

ABSTRACT

This research aims to analyze the factors that influence the compliance of individual taxpayers to pay taxes. This is a replication from Alabede's research in 2011 in Nigeria, but one variable is added in this research. We add taxpayer's knowledge and understanding about tax laws as independent variable because taxpayers in Indonesia especially in Semarang City have a low knowledge about tax laws. This research is also using financial condition and risk preferences of taxpayers as a moderating variable.

Data were collected through questionnaire by convenience sampling distributed in the Primary Tax Office Candisari Semarang. Statistical tests were performed using Moderating test of regression. Statistic program in this research used SPSS 19.

The results of this research indicated that the perception of taxpayers on tax service quality and taxpayers knowledge of tax laws have positive effect on tax compliance. Financial condition and risk preferences of taxpayers also have role as a pure moderator which is strengthen or weaken the relationship between the dependent variable with the independent variables.

Implication of this research showed that taxpayer's compliance in Indonesia was low. Socialization was needed to increase the taxpayer's compliance. The socialization can be done through advertising on television, radio and newspaper. Direktorat Jenderal Pajak also need to regularly hold events that educated and entertain the taxpayer to have the willingness to pay their taxes.

Keywords : Tax service quality, taxpayer's knowledge of tax laws, taxpayer's Compliance