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Tax Compliance Dynamics: The Role of Trust, Perception of Power, and Tax Knowledge in Taxpayers

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KEYWORDS:
trust, power perception, tax compliance, tax knowledge, taxpayers.

ABSTRACT

Taxes are the main source of state revenue used to fund national development and public services. This study aims to analyze the influence of *trust* and *power perception* on taxpayer compliance in the Jabodetabek area and to examine the moderating role of *tax knowledge* as a moderating variable. A quantitative approach was employed using a survey method. A total of 350 questionnaires were analyzed using the sampling approach by Hair et al., and the data were processed using Structural Equation Modeling (SEM) with SmartPLS 3.0 software. The results show that *trust* in tax authorities significantly affects tax compliance, indicating that greater *trust* leads to higher compliance. Conversely, *power perception* does not significantly influence compliance, suggesting that perceived authority alone does not directly impact taxpayer behavior. *Tax knowledge* strengthens the relationship between both *trust* and *power perception* with compliance. The study's practical implication is that tax authorities should emphasize education and *trust*-based strategies rather than relying solely on authoritative approaches to enhance tax compliance.

INTRODUCTION

Taxes are the main source of state revenue used to fund national development and public services. The tax ratio in 2023 on central taxes to GDP was 10.31%, a decrease of 0.08 points compared to the previous year while the tax ratio in 2022 was 10.39% (DGT, 2023). Indonesia has a relatively low tax ratio (12.1%) compared to other countries in the Asia-Pacific (an average of 19.8%). The ratio of taxes to Gross Domestic Product (GDP) is still relatively low when compared to other Asia Pacific countries (OECD, 2023).

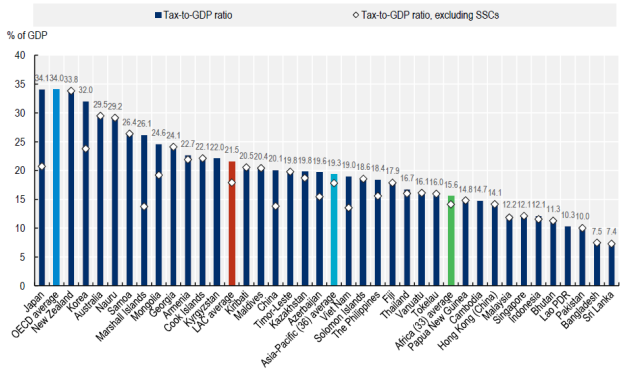

Figure 1. Tax-to-GDP Ratio in Asia and the Pacific in 2022
Source: (OECD)

Taxpayer compliance is a crucial indicator of the success of a tax system that adheres to self-assessment. The government's mandate to taxpayers to calculate, document and report their own tax obligations (Hasanah & Ardini, 2021).

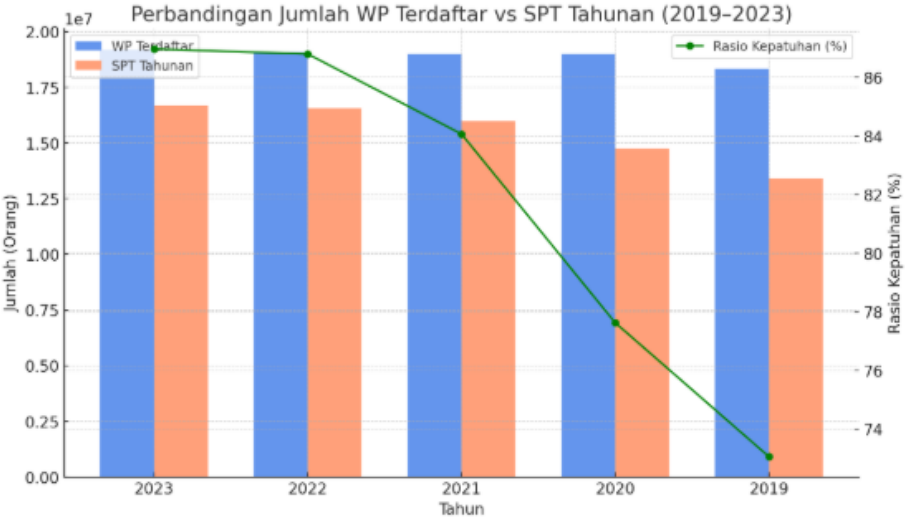

Figure 2. Compliance Ratio of Annual Income Tax Return Submission, 2023-2019
Source: DGT Annual Report 2023

