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# Taxation Liability Determination Framework Predicated on Adherence to Taxpayer Obligations

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## ABSTRACT

**Purpose of the study:** This study aims to develop a tax payment decision model based on taxpayer compliance, specifically examining how tax awareness and understanding of tax regulations influence taxpayers' decisions to pay regional taxes in Batang Hari Regency.

**Materials and methods:** This research employs a quantitative explanatory approach using Structural Equation Modeling (SEM) based on Partial Least Squares (PLS). Data were collected through structured questionnaires from 135 active regional taxpayers across eight tax sectors (PBB-P2, PBJT, Advertisement, etc.) using total sampling technique. The study examined the relationships between tax regulation (X1), taxpayer awareness (X2), taxpayer compliance (Z as mediating variable), and tax payment decisions (Y).

**Results:** All research hypotheses were statistically significant. Tax regulation and taxpayer awareness positively influence taxpayer compliance (path coefficients: 0.403 and 0.568 respectively). However, tax regulation shows a negative direct effect on tax payment decisions (-0.223), while taxpayer awareness demonstrates a positive direct effect (0.207). Taxpayer compliance significantly mediates the relationship between both independent variables and tax payment decisions (0.469). The model explains 59% of taxpayer compliance variance and 39.2% of tax payment decision variance.

**Conclusions:** Taxpayer awareness and tax regulations significantly influence taxpayer compliance, which subsequently affects actual tax payment decisions. High levels of awareness, supported by clear, fair, and easily understood regulations, effectively increase compliance rates and encourage voluntary tax payments. Taxpayer compliance plays an essential mediating role in strengthening the relationship between regulations and awareness toward tax payment decisions.

## Keywords

regional tax, taxpayer compliance, tax awareness, tax regulation, tax payment decision, structural equation modeling.

## INTRODUCTION

Tax revenue constitutes a fundamental pillar of state financing, serving as the primary mechanism for funding development initiatives and public service provision (Khozen & Setyowati, 2023). In Indonesia, regional taxes represent a crucial instrument for enhancing fiscal independence of regional governments, particularly in the era of decentralization where local authorities are empowered to generate their own revenue streams (Cholily, 2023; Pratiwi et al., 2023). Regional tax potential in Batang Hari Regency, Jambi Province, demonstrates considerable magnitude when assessed through the lens of registered active taxpayers. However, empirical evidence reveals a persistent gap between potential and actual regional tax revenue collection, with achievement rates consistently falling short of established targets.

According to (Wujarso et al., 2022), regional taxes serve as one of the principal instruments supporting regional development and facilitating regional fiscal independence. The taxation system's effectiveness fundamentally depends on the complex interplay between regulatory frameworks, taxpayer awareness, compliance behaviors, and ultimate payment decisions (Carnahan, 2015; Qi et al., 2020). This multifaceted relationship becomes particularly critical in regional contexts where direct government-citizen interactions significantly influence tax collection outcomes (Larasati & Mardiani, 2020).

The phenomenon of suboptimal tax revenue realization in Batang Hari Regency reflects broader challenges experienced across Indonesian regional administrations. Data from the Regional Finance Agency of Batang Hari Regency indicates that tax revenue achievement rates have consistently remained below 72% of targets over the 2020-2023 period, highlighting systemic issues in taxpayer compliance and payment behavior (Kislina & Wijaya, 2022; Oktaviano et al., 2023). This underperformance occurs despite the presence of 144,778 registered active taxpayers across various tax categories, suggesting that the problem extends beyond mere taxpayer registration to encompass compliance and payment decision mechanisms (Winner & Asalam, 2023).

Extensive scholarly investigation has established taxpayer compliance as a fundamental determinant of taxation system success, with taxpayer awareness identified as a key factor in shaping compliance behavior. Hofmann et al., (2008) demonstrated that taxpayer compliance is influenced not only by administrative systems but also by psychological factors including perception, understanding, and taxpayer attitudes toward taxation. This finding suggests that taxpayer decisions to fulfill tax obligations are influenced by factors beyond mere tax amounts or sanction threats, encompassing personal awareness and regulatory

understanding.

Gundapuneni, (2025) and Boufateh et al., (2025) provided seminal contributions to compliance theory by identifying taxpayer awareness as a critical factor influencing tax compliance, encompassing knowledge dimensions, tax law understanding, and perceptions of the taxation system. Their framework established the theoretical foundation for subsequent research examining the relationship between awareness, regulatory understanding, and compliance behavior.

