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THE INFLUENCE OF TAX KNOWLEDGE, TAX SOCIALIZATION, AND TAX SANCTIONS ON TAX COMPLIANCE OF MSME ACTORS WITH TAX SERVICE QUALITY AS A MODERATING VARIABLE

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Abstract. Tax compliance among Micro, Small, and Medium Enterprises (MSMEs) is critical for Indonesia's revenue stability, yet challenges persist due to low awareness and complex procedures. This study investigates how tax knowledge, socialization, and sanctions influence compliance, with tax services as a moderating variable. Using a quantitative approach, data were collected via online questionnaires from 73 MSME taxpayers in Jakarta and analyzed through PLS-SEM to test direct and moderated relationships. Results indicate that tax knowledge, socialization, and sanctions significantly affect compliance, with tax services enhancing these relationships. Respondents positively rated tax authorities' communication and digital services, though perceptions of sanctions varied. The findings highlight the importance of tailored taxpayer education and user-friendly digital services to improve compliance. This research contributes to the literature by empirically validating the moderating role of tax services and offering policymakers strategies to optimize MSME compliance through equitable policies and digital tools. Implications suggest expanding demographic analyses and leveraging behavioral economics for future studies.

Keywords: tax compliance, MSMEs, tax services, PLS-SEM, Jakarta

INTRODUCTION

Taxation serves as the primary source of state revenue, playing a crucial role in funding government operations, public services, and economic stability in Indonesia. It aligns with the country's demographic and socio-economic conditions, making efficient tax administration a priority for both central and local governments. Taxes are compulsory contributions without direct compensation, as defined by experts like Waluyo and Soeparman Soemahamidjaya, who emphasize their role in financing public expenditure and supporting government responsibilities.

Indonesia's tax revenue has demonstrated strong growth, consistently exceeding targets in recent years. In 2021, tax revenues reached IDR 1,277.5 trillion, surpassing the target by 103.9%, and by 2023, they climbed to IDR 2,155.42 trillion. This growth reflects economic recovery, high commodity prices, and improved

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compliance despite global economic uncertainties. Non-tax revenues (PNBP) also contributed significantly, reinforcing fiscal stability and supporting national development programs.

Micro, Small, and Medium Enterprises (MSMEs) form the backbone of Indonesia's economy, accounting for 99% of businesses, 61% of GDP, and 97% of employment. Their resilience during economic downturns stems from their reliance on local resources, low operational costs, and adaptability to market demands. Recognizing their importance, the government has introduced supportive policies, such as the 0.5% Final Income Tax for MSMEs, designed to simplify tax obligations and encourage compliance.

To further support MSMEs, the government has extended tax incentives, including the 0.5% Final Income Tax rate for businesses with annual turnover below IDR 500 million, now valid until 2025. This policy reduces administrative burdens, allowing entrepreneurs to focus on growth rather than complex tax calculations. However, challenges remain, including low taxpayer awareness, informal transaction practices, and difficulties in financial record-keeping, which hinder optimal tax compliance.

The government has also streamlined business licensing through the Risk-Based Online Single Submission (OSS) system, which has issued over 10 million Business Identification Numbers (NIB). Digital platforms and e-commerce integration have expanded market access for MSMEs, while initiatives like Jakarta's Jakpreneur program provide training and financial support. These efforts aim to enhance productivity and competitiveness, ensuring MSMEs remain key drivers of economic growth.

Despite these advancements, many MSMEs struggle with tax compliance due to limited financial literacy and complex administrative procedures. Informal transactions, such as cash payments, make it difficult to track taxable income accurately. Strengthening tax education, simplifying reporting processes, and improving supervision are essential to increasing voluntary compliance and maximizing revenue collection from this vital sector.

Research on MSME taxation highlights the need for better taxpayer education and more efficient tax services. Studies examine factors influencing compliance, such as awareness, knowledge, and the perceived fairness of tax policies. Findings suggest that targeted socialization programs, user-friendly digital tax services, and reasonable enforcement mechanisms can significantly improve compliance rates among small businesses.

The government's efforts to enhance tax compliance must balance enforcement with support. Excessive tax burdens or overly complex regulations could discourage MSME growth, while insufficient oversight risks revenue leakage. Policymakers must continue refining tax policies to ensure they are equitable, transparent, and conducive to business expansion, particularly for smaller enterprises with limited resources.

