THE EFFECT OF TAX COMPLEXITY, FINANCIAL CONDITION AND TAX SANCTIONS ON TAXPAYER COMPLIANCE

Marleni Octavia[1], Ronald Wangdra[2]

Universitas Putera Batam[1,2]
Email: Marlenioctavia97@gmail.com[1], ronald@puterabatam.ac.id[2]

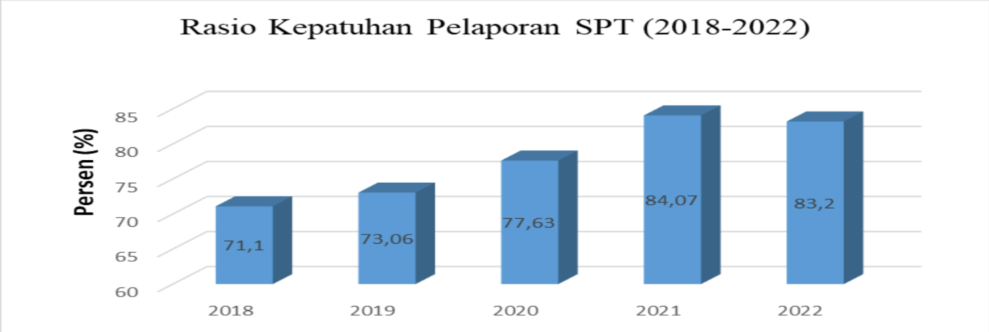
Abstract
This study aims to determine the Effect of Tax Complexity, Financial Condition, and Tax Sanctions on Individual Taxpayer Compliance at KPP Pratama Batam Selatan. Quantitative method data analysis is the data analysis method used in this study. Individual Taxpayers registered at KPP Pratama Batam Selatan amounted to 400,034 Individual Taxpayers who became the population in this study. The sampling technique is carried out using the calculation of the Slovin formula. From the calculation of the Slovin formula, a sample was obtained in this study of as many as 100 respondents. Data collection was carried out by distributing questionnaires through Google Forms measured through Likert scales. Tests in this study include descriptive analysis, validity test, reliability test, multiple linear regression test, normality test, multicollinearity test, heteroscedasticity test, F test, t-test, and determination coefficient test using the SPSS 26 Program. The findings show that in terms of tax, complexity does not affect taxpayer compliance, while in terms of Financial Conditions and Tax Sanctions have a positive and significant effect on taxpayer compliance. And simultaneously Tax Complexity, Financial Conditions, and Tax Sanctions have an effect and are significant on the compliance of individual taxpayers in KPP Pratama Batam Selatan.
Keywords: *Tax complexity, financial condition, tax sanctions, taxpayer compliance.*

Abstract
Penelitian ini bertujuan untuk mengetahui Pengaruh Kompleksitas Pajak, Kondisi Keuangan, dan Sanksi Pajak terhadap Kepatuhan Wajib Pajak Orang Pribadi di KPP Pratama Batam Selatan. Metode kuantitatif analisis data adalah metode analisis data yang digunakan dalam penelitian ini. Wajib Pajak Orang Pribadi yang terdaftar di KPP Pratama Batam Selatan berjumlah 400.034 Wajib Pajak Orang Pribadi yang menjadi penduduk dalam penelitian ini. Teknik pengambilan sampel dilakukan dengan menggunakan perhitungan rumus Slovin. Dari perhitungan rumus Slovin diperoleh sampel dalam penelitian ini sebanyak 100 responden. Pengumpulan data dilakukan dengan menyebarkan kuesioner melalui Google Form yang diukur melalui skala Likert. Tes dalam penelitian ini meliputi analisis deskriptif, uji validitas, uji reliabilitas, uji regresi linier berganda, uji normalitas, uji multikolinearitas, uji heteroskedastisitas, uji F, uji t, dan uji koefisien determinasi dengan menggunakan Program SPSS 26. Hasil penelitian menunjukkan bahwa dari sisi perpajakan, kompleksitas tidak mempengaruhi kepatuhan wajib pajak, sedangkan dari sisi Kondisi Keuangan dan Sanksi Pajak berpengaruh positif dan signifikan terhadap kepatuhan wajib pajak. Dan secara bersamaan Kompleksitas Pajak, Kondisi Keuangan, dan Sanksi Pajak berpengaruh dan signifikan terhadap kepatuhan wajib pajak orang pribadi di KPP Pratama Batam Selatan.
Kata kunci: *Kompleksitas pajak, kondisi keuangan, sanksi pajak, kepatuhan wajib pajak.*

