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The Effect of Brand Trust, Tax Socialization, and Service Quality on Individual Taxpayer Compliance with Satisfaction as an Intervening Variable at the Palembang Ilir Timur Primary Tax Service Office

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Abstract---*This study aims to determine the influence of brand trust, tax socialization, and service quality on individual taxpayer compliance, with satisfaction as an intervening variable at the Palembang Ilir Timur Primary Tax Service Office. A quantitative research method with a causality approach was applied in this study, involving a survey of 100 active taxpayers at the Palembang Ilir Timur Primary Tax Service Office. Data was collected using a Likert scale questionnaire and analyzed using the Structural Equation Model Partial Least Square (SEM-PLS). The results of the study based on direct effects show that tax socialization has a positive and significant effect on individual taxpayer compliance, while brand trust and service quality do not have a significant effect on individual taxpayer compliance. Meanwhile, based on indirect effects, it shows that brand trust, tax socialization, and service quality each have a positive and significant effect on individual taxpayer compliance through satisfaction as an intervening variable. This indicates that satisfaction is able to mediate the relationship between brand trust, tax socialization, and service quality on individual taxpayer compliance. The implication of this research is an input to the Directorate General of Taxes to strive to improve brand trust, tax socialisation, and service quality so as to increase taxpayer satisfaction, which in turn will increase individual taxpayer compliance.*

Keywords---*brand trust, compliance, satisfaction, service quality, tax socialization.*

Introduction

Taxes are the largest source of revenue in many countries, including Indonesia. As stated in the state budget for the fiscal year 2024, state revenue is targeted at IDR 2,802.3 trillion. This figure consists of tax revenue of IDR 1,988.9 trillion, customs and excise revenue of IDR 321 trillion, non-tax state revenue (PNBP) of IDR 492 trillion, and grant revenue of IDR 0.4 trillion (Anggaran.kemenkeu.go.id, 2023). With a contribution of 71% of total state revenue, taxes have a very important role in financing state spending to support various national development programmes.

The tax revenue target is also increasing from year to year in line with the increasing state revenue target. The Directorate General of Taxes managed to exceed the tax revenue target in a row with a realization of 103.98% (2021), 115.62% (2022), and 102.8% (2023). However, the success of achieving tax revenue in the last three years is inversely proportional to Indonesia's tax ratio. The fact shows that Indonesia's tax ratio is low compared to other developing countries in the ASEAN region. In 2022, Indonesia's tax ratio of 10.38% was below Thailand's at 17.18%, Vietnam's at 16.21%, and Singapore's at 12.96% (Mib.group, 2023). The tax ratio is influenced by factors, one of which is the level of tax compliance. This shows that tax compliance in Indonesia has not been maximised, especially from individual taxpayers, which is still low.

Taxpayer compliance is one of the important factors in achieving the tax revenue target. The higher the level of taxpayer compliance, the more tax revenue increases. Conversely, the lower the level of compliance, the lower the tax revenue. Compliance of individual taxpayers is a state of complying, being willing to report personal wealth and income, or being willing to fill out and submit tax returns (Haning & Tahili, 2021).

The Palembang Ilir Timur Primary Tax Service Office is one of the tax service offices (KPP) with the largest number of taxpayers out of 13 KPPs under the Sumatera Selatan dan Kepulauan Bangka Belitung Regional Office of DGT. Based on tax return reporting data for the 2023 tax year, there are 72,876 taxpayers at the Palembang Ilir Timur Primary Tax Service Office, but only 56,271 taxpayers, or 77.21%, have reported their tax returns, consisting of 51,919 individual taxpayers and 4,352 corporate taxpayers. The large number of taxpayers at KPP Pratama Palembang Ilir Timur and the low percentage of reporting compared to other KPPs in the Sumatera Selatan dan Kepulauan Bangka Belitung Regional Office of DGT are the author's considerations to conduct research on individual taxpayers at the KPP.

Various efforts have been made by the DGT to increase tax compliance, one of which is maintaining the image and public trust in the DGT as an agency authorised to collect tax revenue in Indonesia. However, several corruption cases committed by unscrupulous tax officials have created a negative image of the DGT in the eyes of the public. Tax socialization is also intensively conducted by DGT to provide understanding, information, and guidance to all taxpayers. In addition, the quality of services provided by tax officials is also an important thing that needs to be improved. Taxpayers as customers who need services are positioned as important parties in the economic system and their contribution to state revenue. If taxpayers feel satisfied, they can behave adaptively and responsively towards fulfilling their tax obligations (Udo et al., 2010; Wulandari et al., 2024).

The results of various previous studies show inconsistencies in conclusions regarding the factors that influence taxpayer compliance with satisfaction as an intervening variable. From these various findings, there are differences identified from the influence of brand trust, tax socialization, and service quality on individual taxpayer compliance with satisfaction as an intervening variable (Husain et al., 2022).

