

# The Effect of Taxpayer Perceptions of the Effectiveness of the Implementation of Government Regulation of the Republic of Indonesia Number 58 of 2023 on Individual Taxpayer Compliance in Reporting Tax Return with Understanding of Taxation as a Moderating Variable

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## Abstract

This research endeavors to evaluate the impact of taxpayer perceptions on the efficacy of the implementation of Government Regulation of the Republic of Indonesia Number of 2023 in enhancing the compliance of individual taxpayers in filing annual tax returns, with tax comprehension serving as a moderating variable. The study included 169,672 individual taxpayers who were registered at KPP Pratama Palu. The research sample was randomly selected using a random sampling approach, and the total number of samples used was 399 respondents, as determined by the Slovin formula. This study employs a quantitative methodology, utilizing questionnaires distributed directly and online. The WarpPLS 7.0 software used the Partial Least Squares (PLS) method to analyze the data. The findings indicated that taxpayers' assessments of the efficacy of Government Regulation of the Republic of Indonesia Number of 2023 substantially impacted their compliance with tax return reporting, as evidenced by a path coefficient value of 0.516 and a p-value of less than 0.001. Furthermore, the relationship between perception and compliance is fortified by tax understanding as a moderating variable, as evidenced by a path coefficient value of 0.097 and a p-value of 0.026.

**Keywords:** *Taxpayer Perception, Taxpayer Compliance, Understanding of Taxation, Government Regulation Number 58 of 2023.*



## A. INTRODUCTION

Taxes are the Indonesian state's primary income source, supporting the community's economic activities and financing the country's development (Auliah and Marilang 2019). Based on Law Number 28 of 2007 concerning General Provisions and Tax Procedures as amended by Law No. 7 of 2021 concerning Harmonization of Tax Regulations, taxes are mandatory contributions to the state owed by individuals or entities that are compelling based on the Law, by not getting a direct reward and are used for state purposes for the greatest prosperity of the people.

The primary source of revenue in the State Budget is tax revenue. In the 2022 State Budget, tax revenue accounts for 77.18%, while non-tax revenue only accounts for 22.60%. In the last five years, the proportion of tax revenue has continued to

increase and maintain its status as the primary source of state revenue, with an average contribution of 78% (KEMENKEU, 2023). This positive trend emphasizes the importance of improving taxpayer compliance, as a high level of compliance will directly affect the achievement of tax revenue targets. In contrast, a decrease in compliance can reduce state revenues, given the dominant role of taxes in funding state activities (Alfredo, 2022).

One of the leading indicators in measuring taxpayer compliance is the timeliness of reporting the Annual Tax Return (Rahayu, 2010). The Directorate General of Taxes reported that until the end of the Annual Individual Income Tax Return reporting period on March 31, 2024, the level of formal taxpayer compliance had only reached 65.91%, far below the target set at 83%. Of the 19.27 million taxpayers required to report, only 12.7 million have fulfilled their obligations. This low compliance shows that concrete steps must be taken to improve taxpayer compliance, especially regarding the timely submission of tax returns. One of the causes of this low compliance is the complex method of calculating Income Tax Art 21, which is considered impractical and burdensome.

The calculation of Income Tax Art 21 involves many rules that affect different sources of income, such as income from employment, self-employment, or other business activities owned by individual taxpayers. This complexity can lead to errors in calculating the Annual Income Tax Return, which often results in an overpayment, even though withholding evidence shows that the taxpayer should have no overpayment or nil. These challenges include calculating gross income, marital status, regular and irregular income, and hiring and firing of employees (Apriyanto and Purwantini, 2024).

In response to this challenge, the government issued Government Regulation No. 58 Year 2023 through the Ministry of Finance, which took effect on January 1, 2024. This policy aims to simplify income tax calculation for individual taxpayers by introducing effective rates, thereby reducing the previously confusing complexity (Peraturan Pemerintah RI, 2023). The hope is that this simplification will assist taxpayers in better understanding and implementing their tax obligations. Previous research results in Al Rasyid (2023) showed that a complex tax system would increase the cost of tax compliance, which will impact decreasing individual taxpayer compliance.

However, implementing more straightforward tax policies such as PP No. 58 Year 2023 requires a deep understanding from taxpayers to implement the policy correctly. Taxpayers with a good knowledge of taxation are often compliant in paying and reporting taxes. On the other hand, good tax knowledge, such as understanding tax rules, systems, and functions, can increase taxpayer compliance (Utami and Loupatty, 2024).