INTRODUCTION

The main task of the Indonesian government is to improve the welfare and prosperity of the country. Such as economic development, education, health, and infrastructure. The government plays a very important role in encouraging economic growth and overcoming poverty. To achieve the main tasks or government programs, the funds used come from the State Budget (APBN). One of the largest contributions to the State Budget (APBN) comes from the tax sector paid by the community to its government, involving Income Tax (PPh), Value Added Tax (VAT), Land and Building Tax (PBB), Land and Building Acquisition Duty (BPHTB), excise, and other taxes. According to the Ministry of Finance, state revenue from taxes has reached Rp. 970.2 trillion until the end of June 2023, equivalent to 56.47% of the 2023 State Budget target.

In an effort to increase tax revenue and encourage taxpayer participation, the Directorate General of Taxes has carried out various steps, such as expanding the tax base, enforcing regulations, and automating tax administration. However, there are still taxpayers who do not pay taxes in accordance with legal provisions, and there are also those who do not report and pay taxes properly. The following data published by the Directorate General of Taxes related to the Compliance Ratio of Tax Return Reporting for 2018-2022 is as follows.



Source: Directorate General of Taxes (2023)

Based on the graph above, the compliance ratio for submitting Annual Returns (SPT) shows an increase from 2018 to 2021, with compliance percentages of 71.1%, 73.06%, 77.63%, and 84.07%, respectively. However, in 2022, there was a decrease in the compliance rate to 83.2%. This indicates that there are still taxpayers who do not comply with tax regulations, which can have a negative impact on tax revenue. A similar problem occurs in Batam City, where the level of tax reporting compliance, especially Individual Taxpayers (WPOP) registered with KPP Pratama Batam Selatan, is still relatively low and there is a decrease from year to year. The data covers the period from 2018 to 2022.

Table 1.1 : Individual Taxpayer Compliance Rate 2018-2022

Year	Individual Taxpayer Registered	Individual Taxpayer Must Report SPT	Individual Taxpayer Report Annual Notification Letter	Compliance Level of Tax Return Reporting
2018	290.808	54.591	49.258	90,23%
2019	306.712	64.398	53.500	83,08%
2020	341.939	69.467	52.788	75,99%
2021	370.573	67.957	56.117	82,58%
2022	400.034	75.350	61.019	80,98%

Source: KPP Pratama Batam Selatan (2023)

From the table above, it can be seen that the level of compliance of taxpayers in KPP Pratama Batam Selatan fluctuates from year to year. In 2018, out of a total of 290,808 registered taxpayers, 49,258 taxpayers reported, creating a compliance rate of 90.23%. In 2019, with 306,712 registered taxpayers, 53,500 taxpayers reported, resulting in a compliance rate of 83.08%. In 2020, out of 341,939 registered taxpayers, 52,788 taxpayers reported, resulting in a compliance rate of 75.99%. In 2021, out of 370,573 registered taxpayers, 56,117 taxpayers reported, resulting in a compliance rate of 82.58%. In 2022, out of 400,034 registered taxpayers, 61,019 taxpayers reported, creating a compliance rate of 80.98%.

A person is considered compliant if he has completed and fulfilled all his tax obligations, including the ability to calculate and pay taxes accurately and report tax returns to local tax authorities (Pebrina & Hidayatulloh, 2020). According to Ainul & Susanti (2021), there are internal and external factors that can affect a person's level of compliance in reporting tax returns, where internal factors are related to a person's self-assessment and personality.

Taxpayer compliance refers to the extent to which taxpayers comply with tax regulations in paying taxes according to government regulations. This includes understanding, filling, and paying taxes correctly in accordance with applicable tax law. The principle of taxpayer compliance is the main foundation in the tax system, crucial for maintaining state revenue, supporting government spending, and creating balance in society.

Tax complexity is one of the factors affecting taxpayer compliance where, over time tax rules in a country can become increasingly complex. This can include regulatory changes, the addition of tax incentives, or changes in tax reporting. This increase in tax complexity can make taxpayers find it difficult to understand and fulfill their obligations. With the complexity of the tax system in a country, especially Indonesia, the level of taxpayer compliance causes tax revenue to be less than optimal due to taxpayer non-compliance in fulfilling their tax obligations either intentionally or unintentionally.