The *Compliance Ratio* is a comparison between the number of Annual Income Tax Returns received in a given tax year and the number of taxpayers registered with the tax return at the beginning of the year. Based on data from the Directorate General of Taxes (DGT)'s 2023 Annual Report (DGT, 2023), the compliance ratio for submitting Annual Tax Returns has not reached 100% of the number of registered taxpayers. The compliance ratio in 2019 was recorded at 73.06%, and in the following 5 years, the compliance ratio in 2023 experienced a slight increase of 13.91 points, reaching 86.97% of the total 19 million taxpayers having reported tax returns. Tax compliance in Indonesia remains low. This is because the Indonesian people have not fully realized the importance of the role of taxes in the welfare of the population. Indonesian taxpayers consider tax regulations increasingly burdensome, which discourages their willingness to pay taxes (Ermawati et al., 2022).

Tax compliance in Indonesia is an important issue in the country's economy (Jihin et al., 2021). Indonesia's tax revenue has been increasing annually, but has yet to reach predetermined targets. The failure to achieve these goals indicates that the tax compliance rate among Indonesian taxpayers is still low. Taxpayer compliance can be measured by understanding all tax laws and regulations, accurately filling out forms, calculating the correct amount of tax owed, and paying and reporting taxes on time (Khasanah et al., 2019).

Taxpayer *trust* is important for improving tax compliance, but it is not sufficient for the fiscal authorities to rely solely on taxpayer *trust*, as not all taxpayers trust the fiscal system (Haning, 2019). As suggested by Kircher in the *Slippery Slope Framework* (Gangl et al., 2012), improving tax compliance requires not only taxpayer *trust* but also *power*. When a taxpayer feels that his or her tax authority has strong tax powers, compliance is likely to increase because they believe that non-compliant behavior could trigger a tax investigation or even legal sanctions.

The *Slippery Slope Framework* (SSF) is used to understand tax compliance (Gangl et al., 2012). The SSF states that there are two key dimensions of tax compliance: *power* and *trust* (Kogler et al., 2023). These dimensions are highly relevant for understanding tax compliance. Research on these forms of compliance has attracted considerable attention among tax researchers and serves as a foundational reference in tax compliance research and policy. However, most research primarily examines individual behavior. The results of Bryan Juliobenedrick et al.'s (2023) study show that social media narcissism has no significant effect on tax compliance. Conversely, government *tax knowledge* and *trust* have a significant influence on tax compliance levels.

The results of Alex and Tweheyo's (2021) research indicate that understanding taxation is important and can increase taxpayer compliance. However, the relationship between tax understanding and compliance can be influenced by fluctuations in public *trust* in the government. Meanwhile, research by Petrus Paternus Wogo, Agustin Fadjarenie, and Deden Tarmidi (2023) shows that *tax knowledge* has a significant effect on taxpayer compliance. Aulia and colleagues found that law enforcement through audits and sanctions helps improve tax compliance. The high likelihood of detection and sanctions motivates taxpayers to report income and pay taxes due to fear of audits and fines. However, efforts that rely solely on high *power* encourage only minimal tax compliance (Aulia et al., 2022).

In this context, the Directorate General of Taxes (DGT) has optimized its media relations strategy through social and online media to build its image, convey policy information, and improve public tax literacy. Nevertheless, there remains a gap between the number of residents and taxpayers actively registered, as well as inequality in compliance with the submission of Annual Tax Returns.

Researchers aim to identify how *trust* (Kasper et al., 2013) and public perception (Mariganto et al., 2023) of government *power* in tax information conveyed through mass media can affect tax compliance levels (Hasanah & Ardini, 2021). Tax authorities demonstrate *power* by investigating and imposing fines on non-compliant taxpayers (Kirchler et al., 2008).

This research shows that taxpayers tend to increase their compliance after a tax audit. Through this study, useful insights can be gained about factors influencing tax compliance behavior (Andriawan, 2019) and how the government can be more effective in communicating tax information to the public (Palupi & Herianti, 2017). Therefore, research on taxpayer compliance has a strong and relevant foundation in examining taxpayers' perceptions of *trust* and *power* in tax authorities as communicated through mass media tax-specific information, with *tax knowledge* as a moderating variable.

The study employs the *Slippery Slope Framework* approach, which emphasizes that balancing *trust* and *power* held by tax authorities is key to improving tax compliance. High *trust* can encourage voluntary compliance, while assertive *power* can enforce compliance, especially when public perception of the direct benefits of taxes is low.

