

OPTIMIZING TAXPAYER COMPLIANCE IN FREELANCE SECTOR: A STUDY OF AWARENESS, REGULATIONS UNDERSTANDING, AND SYSTEM EFFECTIVENESS

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Abstract: The study focuses on the impact of taxpayer awareness, understanding of tax regulations, and the effectiveness of the tax system on the compliance of individual taxpayers engaged in freelance work. One factor that hinders and reduces the compliance of individual taxpayers who do free work to fulfil their tax obligations is the attitude of taxpayers who consider paying taxes unimportant. The research method was quantitative, where data collection uses the distribution of questionnaires to respondents. This study was conducted based on the findings of the distribution of questionnaires to 100 respondents. Descriptive statistical calculations reveal the distribution of scores and characteristics of the independent variables: taxpayer awareness, understanding of tax regulations, and effectiveness of the tax system. Through regression analysis, it was determined that all three independent variables have a significant favourable influence on taxpayer compliance. The findings indicate that informed taxpayers are more likely to comply with their tax obligations. Additionally, understanding tax regulations and perceiving the tax system as effective enhance compliance. The research further discusses the implications of these findings for tax policy and administration. It suggests that promoting awareness, knowledge, and perceived effectiveness of the tax system can enhance compliance among freelance taxpayers.

Keywords: taxpayer compliance, awareness, understanding, tax regulations, tax system effectiveness, tax policy

Abstrak: Studi ini berfokus pada dampak kesadaran wajib pajak, pemahaman tentang peraturan perpajakan, dan efektivitas sistem pajak terhadap kepatuhan wajib pajak orang pribadi yang terlibat dalam pekerjaan freelance. Salah satu faktor yang menghambat dan mengurangi kepatuhan wajib pajak orang pribadi yang melakukan pekerjaan bebas untuk memenuhi kewajibannya adalah sikap wajib pajak yang menganggap membayar pajak tidak penting. Metode penelitian adalah kuantitatif, dimana pengumpulan data menggunakan distribusi kuesioner kepada responden. Penelitian ini dilakukan berdasarkan temuan sebaran kuesioner kepada 100 responden. Perhitungan statistik deskriptif mengungkapkan distribusi skor dan karakteristik variabel independen: kesadaran wajib pajak, pemahaman tentang peraturan perpajakan, dan efektivitas sistem perpajakan. Melalui analisis regresi, ditetapkan bahwa ketiga variabel independen tersebut memiliki pengaruh positif yang signifikan terhadap kepatuhan wajib pajak. Temuan menunjukkan bahwa wajib pajak yang terinformasi lebih mungkin untuk mematuhi kewajiban pajak mereka. Selain itu, riset ini menemukan bahwa memahami peraturan perpajakan dan menganggap sistem pajak efektif dapat meningkatkan kepatuhan. Penelitian ini lebih lanjut membahas implikasi dari temuan ini untuk kebijakan dan administrasi pajak. Ini menunjukkan bahwa mempromosikan kesadaran, pengetahuan, dan efektivitas yang dirasakan dari sistem pajak dapat meningkatkan kepatuhan di antara wajib pajak freelance.

Keywords: kepatuhan wajib pajak, kesadaran, pemahaman, peraturan pajak, efektivitas sistem pajak, kebijakan pajak

INTRODUCTION

Taxes have a significant influence on the Indonesian economy and its citizens. The Indonesian government relies heavily on tax revenues to fund its public programs and services. In Indonesia, taxes are collected by the government through the Directorate General of Taxes. A large budget is needed to achieve the country's development goals. In the Indonesian economy, the country's largest source of income is from the tax sector. Because the role of taxes is critical in the country's development for the benefit of the Indonesian people, knowledge and understanding of the importance of paying taxes is needed.

Active public participation in the form of taxes can increase the independence of Indonesian citizens in financing development and organizing state activities. In Indonesia, one type of tax that functions as a means of collecting money for the government is an income tax, which is a source of state revenue regulated by Law of the Republic of Indonesia No. 17 of 2000 concerning the Third Amendment to Law Number 7 of 1983 concerning Income Tax. Income tax is charged on salaries, wages, allowances, and other income individuals and entities earn. They were withholding the income tax of the Taxpayer from the amount to be used for state funding to run the country's development program. However, many people still lack the knowledge to calculate and pay their taxes. Based on data accessed from the *website* of the Ministry of Finance of the Republic of Indonesia (djpb.kemenkeu.go.id), tax growth in 2023 is excellent, reaching IDR 162.23 trillion, growing 48.6% and 9.44% of the 2023 State Budget target This shows that the most significant revenue from the tax sector is obtained from withholding taxpayer income.

