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THE EFFECT OF SERVICE QUALITY AND TAX KNOWLEDGE ON RESTAURANT TAXPAYER COMPLIANCE WITH TAXPAYER AWARENESS AS A MODERATING VARIABLE IN TIDORE CITY

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Abstract

This study examines the effects of service quality and tax knowledge on restaurant taxpayer compliance in Tidore City and evaluates taxpayer awareness as a moderating variable. A quantitative approach was employed using primary data collected through questionnaires from 50 restaurant taxpayers. The data were analyzed using multiple linear regression and Moderated Regression Analysis (MRA) with SPSS. The baseline regression shows that service quality has a positive and significant effect on taxpayer compliance (B = 0.120; t = 2.264; p = 0.028), while tax knowledge also has a positive and significant effect (B = 0.181; t = 2.754; p = 0.008). The baseline model explains 51.9% of the variance in compliance. After taxpayer awareness and the interaction terms were included, R^2 increased to 0.726. The interaction between service quality and taxpayer awareness is positive and significant (B = 0.017; p = 0.032), as is the interaction between tax knowledge and taxpayer awareness (B = 0.021; p = 0.044). These findings indicate that taxpayer awareness strengthens both relationships. Improving compliance therefore requires responsive tax services, effective tax education, and sustained efforts to enhance taxpayer awareness.

Keywords: restaurant tax compliance; service quality; tax knowledge; taxpayer awareness

INTRODUCTION

Local taxes constitute an important source of revenue used by regional governments to finance public administration and development. In Tidore Islands City, restaurant tax revenue represents one component of local revenue that requires sustainable management. Data from the Regional Revenue Agency of Tidore Islands City show that realized restaurant tax revenue reached IDR 2,343,219,863 in 2023, increased to IDR 2,471,417,159 in 2024, and then declined to IDR 2,205,233,214 in 2025. Although realization exceeded the established targets in all three years, the decline in 2025 highlights the importance of maintaining taxpayer compliance.

Within the broader framework of local own-source revenue management, Majojo et al. (2025) examined the contribution of the tourism sector to local revenue in Tidore Islands City, while Putri et al. (2025) discussed the efficiency and effectiveness of regional revenue management in the same area. These studies provide relevant local fiscal context, although they did not directly examine restaurant taxpayer compliance. Normatively, food and/or beverage services provided by restaurants fall under the Specific Goods and Services Tax (Pajak Barang dan Jasa Tertentu, PBJT) pursuant to Law of the Republic of Indonesia Number 1 of 2022, with implementing provisions regulated by Government Regulation Number 35 of 2023. The term "restaurant tax" is retained in this study for consistency with the terminology used in the research data, while PBJT represents the applicable legal nomenclature.

Taxpayer compliance refers to the fulfillment of tax obligations in accordance with prevailing regulations, including accurate and timely payment and reporting. Compliance may be influenced by external factors, such as the quality of services provided by tax officials, and internal factors, including tax knowledge and taxpayer awareness. Fast, clear, and responsive services can assist taxpayers in understanding procedures and completing administrative obligations, while adequate tax knowledge helps taxpayers understand tax rules, calculations, deadlines, and payment procedures (Fuadi & Mangoting, 2013; Resmi, 2019).

The use of M-POS transaction recording devices by restaurants in the study setting has also encountered operational constraints, particularly regarding employees' ability to operate the devices and the need for technical assistance. Taxpayers additionally require adequate understanding of tax calculations, tax payments, and reporting through SPTPD. These conditions indicate that successful tax administration is not determined solely by the availability of technology, but also by service quality and taxpayer readiness.

Previous findings concerning service quality and restaurant taxpayer compliance remain inconsistent. Wati (2023) reported that service quality did not have a significant effect on restaurant taxpayer compliance in Samarinda City, whereas Dewi and Pravitasari (2022) found a significant effect in Blitar City. This inconsistency provides a basis for re-examining the relationship in Tidore Islands City. The present study also positions taxpayer awareness as a moderating variable to determine whether this internal factor strengthens the effects of service quality and tax knowledge on compliance.