Previous studies have explored factors influencing tax compliance, but certain gaps remain unaddressed. Mardhiah et al. (2021) extended the *Slippery Slope Framework* by examining perceptions of corruption and tax complexity in Indonesia. They demonstrated that these perceptions significantly affect *trust* and perceived *power* of tax authorities, which in turn influence voluntary compliance. However, this study did not investigate the role of government communication or *tax knowledge* as moderating variables. Similarly, Komarudin and Pri

Hermawan (2022) analyzed how digital tax administration (e-filing, e-invoicing) impacts voluntary compliance and taxpayer *trust* using a national SEM-based study. While their research highlighted the importance of digital transformation, it overlooked how media communication shapes public perception of authoritative *power*. The objective is to evaluate how these factors interact under the SSF approach, using quantitative analysis with PLS-SEM. The findings are expected to provide actionable insights for policymakers to design integrated communication strategies that balance *trust* and enforcement, thereby enhancing public awareness, voluntary compliance, and the overall effectiveness of Indonesia's tax system.

RESEARCH METHOD

This study systematically describes the methodological approach used to analyze the influence of trust and perception of the power of tax authorities on tax compliance, with tax knowledge from the mass media as a moderation variable.

The study was conducted on taxpayers registered at the Tax Service Office (KPP) in the Jakarta area, focusing on the following variables:

1) Taxpayers' trust in the tax authorities,
2) A sense of the power of the tax authorities.
3) Tax compliance, and
4) Tax knowledge based on mass media coverage.

The research was Causal (explanatory research) to test the cause-and-effect relationship between variables. Quantitative surveys questionnaire as the main instrument, distributed to 400 responds selected using the Slovin Formula from a total population of 991,820 taxpayers. In this study, the determination of sample size followed the approach proposed by Hair et al. (2014). According to this method, the minimum sample size is determined using a rule of 10 times the number of indicators contained in a single construct. In this study, the number of indicators used was around 26, so the minimum number of respondents required was 10 times 26, which was 260 respondents (Hair et al., n.d.).

The minimum sample count is 10 times the number of indicators in one construct or 10 times the number of paths (arrows) leading to one construct.

1) Most indicators in a single construct (variable) = 13 indicators
2) The most entry paths to a single construct (e.g. Y) = 4 paths

So:

Minimum respondents = 10 × 13 = 130

Or = 10 × 4 = 40

Select the largest value = 130 minimum respondents

Table 1. Calculation of Research Sample

Information	Value
Number of indicators	26 indicators
Minimum sample Hair et al.	130–260 respond
Actual sample of research	350 responds

Source: processed by the author

Based on the Hair approach, the sample size of 350 respondents exceeded the recommended minimum limit, giving more confidence in the results of the analysis conducted

using the SEM-PLS method. Data: Primary, collected directly through questionnaires and tested for validity and reliability.

Four main variables are operationalized as follows:

1) Trust: Measured through indicators of benevolence, reliability, competence, honesty, and openness.
2) Perception of Power: Includes coercive power and legitimate power.
3) Tax Compliance: Measured from formal and material compliance.
4) Taxation Knowledge from the Media: Includes an understanding of the general provisions, the Indonesian tax system, and tax functions.

This study employed Partial Least Squares (PLS), a variant-based multivariate statistical technique designed to address challenges such as small sample sizes, missing values, and multicollinearity in regression analysis (Harahap, 2018). Data processing was conducted using SmartPLS software, focusing on measurement and structural models to validate the relationships between latent variables and indicators. Key advantages of PLS include its non-reliance on multivariate normality, suitability for small samples, ability to explain relationships between latent variables, capability to analyze reflective and formative constructs, and capacity to estimate large and complex models. According to Ghozali (Supriyati, 2021), the PLS-SEM model consists of an inner model (relationships between latent variables), an outer model (measurement model assessing relationships between indicators and latent variables), and weight relations, with model validity and reliability crucially dependent on the outer model.

Model evaluation in this study involved assessing both the outer (measurement) and inner (structural) models. The outer model was tested using convergent validity (loading factors > 0.5), discriminant validity (cross-loading factors), composite reliability (with values generally above 0.7), average variance extracted (AVE > 0.5), and Cronbach's Alpha (>0.6) to ensure indicator and construct reliability. The inner model was assessed through R-Square values (indicating the strength of predictive power), path coefficients (relationship magnitude between latent constructs, tested via bootstrapping), predictive relevance (Q-Square values), and hypothesis testing with significance determined by T-statistics and P-values (threshold of 0.05). The path diagram illustrated relationships where exogenous constructs (Taxpayer Trust, Perception of Power, and Tax Knowledge) influence the endogenous construct (Tax Compliance), underpinning the analysis of interactions within the tax compliance framework.