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Looking ahead, fostering a culture of voluntary tax compliance among MSMEs will require sustained collaboration between the government, business associations, and educational institutions. Public awareness campaigns, accessible tax consulting services, and incentives for digital financial reporting can empower small businesses to meet their obligations efficiently. These measures will not only boost state revenue but also strengthen the formalization of Indonesia's vast informal economy.

Ultimately, a well-structured tax system that supports MSMEs while ensuring fairness and transparency is vital for Indonesia's long-term economic resilience. By addressing compliance challenges and leveraging digital tools, the government can unlock the full potential of MSMEs, driving inclusive growth and sustainable development across the nation.

This study investigates how tax knowledge, socialization, and sanctions influence compliance, with tax services as a moderating variable. This study builds upon prior research by incorporating tax services as a moderating variable to examine its role in strengthening or weakening the relationships between tax knowledge, tax socialization, tax sanctions, and taxpayer compliance among MSMEs in Jakarta. While existing studies (e.g., Nareswari, 2019; Rahayu, 2017) have explored individual factors like socialization or sanctions, this research uniquely integrates these variables into a moderated framework using PLS-SEM analysis, providing a more nuanced understanding of compliance dynamics. Additionally, it focuses on Jakarta's MSMEs, a rapidly growing yet understudied demographic, and leverages recent data (2025) to reflect post-pandemic economic conditions and digitalization trends (e.g., OSS system adoption). The study also addresses gaps in prior work by analyzing mixed perceptions of sanctions and the mediating role of digital tax services, offering actionable insights for policymakers to enhance compliance strategies.

RESEARCH METHODOLOGY

This study adopts a quantitative research approach based on positivist philosophy to examine the factors influencing tax compliance among MSMEs in Jakarta. The research utilizes statistical analysis to test relationships between key variables, including tax knowledge, tax socialization, tax sanctions, and tax compliance, with tax services serving as a moderating variable. Data collection was conducted through online questionnaires distributed via Google Forms to randomly selected MSME taxpayers in the Jakarta area. The survey aimed to gather 100 responses, with an expectation of obtaining at least 90 valid and complete responses for analysis.

The research population consists of MSME business owners operating in Jakarta, which numbered 243,972 in 2023, reflecting an 8.23% increase from the previous year. The study employs purposive sampling techniques to select participants who meet specific criteria, focusing on business owners across all regions of Greater Jakarta. This sampling approach ensures the research captures diverse perspectives from different areas of the metropolitan region.

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For data analysis, the study follows a systematic three-stage process. The first stage involves data collection through carefully designed questionnaires that measure respondents' perceptions and experiences regarding taxation. The second stage focuses on data presentation, where responses are organized and analyzed using SmartPLS software to identify patterns, relationships, and statistical significance between variables. The final stage involves drawing conclusions from the analyzed data, with initial findings subject to verification and refinement to ensure their validity and reliability.

The research methodology is designed to provide empirical evidence about the factors that influence tax compliance behavior among Jakarta's MSMEs. By examining how tax knowledge, government socialization efforts, and sanction policies affect compliance, with consideration of how tax services moderate these relationships, the study aims to contribute valuable insights for policymakers. These findings could help improve tax administration systems and support mechanisms for small businesses, ultimately enhancing voluntary compliance rates and fostering a more conducive business environment for MSMEs in Indonesia's capital city.

RESULTS AND DISCUSSION

Results

The data information presented in this study was collected through filling out an online questionnaire distributed through Google Form. The participants involved in this study are individuals who are actively engaged in micro, small, and medium enterprises in Indonesia, especially with a focus on the DKI Jakarta area. A total of 73 respondents took part in the questionnaire.

The demographics of the respondents in this study were obtained from the identity of the respondents in the demographic information section of the questionnaire. The characteristics of the respondents in this study consisted of three aspects, namely gender, education level, and age range. Data on respondent characteristics are presented in Table 1.

