



DOI: <https://doi.org/10.38035/gijtm.v3i2>  
<https://creativecommons.org/licenses/by/4.0/>

## Analyzing the Effect of Income and Tax Knowledge on Compliance Behavior of Individual Taxpayers in Tax Reporting

Dinda Pratiwi<sup>1</sup>, Tika Septiani<sup>2</sup>

<sup>1</sup>Universitas Swadaya Gunung Jati, Jawa Barat, Indonesia, [dindapратиwi0205@gmail.com](mailto:dindapратиwi0205@gmail.com)

<sup>2</sup>Universitas Swadaya Gunung Jati, Jawa Barat, Indonesia, [tika.septiani@ugj.ac.id](mailto:tika.septiani@ugj.ac.id)

Corresponding Author: [tika.septiani@ugj.ac.id](mailto:tika.septiani@ugj.ac.id)<sup>2</sup>

**Abstract:** This study aims to examine the influence of individual income and tax knowledge on taxpayer compliance in the city of Cirebon. A quantitative research approach was employed, with respondents selected through random sampling. To ensure the accuracy and reliability of the data, both validity and reliability tests were conducted. Furthermore, classical assumption tests, including assessments of heteroscedasticity, multicollinearity, and normality, were performed to validate the regression model. The hypothesis testing involved the use of t-tests, F-tests, and the coefficient of determination ( $R^2$ ), with all statistical analyses conducted using the SPSS software. The findings reveal that income and tax understanding have a simultaneous and significant effect on taxpayer compliance, as indicated by a significance value of 0.000 ( $< 0.05$ ) and an F-test value of 141.521, which exceeds the critical value of 3.080. These results support the third hypothesis, affirming that both income and tax knowledge play a crucial role in shaping individual taxpayer compliance.

**Keyword:** Income, Tax Knowledge, Tax Compliance, Tax Reporting

### INTRODUCTION

Taxation holds a crucial role in national development, as it serves as a primary source of state revenue. In general, income—whether derived from employment, business activities, or other sources—refers to the monetary or non-monetary compensation received by individuals for their contributions to the production process within a specific period. According to Law No. 16 of 2009, taxes are mandatory contributions paid by individuals or entities to the state, which are subsequently utilized to fund public services and improve societal welfare. The collection of taxes significantly influences a country's economic growth, as increased tax revenue enhances the government's fiscal capacity and, ideally, strengthens public compliance. As noted by Kesumasari (2018), the role of taxes is vital for ensuring the sustainability of the state.

Tax compliance is closely related to both an individual's income level and their understanding of taxation. In 2019, Indonesia's tax revenue reached IDR 1,332.67 trillion, marking a modest growth of 1.5%. However, the impact of the COVID-19 pandemic caused a significant decline in 2020, with revenue falling to IDR 1,072.11 trillion—a contraction of

19.6%. The trend reversed in 2021, with tax receipts recovering to IDR 1,278.63 trillion (a growth of 19.3%), and continued to rise in 2022 to IDR 1,716.77 trillion (34.3% growth). In 2023, tax revenue further increased to IDR 1,869.23 trillion with a growth rate of 8.9%. Despite this upward trend in tax revenue, overall taxpayer compliance remains low, indicating that the increase in revenue does not necessarily reflect an improvement in voluntary compliance.

Previous studies present mixed findings on the influence of income and tax understanding on compliance. Mardiana et al. (2016) found that income level significantly affects individual taxpayer compliance, suggesting that higher income may motivate greater tax responsibility. In contrast, Rahman (2018) reported no significant relationship between income and tax compliance. Furthermore, Yeni et al. (2021) found that tax understanding, awareness, and the perception of sanctions had no significant effect on tax compliance among e-commerce taxpayers in Ogan Komering Ulu Regency. These findings are consistent with those of Arisandy (2017) and Ningsih (2019), who concluded that tax understanding does not significantly influence tax compliance among e-commerce traders.