This condition is also evident locally, such as in Palu City. Based on data from the Tax Office Pratama Palu, there is a mismatch between the increasing number of registered taxpayers and those who report their Annual Tax Returns. The following

table shows the number of individual taxpayers, active taxpayers, and those who reported the Annual Tax Return in Palu City from 2020 to 2024.

**Table 1. Individual Taxpayer Compliance Data at Tax Office Pratama Palu**

Year	Number of Individual Taxpayers	Number of Active Individual Taxpayers	Number of Annual Tax Returns	Compliance Ratio
2020	108,971	82.220	47.132	57%
2021	126,662	83.511	56.030	67%
2022	135,080	95.994	72.447	75%
2023	148,462	103.802	70.335	68%
2024	169,672	67.570	61.564	91%

Source: KPP Pratama Palu

The table above shows that while the number of registered taxpayers in Palu City increased consistently from 108,971 in 2020 to 169,672 in 2024, the number of taxpayers reporting their annual tax returns fluctuated and decreased in some years. For example, in 2024, the number of taxpayers reporting tax returns dropped to 61,564 from 70,335 in the previous year despite the compliance ratio increasing to 91%. This shows that despite the government's efforts to simplify tax regulations through PP No. 58 of 2023, a lack of comprehension understanding of tax regulations is still a significant obstacle to improving taxpayer compliance in Palu City.

Rizki Dwi Sunaryo's (2020) research revealed that taxpayer perceptions do not significantly influence their level of compliance. In contrast, other research conducted by Palalangan, Pakendek, and Tangdialla (2019) stated that taxpayer perceptions positively and significantly affect compliance. The differences in the results of this investigation suggest that the effect of taxpayer perspectives on compliance may vary depending on the context and other variables that influence compliance behavior, including comprehension of tax rules.

Based on the background description that has been explained, this study was conducted to examine the effect of taxpayer perceptions of the effectiveness of implementing PP No. 58 of 2023 on individual taxpayer compliance in reporting tax returns. In addition, this investigation aims to analyze the role of tax understanding as a moderating variable in strengthening or weakening the relationship. Through this research, tax authorities can better understand how taxpayers' perceptions and understanding affect their compliance so that they can formulate more effective policies.

## B. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

### 1. Theory of Planned Behavior

The theory of Planned Behavior (TPB) is a refinement of the Theory of Reasoned Action (TRA). According to Ajzen (1991), cited by Anggraini & Waluyo (2014), TPB states that a person's behaviour is influenced by his intention or purpose

to take that action (behavioural intention). Three main components influence this intention:

- a. Behavioural beliefs refer to individual perceptions regarding the results that may arise from an action.
- b. Normative beliefs refer to individuals' views regarding the normative expectations of others that motivate them to comply with these expectations.
- c. Control beliefs include individuals' perceptions of things that can facilitate or hinder the implementation of an action.

Theory of Planned Behavior (TPB) has high relevance to this study because this theory describes the intention of taxpayers to submit Annual Tax Returns is influenced by their belief in the benefits to be obtained (behavioural belief), the views of the surrounding community (normative belief), and their perceptions of factors that can facilitate or hinder the implementation of tax return reporting (control belief). This study examines how taxpayers' understanding of PP No. 58 of 2023 and their assessment of the simplicity of tax return reporting can affect their intention and compliance with tax obligations.

## **2. Attribution Theory**

Fritz Heider introduced the attribution theory in 1958. It examines how individuals interpret events and the reasons underlying certain behaviours. According to Heider, individual behaviour is influenced by both internal and external factors. Internal factors include elements within the individual, such as endeavour or aptitude. Meanwhile, external factors involve elements from the external environment, including achievements or obstacles in the workplace.

Attribution Theory is used to understand how taxpayers assess the reasons behind their actions in filing tax returns. Tax knowledge, as an internal factor, and the implementation of new tax regulations, as an external factor, can influence taxpayers' decisions in fulfilling their tax obligations. This study examines how this theory can be applied to understand how taxpayers perceive their role and the tax system regarding compliance.

