcers of tax legislation. Law No 07 of 2021 on General Provisions and Tax Procedures (*KUP*) mandates that taxpayers must calculate and report their tax liabilities using the self-assessment system.

Mardiasmo (2016) defines the self-assessment system as one that assigns taxpayers the responsibility for calculating, paying, and reporting their taxes, with minimal direct involvement from tax authorities. This system's design promotes taxpayer awareness and autonomy in meeting tax obligations while simultaneously improving the efficiency of government tax administration.

2.5.2. Indicator of Understanding of Self-Assessment System

According Nurmantu (2016) asserts that the efficacy of the self-assessment system is significantly contingent upon taxpayer compliance. This encompasses formal compliance, denoting the precision in meeting administrative requirements, and material compliance, indicating the accuracy in calculating and remitting the appropriate tax amount in accordance with regulations.

Various metrics can be employed to evaluate the efficacy of the self-assessment system, as detailed below:

1. Taxpayer Registration Compliance

The extent of voluntary taxpayer registration serves as a key indicator of the understanding of self-assessment system. Minister of Finance Regulation No. 30/PMK.03/2022 stipulates that any individual or entity fulfilling the subjective and objective criteria as a taxpayer is required to register and obtain a Taxpayer Identification Number (*NPWP*).

2. Accuracy in Calculating Taxes

Another indicator is the precision with which taxpayers determine the tax liability. In the understanding of self-assessment system, taxpayers bear the complete responsibility for calculating the tax owed, with no direct intervention from tax authorities. Periodic tax audits, according to the Directorate General of Taxation (2019), assess the precision of these calculations.

3. Tax Payment Compliance

A further indicator is the timeliness of tax payments. As stipulated in Article 9 of Law No 07 of 2021, taxpayers are required to pay their tax liabilities before the specified deadline. Timely payment reflects compliance with the self-assessment system.

4. Accuracy in Tax Reporting

Timely and accurate tax reporting is another key indicator of the understanding of self-assessment system. Taxpayers must submit their

annual tax returns (*SPT Tahunan*) on time and with complete information. The Directorate General of Taxation (2019) emphasizes that incomplete or late tax returns can result in administrative penalties.

The understanding of self-assessment system functions as the independent variable in this study. Numerous prior studies have examined self-assessment systems. Zulfa (2020) will assess the tax compliance variable through a modified questionnaire.

2.6. Tax Knowledge

2.6.1. Definition of Tax Knowledge

The understanding of tax rules and regulations by the taxpayer includes their rights and obligations, tax rates, types of taxes, reporting procedures, and tax payment processes. Mardiasmo (2016) asserts that tax knowledge significantly impacts taxpayer awareness and compliance with tax obligations. A taxpayer's level of knowledge regarding the tax system positively correlates with their compliance with tax obligations.

Nurmantu (2016) asserts that tax knowledge encompasses not only an understanding of tax regulations but also the capacity of taxpayers to grasp changes within the tax system. A comprehensive understanding of taxation influences taxpayers' behavior in terms of the accurate and timely calculation, payment, and reporting of taxes.

2.6.2. Indicators of Tax Knowledge

Indicators of tax knowledge can be observed from several aspects that reflect a taxpayer's understanding of tax rules and regulations, as follows:

1. Understanding of Taxpayer Rights and Obligations

Taxpayers with adequate tax knowledge should understand their rights and obligations. This includes the obligation to pay taxes on time, accurately report taxes, and the right to receive appropriate services from tax authorities, as stated by the Directorate General of Taxation (2019).

2. Understanding of Types and Rates of Taxes

Another indicator of tax knowledge is the taxpayer's understanding of the types of taxes applicable in Indonesia, such as Income Tax (*PPh*), use of net income calculation norm (*NPPN*), and others. Additionally, taxpayers with sufficient tax knowledge must be aware of the applicable tax rates as per the law (Law No 07 of 2021 on Income Tax).

3. Understanding of Tax Reporting and Payment Procedures

The taxpayer's understanding of the procedures for reporting and paying taxes also serves as a measure of tax knowledge. Mardiasmo (2016) emphasizes that taxpayers who are well-versed in tax reporting and payment procedures tend to comply with their obligations in a timely manner.

4. Openness to Changes in Tax Regulations

Taxpayers with adequate tax knowledge should also be able to follow and adapt to changes in tax regulations. The ability to

understand and adjust to these changes is an important indicator of one's level of tax knowledge (Nurmantu, 2016).

