

Tax understanding, tax awareness, and individual taxpayer compliance: Empirical evidence from Palangka Raya, Indonesia

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Abstract

Individual taxpayer compliance plays a crucial role in supporting government revenue, particularly amid ongoing reforms in Indonesia's tax administration system. However, differences in tax understanding and awareness continue to influence taxpayers' willingness to fulfill their obligations. This study examines the effects of tax understanding and tax awareness on individual taxpayer compliance at the Palangka Raya Primary Tax Office. A quantitative explanatory approach was employed using questionnaire data collected from 106 individual taxpayers selected through purposive sampling. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS software. The findings reveal that tax understanding positively and significantly influences taxpayer compliance ($\beta = 0.215$; $p = 0.007$), while tax awareness also demonstrates a positive and significant effect ($\beta = 0.330$; $p < 0.001$). The model explains 58.7% of the variance in taxpayer compliance. These findings support the relevance of the Theory of Planned Behavior in explaining taxpayer compliance through cognitive and behavioral factors. Practically, the results emphasize the importance of strengthening tax education, improving taxpayers' understanding of regulations, and promoting voluntary compliance through awareness programs. This study provides empirical evidence to support more effective taxpayer compliance strategies in regional tax administration.

INTRODUCTION

Tax revenue constitutes a major source of government financing and plays a fundamental role in supporting public administration, infrastructure development, education, healthcare, and social welfare programs. In Indonesia, the implementation of a self-assessment tax system places considerable responsibility on taxpayers to independently calculate, pay, and report their tax obligations. Consequently, the effectiveness of tax collection depends not only on the efficiency of tax administration but also on taxpayers' willingness and ability to comply with applicable regulations. Improving taxpayer compliance has therefore become a strategic priority for the Directorate General of Taxes (DGT), particularly through administrative reforms, digital transformation, taxpayer education, and initiatives aimed at strengthening tax awareness.

The digital transformation of Indonesia's tax administration has introduced various electronic services, including e-registration, e-billing, e-filing, and e-form, alongside the implementation of the Core Tax Administration System (Coretax). These initiatives are intended to improve administrative efficiency, expand access to tax

services, enhance transparency, and reduce compliance costs. Digital technologies can simplify tax procedures and facilitate taxpayers' interactions with tax authorities. Nevertheless, technological advancement does not automatically translate into higher compliance. Differences in digital literacy, infrastructure accessibility, and taxpayers' understanding of tax regulations may limit the effectiveness of these reforms. Accordingly, the behavioral and cognitive dimensions of taxpayer compliance remain important considerations within an increasingly digitalized taxation environment.

These challenges are particularly relevant to the administrative jurisdiction of the Palangka Raya Primary Tax Office in Central Kalimantan, Indonesia. Despite the availability of electronic tax services, individual taxpayers may continue to experience difficulties in understanding taxation procedures, utilizing digital platforms, and recognizing the importance of voluntarily fulfilling their obligations. Such conditions suggest that administrative modernization alone may be insufficient to ensure consistent compliance. Tax understanding and tax awareness represent two important internal factors that may influence how taxpayers interpret their responsibilities and translate their knowledge into compliant

behavior. Examining these factors within a regional taxation context is therefore essential for understanding the effectiveness of taxpayer compliance initiatives beyond technological improvements.

Previous studies have examined various determinants of taxpayer compliance, although their findings remain inconsistent. Tambun and Ananda (2022), Sulistyono and Mappanyukki (2023), and Permata and Zahroh (2022) reported positive relationships between tax understanding and taxpayer compliance. Similarly, Bahri et al. (2019) and Ramadhanty and Zulaikha (2020) emphasized the importance of taxpayers' knowledge of regulations and administrative procedures in encouraging compliance. These findings suggest that individuals who understand their taxation rights, responsibilities, and reporting procedures are more likely to fulfill their obligations accurately and consistently.