Several prior studies have examined the determinants of taxpayer compliance across different taxpayer segments. Yeni (2021) found that the level of tax understanding does not significantly influence the compliance of e-commerce business operators, indicating that knowledge alone may not be sufficient to drive tax compliance. In contrast, Antoneta Lende (2021), in her study on individual taxpayers in Gianyar Regency, revealed that the use of Taxpayer Identification Numbers (NPWP), service quality, tax understanding, and tax sanctions all have a positive and significant impact on tax compliance. These findings emphasize the importance of administrative and service-related aspects in encouraging compliance.

Similarly, research by Prita Oktavianti Putri (2019) on motor vehicle tax compliance in Padang City shows that administrative sanctions significantly affect compliance, while income level does not. Interestingly, the Samsat Drive Thru system had a negative but statistically insignificant impact, suggesting that technological convenience alone may not be a strong driver of compliance. Finally, Laurence (2024) highlighted that compliance contributes to the optimization of tax obligations, accurate reporting, and the avoidance of legal sanctions. The study also noted that PT XYZ Publisher could apply Article 31E normative rates in income distribution as long as tax obligations are met properly.

Based on data from the *Performance Report of the Directorate General of Taxes, 2021*, the realization of tax revenue from 2016 to 2020 shows fluctuations in achieving the set targets. In 2016, the tax revenue target was IDR 1,355.20 trillion, but the realization only reached IDR 1,105.73 trillion, equivalent to 81.59% of the target. In 2017, performance improved with a realization of 89.67% of the IDR 1,283.57 trillion target. This upward trend continued in 2018, reaching 92.23% of the IDR 1,424.00 trillion target—the highest achievement during the five-year period.

However, in 2019, there was a decline in performance, with realization falling to 84.44% of the IDR 1,577.56 trillion target. This downward trend persisted in 2020, even though the tax revenue target was lowered to IDR 1,198.82 trillion. The actual revenue collected was only IDR 1,069.97 trillion, or 89.25% of the target. The declines in 2019 and 2020 can be attributed to various external factors, including global economic slowdown and the impact of the COVID-19 pandemic. Overall, despite generally increasing revenue targets (except in 2020), the actual tax revenue has not consistently met the government's expectations.

Based on the aforementioned discussion and findings from previous studies, there are differing conclusions regarding the effect of income level and tax understanding on individual taxpayer compliance in tax reporting. Some studies have found a significant

influence, indicating that higher income and better tax knowledge contribute to improved tax compliance. However, other research has concluded that there is no significant relationship between income level or tax understanding and taxpayer compliance, suggesting that other factors may play a more dominant role in influencing tax behavior.

## METHOD

This research employed a quantitative approach grounded in the positivist paradigm, which emphasizes empirical observation, measurement, and statistical analysis to test predefined hypotheses. The quantitative method was chosen for its ability to produce objective, generalizable results by analyzing numerical data from a specific population. In this study, the population consisted of individual taxpayers who are subject to personal income tax obligations. To determine the appropriate sample size, the Slovin formula was utilized, allowing for the selection of a representative sample through a random sampling technique, thereby reducing the risk of sampling bias and increasing the validity of the findings.

Data collection was carried out using structured research instruments in the form of closed-ended questionnaires, which were designed to capture measurable indicators related to income level, tax understanding, and tax compliance. Prior to full-scale data analysis, the quality of the instrument was assessed through validity and reliability testing to ensure that the items accurately measured the intended constructs and yielded consistent results.

Descriptive statistical analysis was used to provide an overview of the respondents' characteristics and key variables. To test the hypotheses and assess the relationships between independent and dependent variables, multiple linear regression analysis was conducted. Before performing regression analysis, classical assumption tests—including tests for normality, multicollinearity, and heteroscedasticity—were applied to ensure that the underlying assumptions of the regression model were met.

The inferential analysis included t-tests to examine the partial effect of each independent variable, an F-test to determine the joint effect of the variables, and the coefficient of determination ( $R^2$ ) to evaluate how well the model explained the variation in the dependent variable. All data processing and statistical analyses were conducted using the Statistical Package for the Social Sciences (SPSS) software, which is widely recognized for its robustness and accuracy in handling quantitative data. This comprehensive methodological framework ensured the reliability and validity of the research findings and provided a solid foundation for drawing meaningful conclusions.