## **3. The Effect of Taxpayer Perceptions of the Effectiveness of the Implementation of PP No. 58 of 2023 on Compliance of Individual Taxpayers in Reporting Tax Return**

Taxpayer perception is how individuals organize, understand, and process information from the surrounding environment, especially regarding taxation rules. This perception shows how taxpayers understand and react to tax laws and whether they apply these rules to government objectives (Hutapea, Manurung, and Sihotang 2023). Based on attribution theory, taxpayers' perceptions of the application of PP No. 58 of 2023 are internal factors that influence compliance in reporting tax returns. This view can be positive or negative, depending on how individuals perceive existing regulations.

According to Mardiasmo (2009:132), in research by Zaki Fuadi (2023), effectiveness is the relationship between the results obtained and the target or goal to be achieved. In this context, the taxpayer's perception of the effectiveness of PP No. 58 of 2023 can be measured by how far the policy fulfils its objectives. The primary purpose of the enactment of PP No. 58 of 2023 is to:

- a. Simplify the process for Individual Taxpayers in calculating Income Tax Art 21 deductions in each tax period.
- b. Enhance taxpayers' conformance with their tax obligations.
- c. Build a tax administration system that is more efficient in validating calculations made by taxpayers.

A positive perception of the effectiveness of PP No. 58 of 2023 can arise if taxpayers feel that the policy makes it more convenient for them to fulfill tax obligations. Positive perceptions regarding the simplicity and clarity of regulations can increase taxpayer compliance in tax return reporting. Taxpayer attitudes towards rules, prevailing social norms, and perceived behavioural control, namely perceptions of the difficulty or ease of implementing regulations, also play an essential role in shaping the intention to comply.

Previous research, such as that conducted by Robiansyah et al. (2020), Efrinal and Ariyanti (2022), Hutapea, Manurung, and Siho (2023) indicates that taxpayer perceptions have a significant influence on the level of taxpayer compliance. Research by Irawati and Sari (2019) also supports the idea that perception affects the level of compliance. However, until now, no study has specifically discussed taxpayer perceptions regarding the effectiveness of the implementation of PP No. 58 of 2023. Thus, researchers are interested in exploring this topic to understand these perceptions' effects on individual taxpayer compliance. Based on this description, the first hypothesis formulated is:

H<sub>1</sub>: Taxpayer Perceptions of the Effectiveness of the Implementation of PP No. 58 of 2023 Affect the Compliance of Individual Taxpayers in Reporting Tax Return

#### **4. Understanding of Taxation Moderates the Effect of Taxpayer Perceptions of the Effectiveness of the Implementation of PP No. 58 of 2023 on Taxpayer Compliance in Reporting Tax Returns.**

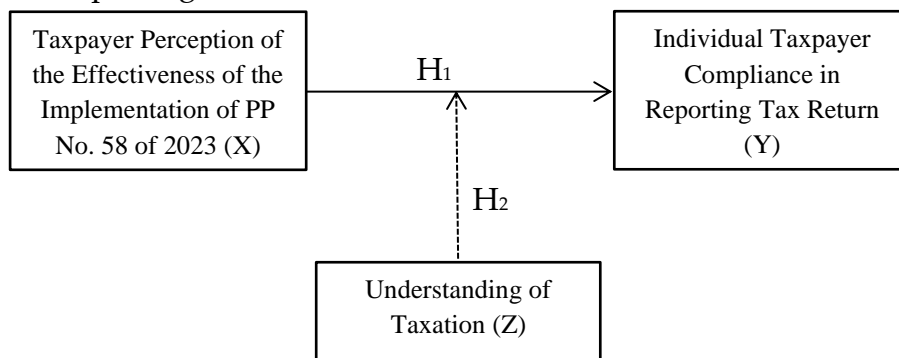
Tax understanding refers to how aware and understanding taxpayers are of the current tax regulations and policies (Utami and Loupatty 2024). This understanding plays a vital role in influencing taxpayer compliance. As a moderating variable, Comprehension of taxation may either fortify or undermine the link between taxpayers' perceptions of the effectiveness of implementation PP No. 58 of 2023 and taxpayer compliance in tax return reporting.

According to the theory of planned behaviour (Ajzen, 1991), a person's behaviour is determined by three main factors. The first is perceived behavioral control, which reflects an individual's belief regarding their capability to execute specific actions. In taxation, in-depth knowledge of tax regulations can increase taxpayers' confidence in carrying out their obligations. Taxpayers with an in-depth

understanding of tax rules will be more confident in meeting the requirements, making it easier to carry out their obligations. Thus, a good knowledge of taxation will strengthen the positive impact of taxpayers' perceptions of new policies such as PP No. 58 of 2023, thereby increasing their compliance in reporting tax returns.