Over time, the history of the tax collection system has evolved. It is also important to remember that tax laws and regulations are subject to change. Change from *Official Assessment* to self assessment, where Taxpayers determine, pay, and disclose the amount of tax that should be owed following applicable laws and regulations. As a result, taxpayer compliance is an essential element that ensures successful tax collection. The Indonesian government must increase public confidence to pay their taxes. Public awareness of paying taxes affects how the government provides consultation to the public to answer questions or concerns about taxes in Indonesia.

Several factors can affect tax compliance. Common factors of public compliance in paying taxes are commonly encountered, such as tax knowledge that a Taxpayer must have and understanding tax laws and regulations is fundamental to ensure proper compliance. Taxpayers aware of their tax responsibilities are more likely to comply than those unaware. According to taxpayers, the complexity of the tax system and the use of computer systems in the tax return reporting process is challenging and not easy to understand. So important is the role of taxes for the community that the government needs to make strategic efforts to maximize tax revenue, such as providing an understanding of the procedures for using computer systems run by the government very effectively.

The intricacies of taxation play a pivotal role in a nation's economic stability and development. Amidst this landscape, understanding the factors that drive taxpayer compliance is paramount. This article delves into the research question and gap within the study that aims to uncover the influence of taxpayer awareness, understanding of tax regulations, and the perceived effectiveness of the tax system on compliance behaviours among individuals

engaged in freelance work. The central question of this study is: How do taxpayer awareness, understanding of tax regulations, and the perceived effectiveness of the tax system impact compliance among individuals in the freelance sector? Despite the extensive body of research on tax compliance, a noticeable gap persists regarding the distinct compliance patterns within the freelance sector. The literature predominantly focuses on general compliance factors, overlooking freelancers' unique challenges and dynamics. This study addresses this research gap by directing attention towards a previously underexplored segment of taxpayers: those engaged in freelance work. Freelancers operate within a distinct economic ecosystem characterized by variable income streams, irregularity in business transactions, and a different set of tax obligations compared to traditional employees.

There is extensive research on tax compliance drawing from theories like deterrence theory, social psychology theory, fiscal psychology theory, and slippery slope framework (Muehlbacher et al., 2011). Unfortunately, existing compliance theories might not fully encapsulate the compliance behaviours within this sector. This research strives to fill this gap by providing insights into the factors driving freelance taxpayers' compliance decisions. Moreover, previous studies often concentrate on quantitative measures without profoundly examining the qualitative aspects of taxpayers' perceptions (Hofmann et al., 2017; Korndörfer et al., 2014). This research aims to bridge this gap through quantitative analyses to understand how awareness, understanding, and system effectiveness contribute to compliance choices among freelancers (Kleven et al., 2011; Naritomi, 2019). The research question addressed in this study, alongside the identified research gap, underscores the importance of understanding compliance behaviours within the context of the freelance sector. By exploring the influence of awareness, understanding, and system effectiveness, this research contributes valuable insights to the field of taxation. Addressing this research gap is not only academically significant but also has practical implications for tax policy formulation and administration strategies tailored to the unique challenges faced by freelance taxpayers.

In the realm of taxpayers, freelancers, serving as autonomous contractors engaged in project-based work, often manage to evade tax obligations. This prompts an exploration into the factors underpinning this behaviour, including taxpayer awareness, comprehension of tax regulations, and the tax system's efficiency. Researchers endeavour to understand the intricate interplay of these elements. The research questions formulated are: Does taxpayer awareness impact compliance? Does knowledge of tax regulations affect mandatory applicant compliance? Does tax system effectiveness influence taxpayer compliance?

Additionally, the study aims to gauge whether taxpayers' perceptions of system efficacy, awareness, understanding, and knowledge shape their willingness to adhere to tax requirements. By delving into these aspects, the research sheds light on the intricate dynamics within the tax compliance landscape among freelancers. This understanding leads to the conclusion that the frame of mind provides a conceptually provisional explanation of the relationship between problem objects based on theory. The frame of mind of the variables involved in this study was as follows:

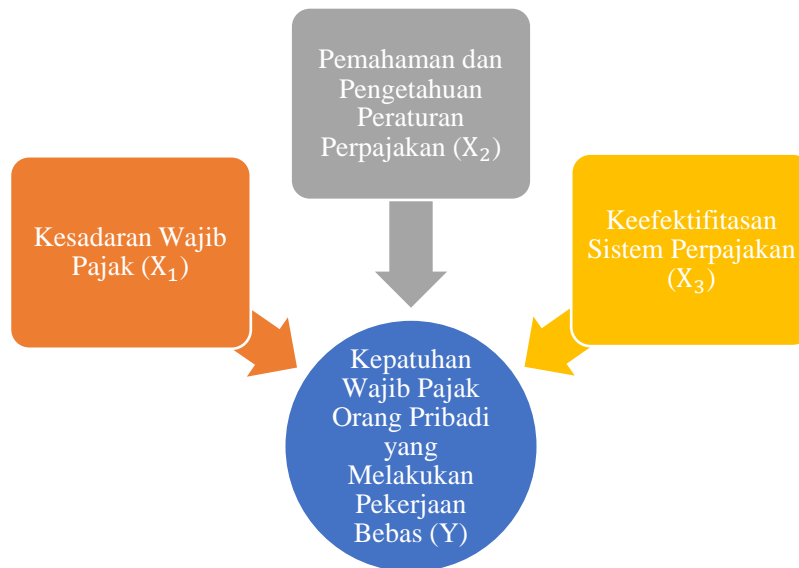


Figure 1. Research framework
Source: data processed by researchers

LITERATURE REVIEW

In the literature on taxes, tax compliance has been thoroughly examined. Previous research has examined the effects on compliance attitudes and actions of several variables, including taxpayer awareness, regulatory knowledge, impression of justice, service quality, etc. Various environmental and personal variables influence tax compliance attitudes and actions (Alm et al., 2010; Devos, 2014; Kirchler et al., 2008). According to Trivedi et al., (2003), essential variables include peer reporting, audits, tax inequality, risk preference, moral reasoning, and value orientation. Jimenez & Iyer, (2016) highlighted how perceptions of justice, societal norms, and faith in the government influence people's intentions to comply. Nurkhin et al., (2018) emphasized the significance of views of tax amnesty, awareness, and comprehension in promoting compliance. Finally, Alm & Torgler, (2011) emphasized how social norms affect compliance, noting that various nations have varied effects. These results highlight the importance of societal, situational, and personal variables in influencing tax compliance attitudes and actions.

Due to their unpredictable and irregular revenue patterns and different tax requirements from regular workers, freelancers and independent contractors constitute a unique group of taxpayers (Lai et al., 2017; Long & Swingen, 2016). This difference is especially noticeable in the individual income tax system since flexible workers often experience discrimination. The necessity for customized tax laws is further highlighted by the growth of independent contractors and freelancers in various professions, including speech-language therapy. It is essential to comprehend the compliance behaviour shown by these taxpayers, as it has implications for the long-term viability of small enterprises.

This paper deftly frames its analysis in the framework of Indonesia's fast-expanding yet loosely regulated freelancing industry. The quantitative approach makes the measurement of the correlations between relevant variables possible. The degree of freelancer compliance and the three independent factors were shown to have significant beneficial impacts. Although this study adds valuable information to the field, further qualitative research on independent

contractors may provide fascinating insights into their subjective compliance calculations. From a policy perspective, these results highlight the need for focused efforts by revenue authorities to increase freelance taxpayers' knowledge and understanding of tax laws. This study provides a foundation for future investigations into the compliance practices of specific taxpayer populations, such as freelancers.

A significant deficiency found in earlier empirical studies is the neglect of the dynamics of tax compliance in the freelance/independent labour market. Most research examines compliance practices in broad taxpayer populations without breaking them down into particular economic or occupational categories (Alm & Torgler, 2011; Kirchler et al., 2008). Nonetheless, a thorough analysis of the factors influencing their compliance is necessary because of the unique nature of freelancers' work arrangements and revenue streams. The popular theories and models may not sufficiently capture the specific incentives and limitations affecting freelancers. Therefore, there is a straightforward study vacuum when comprehending the compliance habits of this quickly expanding yet loosely regulated group of individual taxpayers.

Over the last ten years, a great deal of empirical research has examined the variables that affect tax compliance, morale, and attitudes among general taxpayer populations in various national settings (Alm et al., 2010; Alm & Torgler, 2011; Damayanti et al., 2015). Important factors examined via experiments and surveys include societal norms, perceived justice, system complexity, tax understanding, and service quality. These numerical investigations have yielded valuable preliminary data about broader taxpayer behaviour. Nevertheless, the compliance dynamics of freelancers and self-employed taxpayers have not been specifically identified as a separate category for research (Lai et al., 2017; Long & Swingen, 2016). With the knowledge asymmetry and considerable freedom that taxpayers have, further investigation into this understudied population may provide essential insights.