Financial condition has an impact on taxpayer compliance, affecting the extent to which taxpayers fulfill their tax obligations (Inayati & Fitria, 2019). The compliance of individual taxpayers can be affected by the financial situation, where financial stress can affect their determination to meet tax responsibilities (Hendrawati et al., 2021). Taxpayers in poor financial condition are more likely to neglect their tax commitments compared to those in good financial standing. However, (Risna & Priono, 2022) noted that good and stable financial conditions do not always guarantee taxpayers' compliance and obedience in paying taxes. (Fatima & Adi, 2019) stated that financial conditions play a role in influencing the level of taxpayer compliance.

Tax sanctions involve fines and other sanctions applied by the government on individuals or companies that violate tax rules. The purpose of these sanctions is to encourage compliance with tax obligations. Changes in the taxation context, such as tax reform or stricter law enforcement, can affect the type and extent of sanctions applied. When tax sanctions are firm and provide a deterrent effect, taxpayers tend to comply. However, the low level of compliance indicates that existing tax sanctions may not be firm enough to ensure taxpayer compliance. However, the results of the study (Supriatiningsih & Saefta, 2021) show that tax sanctions have no influence on taxpayer compliance.

Theory of Planned Behavior

This research uses the Theory of Planned Behavior which was first introduced by Ajzen (1991). This theory is a development of the Rehasoned Action Theory and emphasizes that individual behavior is based on intention. By providing a framework for understanding interests, vested interests, and being able to predict various behaviors through subjective norms, behavioral control, and attitudes. The Theory of Planned Behavior is a person's behavior based on intention.

According to Planned Behavior Theory, tax complexities, such as hard-to-understand regulations or frequent regulatory changes, can affect taxpayer behavior. They may tend to look for tax loopholes or avoid tax liability if they find it difficult to understand the rules. This theory emphasizes on individual habits that can be influenced by motivational factors, such as intention and motivation, which can change the mindset of taxpayers, especially in receiving and understanding information about tax systems and regulations directly or indirectly.

Deterrence Theory

Deterrence Theroy in its application has two possible applications, namely first that the punishment imposed on individual perpetrators can deter or prevent the perpetrator from committing a crime or offense, the second is the result of the punishment received by someone convicted has a deterrent effect on the general public so as to prevent others from committing crimes. So Deterrence Theory is a theory that posits that strict and severe threats or sanctions can prevent individuals or groups from engaging in behavior that violates the law or norms in the context of the law, this theory emphasizes that a person will avoid an act of violation if they know that the violation will be followed by unfavorable consequences, such as punishment or sanctions.

Tax

Taxes are dues that are imposed forcibly, although this concept can be interpreted and explained differently from various perspectives. Although different viewpoints provide varying definitions, the purpose and function of taxes remain the same. A tax is a compulsory contribution that an individual or entity must make to the state in accordance with the law, in the absence of direct remuneration or counter-performance that can be demonstrated, and the funds are used to finance the general expenditure of the state. In accordance with Law No. 16 of 2009 concerning General Provisions of Taxation Article 1 paragraph 1, tax is defined as a contribution obligation to the state that must be fulfilled by individuals or entities forcibly based on the law, without getting direct compensation, and used for state purposes as much as possible for the needs of the people.

Taxpayer Compliance

Tax Compliance refers to the willingness of taxpayers to fulfill their tax obligations in accordance with applicable regulations, without any examination, careful investigation, warning, or threat of sanctions both legally and administratively (Christyanto & Hermanto, 2022). Compliance can be divided into two types, namely formal and material compliance. Formal compliance occurs when taxpayers fulfill tax obligations in accordance with laws and regulations. Meanwhile, material compliance includes material completeness from the taxation aspect (Sani & Sulfan, 2022).

Tax Complexity

Tax complexity indicates the level of difficulty in the tax system, which causes taxpayers to face challenges in reading, understanding, and complying with a country's tax regulations (Viliona & Kristanto, 2021). This complexity can refer to tax law texts that are difficult to digest, even by licensed tax advisors or financial experts. In addition, tax complexity also includes thousands of pages spread across tax laws and tax audit procedures that are too complicated (Primasari & Hendrani, 2022).

Financial conditions

According to (Aryantika & Mildawati, 2021), reflect the financial capabilities of taxpayers, including income, debt, and expenses. Taxpayers with good financial condition tend to avoid tax payment responsibilities. Thus, financial condition refers to a person's financial situation at any given time and can have an effect on their ability to meet tax obligations.

