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DETERMINANTS OF TAX COMPLIANCE AMONG GENERATION Z: A CASE STUDY AT KPP PRATAMA KARANGANYAR

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Abstract
This study aims to analyze the determinants of tax compliance among Generation Z taxpayers, focusing on tax knowledge, tax awareness, and tax digitalization. The urgency of this research is driven by the decline in tax return reporting (SPT) among Generation Z in KPP Pratama Karanganyar by 38.92% in 2024. Employing a quantitative approach, this research utilized a questionnaire to collect data from 352 registered Generation Z taxpayers. The data were analyzed using Structural Equation Modeling - Partial Least Squares (SEM-PLS) with SmartPLS 4. The results indicate that tax knowledge, tax awareness, and tax digitalization have a positive and significant effect on taxpayer compliance. Furthermore, the model explains 74.6% of the variance in tax compliance (R-square = 0.746). These findings suggest that enhancing tax knowledge through education, fostering awareness of state contribution, and improving the accessibility of digital tax systems are crucial factors that synergistically drive compliance among the younger generation.
Keywords: Digitalization; Generation Z; Tax Awareness; Tax Compliance; Tax Knowledge; Theory of Planned Behavior

INTRODUCTION

Taxes serve as the fundamental pillar of national development, functioning as the primary source of state revenue in Indonesia. This revenue is indispensable for funding public services, infrastructure development, and national programs aimed at enhancing social welfare. A robust and effective tax system ensures economic stability, promotes income equality, and fosters sustainable growth. However, the sustainability of this revenue stream is heavily dependent on taxpayer compliance. Despite the government's continuous efforts to modernize the tax system and improve enforcement, achieving optimal compliance rates remains a complex challenge, particularly among the younger demographic that is just entering the economic sphere (Simamora et al., 2024).

In the current fiscal landscape, the focus of tax authorities has shifted towards Generation Z (individuals born between 1997 and 2012). This generation represents the future tax base and is currently transitioning into the workforce. Unlike previous generations, Generation Z is characterized as "digital natives" a cohort that grew up in an era of rapid technological advancement, ubiquitous internet access, and widespread digital transactions. They are often viewed as agents of change with high potential to drive tax reform through their adaptability to technology. However, this high level of digital literacy does not automatically translate into tax compliance. Empirical evidence suggests that while Gen Z is adept at using digital platforms, their awareness and understanding of tax obligations often lag behind (Pokharel & Maharjan, 2024).

Most existing studies on tax compliance focus on major metropolitan areas like Jakarta, Surabaya, or Semarang, which are dominated by the service and trade sectors. This study argues that such a focus fails to capture the nuances of semi-urban and rural taxpayer behaviors. Kabupaten Karanganyar presents a unique research locus that functions as a representative microcosm of Indonesia's diverse economic landscape (Ani & Harimurti, 2025).

Unlike the highly urbanized city of Surakarta or the predominantly agrarian Boyolali, Karanganyar offers a balanced mix of characteristics. It houses a modern industrial center in Jaten, a suburban residential hub in Colomadu (commuter belt), and an agrarian-tourism based economy in Tawangmangu. This diversity creates a heterogeneous population of Generation Z taxpayers ranging from factory workers and modern cafe employees to young entrepreneurs in agrotourism. This study posits that the distinct economic exposures and lifestyles within one administrative region create unique responses to tax obligations, a phenomenon that cannot be observed in purely urban or rural studies (Baiquni & Setioko, 2014).

Despite the potential of this demographic, recent data indicates a worrying trend in tax compliance within the region. Observations at KPP Pratama Karanganyar reveal a sharp contradiction between the growing number of young taxpayers and their actual reporting behavior. As illustrated in Table 1, while the submission of Annual Tax Returns (SPT) by Generation Z showed a consistent upward trend from 2020 to 2023, the year 2024 marked a significant turning point.

Table 1. Number of Annual Tax Return Reports for Generation Z Individual Taxpayers

Year	Type of Annual Tax Returns (SPT)	
	1770	1770 S
2020	177	1150
2021	150	1401
2022	249	1888
2023	468	2009
2024	95	1227

Source: KPP Pratama Karanganyar (2025)

Table 1 highlights a drastic 38.92% decline in SPT reporting in 2024 compared to the previous year. This sharp decrease raises a critical question: what factors are driving this non-compliance? Is it a lack of economic capability, or is it a behavioral issue rooted in knowledge and awareness?

To answer the question above, one must look at the economic capacity of the subjects. Data on the Open Unemployment Rate (TPT) in 2024 shows that Karanganyar has a relatively low unemployment rate of 3.47%, ranking it as the 9th lowest among 35 districts/cities in Central Java.

