THE INFLUENCE OF FAMILY TIES AND TRUST IN GOVERNMENT ON TAX COMPLIANCE WITH TAX MORALITY AS A MODERATING VARIABLE (STUDY ON UNDERGRADUATE ACCOUNTING STUDENTS IN YOGYAKARTA)

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The Influence of Family Ties and Trust in Government on Tax Compliance with Tax Morality as a Moderating Variable (Study of Undergraduate Accounting Students in Yogyakarta)

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DECLARATION OF AUTHENTICITY

DECLARATION OF AUTHENTICITY

Herein, I declare the originality of the thesis; I have not presented anyone else's work to obtain my university degree, nor have I presented anyone else's words, ideas or expression without acknowledgement. All quotations are cited and listed in the bibliography of the thesis.

If this statement is proven to be false in the future, I am willing to accept any sanction that complies with the determined regulation or its consequences.

Yogyakarta, 9th August 2024



Arina Fitriana

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The Researcher



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TABLE OF CONTENT

APPROVAL PAGE ..... **iii**

BOARD EXAMINERS' APPROVAL ..... **iv**

DECLARATION OF AUTHENTICITY ..... **v**

ACKNOWLEDGEMENT ..... **vi**

TABLE OF CONTENT ..... **ix**

ABSTRACT ..... **xii**

CHAPTER I INTRODUCTION **1**

1.1 Research Background 1

1.2 Problem Formulation 6

1.3 Research Objectives 7

1.4 Benefits of Research 8

1.5 Research Systematics 8

CHAPTER II LITERATURE REVIEW AND HYPOTHESIS **10**

2.1. Theoretical Basis 10

2.1.1. Attribution Theory 10

2.1.2. Slippery Slope Theory 11

2.1.3. Tax 12

2.1.4. Tax Morality 14

2.1.5. Tax Compliance 15

2.2 Previous Research 15

2.3 Research Hypotheses 19

2.3.1 The Influence of Family Ties on Tax Compliance 19

2.3.2 The Influence of Trust in Government on Tax Compliance 20
2.3.3 The Influence of Family Ties on Tax Compliance through Tax Morality as a Moderating Variable 21
2.3.4 The Effect of Trust in the Government on Tax Compliance through Tax Morality as a Moderating Variable 22
2.3.5 The Influence of Tax Morality on Tax Compliance 23
CHAPTER III RESEARCH METHODS 25
3.1 Research Population and Sample 25
3.2 Data Collection Methods 27
3.3 Research Variables 28
3.3.1. Independent Variable (X) 28
3.3.2. Dependent Variable (Y) 29
3.3.3 Moderating Variable (Z) 30
3.4 Data Analysis Techniques 31
3.4.1 Data Analysis Tools 31
3.4.2 Descriptive Statistical Test 32
3.4.3 Measurement Model Data Testing (Outer Model) 32
3.4.4 Structural Model Analysis (Inner Model) 34
CHAPTER IV DATA ANALYSIS AND DISCUSSION 37
4.1 Data Collection Result 37
4.2 Descriptive Analysis 37
4.3 Descriptive Statistics 39
4.4 Model Evaluation Results 41
4.4.1 Measurement Model Testing (Outer Model) 41

4.4.2 Structural Model Analysis (Inner Model) 46
4.5 Hypothesis Testing 49
4.6 Discussion of Research Results 53
4.6.1 Family ties have a positive effect on tax compliance 53
4.6.2 Trust in government has a positive effect on tax compliance 54
4.6.3 Tax morality strengthens the effect of family ties on tax compliance 55
4.6.4 Tax morality strengthens the effect of trust in government on tax compliance 56
4.6.5 Tax morality has a positive effect on tax compliance 57
CHAPTER V CONCLUSIONS 59
5.1 Summary 59
5.2 Implication 59
5.3 Limitations 60
5.4 Suggestions 61
REFERENCES 62
LIST OF ATTACHMENTS 71

ABSTRACT

This research aims to analyze the factors that influence family ties and trust in government on tax compliance, with tax morality as a moderating variable. The variables used in this study include independent variables that refer to family ties and trust in government, dependent variables that refer to tax compliance, and tax morality as a moderating variable.

This research used a questionnaire survey for active undergraduate students majoring in accounting in the Yogyakarta class of 2020-2023. The total sample in this study included 152 students who have taken or are taking taxation courses. The statistical tool used to test the hypothesis in this study is PLS software. The results of this study indicate that family ties and trust in government positively influence tax compliance, tax morality strengthens the influence of family ties and trust in government on tax compliance, and tax morality positively influences tax compliance.

Keywords: Family Ties, Trust in Government, Tax Compliance, Tax morality, Partial Least Square (PLS).

CHAPTER I

INTRODUCTION

1.1 Research Background

The Republic of Indonesia is a developing country based on the basic principles of Pancasila and the State Principles, namely the 1945 Constitution. The vision and mission of this country are focused on designing national development that takes place in stages, in a planned, continuous, and sustainable manner. Through these efforts, Indonesia aims to realize the country's ideals, which include the establishment of a just, prosperous, and welfare-oriented society. Thus, the Indonesian government is taking strategic steps to ensure the achievement of sustainable development goals, create equitable social and economic conditions, and ensure prosperity for all its citizens.

To realize its development vision, Indonesia relies on primary sources of income as the foundation for development programs, public services, and government operational functions. This income is obtained from two main sectors, namely the external and internal sectors (NISP, 2023). Income from the external sector, such as Non-Tax State Revenue (PNBP), is a mandatory contribution from individuals, companies, or legal entities to the state by applicable regulations. These funds are intended to finance state needs and provide services to the community without direct compensation. Meanwhile, income from the internal sector, namely through taxes, is a crucial fiscal basis for supporting sustainable national development and maintaining economic and social balance throughout the country. Grants are accounted for as revenue outside of

PNBP despite being categorized as non-taxable income. Grants are classified into various categories and have specific guidelines. The country's income including Tax Revenue, Non-Tax Revenue, and Grants reached IDR 2,016,923.7 billion, IDR 426,259.1 billion, and IDR 409.4 billion, respectively (Bps.go.id, 2024). These figures reflect that tax revenues contribute more significantly than other sectors. Therefore, tax revenue is considered a crucial component in maintaining the stability of state revenues.

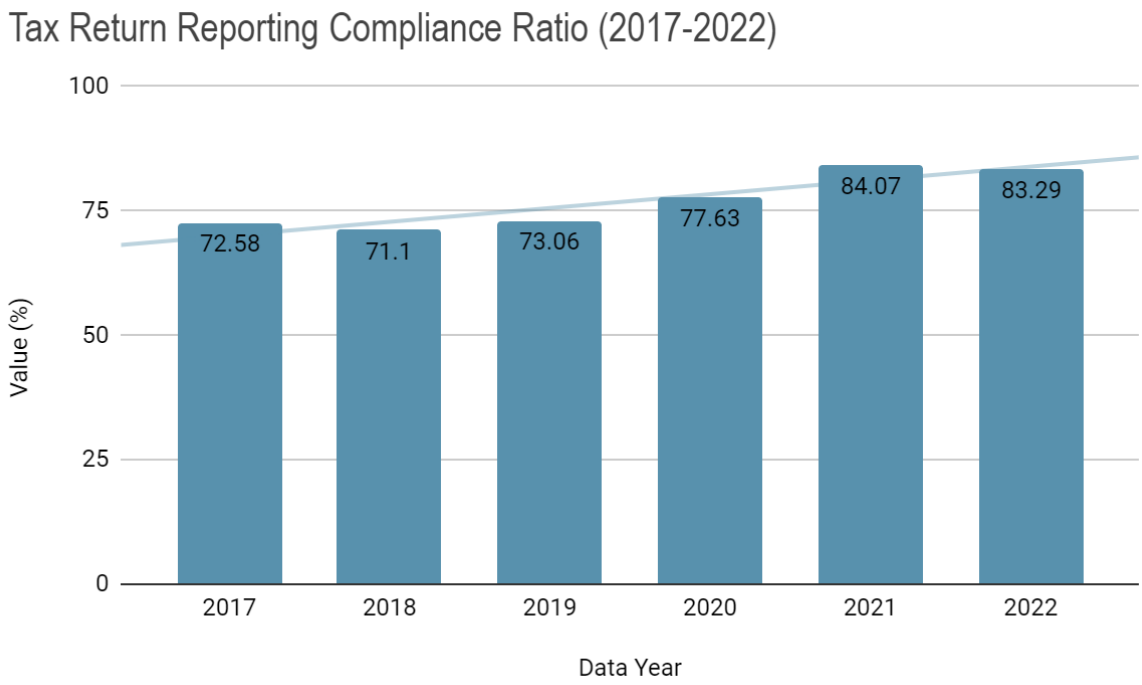
Taxes, as a contribution obligation to the state imposed on individuals or entities following the law, play a crucial role in achieving the goals of societal prosperity. Even though taxes do not receive direct rewards, the collected funds are utilized for the state's benefit and welfare of the people (Nur et al., 2017).

However, when looking at the Tax Ratio, which compares tax revenues to the market value of all goods and services produced, state revenues from taxes in Indonesia are still relatively low. Based on tax ratio data from the Indonesian Central Statistics Agency (BPS) in 2023, there has been a decline in the tax ratio, which requires further attention to understand the tax revenue situation and identify improvement efforts that can be implemented to support sustainable development. Referring to (Badan Pusat Statistik, 2020), the Gross Domestic Product (GDP) at current prices will reach IDR 19,588.4 trillion in 2022. However, based on information from (Kemenkeu, 2024), in 2023, taxes ratio reach 10.21% of GDP. In contrast to the prior year, when it was 10.41%, this tax ratio has declined. This realization exceeds the initial 2023 target of 9.61%, yet. Even though it has achieved the initial 2023 target, this means the value is below the ideal standard set by the World Bank, namely 15%. Therefore, careful strategies and steps are

needed to increase tax revenues, supporting more sustainable economic development goals.

If the tax ratio needs to rise to 13%, tax revenues must increase by around 3% from the current tax ratio, which is around 10%, by calculating the GDP value in 2022. Therefore, Tax revenues should increase by around IDR 587.6 trillion to achieve this target. This figure is even more astonishing when seen from the target tax ratio of 23%. Tax revenues must be increased by around IDR 2,546 trillion to achieve a tax ratio of that size. In order to achieve more sustainable economic development goals, cautious measures are therefore required to raise tax revenues.