However, other studies have reported different findings. Fitria et al. (2022), Herviana and Halimatusadiah (2022), and Octaviani and Arfamaini (2021) indicate that the relationships between taxation-related knowledge, awareness, and compliance are not always statistically significant across different research settings. These inconsistencies suggest that taxpayer compliance may be influenced by contextual characteristics, including administrative conditions, taxpayer experiences, and socioeconomic environments. Therefore, the extent to which tax understanding and tax awareness consistently explain individual taxpayer compliance remains an important empirical issue requiring further investigation.

Beyond these empirical inconsistencies, a contextual research gap can also be identified. Existing taxpayer compliance studies have frequently examined populations in major Indonesian cities, while empirical investigations focusing on regional tax administration in Central Kalimantan remain relatively limited. Differences in taxpayer characteristics, access to information, administrative experiences, and local socioeconomic conditions may contribute to variations in compliance behavior. Findings obtained from larger urban centers may therefore not fully represent taxpayers operating within different regional environments. Investigating individual taxpayers registered at the Palangka Raya Primary Tax Office provides an opportunity to generate context-specific evidence regarding the behavioral determinants of tax compliance.

The present study draws on the Theory of Planned Behavior (TPB), introduced by Ajzen (1991), to explain how individual cognitive and

behavioral considerations may contribute to taxpayer compliance. Within this perspective, tax understanding reflects taxpayers' knowledge of applicable regulations, procedures, rights, and obligations, while tax awareness represents their recognition of taxation as a civic responsibility and their willingness to comply voluntarily. Although these constructs do not directly measure all components of TPB, they provide relevant perspectives for examining the cognitive and motivational foundations of compliance behavior. Integrating these considerations offers a theoretical basis for investigating why taxpayers may demonstrate different levels of compliance despite operating under similar administrative regulations.

Based on these considerations, this study addresses the following research question: *To what extent do tax understanding and tax awareness influence individual taxpayer compliance at the Palangka Raya Primary Tax Office?* Specifically, the study aims to examine the respective effects of tax understanding and tax awareness on individual taxpayer compliance using a quantitative explanatory approach. By focusing on these two determinants, the research seeks to clarify their empirical relevance within the context of regional tax administration in Indonesia.

This study offers both theoretical and practical contributions. Theoretically, it extends the empirical discussion of taxpayer compliance by examining the roles of tax understanding and tax awareness within the broader perspectives of compliance theory and the Theory of Planned Behavior. Its contribution lies in providing regional evidence on two behavioral determinants whose relationships with compliance have not been consistently established across previous studies. Practically, the findings are expected to provide useful insights for the Directorate General of Taxes and the Palangka Raya Primary Tax Office in designing more targeted taxpayer education programs, strengthening public awareness, and improving communication regarding taxation obligations. Such initiatives may complement ongoing administrative digitalization and support the development of more effective, accessible, and taxpayer-oriented compliance strategies.

LITERATURE REVIEW

Taxpayer Compliance and the Theory of Planned Behavior

Taxpayer compliance is a fundamental determinant of government revenue, particularly within Indonesia's self-assessment taxation system, which requires taxpayers to independently calculate, pay, and report their tax obligations. Under this system, compliance is influenced by various internal and external factors, including taxpayers' knowledge of tax regulations, awareness of their responsibilities, technological accessibility, and the quality of tax administration services. Understanding these determinants is essential for developing effective strategies to encourage voluntary compliance.

This study adopts the Theory of Planned Behavior (TPB), introduced by Ajzen (1991), as its primary theoretical foundation. TPB proposes that individual behavior is influenced by behavioral intentions, which are shaped by attitudes toward behavior, subjective norms, and perceived behavioral control. In the taxation context, tax understanding may contribute to taxpayers' perceived ability to fulfill their obligations, while tax awareness may strengthen positive attitudes toward taxation and voluntary compliance. Although this study does not directly measure all TPB components, the theory provides a relevant conceptual perspective for explaining the relationship between taxpayers' cognitive and motivational characteristics and their compliance behavior.