Recent empirical studies have yielded mixed findings regarding the relationship between taxpayer awareness and compliance. Blaufus et al., (2025) demonstrated positive correlations between tax regulation understanding and taxpayer compliance. However, these studies primarily focused on compliance as an outcome variable rather than examining the decision-making process that leads to actual tax payment behavior. Daryatno & Santioso (2021) found significant positive effects of taxpayer awareness on compliance, while Chandra et al. (2021) reported non-significant or negative relationships between awareness and compliance (Chandra et al., 2021). These contradictory findings suggest the presence of mediating or moderating factors that have not been adequately addressed in existing literature.

Studies by Siregar et al. (2020) addressed similar research questions but emphasized regulatory complexity and socialization variables as moderating factors. Notably, these investigations have not explicitly examined how tax regulations directly influence final payment decisions, which represents the ultimate stage of the tax compliance cycle.

Several critical gaps emerge from the literature review that warrant systematic investigation. First, existing research predominantly examines compliance as a general behavioral outcome without investigating the specific decision-making process that leads to actual tax payment, a distinction that is crucial because compliance intentions do not necessarily translate into payment actions, particularly in developing economy contexts where taxpayers face multiple competing financial priorities. Second, while previous studies have established relationships between awareness, regulations, and compliance, the mediating role of compliance in the relationship between regulatory factors and actual payment decisions remains underexplored, limiting understanding of the mechanisms through which external factors influence behavioral outcomes. Third, the contradictory results regarding taxpayer awareness effects on compliance suggest the presence of contextual factors or measurement issues that have not been adequately addressed, creating inconsistency that limits the development of evidence-based policy recommendations. Fourth, most existing studies focus on national-level taxation or urban contexts, with insufficient attention to regional tax dynamics in rural or semi-rural areas where taxpayer characteristics and government-citizen relationships may differ significantly from metropolitan settings. Finally, existing studies lack comprehensive theoretical frameworks that integrate psychological, administrative, and behavioral factors in explaining tax payment decisions, a limitation that restricts the development of holistic understanding and practical interventions necessary for effective policy formulation in regional taxation contexts.

The rationale for this research emerges from both theoretical and practical considerations that underscore the urgency of developing comprehensive understanding of tax payment decision mechanisms. The theory of planned behavior Li & Wang (2019) provides a robust framework for understanding how attitudes, subjective norms, and perceived behavioral control influence intentions and subsequent behaviors. However, its application to tax payment decisions in regional contexts remains limited. This research extends theoretical understanding by examining how tax regulations and awareness influence payment decisions through compliance mediation mechanisms. Regional governments face increasing pressure to enhance fiscal independence and optimize local revenue generation. Understanding the determinants of tax payment decisions enables the development of targeted interventions that can improve revenue collection efficiency. For Batang Hari Regency specifically, the persistent gap between tax targets and achievements necessitates evidence-based policy reforms. Current tax administration approaches often emphasize enforcement and penalty mechanisms without adequate consideration of psychological and awareness factors that influence taxpayer behavior. This research provides insights for developing more effective, awareness-based policy interventions that can enhance voluntary compliance and sustainable revenue generation. The application of Structural Equation Modeling (SEM) using Partial Least Squares (PLS) enables comprehensive examination of complex relationships between multiple constructs simultaneously. This methodological approach addresses limitations of previous studies that examined relationships in isolation rather than as part of integrated systems.

This research aims to develop and validate a comprehensive framework for understanding taxation liability determination based on adherence to taxpayer obligations. The primary objective is to develop a decision model for tax payment compliance based on taxpayer awareness and regulatory understanding, with particular focus on how awareness and regulatory comprehension influence taxpayer decisions in fulfilling tax obligations. Specifically, this study seeks to examine the direct relationship between taxpayer awareness and tax payment decisions in the context of regional taxation in Batang Hari Regency, building upon the theoretical foundation that awareness influences behavioral intentions and actual behaviors. Additionally, the research analyzes the influence of tax regulations on tax payment decisions by investigating how regulatory clarity, accessibility, and perceived fairness affect taxpayer willingness to fulfill payment obligations. Furthermore, the study investigates the mediating role of taxpayer compliance in the relationship between awareness factors, regulatory factors, and actual tax payment decisions, thereby providing insights into the mechanisms through which external factors influence final behavioral outcomes. The research also assesses the direct relationships between awareness and compliance, and between regulations and compliance, establishing the foundational pathways through which these factors operate in the tax payment decision process. Finally, the study aims to provide empirical evidence and practical recommendations for regional government policy formulation aimed at optimizing regional tax revenue through awareness-based and compliance-oriented interventions.

For that, research This own Novelty that can give Contribution Significant in development policy Regional Taxation, as well as enrich Literature about Compliance tax with a more approach Comprehensive and factor - based psychological and administrative phenomena empirical compliance must taxes in the Regency Batang Hari, based on data from the District Regional Financial Agency Batang Hari Province of Jambi, presented in Table 1 Data on the number of District Taxpayers Batang Hari Tahun 2024.