Hypothesis Testing

$Y1X1+\beta2X2+\beta3X3+\varepsilon Y = \beta1X1 + \beta2X2 + \beta3X3$ + edi mana:

- Y = Tax Compliance,
- X1 = Trust,
- X2 = Power,
- X3 = Tax Knowledge from the Mass Media.

The moderation test was conducted to see to what extent tax knowledge strengthened or weakened the relationship between trust and power over tax compliance.

RESULTS AND DISCUSSION

Respondent Profile

Of the 400 questionnaires distributed, 350 questionnaires were processed. Majority of respondents:

1) Aged 36–50,
2) Domiciled and working in Jakarta,
3) Work as a private employee,
4) Have an NPWP,
5) And is directly involved in tax management in his company.

Description of Research Variables

1) Trust in the tax authorities (X1) had an average score of 3.25, indicating an attitude of "agree".
2) The perception of the power of the tax authority (X2) shows an average of 3.52, meaning that the perception of power is considered quite high.
3) Tax compliance (Y) has an average of 3.16, reflecting a relatively good compliance rate.
4) Tax knowledge from the media (Z) received the highest score with an average score of 4.07.

Validity and Reliability Tests

The following is the output factor loading construct of Trust, Perception of Power, Tax Knowledge, and Tax Compliance. The results of the measurement of the outer model can be seen in the image below:

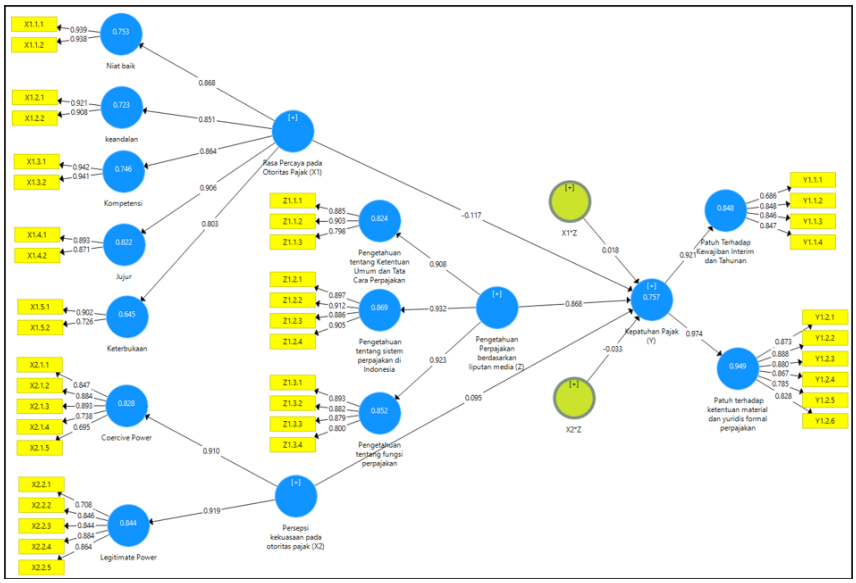

Figure 3. Research Loading Results

Source: Primary Data processed, 2024

Based on the *output* in Figure 3 above, the loading factor has met *convergent validity,* namely the indicator value is above 0.5 so that the indicators are declared valid. *The convergent validity* of the measurement model using reflective indicators is assessed based on the loading factor of the indicators that measure the construct. In this study, there are four variables with a

total of 41 indicators, consisting of 10 indicator items regarding trust in tax authorities (X1), 10 indicator items regarding the perception of power in tax authorities (X2), 11 indicator items regarding tax knowledge based on media coverage (Z) and 10 indicator items regarding tax compliance (Y). Based on the measurement model test seen in the table below

Table 2. Convergent Validity (Outer Loading) Results

Construct	Average variance extracted (AVE)
Trust in tax authorities (X1)	0.598857
Perception of power in tax authorities (X2)	0.564859
Tax knowledge based on media coverage (Z)	0.654847
Tax compliance (Y)	0.636484

Source: primary data processed 2024

Based on table 2 above, the construct or variable of trust in the tax authority (X1) is measured by indicators X1.1.1 to X1.5.2 there are 10 indicators. The indicator has a loading factor above 0.5 with an AVE value above 0.5, which is 0.5988. Of the 10 indicator items, all of them have met the standard loading factor, which is above 0.5. The construct or variable of the perception of power in the tax authority (X2) is measured by the X2.1.1 to X2.2.5 indicators, there are 10 indicators. The indicator has a loading factor above 0.5 with an AVE value above 0.5, which is 0.564. Of the 10 indicator items, all of them have met the standard loading factor, which is above 0.5.