Tax Sanctions

Tax sanctions are interpreted as guarantees to ensure that tax law regulatory decisions will be complied with (Nitasari et al., 2023). This lack of understanding of sanctions leads to violations of tax regulations and leads to penalties for taxpayers. The goal is that taxpayers do not repeat the same mistakes. Tax law enforcement needs to apply the law fairly to other taxpayers, so that it can be a motivation to comply with the obligation to pay taxes**.**

RESEARCH METHODS

This study uses a quantitative approach to describe the effect of Tax Complexity, Financial Condition and Tax Sanctions on Compliance of Individual Taxpayers registered at KPP Pratama Batam Selatan. There are two types of variables used, namely with the dependent variable Taxpayer Compliance and independent variables such as Tax Complexity, Financial Condition and Tax Sanctions. This survey involved 400,034 individual taxpayers registered with KPP Pratama Batam Selatan. The sampling technique is carried out using the calculation of the slovin formula. From the calculation of the slovin formula, a sample was obtained in this study as many as 100 respondents**.** Data collection was carried out by distributing questionnaires through google forms measured through Likert scales. Tests in this study include descriptive analysis, validity test, reliability test, multiple linear regression test, normality test, multicollinearity test, heteroscedasticity test, F test, t test and determination coefficient test using the SPSS 26 Program.

RESULTS AND DISCUSSION

Validity Test

Validity test is a test analysis technique used to assess the validity of questionnaires in a study. To determine the validity of the questionnaire, measurement and comparison statistics are required. This validity test uses a comparison between SPSS Sig. (2-tailed) output with significance level (sig.) less than 5 percent (< 0.05). In other words, if the value of Sig.(2-tailed) is less than 5 percent, then the statement item in the questionnaire is considered valid. Conversely, if the value is greater, then it is considered invalid. Here are the results of those tests.

Table 2. Validity Test Results

Variable	Indicators	Sig.(2-tailed)	Conditions	Information
Taxpayer Compliance (Y)	Y_1	.000	< 0,05	Valid
	Y_2	.000	< 0,05	Valid
	Y_3	.000	< 0,05	Valid
	Y_4	.000	< 0,05	Valid
Tax Complexity (X1)	X1_1	.000	< 0,05	Valid
	X1_2	.000	< 0,05	Valid
	X1_3	.000	< 0,05	Valid
	X1_4	.000	< 0,05	Valid
	X1_5	.000	< 0,05	Valid
	X1_6	.000	< 0,05	Valid
	X1_7	.000	< 0,05	Valid
	X1_8	.000	< 0,05	Valid
	X1_9	.000	< 0,05	Valid
	X1_10	.000	< 0,05	Valid
	X1_11	.000	< 0,05	Valid
Financial Conditions (X2)	X2_1	.000	< 0,05	Valid
	X2_2	.000	< 0,05	Valid
	X2_3	.001	< 0,05	Valid
	X2_4	.001	< 0,05	Valid
	X2_5	.000	< 0,05	Valid
	X2_6	.002	< 0,05	Valid
	X2_7	.000	< 0,05	Valid
	X2_8	.000	< 0,05	Valid
	X2_9	.006	< 0,05	Valid
	X2_10	.000	< 0,05	Valid
	X2_11	.000	< 0,05	Valid
Tax Sanctions (X3)	X3_1	.000	< 0,05	Valid
	X3_2	.000	< 0,05	Valid
	X3_3	.000	< 0,05	Valid
	X3_4	.000	< 0,05	Valid
	X3_5	.000	< 0,05	Valid

Source: SPSS 26 Processing

From the table above, it can be seen that for the Taxpayer Compliance variable (Y), the Tax Complexity variable (X1), the Financial Condition Variable (X2) and the Tax Sanctions Variable (X3) also show a Sig.(2-tailed) value of < 0.05 for all statement items. Thus, it can be concluded that every questionnaire item distributed to respondents in this study can be considered valid.

Reliability Test

A questionnaire is considered reliable or reliable if the individual's response to the statement is consistent. This test aims to assess the extent to which the variable is error-free. If the Cronbach alpha value > 0.60, then the data is considered reliable; Conversely, if less than that, the data is considered unreliable. Here are the results of reliability testing.

Table 3. Reliability Test Results

Variable	**Cronbach's Alpha**	Conclusion
Taxpayer Compliance	0,943	Reliabel
Tax Complexity	0,854	Reliabel
Financial Condition	0,878	Reliabel
Tax Sanctions	0,900	Reliabel

Source: SPSS 26 Processing

This test utilizes Cronbach's Alpha to evaluate trustworthiness in respondents' answers. If the value exceeds > 0.60, then the data is considered reliable; Conversely, if the < value is 0.60, the data is considered unreliable. The above results show that all values exceed 0.60, so it can be concluded that all variables are reliable.