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Table 1. Respondent Characteristics

Deskripsi		Jumlah	Persentase
Jenis Kemalin	Laki- Laki	55	75%
	Perempuan	18	25%
Pendidikan	Diploma	17	23%
	Sarjana (S1)	41	56%
	Magister (S2)	14	19%
	Doctor (S3)	1	1%
Umur	21 - 30	21	29%
	31 - 40	40	55%
	41 - 50	10	14%
	Diatas 50	2	3%

Source: Data processed, 2025

Based on the data, it is known that most of the respondents in this study are men, namely 55 people or 75%, while women amount to 18 people or 25%. This shows that respondents are dominated by the male gender. In terms of education, the majority of respondents have a Bachelor's (S1) education background as many as 41 people or 56%. Respondents with a Diploma education amounted to 17 people (23%), while respondents with Master's education (S2) were 14 people (19%). Only 1 respondent (1%) has the highest level of education, namely Doctoral (S3). This shows that the majority of respondents have a higher level of education that is relevant to the research context. In terms of age, the most dominant age group is 31–40 years old, as many as 40 people or 55%. Followed by 21-30 years old as many as 21 people (29%), 41-50 years old as many as 10 people (14%), and only 2 people (3%) who are over 50 years old. This age distribution shows that most of the respondents are in the productive age range, particularly at 31–40 years old.

Descriptive Analysis of Research Variables

Descriptive Analysis of Research Variables is a statistical analysis method used to describe or explain the data characteristics of the variables studied in a study, without making inferential conclusions or generalizations. Table 2 is the result of descriptive statistics.

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Table 2. The Result of Descriptive Statistics

Nomor	Indikator Deskripsi	1	2	3	4	5
		SS	S	N	TS	STS
1	Saya memahami ketentuan perpajakan yang berlaku saat ini	25	25	1	12	10
2	Saya mengerti tata cara perhitungan dan pembayaran PPh Final UMKM	21	31	0	16	5
3	Saya paham dan mengerti tarif pajak atas perpajakan yang akan saya bayarkan	29	16	7	4	17
4	Saya setuju dengan membayar pajak maka pembangunan fasilitas umum menjadi lebih baik	15	18	19	19	2
5	Saya mengerti bahwa pemanfaatan pajak akan kembali pada diri saya sendiri	19	23	10	0	21
6	Saya mengetahui bahwa saat ini NPWP sudah divalidasi dengan NIK	24	28	0	15	6
7	Saya memahami tata cara mendaftarkan NPWP	21	29	2	6	15
8	Sosialisasi perpajakan yang sudah dilakukan oleh DJP sudah merata	15	33	4	21	0
9	Sosiliasi perpajakan oleh DJP perlu dilakukan secara berkala karena peraturan tentang tata cara perpajakan seringkali mengalami perubahan	21	29	2	5	16
10	Sosialisasi Perpajakan yang disampaikan DJP berisikan informasi yang sesuai dengan peraturan yang berlaku	27	15	10	16	5
11	Sosialisasi Perpajakan yang diselenggarakan bertujuan untuk memberi informasi pada wajib pajak.	17	21	14	5	16
12	Program-program penyuluhan pemerintah maupun DJP dapat memberikan motivasi bagi wajib pajak agar patuh untuk membayar pajak	23	21	8	11	10
13	Petugas DJP memberikan informasi yang mudah dimengerti	21	24	7	8	13
14	Kita dengan mudah mencarai informasi terkait dengan perubahan peraturan terbaru melalui website dan media soslial	19	30	3	14	7
15	Wajib pajak perlu memahami dengan baik tentang Sanksi Perpajakan	21	31	0	10	11
16	Penerapan sanksi pajak sudah sesuai dengan peraturan dan ketentuan yang berlaku	24	23	5	16	5
17	Sanksi Perpajakan yang berlaku saat ini merupakan sanksi yang memberatkan anda	31	11	10	5	16
18	Sanksi Perpajakan yang berat dapat meningkatkan Kepatuhan Wajib Pajak	23	15	14	19	2
19	Sanksi Perpajakan membuat wajib pajak lebih berhati â€" hati dalam melaporkan pajaknya	15	31	7	1	19
20	Wajib pajak yang melanggar peraturan perpajakan akan dikenakan sanksi yang tegas sesuai dengan undang - undang perpajakan yang berlaku	18	23	11	14	7
21	Kantor Pajak sudah konsisten dengan pembeian sanksi pajak yang telah ditetapkan	27	21	4	6	15
22	Saya mendaftarkan diri secara sukarela untuk mendapatkan NPWP	22	22	8	12	9
23	Setiap wajib pajak yang memiliki penghasilan wajib memiliki NPWP	19	28	5	9	12
24	Saya telah mengetahui batas waktu dalam pembayaran pajak	18	29	5	17	4
25	Saya telah mengetahui batas waktu dalam pelaporan pajak	30	18	4	5	16
26	Saya mampu melakukan perhitungan pajak dengan benar	21	23	8	19	2
27	Saya bersedia membayar kewajiban pajak serta tunggakan pajaknya	25	19	8	2	19
28	Saya melaporkan perpajakan saya tepat waktu	22	29	1	14	7
29	Petugas KPP selalu tegas dan tepat dalam menerapkan peraturan perpajakan.	12	36	4	10	11
30	Saya dilayani dengan baik oleh petugas DJP	29	20	3	13	8
31	Wajib Pajak diberikan informasi yang dibutuhkan secara lengkap, jelas dan benar oleh petugas DJP	27	13	12	8	13
32	Pelayanan KPP memberikan Solusi yang baik atas keluhan Wajib Pajak	16	25	11	14	7
33	Petugas KPP menjaga kerahasiaan informasi dan data Wajib Pajak	27	20	5	1	20
34	Peralatan dan perlengkapan pelayanan pajak memadai dan dalam kondisi yang baik	26	23	2	19	3
35	Petugas pelayanan pajak berpenampilan sopan dan berbusana sesuai dengan tuntutan tugas	21	31	1	3	17