The current analysis closes this substantial gap by concentrating only on independent contractors who file taxes. It investigates how awareness, regulatory knowledge, and system efficacy affect this cohort's compliance choices via survey techniques. Although the quantitative method produces valuable findings, additional qualitative approaches may deepen our knowledge of the subjective beliefs that influence compliance among independent contractors. Therefore, there is still a need for further in-depth ethnographic and interview-based research with independent contractors in many industries to get a nuanced understanding of their compliance calculations.

RESEARCH METHODOLOGY

The research conducted for this study was quantitative. The identification of observed variables allows for the measurement of relationships between variables. The researcher provided several questions (questionnaires) to collect data from respondents for the study. The purpose of this study was to examine three hypotheses regarding the impact of tax awareness (X1), knowledge and understanding of tax regulations (X2), and the effectiveness of the tax system (X3) on the compliance of individual taxpayers who do free work (Y). For the study under consideration, researchers used primary data. Sugiono (2018), as an expert, claims that primary data provides information to data collectors so they can become data sources. Direct

access to the initial source or location of the research object was how researchers searched for data. To collect data, researchers were currently using *Google Forms* to deliver questionnaires to respondents who were a study population sample.

Individual taxpayers who earn income by doing free work were the object of this study.

Table 1. Operational Variable

Variable	Variable Concept	Indicators	Scale
Taxpayer Awareness (X1)	The concept of taxpayer awareness was the good faith of taxpayers to fulfil the obligation to pay taxes voluntarily (Astana & Merkusiwati, 2017)	<ol style="list-style-type: none"> 1. Taxpayers are aware of the obligation to pay taxes 2. By paying taxes means participating in the development and welfare of the State. 3. If the Taxpayer delays the payment of tax, it will cause losses to the State 4. Taxes determined under the Law can then be imposed 	Likert scale
Understanding and Knowledge of Tax Regulations (X2)	Understanding and knowledge of tax regulations become tax information that taxpayers use as the basis for actions, decisions, and implementation of specific policies or strategies related to the implementation of tax rights and obligations (Kartikasari & Yadnyana, 2020)	<ol style="list-style-type: none"> 1. Know about payment and reporting deadlines. 2. Know about the general provisions and procedures for taxation. 3. Know about the tax system 	Likert scale
The effectiveness of the Taxation System (X3)	The tax system was a tax procedure that was intended to provide more justice or convenience in order to improve services to taxpayers or provide convenience to taxpayer awareness (Kurniawan, 2014)	<ol style="list-style-type: none"> 1. Simplify the implementation of tax payments 2. Effective tax reporting and submission 3. Easy access to registration or information about taxation. 	Likert scale
Compliance of Individual Taxpayers Performing Free Work (Y)	Taxpayer compliance is about the attitude of taxpayers in fulfilling their obligations, reporting and registering tax returns, and calculating and paying taxes under applicable tax rates (Putri Wangi, 2018)	<ol style="list-style-type: none"> 1. Register as a Taxpayer 2. Deposit tax returns on time 3. Calculate and pay yourself on his income 	Likert scale

Source: data processed by researchers

Data Collection Techniques

Data collection techniques, or data *collection*, are research activities where a researcher uses scientific techniques to collect data methodically for analysis. This data collection technique involves giving questionnaires to taxpayers who earn income through free work. Responses to questions are the responsibility of the respondent. Using the Likert scale, assess respondents' perceptions of taxpayer awareness, understanding and knowledge of tax regulations, and the effectiveness of the tax system on compliance.