Furthermore, the construct or taxation variable based on media coverage (Z) is measured by indicators Z1.1.1 to Z3.3.4 there are 11 indicators. The indicator has a loading factor above 0.5 with an AVE value above 0.5, which is 0.654. Of the 101 indicator items, all of them have met the standard loading factor, which is above 0.5. And the last variable, the construct or taxation variable based on tax compliance (Y) is measured by indicators Y1.1.1 to Y2.2.6 there are 10 indicators. The indicator has a loading factor above 0.5 with an AVE value above 0.5, which is 0.636. Of the 10 indicator items, all of them have met the standard loading factor, which is above 0.5. For every one unit increase in Trust in Tax Authorities (X1), Tax Compliance (Y) decreased by 0.125 units, while controlling for other variables in the model.

Table 3. Discriminant Validity (Cross Loading) Results

Indicator	Tax Compliance (Y)	Media coverage (W)	Tax Authority (X2)	Tax Authorities (X1)
Tax Compliance (Y)	0.798			
Media Coverage (Z)	0.863	0.809		
Tax Authority (X2)	0.582	0.636	0.752	
Tax Authorities (X1)	0.457	0.596	0.609	0.774

Source: primary data processed 2024

Based on table 3 above, *discriminant validity* needs to be done to test the extent to which the research construct is completely different from other constructs according to empirical standards. The validity test in this study was measured by Fornell-Larcker matrix and HTMT (*heterotraitmonotrait ratio of correlation*). Fornell-Larkcer, a latent variable is judged to meet the validity of the discrimination if the root value of AVE square (diagonal) is greater than all the values of the latent variable and the HTMT value is less than 1.

Analysis of table 1.4 for Tax Compliance (Y): The correlation with itself (0.798) is greater than the correlation with Media Coverage (Z = 0.863), Tax Authority (X2 = 0.582), and Tax Authority (X1 = 0.457). Media Coverage (Z): The correlation value with itself (0.809) is

greater than its correlation with Tax Compliance (Y = 0.863), Tax Authority (X2 = 0.636), and Tax Authority (X1 = 0.596). The validity of the discriminator is met.

For Tax Authorities (X2): The correlation value with itself (0.752) is greater than its correlation with Tax Compliance (Y = 0.582), Media Coverage (Z = 0.636), and Tax Authority (X1 = 0.609). The validity of the discriminator is met. Finally, Tax Authority (X1): The correlation value with itself (0.774) is greater than its correlation with Tax Compliance (Y = 0.457), Media Coverage (Z = 0.596), and Tax Authority (X2 = 0.609). The validity of the discriminator is met.

From the results of *the Discriminant validity*, most of the constructs meet the criteria for discriminant validity based on cross loading. However, more attention is needed on the relationship between Media Coverage (Z) and Tax Compliance (Y) as the value is close. Based on Path Coeffisien data, the following data was produced:

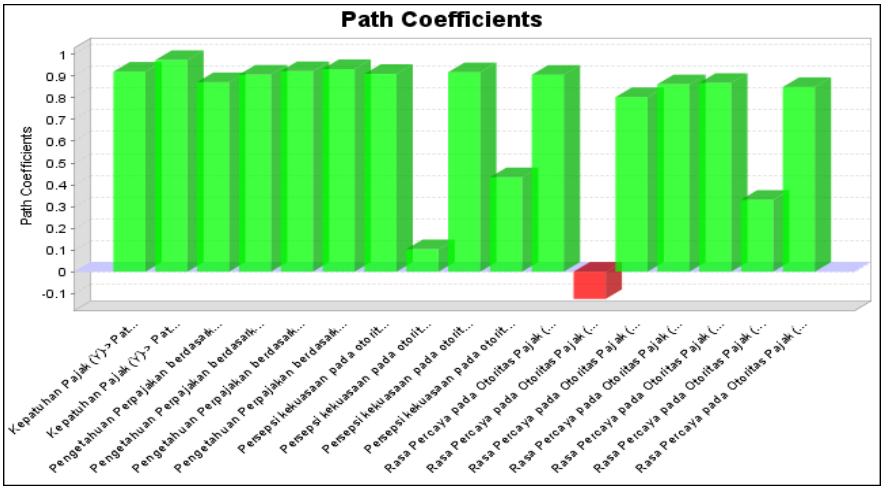

Figure 4. Result Path Coefficients

Source: primary data processed 2024

Based on the graph image 4 above, this result shows the relationship (both positive and negative) between the variables in the SEM model used. Most of the variables in the model have a positive relationship, which is indicated by the green bars. The red stripes indicate a negative relationship that may or may not be significant depending on its magnitude. In general, the path coefficient represents the direct effect of each independent variable on the dependent variable, while controlling for the other variables in the model. Coefficients can be used to make predictions about dependent variables based on the value of independent variables.