Tax Understanding and Taxpayer Compliance

Tax understanding refers to taxpayers' knowledge and comprehension of taxation regulations, rights, obligations, payment procedures, reporting requirements, and applicable sanctions. Taxpayers with adequate understanding are generally better equipped to calculate their liabilities accurately, complete administrative procedures, and fulfill their obligations within the prescribed deadlines. Conversely, insufficient tax understanding may contribute to reporting errors, administrative difficulties, and unintentional noncompliance.

Previous empirical studies have demonstrated the importance of tax understanding in shaping compliance behavior. Triogi et al. (2021) and Permata and Zahroh (2022) reported positive relationships between tax understanding and taxpayer compliance, suggesting that greater familiarity with taxation regulations encourages individuals to fulfill their obligations. However, Fitria et al. (2022) reported findings indicating that tax understanding does not always significantly influence compliance. These inconsistencies suggest that the relationship may depend on

taxpayers' characteristics and the administrative environment in which taxation obligations are fulfilled.

From the perspective of TPB, tax understanding can be associated with perceived behavioral control because knowledge of tax procedures may increase taxpayers' confidence in their ability to comply. Greater understanding may also reduce uncertainty and perceived administrative complexity, thereby facilitating compliant behavior. Accordingly, the following hypothesis is proposed:

H1: Tax understanding has a positive effect on individual taxpayer compliance.

Tax Awareness and Taxpayer Compliance

Tax awareness refers to taxpayers' recognition of the importance of taxation in financing public services and national development, accompanied by a willingness to fulfill tax obligations voluntarily. Unlike tax understanding, which emphasizes knowledge of taxation regulations and procedures, tax awareness reflects individuals' sense of responsibility and recognition of taxation as a civic obligation.

Taxpayers with higher awareness may be more willing to comply because they recognize the broader social benefits of taxation. Such awareness can encourage voluntary compliance beyond the motivation to avoid administrative penalties. Within the TPB framework, tax awareness may be associated with favorable attitudes toward compliance and stronger intentions to fulfill taxation responsibilities.

Empirical findings generally support the importance of tax awareness. Gaol and Sarumaha (2022), Indrayani et al. (2022), and Widiyanti et al. (2021) reported positive relationships between tax awareness and taxpayer compliance. Nevertheless, Herviana and Halimatusadiah (2022) found that tax awareness did not significantly improve compliance in their research context. These differing findings indicate that awareness may not consistently translate into compliant behavior across taxpayer populations.

The variation in previous findings highlights the importance of examining tax awareness within specific administrative and regional contexts. In particular, taxpayers registered at the Palangka Raya Primary Tax Office may experience different informational, socioeconomic, and administrative conditions from those examined in previous studies. Therefore, the following hypothesis is formulated:

H2: Tax awareness has a positive effect on individual taxpayer compliance.

METHODS

Research Design

This study employed a quantitative approach with an explanatory research design to examine the effects of tax understanding and tax awareness on individual taxpayer compliance at the Palangka Raya Primary Tax Office, Central Kalimantan, Indonesia. A cross-sectional survey was conducted using structured questionnaires to collect primary data from individual taxpayers. This approach was selected to assess the relationships between the independent and dependent variables within the proposed research model.

Population and Sampling

The study population consisted of individual taxpayers registered at the Palangka Raya Primary Tax Office. A total of 106 respondents were selected using purposive sampling based on predetermined eligibility criteria. Respondents were required to possess a Taxpayer Identification Number (*Nomor Pokok Wajib Pajak*, NPWP), be officially registered as individual taxpayers at the Palangka Raya Primary Tax Office, and have prior experience using taxation services. These criteria ensured that participants possessed relevant experience with taxation procedures and administrative requirements.

Data Collection and Measurement

Primary data were collected through questionnaires distributed directly to eligible respondents. The research instrument employed a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire was designed to measure three constructs: tax understanding, tax awareness, and individual taxpayer compliance.