Source: Data processed, 2025

Based on the table displayed, it can be seen that the majority of respondents tend to give positive responses to indicators related to the variables of Tax Knowledge, Tax Socialization, Tax Sanctions, Tax Services, and Taxpayer Compliance. This can be seen from the dominance of scores in columns 2 (Agree) and 5 (Strongly Agree) in almost all indicators, In addition, indicators of socialization and tax services such as "DGT officers provide easy-to-understand information" (indicator 13) and "KPP officers provide services in accordance with duty standards" (indicator 35) also obtained a fairly high level of approval. This reflects that the service and communication from the tax authorities are considered quite good by the taxpayer. However, there are still several indicators that show the existence of doubts or disagreements of respondents, such as indicator number 19 ("Tax sanctions make taxpayers more careful") which has a fairly even distribution of values from disagreeing to strongly agreeing, which indicates a varied perception of the effect of tax sanctions. Overall, the results of the responses showed that the respondents had a fairly good understanding of tax obligations, as well as positively assessed the services and information provided by the tax officer. This supports a high level of tax compliance as seen from the response to compliance indicators.

Inferential Analysis

Inferential Testing is a statistical analysis process used to draw conclusions or generalizations from sample data against a larger population. This test aims to test the

hypothesis and determine the relationship or influence between variables in a study. The analysis was carried out using SmartPLS Version 4 software, which uses *the Partial Least Squares* (PLS) and *Structural Equiton Modeling* (SEM) methods. PLS is a technique used to analyze the relationships between variables in complex models. Meanwhile, SEM is used to test the direct and indirect influence between latent variables (variables that cannot be measured directly, such as attitude, satisfaction, perception). Figure 2 is a latent variable model that will be analyzed in this study.