In research, a variable is said to be quite reliable if the variable has a construct reliability value above 0.6. The following is a table of reliability test results on the variables Trust, Perception of Power, Tax Knowledge, and Tax Compliance can be seen in table 5.

Table 4. Reliability Test Results

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Coercive Power	0,870	0,875	0,907	0,664
Honest	0,715	0,719	0,875	0,778
Tax Compliance (Y)	0,935	0,940	0,945	0,636
Openness	0,527	0,600	0,801	0,670
Competence	0,873	0,873	0,940	0,887
Legitimate Power	0,887	0,889	0,918	0,692
Goodwill	0,864	0,864	0,936	0,880

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Comply with Interim and Annual Obligations	0,824	0,844	0,883	0,655
Tax Knowledge based on media coverage (Z)	0,947	0,949	0,954	0,655
Knowledge of General Provisions and Tax Procedures	0,828	0,838	0,898	0,745
Knowledge of the tax function	0,887	0,891	0,922	0,747
Perception of power in tax authorities (X2)	0,914	0,915	0,928	0,565
Trust in Tax Authorities (X1)	0,923	0,929	0,936	0,599
Reliability	0,805	0,808	0,911	0,837
Comply with formal material and juridical provisions of taxation	0,926	0,928	0,942	0,730
Knowledge of the tax system in Indonesia	0,922	0,922	0,945	0,810

Source: SmartPLS data processing results, 2024

Based on table 5 above, Cronbach's Alpha for Trust in Tax Authorities (X1) of 0.923 shows good reliability. This means that the items in the X1 variable have a fairly high internal consistency. The value of the perception of power in the tax authority (X2) is 0.914, this value indicates excellent reliability. Consistency between items in variable X2. The Tax Compliance value (Y) of 0.935 also indicates very high reliability. This indicates that the items in variable Y are very consistent with each other. And the value of Tax Knowledge based on media coverage (Z) is 0.947, which means that this value shows very high reliability.

Evaluation of the Goodness of Fit Structural Model (Inner Model). The evaluation of the goodness of fit of the structural model was measured using the predictive-relevance (Q2) value. The predictive-relevance (Q2) value is calculated using the following formula:

$$Q2=1 - (1 – R12)$$
$$Q2=1 - (1 – 0,533)$$
$$Q2=1 - (0,467) = 0,533$$

R2 is a coefficient of determination that is part of the total variation in the dependent variable described by the variation in the independent variable. Table 6 describes the results of the analysis of the determination coefficient of the research variable.

Table 5. R-Square Results

Variabel	R Square Adjusted
Tax Compliance (Y)	0,848
Predictive-Relevance (Q2)	0,847

Source: SmartPLS Data Processing Results, 2024

Based on the determination coefficient in the table above, an adjusted R2 value for the Tax Compliance variable of 0.848 was obtained, meaning that the value indicated that the Tax Compliance variable could be explained by the variables of Trust, Perception of Power, and Tax Knowledge of 84.8% while the remaining 15.2% was influenced by other variables not contained in the research model.

The internal evaluation of the model is quite good in explaining the variables of the quality of financial statements and the predictive-relevance value for the structural model in

this study is 0.848 or 84.8%, meaning that the model is able to explain the phenomenon of tax compliance associated with several variables, namely Trust, Perception of Power, and Tax Knowledge, so this research model has a good predictive value so that it can be used for hypothesis testing.

1) All indicators of the four main variables qualified for validity (AVE > 0.5) and reliability (Cronbach's Alpha > 0.7).
2) The model shows an excellent goodness of fit, with an R^2 of 0.848 and Q^2 of 0.847, meaning that 84.8% of tax compliance variations can be explained by trust, perception of power, and tax knowledge.