Tax understanding was measured through indicators reflecting taxpayers' comprehension of taxation regulations, taxation systems, and their rights and obligations. Tax awareness was assessed based on taxpayers' recognition of the importance of taxation, willingness to comply voluntarily, and sense of responsibility in fulfilling tax obligations. Individual taxpayer compliance was measured through indicators related to taxpayer registration, accurate tax calculation, timely payment, and submission of tax returns. The measurement indicators were adapted from relevant previous studies to ensure their

conceptual alignment with the research objectives.

Data Analysis

Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS software. The analytical procedure involved descriptive statistical analysis, measurement model evaluation, and structural model assessment.

The measurement model (*outer model*) was evaluated to establish construct validity and reliability. Convergent validity was assessed using indicator outer loadings and Average Variance Extracted (AVE), while internal consistency reliability was examined through Cronbach's alpha and composite reliability. Discriminant validity was also considered to assess the distinctiveness of the constructs.

The structural model (*inner model*) was evaluated using the coefficient of determination (R^2), predictive relevance (Q^2), effect size (f^2), and path coefficients. Hypothesis testing was conducted through a bootstrapping procedure to determine the statistical significance of the relationships between tax understanding, tax awareness, and individual taxpayer compliance. Statistical significance was evaluated at the 5% level ($p < 0.05$).

The analysis focused on two hypothesized direct relationships: the effect of tax understanding on individual taxpayer compliance (H1) and the effect of tax awareness on individual taxpayer compliance (H2).

RESULT

Respondent Characteristics

This study involved 106 individual taxpayers registered at the Palangka Raya Primary Tax Office, Central Kalimantan, Indonesia. Respondent characteristics were examined based on gender, age, and occupation. Most respondents were male and belonged to the working-age population, with private-sector employees and self-employed individuals representing the predominant occupational groups. These characteristics provide an overview of the respondents' demographic and occupational backgrounds.

Following the description of respondent characteristics, the analysis proceeded to evaluate the measurement model to determine whether the research constructs demonstrated

adequate reliability and validity before examining their structural relationships.

Measurement Model Assessment (Outer Model)

The measurement model was evaluated to assess the reliability and convergent validity of three constructs: tax understanding, tax awareness, and individual taxpayer compliance. Indicator reliability was assessed through outer loadings, while internal consistency reliability was examined using Cronbach's alpha, rho_a, and composite reliability (rho_c). Convergent validity was evaluated using the Average Variance Extracted (AVE).

The reported results indicate that all indicator loadings exceeded 0.70. To provide a comprehensive overview of construct reliability and convergent validity, Table 1 presents the reliability coefficients and AVE values for each research construct.

Table 1. Construct Reliability and Convergent Validity

Construct	Cronbach's Alpha	rho_a	rho_c	AVE
Tax Understanding (X1)	0.816	0.816	0.891	0.731
Tax Awareness (X2)	0.869	0.871	0.905	0.656
Individual Taxpayer Compliance (Y)	0.865	0.873	0.902	0.649

As presented in Table 1, Cronbach's alpha values range from 0.816 to 0.869, while composite reliability (rho_c) values range from 0.891 to 0.905. These values exceed the commonly accepted threshold of 0.70, indicating satisfactory internal consistency reliability across the constructs.

Furthermore, the AVE values range from 0.649 to 0.731, exceeding the recommended minimum of 0.50. Tax understanding demonstrates the highest AVE (0.731), followed by tax awareness (0.656) and individual taxpayer compliance (0.649). These findings indicate that the constructs meet the reported convergent validity criteria.

Overall, the measurement model demonstrates satisfactory internal consistency reliability and convergent validity. However, discriminant validity cannot be confirmed from these statistics alone because separate discriminant validity results are not provided.

Having established the reported reliability and convergent validity of the measurement model,

the subsequent analysis focuses on evaluating the structural model, particularly its explanatory power, predictive relevance, and the contributions of individual predictors.