Table 1. Amount Must Tax Active per Type Tax Area in Regency Stem New Year 2024.

No	Type Regional Tax	Amount WP Active
1	Land Tax And Building Urban And Rural areas (UN- P2)	129,998
2	Bea Acquisition Right above Land And Building (BPHTB)	1,661
3	PBJT Eat and/or Drinks	10,552
4	PBJT Power Electricity	125
5	Tax Advertisement	1.108
6	Tax Water Land	129
7	Tax Mineral No Metal And Rock	805
8	PBJT Service Hospitality	39
9	PBJT Service Parking	172
10	PBJT Service Art And Entertainment	19
11	Tax Nest Bird Swiftlet	149

Apart from that, it is also for know phenomenon related low Realization income in the Regency Batang Hari, visible in Table 1.2 is Realization data Reception Regional Tax and Retribution Revenue in period 4 ( four ) years last in the year 2020 to 2023 as following:

Table 2. Report Realization Budget (LRA) Income tax And Retribution Area in period Time 4 ( four ) Year Batanghari Regency Year 2020 sd 2023.

Fiscal year	Achievements		Percentage (%)
	Income (Rp)	Target (Rp)	
1	2	3	4
2020	Rp. 14,374,413,452.51	Rp. 20,055,786,805.00	71.67%
2021	Rp. 148,444,860,321.44	Rp. 158,824,811,227.00	67.46%
2022	Rp. 107,138,940,714.64	Rp. 202,608,603,367.62	68.59%
2023	Rp. 138,962,723,602.89	Rp. 202,608,603,367.62	69.68%

When in illustrate in Chart percentage reception Income Tax And Regional Retribution in the district Batang Hari as following:

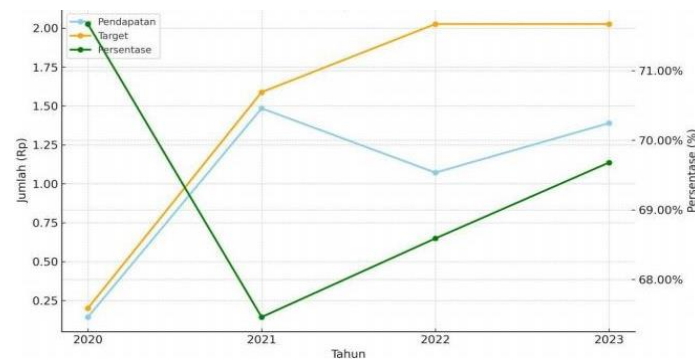


Figure 1. Revenue Realization Trend, Target and Percentage (2020-2023)

## MATERIALS AND METHODS

### Participant

The demographic composition of registered local taxpayers within Batanghari Regency for the active year 2024 encompasses eight distinct tax categories (PBB-P2, PBJT, Advertising, etc.), with a total of 135 mandatory taxpayers represented as respondents. A total sampling technique has been employed due to the relatively limited and homogeneous nature of the population. The respondents comprise 135 mandatory taxpayers who have been selected in a manner that is proportional to the respective tax types.

Table 3. Data Amount Respondents Study

No	Type Tax	Amount Respondents
1.	Tax Restaurant/ House Eat	30 Must Tax
2.	Tax Entertainment	10 Must Tax
3.	Tax Advertisement	5 Must Tax
4.	Tax Nest Bird Swiftlet	10 Must Tax
5.	MBLB	10 Must Tax
6.	PBB- P2	50 Must Tax
7.	Tax Water Land	10 Must Tax
8.	PBJT Power Electricity	10 Must Tax
Total Respondents		135 Taxpayer

### Study Organization

This research employs a quantitative explanatory approach to examine the causal connections between variables, specifically the impact of tax regulation (X1) and tax awareness (X2) on tax payment decisions (Y), with tax compliance (Z) serving as a mediating variable. Data were gathered through a structured survey questionnaire and subsequently analyzed using Structural Equation Modeling (SEM) based on Partial Least Squares (PLS).