Hypothesis Testing Results

Hypothesis testing was carried out by looking at the probability value and the statistical T, for the probability value, the t-table value for alpha 5% was 1.96. So the criterion for hypothesis acceptance is when t-statistics > t-table. The test results with the bootstrapping method from PLS are as follows:

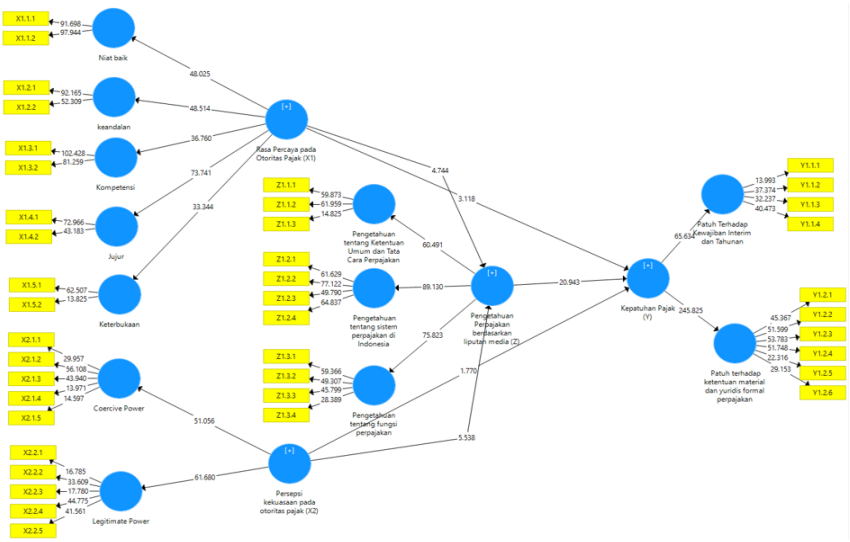

Figure 5. Inner Model Results

Source: SmartPLS data processing results, 2024

Based on the output in Figure 5 above, the results of the inner model show that all the relationships between the latent variable and its indicators are significant. This means that the model you are using has strong predictions, and the variables being tested are substantially interrelated. All T-statistics and P-values support this conclusion, with T-statistics being large values and P-values = 0.000, so there is no insignificant relationship. The R-Square value (R^2) indicates how much the endogenous variable is described by the exogenous variable:

1) Tax Compliance (Y): $R^2 = 0.8485$
   This means that 84.85% of tax compliance variations can be explained by trust, perception of power, and knowledge of taxation.
2) Tax Knowledge (Z): $R^2 = 0.7058$
   This means that 70.58% of variations in tax knowledge are influenced by beliefs and perceptions of power.

The Main Interpretation of the Inner Model shows the direction and strength of influence between constructs:

1) Taxpayer confidence (X1) is the main predictor that affects tax knowledge (Z) and tax compliance (Y).
2) Tax knowledge (Z) mediates and strengthens the relationship between trust and compliance.
3) The perception of power (X2) has a direct negative influence on compliance and a weak influence on knowledge, indicating a less effective coercive approach.

Table 7. T Test Results

Variabel	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Information
Trust in Tax Authorities (X1) -Tax Compliance > (Y)	0,040	3,118	0,002	Influential
Perception of power in tax authorities (X2) -> Tax Compliance (Y)	0,058	1,770	0,077	Not Influential
(X1xM) -Tax Compliance > (Y)	0,070	4,744	0,000	Influential
(X2xM) -Tax Compliance > (Y)	0,079	5,538	0,000	Influential

Ket: *Significant at 0.10; ** Significant at the level of 0.05; Significant at the level of 0.01

Source: SmartPLS Data Processing Results, 2024

The hypothesis tested states that there is a positive influence of trust in tax authorities on tax compliance. This hypothesis is supported by previous research that will be discussed in this section. Several studies have investigated the relationship between trust in tax authorities and tax compliance. For example, a study by Kirchler et al. (2008) found that trust in tax authorities is a significant predictor of tax compliance. Similarly, a study by Feld and Frey (2002) found that trust in government agencies, including tax authorities, increases tax compliance. Another study by Cummings et al. (2009) found that trust in tax authorities was positively associated with tax compliance, especially among self-employed individuals.

The research conducted in this thesis adopts the trust indicators proposed by Hoy & Tschannen-Moran (2007) and Khasanah et al. (2019), namely Benevolence, Reliability, Competence, Honesty, and Openness. Using these indicators, this study seeks to measure in more depth how Taxpayers' trust in tax authorities can affect tax compliance levels.

By integrating the findings from Khasanah et al. (2019) and the trust indicators proposed by Hoy & Tschannen-Moran, this study makes an important contribution in understanding how trust in tax authorities can affect tax compliance. It also highlights the need for tax authorities to focus on improving these aspects of trust to encourage better compliance. The Effect of Power Perception on Tax Authorities on Tax Compliance discusses the results of a hypothesis test regarding the relationship between tax authority power perception and tax compliance. The hypothesis tested states that the perception of power in tax authorities has an influence on tax compliance. However, the results of the analysis showed that there was no significant influence of the perception of power on tax compliance, which requires further analysis and comparison with previous studies.