This study aims to test: (1) the effect of service quality on restaurant taxpayer compliance, (2) the effect of tax knowledge on taxpayer compliance, (3) the moderating role of taxpayer awareness in the relationship between service quality and compliance, and (4) the moderating role of taxpayer awareness in the relationship between tax knowledge and compliance. The novelty of the study lies in testing taxpayer awareness as a moderator of two relationships simultaneously among restaurant taxpayers in Tidore City, rather than treating awareness only as a direct predictor or mediator.

LITERATURE REVIEW

Attribution Theory and Tax Compliance

This study adopts attribution theory, which explains that individual behavior may be influenced by internal and external causes (Heider, 1958; Romadhon & Diamastuti, 2020). In the present context, service quality is treated as an external factor, whereas tax knowledge and taxpayer awareness represent internal factors associated with taxpayers' cognition and motivation. This perspective provides a conceptual basis for examining how institutional service conditions and taxpayer characteristics jointly shape compliance behavior.

Alm (2019) emphasizes that tax compliance is influenced by both economic and non-economic motivations. Kirchler et al. (2008), through the slippery slope framework, further explain that voluntary and enforced compliance are associated with trust in authorities and the power of enforcement. These perspectives support the argument that tax services, understanding of tax obligations, and taxpayer awareness should be considered together rather than in isolation.

Service Quality

Service quality in this study is represented by five dimensions: tangibles, reliability, responsiveness, assurance, and empathy. These dimensions are conceptually consistent with the SERVQUAL approach developed by Parasuraman et al. (1988). In tax administration, clear information, reliable procedures, responsive assistance, and courteous treatment can reduce administrative difficulties and help taxpayers fulfill their obligations.

Empirical evidence is mixed. Dewi and Pravitasari (2022) found a significant effect of service quality on restaurant taxpayer compliance in Blitar City, whereas Wati (2023) reported a non-significant effect in Samarinda City. In a regional context closer to the study area, Maharani et al. (2025) found a positive effect of service quality on motor vehicle taxpayer compliance in Tidore Islands City, and Ade et al. (2026) identified tax officer services as one factor associated with land and building tax compliance in Dokiri.

Tax Knowledge and Taxpayer Awareness

Tax knowledge refers to taxpayers' understanding of tax obligations, calculation procedures, deadlines, sanctions, and payment mechanisms. Greater understanding can reduce errors and uncertainty when taxpayers perform their obligations. Ade et al. (2026) reported that tax knowledge was associated with land and building tax compliance. However, Karlinah et al. (2024) found that tax knowledge and understanding did not have a significant direct effect on MSME taxpayer compliance in the model they tested, illustrating that the relationship may vary across tax objects, respondents, and analytical specifications.

Taxpayer awareness reflects an internal willingness to pay taxes, assume responsibility for tax obligations, recognize the importance of taxation, and comply voluntarily. Karlinah et al. (2024) highlighted the importance of awareness through a mediation model, whereas Oktaviani et al. (2025) showed that awareness does not necessarily moderate every relationship with compliance. These differences support the need to test taxpayer awareness specifically as a moderator in the context of restaurant taxation in Tidore City.

Based on the theoretical arguments and prior evidence, this study expects service quality and tax knowledge to positively affect restaurant taxpayer compliance. It further expects taxpayer awareness to strengthen both relationships because external service support and tax understanding should be more effectively translated into compliant behavior when taxpayers possess a stronger internal commitment to fulfill their obligations.

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METHOD

This study used a quantitative research approach. The research objects were restaurant taxpayers who were registered and active in the study area on Tidore Island. Primary data were collected using questionnaires, while secondary data were obtained from documentation provided by the Regional Revenue Agency of Tidore Islands City. The study involved 50 respondents selected using saturated sampling in accordance with the original research design. The questionnaire used a five-point Likert scale.

The independent variables were service quality (X1) and tax knowledge (X2), the dependent variable was restaurant taxpayer compliance (Y), and taxpayer awareness (Z) served as the moderating variable. Service quality was measured through tangibles, reliability, responsiveness, assurance, and empathy. Tax knowledge covered understanding of tax obligations, tax calculations, deadlines, sanctions, and payment procedures. Taxpayer awareness covered awareness of paying taxes, responsibility, perceptions of the importance of taxation, and voluntary compliance. The service quality dimensions were conceptually grounded in Parasuraman et al. (1988), while the relevance of knowledge, awareness, and compliance was supported by Ade et al. (2026) and Karlinah et al. (2024).