## Technique Collection Data

Primary Data was collected utilizing a questionnaire employing a Likert scale ranging from 1 to 5 (Strongly Disagree to Strongly Agree), which encompasses the indicator of Tax Regulation ( $X_1$ ) characterized by indicators such as clarity of rules, socialization efforts, and procedural convenience. Additionally, Taxpayer Awareness ( $X_2$ ) is defined through indicators including comprehension of tax benefits and moral obligations. Compliance ( $Z$ ) is assessed through the accuracy of payment timelines and adherence to compliance procedures. The Decision to Pay Tax ( $Y$ ) is evaluated based on indicators such as payment initiative and consideration of benefits. For the secondary data, information was derived from the Regional Tax Realization Report (2020–2023) provided by the Regional Finance Agency of Batanghari Regency. The framework of thought:

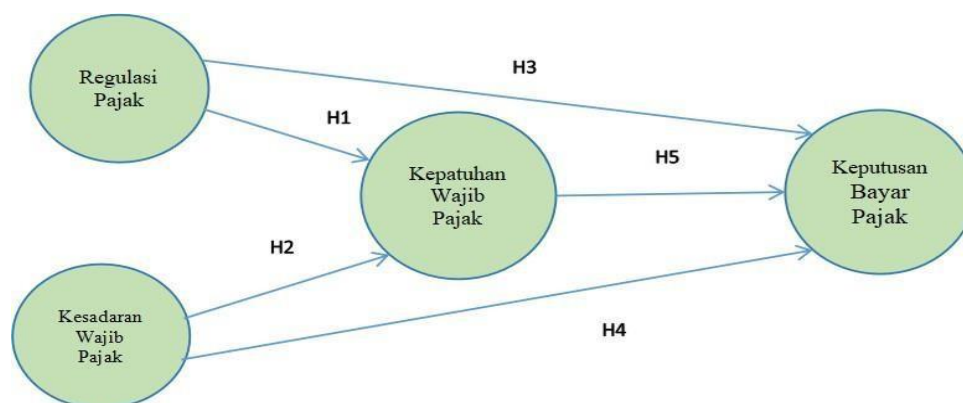


Figure 2. Constellation of research methodologies

### Influence Awareness must tax to Decision Pay tax

Taxpayer awareness constitutes an individual's comprehension of the significance of taxation in relation to national development as well as their responsibilities as members of society. Taxpayers who possess a heightened awareness of the functions and advantages associated with taxation are generally more diligent in meeting their tax responsibilities, which encompasses making informed decisions regarding the timely and accurate payment of taxes. Santoso (2023) demonstrated that taxpayer awareness exerts a considerable influence on tax payment decisions at the Kepanjen Pratama Tax Office (KPP Pratama). Juliantari et al. (2021) similarly asserted that awareness serves a critical function in enhancing the willingness and decision-making process regarding tax payments. Drawing from the reviewed literature, the following hypothesis is advanced:

H<sub>1</sub>: Awareness must tax influential positive to decision pay tax.

### Influence Regulation tax to Decision Pay tax

Regulatory tax frameworks encompass clarity, comprehensibility, and uniformity in relation to applicable statutes. Regulations that are distinctly articulated and easily comprehensible can enhance both trust and comfort in the fulfillment of tax obligations, thereby influencing individuals' decisions regarding tax remittance. Rusmanto et al. (2018) posited that comprehension of tax regulations significantly impacts the propensity to fulfill tax obligations, and according to the findings of Tamburaka et al. (2023), it was demonstrated that tax regulations positively contribute to compliance and decisions pertaining to tax payment. In light of the aforementioned literature, the subsequent hypothesis 2 is hereby proposed:

H<sub>2</sub>: Regulation tax influential positive to decision pay tax.

### Tax Influence Compliance must tax to Decision Pay tax

Compliance with tax obligations necessitates an individual's willingness to fulfill their taxation responsibilities in accordance with the applicable regulations. An individual who is typically compliant with tax obligations possesses a personal understanding and commitment to the significance of fulfilling tax duties, which subsequently influences their decision-making regarding tax payments. Muliari & Setiawan (2011) articulated that compliance manifests as a genuine expression of awareness and comprehension of the tax system, which impacts the ultimate decision-making process. Sari & Gunadi (2021) identified that tax compliance demonstrates a significant influence on the tax payment behaviors within the micro, small, and medium enterprises (MSME) sector. In light of the literature reviewed, the following hypothesis is posited:

H<sub>3</sub>: Compliance must tax influential positive to decision pay tax.

### Influence Awareness must tax to Compliance must tax

The cognizance of the significance of taxation is posited to influence compliance behavior. When taxpayers comprehend the indispensable nature of taxation and acknowledge its pivotal role in facilitating developmental initiatives, they tend to exhibit greater compliance with their tax obligations. M. Ardiasmo (2018) and Waluyo (2017) underscored that awareness constitutes the primary foundation for the cultivation of tax compliance. In light of the aforementioned literature, the subsequent four hypotheses are hereby proposed:

H<sub>4</sub>: Awareness must tax influential positive to compliance must tax.