Normality Test

With the Kolmogorov-Smirnov test and Shapiro-Wilk testing, all variables that have a Sig value greater than 0.05 can be said that the research data is normally distributed, on the contrary, if the Sig value is smaller than 0.05, the research data is not normally distributed.

Table 4. Normality Test Results

Tests of Normality

Kolmogorov-Smirnov[a]			
Sig.	Statistic	df	Sig.
,000	,915	116	,000

Source: SPSS 26 Processing

It can be seen from the table above that the Sig value of 0.000 < 0.05 can be interpreted that the data is not normally distributed. Therefore, researchers use the GLS model as an alternative to overcome this problem. Where GLS is able to provide more efficient estimation of regression parameters, even when the normality test is not met.

Heteroscedasticity Test

The purpose of the heteroscedasticity test is to determine whether there is an inequality of variance in the regression model. The statistical results of heteroscedasticity test in this study are listed below. From the table, it can be seen that the significance value is 0.245 > 0.05, which means that the data is considered not to indicate heteroscedasticity.

Table 5. Heteroscedasticity Test Results

White Test for Heteroskedasticity[a,b,c]

Chi-Square	df	Sig.
11,467	9	,245

a. Dependent variable: Kepatuhan Wajib Pajak

Source: SPSS 26 Processing

Multicollinearity Test

This test is intended to evaluate the presence or absence of indications of multicollinearity. Multicollinearity is measured using Tolerance and VIF values generated by SPSS software. Here are the results of the multicollinearity test.

Table 6. Multicollinearity Test Results

Coefficients[a]

Model		Collinearity Statistics Tolerance	VIF
1	(Constant)		
	Tax Complexity	,951	1,052
	Financial Condition	,795	1,258
	Tax Sanctions	,760	1,316

a. Dependent Variable: Taxpayer Compliance

Source: SPSS 26 Processing

From the table, it can be seen that the tolerance values for independent variables such as tax complexity, financial condition, and tax sanctions are 0.951, 0.795, and 0.760, all of which > 0.1, indicating that these variables pass the multicollinearity test. The VIF results for the three variables were 1.052, 1.258, and 1.316, all of which < 10, indicating that the regression model did not undergo multicollinearity or pass the multicollinearity test.

Multiple Linear Regression Analysis

Multiple linear regression analysis is carried out by compiling a regression equation to see the effect of an independent variable of more than 1 variable on the dependent variable**.**

Table 7. Multiple Linear Regression Results

Parameter Estimates with Robust Standard Errors

Dependent Variable: Kepatuhan Wajib Pajak

Parameter	B	Robust Std. Error[a]	t	Sig.	95% Confidence Interval Lower Bound	Upper Bound
Intercept	1,578	,453	3,484	,001	,681	2,476
X1	,049	,062	,794	,429	-,074	,172
X2	,278	,107	2,587	,011	,065	,490
X3	,356	,121	2,933	,004	,116	,597

a. HC3 method

Source: SPSS 26 Processing

Y = 1.576 + 0.049 (X1) + 0.278 (X2) + 0.358 (X3) + 378 The explanation of the linear regression equation above is as follows:

1. The coefficient of 1.578 as the level of taxpayer compliance shows that the coefficient of Tax Complexity (X1) has a value of 0.049, Financial Condition (X2) of 0.278, and Tax Sanctions (X3) of 0.358.
2. The Tax Complexity regression coefficient (X1) of 0.049 signifies a positive relationship between tax complexity and taxpayer compliance. With the condition that other variables are constant, a one-point increase in tax complexity would lead to an increase in compliance by 0.049.
3. The Financial Condition regression coefficient (X2) of 0.278 indicates a positive relationship between financial condition and taxpayer compliance, meaning that a one-point increase in financial condition will contribute to an increase in compliance of 0.278.
4. The Tax Sanctions regression coefficient (X3) of 0.358 indicates a positive relationship between tax sanctions and taxpayer compliance. That is, a one-point increase in tax sanctions will have an impact on increasing compliance by 0.358.