Structural Model Assessment (Inner Model)

The structural model was assessed to determine the extent to which tax understanding and tax awareness explain variations in individual taxpayer compliance. The evaluation incorporated the coefficient of determination (R^2), adjusted R^2 , predictive relevance (Q^2_{predict}), and prediction error indicators, including Root Mean Squared Error (RMSE) and Mean Absolute Error (MAE).

These measures provide complementary information regarding the model's explanatory and predictive characteristics. Table 2 summarizes the structural model assessment results for individual taxpayer compliance as the endogenous construct.

Table 2. Structural Model Explanatory Power and Predictive Assessment

Endogenous Construct	R^2	Adjusted R^2	Q^2_{predict}	RMSE	MAE
Individual Taxpayer Compliance	0.587	0.571	0.541	0.690	0.551

Table 2 indicates that the model achieves an R^2 value of 0.587, suggesting that tax understanding and tax awareness collectively explain 58.7% of the variance in individual taxpayer compliance. The remaining 41.3% represents unexplained variation and may be associated with other factors not incorporated into the research model.

The adjusted R^2 value of 0.571 indicates that the model retains substantial explanatory power after accounting for the number of predictors. Additionally, the positive Q^2_{predict} value of 0.541 suggests predictive relevance. The RMSE and MAE values of 0.690 and 0.551, respectively, provide further information regarding prediction errors. However, assessing predictive performance relative to alternative models would require additional benchmark results.

Although the coefficient of determination indicates the model's overall explanatory capacity, it does not establish the relative contribution of each independent variable. Therefore, an effect size analysis was conducted using f^2 to assess the contribution of tax understanding and tax awareness to the explained variance in taxpayer compliance. The results are presented in Table 3.

Table 3. Effect Size (f^2) of Exogenous Constructs

Exogenous Construct	Endogenous Construct	f^2
Tax Understanding (X1)	Individual Taxpayer Compliance (Y)	0.203
Tax Awareness (X2)	Individual Taxpayer Compliance (Y)	0.078

As shown in Table 3, tax understanding has an f^2 value of 0.203, indicating a moderate effect on individual taxpayer compliance. In comparison, tax awareness has an f^2 value of 0.078, representing a small effect.

These results indicate that tax understanding makes a greater incremental contribution to the model's explanatory power than tax awareness. Nevertheless, effect size alone does not determine whether the relationships are statistically significant. Consequently, hypothesis testing was performed to examine the direction

and significance of each proposed structural relationship.

Hypothesis Testing

Hypothesis testing was conducted using the bootstrapping procedure in SmartPLS to evaluate the proposed relationships between tax understanding, tax awareness, and individual taxpayer compliance. The analysis examined standardized path coefficients, t-statistics, and p-values using a significance level of 5%.

Two hypotheses were evaluated: the positive effect of tax understanding on individual taxpayer compliance (H1) and the positive effect of tax awareness on individual taxpayer compliance (H2). Table 4 presents the results of the structural path analysis and the corresponding hypothesis decisions.

Table 4. Structural Path Coefficients and Hypothesis Testing

Hypothesis	Structural Relationship	β	t-statistic	p-value	Decision
H1	Tax Understanding $\rightarrow$ Individual Taxpayer Compliance	0.215	2.687	0.007	Supported
H2	Tax Awareness $\rightarrow$ Individual Taxpayer Compliance	0.330	4.569	0.000	Supported

The results presented in Table 4 demonstrate that tax understanding has a positive and statistically significant relationship with individual taxpayer compliance ($\beta = 0.215$; $t = 2.687$; $p = 0.007$). Since the p-value is below 0.05, H1 is supported. This finding indicates that higher levels of tax understanding are associated with higher levels of taxpayer compliance among the respondents.

Similarly, tax awareness demonstrates a positive and statistically significant relationship with individual taxpayer compliance ($\beta = 0.330$; $t = 4.569$; $p < 0.001$), supporting H2. The positive coefficient indicates that taxpayers with greater awareness of their taxation responsibilities tend to report higher compliance levels.