## RESULT AND DISCUSSION

### Validity Test

**Table 1. Validity Test Results**

Variable	Number of Items	R Count	Range R	Table Information
Income (X1)	10	0.501 – 0.787	0.187	All items valid
Understanding Taxes (X2)	10	0.568 – 0.825	0.187	All items valid
Tax Compliance (Y)	10	0.624 – 0.798	0.187	All items valid

The results presented in the table 1 indicate that all statement items in the questionnaire related to income and tax understanding have correlation coefficient ( $r$ ) values equal to or greater than 0.187. This threshold represents the minimum acceptable value for item validity based on the sample size used in the study. Since all items meet or exceed this criterion, it can be concluded that each questionnaire item demonstrates an acceptable level of validity. Consequently, the instrument is considered appropriate for measuring the constructs under investigation. The consistent performance of the items across the sample further suggests that

the questionnaire possesses adequate internal consistency and can be reliably utilized for data collection in this research. This supports the overall credibility of the measurement tool and reinforces the accuracy of the results derived from its implementation.

**Reliability Test**

**Table 2. Validity Test Results**

Variables	Cronbach's Alpha	Condition	Information
Income	0.866	> 0.60	Reliable
Understanding Taxes	0.861	> 0.60	Reliable
Taxpayer Compliance	0.878	> 0.60	Reliable

The reliability test results, as presented in the table 2, indicate that the research instruments used to measure the variables of income, tax understanding, and taxpayer compliance exhibit high levels of internal consistency. This is demonstrated by the Cronbach's Alpha values for each variable: 0.866 for income, 0.861 for tax understanding, and 0.878 for taxpayer compliance. All three values exceed the commonly accepted reliability threshold of 0.60, as suggested by Nunnally (1978), indicating that the items within each construct are consistent in measuring the intended concepts. These results confirm that the questionnaire items are statistically reliable and suitable for use in further data analysis. Therefore, the measurement instruments can be confidently employed to assess the relationships among the variables in this study, ensuring the accuracy and consistency of the research findings.

**Normality Test**

**Table 3. Kolmogorov-Smirnov Test**

One-Sample Kolmogorov-Smirnov Test Unstandardized Residual		
N	110	
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	3.60209245
Most Extreme Differences	Absolute	.088
	Positive	.088
	Negative	-.043
Test Statistic	.088	
Asymp. Sig. (2-tailed) <sup>c</sup>	.036	

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.

In the context of normality testing, the significance (*sig*) value plays a crucial role in determining whether the data distribution meets the assumption of normality. If the resulting *sig* value is less than 0.05, such as 0.036, it indicates that the data significantly deviates from a normal distribution, and thus, the assumption of normality is not met. Conversely, if the *sig* value exceeds 0.05, it can be inferred that the data distribution does not significantly differ from normal, allowing the researcher to proceed with parametric statistical analyses that require normally distributed data. Therefore, a *sig* value greater than 0.05 is considered an acceptable condition for assuming normality, ensuring the appropriateness of further inferential tests such as regression or correlation analyses in the research project.

### Heteroscedasticity Test

**Table 4. Heteroscedasticity Test**

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1(Constant)	1,896	1.303		1.456	.148
Income	.038	.049	.111	.774	.441
Understanding Taxes	-.014	.048	-.041	-.285	.776

a. Dependent Variable: Abs\_Res

The results of the statistical tests indicate that the significance (*sig*) values for both independent variables exceed the threshold of 0.05, suggesting the absence of heteroscedasticity in the regression model. Specifically, the *sig* value for income (X1) is 0.441, while the *sig* value for tax understanding (X2) is 0.776. These values indicate that the variance of the residuals is constant across all levels of the independent variables, thereby fulfilling one of the key assumptions of classical linear regression. The absence of heteroscedasticity enhances the credibility of the regression estimates and ensures that the model produces unbiased and efficient results. Therefore, the data meet the assumption of homoscedasticity, supporting the overall reasonableness and validity of the regression analysis applied in this study.