Data analysis was conducted using SPSS. The analytical procedures included descriptive statistics, validity and reliability tests, classical assumption tests, multiple linear regression, t-tests, the F-test, the coefficient of determination, and Moderated Regression Analysis (MRA). Moderating effects were assessed through the significance of the X1×Z and X2×Z interaction coefficients at the 5% significance level. A positive and statistically significant interaction coefficient was interpreted as evidence that taxpayer awareness strengthened the corresponding relationship.

RESULTS AND DISCUSSION

Descriptive Statistics

The study involved 50 restaurant taxpayers. Based on the descriptive statistics reported in the original research, all variables had high mean item scores. Tax knowledge recorded the highest mean score at 4.07, followed by taxpayer compliance at 4.05, taxpayer awareness at 3.84, and service quality at 3.80. These results indicate generally positive respondent assessments, although aspects of service delivery still provide room for improvement.

Table 1. Descriptive statistics summary

Variable	Mean per Item	Category
Service quality (X1)	3.80	High
Tax knowledge (X2)	4.07	High
Taxpayer awareness (Z)	3.84	High
Taxpayer compliance (Y)	4.05	High

Instrument and Classical Assumption Tests

All questionnaire items were declared valid based on the validity tests reported in the original study. Cronbach's Alpha was 0.800 for service quality, 0.808 for tax knowledge, 0.839 for taxpayer awareness, and 0.764 for taxpayer compliance. All coefficients exceeded the 0.70 threshold used in the study, indicating acceptable reliability. The Kolmogorov-Smirnov normality test produced a significance value of 0.082. Heteroscedasticity tests produced significance values of 0.718 for service quality and 0.862 for tax knowledge. Tolerance values of 0.436 and VIF values of 2.293 for both independent variables indicated no multicollinearity based on the criteria applied in the study.

Table 2. Reliability test results

Variable	Cronbach's Alpha	Interpretation
Service quality	0.800	Reliable
Tax knowledge	0.808	Reliable
Taxpayer awareness	0.839	Reliable
Taxpayer compliance	0.764	Reliable

Effects of Service Quality and Tax Knowledge on Taxpayer Compliance

The multiple linear regression results show that service quality has a regression coefficient of 0.120, a t-value of 2.264, and a significance value of 0.028. Because the significance value is below 0.05 and the coefficient is positive, service quality has a positive and significant effect on taxpayer compliance. This finding indicates that clearer, more responsive, and more supportive tax services can facilitate restaurant taxpayers in fulfilling their tax

obligations. The result is consistent with Dewi and Pravitasari (2022), but differs from Wati (2023), who reported a non-significant effect in a different research context.

The result is also directionally consistent with Maharani et al. (2025), who found a positive association between service quality and motor vehicle taxpayer compliance in Tidore Islands City, and with Ade et al. (2026), who discussed tax officer services in relation to land and building tax compliance. These comparisons should be interpreted cautiously because the studies involve different tax objects and populations.

Tax knowledge has a regression coefficient of 0.181, a t-value of 2.754, and a significance value of 0.008. Tax knowledge therefore has a positive and significant effect on taxpayer compliance. Taxpayers who understand their obligations, tax calculations, procedures, and payment deadlines are better equipped to comply correctly. The standardized Beta coefficient for tax knowledge was 0.422, higher than the coefficient for service quality at 0.347, indicating that tax knowledge exerted the stronger relative influence in the baseline regression model.

The positive direction of this finding is consistent with Ade et al. (2026), who identified tax knowledge as a factor associated with land and building tax compliance. Karlinah et al. (2024), however, found a different pattern in an MSME study, where knowledge and understanding did not show a significant direct effect on compliance. Differences in tax objects, respondent characteristics, analytical methods, and model specifications may help explain variation across studies, although the present study did not directly test the causes of these differences.

Table 3. Multiple linear regression results

Variable	B	t	Sig.	Decision
Service quality (X1)	0.120	2.264	0.028	Positive, significant
Tax knowledge (X2)	0.181	2.754	0.008	Positive, significant

The baseline regression model produced R = 0.720, R^2 = 0.519, and Adjusted R^2 = 0.498. Thus, service quality and tax knowledge jointly explained 51.9% of the variance in taxpayer compliance, while the remaining 48.1% was related to other factors not included in the model. The F-test produced a value of 25.310 with $p < 0.001$, indicating that the baseline regression model was statistically significant overall.