This research uses tax knowledge as the independent variable. Several previous researchers have conducted studies on tax knowledge. Azmi (2018) will modify the questionnaire to measure the tax knowledge variable.

2.7. Tax Burden Perception

2.7.1. Definition of Tax Burden Perception

The government defines tax burden perception as the overall financial obligation that taxpayers must bear in fulfilling their tax responsibilities, including the total amount of tax payable relative to their income, assets, or economic capacity. According to Law No. 07 of 2021 on Income Tax, tax obligations imposed on individual taxpayers, particularly professionals must reflect fairness and proportionality based on the taxpayer's ability to pay.

Mardiasmo (2016) explains that tax burden perception represents the extent to which taxation affects a taxpayer's disposable income. A reasonable tax burden perception can support taxpayer compliance, whereas an excessively heavy burden may reduce the willingness to comply and encourage taxpayers to search for ways to minimize their tax liabilities.

Similarly, Waluyo (2017) emphasizes that an appropriately determined tax burden perception not only ensures optimal revenue generation for the government but also contributes to achieving broader economic objectives, including equity, stability, and taxpayer satisfaction. A balanced tax burden

perception, therefore, becomes essential to maintaining both state revenue and voluntary compliance.

2.7.2. Indicators Of Tax Burden Perception

Several indicators can be used to measure the effectiveness of tax burden perception in influencing taxpayer compliance, as follows:

1. The Level of Tax Rates

Taxpayers assess the reasonableness of the tax burden perception based on the applicable tax rates. When tax rates are perceived as excessively high (e.g., overly progressive), this can trigger the view that the tax burden perception is disproportionate to their economic capacity. This phenomenon, according to Waluyo (2017), can diminish the taxpayer's voluntary willingness to fulfill their tax obligations.

2. Effect of Tax Burden Perception on Taxpayer Compliance

Another important indicator is the extent to which tax burden perception affects compliance. Research by Rahayu (2010) indicates that a heavy tax burden perception can demotivate taxpayers, leading to decreased compliance due to the perceived imbalance between obligations and benefits received. Conversely, a manageable and fair tax burden perception tends to increase compliance and encourage taxpayers to fulfill their responsibilities voluntarily.

3. Effect of Tax Burden Perception on Tax Avoidance

Excessively high tax burden perception is often associated with an increase in tax avoidance practices. Nurmantu (2016) states that when taxpayers feel overburdened, they are more likely to look for ways to reduce their tax payments, either through legal tax planning or illegal tax evasion. Therefore, an effective tax burden perception should minimize incentives for tax avoidance while still sustaining adequate government revenue.

This study used tax burden perception as the independent variable. Prior researchers have undertaken investigations of tax compliance. Talip (2022) will assess the tax compliance variable with a revised version of the questionnaire.

2.8. Conceptual Framework

2.8.1. Attribution Theory

Attribution Theory posits that individuals, when observing the behavior of others, seek to ascertain whether the behavior is influenced by internal or external factors Robbins and Judge (2019). Actions that are affected by circumstances that the individual can control are examples of behavior that is referred to as behavior that results from internal causes. On the other hand, external variables are what drive an individual to react in a certain manner, and this reaction is determined by the specific events or circumstances that are occurring at that particular moment (Berutu and Harto, 2012). Robbins and Judge (2019) found three behavioral features that may be associated with internal or external effects. The variables are as follows:

1. Distinctiveness

The evaluation of behavior contingent upon context pertains to an individual's demonstration of disparate behaviors throughout diverse settings. When a behavior diverges from the norm, observers are inclined to ascribe it to external effects. Nonetheless, when an individual's behavior conforms to societal norms, it is generally ascribed to internal forces.

2. Consensus

Consensus is achieved when all individuals behave similarly and encounter identical circumstances. Internal factors are characterized by a low degree of unanimity, whereas external variables are characterized by a high degree of consensus.

3. Consistency

The degree of a person's consistency is characterized by the amount of their stable and uniform behavior across time. Consistent behavior is more likely to be associated by others with an occurrence within the company.

This theory is selected because taxpayers' willingness to report their annual tax returns (*SPT*) correlates with their attitudes of taxes. An individual's is significantly affected by both internal and external variables. Consequently, attribution theory is highly pertinent in elucidating this matter. According to this attribution theory, internal factors influencing tax compliance include tax morale and the perceived efficacy of the tax system, whereas the external element

effecting tax compliance is tax socialization, shaped by situational or environmental pressures.