### Influence Regulation tax to Compliance must tax

Well-structured tax regulations will significantly reduce ambiguity and legal ambiguities for taxpayers. The more transparent and equitable the tax regulations are, the greater the likelihood of taxpayer adherence to these stipulations. Kebon



(2024) posits that the intricacy of tax regulations adversely affects compliance levels. In contrast, streamlined regulations foster higher rates of compliance. Drawing from the reviewed literature, the subsequent hypothesis is posited:

H<sub>5</sub>: Regulation tax influential positive to compliance must tax.

## Analysis Data

In the current research endeavor, data analysis is performed utilizing Structural Equation Modeling (SEM) predicated on Partial Least Squares (PLS) with the support of the software application SmartPLS. The SEM-PLS approach is selected due to its capability to assess complex causal relationships among latent variables and its adeptness in accommodating non-normally distributed data in conjunction with restricted sample sizes. The analytical process is carried out through two primary stages: initially, the evaluation of the measurement model (outer model) to ascertain the validity and reliability of the constructs utilized in the present study; subsequently, the appraisal of the structural model (inner model) to investigate the interrelations among latent variables and the direct as well as indirect effects between the constructs under scrutiny. The significance of the parameter estimates is determined through bootstrapping techniques involving 153 samples to produce outcomes that are both more reliable and valid. By employing SEM-PLS, this investigation is equipped to simultaneously test the relational model among variables and provide a more holistic comprehension of the determinants influencing tax payment decisions within the tax jurisdictions of Batanghari Regency.

## RESULTS

### Description Characteristics Respondents.

Respondent Characteristics in this study aim to provide a general overview of the profile of local taxpayers who are the object of research in Batang Hari Regency. These characteristics are important for understanding the background of respondents, which can be used to influence perception and Decision they in pay Tax area. As for The characteristics identified include gender, age, and the type of tax paid.

### Gender Classification

Respondents in this study consisted of men and women. Based on the data obtained, we present it in the following table:

Table 4. Type Gender Respondents

Information	Amount	Percentage
Respondents Male	82	60.74%
Respondent Woman	53	39.25%
Source: Data primary processed (2025)		

From Table 4, this shows that taxpayer participation in this study was relatively even, although there was a tendency for dominance by one gender.

### Age Demographics of Participants

In terms of age, the majority of respondents were in the productive age range. The age breakdown for respondents is as follows:

Table 5. Characteristics Respondents

Information	Amount	Percentage
< 25 Year	13	9.62%
25 - 35 Year	17	12.59%
36 - 45 Year	43	31.85%
> 45 Year	62	45.92%

Source: Data primary processed (2025).

Table 5 shows that the age distribution indicates that the majority of respondents are economically active individuals and have a direct role in tax obligations. This data illustrates the types of taxes most frequently paid by respondents and strengthens the context in analyzing the influence of awareness and regulations on the decision to pay regional taxes.

### Type Tax Which paid

Table 6. Type Tax Which paid

No	Type Tax	Amount	Respondents
1.	Tax Restaurant/ House Eat	30	Mandatory Tax
2.	Tax Entertainment	10	Mandatory Tax
3.	Tax Advertisement	5	Mandatory Tax
4.	Tax Nest Bird Swiftlet	10	Mandatory Tax
5.	MBLB	10	Mandatory Tax
6.	PBB- P2	50	Mandatory Tax
7.	Tax Water Land	10	Mandatory Tax
8.	PBJT Power Electricity	10	Mandatory Tax

Source: Data primary processed (2025)

From Table 6, this section provides an analysis of the characteristics of the research participants in accordance with the various categories of local taxes they remit. A comprehensive understanding of this taxpayer demographic is essential for contextualizing the research, as the principal focus of this inquiry pertains to local taxation. The data concerning the classifications of taxes remitted were acquired through primary data collection from the participants. Among the 135 taxpayers who participated, eight distinct types of regional taxes were identified as being remitted. The most prevalently remitted type of tax was the Regional Tax on Earth and Building in both Rural and Urban areas (UN-P2), which was paid by 50 taxpayers. This proportion suggests that a significant majority of respondents possess property assets that are liable for Land and Building Tax within the jurisdiction of Batang Hari Regency, Jambi Province.

According to the aforementioned table, the predominant demographic of respondents comprises individuals of productive age who possess at least a secondary level of education, indicative of a potentially robust comprehension of tax obligations. This demographic composition is anticipated to enhance the validity of the research findings.

### Evaluation Model Measurement (Measurement Model)

The assessment of the measurement model seeks to ascertain the integrity of all constructs. The instruments employed in this investigation are both valid and reliable. The evaluation is conducted through the examination of convergent validity, construct reliability, and discriminant validity.