As emphasized in the research, one strategic step to increase tax revenue to achieve a higher tax ratio is to increase public compliance in fulfilling tax obligations (Juliani & Sumarta, 2021) by encouraging tax compliance, the government can ensure the realization of potential tax revenues that should be received, which will ultimately significantly contribute to achieving the established tax ratio target. Compliance with tax obligations can be voluntary or influenced by coercion to fulfill tax obligations. Voluntary compliance from taxpayers, which involves disclosing and paying tax obligations honestly without any intention of cheating, is a form of motivation that encourages positive action (Misra, 2019). In line with this, according to (Liyana, 2019), tax compliance is the government's main focus and serious concern. However, people often take the opportunity to not fulfill their obligations in reporting SPT, either by not reporting their income or by underreporting the amount of income they declare.



Graphic 1. Tax Return Reporting Compliance Ratio

Source: (Databoks, 2023)

The graph above shows the tax SPT reporting compliance ratio in 2017–2022, indicating the level of taxpayer compliance in Indonesia, according to Databoks (2023). The number of taxpayers, both corporate and individual employees, has fluctuated and tends not to show significant increases despite a continuous upward trend. This level of compliance changes from 2017 to 2022, impacting tax revenues. This phenomenon shows that taxpayer compliance is not optimal.

Tax morale is one of the factors that influence taxpayers' voluntary compliance, according to several studies on this matter (Torgler, 2011). Tax morality encourages taxpayers to fulfill and carry out their tax obligations, so this must be a top priority for tax authorities when making policies.

The suboptimal compliance in accurately fulfilling tax obligations makes this research important. Research by (Susila et al., 2016) looked at how the tax ethics of students in Indonesia are influenced. This study chose students because they are considered neutral towards tax violations and are potential taxpayers in the future. Another research by (Torgler & Schneider, 2007) investigated how moral rules, perceptions of tax fairness, and government trust influence tax morale. The study found that moral rules, perceptions of tax fairness, and trust in the government positively affect tax morality.

However, research conducted by Wulandari (2021) found that the belief that the government has utilized the taxes paid by the public for welfare negatively affects tax morality. This indicates that when individuals do not believe that the government uses taxes fairly and effectively, they tend to be less motivated to comply with taxes.

In contrast to previous studies, the author discusses the topics of trust in the government and family ties. Family ties are the factors taken from the research of Marè et al. (2020). Family ties are one of the factors determining the level of morality, making them an essential component of tax obligations. For example, if an individual feels a strong connection to a particular community or social group, such as friends, coworkers, or family, they may be more likely to comply with tax obligations. Family ties can influence social norms that encourage compliance with tax laws within their community. Therefore, understanding how family ties influence tax morale can assist in shaping tax policies and efforts to increase tax compliance in society.

An economic approach has dominated many previous studies regarding taxpayer compliance. So far, they have not been able to provide input to the government to help minimize taxpayer non-compliance efficiently. Therefore, further research is needed using a tax morality approach as a basis for achieving voluntary compliance.

Based on the above explanation, the researcher aims to analyze which tax morality variables influence tax compliance. This research uses accounting students who are still pursuing their education at the state and private universities in Yogyakarta as research subjects. It examines tax compliance among university students as prospective taxpayers through their tax morality. Therefore, the researcher is interested in exploring the issue of tax compliance using a tax morality approach in a thesis entitled **"The Influence of Family Ties and Trust in Government on Tax Compliance with Tax Morality as a Moderating Variable (Study of Undergraduate Accounting Students in Yogyakarta)."**

1.2 Problem Formulation

Based on the background above, a few research questions are formulated as follows:

1. Do family ties influence the tax compliance of undergraduate accounting students in Yogyakarta?
2. Does the level of trust in the government influence the tax compliance of undergraduate accounting students in Yogyakarta?

3. Can tax morale moderate the relationship between family ties and tax compliance of undergraduate accounting students in Yogyakarta?
4. Can tax morale moderate the relationship between trust in the government and tax compliance of undergraduate accounting students in Yogyakarta?
5. Does tax morale influence the tax compliance of undergraduate accounting students in Yogyakarta?

1.3 Research Objectives

Based on the problem formulation above, the research objectives to be achieved are:

1. To find out empirically whether family ties influence the tax compliance of undergraduate accounting students in Yogyakarta.
2. To find out empirically whether trust in the government influences tax compliance of undergraduate accounting students in Yogyakarta.
3. This study aims to empirically determine whether tax morality moderates the relationship between family ties and tax compliance among undergraduate accounting students in Yogyakarta.
4. This study aims to empirically determine whether tax morality moderates the relationship between trust in the government and tax compliance among undergraduate accounting students in Yogyakarta.
5. To find out empirically whether tax morality influences the tax compliance of undergraduate accounting students in Yogyakarta.

1.4 Benefits of Research

This research study provides benefits theoretically and practically.

1. Practically, the Directorate General of Taxes and other related parties may take advantage of the results of this research as a reference regarding the influence of family ties and trust in the government on tax compliance with tax morality as a moderating variable. This can lead to innovations in optimizing services for registered taxpayers and also prospective taxpayers in the future, including students.
2. This research study can provide new insights to university or faculty leaders regarding the factors influencing students' enthusiasm for taxes, serving as input to enhance tax enthusiasm among students.
3. This research study would make a significant contribution to the field of accounting, particularly taxes, relating to the variables influencing tax compliance, and tax morality. .

1.5 Research Systematics

This research report is organized into the following chapters.

CHAPTER I: INTRODUCTION

This section presents the background of the problem that forms the basis of this research. It then outlines the problem formulation, the research objectives, benefits of the study, and the structure of the writing.

CHAPTER II: LITERATURE REVIEW AND HYPOTHESIS

This chapter presents the theoretical basis of prior studies, which is used to formulate hypotheses and analyze this research. After that, the rationale for the research is explained, which in turn is stated in the hypotheses to be tested in the research.

CHAPTER III: RESEARCH METHODS

This chapter explains the population and sample used, the sources and techniques for data collection, as well as the methods employed to measure each variable, the research hypotheses, and their testing.

CHAPTER IV DATA ANALYSIS AND DISCUSSION

This chapter outlines the results of the data and various tests that have been formulated. It also discuss the test results along with the findings.

CHAPTER V CONCLUSIONS AND SUGGESTIONS

This chapter serves as the conclusion and final section of this research, which consists of the summary of research findings, limitations, implications, and suggestions for future research.

CHAPTER II

LITERATURE REVIEW AND HYPOTHESIS

2.1. Theoretical Basis

2.1.1. Attribution Theory

Attribution theory was initially developed by Bernard Weiner and Fritz Heider in 1958. In general, this theory explains that if someone tries to observe another person's behavior, it encourages them to try to determine that behavior, whether it occurs internally or externally (Stephen, 2002). According to the research by Fitriana (2023) internal factors are related to psychology and physiology. Psychology is concerned with the human psyche, such as drives and beliefs, while physiology pertains to the structure of the human body, including its various parts. External factors come from the environment, both social and non-social environments. Family and friends are examples of social environments, while non-social environments include geographic location and resources.

Attribution theory affects tax compliance by considering how individuals interpret various events and how these interpretations influence their thoughts and behaviors. Morality tax as an internal factor, an individual's intrinsic belief in the morality of paying taxes (morality tax), personal values towards civic duties, and internal motivations for compliance. Family as an external factor influences tax compliance by influencing tax awareness, trust in tax officials, and tax socialization. Internal and external attributions also affect tax compliance.

2.1.2. Slippery Slope Theory

According to Slippery Slope Theory, taxpayers are likely to comply with authorities or the government because they believe in the authorities and recognize their power (Kirchler et al., 2008). Reducing taxpayer non-compliance can be achieved if the tax authorities are strong and trusted by the public. Social psychological elements, such as trust in the government impact voluntary tax compliance, whereas tax penalties and other impediments typically impact enforced tax compliance.

According to Kirchler et al. (2008), trust in authority refers to the widespread belief between individuals and social groups that the tax authority has good morals and serves the interests of society as a whole. Furthermore, Kirchler et al. (2008) proposed the Slippery Slope Theory positing that taxpayers are generally compliant they have confidence in the tax authority's ability to control and prevent tax evasion. As it is known that tax non-compliance can be reduced through law enforcement and public trust in the tax authority.

In this research, the slippery slope theory is used to support the role of taxpayer trust in their willingness to pay taxes. According to this theory, taxpayers will generally comply (voluntary tax compliance) if they have trust in the tax authority. Several factors are believed to influence the role of trust in increasing tax compliance. These factors include moral obligations and procedural justice.

The presence of transparency and accountability in the taxation process conducted by the government will foster taxpayer trust (Wahl et al., 2010). On the other hand, if there is a strong and firm system in the taxation process, taxpayers will perceive their

authority as having strength (Prinz et al., 2014). Based on these definitions, the author concludes that the public trust in the government reflects the behavior, morals, and attitudes of the government as shown through its policies.

2.1.3. Tax

Taxes are the most significant contributor to the State Revenue and Expenditure Budget. Taxes are designated as the primary source of state revenue for the states' budget (APBN). Therefore, all parties involved in the taxation process need to work and synergize positively to optimize tax revenue. As a contribution from the people to the state, public awareness, and compliance are curcial for tax revenues.

2.1.3.1. Understanding Tax

A wide range of professionals expressed their opinions on the definition of tax. Djajadiningrat states in (Resmi, 2017) that taxes are not intended as retribution but as an obligation to transfer a portion of wealth to the state treasury due to certain circumstances, events, and actions that lead to a particular status. Conversely, tax is a government regulation that can be enforced, but it does not provide direct reciprocal services from the state to maintain public welfare. Feldmann defines tax as performances owed to the government and imposed unilaterally, without any reciprocity, by commonly accepted norms. Taxes are only utilized for public expenditure, according to Law No. 28 of 2007 defines tax as an obligatory payment that people or legal entities must make to the state by the prescribed legal procedures. This mandatory contribution is used to fund the state's

needs for the welfare and benefit of the people; it does not entail any direct incentives. Taxes are significant since they generate 75% of the state's revenue, which continues to increase.

2.1.3.2. Tax Characteristics

Taxes have specific features. Applicable legal requirements are used to collect taxes; tax payments are not considered personal income for the government; state, federal, and local governments are responsible for collecting taxes. Additionally, while there is a surplus, taxes can be used for government spending and funding public investments.

2.1.3.3. Tax Function

In general, the function of tax is a source of state finances. Mardiasmo (2016) says that there are two functions of tax:

1. Revenue Function (Budgetary Function): taxes serve as a source of income allocated to finance general expenditure outlined in the State’s Budget (APBN)
2. The Regulatory Function: taxes are used to implement social and economic policies, such as imposing higher tax rates on alcoholic beverages or luxury goods.