2.8.2. The Relationship between Understanding of Self-Assessment System and Tax Compliance

The connection between professional individual taxpayers' understanding of the self-assessment system and tax compliance has become an important area of study in analyzing taxpayer behavior and the effectiveness of tax administration. Rather than the mechanism of the system itself, it is the taxpayer's comprehension of how the self-assessment system operates such as how to calculate tax liabilities, interpret tax rules, and maintain accurate financial records that plays a crucial role in shaping compliance (Mardiasmo, 2016). A strong understanding enables professionals, whose income is often irregular and self managed, to fulfill their tax obligations correctly and independently. Research indicates that when professional taxpayers possess adequate knowledge of self-assessment principles, they develop a greater sense of responsibility and confidence in managing their own taxes, which contributes to higher compliance levels (Dewi & Supadmi, 2014).

However, this relationship is influenced by several psychological and contextual factors. Attribution theory explains that the way taxpayers interpret their responsibilities, and the consequences of their actions affects their compliance behavior. When professional taxpayers understand the purpose of the self-assessment system such as its emphasis on fairness, autonomy, and efficiency they are more inclined to comply voluntarily. If taxpayers believe that others

within their professional community are complying, social norms may encourage them to do the same. Conversely, inadequate understanding or negative s, such as feelings of unfairness or insufficient guidance from tax authorities, can reduce compliance. Ultimately, the effectiveness of understanding the self-assessment system in promoting tax compliance depends heavily on how well professional individual taxpayers comprehend and internalize its principles, as well as the overall credibility and support provided by the tax administration.

2.8.3. The Relationship between Tax Knowledge and Tax Compliance

The relationship between tax knowledge and tax compliance is essential for understanding taxpayer behavior and evaluating the efficacy of tax systems. Tax knowledge includes an individual's comprehension of tax legislation, responsibilities, and the procedures related to tax filing. Taxpayers with greater tax knowledge are more inclined to adhere to tax regulations, as they understand the associated requirements and benefits of compliance. Numerous studies support this connection, demonstrating that educational programs designed to enhance taxpayer knowledge can result in better compliance outcomes. Research indicates that taxpayer education markedly enhances the probability of individuals filing tax declarations accurately and punctually while also improving their comprehension of tax obligations (Dewi & Supadmi, 2014).

However, the dynamics of this relationship can be affected by several factors. Attribution theory suggests that how taxpayers attribute their understanding or misunderstanding of tax obligations can affect their compliance

behavior. If taxpayers perceive the tax system as overly complex or unfair, they may be less inclined to comply, even if they possess some level of knowledge. Conversely, when educational initiatives simplify the perceived complexity of the tax system and enhance taxpayers' confidence in their ability to fulfill their obligations, compliance rates tend to rise. Furthermore, ongoing education can help establish habitual compliance behaviors, whereby individuals who file correctly in their initial years are more likely to continue doing so in subsequent years. Thus, fostering tax knowledge through education not only improves immediate compliance but also contributes to a culture of long-term adherence to tax obligations.

2.8.4. The Relationship between Tax Burden Perception with Tax Compliance

Tax burden perception refers to the total financial load imposed on taxpayers in fulfilling their tax obligations, which includes the proportion of income used to pay taxes relative to their economic capacity. According to Mardiasmo (2016), tax burden perception represents the extent to which taxation reduces a taxpayer's disposable income, and its magnitude may differ depending on income level, tax type, and individual financial conditions. Tax compliance refers to the degree to which taxpayers meet their tax obligations, encompassing the accurate reporting of income and the timely payment of taxes. Torgler (2007) characterizes tax compliance as the extent to which individuals or entities conform to relevant tax regulations, including proper calculation, reporting, and remittance of taxes.

The relationship between tax burden perception and compliance can be examined using attribution theory, which explains how individuals interpret the

causes of their actions and the behavior of others. When the tax burden perception becomes excessively high, taxpayers may perceive the tax system as unfair or disproportionate to their ability to pay, which can lead to decreased compliance. Feld and Frey (2002) note that taxpayers who believe the tax system imposes an unreasonable burden are more likely to seek ways to avoid or reduce their tax obligations. Non-compliance may increase if individuals feel that the tax burden perception is not balanced with the public benefits they receive. Conversely, when taxpayers perceive the tax burden perception as fair and aligned with societal gains such as improved infrastructure, public services, and social welfare, they are more likely to comply voluntarily. Therefore, attributions regarding the fairness and reasonableness of the tax burden perception are essential in understanding how tax burden perception influences tax compliance.