Various previous studies have explored the relationship between the perception of the power of tax authorities and tax compliance. Some studies, such as those conducted by Alm and Torgler (2006), state that the power of tax authorities can improve tax compliance through prevention and enforcement mechanisms. However, other studies, such as those conducted by

Murphy (2005), show that excessively perceived power can generate resistance and reduce obedience.

The results of this study indicate that, in certain contexts, the perception of the power of tax authorities, both coercive and legitimate, does not always have a significant effect on tax compliance. It highlights the importance of considering other factors such as trust and fairness in tax policy. Although coercive power and legitimate power are often considered important factors in influencing tax compliance, the results of this study show that neither have a significant influence in the context studied.

The Effect of Tax Knowledge Moderating Trust in Tax Authorities on Tax Compliance discusses the results of a hypothesis test regarding the role of tax knowledge moderation in the relationship between trust in tax authorities and tax compliance. The hypothesis tested states that tax knowledge moderates the relationship so that trust in tax authorities has a stronger positive influence on tax compliance. The results of the analysis show a significant influence of moderation, which needs to be discussed in the context of previous research.

Previous research has highlighted the importance of trust in tax authorities and tax knowledge in driving tax compliance. Some studies, such as those conducted by Kirchler et al. (2008), show that high trust in tax authorities can improve tax compliance. In addition, research by (Hasanah & Ardini, 2021) emphasizes that good tax knowledge can strengthen Taxpayers' understanding of their obligations, thereby improving compliance.

According to Solimun (2010) the moderation variable is classified into 4 types that is:

1. Pure Moderation Variable (pure moderation)
2. Pseudo-Moderation Variable (quasi-moderation)
3. Potential Moderation Variables (moderation homologizer)
4. Moderation Predictor Variable.

In research, the moderation variable can be classified as a pseudo-moderation variable (quasi moderation). Quasi-moderation serves to moderate the relationship between independent variables and dependent variables, where these variables interact with independent variables while acting as independent variables themselves. To identify the presence of quasi-moderation, the researcher can look at the x1 variable and the x2 variable in the equation. If the variable x1 is declared significant, and the variable x2 is also statistically significant, then it can be concluded that the variable plays a role as pseudo-moderation. In this study, knowledge moderation is pseudo-moderation where this variable (tax knowledge) is directly related to the dependent variable (trust in tax authority) and also moderates the relationship between independent variables (tax compliance).

The results of hypothesis testing support the role of tax knowledge moderation in the relationship between trust in tax authorities and tax compliance. These findings are consistent with previous research and highlight the importance of tax knowledge in reinforcing the positive influence of trust on tax compliance.

The Effect of Tax Knowledge Moderating Perception of Tax Authorities on Tax Compliance discusses the results of a hypothesis test on the role of tax knowledge moderation in the relationship between the perception of tax authority power and tax compliance. The hypothesis tested states that tax knowledge moderates the relationship, so that the perception of the power of tax authorities has a stronger positive influence on tax compliance. The results

of the analysis showed a significant moderation effect. Previous research has explored the relationship between the perception of the power of tax authorities and tax compliance. For example, Kogler et al. (2012) highlight that the power perceived by Taxpayers, both coercive and lawful, can affect tax compliance. Hypothesis testing was carried out using quantitative methods through a survey of a sample of taxpayers. The results of the regression analysis showed that the perception of the power of the tax authority did not have a significant influence on tax compliance, with a coefficient that was not statistically significant.

CONCLUSION

The study found that *trust* in tax authorities significantly enhances taxpayer compliance, as higher trust increases voluntary fulfillment of tax obligations, whereas the perception of tax authority *power* alone does not significantly affect compliance, indicating that coercive measures are insufficient on their own. *Tax knowledge* plays a crucial moderating role, strengthening the positive effect of trust on compliance and making *power* more effective when accompanied by a good understanding of taxation. Based on these findings, it is recommended that tax authorities prioritize building *trust* through transparency, open communication, and socialization about tax fund usage, as well as broaden tax education programs via training and media to improve public awareness of tax rights and obligations. Law enforcement strategies should shift toward educative and collaborative approaches rather than purely coercive ones. Future research could explore how digital communication platforms and personalized taxpayer engagement influence the interplay of *trust*, *power* perceptions, and *tax knowledge* in promoting sustainable tax compliance.

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