2.1.3.4. Tax Collection System

The following are the various components that contribute to the tax collection system:

1. The official assessment system is a tax collection mechanism that allows the government to determine how much tax an individual should pay.

2. The self-assessment system is a tax collection mechanism in which taxpayers can independently calculate their own tax liabilities.
3. A withholding system is a tax collection mechanism that allows the government to determine how much tax should be paid by an individual.

2.1.4. Tax Morality

Webster's New World Dictionary defines morality as something that is connected to or has a foundation that has the capacity to determine between good and bad behavior. According to Yusuf (2006), the word "moral" comes from the Latin word "moris," which refers to norms, habits, laws, and principles. On the other hand, "morality" is the condition to embrace and apply laws, moral precepts, or ideals. According to Zelmiyanti and Suwardi (2019), tax morality refers to a person's intrinsic motivation, influencing their decision to comply with tax obligations. However, it is essential to note that cultural values and meanings shape different understandings of intrinsic honesty. These values may also contribute to variations in the form and level of tax morale (Verberne & Arendsen, 2019). Due to ongoing tax issues, such as cases involving corrupt behavior by tax officials, which may lead to public reluctance to pay taxes, tax compliance is likely to increase if taxpayers have good morals, resulting in more optimal tax revenue. One form of taxpayers' responsibility towards state funds is fulfilling their ethical obligations by consistently paying taxes. According to Luttmer & Singhal (2014), tax morale is a primary non-economic motivation and is a component that functions in the tax

compliance mechanism. They also stated that tax morale is one of various primary motivations.

2.1.5. Tax Compliance

According to Nurkhin et al. (2018), compliance occurs when taxpayers can effectively exercise their legal tax rights and pay their due taxes. According toWiduri & Irawan (2019), compliance can be defined as obedience to follow all established rules. In research conducted by Karsam & Budiandru (2023), taxpayer compliance is awareness of fulfilling tax obligations, demonstrated by 1) a comprehensive understanding of laws and regulations regarding taxes, 2) the ability to fill out tax forms accurately and clearly, 3) the ability to correctly calculate the amount of tax owed; and 4) timely payment of the owed tax obligations.

2.2 Previous Research

Table 2.1 Previous Research

No	Author, Year	Research variables	Research results
1.	I Gusti Agung Putu Agus Supardi, 2018	1. Independent Variables: Perception of justice, moral rules, and level of trust 2. Dependent Variable: Student tax morale	The research results show that: 1. “Perceptions of fairness have a positive effect on tax morale,” is supported. 2. “Moral rules have a positive effect

			on tax morale," is supported. 3. "The level of trust has a positive effect on tax morale," is supported.
2.	Mauro Mare, Antonello Motroni, Francesco Porcelli, 2020	1. Independent Variable: Family Ties 2. Dependent Variable: Tax Morale and Underground Economy	The results of this research show that: 1. "Family ties have a negative effect on tax morale," is not supported.
3.	Antonios M. Koumpias, 2020	1. Independent variable: trust in government 2. Dependent variable: Tax Morale	The results of this research show that: 1. "Trust in government organizations positively influences tax morale," is supported.
4.	Wulandari Widiah, 2021	1. Independent Variables: Perception of Tax System Fairness, Trust in Government, Perception of Tax Avoidance 2. Dependent Variable: Student Tax Morale	The results of this research show that: 1. "Perceptions of the Fairness of the Tax System positively affect student tax morale," is supported. 2. "The level of Trust in the Government does not affect student tax morale," is not supported. 3. "Perception of tax avoidance does

			not affect student tax morale," is not supported.
5.	Fardan Ma'ruf Zaainudin, et al, 2022	1. Independent Variable: Trust in Government 2. Dependent Variable: Tax compliance 3. Moderating Variable: Perception of tax fairness.	The results of this research show that: 1. "Trust in the government positively affects perceptions of tax fairness and tax compliance," is supported. 2. "Perception of tax fairness has a positive effect on tax compliance," is supported. 3. "Perception of tax fairness mediates trust in the government and tax compliance," is supported.
6.	Nova Eliza, 2022	1. Independent Variables: Trust in Government, Perception of Tax Fairness, and Moral Rules 2. Dependent Variable: Tax Morale 3. Moderating Variable: Religiousity	The results of this research show that: 1. "Trust in the government positively and significantly affects student tax morale," is supported. 2. "Perceptions of tax fairness have a positive and significant effect on student tax morale," is supported. 3. "Moral rules have a positive and significant effect on student tax

			morale," is supported.
7.	Ayu Lujeng Dewi Santi, 2020	1. Independent Variables: trust in government, national pride, and tax fine 2. Dependent Variable: tax compliance 3. Moderating Variable: Tax morale	The results of this research conclude that: 1. "Trust in government, national pride, and tax fines have a significant effect on increasing tax morale," is supported. 2. "Trust in government, national pride, tax fines, and tax morale significantly increase tax compliance," is supported.
8.	Ria Dewi Ambarani dan Nur Farida Liyana, 2019	1. Independent Variables: religiosity and environmental (group reference) 2. Dependent Variable: tax compliance	The results of this research conclude that: 1. "Religiosity and environmental (group reference) significantly affect tax compliance," is supported.

2.3 Research Hypotheses

2.3.1 The Influence of Family Ties on Tax Compliance

Family is recognized as one of the social groups with social norms, offering non-economic happiness, normative supremacy, and moral and emotional support(Sasson et al., 1995). People who value their family tend to treat and care for their relatives well. According to Ria Dewi Ambarati et al. (2019), the generosity of family and club members affects tax compliance. Families play an essential role in society by teaching important principles and skills to resist pressure to achieve financial goals. According to (Elster, 1989), social norms influence tax attitudes because norms are believed to affect tax compliance and because norms are a part of the family institution. In other words, family ties facilitate communication and mutual understanding, which in turn helps people regulate their unlimited behavior and desires.

The relationship between family and attribution theory involves observing an individual behavior and determining whether internal or external factors cause those characteristics. According to attribution theory, family is the social environment that can influence an individual's attitudes and behavior beyond their control, including external factors. Family is crucial for maintaining finances. Strong and stable family ties encourage legitimate actions to achieve goals and prevent selfish behavior. Based on this explanation, hypothesis 1 is proposed:

H1: Family ties have a positive effect on tax compliance.

2.3.2 The Influence of Trust in Government on Tax Compliance

According to the Webster New World Dictionary, “trust” refers to the perception that someone is considered honest and trustworthy. If taxpayers trust the authorities, taxpayers are more likely to comply and pay taxes. Julita & Mutia (2015) state that people's interactions with the government impact their trust in the government. Taxpayers and the government need to get along well for continued public trust in the government. According to (Zainudin et al., 2022), the government must manage the public’s trust in the government because trust must be earned through a process and does not occur instantly (Ibrahim et al., 2020) According to (Salman Latief, Junaidin Zakaria, 2022) a person's ability to accept the authority significantly impacts the level of trust in the government, regardless of the government's morality, actions, or attitudes serving the interests of society.

According to the Slippery Slope Theory, an individual trust in authorities is a sociological factor that affects tax compliance. Individuals are more likely to comply with government rules, including paying their taxes, when they trust the government and the legal system. Research by (Aktaş Güzel et al., 2019) (Arismayani et al., 2017) and (Salman Latief, Junaidin Zakaria, 2022)shows that tax compliance is positively affected by trust in the government. Thus, hypothesis 2 is proposed:

H2: Trust in government has a positive effect on tax compliance.

2.3.3 The Influence of Family Ties on Tax Compliance through Tax Morality as a Moderating Variable

Tax morality can be interpreted as either a moral requirement to pay taxes or beliefs regarding the contribution that can be made to the social environment by paying taxes. Family ties impact tax morality as there can set an ideal example and motivate tax compliance. This positive impact can be done by giving individuals accurate information and helping them understand tax regulations. According to attribution theory, a relationship between tax morality and family ties explains how individuals interpret different events and how this affects their thoughts and actions. In this case, tax morality will either strengthen or weaken the influence of family ties on tax compliance.

(Marè et al., 2020) identified that family is essential. Each family member develops moral principles, particularly the lessons parents teach their children, influencing their tax compliance behavior. Individuals with strong tax morality are more likely to comply with tax regulations even when they have the option to avoid paying taxes. However, this study indicates that morality's influence within the family has a negative effect on tax compliance.

This contrasts with research by (Ambarwati & Liyana, 2020), which states that the disciplinary values instilled by people in the taxpayer's environment affect the taxpayers' attitudes. Whether their family or close friends engage in tax opposition affects their perception of tax avoidance. Strong family ties can exert social pressure on individuals to comply with tax regulations. Family members can also assist by providing

mutual advice and information that enable them to adhere to tax regulations. This explanation leads to the proposal of hypothesis 3:

H3: Tax morality strengthens the influence of family ties on tax compliance.

2.3.4 The Effect of Trust in the Government on Tax Compliance through Tax Morality as a Moderating Variable

Tax morality refers to the principles and beliefs of a person and society regarding their obligation to pay taxes. Strong morality drives people to pay taxes, even when they could avoid it. Meanwhile, government trust refers to an individual's belief that the government will use tax revenues effectively and fairly. Individuals with high levels of trust in the government are more likely to view that paying taxes as both right and fair. According to the slippery slope theory, the relationship between tax morality and government trust suggests that taxpayers are more likely to comply if people trust the tax authority or acknowledge its power to regulate and prevent tax evasion. In this case, tax morality will either strengthen or weaken trust in the government regarding tax compliance.

(Dewi Santi, 2019) states that high tax morale caused by high level of trust in the government tends to increase tax compliance. In a society with high tax morality, trust in the government can further strengthen tax compliance because individuals believe that their contributions will used effectively. However, if tax morality is low, the correlation

between trust in government and tax compliance may not be as strong as in societies with high tax morality. This explanation leads to the proposal of hypothesis 4:

H4: Tax morality strengthens the influence of government trust on tax compliance.

2.3.5 The Influence of Tax Morality on Tax Compliance

(Torgler, 2003) and (Khaerunnisa & Wiratno, 2015) define tax morality as a motivation to pay taxes derived from moral obligations. It can also be defined as a determination to make a tax-paying contribution to the country. Tax morals do not measure individual behavior but rely on attitudes and beliefs. Tax morals can be observed in an individual's approach to paying taxes. According to research by (Rahmayanti et al., 2023) tax morale positively affect tax payment. (Dewi Santi, 2019) found that high tax morale would increase tax compliance. Taxpayers feel that fulfilling their tax obligations is an obligation that must be done and will feel guilty if they do not fulfill these obligations. This can be observed when someone has an attitude toward their willingness to participate in taxation matters.