Some previous studies by Zainudin et al. (2022), Nasution et al. (2020), Khairunnisa et al. (2022), Prihastuti et al. (2022), and Kurniawan & Larasati (2023) state that brand trust (trust in tax authorities) has a positive and significant effect on tax compliance. Meanwhile, research conducted by Camellia & Putra (2023) and Taing & Chang (2021) states that trust in tax authorities has no significant effect on tax compliance.

There are similar inconsistencies in research on tax socialisation and service quality. Therefore, this study aims to fill the gap by researching the effect of brand trust, tax socialisation, and service quality on individual taxpayer compliance with satisfaction as an intervening variable at the Palembang Ilir Timur Primary Tax Service Office (Savitri, 2016).

Research Method

This research is a quantitative study that uses explanatory or causality research methods. The data used in this study are primary data collected directly by researchers through distributing questionnaires with a Likert scale to taxpayers who visit the KPP Pratama Palembang Ilir Timur in order to obtain tax services. The population used in this study were all individual taxpayers in the work area of KPP Pratama Palembang Ilir Timur with the criteria of active taxpayers, with a total of 72,876 taxpayers. The sampling technique used is probability sampling. To determine the number of samples required, researchers applied the Roscoe technique. The number of samples that are appropriate in research is between 30 and 500 respondents (Roscoe, 1982). In addition, if the research involves multivariate analysis (such as correlation or regression), the sample size must be at least 10 times the number of variables studied. With 5 variables studied, the minimum sample size in this study was 50 respondents. In order to keep the results obtained accurate by taking into account the limited time, the researcher distributed questionnaires to 100 individual taxpayers for research. Furthermore, the data was analyzed using the Structural Equation Model Partial Least Square (SEM-PLS).

Result and Discussion

Table 1
Results of Direct Effect Analysis

	<i>Path Coefficients</i>	T Statistics
Brand Trust → Satisfaction	0,349	3,685
Brand Trust → Compliance	0,197	1,893
Tax Socialisation → Satisfaction	0,313	4,857
Tax Socialisation → Compliance	0,152	2,402
Service Quality → Satisfaction	0,223	2,096
Service Quality → Compliance	0,075	0,970
Satisfaction → Compliance	0,517	5,568

Source: processed from questionnaire, 2025

Table 2
Results of Indirect Effect Analysis

	<i>Path Coefficients</i>	T Statistics
Brand Trust → Satisfaction → Compliance	0,180	2,661
Tax Socialisation → Satisfaction → Compliance	0,162	3,929
Service Quality → Satisfaction → Compliance	0,116	2,059

Source: processed from questionnaire, 2025

Table 3
Total Effect Analysis Results

	<i>Path Coefficients</i>	T Statistics
Brand Trust → Satisfaction	0,349	3,685
Brand Trust → Compliance	0,377	4,941
Tax Socialisation → Satisfaction	0,313	4,857
Tax Socialisation → Compliance	0,315	4,609
Service Quality → Satisfaction	0,223	2,096
Service Quality → Compliance	0,191	2,091
Satisfaction → Compliance	0,413	5,568

Source: processed from questionnaire, 2025

Testing the brand trust variable on individual taxpayer satisfaction shows a coefficient value of 0.349 with a significance value of 3.685 or more than 1.96. The analysis results show that brand trust has a positive and significant effect on individual taxpayer satisfaction. The test results show that hypothesis 1 in this study, which states that brand trust has a positive and significant effect on individual taxpayer satisfaction, is accepted.

Testing the brand trust variable on individual taxpayer compliance directly shows a coefficient value of 0.197 with a significance value of 1.893 or smaller than 1.96. The analysis results show that brand trust has no significant effect on individual taxpayer compliance. Testing the brand trust variable on individual taxpayer compliance indirectly through satisfaction as an *intervening* variable shows a coefficient value of 0.180 with a significance value of 2.661 or more than 1.96. The analysis results show that brand trust has a positive and significant effect on individual taxpayer compliance. Testing the brand trust variable on individual taxpayer compliance in total shows a coefficient value of 0.377 with a significance value of 4.941 or more than 1.96. The analysis results show that, in total, brand trust has a positive and significant effect on individual taxpayer compliance. The results of this test indicate that hypothesis 2 in this study, which states that brand trust has a positive and significant effect on individual taxpayer compliance, is accepted.

Testing the tax socialisation variable on individual taxpayer satisfaction shows a coefficient value of 0.313 with a significance value of 4.857 or more than 1.96. The results of the analysis show that tax socialisation has a positive and significant effect on the satisfaction of individual taxpayers. The test results show that hypothesis 3 in this study,

which states that tax socialisation has a positive and significant effect on the satisfaction of individual taxpayers, is accepted.

