The Relationship Between Tax Sanctions And Taxpayer Compliance

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| ABSTRACT

This study aims to examine the relationship between tax sanctions and taxpayer compliance in Cirebon Regency. The research employs a mixed-method approach by combining quantitative and qualitative methods involving 81 respondents. Data collection was conducted from July to September 2025. Quantitative data were analyzed using statistical tests, while qualitative data were analyzed descriptively. The results indicate that tax sanctions have a significant effect on taxpayer compliance. The implementation of firm and consistent sanctions has been proven to increase taxpayer compliance in fulfilling tax obligations. In addition, tax socialization and education not only function as coercive instruments but also serve as developmental tools to promote sustainable taxpayer compliance.

| KEYWORDS

tax sanctions; taxpayer compliance.

I. INTRODUCTION

Taxpayer compliance is a crucial factor in optimizing tax revenue; however, in practice, it continues to face various challenges, particularly low taxpayer awareness and negative perceptions of tax sanctions. Tax sanctions are often perceived as burdensome, resulting in their limited effectiveness as instruments for encouraging compliance. This study aims to analyze the effect of tax sanctions on taxpayer compliance. Compliance not only reflects taxpayers' adherence to tax regulations but also represents their level of awareness and attitudes toward the tax system as a whole.

Tax sanctions play a strategic role as formal instruments in enforcing tax law. Based on deterrence theory, clear and strict sanctions can increase compliance by raising the risks and costs borne by taxpayers in the event of noncompliance. Numerous empirical studies indicate that tax sanctions positively affect taxpayer compliance, particularly in terms of timely tax reporting and payment. Taxpayer compliance is influenced by the probability of audits and the severity of sanctions imposed. The higher the risk and cost of noncompliance, the greater the tendency for taxpayers to comply [1]. Furthermore, increased sanction severity and enforcement intensity significantly affect tax compliance [2].

In this context, this study seeks to analyze the relationship between tax sanctions and taxpayer compliance. The findings are expected to contribute theoretically to the development of tax compliance literature, particularly regarding the effectiveness of tax sanctions as a compliance-enhancing instrument. Practically, the results are expected to provide policy implications for policymakers in designing tax sanction policies that are not merely punitive but also capable of fostering sustainable taxpayer compliance.

II. METHODOLOGY

A. Research Approach

This study adopts a mixed-method approach by combining quantitative and qualitative methods to obtain a more comprehensive understanding of the relationship between tax sanctions and taxpayer compliance [3]. The quantitative approach was conducted through questionnaire distribution, while the qualitative approach involved interviews to deepen insights into taxpayers' attitudes and perceptions regarding tax sanctions and compliance.

B. Research Variables, Population, Sampling Technique, and Data Analysis

Research Variables

The independent variable in this study is tax sanctions, while the dependent variable is taxpayer compliance. Tax sanctions are measured based on their severity and deterrent effect, whereas taxpayer compliance is measured through the timeliness of tax reporting and payment. Tax sanctions represent a dimension of *power of authority* that can enhance enforced compliance. According to the Slippery Slope Framework, tax sanctions are effective when implemented consistently and fairly by tax authorities [4].

Population

The population of this study comprises all registered taxpayers actively fulfilling tax obligations in Cirebon Regency. This population was selected due to its direct relevance to the application of tax sanctions and taxpayer compliance levels. In business research, a population refers to the entire group of elements meeting specific criteria from which samples are drawn for generalization purposes [5].

Questionnaires were distributed via Google Forms from July 1 to September 30, 2025. Of the 92 returned questionnaires, a screening process excluded 11 respondents who did not meet the criteria, resulting in a final sample of 81 respondents.

Sampling Technique

Data collection for this field study utilized structured questionnaires administered to respondents. This technique was chosen because not all population members met the research criteria. The sample selection criteria included:

1. Taxpayers with an active Taxpayer Identification Number (TIN)

2. Taxpayers who have fulfilled reporting and/or payment obligations

3. Taxpayers who have interacted with the tax administration system

4. Taxpayers willing to complete the research questionnaire

Based on these criteria, 81 respondents were selected for quantitative analysis. This sample size meets the minimum requirement for statistical analysis and is considered representative in explaining the relationship between tax sanctions and taxpayer compliance. The combination of quantitative and qualitative approaches provides a more comprehensive understanding, where quantitative data explain statistical relationships and qualitative data offer deeper insights into taxpayer perceptions and behavior.

Data Analysis Techniques

Data analysis was conducted using descriptive and verification analyses. Descriptive analysis provides an empirical overview of research variables through basic statistics such as minimum, maximum, mean, and standard deviation [6]. It describes collected data without making generalized conclusions [7].