Test Coefficient of Determination (R2)

Table 8. Test Results of Coefficient of Determination (R2)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,549[a]	,301	,282	,45031

a. Predictors: (Constant), Tax sanctions, tax complexity, financial condition
b. Dependent Variable: Kepatuhan Wajib Pajak
Source: SPSS 26 Processing

From the table, it can be seen that the test result of the coefficient of determination is expressed in the adjusted R Square value of 0.282, which is equivalent to 28.2%. This shows that 28.2% of the variability in taxpayer compliance can be explained by variables of tax complexity, financial condition, and tax sanctions. Meanwhile, the remaining 71.8% can be influenced by other variables that are not included in the model.

Test t

The -t test in this study examines whether the regression model of the independent variable has a significant effect on the dependent variable

Tabel 9. Hasil Uji t

Parameter Estimates with Robust Standard Errors

Dependent Variable: Kepatuhan Wajib Pajak

Parameter	B	Robust Std. Error[a]	t	Sig.	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound
Intercept	1,578	,453	3,484	,001	,681	2,476
X1	,049	,062	,794	,429	-,074	,172
X2	,278	,107	2,587	,011	,065	,490
X3	,356	,121	2,933	,004	,116	,597

a. HC3 method
Source: SPSS 26 Processing

Therefore, in this study with the number of samples (n) as many as 116 and the number of variables (k) as many as 3, namely (3-1) = 116-3-1 = 112, it is known that the value of the t-table is 1.981. Based on the test results in the table above, the following conclusions can be drawn:

1. The significance of the tax complexity value (X1) is 0.429 > 0.05, and the t-count is 0.749 < t-table is 1.981. Then it can be concluded that Ho is accepted and Ha is rejected, which means that the tax complexity variable (X1) has no effect on taxpayer compliance.
2. The significance of the financial condition value (X2) is 0.011 < 0.05, and the t-count is 2.587 > from t-table 1.981. Therefore, it can be concluded that Ho was rejected and Ha was accepted. That is, the financial condition variable (X2) has a positive and significant effect on taxpayer compliance.
3. The significance of the tax sanction value (X3) is 0.004 < 0.05, and the t-count is 2.933 > from t-table 1.981. Thus, it can be concluded that Ho was rejected and Ha was accepted. That is, the variable tax sanctions (X3) has a positive and significant influence on taxpayer compliance.

Test f

The F test is performed to test whether the independent variable has a silmutant effect on the dependent variable. Here's what the F test looks like.

Table 10. F Test Results

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9,774	3	3,258	16,066	,000[b]
	Residual	22,711	112	,203		
	Total	32,485	115			

a. Dependent Variable: Kepatuhan Wajib Pajak
b. Predictors: (Constant), Tax sanctions, tax complexity, financial condition

Source: SPSS 26 Processing

From the table, it can be seen that the F-count value reaches 16.066 with a significance value of 0.000. This value is significantly higher than the F-table value (16.066 > 2.69), and the significance value is lower than 0.05 (0.000 < 0.05). Thus, it can be concluded that the independent variables, namely tax complexity, financial condition, and tax sanctions, have a significant influence on the dependent variable, namely taxpayer compliance.

Discussion

The Effect of Tax Complexity on Individual Taxpayer Compliance at KPP Pratama Batam Selatan

Based on the formulation of problems that have been raised by researchers with a view to determining whether tax complexity has a significant effect on taxpayer compliance, this assessment is carried out through a t-test. The tax complexity variable (X1) has a t-count value of 0.749, which is smaller than the t-table value of 1.981, and a significance value of 0.429, which is greater than 0.05. Thus, it is concluded that the first hypothesis (H1) shows that the tax complexity variable (X1) does not have a significant influence on taxpayer compliance in KPP Pratama Batam Selatan. This conclusion indicates that the null hypothesis (H0) is accepted, while the alternative hypothesis (Ha) is rejected (The first hypothesis is rejected). This shows that the level of compliance of taxpayers within a country does not depend on the level of tax complexity in that country. In addition, taxpayer compliance is not affected by the level of regulatory complexity or the frequency of too frequent changes.

The results of this study are in line with research conducted by Viliona & Kristanto (2021), Primasari & Hendrani (2022) which states that tax complexity has no effect on taxpayer compliance. Contrary to the results of research conducted by Dharmawan & Adi (2021), Muflihani et al (2021) stated that tax complexity affects taxpayer compliance. This means that the more complex the tax system, the more taxpayer compliance will decrease.