RESULTS AND DISCUSSION

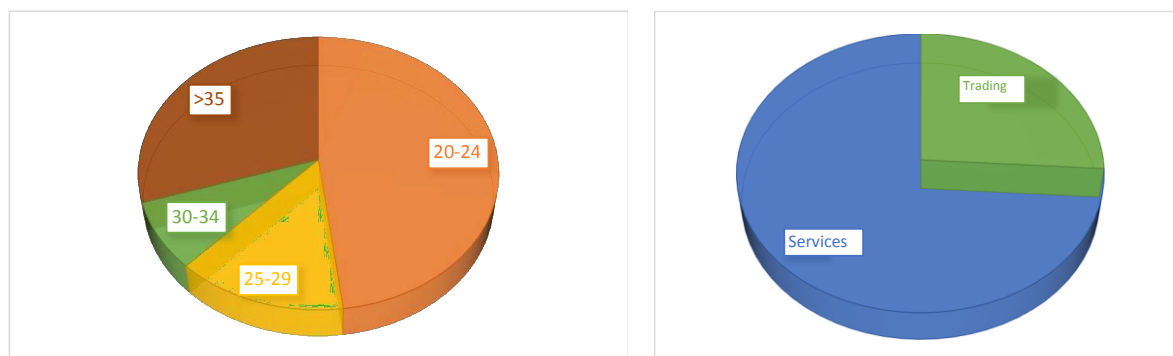


Figure 2. Characteristics of respondent
Source: data processed by researchers

Corresponding to picture 2, there were 48 respondents in the age range of 20 to 24 with a percentage of 48%, 14 respondents in the age range of 25 to 29 with a percentage of 14%, eight respondents in the age range of 30 to 34 with a percentage of 8%, and 30 respondents in the age range of 35 to 44 with a percentage of 30%. Based on the business sector, 26 respondents worked in the trade sector, with a significant percentage of 26%, while 74 respondents worked in the service sector, with a significant percentage of 74%.

Moreover, based on descriptive statistical calculations, the independent variable of taxpayer awareness (X1) has a maximum score of 25, a minimum score of 5, an average real value (mean) of 20.95, and a standard deviation of 3.56009. For descriptive statistical calculations, the independent variable Understanding and Knowledge of Tax Regulations (X2) has a maximum score of 25, a minimum score of 5, a real average value (mean), and a standard deviation of 3.2624. The minimum score value was 5. The average actual value was 21.27. Referring to descriptive statistical calculations, it can be said that the maximum score value for the independent variable Tax System Effectiveness (X3) was 25, the minimum score value was 5, the average actual value (mean) was 29.95, and the standard deviation was 3.31624. According to descriptive statistical calculations, the taxpayer awareness dependence variable (X1) has a maximum score of 25, a minimum score of 5, an average actual value (mean), and a standard deviation of 3.0335.

Based on the **Validity test**, The Taxpayer awareness variable (X1) applies to all question items. With a tolerance level of 5% or 0.05 and n data points totalling 100 respondents, conclusions were drawn. As a result, the r value of the table was calculated to be 0.196 (df = 100 - 2 = 98, and the statistical significance was set at 0.05). According to the calculation findings, the corrected specified r value displays a higher number from the r table. The variable question of taxpayer awareness (X1) can be concluded to have all its elements valid. The variables of understanding and knowledge of tax regulations (X2) and the variable effectiveness of the tax system (X3) were also valid.

At the same time, the **Reliability test** showed that The reliability coefficient values for each variable statement item obtained from the reality test on each statement item were 0.811 for variable statement item X1, 0.853 for variable statement item X2, 0.838 for variable statement item X3, and 0.788 for variable statement item Y. claiming that the validity of the questionnaire was distributed. **The normality test** indicates that the value of Asymp. Sig. (2-

tailed) was 0.200, which was more significant than 0.05, so it was concluded that the data was normally distributed.

Meanwhile, the Autocorrelation Test showed Durbin Watson's value was 1.965, concerning the basis of decision making, then the DW number, which was 1.965, was at -2 to +2; this means that this regression model has no autocorrelation. **The heteroskedasticity test** showed that the ScatterPlot graph shows that the points were scattered randomly and above and below the Y - 0 axis value. Since this regression model does not show heteroskedasticity, it can be used to examine the effect of taxpayer awareness, understanding and knowledge of tax regulations, as well as the effectiveness of the tax system, on the compliance of individual taxpayers who do free work. Then, the **Multicollinearity test** indicated that when the tolerance value was more significant than 0.1, and the VIF value was lower than 10, a regression model free of multicollinearity was used as the basis for decision-making. This can indicate that independent variables, such as taxpayer awareness, understanding and knowledge of tax regulations, and tax system efficiency, do not indicate multicollinearity.