### Multicollinearity Test

**Table 5. Multicollinearity Test**

Coefficients <sup>a</sup>		
Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Income	.449	2.227
Understanding Taxes	.449	2.227

a. Dependent Variable: Taxpayer Compliance

Based on the results presented in the table, it is evident that both independent variables— income (X1) and tax understanding (X2)—meet the requirements for the multicollinearity assumption. The tolerance values for income and tax understanding are both 0.449, which are greater than the commonly accepted threshold of 0.10. Additionally, the Variance Inflation Factor (VIF) values for both variables are 2.227, well below the critical value of 10. These findings indicate that there is no indication of multicollinearity between the independent variables in this study. In other words, income and tax understanding are not highly correlated with each other, allowing for a more accurate estimation of their individual effects on the dependent variable—taxpayer compliance. Thus, the regression model can be considered robust and valid for further analysis.

### Multiple Linear Regression Test

**Table 6. Regression Test**

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1(Constant)	-.015	2.145		-.007	.995
Income	.402	.081	.375	4.967	.000
Understanding Taxes	.561	.079	.535	7,084	.000

a. Dependent Variable: Taxpayer Compliance

From the results analysis on obtained equality multiple linear regression as following :

$$Y = \alpha + \beta_1x_1 + \beta_2x_2$$

$$Y = - 0.015 + 0.402 X_1 + 0.561 X_2$$

Information :

- Y : Taxpayer Compliance
- a : Constant
- X1 : Income
- X2 : Tax Understanding
- $\beta_1 \beta_2$  : Coefficient regression

The results of the multiple linear regression analysis can be interpreted as follows:

1. The constant value of -0.015 suggests that if both income (X1) and tax understanding (X2) are equal to zero, the predicted level of taxpayer compliance (Y) would decrease to -0.015. Although this value has limited practical significance, it serves as the baseline of the regression model.
2. The regression coefficient for income is 0.402, indicating that income has a positive and statistically meaningful influence on taxpayer compliance. This means that for every one-unit increase in income, taxpayer compliance is expected to increase by 0.402 units, assuming all other variables remain constant.
3. The regression coefficient for tax understanding is 0.561, which also demonstrates a positive and significant relationship with taxpayer compliance. In practical terms, for every one-unit increase in tax understanding, the level of taxpayer compliance is expected to increase by 0.561 units, ceteris paribus.

These findings indicate that both income and tax understanding contribute positively to improving individual taxpayer compliance within the scope of this study.

**t-test**

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1(Constant)	-.015	2.145		-.007	.995
Income	.402	.081	.375	4.967	.000
Understanding Taxes	.561	.079	.535	7,084	.000

a. Dependent Variable: Taxpayer Compliance

Based on table on so known that :

1. The relationship between income (X1) and taxpayer compliance (Y) is supported by the results of the *t*-test. The calculated *t*-value (4.967) exceeds the critical *t*-table value (1.982), and the corresponding significance level (p-value) is 0.000, which is less than the standard threshold of 0.05. These results indicate that the null hypothesis ( $H_0$ ), which posits no relationship between income and tax compliance, is rejected. Consequently, the alternative hypothesis ( $H_1$ ), stating that income has a significant influence on taxpayer compliance, is accepted. Thus, income is proven to have a statistically significant positive effect on fulfilling tax obligations.
2. Similarly, the influence of tax understanding (X2) on taxpayer compliance (Y) is confirmed through the *t*-test analysis. The computed *t*-value for tax understanding is 7.084, which is greater than the *t*-table value of 1.982, with a p-value of 0.000 (< 0.05). This implies that the null hypothesis ( $H_0$ ) is rejected and the alternative hypothesis ( $H_1$ ) is accepted. Therefore, tax understanding significantly and positively affects individual taxpayer compliance. In other words, a higher level of tax knowledge is associated with a greater likelihood of fulfilling tax obligations.