The Effect of Financial Condition on Individual Taxpayer Compliance at KPP Pratama Batam Selatan

Based on the formulation of the problem that has been raised by the researcher with the aim of determining whether financial conditions have a significant influence on taxpayer compliance, this assessment is tested through a t-test. The financial condition variable (X2) shows a t-count value of 2.587, which is greater than the t-table of 1.981, and a significance value of 0.011, which is less than 0.05. Therefore, it is concluded that the first hypothesis (H2) shows that the financial condition variable (X2) has a positive and significant influence on the compliance of individual taxpayers in KPP Pratama Batam Selatan. From these conclusions, it can be concluded that the null hypothesis (H0) is rejected and the alternative hypothesis (Ha) is accepted (The second hypothesis is accepted).
This problem may be related to financial difficulties faced by individuals, which make it difficult to meet tax obligations. As income decreases or financial burden increases, a person tends to delay or neglect tax payments. This can also be caused by a progressive tax system, where the tax rate to be paid gets higher as income increases. Taxpayers with good financial standing may be better able to meet their tax obligations, whereas those experiencing financial difficulties may feel burdened by high tax rates.

The results of this study are in line with research conducted by Ahya (2019), Inayati & Fitria (2019), Nisak & Ardhani (2022) which proved that financial conditions have a positive and significant effect on taxpayer compliance. Meanwhile, the results of Ariyatika & Mildawati's (2021) research state that financial conditions have no effect on taxpayer compliance.

The Effect of Tax Sanctions on Individual Taxpayer Compliance at KPP Pratama Batam Selatan.

Based on the formulation of the problem that has been outlined by the researcher with the aim of knowing whether tax sanctions have a significant effect on taxpayer compliance, this assessment is tested through a t-test. The tax sanction variable (X3) shows a t-count value of 2.933 that exceeds t-table of 1.981, and a significance value of 0.004, which is lower than 0.05. Therefore, it is concluded that the second hypothesis (H2) shows that the variable tax sanctions (X3) have a positive and significant influence on the compliance of individual taxpayers in KPP Pratama Batam Selatan. From these conclusions, it can be concluded that the null hypothesis (H0) is rejected and the alternative hypothesis (Ha) is accepted (The third hypothesis is accepted).

The more severe the sanctions imposed by the government, the more obedient taxpayers will be in paying taxes. The existence of sanctions can encourage taxpayers to comply with applicable tax regulations. Sanctions need to be applied so that the regulations of the Law can still be implemented properly. Taxpayers will become more compliant due to threats and coercion, especially if they perceive that severe sanctions will be detrimental and increase the tax burden to be paid. In addition, the magnitude of the criminal threat they may face and the chance of being found in violation of regulations can also affect taxpayer behavior. If the risk of being caught is high, taxpayers tend to be more compliant because of the potential threat of their violations.

The results of this study are in line with research conducted by Nitasari et al (2021), Hartono & Sianturi (2022), which proved that tax sanctions have a significant effect on taxpayer compliance. Meanwhile, the results of research by Sofiana et al (2022), Primasari & Hendrani (2022) stated that tax sanctions have no effect on taxpayer compliance.

Pengaruh Kompleksitas Pajak, Kondisi Keuangan dan Sanksi Pajak terhadap Kepatuhan Wajib Pajak Orang Pribadi pada KPP Pratama Batam Selatan.

Based on the results of simultaneous tests, it was found that the f-count value was 16.066 with a significance level of 0.000. Therefore, it can be concluded that the fourth hypothesis is accepted. This is due to the fact that the level of significance obtained is below the value of 0.05. In addition, the f-count value obtained exceeds the f-table value by 2.69, so it can be concluded that the fourth hypothesis is also accepted. This means that the complexity of taxes, financial conditions, and tax sanctions together have a significant influence on the compliance of individual taxpayers in KPP Pratama Batam Selatan.

CONCLUSION

Based on the data obtained and the discussion described above about the effect of tax complexity, financial condition and tax sanctions on taxpayer compliance. Tax Complexity does not affect Individual Taxpayer Compliance in KPP Pratama Batam Selatan. Proven through the results of t-test or persial test, and the significant value of t-hiting is 0.749 < t-table 1.981 with Sig value 0.429 > 0.05. Financial Conditions have a positive and significant effect on Individual Taxpayer Compliance at KPP Pratama Batam Selatan. Proving through the results of t-test or persial test and t-count significance value of 2.835 > t-table 1.981 with Sig value 0.011 < 0.05. Tax sanctions have a positive and significant effect on Individual Taxpayer Compliance at KPP Pratama Batam Selatan. Proven through the results of t-test or persial test and t-count significance value of 2.587asi Admi System > t-table 1.981 with Sig value 0.004 < 0.05. Tax Complexity, Financial Condition and Tax Sanctions simultaneously have a significant effect on Individual Taxpayer Compliance at KPP Pratama Batam Selatan. By proving through the results of the F test or simultaneous test obtained F-count of 16.066 > F-table 2.69 with a Sig value of 0.000 < 0.05.