### Convergent Validity

Validity convergent demonstrates the extent to which a particular indicator effectively represents a construct. The constructs exhibit a high degree of correlation with one another. The criteria employed in this investigation encompass: Outer Loading > 0.70 and Average Variance Extracted (AVE) > 0.50.

Table 7. Outer Value Loading And AVE

No	Variables	Indicator	Outer Loading
1.	Regulation Tax	RP1	0.82
		RP2	0.85
		RP3	0.81
		RP4	0.83
2.	Awareness Must Tax	KWP1	0.79
		KWP2	0.84
		KWP3	0.88
		KWP4	0.83
3.	Compliance Must Tax	KPWP1	0.80
		KPWP2	0.85
		KPWP3	0.86
		KPWP4	0.84
4.	Decision Pay Tax	KMP1	0.82
		KMP2	0.86
		KMP3	0.83
		KMP4	0.81

Source: Data primary processed (2025)

Table 8. Mark Average Variance Extracted (AVE)

No	Variables	AVE
1	Regulation Tax	0.667
2	Awareness Must Tax	0.700
3	Compliance Must Tax	0.672
4	Decision Mem pay Tax	0.660

Source: Data primary Which processed (2025)

All indicators exhibit outer loading values that exceed the threshold of 0.70, signifying that these indicators possess validity in elucidating their corresponding constructs. Furthermore, all Average Variance Extracted (AVE) values surpass the minimum benchmark of 0.50, thereby allowing the conclusion that the constructs within this study satisfy the established criteria for convergent validity. Hair et al. (2019) elucidated that an AVE value greater than 0.50 denotes that a majority, specifically more than 50%, of the variance associated with the indicator can be accounted for by the respective construct. Consequently, the construct is deemed to possess commendable convergent validity. Conversely, if the AVE value is less than 0.50, it implies that the indicator inadequately represents the construct. In light of these criteria, all constructs examined in this study have fulfilled the requirements for convergent validity as advocated in the extant literature. The researcher posits that the outcomes of this assessment suggest that the research instrument is empirically valid in quantifying the Regulation variable, alongside the constructs of Taxes, Taxpayer Awareness, Taxpayer Compliance, and Tax Payment Decisions. By satisfying the conditions of convergent validity, it is asserted that the research construct is capable of accurately reflecting the theoretical concept.

### Reliability Construct

The reliability of the construct was assessed to confirm that the research instrument could yield consistent measurements across diverse measurement conditions. In the present investigation, the construct reliability was appraised utilizing two principal metrics: Composite Reliability and Cronbach's Alpha, accompanied by the following threshold values: Composite Reliability must exceed 0.70, and Cronbach's Alpha must be greater than 0.70.

As articulated by Hair et al. (2019), Composite Reliability serves as an internal reliability metric that surpasses Cronbach's Alpha, as it is not contingent upon the number of indicators within a construct and is more adept at elucidating the consistency of the indicators. Furthermore, Hair et al. indicated that a Composite Reliability value exceeding 0.70 signifies an adequate degree of internal consistency, thereby rendering the construct reliable. Conversely, Ghazali (2016) elucidates that Cronbach's Alpha is a widely utilized reliability indicator in quantitative research, necessitating a minimum value of 0.70. Values that surpass this threshold suggest that the research instrument is reliable and exhibits a high degree of stability.

Table 9. Mark Composite Reliability and Cronbach's Alpha

No	Variables	Composite Reliability	Cronbach's Alpha
1	Regulation Tax	0.889	0.842
2	Awareness Must Tax	0.902	0.869
3	Compliance Must Tax	0.891	0.857
4	Decision Pay Tax	0.888	0.847

Source: Data primary Which processed (2025)

Based on the data presented in the aforementioned table, all constructs exhibit Composite Reliability values that range from 0.888 to 0.902. This range is significantly above the established minimum threshold of 0.70. It can be deduced that each construct maintains an exceptional level of internal consistency in the measurement of the variables under consideration. Furthermore, the values of Cronbach's Alpha for all constructs varied from 0.842 to 0.869. These findings also surpass the requisite minimum threshold of 0.70, thereby indicating that the research instrument reliably measures each construct with consistency. In light of the outcomes derived from the construct reliability assessment, which indicated that all Composite Reliability and Cronbach's Alpha values exceed the threshold of 0.70, the researcher posits that the research instrument employed is highly suitable and dependable for the measurement of the variables pertaining to Tax Regulation, Taxpayer Awareness, Taxpayer Compliance, and Tax Payment Decisions. This elevated reliability value signifies that the questionnaire items have effectively represented the constructs consistently across respondents. Consequently, the researcher is assured that the data procured from this research instrument can be justified scientifically and holds relevance in elucidating the phenomena under investigation. Thus, the research instrument has fulfilled the criteria for adequate reliability, thereby allowing its application in the structural model analysis phase of this study.