A deep understanding of taxation increases taxpayers' confidence in carrying out tax obligations and increases their awareness of the consequences of their actions. Taxpayers with a good knowledge of tax regulations tend to be more compliant, as they know the responsibilities and consequences of violations. Conversely, a lack of understanding of tax rules often leads to non-compliance, both intentional and unintentional (Chandra et al. 2021).

Susanti and Tarigan (2024), Situmorang and Ginarti (2022) and Anjani (2019) have researched results that show understanding of taxation has a significant impact on taxpayer compliance. From the explanation above, the proposed hypothesis is:  
 H<sub>2</sub>: Understanding Taxation Moderates the Effect of Taxpayer Perceptions of the Effectiveness of the Implementation of PP No. 58 of 2023 on Individual Taxpayer Compliance in Reporting Tax Returns.



**Figure 1 Framework of Thought**

### C. METHODS

This research adopts a quantitative approach using primary data collected from the respondents' opinions, attitudes, experiences, and characteristics. The research instrument was a questionnaire distributed both face-to-face and through online platforms such as Google Forms.

The population in this study consisted of individual taxpayers registered at the tax office Pratama Palu, with a total population of 169,672 individuals. The research sample was obtained through a random sampling technique, giving each population individual the same opportunity to be chosen as a sample. The sample size was established using the Slovin Formula, with the following calculation:

$$= \frac{169.672}{1+169.672(0,05^2)} = 399 \text{ (rounded)}$$

Calculations using the Slovin formula with a margin of error of 5% yielded 399 respondents as samples for this study.

**Table 2 Operational Definition and Measurement of Variables**

Variables	Definition	Indicator	Measurement Scale
Taxpayer compliance (Y)	Compliance is when individual taxpayers fulfil all tax obligations and exercise their taxation rights (Rahayu, 2010: 138).	a. Compliance in reporting tax returns on time	The questions use a 5-point Likert scale from 1 (strongly disagree) to 5 (strongly agree).
Taxpayer perceptions of the effectiveness of the application of PP No. 58 of 2023 (X)	Taxpayer perception is how individuals organize, understand, and process information from the surrounding environment, especially regarding taxation rules. This perception reflects the extent to which taxpayers understand and respond to tax regulations and whether they apply these rules to the policies enacted by the government. (Hutapea, Manurung, and Sihotang 2023)	a. Providing convenience and simplicity for taxpayers to calculate income tax withholding article 21 in each tax period b. Increase taxpayer compliance in carrying out their taxation c. Provides convenience in building an administration system	The questions use a 5-point Likert scale from 1 (strongly disagree) to 5 (strongly agree).
Understanding of Taxation (Z)	Understanding taxation includes an individual's ability to comprehend the fundamental provisions and procedures of taxation, which serve as the foundation for taxpayers' fulfilling their tax obligations (Utami and Loupatty 2024)	a. Understand the general provisions and procedures of taxation b. Taxation function, and c. Taxation system in Indonesia.	The questions use a 5-point Likert scale from 1 (strongly disagree) to 5 (strongly agree).

This study processes the collected data using primary data analyzed with WarpPLS version 7.0 software. Validity and reliability were tested using the Loading Factor value, Cronbach's Alpha, and Composite Reliability. Inner model analysis is done by assessing Model Fit and Quality Indicators. In addition, hypothesis testing is

done through path coefficients analysis, which shows parameter coefficients and t-statistic significance values.

## D. RESULTS AND DISCUSSION

### 1. Respondent Demographics

**Table 3 Respondent Demographics**

Descriptive Data	Description	Total	Percentage
Gender	Male	199	49,9%
	Female	200	50,1%
Age	18 - 25 Years	49	12%
	26 - 35 Years	136	34%
	36 - 45 Years	104	26%
	46 - 55 Years	86	22%
	>55 Years	13	3%
Jobs	Civil Servants (PNS)	327	82%
	Private Employee	31	8%
	Self-employed	14	3%
	More	27	7%

Source: Primary data processed (2024)

The study involved 399 respondents with an almost even gender composition: 49.9% male and 50.1% female, as shown in Table 2. In terms of age, the age group of 26-35 was the most prevalent among respondents (34%), followed by the 36-45 years age group (26%), 46-55 years age group (22%), and 18-25 years age group, which reached 12%. Only 3% of respondents were above 55 years old.