**F Test**

**ANOVA <sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	3741.136	2	1870.568	141,521	.000 <sup>b</sup>
Residual	1414.283	107	13,218		
Total	5155.418	109			

a. Dependent Variable: Taxpayer Compliance

b. Predictors: (Constant), Understanding Tax , Income

The results of the F-test indicate that the calculated F-value is 141.521, which is significantly greater than the critical F-table value of 3.080 at a 0.05 level of significance. This suggests that the overall regression model is statistically significant. In other words, the null hypothesis (which states that the independent variables jointly have no effect on the dependent variable) is rejected, and the alternative hypothesis is accepted. Therefore, it can be concluded that both income (X1) and tax understanding (X2) simultaneously have a significant influence on taxpayer compliance (Y). This finding implies that these two variables, when considered together, effectively predict and contribute to improved compliance with tax obligations.

**Coefficient Test Determination**

**Table Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.085	0.007	-0.011	2.20787

a. Predictors: (Constant), Understanding Tax, Income

The coefficient of determination ( $R^2$ ), as presented in the corresponding table, was found to be 0.0085, or 0.85%. This indicates that the combined effect of income (X1) and tax understanding (X2) on taxpayer compliance (Y) accounts for only 0.85% of the variance in the dependent variable. In other words, these two independent variables explain a very small proportion of the changes in taxpayer compliance. The remaining 99.15% of the variation is attributed to other factors not examined in this study. This suggests that while income and tax understanding do have a statistically significant effect, their practical contribution to predicting compliance is minimal, and future research should explore additional variables that may more substantially influence taxpayer behavior.

**CONCLUSION**

Based on the findings and analysis of this study, which examined the influence of income level and tax comprehension on individual taxpayer compliance in Cirebon City, the following conclusions can be drawn:

1. The level of taxpayer income has a positive effect on individual taxpayer compliance, with a regression coefficient of 0.402. This indicates that as income increases, compliance with tax obligations tends to improve.
2. The level of tax understanding also has a positive effect on individual taxpayer compliance, with a coefficient value of 0.561. This suggests that a higher degree of tax knowledge contributes significantly to better compliance behavior among individual taxpayers.
3. The validity of the third hypothesis is supported by the results of the F-test, where the calculated F-value (141.521) exceeds the F-table value (3.080) at a significance level of 0.000 (< 0.05). This confirms that both independent variables—income (X1) and tax understanding (X2)—simultaneously and significantly influence individual taxpayer compliance (Y).

These conclusions highlight the importance of both financial capacity and tax literacy in promoting compliance among individual taxpayers, suggesting the need for integrated strategies that address both economic and educational dimensions of tax policy.