### Validity Discriminant

Discriminant validity serves to ascertain that constructs possess empirical distinctiveness from one another. Evaluation is conducted through the Fornell-Larcker Criterion, which stipulates that the square root of the Average Variance Extracted (AVE) must exceed the correlation observed between constructs.

Table 10. Fornell-Larcker Criterion

Variables	RP	KWP	Tax Office	KMP
Regulation Tax	0.817			
Awareness Must Tax	0.521	0.837		
Compliance Must Tax	0.468	0.583	0.820	
Decision Pay Paja	0.362	0.478	0.591	0.812

Source: Data primary processed (2025)

The diagonal value (AVE root) of each construct is higher than the correlation between that construct and other constructs. Thus, discriminant validity is met and the constructs in the model can be distinguished empirically.

### Evaluation Model Structural (Inner Model)

Subsequent to the fulfillment of validity and reliability criteria by the measurement model, an evaluation of the structural model is conducted to assess the interrelationships among the constructs within the research framework. The R-Square statistic elucidates the extent to which the exogenous construct accounts for the variation observed in the endogenous construct.

Table 11. Mark R Square

No	Variables Endogen	R-Square
1	Compliance Must Tax	0.590
2	Decision Paying Taxes	0.392

The R-Square value of Taxpayer Compliance of 0.590 indicates 59% variability. The construct is explained by the Tax Regulation and Taxpayer Awareness. Meanwhile, the Decision Paying Taxes explained by 39.2% by three variables independent in the model.

### Test Significance Track Influence (Bootstrapping)

Testing significance of the relationship between variables latent done through bootstrapping with 5000 subsamples. The results show all paths are significant.

Table 11. Results Test Hypothesis

Connection	Coefficient	T-Statistic	P-Value	Information
Regulation Tax → Compliance	0.403	5,221	0,000	Significant
Awareness → Compliance	0.568	7,324	0,000	Significant
Tax Regulation → Decision Pay Tax.	- 0.223	2,045	0.041	Significant
Awareness → Decision Pay Tax.	0.207	1,987	0.048	Significant
Compliance → Decision Pay Tax.	0.469	4,782	0,000	Significant

All research hypotheses were determined to be statistically significant. Taxation regulations exert a favorable influence on taxpayer compliance while simultaneously imposing a direct adverse effect on decisions pertaining to tax payments. In contrast, taxpayer awareness positively influences both compliance and the decisions related to tax payments.

### Predictive Relevance (Q<sup>2</sup>)

The Predictive Relevance Test is used to evaluate the model's ability to predict variables dependent. This test done with Blindfolding technique, with value criteria Q<sup>2</sup> must be greater than 0 for show that model own predictive relevance.

Table 12. Mark Predictive Relevance (Q<sup>2</sup>)

No	Variables Endogen	Q <sup>2</sup>
1	Compliance Must Tax	0.337
2	Decision Paying Taxes	0.224

The test results show a Q<sup>2</sup> value for Taxpayer Compliance of 0.337 and a Taxpaying Decision of 0.224. Since all Q<sup>2</sup> values are greater than 0, it can be concluded that the research model has good predictive ability for Endogenous Variables.

### Test Mediation

Mediation analysis was conducted to determine whether taxpayer compliance mediates the relationship between tax regulations and taxpayer awareness of tax payment decisions. The mediation test was calculated using the indirect effect value.

Table 13. Results Test Mediation

Connection Mediation	Indirect Effect	Information
Regulation Tax → Compliance → Decision to Pay Taxes.	0.403 × 0.469 = 0.189	Significant mediation
Awareness → Compliance → Decision to Pay Taxes.	0.568 × 0.469 = 0.266	Significant mediation

Based on results calculation, Taxpayer Compliance is proven significantly mediates the influence of Tax Regulations and Taxpayer

Awareness on Tax Payment Decisions. This mediation strengthens the role of Compliance as an Intervening Variable in the Research model.

### Visualization Model Study

Model visualization is useful for showing the direction and magnitude of influence between variables. in study This more clearly. Diagram the following is SmartPLS output containing path coefficient values for each relationship path.