In the employment category, most respondents worked as civil servants (PNS), with a percentage reaching 82%, while private employees only amounted to 8%. Respondents who worked as self-employed were recorded at 3%, and the other 7% fell into other job categories. This data indicates that most of the respondents in this study are government employees who work as civil servants.

### 2. Convergent Validity Test

The convergent validity test assesses to what degree indicators correlate with each other in defining a concept and ensuring the validity of the construct measurement. Generally, the guideline used to determine factor loading is a value of  $> 0.7$  for confirmatory research, while factor loading values between 0.6 and 0.7 are still acceptable in exploratory research. In addition, it is recommended that the P-value  $< 0.05$  (Ghozali & Latan, 2014).

**Table 4 Convergent Validity**

	<b>X</b>	<b>Y</b>	<b>Z</b>	<b>Z*X</b>	<b>Type (as defined)</b>	<b>SE</b>	<b>P Value</b>
<b>X.1</b>	(0.818)	0.000	-0.074	-0.106	Reflective	0.045	<0.001
<b>X.2</b>	(0.853)	-0.023	-0.011	-0.051	Reflective	0.045	<0.001
<b>X.3</b>	(0.808)	0.018	-0.019	-0.003	Reflective	0.045	<0.001
<b>X.4</b>	(0.795)	0.038	-0.010	-0.040	Reflective	0.045	<0.001
<b>X.5</b>	(0.825)	0.065	0.048	0.012	Reflective	0.045	<0.001
<b>X.6</b>	(0.788)	-0.159	0.037	0.116	Reflective	0.045	<0.001
<b>X.7</b>	(0.795)	0.059	0.030	0.080	Reflective	0.045	<0.001
<b>Y.1</b>	-0.009	(0.851)	0.067	0.023	Reflective	0.045	<0.001
<b>Y.2</b>	0.004	(0.898)	-0.029	-0.030	Reflective	0.044	<0.001
<b>Y.3</b>	0.005	(0.850)	-0.037	0.009	Reflective	0.045	<0.001
<b>Z.1</b>	0.136	0.008	(0.658)	-0.345	Reflective	0.046	<0.001
<b>Z.2</b>	-0.080	-0.039	(0.830)	0.160	Reflective	0.045	<0.001
<b>Z.3</b>	-0.136	-0.012	(0.838)	0.137	Reflective	0.045	<0.001
<b>Z.4</b>	-0.019	0.048	(0.880)	0.063	Reflective	0.044	<0.001
<b>Z.5</b>	0.134	0.038	(0.803)	-0.325	Reflective	0.045	<0.001
<b>Z.6</b>	-0.050	-0.051	(0.902)	0.170	Reflective	0.044	<0.001
<b>Z.7</b>	0.050	0.012	(0.880)	0.036	Reflective	0.044	<0.001
<b>Z*X</b>	0.000	0.000	0.000	(1.000)	Reflective	0.044	<0.001

Source: Primary data processed by researchers using Warp PLS 7.0 (2024)

According to the findings of the data analysis shown in Table 3, all indicators used to measure each variable show a factor loading value of more than 0.6. Consequently, all assertions in this research have satisfied the validity criteria and are appropriate for use.

### 3. Discriminant Validity Test

A discriminant validity test is conducted to ensure that indicators of different constructs do not correlate highly. This test's criteria state that the Average Variance Extracted (AVE) square root must be greater than the correlation between latent constructs (Ghozali & Latan, 2014).

**Table 5 Discriminant Validity**

	<b>X</b>	<b>Y</b>	<b>Z</b>	<b>Z*X</b>
<b>X</b>	(0.812)	0.531	0.339	0.078
<b>Y</b>	0.531	(0.867)	0.319	0.084
<b>Z</b>	0.339	0.319	(0.831)	-0.331
<b>X*Z</b>	0.078	0.084	-0.331	(1.000)

Source: Primary data processed by researchers using Warp PLS 7.0 (2024)

To test discriminant validity, each latent variable's Average Variance Extracted (AVE) square root is compared with the correlation coefficient between that latent variable and other latent variables. If the square root of the AVE is greater than the

correlation between latent variables, then the variable is considered to meet discriminant validity. Based on the test results, all latent variables are proclaimed to possess met the discriminant validity requirements.