A person's morals in taxes will be considered good when he is able to increase his taxpayer compliance. Tax morals can be implemented through the belief in paying and reporting taxes to be used appropriately for the country's needs. Referring to attribution theory, which states that a person's behavior can arise from external and internal factors,behavior perceived to be under one's control is an internal factor that can

encourage persuade someone to comply with their tax obligations. Based on this explanation, hypothesis 5 is proposed:

H5: Tax morality has a positive effect on tax compliance.

2.4 Research Framework

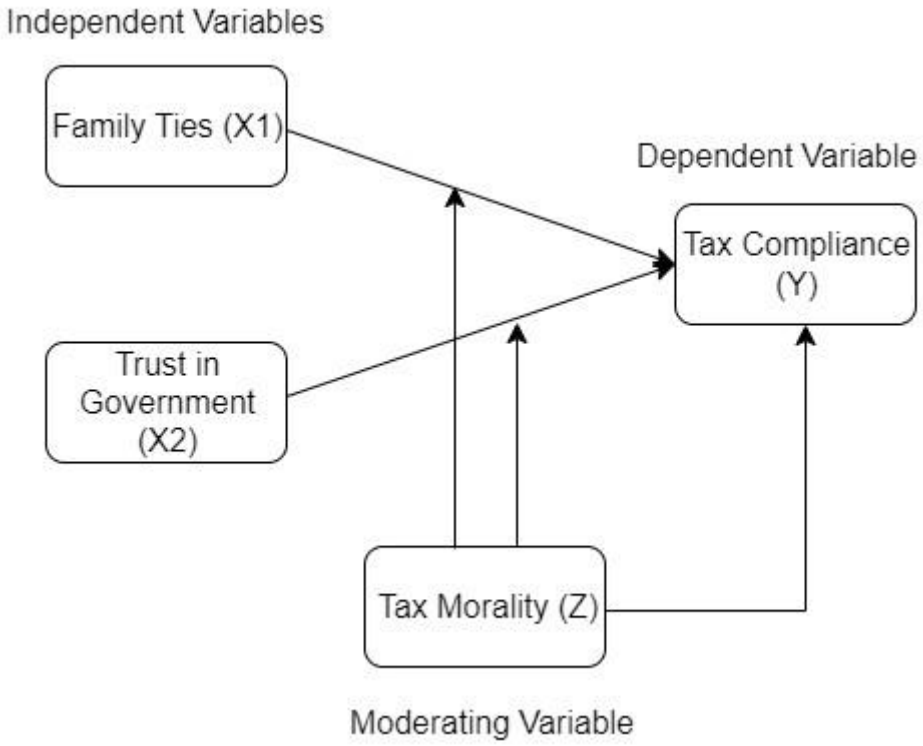


Figure 2.1 Research Framework

CHAPTER III

RESEARCH METHODS

3.1 Research Population and Sample

A population refers to a complete set of cases or elements from which samples are taken or a complete collection of cases or group members (Saunders et al., 2009). According to Sugiyono (2019), a population is a generalized area composed of objects or concepts with specific numbers and characteristics defined by researchers and subsequently analyzed. Therefore, the population of this research consists of all undergraduate accounting majors from state and private universities in the Yogyakarta region. The selection of students as research subjects aims to understand the moral values related to taxes, which can influence someone's tax compliance even if that person has not been involved in a tax violation. Apart from that, students are also considered as potential future taxpayers.

Purposive sampling is used in this research. According to Sugiyono (2019), purposive sampling is a non-probability sampling technique in which the researchers uses their judgment to select the specific cases that form the sample. The concept of this sampling method is implemented by choosing subjects based on criteria established by the researcher. In this research, the criteria proposed by the researcher for the samples are as follows:

1. The active students majoring in accounting are studying in the city of Yogyakarta, from batch 2020-2023.
2. Currently taking or have taken Taxation courses.

To determine the minimum sample size for this study, the following requirements—cited by (Roscoe, 1975) are used:

1. For most studies, the sample size is at least more than 30 and less than 500.
2. If the sample is divided into smaller groups according to gender, educational attainment, and others, a minimum sample size of 30 individuals is needed for each category.
3. The sample size for multivariate research, such as multiple regression analysis, should be many times greater than the total number of variables examined.
4. In simple experimental research, a good sample size is between 10 and 20.

According to Hair et al. (2014), in determining the number of samples used, researchers also consider determining the number of representative samples as the number of indicators multiplied by 5-10 so that the number of samples in this study is as follows.

Sample = number of indicators x 8

= 18 (question items) x 8

= 144

Based on the above calculations, the number of samples in this study is 144. Then, the researcher will round the number of samples to 150.

3.2 Data Collection Methods

Data utilization is crucial because it is the basis for reliable research findings. The data used here comes from primary data, namely information obtained directly from sources. To obtain the primary data, questionnaires were distributed to active undergraduate accounting students in Yogyakarta.

The questionnaire in this research is structured in three sections to obtain comprehensive and detailed data. The initial section aims to explain the purpose of the survey and requests voluntary participation in filling out the questionnaire. The second section includes five questions as control variables, including information about gender, age, faculty, and whether students have their income or not. Meanwhile, the third section consists of statements to be answered with multiple-choice options measured using a Likert scale, with four response options, which include:

1. Strongly Disagree (STS)
2. Disagree (TS)
3. Agree (S)
4. Strongly Agree (SS)

The Likert scale method is used here to design the questionnaire and determine respondents' attitudes, opinions, and perceptions about tax morality among active undergraduate accounting students in Yogyakarta. This questionnaire approach provides a clear framework for collecting and evaluating respondent responses in a more structured and measurable way.

3.3 Research Variables

3.3.1. Independent Variable (X)

3.3.1.1 Family Ties (X1)

Family ties are an essential component in understanding tax compliance and tax morale. Family ties greatly influence an individual's values and habits, including tax compliance. According to research by Marè et al. (2020), three World Values Survey (WVS) variables can be measured as indicators of the strength of family ties. These variables come from world values surveys with direct and indirect effects. The indicators that reflect family ties are as follows:

1. The importance of family
2. The importance of showing respect and love to parents
3. Parent’s duties and responsibilities to their children

From these indicators, the following statements are derived for the questionnaire:

1. Family is one of the most important aspects of my life
2. I love and respect my parents

3. For me, it is very important to educate children about moral values and social responsibility in the future.

3.3.1.2 Level of Trust in the Government (X2)

A critical factor in understanding tax morale is trust in the government. According to Torgler (2003), satisfaction with the services received from the government and trust in the legal system significantly increase tax morale. The indicators that reflect trust in government are as follows:

1. Trust in the civil service
2. Trust in the judiciary
3. Trust in parliament
4. Trust in the central government

Based on these indicators, the questionnaire will be prepared in the form of the following statements:

1. I believe in the civil service office
2. I believe in the courts
3. I believe in parliament
4. I believe in the central government

3.3.2. Dependent Variable (Y)

Siti Kurnia Rahayu (2010), "Tax compliance occurs when a taxpayer complies with all tax requirements and utilizes their tax rights." There are two categories of

compliance, according to Nurmantu (2005:148): material compliance and formal compliance. Siti Kurnia Rahayu (2010) states, "Compliant taxpayers are taxpayers who are aware of taxes and recognize their tax rights and obligations". The indicators for taxpayer compliance, according to Rahayu (2010), are as follows:

1. Taxpayer compliance in re-depositing SPT
2. Compliance in calculating and paying taxes
3. Taxpayer compliance in registration
4. Compliance in payment of arrears

Based on these indicators, the questionnaire will be prepared in the form of the following statements:

1. I understand the importance of submitting my tax reports accurately and completely
2. If I become a taxpayer, I will calculate and pay my taxes correctly according to applicable regulations
3. If I have become a taxpayer, I will immediately register myself as a taxpayer and obtain a Taxpayer Identification Number (NPWP)
4. If I become a taxpayer, I will pay any tax arrears that may occur without delay.

3.3.3 Moderating Variable (Z)

Tax morality is a moderating variable in this research. According to Torgler and Murphy (2004), tax morality is associated with the intrinsic motivation to pay taxes and comply with tax laws. This motivation comes from the individual's belief in making a fair

contribution to the country. Therefore, this study's moral construct indicator for taxes is the desire to comply. Much research on tax morale refers to questions from the World Value Survey (WVS). In Torgler's (2003) research, the statement "it is dishonest (violating) to pay taxes if there is an opportunity" was used to assess tax morale. Therefore, this investigation assessed seven statements using a 4-point Likert scale, starting with strongly disagree (1) and ending with strongly agree (4). These statements include:

1. If I meet the requirements, I will register myself to have an NPWP
2. If possible, I would not pay taxes
3. If I doubt my income is taxable, I prefer not to report it in my tax return.
4. I will not report taxes because the sanctions imposed are not too heavy
5. It is normal that some people might not pay taxes correctly because they beieve it may go undetected
6. Naturally, some people do not pay taxes correctly because they feel that taxes as a burden
7. Naturally, some people do not pay taxes correctly because they observe that others also do not pay taxes

3.4 Data Analysis Techniques

3.4.1 Data Analysis Tools

This research distributed questionnaires to active accounting students at state and private universities in Yogyakarta, both those currently taking or have taken taxation

courses. Next, the data collected are then analyzed using descriptive techniques. Partial Least Square (PLS) software smartPLS 3.0 is used for quantitative analysis. PLS is an SEM (Structural Equation Model) variant-based technique that deals with undistributed data, multicollinearity, autocorrelated, missing values, and multiple regression problems (Abdillah & Hartono, 2015).

3.4.2 Descriptive Statistical Test

The first data analysis method used is descriptive statistics. Descriptive statistics summarize and describe the data, including measures such as the mean, minimum value, maximum value, and standard deviation (Ghozali, 2016). In this research, descriptive statistics explain the variables being discussed. Additionally, descriptive statistics help readers understand the sample data contextually by displaying all-important numerical measures.

3.4.3 Measurement Model Data Testing (Outer Model)

The level of validity and dependability of a model setup can be evaluated using the outer model stage (Onibala et al., 2021). AVE, Cronbach alpha, outer loading, cross-loading, and composite reliability are the parameters employed in this assessment (Onibala et al., 2021).

3.4.3.1 Validity Testing

Two indicators are divided into validity testing, namely discriminant validity and convergent validity. The validity test aims to determine whether a measured variable can affect a parameter that must be measured (Onibala et al., 2021). In the article (Wahyuni, 2014) and Ghozali (2009) states that the goal is to determine the validity of the data collected through a questionnaire. According to Wahyuni (2014), a questionnaire is considered valid if its questions adequately explain the subject matter to be measured or if the questions adhere to general guidelines.