Moderating Role of Taxpayer Awareness

The MRA model produced R = 0.852, R^2 = 0.726, and Adjusted R^2 = 0.695. After taxpayer awareness and the two interaction terms were added, the explanatory power of the model increased from R^2 = 0.519 to R^2 = 0.726, representing an increase of 20.7 percentage points. The MRA model yielded an F-value of 23.323 with $p < 0.001$.

The interaction coefficient between service quality and taxpayer awareness (X1×Z) was 0.017, with t = 2.209 and p = 0.032. Because the coefficient is positive and statistically significant, taxpayer awareness strengthens the effect of service quality on compliance. In practical terms, high-quality tax services are more likely to support compliant behavior when taxpayers also possess a strong awareness of their obligations.

From the perspective of voluntary compliance, this positive interaction can be conceptually associated with the importance of trust and the relationship between tax authorities and taxpayers in the framework of Kirchler et al. (2008). However, prior findings are not uniform. Oktaviani et al. (2025), for example, reported that taxpayer awareness did not strengthen the relationship between ease of access to tax services and compliance among individual taxpayers. The positive moderation found in the present study should therefore be understood as context-specific evidence based on restaurant taxpayers and the model employed.

The interaction coefficient between tax knowledge and taxpayer awareness (X2×Z) was 0.021, with t = 2.074 and p = 0.044. This effect is also positive and significant, indicating that taxpayer awareness strengthens the effect of tax knowledge on compliance. Knowledge of tax rules becomes more behaviorally meaningful when taxpayers possess an internal willingness to apply that knowledge in practice.

This moderating pattern has a conceptual comparison in Oktaviani et al. (2025), who found that taxpayer awareness strengthened the relationship between tax literacy and compliance, although the tax object and measurement instruments differed. Karlinah et al. (2024) also demonstrated the importance of taxpayer awareness, but through a mediation design rather than moderation. Similar substantive directions therefore do not imply identical statistical mechanisms.

Table 4. Moderation interaction test results

Interaction	Interaction B	t	Sig.	Interpretation
Service quality × awareness (X1×Z)	0.017	2.209	0.032	Strengthens

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Tax knowledge × awareness (X2×Z)	0.021	2.074	0.044	Strengthens

The statistical significance of the interaction coefficients provides the primary basis for concluding that moderation is present; an increase in R^2 alone is not sufficient. In the interaction model, the main coefficients for service quality ($p = 0.197$) and tax knowledge ($p = 0.211$) were not significant. In a model containing interactions, these main coefficients represent conditional effects when the moderator equals zero and should therefore be distinguished from the direct effects estimated in the baseline regression. Overall, the results support taxpayer awareness as a factor that strengthens the relationships of both service quality and tax knowledge with restaurant taxpayer compliance.

CONCLUSION

This study finds that service quality and tax knowledge each have a positive and significant effect on restaurant taxpayer compliance in Tidore City. In the baseline regression model, tax knowledge demonstrates a stronger relative effect than service quality. Taxpayer awareness significantly strengthens both the effect of service quality on compliance and the effect of tax knowledge on compliance, as indicated by the positive and significant interaction coefficients.

The practical implication is that the Regional Revenue Agency should maintain and improve service quality through clear information, rapid responses, and assistance in the use of transaction recording and tax reporting systems. Continuous education regarding tax calculations, procedures, and payment deadlines is also necessary. These efforts should be accompanied by initiatives to strengthen taxpayer awareness so that available knowledge and services are translated into actual compliant behavior. Future studies may expand the sample size or geographical coverage and examine additional factors associated with restaurant taxpayer compliance.

Considering the current regulatory framework for PBJT on food and/or beverages under Law Number 1 of 2022 and Government Regulation Number 35 of 2023, tax socialization and reporting assistance should also be aligned with applicable local tax terminology and procedures. Training for tax officers and assistance for taxpayers may focus on the tax base, tax calculation, transaction recording, payment, and reporting procedures, without assuming that technological improvements alone will automatically increase compliance.

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