**4. Reliability Test**

The following is the value of composite reliability and Cronbach alpha for each variable:

**Table 6 Reliability Test Value**

Variables	Composite Reliability Coefficients	Cronbach's Alpha Coefficients
X	0.931	0.914
Y	0.901	0.834
Z	0.939	0.923
Z*X	1.000	1.000

Source: Primary data processed by researchers using Warp PLS 7.0 (2024).

The table above shows that each research variable has a Cronbach's alpha value exceeding 0.70. This signifies that all variables exhibit high reliability, so the external model's results can be considered reliable and accepted as a whole.

**5. Evaluation of the Structural Model (Inner Model)**

a. Determinant Coefficient ( $R^2$ )

The following is the value of the coefficient of determination ( $R^2$ ):

**Table 7 R-Square Value**

	R Square	Adjusted R-Square
Individual Taxpayer Compliance in Reporting Tax Return (Y)	0.319	0.315

Source: Primary data processed by researchers using Warp PLS 7.0 (2024)

Based on the table, the R-Square value for the individual taxpayer Compliance in the Reporting Tax Return (Y) variable is 0.319. This indicates that the research model can explain about 31.9% of individual taxpayer compliance variation in tax return reporting. In other words, 31.9% of the variation in compliance is due to the factors included in this model, while 68.1% is influenced by factors not included.

In addition, the Adjusted R-Square value of 0.315 indicates that despite adjustments based on the number of predictors in the model, this adjusted coefficient of determination remains very close to the initial R-Square value. This suggests that the model used remains effective in explaining the variations that occur in the variables studied.

b. Predictive Relevance ( $Q^2$ )

The Q-Square ( $Q^2$ ) value is used to measure the model's predictive ability on endogenous variables, namely taxpayer compliance in reporting tax returns. The following is the value of Q-Square ( $Q^2$ ):

**Table 8 Q-Square Value (Q<sup>2</sup>)**

	<b>Q<sup>2</sup></b>
Individual Taxpayer Compliance in Reporting Tax Return (Y)	0.322

Source: Primary data processed by researchers using Warp PLS 7.0 (2024)

The Q-Square (Q<sup>2</sup>) value for the Individual Taxpayer Compliance in Reporting Tax Return (Y) variable was recorded at 0.322. This indicates that the model has good predictive ability. In other words, the variables contained in this model can explain 32.2% of the variation in individual taxpayer compliance in reporting tax returns.

Since the Q<sup>2</sup> value is greater than 0, this model has pretty good predictive relevance. This indicates the model can provide a valid estimate of taxpayer compliance behaviour in tax return reporting.

c. Model Fit Test

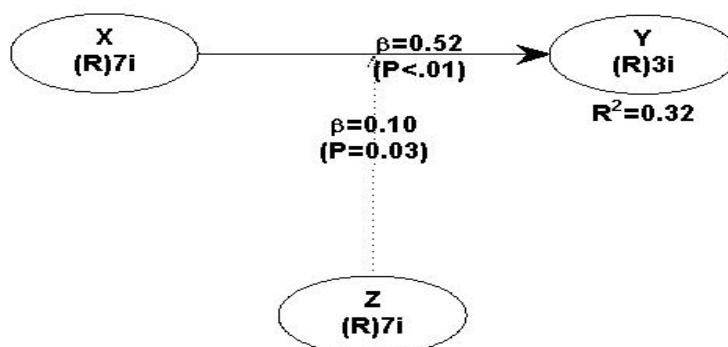
**Table 9 Model Fit Value and Quality Indices**

Model Fit Indicator	Index	P-Value	Results
APC	0.306	P<0.001	Accepted
ARS	0.319	P<0.001	Accepted
AVIF	1.236	-	Accepted

Source: Primary data processed by researchers using Warp PLS 7.0 (2024)

With a Q<sup>2</sup> value greater than 0, this model has sufficient predictive relevance. This shows that the model can accurately estimate taxpayer compliance in tax return reporting.

**6. Hypothesis Test**



**Figure 2 Path Diagram**

Source: Primary data processed by researchers using Warp PLS 7.0 (2024)

Hypothesis testing in this study was carried out using PLS analysis with the help of Warp PLS 7.0 software. The hypothesis is accepted if the probability value (P-value) is less than 0.05 or 5%.