Multiple Linear Regression

In this equation below, Y signifies the dependent variable, while Taxpayer Awareness, Tax Regulations, and tax effectiveness were independent variables. The coefficients associated with each independent variable (0.205, 0.358, and 0.326, respectively) quantify the impact of these variables on the dependent variable. The coefficients (0.205, 0.358, and 0.326) denote the change in the predicted value of Y for a unit increase in Taxpayer Awareness, Tax Regulations, and tax effectiveness while keeping the other variables constant.

$$Y = 2.357 + 0.205 \text{ Taxpayer Awareness} + 0.358 \text{ Tax regulations} + 0.326 \text{ Taxes effectiveness}$$

The intercept term, 2.357, was the predicted value of Y when all independent variables were set to zero. Suppose the independent variable increases by one unit, and the value of the other independent variable is estimated to be constant or equal to zero. In that case, the value of the dependent variable was estimated to rise or fall according to the sign of the regression coefficient of the independent variable. It can be said that Since the value of 2.357 was a constant, the compliance variable of the Individual Taxpayer doing free work (Y) will have a value of 2.357 regardless of the effects of the three independent variables and other variables. The value of $Y = 2.357$ can be obtained from the multiple regression equation $Y = 2.357 + 0.205 (0) + 0.358 (0) + 0.326 (0)$. Due to taxpayer awareness, knowledge of tax regulations and the effectiveness of the tax system were not affected by the Y value of 2,357—taxpayer Awareness (X1) about the compliance of Individual Taxpayers who do free work (Y). The regression coefficient of Taxpayer consciousness for X1 was 0.205, a positive number. Assuming that the other independent variables were variables of understanding and knowledge of tax regulations, as well as the effectiveness of the tax system of the fixed regression model, this means that for every increase in taxpayer awareness, the compliance variable of Individual Taxpayers doing free work (Y), will increase by 0.205.

Regarding the compliance of Individual Taxpayers who do free work (Y), an understanding and knowledge of tax regulations (X2) was required. The regression coefficient of taxpayer awareness for variable X2 was 0.358, which was positive. That was, if the other

independent variables were the taxpayer awareness variable and the effectiveness of the taxation system from the fixed regression model, then the compliance variable of Individual Taxpayers doing free work (Y) would increase by 0.358 for every increase in taxpayer awareness. The impact of the effectiveness of the tax system (X3) on the compliance of Individual Taxpayers who do free work (Y). The regression coefficient of taxpayer awareness for the variable X3 has a value of 0.326 and was positive. Assuming that the other independent variables were taxpayer awareness, understanding, and knowledge of tax regulations, this indicates that for every increase in taxpayer awareness, the compliance variable of Individual Taxpayers doing free work (Y) will increase by 0.326.

Coefficient of Determination (R^2)

The adjusted R Square table has a value of 0.656, indicating that the percentage must be multiplied by 100% to be determined. Therefore, $0.656 \times 100\%$ was equal to 65.6%. This suggests that variations in three independent factors, namely taxpayer awareness, understanding and knowledge of tax regulations, and the effectiveness of the tax system, may explain 65.6% of the compliance variables of certain taxpayers performing free services. The remaining percentage ($100\% - 65.6\% = 34.4\%$) was explained by factors not included in the model. To see the relationship between the magnitude of the contribution of variables X1, X2, and X3 simultaneously to Y can be seen in the table above. It can be concluded that the R number listed was 0.816, which shows that the correlation or multiple regression relationship between taxpayer awareness, understanding and knowledge of tax regulations and the effectiveness of the tax system was quite strong.

Test-t

Table 2. T-test

Descriptions	Unstandardized Coefficients		Standardized Coefficients	t-test	Sig. Score
	B	Std. error	Beta		
Taxpayer Awareness	0,392	0,076	0,460	5,125	0.000
Regulatory Understanding	0,703	0.062	0,756	11.419	0.000
Effectiveness of Tax System	0,678	0.062	0,742	10.941	0.000

Source: data processed by researchers

The results of the t-test above can be concluded by hypotheses as follows: Taxpayer awareness (X1) on the compliance of Individual Taxpayers who do free work (Y) has a calculated t value of $5,125 > 1,984$ and a sig value. $0.000 < 0.05$, then as a result of this rejection, H_0H_1 was accepted. It was concluded that Taxpayer awareness (X1) positively affects the compliance of Individual Taxpayers who do free work (Y). Understanding and knowledge of tax regulations (X2) on the compliance of Individual Taxpayers who do free work (Y) have a calculated t value of $11,416 > 1,984$ and a sig value. $0.000 < 0.05$. Then, as a result of this rejection, H_0H_2 was accepted. It was concluded that understanding and knowledge of tax regulations (X2) positively affect the compliance of Individual Taxpayers who do free work (Y). Meanwhile, the effectiveness of the tax system (X3) on the compliance of individual taxpayers who do free work (Y) has a calculated t value of $10,941 > 1,984$ and a sig value.