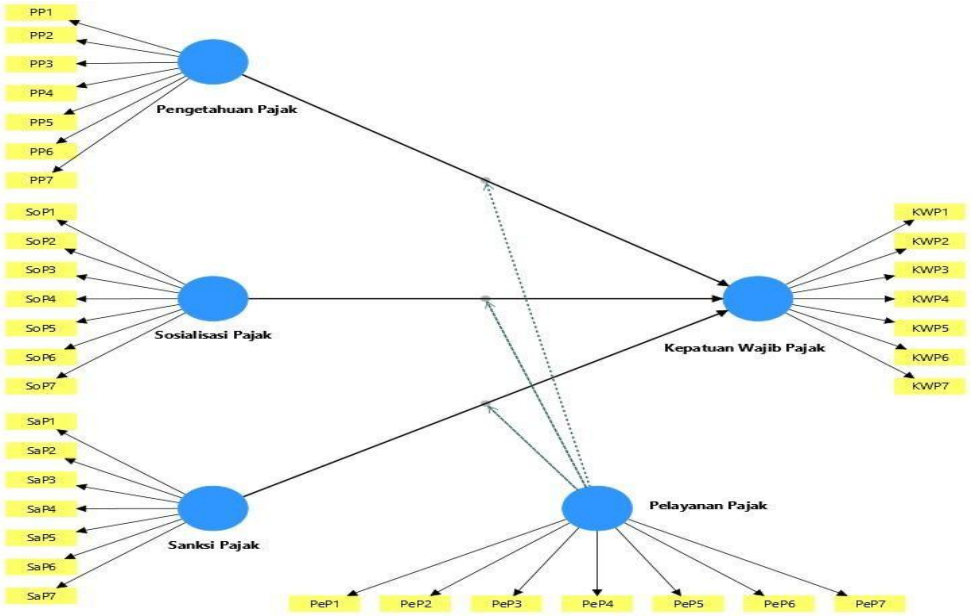

Figure 1. Latent Variable Research Model
Source: Data processed, 2025

This study examines the influence of several independent variables on Taxpayer Compliance as a dependent variable, either directly or indirectly through the moderation variable Tax Service.

The conceptual framework in this study describes the relationship between independent variables, namely Tax Knowledge, Tax Socialization, and Tax Sanctions on Taxpayer Compliance, either directly or indirectly through the mediation variable, namely Tax Services. Tax Knowledge, Tax Socialization, and Tax Sanctions are assumed to affect the level of Taxpayer Compliance, where Tax Services play a mediator role that can strengthen or weaken these influences.

Outer Model

The outer model focuses on the relationship between latent variables and indicators. The testing on this outer model aims to ensure that the instrument used to measure latent variables has good validity and reliability. There are 3 main types of testing in this study, namely *Convergent Validity, Discriminant Validity, and Construct Rebility*.

a. Convergent Validity

The convergent validity in this study was tested using the **loading factor** value of each indicator against its construct. An indicator is said to be valid if it has a correlation value above 0.70 or above 0.60 is considered sufficient, which indicates that the indicator is able to explain the construct strongly. Table 3 is the result of *the Outer Loading* of the Convergent Validity Test.

Table 3. Results of Convergent Validity Test Outer Loading

Instrument	Taxpayer Compliance	Tax Knowledge	Tax Services	Tax Sanctions	Tax Socialization	Info
KWP1	0,898					Valid
KWP2	0,908					Valid
KWP3	0,888					Valid
KWP4	0,937					Valid
KWP5	0,879					Valid
KWP6	0,922					Valid
KWP7	0,926					Valid
PP1		0,937				Valid
PP2		0,928				Valid
PP3		0,906				Valid
PP4		0,827				Valid
PP5		0,909				Valid
PP6		0,933				Valid
PP7		0,946				Valid
PeP1			0,927			Valid
PeP2			0,912			Valid
PeP3			0,884			Valid
PeP4			0,878			Valid
PeP5			0,936			Valid
PeP6			0,900			Valid
PeP7			0,954			Valid
SaP1				0,942		Valid
SaP2				0,905		Valid
SaP3				0,888		Valid
SaP4				0,84		Valid
SaP5				0,911		Valid
SaP6				0,856		Valid
SaP7				0,929		Valid
SoP1					0,924	Valid
SoP2					0,940	Valid
SoP3					0,861	Valid
SoP4					0,822	Valid
SoP5					0,895	Valid
SoP6					0,893	Valid

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SoP7					0,927	Valid

Based on the output loading factor, all indicators in the five constructs met the criteria of convergent validity (loading ≥ 0.70). The details per construct are as follows:

1) Taxpayer Compliance (KWP)

It consists of 7 indicators (KWP1–KWP7) with loading values ranging from 0.879 (KWP5) to 0.937 (KWP4). This shows that all KWP indicators are able to reflect the compliance construct very well.