**Table 10 Hypothesis Test Results**

	<b>Path Coefficient</b>	<b>P-value</b>	<b>Description</b>
Taxpayer Perception -> Individual Taxpayer Compliance in Reporting Tax Return	0.516	< 0.001	Accepted
Taxpayer Perception Moderated by Understanding of Taxation -> Individual Taxpayer Compliance in Reporting Tax Return	0.097	0.026	Accepted

### **7. The Effect of Taxpayer Perceptions of the Effectiveness of the Implementation of PP No. 58 of 2023 on Compliance of Individual Taxpayers in Reporting Tax Return**

Based on the processed research results, taxpayer perceptions significantly influence individual taxpayer compliance in reporting tax returns, with a Path Coefficient value of 0.516 and a p-value <0.001. This shows that the first hypothesis is accepted, indicating that taxpayer perceptions significantly increase compliance with tax return reporting.

A positive taxpayer perception of the effectiveness of PP No. 58 of the 2023 policy has a significant effect on compliance because this perception reflects the taxpayer's belief that the policy makes the tax return reporting process more accessible. This finding aligns with attribution theory, which asserts that an individual's behaviour is influenced by how individuals evaluate external factors that influence their actions. When taxpayers see that these regulations are well-designed and clear, they are more likely to comply because they feel helped by the existing rules. These results Align with studies done by Robiansyah et al. (2020), Efrinal and Ariyanti (2022), and Hutapea, Manurung, and Siho (2023), which states that positive taxpayer perceptions of tax regulations can encourage higher compliance.

### **8. Understanding of Taxation Moderates the Effect of Taxpayer Perceptions of the Effectiveness of the Implementation of PP No. 58 of 2023 on Taxpayer Compliance in Reporting Tax Returns.**

With a Path Coefficient value of 0.097 and a p-value of 0.026, it is proven that the understanding of taxation moderates the effect of taxpayer perceptions on the compliance of individual taxpayers in reporting tax returns. Because the p-value > 0.05, this moderation hypothesis can be accepted. Therefore, it can be concluded that understanding taxation plays a vital role in strengthening the relationship between taxpayer perceptions and their level of compliance in reporting tax returns. The improved the knowledge of taxation, the more elevated the taxpayer's compliance in reporting tax returns.

Taxpayers with a good understanding of taxation will feel more confident and more capable of fulfilling their tax obligations, including filing tax returns. This good understanding increases perceived behavioural control, one of the main factors in the Theory of Planned Behavior. When taxpayers feel capable and confident in carrying out their obligations, the intention to comply with tax regulations increases, ultimately strengthening compliance.

In addition, taxpayers' positive perceptions of the effectiveness of PP No. 58 Year 2023 implementation encourage their intention to comply with the regulation. When a good understanding of taxation supports this perception, taxpayers are more convinced of the policy's benefits and more prepared and motivated to comply. This aligns with the Theory of Planned Behaviour, which states that the stronger the perception of control and one's belief in the benefits of an action, the stronger the individual's purpose and inclination to take that action. Therefore, a comprehension of taxation plays a significant role in strengthening the impact of taxpayer perceptions on their compliance in reporting tax returns by applicable regulations. This study's findings align with a study by Utami and Loupatty (2024) which revealed that understanding taxation significantly impacts taxpayer compliance.

## E. CONCLUSIONS

on the Based findings and analysis previously described, it can be concluded that taxpayers' perceptions of the effectiveness of PP No. 58 of 2023 significantly influence individual taxpayer compliance in reporting tax returns. This shows that a positive view of tax regulations can increase taxpayer compliance, especially if the regulation is considered to facilitate and simplify the tax process. In addition, this study shows that tax understanding acts as a moderating variable that strengthens the connection between taxpayer perceptions and compliance in reporting tax returns. A good knowledge of taxation increases taxpayers' confidence in their ability to comply with regulations, thus strengthening the positive effect of perceptions on compliance. Therefore, clear and easy-to-understand policies, as intended in PP No. 58 of 2023, are essential to encourage tax compliance.

It is advisable to do further study to add other potential variables influencing taxpayer compliance and explore more relevant aspects. One variable that can be considered is tax socialization, which aims to more profoundly comprehend the impact of communication strategies on increasing taxpayer compliance. In addition, the scope of research needs to be expanded by increasing the number of populations or samples, as well as focusing on specific groups of taxpayers so that the research results are more comprehensive and representative.

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