$0.000 < 0.05$. Then, as a result of this rejection, H_0H_3 was accepted. It was concluded that the effectiveness of the tax system (X3) positively affects the compliance of Individual Taxpayers who do free work (Y). **For Test F (Simultaneous Test)**, that $F \text{ count} = 63.817 > F \text{ table } 2.70$ and $\text{sig. } 0.000 < 0.05$ means that the variables of taxpayer awareness, understanding and knowledge of tax regulations, and the tax system's effectiveness influence the variable compliance of individual taxpayers who do free work.

The effect of the variable awareness of Taxpayers on the compliance of Individual Taxpayers who do free work

Taxpayer awareness, the independent variable of the X1 study, was the subject of five questions. The recapitulation results of respondents' evaluations show that the taxpayer stress variable has a considerable effect. The above statistics show how aware Taxpayers were that the public was aware of their rights and responsibilities in the provisions of the current tax law. The more Taxpayers were informed about their obligations, the more aware other Taxpayers were of contributing under laws and regulations to help the growth of the State. This result aligns with research conducted by Dian Lestari Siregar (2017). Taxes realized by the community as a source of state income in financing state development of public facilities and infrastructure have increased the level of taxpayer compliance in paying taxes, and this was proven when the realization of tax revenue in Batam City reached the target. However, the number of taxpayers who return tax returns has not been 100%. The number of taxpayers who report their tax returns yearly continues to increase—however, the results of research conducted by Rita. J. D. Atarwaman (2020) was not aligned, which states that compulsory awareness arises from several factors, namely internal factors and external factors. The internal factor was from within the Taxpayer itself, while the external factor was a program carried out by the government where the government also issues tax returns owed. The higher the taxpayer awareness regarding taxation, the higher the level of tax compliance also increases because that awareness arises from the Taxpayer. However, when viewed from the opinion of taxpayers, they still do not have the awareness to carry out their obligations in tax affairs.

The influence between the variables of Understanding and Knowledge of Tax Regulations on the compliance of Individual Taxpayers who do free work

Five question points comprise the understanding and knowledge of tax regulations (X2), independent variables in this investigation. The result was that understanding and knowledge of tax regulations significantly impact the compliance of Individual Taxpayers who do free work. One of the critical elements in tax operations was knowledge and awareness of applicable taxation regulations and regulations, such as the need for NPWP, tax payment schedule, and tax provisions and rates. The willingness of taxpayers to make tax payments will be encouraged if they are aware of their duties.

This result was in line with research conducted by Siti Khadijah, Harry Barli, and Wiwit Irawati (2021), which states that with an understanding of tax regulations, taxpayers know their rights and obligations in paying taxes so that taxpayer compliance increases. However, it was not in line with research conducted by Fenty Astrina and Chessy Septiani (2019), which states that taxpayers who have high knowledge of general provisions and tax procedures, knowledge of tax regulations in Indonesia, knowledge of tax functions were not factors in facilitating the

implementation of their tax obligations. So, the high and low understanding of tax regulations was not more compliant for taxpayers in fulfilling their tax obligations.

The influence between the variables of the Effectiveness of the Tax System on the compliance of Individual Taxpayers who do free work

The effectiveness of the tax system (X3), the independent variable in this study, was formed from five question items. The results of the recapitulation of respondents' ratings show that the effectiveness of tax system variables has a considerable effect on the compliance of the Waajib Pajak Orang Prbadi, who does free work. These findings suggest that variable Y will be more compliant with the tax code if they have a positive perception of the system's effectiveness and that taxpayers with a negative perception of its effectiveness will be less compliant. A superior contemporary tax system and the professionalism of the tax officer's job can increase taxpayer satisfaction and change how they view the tax system. This study's results align with the research conducted by Hery Setyo Utomo (2019), which states that the better the effectiveness of the tax system, the better the willingness to pay taxes. However, there were several reasons why the effectiveness of the tax system has not been maximized, namely the tax administration system. So that the effectiveness of the tax system was less than optimal. Furthermore, the impact on the willingness to pay taxes was less than optimal. However, some results were not aligned, namely research by Hidayatul Husniah, which states that the higher the excellent perception of the effectiveness of the tax system, the more significant an increase in willingness to pay taxes, but the effect was not significant because the attitude of taxpayers who were less willing to state that the methods carried out in the efficiency system were less attractive or less known by taxpayers.