Validity Test	**Parameters**	**Rule of Thumbs**
Convergent Validity	Outer Loading	> 0,7
	Average Variance Extracted (AVE)	> 0,5
Discriminant Validity	Comparison between root AVE and unobserved correlations	Root AVE > correlation of unobserved variables
	Cross Loading	> 0,7 in one variable

Source: (Abdillah & Hartono, 2015)

3.4.3.2 Reliability Testing

According to Ghozali (2009), reability is a tool to measure construct or variable indicators in a questionnaire (Wahyuni, 2014). The questionnaire can be regarded as reliable if the survey results are consistent. This study has two parameters for conducting the reliability test: Cronbach's alpha and Composite reliability, which must be above 0.7, although 0.6 is still acceptable (Onibala et al., 2021).

3.4.4 Structural Model Analysis *(Inner Model)*

Azzahroo and Estiningrum (2021) define the inner model as the model that explains the relationships between the research variables. The stages used for testing this inner model are the R-square (R) and Goodness of Fit (Gof) tests.

3.4.4.1 R-square (R) Test

In a research study, the R-square test determines the degree to which the independent variable influences the dependent variable (Azzahroo & Estiningrum, 2021). The R-square values are classified as follows, according to Chin (1998) as stated in (Meiryani, 2021): 0.67 indicates a strong effect, 0.33 indicates a moderate effect, and 0.19 indicates a weak effect. In the research hypothesis, the more the independent variable influences the dependent variable, the higher the R-value.

3.4.4.2 Goodness of Fit (Gof) Testing

The Goodness of Fit (Gof) test is defined as a hypothesis test used to show the feasibility and accuracy of a model as a whole, which functions as validation in PLS-SEM. Goodness of Fit is an index introduced by Tenenhaus as the Gof Index. The average R-square value or the square root of the average communality index can be used to compute the GoF index value. The GoF value is between 0 and 1, and a communality value of 0.50 is advised. As a result, the GoF value of 0.10 indicates that the level is included (small GoF), and the GoF value of 0.36 indicates that the value is included (large GoF).

3.4.5 Hypothesis Testing

According to (Hair et al., 2017), t-statistic and p-statistic values from the path analysis between variables can be used for hypothesis testing in a study utilizing the PLS-SEM analysis method. The bootstrapping technique is used to test the significance level of this method. Ha is accepted, and Ho is rejected if the t-value is more significant than 1.96 and the p-value is less than 0.05 at the 5% significance level (α 5%); if both are less than 1.96 and the p-value is less than 0.05 at the 5% significance level (α 5%), then Ha is rejected, and Ho is accepted. The hypotheses being tested in this study are:

H1: The Effect of Family Ties on Tax Compliance

H2: The Effect of Trust in Government on Tax Compliance

H3: The Effect of Family Ties on Tax Compliance Moderated by Tax Morality

H4: The Effect of Trust in the Government on Tax Compliance Moderated by Tax Morality

H5: The Effect of Tax Morality on Tax Compliance

CHAPTER IV

DATA ANALYSIS AND DISCUSSION

4.1 Data Collection Result

This research makes use of a quantitative method by distributing survey questionnaires to potential respondents using Google Forms. The questionnaires were sent to several large groups of students depending on the needs of the analysis. Data were collected through purposive sampling, i.e., students who have completed taxation courses at Universities in Yogyakarta from 2020 to 2023 are the sample for this analysis. The data collection results show that 152 respondents met the criteria and are active students. Furthermore, the data sample that meets the criteria is used for hypothesis testing.

4.2 Descriptive Analysis

Table 4.1 Gender

Gender	Frequency	Percentage
Male	39	25.7
Female	113	74.3
Total	152	100.0

Source: Primary Data, 2024

The table above shows that there are 152 respondents, grouped according to gender, of which 39 are male with a frequency of 25.7% and 113 are female with a frequency of 74.3%. This means that it is evident that most students are female.

Table 4.2 Kind of University

Kind of University	Frequency	Percentage
State	71	46.7
Private	81	53.3
Total	152	100.0

Source: Primary Data, 2024

Table 4.2 demonstrates that a total of 71 respondents for state universities in Yogyakarta, with a percentage of 46.7%, and 81 respondents for private universities in Yogyakarta, with a percentage of 53.3%. This means that the respondents at the Private University in Yogyakarta filled out the questionnaire the most.

Table 4.3 Class Year

Class Year	Frequency	Percent
2020	27	17.8
2021	51	33.6
2022	39	25.7
2024	35	23.0
Total	**152**	**100.0**

Source: Primary Data, 2024

Table 4.3 displays that the data obtained are 27 respondents with a percentage of 17.8% in the batch 2020, 51 respondents with a percentage of 33.6% in the batch

2021, as well as 39 respondents with a percentage of 25.7% for the batch 2022 and 35 respondents with a frequency of 23.0% for the students of the class year 2023. Therefore, It can be assumed that the respondents who belonged to the batch 2021, completed the survey questionnaire the most.

4.3 Descriptive Statistics

Descriptive statistics describe the average (mean), standard deviation, maximum, and minimum value. Descriptive statistics also analyze the collected data collected to enable generalizations. Understanding descriptive statistics will provide insights into respondents' perceptions of the subject under study using the following interval scale mean:

Table 4.4 Descriptive Statistical Test Results

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Family Ties (X1)	152	3	12	2.74	0.747
Trust in Government (X2)	152	4	16	2.96	0.700
Tax Moral (Z)	152	4	16	2.93	0.755
Tax Compliance (Y)	152	7	28	3,01	0.810

Source: Research Results, 2024

Based on the data in Table 4.4, it can be seen that the total data from this study are 152 observations. The test results show that:

1. Variable Family Ties (X1)

   The research results on the family ties variable have resulted in a minimum-maximum value of 3-12. The average (*mean*) is 2.74, and the standard deviation is 0.747, which indicates that the size of the family ties variable data distribution is 0.747 from 152 respondents.

2. Trust in Government (X2)

   The research results of on the trust in government variable have yielded a minimum-maximum value of 4-16. The average (*mean*) is 2.96, and the standard deviation is 0.700, which indicates that the size of the trust in goverment variable data distribution is 0.700 from 152 respondents.

3. Tax Morality (Z)

   The research results on the tax morality variable have generated a minimum-maximum value of 4-16. The average (*mean*) is 2.93, and the standard deviation is 0.755, which indicates that the size of the tax morality variable data distribution is 0.755 from 152 respondents.

4. Tax Compliance (Y)

   The research results the tax compliance variable have yielded a minimum-maximum value of 7-28. The average (*mean*) is 3.01, and the standard deviation is 0.810, indicating that the tax compliancevariable data distribution size is 0.810 from 152 respondents.

4.4 Model Evaluation Results

4.4.1 Measurement Model Testing (*Outer Model*)

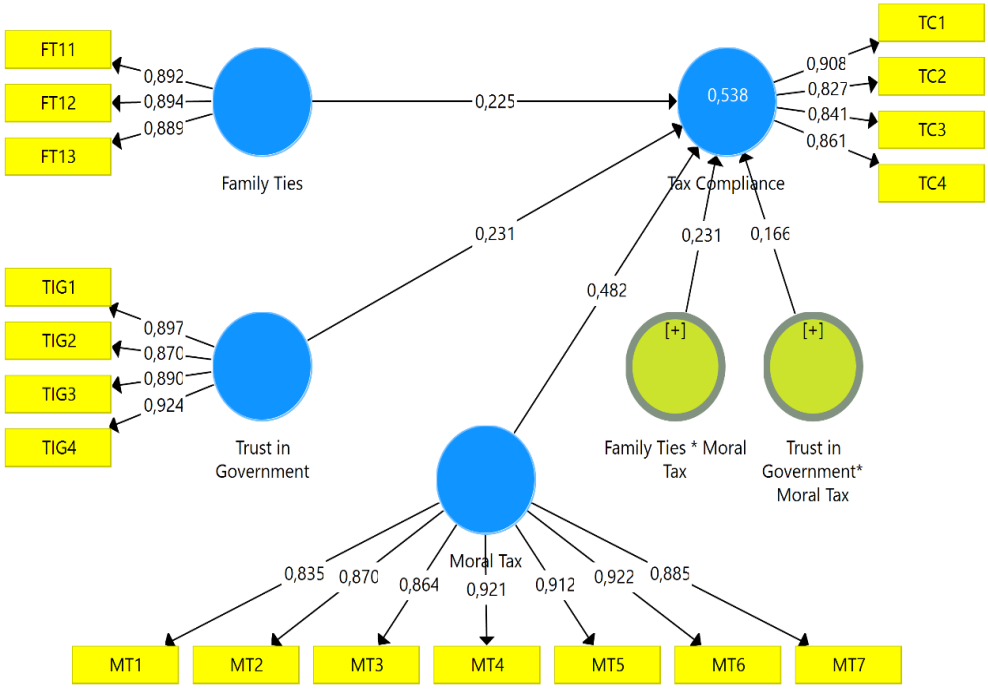


Figure 4.1 Outer Model

4.4.1.1 Convergent Validity Test

SmartPLS performs a validity test by examining the discriminant and convergent validity of the variable indicator constructions. The variable indicator construct is considered convergent validity if each variable's average variance extracted (AVE) value is greater than 0.5 and the factor loading value is greater than 0.7 (Ghozali & Latan, 2015). The results of the convergent validity test for each indicator of this research variable are listed below.

Table 4.5 Convergent Validity Values

Variables	Indicator	Factor Loading	AVE	Statement
Family Ties	FT11	0.892	0.795	Valid
	FT12	0.894		Valid
	FT13	0.889		Valid
Trust in Government	TIG1	0.897	0.802	Valid
	TIG2	0.870		Valid
	TIG3	0.890		Valid
	TIG4	0.924		Valid
Moral Tax	MT1	0.835	0.788	Valid
	MT2	0.870		Valid
	MT3	0.864		Valid
	MT4	0.921		Valid
	MT5	0.912		Valid
	MT6	0.922		Valid
	MT7	0.885		Valid
Tax Compliance	TC1	0.908	0.739	Valid
	TC2	0.827		Valid
	TC3	0.841		Valid
	TC4	0.861		Valid

Source: Primary data processed, 2024

As can be seen, Table 4.5 indicates that every research variable indicator successfully meets the convergent validity test requirements. Every research variable has a factor loading value greater than 0.7, and the average variance extracted (ave) value is greater than 0.50.

4.4.1.2 Discriminant Validity Test

The discriminant validity testing examines two indicators: the Fornell-Larcker Criterion value and cross-loading, which show the level of correlation between constructs and their indicators compared to indicators of other constructs. These indicators support the notion that different constructs should not be highly correlated. To measure the Fornell Larcker Criterion, the correlation of a variable with itself should not be lower than its correlation with other variables. For cross-loading criteria, the loading value of an indicator on its associated construct should be greater than the loading values on all other latent constructs (variables).