2.9. Previous Research

Tantono (2024) indicate that the self-assessment system, tax audits, understanding of e-filing, and tax sanctions positively and significantly influence taxpayer compliance. Zulfa (2020) also identifies the independent variables as the self-assessment system, tax sanctions, and tax modernization, with taxpayer reporting compliance serving as the dependent variable. This study's results demonstrate that the self-assessment system does not significantly influence taxpayer compliance, whereas tax sanctions and tax modernization positively and significantly affect it.

Herlangga (2021) use independent variables including taxpayer understanding, tax sanctions, tax rates, and quality of tax services; the dependent

variable is taxpayer reporting compliance. The findings of this study indicate that taxpayer understanding, and tax sanctions did not have a significant effect; however, tax rates and the quality of tax services positively and significantly influenced taxpayer compliance.

Talip (2022) also indicates that tax rates negatively affect taxpayer compliance. Additionally, tax payment does not significantly influence taxpayers, while tax knowledge has a positive effect on professional taxpayer compliance. The fifth study, conducted by Azmi (2018), found that in this study indicates that tax knowledge and tax sanctions did not have a significant effect; however, tax awareness had a concurrent effect on professional taxpayer compliance.

Table 2.1. Previous Research

No	Researchers	Variable	Subject	Result
1)	Tantono (2024)	Independent Variable: X1 = Self-Assessment System X2 = Tax Audit Understanding X3 = E-Filing X4 = Tax Sanctions Dependent Variable: Y = Tax Compliance	KPP Pratama Jakarta Kembangan	1. Self-assessment system has positive effect on taxpayer compliance 2. Tax Audit has positive effect on taxpayer compliance 3. E-Filing Understanding has positive effect on taxpayer compliance 4. Tax Sanction has positive effect on taxpayer compliance
2	Zulfa (2020)	Independent Variable: X1 = Self-Assessment	KPP Pratama Semarang Timur	1. Self-assessment system doesn't have significant

		System X2 = Tax Sanctions X3 = Tax Modernization Dependent Variable: Y = Tax Compliance		effect on tax compliance 2. Tax Sanctions has positive effect on taxpayer compliance 3. Tax Modernization has positive effect on taxpayer compliance
3	Herlangga (2021)	Independent Variable: X1= Tax Understanding X2 = Tax Sanctions X2 = Tax Rates X3 = Tax Service Dependent Variable: Y = Tax Compliance	Kota Pekanbaru	1. Tax understanding doesn't have significant effect on taxpayer compliance 2. Tax Sanctions doesn't have significant effect on taxpayer compliance 3. Tax rates has positive effect on taxpayer compliance 4. Tax service has positive effect on taxpayer compliance
4	Talip (2022)	Independent Variable X1 = Tax rates X2= Tax payment X2= Tax Knowledge Dependent Variable: Y = Tax Compliance	Palopo	1. Tax rates has negative effect on taxpayer compliance 2. Tax payment doesn't have significant effect on taxpayer compliance 3. Tax knowledge has positive effect on taxpayer compliance

5	Azmi (2018)	Independent Variable: X1 = Tax Knowledge X3 = Tax Awareness X4 = Tax Sanctions Dependent Variable: Y = Tax Compliance	KPP Pratama Pontianak	1. Tax Knowledge doesn't have significant effect on taxpayer compliance 2. Tax Awareness is positive effect on taxpayer compliance 3. Tax Sanctions doesn't have significant effect on taxpayer compliance
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2.10. Hypothesis Development

2.10.1. The Relationship between Understanding of Self-Assessment System and Tax Compliance

The relationship between professional individual taxpayers understanding of the self-assessment system and tax compliance is an important area of study for understanding taxpayer behavior and the overall effectiveness of tax administration. Rather than the mechanism of the system itself, the key aspect lies in how well taxpayers comprehend the procedures for independently reporting income, calculating tax liabilities, and fulfilling administrative obligations (Mardiasmo, 2016). This understanding forms the foundation of accurate tax reporting, particularly for professional taxpayers whose income is variable and self-managed, making comprehension of tax rules essential for compliance.

Tantono (2024) found a positive influence of taxpayers' understanding of the self-assessment method on tax compliance among professional taxpayers at KPP Pratama Jakarta Kembangan. A stronger understanding enhances taxpayers'

awareness of their responsibilities and facilitates timely and accurate tax reporting. In contrast, Zulfa (2020) reported that understanding of the self-assessment system did not affect tax compliance at KPP Pratama Semarang Timur, suggesting that the effectiveness of taxpayer understanding may depend on other supporting factors, such as taxpayer knowledge, administrative guidance, and the role of tax penalties. In this context, complementary elements such as the enforcement of sanctions and improvements in tax administration had a more substantial impact on compliance.