Table 2. Open Unemployment Rate in Central Java Province in 2024

Regency/City	TPT (%)	Regency/City	TPT (%)	Regency/City	TPT (%)
Cilacap	7.83	Karanganyar	3.47	Batang	5.67
Banyumas	6.18	Sragen	3.53	Pekalongan	4.91
Purbalingga	4.96	Grobogan	3.23	Pemalang	6.63
Banjarnegara	5.57	Blora	3.67	Tegal	7.53
Kebumen	5.07	Rembang	2.84	Brebes	8.35
Kota Salatiga	3.86	Kota Surakarta	4.61	Kota Magelang	4.40
Wonosobo	4.02	Kudus	3.19	Pati	3.87
Magelang	3.55	Jepara	3.34	Purworejo	3.89
Boyolali	3.16	Kota Pekalongan	4.91	Kota Semarang	5.82
Klaten	3.97	Semarang	3.73	Demak	4.75
Sukoharjo	3.65	Temanggung	2.35	Kota Tegal	5.88
Wonogiri	2.40	Kendal	5.01		

Source: Central Bureau of Statistics (2024)

The data in Table 2 confirms that the majority of Generation Z in Karanganyar are economically active and earning income. Therefore, the decline in tax compliance is not primarily a result of economic inability. Instead, it points towards structural and behavioral barriers.

A compelling explanation can be found in the fluctuating literacy levels of the region. In 2023, Karanganyar boasted a high Community Literacy Development Index (IPLM), ranking 9th in the province. However, this achievement was short-lived. In 2024, the index plummeted to 45.63, dropping the region's rank to 32nd out of 35 districts.

Table 3. Community Literacy Development Index in Central Java Province in 2024

Regency/City	IPLM	Regency/City	IPLM	Regency/City	IPLM
Cilacap	64.41	Karanganyar	45.63	Batang	65.78
Banyumas	67.88	Sragen	72.91	Pekalongan	66.65
Purbalingga	70.33	Grobogan	44.56	Pemalang	45.12
Banjarnegara	73.11	Blora	74.37	Tegal	55.73
Kebumen	78.81	Rembang	62.37	Brebes	58.14
Kota Salatiga	100	Kota Surakarta	99.85	Kota Magelang	100
Wonosobo	74.65	Kudus	75.62	Pati	68.83
Magelang	49.38	Jepara	61.13	Purworejo	78.32
Boyolali	62.92	Kota Pekalongan	94.37	Kota Semarang	80.63
Klaten	63.56	Semarang	74.39	Demak	64.88
Sukoharjo	75.32	Temanggung	60.48	Kota Tegal	66.50
Wonogiri	45.57	Kendal	66.59		

Source: Central Bureau of Statistics (2024)

The discrepancy between the availability of advanced digital tax tools and the decline in actual compliance suggests that the core issue lies within the behavioral domain of the taxpayers. The observed drop in literacy rates creates a barrier to Tax Knowledge, potentially fostering a negative attitude toward the complex tax system. Meanwhile, the implementation of Tax Digitalization serves as an external facilitator intended to enhance the taxpayers perceived behavioral control. To systematically analyze how these internal capabilities (knowledge and awareness) interact with external facilitators (digitalization) to drive compliance, this study adopts the Theory of Planned Behavior (TPB) by Ajzen (1991).

TPB is selected as the theoretical framework because it comprehensively explains intention through three specific determinants:

1. Attitude toward Behavior: Shaped by Tax Knowledge. The more an individual understands the function and benefits of taxes, the more positive their attitude toward compliance
2. Subjective Norms: Influenced by Tax Awareness. This relates to the moral obligation and social pressure to contribute to the state
3. Perceived Behavioral Control: Facilitated by Tax Digitalization. The availability of easy-to-use digital systems enhances the taxpayer's belief in their ability to comply with minimal effort.

Despite the observable phenomenon of declining compliance among digital natives, current literature remains insufficient to fully explain this behavior. The problem lies in the limited scope of existing studies, which predominantly focus on major metropolitan areas or general taxpayer populations, thereby failing to capture the unique behavioral nuances of Generation Z in semi-urban contexts like Karanganyar. Moreover, while knowledge, awareness, and digitalization have been studied in isolation, there is a scarcity of research that integrates these three variables into a simultaneous model to observe their synergistic effects on this specific demographic. Addressing these gaps, this study aims to empirically analyze the influence of tax knowledge, tax awareness, and tax digitalization on the compliance of Generation Z taxpayers in KPP Pratama Karanganyar.

Addressing these gaps, this study aims to empirically analyze the influence of tax knowledge, tax awareness, and tax digitalization on the compliance of Generation Z taxpayers in KPP Pratama Karanganyar. By understanding these determinants, this research hopes to provide strategic insights for tax authorities to formulate more targeted educational and digital policies, ensuring that the "Golden Generation" contributes effectively to national revenue.

LITERATURE REVIEW

Theory of Planned Behavior

This study utilizes the Theory of Planned Behavior (TPB) proposed by Ajzen (1991) as the grand theory to explain taxpayer compliance behavior. TPB postulates that an individual's intention is determined by three main factors, which this study maps to specific tax variables as follows:

First, Behavioral Beliefs (Attitude toward Behavior) are operationalized through Tax Knowledge. TPB defines attitude as the evaluation of a behavior's consequences. In this study, tax knowledge is chosen as the proxy because possessing an understanding of tax functions and regulations shapes a taxpayer's rational belief that compliance is a beneficial contribution to the state, thereby fostering a positive attitude.