Comparing the standardized path coefficients, tax awareness ($\beta = 0.330$) exhibits a stronger positive association with taxpayer compliance than tax understanding ($\beta = 0.215$). However, this comparison should be distinguished from the effect size results, which indicate a greater incremental explanatory contribution from tax understanding.

To complement the numerical results, the structural relationships and measurement indicators are illustrated through the SmartPLS

bootstrapping output. Figure 1 presents the estimated path coefficients, statistical significance, and outer loadings within the proposed research model.

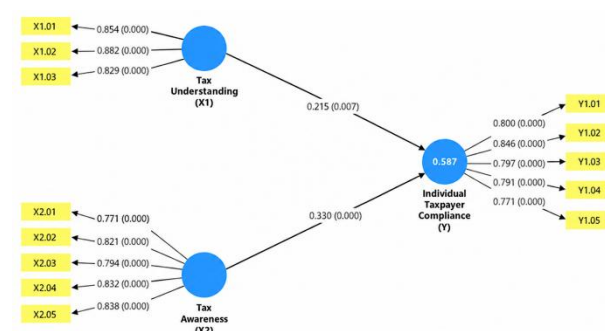
**Fig 1.** PLS-SEM Bootstrapping Results: Path Coefficients, p-values, and Outer Loadings

Figure 1 visually illustrates the positive relationships between tax understanding, tax awareness, and individual taxpayer compliance. Both structural paths meet the established statistical significance criterion, consistent with the hypothesis testing results reported in Table 4.

Taken together, the structural model results demonstrate that both tax understanding and tax

awareness are significant positive predictors of individual taxpayer compliance. The model explains 58.7% of the variance in taxpayer compliance, with both hypotheses supported by the empirical findings. These results provide the empirical foundation for the subsequent discussion, which examines their theoretical implications and compares the findings with previous research on taxpayer compliance.

DISCUSSION

The Effect of Tax Understanding on Individual Taxpayer Compliance

The findings demonstrate that tax understanding has a positive and statistically significant effect on individual taxpayer compliance at the Palangka Raya Primary Tax Office ($\beta = 0.215$; $p = 0.007$). This result supports H1 and indicates that taxpayers with greater understanding of taxation regulations, administrative procedures, and their rights and obligations tend to demonstrate higher levels of compliance. Tax understanding therefore represents an important cognitive factor associated with taxpayers' ability to fulfill their taxation responsibilities.

This finding can be interpreted through the Theory of Planned Behavior (Ajzen, 1991), particularly the concept of perceived behavioral control. Taxpayers who understand how to calculate, pay, and report their taxes may perceive fewer difficulties in completing administrative procedures. Greater familiarity with taxation requirements may reduce uncertainty and improve confidence in fulfilling tax obligations. Although perceived behavioral control was not directly measured in this study, the theoretical perspective suggests a plausible explanation for the positive relationship between tax understanding and compliance.

The findings are consistent with Triogi et al. (2021) and Permata and Zahroh (2022), who reported positive relationships between tax understanding and taxpayer compliance. However, they differ from the findings attributed to Fitria et al. (2022), highlighting the possibility that the relevance of tax understanding varies across research contexts. In the Palangka Raya setting, the positive association suggests that knowledge of taxation procedures remains important despite ongoing improvements in digital tax administration.

From a practical perspective, these findings emphasize the importance of providing accessible and understandable tax information. Tax education should extend beyond

communicating regulatory changes to include practical guidance on tax calculation, payment, reporting, and the use of electronic tax services. Such initiatives may help taxpayers translate their understanding into more consistent compliance behavior.

The Effect of Tax Awareness on Individual Taxpayer Compliance

The findings also reveal that tax awareness has a positive and statistically significant effect on individual taxpayer compliance ($\beta = 0.330$; $p < 0.001$). This result supports H2 and indicates that taxpayers who recognize the importance of taxation and their responsibilities as citizens tend to demonstrate higher compliance levels. Tax awareness therefore constitutes an important motivational factor associated with voluntary compliance.