The relationship between taxpayers understanding of the self-assessment system and compliance, as explained through attribution theory, highlights how individuals perceive the causes of their actions and the broader outcomes associated with taxation. When taxpayers understand the rationale behind self-assessment and perceive it as a fair and transparent system that enables greater control over their tax responsibilities, their willingness to comply tends to increase. Prior research consistently indicates that enhancing taxpayer understanding contributes to improved compliance behavior. To strengthen the effectiveness of taxpayer understanding in promoting compliance, tax authorities must focus on education, assistance services, and cultivating public trust in the tax system. Drawing from the literature review and prior research, the hypothesis can be articulated as follows:

Ha1: The understanding of self-assessment system has a positive effect on professional taxpayer compliance in Yogyakarta.

2.10.2. The Relationship between Tax Knowledge and Tax Compliance

The association between tax knowledge and tax compliance has been thoroughly examined in relation to improving voluntary compliance among taxpayers. Mardiasmo (2016) asserts that tax knowledge significantly impacts taxpayer awareness and compliance with tax obligations. A taxpayer's knowledge of the tax system positively correlates with their compliance with tax obligations.

Talip (2022) found that tax education significantly improved tax compliance among businesses in Palopo, supporting the idea that informed taxpayers are more likely to meet their obligations. Various theories consider tax knowledge as a significant factor that influences compliance behavior. Comprehending regulations and the repercussion of noncompliance reduces the likelihood of inadvertent errors among taxpayers. Their awareness of civic responsibility and potential fines often drives adherence to obligations. Aqiila et al. (2021) demonstrate that taxpayers possessing a comprehensive understanding of tax regulations exhibit greater awareness of their obligations, positively influencing their compliance levels. In contrast, Arfah et al. (2020) found that insufficient knowledge may result in decreased taxpayer compliance. Empirical evidence from multiple studies demonstrates that tax knowledge significantly influences tax compliance.

Tax knowledge includes an understanding of tax laws, regulations, and the obligations that taxpayers are required to follow. A comprehensive understanding of these concepts enhances an individual's ability to navigate the complexities of the tax system, thereby minimizing the likelihood of errors in

reporting and payment. Studies indicate that enhanced tax knowledge correlates with elevated compliance rates, as taxpayers who grasp the advantages of compliance such as evading penalties and supporting public goods exhibit greater motivation to follow tax regulations. Consequently, it can be concluded that an increase in taxpayers' knowledge of tax laws correlates with a higher level of compliance with tax obligations, underscoring the significance of education and awareness in fostering a compliant taxpayer base. Consequently, the hypothesis is articulated as follows:

Ha2: Tax knowledge has a positive effect on professional taxpayer compliance in Yogyakarta.

2.10.3. The Relationship between Tax Burden Perception and Tax Compliance

The relationship between tax burden perception and tax compliance is a critical area of study in tax policy research. A heavy perceived tax burden is often associated with a reduced willingness to comply, as taxpayers may feel that the financial amount they are required to pay is disproportionate to their income or the public benefits received. When taxpayers perceive the tax burden as excessive a feeling often driven by unfavorable assessments of the applicable tax rates their motivation to comply tends to decline, which can lead to increased attempts to underreport income or delay payment (Mardiasmo, 2016). Such negative are generally amplified when taxpayers believe that public funds are not managed transparently or that government performance does not justify the burden they bear.

Studies focusing on tax burden perception provide mixed findings. Julianto (2017) suggests that when taxpayers believe the tax rate is reasonable and proportional, compliance tends to improve because they view the payment as part of a fair exchange with the government. Similarly, research by Prawagis et al. (2016), focusing on rates and compliance, indicates that favorable of the taxing mechanism can positively influence compliance when taxpayers understand the rationale behind the obligations and acknowledge the fairness of the rates. However, several studies also note that an excessive rate may discourage compliance. Pricillia et al. (2020), for example, found that individuals who perceive the tax rate as too high are more likely to engage in evasion as a means of minimizing their financial responsibilities.

Lower or moderate perceived tax burden (resulting from rates perceived as fair) generally encourage higher levels of compliance, as taxpayers feel that their obligations are manageable and equitable. A lighter burden reduces psychological resistance, increases trust in the tax system, and makes taxpayers more inclined to report income accurately and pay taxes on time. Therefore, based on the theoretical and empirical evidence presented, the following hypothesis can be formulated:

Ha3: Tax burden perception has a negative effect on professional taxpayer compliance in Yogyakarta.