2) Tax Knowledge (PP)

The 7 PP indicators have a loading between 0.827 (PP4) and 0.946 (PP7). Although PP4 is the lowest, the value is still far above the threshold of 0.70, so all PP indicators are declared valid.

3) Tax Services (PeP)

The PeP1–PeP7 indicator shows loading from 0.878 (PeP4) to 0.954 (PeP7). These high values indicate that the variable of tax services is reliably measured by the seven questions.

4) Tax Sanctions (SaP)

All 7 SaP indicators contain loading values between 0.840 (SaP4) and 0.942 (SaP1), which confirms the reliability of each item in measuring sanctions perception.

5) Tax Socialization (SoP)

The SoP1–SoP7 indicator has a minimum load of 0.822 (SoP4) and a maximum of 0.940 (SoP2). Thus, all tax socialization indicators are valid and consistent.

In this *loading factor* value test , the variables of Taxpayer Compliance, Tax Knowledge, Tax Services, Tax Sanctions and Tax Socialization have a value of > 0.70 so that it can be said to be valid. This indicates that the indicators/statements used successfully measure the correlation.

b. Discriminant Validity

It is used to ensure that the components or variables in the measurement model correctly measure different things or do not overlap with each other. In other words, *Discriminant Validity* measures the extent to which different constructs in a model whose measurements can be differentiated from each other.

1) Cross Loading

An indicator/statement can be said to be valid if the relationship of the indicator/statement with its construct/variable (*cross loading* value) is higher than that of other constructs. The following are the results of data processing using SmartPLS version 4 with the results of cross loading as shown in the table below.

Table 4. Results of Cross Loading Discriminant Validity Test

	Taxpayer Compliance	Tax Services	Tax Knowledge	Tax Sanctions	Tax Socialization	Info
KWP1	**0.898**	0.871	0.873	0.867	0.875	Valid

KWP2	**0.908**	0.912	0.906	0.908	0.907	Invalid
KWP3	**0.888**	0.867	0.878	0.880	0.883	Valid
KWP4	**0.937**	0.935	0.935	0.930	0.929	Valid
KWP5	**0.879**	0.852	0.851	0.871	0.871	Valid
KWP6	**0.922**	0.914	0.917	0.913	0.912	Valid
KWP7	**0.926**	0.912	0.920	0.909	0.913	Valid
PP1	0.897	**0.917**	0.937	0.917	0.902	Invalid
PP2	0.927	**0.928**	0.924	0.927	0.918	Valid
PP3	0.911	0.916	0.906	0.911	0.918	Valid
PP4	0.786	**0.827**	0.975	0.803	0.799	Valid
PP5	0.916	**0.916**	0.909	0.911	0.913	Valid
PP6	0.929	**0.933**	0.925	0.931	0.940	Valid
PP7	0.931	**0.946**	0.941	0.936	0.927	Valid
PeP1	0.913	0.919	**0.927**	0.926	0.921	Valid
PeP2	0.909	0.912	**0.915**	0.900	0.905	Valid
PeP3	0.860	0.884	**0.889**	0.886	0.878	Valid
PeP4	0.858	0.878	**0.864**	0.861	0.854	Valid
PeP5	0.932	0.936	**0.938**	0.923	0.937	Valid
PeP6	0.879	0.897	**0.900**	0.893	0.884	Valid
PeP7	0.932	0.937	**0.954**	0.935	0.942	Valid
SaP1	0.924	0.927	0.929	**0.942**	0.923	Valid
SaP2	0.893	0.892	0.898	**0.905**	0.883	Valid
SaP3	0.888	0.885	0.891	**0.904**	0.902	Valid
SaP4	0.822	0.822	0.821	**0.840**	0.811	Valid
SaP5	0.888	0.898	0.898	**0.911**	0.908	Valid

SaP 6	0.854	0.865	0.859	**0.867**	0.859	Valid
SaP 7	0.905	0.918	0.922	**0.929**	0.917	Valid
SoP 1	0.899	0.892	0.890	0.896	**0.924**	Valid
SoP 2	0.940	0.937	0.934	0.940	**0.942**	Valid
SoP 3	0.848	0.857	0.855	0.841	**0.861**	Valid
SoP 4	0.890	0.888	0.888	0.882	**0.899**	Valid
SoP 5	0.869	0.889	0.886	0.876	**0.895**	Valid
SoP 6	0.883	0.893	0.898	0.900	**0.903**	Valid
SoP 7	0.904	0.899	0.906	0.898	**0.927**	Valid