Tabel 4.6 Fornell-Larcker Criterion

Variable	**Family Ties**	**Moral Tax**	**Tax Compliance**	**Trust in Government**
Family Ties	0.892			
Moral Tax	0.171	0.887		
Tax Compliance	0.318	0.588	0.860	

Trust in Government	-0.060	0.388	0.432	0.895

Sources: processed primary data , 2024

Tabel 4.7 Cross-Loading Values

	Family Ties	**Trust in Government**	**Moral Tax**	**Tax Compliance**
FT11	**0.892**	-0.053	0.101	0.269
FT12	**0.894**	0.000	0.201	0.321
FT13	**0.889**	-0.122	0.144	0.252
TIG1	-0.088	**0.897**	0.311	0.397
TIG2	0.029	**0.870**	0.368	0.375
TIG3	-0.083	**0.890**	0.388	0.380
TIG4	-0.070	**0.924**	0.327	0.394
MT1	0.156	0.413	**0.835**	0.604
MT2	0.164	0.316	**0.870**	0.560
MT3	0.119	0.282	**0.864**	0.444
MT4	0.105	0.333	**0.921**	0.532
MT5	0.186	0.378	**0.912**	0.498
MT6	0.154	0.336	**0.922**	0.500
MT7	0.173	0.332	**0.885**	0.472
TC1	0.255	0.400	0.580	**0.908**

TC2	0.195	0.367	0.510	**0.827**
TC3	0.350	0.428	0.464	**0.841**
TC4	0.291	0.277	0.459	**0.861**

Source: Processed Primary Data, 2024

As shown in Tables 4.6 and 4.7, each item's value is higher when associated with its corresponding latent variable compared to its association with other latent variables. Furthermore, the cross-loading and Fornell-Larcker Criterion values for each item are greater than 0.70. This indicates that each manifest variable in this study has accurately explained its latent variable and demonstrates that the discriminant validity of all items is valid.

4.4.1.3 Reliability Test

The purpose of the reliability test is to measure the instrument's accuracy, consistency, and accuracy in measuring constructs. In this study, the instruments to determine whether the correlation between variables and the underlying constructs can be consistently reflected by using Cronbach's Alpha and Composite Reliability (CR). The Cronbach's Alpha (CA) and Composite Reliability (CR) approaches are used in the reliability test in this study, with a standard of > 0.60 (Ghozali & Latan, 2015.

Table 4.8 Reliability Test Result

Variable	Cronbach's Alpha	Composite Reliability	Statement
Family Ties (X1)	0.872	0.921	Reliable
Trust in Government (X2)	0.917	0.942	Reliable
Moral Tax (Z)	0.955	0.963	Reliable
Tax Compliance (Y)	0.882	0.919	Reliable

Source: Processed Primary Data, 2024

Table 4.8 above shows that all variables in the reliability test that use Composite Reliability or Cronbach's Alpha have values greater than 0.70. Thus, the validity and reliability of the tested variables can be concluded.

4.4.2 Structural Model Analysis (Inner Model)

Evaluating the inner model, or the structural model aims to predict the relationship between latent variables. The percentage of variance explained by the structural model is determined using the R-Square value for endogenous latent constructs, model fit tests, and significance tests to address the research hypotheses.

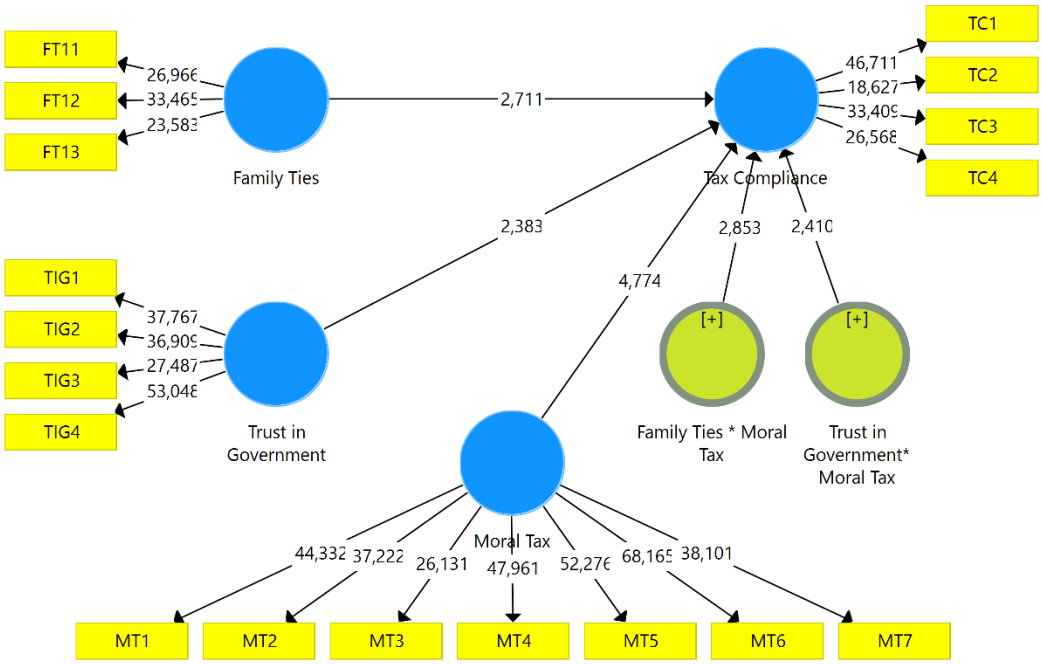


Figure 4.2 Inner Model

4.4.2.1 R-*Square* (R^2)

Table 4.9 R^2 Variable Endogenous Value

Model	**R Square**
Tax Compliance	0,538

Source: Processed Primary Data, 2024

As can be seen in Table 4.9, the model of the influence of Family Ties, Trust in Government, Tax Morality, Family Ties moderated by Moral Tax and Trust in Government moderated by Tax Moralityon Tax Compliance provides a value of 0.538, which indicates that the tax compliance variable can be explained by the variables family ties, trust in government, moral tax, family ties moderated by moral tax and trust in

government moderated by a moral tax on tax compliance is 53.8% with the remaining 46.2% (100%-53.8%) being explained by other variables excluded in this study.

4.4.2.2 Goodness of Fit (GoF) Measurement

Determining the Goodness of Fit value is the final test of the inner model evaluation in this investigation. (Tenenhaus et al., 2005) states that the GoF values are small (0.1), medium (0.25), and large (0.38).

Table 4.10 Adjusted R-Square and AVE

Variable	**Adjusted R-Square**	**AVE**
Family Ties	0.534	0.795
Trust in Government		0.802
Moral Tax		0.788
Tax Compliance		0.739
Average	**0.534**	**0.781**

In this research, the adjusted R-squared value is 0.534. Therefore, it can be concluded that the dependent latent variable in this research can be explained by 53.8%, with the remaining 46.2% being explained by other variables excluded. The following formula must be manually used to search for the GoF value in PLS-SEM:

$$\text{Gof} = \sqrt{AVE * R2}$$

$$\text{Gof} = \sqrt{0{,}781 * 0{,}538}$$

$$\text{Gof} = 0{,}648$$

The calculations performed determine the GoF value, and the result is 0.648. It is possible to indicate that the research model has a large Goodness of Fit value. So, it can be assumed that hypothesis testing can be carried out because the inner model test that has been carried out shows that the model formed is substantial.

4.5 Hypothesis Testing

Hypothesis testing is done through bootstrapping, with hypothesis acceptance decisions based on the significance value (P Value) and the t-table value. Testing by examining the Path Coefficient based on the positive original sample estimate coefficient value indicates that the variables have a positive relationship with each other and are in the opposite direction. The following standards can determine whether the hypothesis is accepted or rejected: If the p-value is less than 0.05 at the 5% significance level (α 5%) and the significance value of the t-value is more significant than 1.96, then Ha is accepted, and Ho is rejected; otherwise, if the t-value less than 1.96 and or p-value greater than 0.05 at the 5% significance level (α 5%) then Ha is rejected and Ho is accepted. The following are the hypotheses proposed in this study:

Table 4.10 Hypothesis Testing

Variable	Original Sample (O)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Statement

Family Ties -> Tax Compliance	0.225	0.083	2.711	0.007	“Family ties positively affect tax compliance” is supported.
Trust in Government -> Tax Compliance	0.231	0.097	2.383	0.018	“Trust in government positively affects tax compliance” is supported.
Family Ties * Moral Tax -> Tax Compliance	0.231	0.081	2.853	0.005	"Tax morality strengthens the influence of family ties on tax compliance" is supported.
Trust in Government*	0.166	0.069	2.410	0.016	"Tax morality

Moral Tax -> Tax Compliance					strengthens the influence of trust in the government on tax compliance" is supported.
Moral Tax -> Tax Compliance	0.482	0.101	4.774	0.000	“Tax Moral positively affect tax compliance” is supported.

Source: Processed Primary Data, 2024

Based on the results of hypothesis testing in Table 4.10, it can be explained as follows:

1. The Effect of Family Ties on Tax Compliance

   The results of testing hypothesis 1 in this study regarding the effect of Family Ties on Tax Compliance show an original sample value of 0.225. This shows that the Family Ties variable and Tax Compliance have a positive relationship. Regarding this constructed relationship, the p-value is 0.007 <0.05,

and the t-statistic value is 2.711> 1.96. Thus, the first hypothesis that "Family ties positively affect tax compliance" is accepted.

2. The Effect of Trust in Government on Tax Compliance

The results of testing hypothesis 2 in this study regarding the effect of Trust in Government on Tax Compliance show an original sample value of 0.231. This shows that Trust in Government variables and Tax Compliance have a positive relationship. Regarding this constructed relationship, the p-value is 0.018 <0.05, and the t-statistic value is 2.383> 1.96. Thus, the second hypothesis that "trust in government has a positive effect on tax compliance" is accepted.

3. The Effect of Family Ties on Tax Compliance with Tax MoralityModerated.

The results of testing hypothesis 4 in this study regarding the effect of Family Ties on Tax Compliance with moderated Tax Moralityshow an original sample value of 0.231. This shows that the Family Ties variable moderated by Tax Moralityand Tax Compliance has a positive relationship. Regarding this constructed relationship, the p-value is 0.005 <0.05, and the t-statistic value is 2.852> 1.96. Thus, hypothesis three, which states, "Tax morality strengthens the influence of family ties on tax compliance," is accepted.