Table 1. Interpretation of Descriptive Analysis

Score Range	Category
1.00–1.80	Very Low
1.81–2.60	Low
2.61–3.40	Moderate
3.41–4.20	High
4.21–5.00	Very High

Verification analysis is used to test hypotheses formulated based on theoretical frameworks [7]. Its purpose is to

verify relationships between variables through statistical testing [8].

III. RESULTS AND DISCUSSION

1. Results

A five-point Likert scale was used, which is theoretically classified as an ordinal scale. Based on a class interval calculation of 0.8, responses were categorized into five levels: very low, low, moderate, high, and very high [7];[6].

Table 2. Respondent Responses

No	Variable	Mean	Category
1	Taxpayer Compliance	3.66	High
2	Tax Sanctions	3.62	High

Analysis of the Table

1. The level of taxpayer compliance in Cirebon Regency is categorized as high, influenced by several mutually reinforcing factors. One key factor is the high level of taxpayer awareness, as taxpayers increasingly understand the importance of timely and accurate tax payments in accordance with applicable regulations. In addition, timely tax reporting and payment contribute to higher compliance, reflecting taxpayers' orderly fulfillment of their obligations. The role of local government is also significant through effective tax socialization and responsive public services, which facilitate taxpayers' understanding and compliance. Furthermore, the effectiveness of the tax administration system, including easy access to information and online tax transactions, further encourages taxpayer compliance. The combination of high awareness, quality public services, and efficient administrative systems contributes to maintaining an optimal level of taxpayer compliance in Cirebon Regency.

2. The high score obtained for tax sanctions indicates that sanctions are perceived as effective in enforcing taxpayer compliance. This perception may be attributed to the clarity and strictness of tax regulations, which enable sanctions to be implemented consistently and well understood by taxpayers. Moreover, the perceived severity of fines or administrative penalties encourages taxpayers to report and pay taxes on time. Positive perceptions are also shaped by taxpayers' experiences that the enforcement of sanctions successfully disciplines non-compliant taxpayers, while socialization and transparency regarding sanction consequences enhance taxpayers' understanding of the importance of compliance. Therefore, the high score reflects that tax sanctions are viewed as an effective instrument for improving compliance and enforcing tax regulations.

2. Discussion

a. Tax sanctions have a significant effect on taxpayer compliance. This finding indicates that tax sanctions continue to function effectively as an enforcement instrument in promoting compliance, particularly with respect to the timeliness of tax reporting and payment.

b. These results are consistent with deterrence theory, which posits that increased risks and costs associated with noncompliance encourage taxpayers to comply with tax regulations [1]. The findings also align with the study by Alm, Sanchez, and De Juan (1995), which concludes that higher sanction levels and greater enforcement intensity positively influence tax compliance [2].

c. The mixed-method approach strengthens the robustness of these findings. Quantitative analysis confirms the significant effect of tax sanctions on taxpayer compliance, while qualitative findings reveal that awareness of the consequences of sanctions motivates taxpayers to behave more compliantly. This indicates that tax sanctions serve not only as punitive measures but also as educational instruments that shape compliant behavior.

Accordingly, tax sanctions play a strategic role in enhancing taxpayer compliance. However, their effectiveness depends on consistent and fair implementation, accompanied by tax education efforts to promote sustainable compliance.

IV. CONCLUSION

Overall, the findings of this study reinforce previous research indicating that tax sanctions are an important factor in enhancing taxpayer compliance. However, the effectiveness of tax sanctions can be optimized when they are implemented fairly and consistently, and supported by a transparent tax administration system as well as adequate

tax education programs.

The results demonstrate that tax sanctions are effective in encouraging taxpayer compliance, particularly in relation to the timeliness of tax reporting and payment. Nonetheless, sustainable compliance requires that sanction enforcement be balanced with continuous tax education and high-quality tax services.

Based on the results of the analysis and discussion, this study concludes that tax sanctions have a significant and positive effect on taxpayer compliance. The firm, clear, and consistent application of tax sanctions has been proven to improve taxpayer compliance, especially in terms of timely reporting and tax payment. These findings confirm that tax sanctions continue to play an effective role as an enforcement instrument within the tax system.

Furthermore, the mixed-method approach employed in this study provides a more comprehensive understanding of the relationship between tax sanctions and taxpayer compliance. The quantitative findings demonstrating the significant effect of tax sanctions are reinforced by qualitative insights revealing that taxpayers perceive tax sanctions as a disciplinary mechanism that promotes caution and compliance.

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