The influence between the variables of Taxpayer Awareness, Understanding and Knowledge of Tax Regulations and the Effectiveness of the Tax System on the compliance of Individual Taxpayers who do free work

Analysis of variables of taxpayer awareness, understanding and knowledge of tax regulations, as well as the effectiveness of the tax system on the compliance of individual taxpayers who carry out free work, contain substantial and beneficial influences. This data analysis shows the concomitant significant and beneficial effects of the independent variable of taxpayer awareness, understanding and knowledge of tax regulations and the effectiveness of the tax system on the dependent variable of compliance of individual taxpayers who do independent work. Three variables were independent of taxpayer awareness, understanding and knowledge of tax flow, and the effectiveness of the tax system that has more excellent value. This result was in line with research conducted by Edwin Nugroho (2015), which states the factors that affect the willingness to pay taxes for individuals who do free work at KPP Pratama Yogyakarta that awareness of paying taxes, knowledge and understanding of tax regulations, good perception of the tax system, and tax sanctions have a positive and significant effect together on the willingness to pay taxes of individual taxpayers who do free work. However, an inconsistent study was conducted by Pancawati Hardiningsih (2011), which stated that several factors in the willingness to pay taxes did not have a significant effect. Such as understanding and knowledge of tax regulations that do not significantly affect the willingness

to pay taxes and the effectiveness of the tax system that does not significantly affect the willingness to pay taxes.

CONCLUSION

The research demonstrates the crucial role of taxpayer awareness, understanding, and perception of the tax system's effectiveness in influencing compliance behaviour. The results align with prior studies emphasizing the importance of taxpayer education and public perception of taxation. An informed and positively inclined taxpayer base contributes to higher compliance rates. This has implications not only for revenue collection but also for building trust between taxpayers and tax authorities. Furthermore, exploring the interplay between individual characteristics and compliance behaviour could provide valuable insights for future research and policy formulation. In conclusion, fostering an environment of awareness and understanding within the tax system can lead to positive compliance outcomes and contribute to the overall economic development of a nation.

In light of the extensive research, several conclusions emerge from the analysis. First, it becomes evident that individual taxpayers who engage in freelance work exhibit a heightened inclination to adhere to tax regulations when they possess a comprehensive awareness of their fiscal responsibilities. This outcome underscores the pivotal role of informed awareness in fostering compliance. The research findings accentuate how the identified issue is meticulously delineated and explicated. It was discerned that the level of obligatory comprehension significantly shapes the propensity of independent workers to conform to tax mandates, delineating a nuanced relationship between awareness and compliance. Secondly, the study reveals a robust and affirmative correlation between the compliance of Orang Pribadio Taxpayers involved in freelance endeavours and their diverse levels of understanding and knowledge concerning tax regulations. This substantiates the intricate interplay between comprehension and adherence, elucidating that the extent of individual taxpayers' compliance was intrinsically tied to their grasp of regulatory intricacies. The research outcomes aptly underscore the systematic investigation into the delineated quandary. Notably, these findings underline that the degree of adherence to tax regulations was intricately intertwined with individuals' depth of understanding and familiarity regarding these regulations.

Furthermore, the research uncovers a salient connection between the efficacy of the tax system and the compliance behaviour of private individuals undertaking freelance work. The empirical evidence delineates that an effective tax system significantly bolsters the propensity of individual taxpayers to uphold legal obligations, offering an insightful perspective on the dynamic interrelation between system efficacy and tax compliance. Importantly, this holistic understanding underscores the pivotal role of the tax system's effectiveness in shaping freelancers' compliance patterns. The comprehensive exploration of taxpayer awareness, comprehension of tax regulations, and tax system efficacy culminates in a profound understanding of their collective impact on the compliance behaviour of individual taxpayers engaged in freelance work. These findings collectively affirm the multifaceted nature of compliance, wherein informed awareness, regulatory knowledge, and a well-functioning tax system converge to catalyze a culture of tax adherence among freelancers, thus contributing to the broader discourse on tax compliance and governance.

The researchers made suggestions that should mitigate the limitations of the study. These findings may support previous research and serve as a basis for further research, especially regarding variables affecting taxpayer compliance to carry out taxpayer obligations. One can increase the independent variable sample size or use other research methodologies to get results more accurately reflect the real world. Taxpayer compliance must be improved once again to increase state revenue for nation-building. Increasing taxpayers' awareness, understanding, and knowledge of their tax laws was one aspect of this, as was their positive perception of the tax system's efficiency. To help the public understand Indonesia's tax system and rules, the Directorate General of Taxes (DGT) offers comprehensive tax socialization.

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