4. The effect of Trust in the Government on Tax Compliance with Tax Moralitymoderated.

The results of testing hypothesis 4 in this study regarding the effect of Trust in the Government on Tax Compliance with moderated Tax Moralityshow an original sample value of 0.166. This shows that the Trust in the Government variable moderated by Tax Moralityand Tax Compliance has a positive relationship. Regarding this constructed relationship, the p-value is 0.016 <0.05, and the t-statistic value is 2.410> 1.96. Thus, hypothesis four, which states, "Tax morality strengthens the influence of trust in the government on tax compliance," is accepted.

5. The Influence of Moral Tax on Tax Compliance

The results of testing hypothesis 5 in this study regarding the effect of Tax Moralityon Tax Compliance show an original sample value of 0.482. This shows that the Tax Moralityvariable and Tax Compliance have a positive relationship. Regarding this constructed relationship, the p-value is 0.000 <0.05, and the t-statistic value is 4.774> 1.96. Thus, the fifth hypothesis that "tax morals positively affect tax compliance" is accepted.

4.6 Discussion of Research Results

4.6.1 Family ties have a positive effect on tax compliance

With a p-value of 0.007, the partial least square analysis shows that family ties positively impact tax compliance. The finding indicates that the p-value is less than the significance level (alpha = 5%). Furthermore, the direct effect of family ties on tax

compliance is 0.225, indicating that family ties have a significant and positive impact on tax compliance. In other words, stronger family ties are associated with increased tax compliance.

The findings of this study align with previous research. The research of Ambarwati & Liyana. (2020), cited Schmolders (1959), showed that the generosity of family and club members affects tax compliance. Families play an essential role in society because they teach essential principles and skills for resisting pressure to achieve financial goals (Schoepfer Piquero, 2006). The social norms within the family institution are believed to influence tax compliance.

The family ties variable in this study significantly improves tax compliance. It shows that the elements such as the value of family, the love and respect shown for parents, and the parents' accountability and duty toward their children impact an individual's tax compliance behavior. Values such as family love and respect for parents strengthen emotional relationships within the family and provide a strong basis for fulfilling their social obligations, such as paying taxes.

4.6.2 Trust in government has a positive effect on tax compliance

With a p-value of 0.001, the partial least square analysis shows that trust in government positively impacts tax compliance. The finding indicates that the p-value is less than the significance level (alpha = 5%). Furthermore, the direct effect of trust in government on tax compliance is 0.231, indicating that trust in government significantly

and positively impacts tax compliance. In other words, stronger trust in government is associated with increased tax compliance.

The findings of this study align with previous research. Ayu Lujeng Dewi Santi (2019) found that higher government trust increased tax compliance. Another study by (Zainudin et al., 2022)also revealed that the higher the trust in the government, the more tax compliance would rise.

Descriptive statistical analysis has resulted in an average value of 2.94% for the government trust variable and 3.01% for the tax compliance variable. Prospective taxpayers believe that the taxes paid are used for the welfare of society. People who trust the government are more likely to follow all laws and regulations, including paying taxes. The trust held by the public will lead them to voluntarily hand over their money to the state for management. Therefore, public trust in the government is crucial, especially in improving tax compliance.

4.6.3 Tax morality strengthens the effect of family ties on tax compliance

According to the findings of the partial least square analysis, the variable "family ties" has a positive and significant effect on tax compliance through tax morale. This is evident from the impact of tax morale, which results in t-statistics of 2.853 on tax compliance and family ties. According to the test results, the t-statistics value> t table (1.96).

Research by (Marè et al., 2020) stated that family is critical. Family shapes the moral values of each member, especially the teachings given by parents to their children,

which ultimately influences tax compliance behavior. According to this study, individuals with strong tax morality are likelier to follow tax regulations even when there are ways to avoid paying taxes because they trust the local government. However, those with stronger family ties also tend to have a greater tendency to avoid paying taxes.

In contrast, this study states that family values such as love and sacrifice for family tend to be positive, indicating that individuals who value family also value love and sacrifice for parents and children. This is further supported by (Ambarwati & Liyana, 2020)which found that taxpayers' attitudes were influenced by the importance of a disciplinary upbringing for those in their social environment. Whether their family or close friends behave against taxation impacts their perception of tax avoidance. In this case, if they know that their family or friends avoid taxes, they are also likely to follow their actions, which are contrary to regulations. Social and moral norms have been cited as reasons that influence compliance(Elster, 1989). Therefore, family ties positively affect tax morale, which in turn can increase tax compliance.

4.6.4 Tax morality strengthens the effect of trust in government on tax compliance

According to partial least square analysis findings, the variable "trust in the government" has a positive and significant effect on tax compliance through tax morale. This is evident from the impact of tax morale, which results in t-statistics of 2.410 on tax compliance and trust in the government. According to the test results, the t-statistics value> t table (1.96).

The findings align with research by Torgler (2003), who found that trust in the government and the legal system, as well as satisfaction with the services provided by government employees, are very influential in increasing tax morale. In addition, Santi (2019) found that high tax morale driven by a high level of trust in the government has increased tax compliance. This encouraging finding suggests that tax morale, which is a result of trust in the government, can improve tax compliance.

The general overview of respondents in this study shows that most have high trust in civil servants, judicial instituions, parliament, and the central government. This suggests that high trust in these institutions is vital in shaping tax morale. Such trust reflects a positive perception of the integrity and performance of the government, which will enhance taxpayer awareness and compliance.

4.6.5 Tax morality has a positive effect on tax compliance

With a p-value of 0.000, the partial least square analysis shows that tax morality positively impacts tax compliance. The finding indicates that the p-value is less than the significance level (alpha = 5%). Furthermore, the direct effect of tax morality on tax compliance is 0.482, indicating that tax moralitysignificantly and positively impact tax compliance. In other words, stronger tax morals are associated with increased tax compliance.

The findings of this study align with previous research. One of the previous research studies was conducted by Torgler and Schneider (2007), who stated that tax morale significantly affects taxpayer compliance. This is reinforced by Santi (2019),

which states that high tax morale will increase tax compliance. It indicates that when taxpayers perceive that fulfilling tax obligations is mandatory, they will feel guilty if they fail to pay their tax obligations.

In addition, based on the general overview of the respondents, there is awareness of obtaining a Taxpayer Identification Number (NPWP), when the requirementsare met and awareness of reporting taxes if they have relatively high income. This shows that awareness of fulfilling tax obligations is already good. This awareness also shows that tax morality is in a good state.

CHAPTER V

CONCLUSIONS

5.1 Summary

This research was conducted through a field study by distributing questionnaires to Accounting Study Program students at private and state universities in Yogyakarta. This research investigates the impact of Family Ties and Government Trust as a Moderating Variable on Tax Compliance with Tax Morality, as identified by five (five) hypotheses and outlined in the research objectives. This study draws the following conclusions from its analysis of the data:

1. Family ties have a positive effect on tax compliance
2. Trust in government has a positive effect on tax compliance
3. Tax morality strengthens the influence of family ties on tax compliance
4. Tax morality strengthens the influence of trust in the government on tax compliance
5. Tax morale has a positive effect on tax compliance

5.2 Implication

1. For the Government

   The government is working to enhance taxpayer compliance by building trust and cooperation between the government and the community. The government must demonstrate its commitment to managing state finances in a

transparent, accountable and efficient manner. In addition, it is necessary to evaluate and improve the fiscal policy system to provide better services and assist taxpayers in solving problems in fulfilling their tax obligations.

2. For the Society

   It is expected that mandatory compliance with tax obligations can be improved for society, particularly for those who have become taxpayer subjects. This is done to encourage national development for the common welfare. By increasing tax compliance, the community contributes to various public services such as education, health, and infrastructure.

3. For the Academics

   For academics, it is expected that this research will provide valuable knowledge and information that can serve as a reference for future research literature.

5.3 Limitations

Future researchers are expected to utilize the limitations identified in this study as input for further investigation. The following are some of the study's limitations:

1. It is not easy to receive back the distributed questionnaires because it is difficult to contact respondents. Some students may not be interested or motivated to participate in the research survey, especially if they do not see direct benefits for themselves.

2. The data used in this research were collected through questionnaires that respondents filled out, so there is possibility that the answers provided by the respondents may not fully reflect the actual conditions.

5.4 Suggestions

The following are a few suggestions to enhance future research based on the conclusions and limitations of this study:

1. It is suggested that future research use multiple channels for distribution, such as campus email, providing incentives that can increase interest in participating in the questionnaire, and collaborating with faculty members or organizations that meet the respondent criteria to help reach a wider audience and encourage participation. This is aimed at overcomingthe difficulties in getting questionnaire responses from respondents. they can help reach respondents more widely and encourage participation.
2. It is suggested that future research utilize a combination of qualitative and quantitative methods to reduce the possibility of responses that do not fully reflect actual conditions. For example, conducting interviews or group discussions can help researchers better understand respondents' perspectives.

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LIST OF ATTACHMENTS

APPENDIX 1

Research Questionnaire

THE INFLUENCE OF FAMILY TIES AND TRUST IN GOVERNMENT ON TAX COMPLIANCE WITH TAX MORALITY AS A MODERATING VARIABLE (STUDY ON UNDERGRADUATE ACCOUNTING STUDENTS IN YOGYAKARTA)

Assalamualaikum Warahmatullahi Wabarakatuh

In connection with completing my final project as an Accounting student at the Faculty of Business and Economics, Islamic University of Indonesia, I, Arina Fitriana, am currently conducting research titled "The Effect of Family Ties and Trust in Government on Tax Compliance with Tax Morality as a Moderating Variable (Study on Undergraduate Accounting Students in Yogyakarta)."

This research is a requirement for graduation at the Strata One (S1) education level. Therefore, I ask for your availability to participate in my research by filling out the following questionnaire. All information related to respondents and research results will only be used for research purposes and will be kept confidential. Your participation is very much expected for the completion of this research. Thank you for your support and participation.

Wassalamu'alaikum Warahmatullahi Wabarakakatuh.