From the perspective of the Theory of Planned Behavior, tax awareness may be associated with favorable attitudes toward fulfilling taxation obligations. Individuals who recognize that tax revenue contributes to public services, infrastructure, and national development may develop stronger motivation to comply voluntarily. This interpretation suggests that taxpayer compliance is not solely a matter of understanding administrative procedures but also involves recognizing the broader social significance of taxation.

The findings are consistent with Gaol and Sarumaha (2022), Indrayani et al. (2022), and Widiyanti et al. (2021), who reported positive relationships between tax awareness and taxpayer compliance. However, the results differ from those attributed to Herviana and Halimatusadiah (2022), indicating that the relationship between awareness and compliance may vary across taxpayer populations and administrative environments.

The standardized path coefficient for tax awareness ($\beta = 0.330$) is higher than that for tax understanding ($\beta = 0.215$). This indicates a stronger estimated direct association between tax awareness and compliance in the present model. Nevertheless, the effect size analysis shows that tax understanding contributes more incrementally to the model's explanatory power. These findings highlight the importance of considering both constructs rather than relying on a single indicator when assessing their relative contributions.

Practically, strengthening tax awareness requires communication strategies that

emphasize the public benefits of taxation and the importance of voluntary participation. Public education campaigns, community-based outreach, and transparent communication regarding the use of tax revenue may help reinforce taxpayers' sense of responsibility. Such initiatives could complement technical tax education by addressing the motivational dimensions of compliance.

Theoretical and Practical Implications

Taken together, the findings indicate that individual taxpayer compliance is associated with both cognitive and motivational factors. Tax understanding reflects taxpayers' knowledge of how to fulfill their obligations, whereas tax awareness reflects their recognition of why those obligations should be fulfilled. These dimensions offer complementary perspectives for explaining compliance behavior within Indonesia's self-assessment taxation system.

Theoretically, the findings are consistent with the broader reasoning of the Theory of Planned Behavior, which recognizes the importance of individual attitudes and perceived behavioral control in shaping behavior. However, because this study did not directly measure behavioral intention or the principal TPB constructs, the results should be interpreted as theoretically consistent associations rather than a comprehensive empirical test of TPB.

The study also contributes regional empirical evidence regarding taxpayer compliance in Central Kalimantan. Its findings suggest that tax understanding and tax awareness remain relevant considerations within a regional administrative environment undergoing digital transformation. Nevertheless, the study does not directly evaluate the effects of digitalization or service quality, and therefore cannot establish whether these factors improve taxpayer compliance.

For tax authorities, the results suggest the value of integrating technical education with awareness-oriented communication. The Palangka Raya Primary Tax Office may consider strengthening taxpayer assistance programs, simplifying educational materials, and providing practical guidance on taxation procedures. These efforts could be complemented by communication initiatives that emphasize the relationship between tax contributions and public development.

Overall, the findings suggest that strategies to improve taxpayer compliance should address both taxpayers' capacity to understand taxation requirements and their willingness to fulfill those

requirements voluntarily. Combining these approaches may provide a more comprehensive basis for taxpayer education and compliance improvement initiatives.

CONCLUSION

This study examined the effects of tax understanding and tax awareness on individual taxpayer compliance at the Palangka Raya Primary Tax Office, Indonesia. The findings demonstrate that both variables have positive and statistically significant effects on taxpayer compliance, highlighting the importance of taxpayers' knowledge and awareness in fulfilling their tax obligations. Theoretically, these findings contribute to the taxpayer compliance literature by providing empirical evidence consistent with Compliance Theory and the Theory of Planned Behavior (TPB). Practically, the results emphasize the need to strengthen taxpayer education, promote voluntary compliance, and improve access to taxation information. However, the study is limited to 106 respondents from a single tax office and relies on cross-sectional, self-reported data, which restricts generalizability and causal interpretation. Future research should involve broader geographical coverage, examine additional factors such as tax sanctions, trust in government, digital literacy, and Coretax system quality, and consider longitudinal or mixed-methods approaches to provide a more comprehensive understanding of taxpayer compliance.

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