REFERENCES

Ainiyah, N. I., & Febriani, E. (2023). The effect of modernization of the tax administration system, taxpayer knowledge and tax sanctions on the compliance of MSME taxpayers with tax socialization as a moderation variable. Journal of business and taxation, 183–192.

Ainul, K. N., & Susanti. (2021). The influence of tax knowledge, tax socialization, and the application of the e-filling system on individual taxpayer compliance at the Surabaya Wonocolo Primary Tax Service Office. Scientific Journal of Educational, Economic, and Social Sciences, 15.

Aryantika, D.T, & Mildawati, T. (2021). The effect of awareness, modernization of administrative systems, financial condition, and tax sanctions on taxpayer compliance. Journal of Accounting Science and Research, 10, 2–22.

Christyanto, S. R. A., & Hermanto, B. S. (2022). The effect of planning, trust and fairness on taxpayer compliance. Journal of Accounting Science and Research, 11.

Fatima, A., & Adi, H. P. (2019). Financial and Environmental Conditions to Individual Taxpayer Compliance. Accounting and Financial Review, 2, 98–106.

Hendrawati. Erna, Pramudianti, M., & Abidin, K. (2021). Tax knowledge, tax sanctions, system modernization, financial condition on MSME taxpayer compliance during the COVID-19 pandemic. Scientific journal of accounting and finance, 4, 214–230.

Inayati, K. E., & Fitria, A. (2019). The influence of financial condition, tax sanctions, taxpayer awareness of taxpayer compliance. Journal of Accounting Science and Research, 8, 2–15.

Khusnul, E., Prastiwi, D., Accounting, J., & Economics, F. (n.d.). The effect of tax knowledge on the level of taxpayer compliance with tax complexity as a moderation variable. www.worldbank.org,

Kristanto, B. A., & Chandrika, P. L. N. (2023). Government Effectiveness and Compliance: The Mediating Role of Tax Complexity.

Ma'rufah, K., & Sari, P. R. (2023). Tax Literacy Moderation: The Effect of Education Level on Taxpayer Compliance of Lecturers at Surabaya Universities. 134–142.

Mulyani, D. S., & Purnomo, H. T. (2019). The role of task complexity in the relationship between the competence, independence, and ethics of tax inspectors with the quality of audit results. Journal of Business and Management, 9, 110–118.

Nisak, A. I., & Ardhani, L. (2023). The effect of post-new normal financial conditions on taxpayer compliance moderated taxpayer awareness. MEA Scientific Journal, 7.

Nitasari, A., Nurlalela, S., & Siddi, P. (2023). Effect of Tax Service Quality, Education Level, Tax Knowledge, v Tax Sanctions and v Awareness vTaxpayer Compliance. Research & Accounting journal, 7.

Pebrina, R., & Hidayatulloh, A. (2020). The effect of the implementation of e-SPT, understanding of tax regulations, tax sanctions, and service quality on taxpayer compliance. Scientific Journal of Economics and Business, 17, 1–8.

Permatasari, D. S. (n.d.). The Effect of Understanding Taxation, Financial Condition, Tax Sanctions, and Tax Fairness on the Level of Compliance of MSME Taxpayers.

Primasari, S., & Hendrani, A. (2022). The effect of tax complexity, tax audits and tax sanctions on taxpayer compliance. Scientific Journal of Accounting and Finance, 5.

Rahmayanti, P. N., Sutrisno, & Prihatiningtias. (2020). Effect of tax penalties, tax audit, and taxpayers awareness on corporate taxpayers' compliance moderated by compliance intentions. *International Journal of Research in Business & Social Science*, *9*, 118–124.

Risna, & Priono, H. (2022). The effect of understanding taxation and financial condition on compliance through taxpayer awareness as an intervening variable. Indonesian Scientific Journal, 7.

Viliona, & Kristanto, B. A. (2021). The effect of tax complexity on taxpayer compliance: Does national culture play a role? Journal of Islamic Accounting and Banking, 4.

Hartono, & Sianturi, R.F (2022). The Effect of Tax Knowledge, Tax Sanctions on Tax Compliance in MSMEs in Medan City. Owner: Research & Journal of Accounting,6