Based on the results of the cross loading test, it can be seen that the indicators in this study have shown a high loading value to the measured construct. The highest loading value for each indicator is in the intended main construct, which indicates that the indicator is valid in representing the construct. Most cross loading values are above the 0.70 threshold, which is a strong indicator for convergent validity. However, there is one indicator, namely KWP2, which has a high loading value in several other constructs besides the main construct. This is indicated by the "Invalid" status in the description field, which means that this indicator has a validity discrimination problem—that is, it is unable to clearly distinguish between its own construct and other constructs.

c. Reliability Test

The reliability test aims to measure the extent to which the research instrument provides consistent results when repeated measurements are made against the same construct. In this study, reliability was used to test the internal consistency of the indicators that make up each latent variable. The test was conducted using SmartPLS software through Cronbach's Alpha and Composite Reliability values, the following are the test results.

1) Cronbach's Alpha

Cronbach's Alpha is a statistical measure used to measure reliability in the PLS-SEM model. *Cronbach's high Alpha* value indicates that the construct/variable is well measured and consistent for the validity of the measurement in the PLS analysis. Conversely, if *Cronbach's Alpha* value is low, it may indicate that the indicators/questions used are not reliable enough and need to be corrected or replaced

Table 5. Chronbach's Alpha Value

Variable	Cronbach's alpha	Information
Tax Socialization	0,962	Reliable
Tax Sanctions	0,959	Reliable
Tax Knowledge	0,966	Reliable
Tax Services	0,967	Reliable
Taxpayer Compliance	0,965	Reliable

The reliability test in this study was carried out using SmartPLS software as part of the measurement model evaluation stage (Outer Model Evaluation). A good Cronbach's Alpha value should be above 0.70, which indicates that the indicators in the construct have acceptable reliability. The higher the alpha value, the higher the consistency between items. The results of the analysis in table 3 show that the *value of Chronbach's Alpha* for the construct/variable of Tax Socialization is 0.962, the variable of Tax Sanctions is 0.959, the variable of Tax Knowledge is 0.966, the variable of Tax Services is 0.967 and the variable of Taxpayer Compliance is 0.965. All of these *Chronbach's Alpha* values are ≥ 0.70. So that the variable has very high reliability. This indicates that the indicators in each construct have excellent internal consistency and are suitable for use in the further analysis process in the structural model (Inner Model).

2) Composite Reliability

Composite Reliability is used to ensure the internal consistency of the indicators that make up the latent variables. In Smart PLS, *Composite Reliability* is the main tool for measuring reliability and the CR value ≥ 0.7 is considered to meet the standards in the research.

Table 6. Composite Reliability Value

Variable	Composite reliability	Information
Tax Socialization	0,969	Reliable
Tax Sanctions	0,966	Reliable
Tax Knowledge	0,972	Reliable
Tax Services	0,972	Reliable
Taxpayer Compliance	0,971	Reliable

The results of this analysis show that the *Composite Reliability* value for the construct/variable of Tax Socialization is 0.969, the variable of Tax Sanctions is 0.966, the variable of Tax Knowledge is 0.972, the variable of Tax Services is 0.972, and the variable of Taxpayer Compliance is 0.971. All of the *Composite Reliability* values are ≥ 0.70 so that all variables have good reliability.

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CONCLUSION

This study analyzed taxpayer compliance by examining demographic data (75% male respondents, mostly aged 31–40) and perceptions of tax knowledge, socialization, sanctions, and services. Most respondents positively evaluated tax authorities' communication and services, though opinions on sanctions were mixed. Using PLS analysis, the research found that tax knowledge, socialization, and sanctions influence compliance, with tax services acting as a mediator. For future research, recommendations include exploring demographic variations (gender, age, education), investigating the psychological impact of sanctions, optimizing tax service delivery (e.g., digitalization), conducting longitudinal or cross-cultural studies, and applying behavioral economics (e.g., nudges) to enhance compliance strategies. These directions aim to improve tax policy effectiveness and equity.

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