Research Questionnaire

A. Respondent Identity

Instructions:

Read the questions below carefully, then give the answer that best suits your situation**.**

Have you taken or not taken taxation courses? • Have you / are you • Not yet (If not, there is no need to continue the questionnaire)
Name (can be initials):
Gender: ● Male ● Female
University: ● Private ● Public
Class Year ● 2020 ● 2021 ● 2022

• 2023
Choice of e-wallet (optional for incentives): • Shopeepay • Ovo • Gopay • Other
E-wallet number (optional for incentives):

B. Variables Question

Instructions:

Please answer the questions below by selecting one of the answers provided with the following information:

Description of scale values:

1 = (STS) Strongly Disagree

2 = (TS) Disagree

3 = (S) Agree

4 = (SS) Strongly Agree

Questionnaire Question Items:

No	Questions	STS	TS	S	SS
		1	2	3	4
Independent Variable					
Family Ties Indicator					
1	Family is one of the most important aspects of my life				
2	I love and respect my parents				
3	For me, it is very important in the future to educate children about moral values and social responsibility				
Trust in Government Indicator					
1	I believe in the civil service office				
2	I believe in the courts				
3	I believe in the parliament				
4	I believe in the central government				
Dependent Variable					
Tax Compliance Indicator					

1	I understand the importance of submitting my tax reports accurately and completely				
2	If I become a taxpayer, I will calculate and pay my taxes correctly according to applicable regulations				
3	If I have become a taxpayer, I will immediately register myself as a taxpayer and obtain a Taxpayer Identification Number (NPWP)				
4	If I have become a taxpayer, I will pay any tax arrears that may occur without delay				
Moderating Variable					
Tax Morality					
1	If I meet the requirements, I will register myself to have an NPWP				
2	If possible, I would not pay taxes				

3	If I am in doubt whether the income I earn is taxable or not, I prefer not to report the income in my tax return				
4	I will not report taxes because the sanctions imposed are not too heavy				
5	It is normal if there are people who do not pay taxes correctly because they will not be detected				
6	Naturally, some people do not pay taxes correctly because they feel that taxes are a burden				
7	Naturally, some people do not pay taxes correctly because they see that other people also do not pay taxes				

APPENDIX 2 CHARACTERISTICS RESPONDENTS

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Man	39	25.7	25.7	25.7
	Woman	113	74.3	74.3	100.0
	Total	152	100.0	100.0	

Kind of University

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Public	71	46.7	46.7	46.7
	Private	81	53.3	53.3	100.0
	Total	152	100.0	100.0	

Class Year

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2020	27	17.8	17.8	17.8
	2021	51	33.6	33.6	51.3
	2022	39	25.7	25.7	77.0

	2023	35	23.0	23.0	100.0
	Total	152	100.0	100.0	

APPENDIX 3 DESCRIPTIVE STATISTICS

Family Ties

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
FT11	152	1	4	2.74	.752
FT12	152	1	4	2.78	.754
FT13	152	1	4	2.71	.734
Valid N (listwise)	152				

Trust in Government

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
TIG1	152	1	4	2.94	.643
TIG2	152	1	4	2.94	.702
TIG3	152	1	4	2.96	.708
TIG4	152	1	4	2.99	.746
Valid N (listwise)	152				

Tax Compliance

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
TC1	152	1	4	3.01	.834
TC2	152	1	4	3.00	.822
TC3	152	1	4	3.02	.776
TC4	152	1	4	2.99	.806
Valid N (listwise)	152				

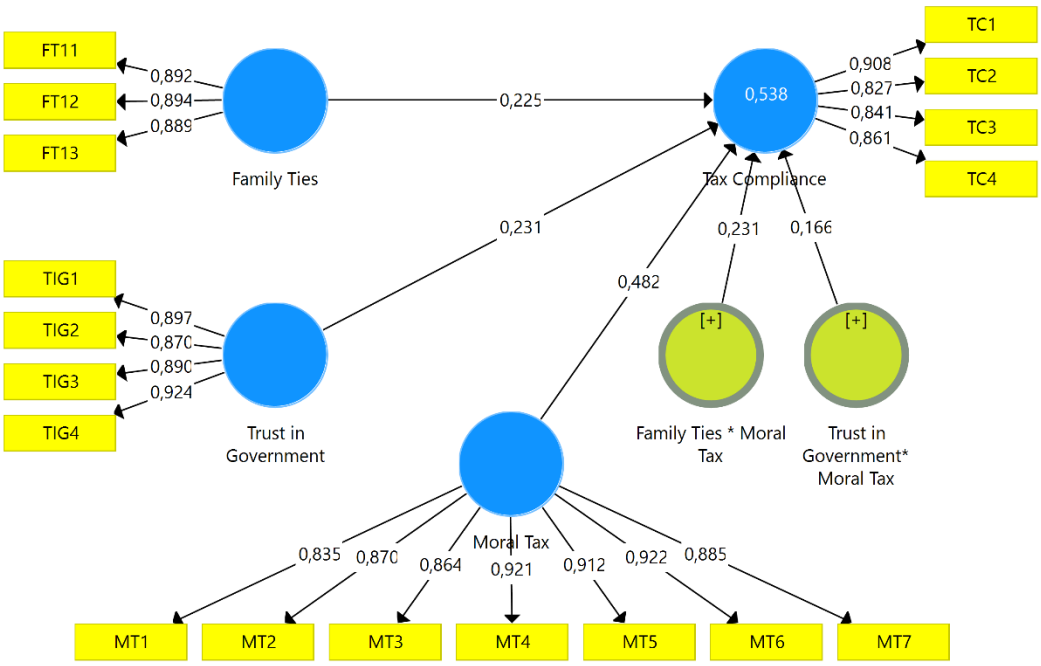
Moral Tax

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
MT1	152	1	4	2.93	.701
MT2	152	1	4	2.89	.733
MT3	152	1	4	2.92	.759
MT4	152	1	4	2.95	.820
MT5	152	1	4	2.91	.792
MT6	152	1	4	2.99	.759

MT7	152	1	4	2.91	.722
Valid N (listwise)	152				

APPENDIX 4 OUTER MODEL



Convergent Validity

	Family Ties	Trust in Government	Moral Tax	Tax Compliance
FT11	**0.892**			
FT12	**0.894**			
FT13	**0.889**			
TIG1		**0.897**		
TIG2		**0.870**		
TIG3		**0.890**		

TIG4		**0.924**		
MT1			**0.835**	
MT2			**0.870**	
MT3			**0.864**	
MT4			**0.921**	
MT5			**0.912**	
MT6			**0.922**	
MT7			**0.885**	
TC1				**0.908**
TC2				**0.827**
TC3				**0.841**
TC4				**0.861**

Discriminant Validity

Fornell-Larcker Criterion

Family Ties	0.892			
Moral Tax	0.171	0.887		
Tax Compliance	0.318	0.588	0.860	
Trust in Government	-0.060	0.388	0.432	0.895

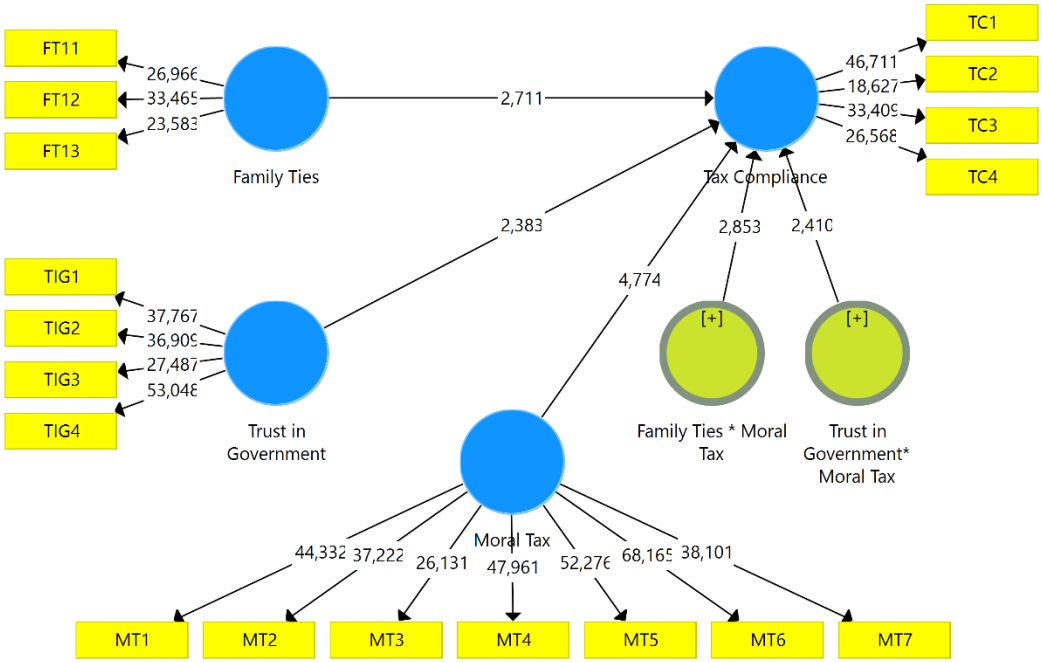
Cross Loading

	Family Ties	Trust in Government	Moral Tax	Tax Compliance
FT11	0.892	-0.053	0.101	0.269
FT12	0.894	0.000	0.201	0.321
FT13	0.889	-0.122	0.144	0.252
TIG1	-0.088	0.897	0.311	0.397
TIG2	0.029	0.870	0.368	0.375
TIG3	-0.083	0.890	0.388	0.380
TIG4	-0.070	0.924	0.327	0.394
MT1	0.156	0.413	0.835	0.604
MT2	0.164	0.316	0.870	0.560
MT3	0.119	0.282	0.864	0.444
MT4	0.105	0.333	0.921	0.532
MT5	0.186	0.378	0.912	0.498
MT6	0.154	0.336	0.922	0.500
MT7	0.173	0.332	0.885	0.472
TC1	0.255	0.400	0.580	0.908
TC2	0.195	0.367	0.510	0.827
TC3	0.350	0.428	0.464	0.841
TC4	0.291	0.277	0.459	0.861

Construct Reliability

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Family Ties	**0.872**	**0.884**	**0.921**	**0.795**
Trust in Government	**0.917**	**0.918**	**0.942**	**0.802**
Moral Tax	**0.955**	**0.958**	**0.963**	**0.788**
Tax Compliance	**0.882**	**0.887**	**0.919**	**0.739**

APPENDIX 5 INNER MODEL



R-Square

	R Square	R Square Adjusted
Tax Compliance	0.538	0.522

Goodness of Fit

Gof = $\sqrt{Com * R2}$

Gof = $\sqrt{0{,}781 * 0{,}538}$

Gof = 0,648

APPENDIX 6 HYPOTHESIS TESTING

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Family Ties -> Tax Compliance	0.225	0.232	0.083	2.711	**0.007**
Trust in Government -> Tax Compliance	0.231	0.252	0.097	2.383	**0.018**
Family Ties * Moral Tax -> Tax Compliance	0.231	0.212	0.081	2.853	**0.005**
Trust in Government* Moral Tax -> Tax Compliance	0.166	0.155	0.069	2.410	**0.016**
Moral Tax -> Tax Compliance	0.482	0.465	0.101	4.774	**0.000**