Testing the tax socialisation variable on individual taxpayer compliance directly shows a coefficient value of 0.152 with a significance value of 2.402 or more than 1.96. The results of the analysis indicate that tax socialisation has a positive and significant effect on individual taxpayer compliance. Testing the tax socialisation variable on individual taxpayer compliance indirectly through satisfaction as an *intervening* variable shows a coefficient value of 0.162 with a significance value of 3.929 or more than 1.96. The results of the analysis show that indirect tax socialisation has a positive and significant effect on individual taxpayer compliance. Testing the tax socialisation variable on individual taxpayer compliance in total shows a coefficient value of 0.315 with a significance value of 4.609 or more than 1.96. The results of the analysis show that, in total, tax socialisation has a positive and significant effect on individual taxpayer compliance. The results of this test indicate that hypothesis 4 in this study, which states that tax socialisation has a positive and significant effect on individual taxpayer compliance, is accepted.

Testing the service quality variable on individual taxpayer satisfaction directly shows a coefficient value of 0.223 with a significance value of 2.096 or more than 1.96. The analysis results show that service quality has a positive and significant effect on individual taxpayer satisfaction. The test results show that hypothesis 5 in this study, which states that service quality has a positive and significant effect on individual taxpayer satisfaction, is accepted.

Testing the service quality variable on individual taxpayer compliance directly shows a coefficient value of 0.075 with a significance value of 0.970 or less than 1.96. The analysis results show that service quality has no direct effect on individual taxpayer compliance. Testing the service quality variable on individual taxpayer compliance indirectly through satisfaction as an *intervening* variable shows a coefficient value of 0.116 with a significance value of 2.059 or more than 1.96. The analysis results show that service quality has a positive and significant effect on individual taxpayer compliance. Testing the service quality variable on individual taxpayer compliance in total shows a coefficient value of 0.191 with a significance value of 2.091 or more than 1.96. The analysis results show that in total, the quality of service has a positive and significant effect on individual taxpayer compliance. The results of this test indicate that hypothesis 6 in this study, which states that service quality has a positive and significant effect on individual taxpayer compliance, is accepted.

Testing the individual taxpayer satisfaction variable on individual taxpayer compliance shows a coefficient value of 0.413 with a significance value of 5.568 or more than 1.96. The analysis results show that individual taxpayer satisfaction has a positive and significant effect on individual taxpayer compliance. The test results show that hypothesis 7 in this study, which states that satisfaction has a positive and significant effect on individual taxpayer compliance, is accepted.

Table 4
Test Results of the Coefficient of Determination (*R-Squared*)

	<i>R-squared</i> value	<i>Adjusted R-squared</i> value
Satisfaction	0,474	0,457
Compliance	0,614	0,598

Source: processed from questionnaire, 2025

The adjusted R-Squared value on the satisfaction variable is 0.457, which can be included in the moderate category. This value can be interpreted that brand trust, tax socialisation, and service quality together influence individual taxpayer satisfaction by 45.7%. While the remaining 54.3% is influenced by other factors. The adjusted R-Squared value on the decision variable of 0.598 can be included in the moderate category. This value can be interpreted that brand trust, tax socialisation, service quality, and satisfaction together influence individual taxpayer compliance by 59.8%. While the remaining 40.2% were influenced by other factors not examined in this study.

Conclusion

Based on the research and analysis that has been done, the following conclusions can be drawn:

- 1) Brand trust has a positive and significant effect on individual taxpayer satisfaction at the Palembang Ilir Timur Primary Tax Service Office.
- 2) Brand trust has no significant effect on individual taxpayer compliance. However, indirectly, brand trust has a positive and significant effect on individual taxpayer compliance through satisfaction at the Palembang Ilir Timur Primary Tax Service Office.
- 3) Tax socialization has a positive and significant effect on the satisfaction of individual taxpayers at the Palembang Ilir Timur Primary Tax Service Office.

- 4) Tax socialisation has a positive and significant effect on individual taxpayer compliance at the Palembang Ilir Timur Primary Tax Service Office.
- 5) Service quality has a positive and significant effect on the satisfaction of individual taxpayers at the Palembang Ilir Timur Primary Tax Service Office.
- 6) Service quality has no significant effect on individual taxpayer compliance. However, indirectly, service quality has a positive and significant effect on individual taxpayer compliance through satisfaction at the Palembang Ilir Timur Primary Tax Service Office.
- 7) Satisfaction has a positive and significant effect on individual taxpayer compliance at the Palembang Ilir Timur Primary Tax Service Office. Satisfaction can mediate the relationship between brand trust, tax socialisation, and service quality on individual taxpayer compliance.

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