## REFERENCES

- Amran, Amran. "Pengaruh Sanksi Perpajakan, Tingkat Pendapatan Dan Kesadaran Wajib Pajak Terhadap Kepatuhan Wajib Pajak Orang Pribadi." *Atestasi : Jurnal Ilmiah Akuntansi* 1, no. 1 (2018): 1–15. <https://doi.org/10.57178/atestasi.v1i1.53>.
- Anggadini, S. D., Bramasto, A., & Fahrana, E. "Determination Of Individual Taxpayer Compliance In Indonesia : A Case Study. Journal Of Estern European And Central Asian Research, 9(1)," 2022, 129–137.
- Arisandy, N. (. "No Title." *Pengaruh Pemahaman Wajib Pajak, Kesadaran Wajib Pajak, Dan Sanksi Pajak Terhadap Kepatuhan Wajib Pajak Orang Pribadi Yang Melakukan Kegiatan Bisnis Online Di Pekanbaru. Jurnal Ilmiah Ekonomi Dan Bisnis*, 14.1, 2017.
- Hasmi, N. "No Title." *Pengaruh Pengetahuan Perpajakan Terhadap Kepatuhan Wajib Pajak Dalam Membayar Pajak Bumi Dan Bangunan (Pbb). Sekolah Tinggi Ilmu Ekonomi Tri Dharma Nusantara Makasar*, 1(9), 2022, 1165–1172.
- Kesumasari, N. K. I., & Suardana, K. A. "Pengaruh Pengetahuan Perpajakan, Kesadaran Dan Pengetahuan Tax Amnesty Pada Kepatuhan WPOP Di KPP Pratama Gianyar." *E-Jurnal Akuntansi*, 2018.
- Lestianingrum, Ekiro, and Set Asmapane. "No Title." "The Effect of Tax Knowledge, Taxpayer Awareness, and the Application of e-Filing on Individual Taxpayer Compliance." *KINERJA: Jurnal Ekonomi Dan Manajemen* 20 (4), 2023, 482–92.
- Lukman, Hendro, Fanny Andriani Setiawan, and Juni Simina. "No Title." "Factors Affecting Individual Taxpayer Compliance on Tax Return After Using E-Filing." *International Journal of Application on Economics and Business* 1 (1), 2023, 133–40.
- Maghriby, B., & Ramdani, D. "No Title." *Pengaruh Dari Kesadaran Diri Wajib Pajak Dan Pengetahuan Perpajakannya Terhadap Kepatuhan Wajib Pajak Pada Entitas Usaha Kecil (Ukm). Riset Akuntansi Dan Perbankan*, 14(1), 2020, 288-300.
- Mardia, M., Tanjung, R., Karim, A., Ismail, M., Wagiu, E. B., Sudarmanto, E., ... & Ardiana, D. P. Y. "No Title." *Sistem Informasi Akuntansi Dan Bisnis. Yayasan Kita Menulis*, 2021.
- Marlim, Thadeus Nowel, and Teofilus. "No Title." "Effect of Emotion in Moderating the Relationship Between Tax Knowledge on Tax Compliance." *Journal of Accounting, Entrepreneurship and Financial Technology (Jaef)* 5 (1), 2023.
- Prastiwi, Dewi, I Made Narsa, and Erlina Diamastuti. "No Title." "Tax Compliance: Respectful Treatment and Institutional Image." *The Indonesian Accounting Review* 11 (2), 2021, 221–34.
- Rahayu, S. K. "No Title." *Perpajakan Konsep, Sistem Dan Implementasi. Bandung: Rekayasa Sains.*, 2020.
- Rahman. "Pengaruh Kesadaran Wajib Pajak, Tingkat Pendidikan, Dan Pendapatan Terhadap Kepatuhan Membayar Pajak Bumi Dan Bangunan." *Jurnal Akuntansi Universitas Negeri Padang*, 6(1), 2018, 1–20.
- Rahman, Arif. "No Title." "Pengaruh Kesadran Wajib Pajak, Tingkat Pendidikan Dan Pendapatan Terhadap Kepatuhan Membayar Pajak Bumi Dan Bangunan." *Jurnal Akuntansi Universitas Negeri Padang* 6 (1): 1-20, 2018, 1–20.
- Sudirgo, T., & Bangun, N. "No Title." *Pengaruh Financial Distress, Financial Performance Dan Likuiditas Terhadap Stock Return*, 2019, 77–92.



- Supraptianik, Dwi Puji Rahayu, Ambarwati, & Devi Kusumawardhani. "No Title." *Analisa Efektivitas Pajak Bumi Dan Bangunan Untuk Meningkatkan Pendapatan Asli Daerah Di Kabupaten Nganjuk Tahun 2014 -2018. Jurnal Akuntansi Dan Manajemen Mutiara Madani*, 9(1), 2021, 54–70.
- Widyanti, Yeni. "Pengaruh Tingkat Pemahaman , Sanksi , Kesadaran Wajib Pajak , Dan." *Journal Management, Business, and Accounting* 20, no. 3 (2021): 285–94. [https://eprints.walisongo.ac.id/20665/1/1805046001\\_NamiraFitriaSirait\\_Lengkap Tugas Akhir - Namira Fitria Sirait.pdf](https://eprints.walisongo.ac.id/20665/1/1805046001_NamiraFitriaSirait_Lengkap_Tugas_Akhir_-_Namira_Fitria_Sirait.pdf).