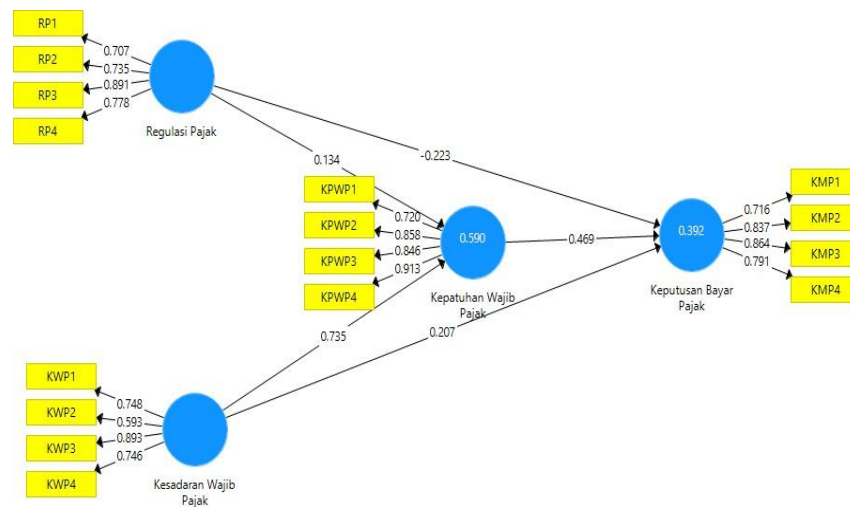


Figure 3. Full Model Structural Partial Least Square

The diagram shows that the path with the largest coefficient is the influence of Taxpayer Awareness on Compliance (0.568). Furthermore, the path of influence of Compliance on Taxpaying Decisions also shows a strong coefficient (0.469).

## DISCUSSION

This particular discussion section is meticulously designed to not only interpret the intricate research findings but also to establish a connection between these findings and established theoretical frameworks while simultaneously engaging in a comprehensive comparison with prior research endeavors in the same field. The empirical evidence presented in this research unequivocally illustrates that the intricacies of tax regulations, coupled with the level of taxpayer awareness, significantly influence and ultimately drive the degree of taxpayer compliance observed within the population. These findings are in harmonious alignment with the theoretical constructs posited by [Fen & Sabaruddin, \(2009\)](#) in his theory of planned behavior, which articulates that an individual's behavioral outcomes are fundamentally shaped by their intentions, the subjective norms prevalent within their social context, and their perceived level of control over the behavior in question ([Bošnjak et al., 2020](#); [Hapsari, 2021](#)). Well-structured and effectively communicated tax regulations can substantially enhance taxpayers' perceived sense of control over their compliance with administrative requirements, whereas heightened tax awareness serves to foster positive intentions toward the fulfillment of tax obligations.

In a rather intriguing manner, the direct relationship between Regulation Tax and the Decision to Pay Taxes exhibits a significant negative effect, suggesting a counterintuitive dynamic. This observation implies that excessively stringent regulations or convoluted procedural frameworks have the potential to engender resistance among taxpayers, leading to a propensity to procrastinate or delay their tax payments. This particular finding serves to corroborate the research conducted by ([Hofmann et al., 2008](#)), which demonstrated that taxpayers' perceptions of rigid and inflexible tax policies are capable of diminishing the likelihood of voluntary compliance. Furthermore, the variable identified as Taxpayer Compliance has emerged as a crucial mediating factor in this context, indicating that the influence of regulation and awareness on tax payment decisions is contingent upon an accompanying increase in compliance levels. This revelation implies that initiatives undertaken by local governments aimed at bolstering tax revenue should prioritize educational and persuasive strategies designed to enhance taxpayer awareness, rather than relying exclusively on administrative approaches. Additionally, this research lends support to the conclusions drawn by [Khamis & Mastor, \(2021\)](#), who underscored the notion that voluntary compliance is most likely to manifest when taxpayers perceive the existence of clear regulatory frameworks, transparent procedural guidelines, and discernible benefits derived from tax contributions toward development initiatives. The outcomes of this research substantiate the hypothesis that taxpayer awareness stands as a predominant factor in shaping compliance behaviors, which in turn actively promotes the inclination to voluntarily fulfill tax obligations.

## CONCLUSION

This research disclose that awareness must taxes and regulations Regional taxes significantly influence taxpayer compliance, which in turn influences actual tax payment decisions. A high level of awareness, when supported by clear, fair, and easily understood regulations, has been shown to increase compliance levels and encourage voluntary tax payment. Furthermore, taxpayer compliance plays a crucial mediating role in strengthening the relationship between regulations and awareness regarding tax payment decisions.



## POLICY IMPLICATIONS

The results of this study have important implications for local governments, particularly the Regional Finance Agency (Bakeuda) of Batang Hari Regency. Efforts to increase regional tax revenue collection should focus on improving the quality of tax regulations, making them more adaptive, transparent, and accessible to taxpayers. Furthermore, tax education and outreach programs need to be consistently expanded through digital media and community-based approaches to foster a sustainable culture of tax compliance.

## CONFLICT OF INTERESTS

The authors declare no conflict of interest.

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