Second, Normative Beliefs (Subjective Norms) are operationalized through Tax Awareness. This component relates to social pressure and moral obligation. Tax awareness belongs in this category as it reflects the taxpayer's intrinsic realization of civic duty. A highly aware taxpayer feels a strong internal and social normative pressure to comply with legal expectations.

Third, Control Beliefs (Perceived Behavioral Control) are operationalized through Tax Digitalization. TPB posits that behavior is facilitated by the perceived ease of performance. Digitalization is mapped to this component because the availability of user-friendly digital tools (e.g., e-Filing) directly reduces administrative barriers, enhancing the taxpayer's perceived control and capability to fulfill their obligations.

Hypothesis Development

Tax knowledge is defined as the taxpayer's understanding of tax regulations, including general provisions, tax rates, and the procedures for calculating and reporting taxes. It serves as a guideline for taxpayers to fulfill their obligations accurately. According to TPB, knowledge shapes behavioral beliefs. When taxpayers understand the tax system and its benefits, they are more likely to view compliance rationally as a correct and necessary action . Conversely, a lack of knowledge often leads to unintentional non-compliance or avoidance due to confusion. Previous studies by Susyanti & Anwar (2020) and Mansur et al. (2022) provide empirical evidence that tax knowledge significantly influences tax compliance. They argue that knowledgeable taxpayers are more confident in their ability to self-assess their obligations. However, findings in this domain remain inconsistent. Some researchers argue that knowledge alone does not guarantee compliance if not accompanied by strong internal motivation or external enforcement. Furthermore, there is a specific gap in the literature regarding Generation Z; while this generation has high digital literacy, their technical tax knowledge is often questioned due to the lack of formal tax education in their curriculum. This inconsistency necessitates a re-examination of whether tax knowledge remains a significant predictor for this specific demographic. Based on this, the first hypothesis is proposed.:

H1: Tax knowledge has a positive and significant effect on tax compliance.

Tax awareness goes beyond mere knowledge; it is the intrinsic understanding of the function and purpose of taxes for the state and society. It involves a moral dimension where the taxpayer realizes that paying taxes is not just a legal duty but a contribution to the greater good. In the TPB framework, awareness is closely linked to normative beliefs and subjective norms.

A conscious taxpayer feels an internal or social pressure to comply because they perceive it as "the right thing to do". High awareness reduces the need for external enforcement because compliance becomes voluntary. Research by Sihombing & Maharani (2020) and Afrilia (2022) supports this, finding that taxpayers with higher levels of awareness consistently demonstrate better compliance records. However, high awareness does not automatically guarantee compliance. Several studies suggest that even highly aware taxpayers may still evade taxes if they perceive weak law enforcement or a lack of fairness in government spending. This discrepancy creates a "intention-behavior gap." Furthermore, existing literature rarely examines this variable specifically among Generation Z, a cohort known to be more critical of authority and government transparency. Therefore, it is crucial to re-investigate whether tax awareness acts as a strong driver for compliance in this specific generation. Based on this, the second hypothesis is proposed:

H2: Tax awareness has a positive and significant effect on tax compliance.

Tax digitalization refers to the transformation of tax administration from manual, paper-based processes to digital systems, such as e-Filing, e-Billing, and the upcoming Core Tax Administration System (CTAS). The primary goal of digitalization is to increase efficiency, reduce compliance costs, and provide real-time information access . Within the TPB model, digitalization directly impacts control beliefs (Perceived Behavioral Control). Generation Z, being digital natives, prefers systems that are fast, accessible, and integrated. Digital tools remove physical and administrative barriers, making the act of complying feel easier and more controllable. Studies by (Tambun & Resti, 2022), Dewi & Darma (2024), and Kristawati & Harimurti (2024) confirm that the implementation of digital tax services has a positive and significant impact on compliance, particularly among younger, tech-savvy taxpayers. However, technology acts merely as a facilitator, not a guarantor of compliance. Counter-arguments in the literature suggest that digitalization can negatively affect compliance if the systems (e.g., e-Filing) experience technical glitches or if the taxpayers lack specific digital tax literacy despite being general internet users. Furthermore, most prior studies focus on major cities with robust infrastructure. There is a research gap regarding semi-urban regions like Karanganyar, where uneven internet access in rural districts might hinder the effectiveness of digital tools, even for Generation Z. Thus, it is essential to verify if digitalization remains a significant predictor in this specific context. Thus, the third hypothesis is proposed:

H3: Tax digitalization has a positive and significant effect on tax compliance.

The complexity of tax compliance suggests that it is not driven by a single factor. The combination of understanding the rules (Knowledge), feeling the moral obligation (Awareness), and having the easy means to pay (Digitalization) creates a comprehensive environment for compliance.

H4: Tax knowledge, tax awareness, and tax digitalization simultaneously have a significant effect on tax compliance.

METHODS

Research Design

This study employs a quantitative approach with a descriptive and verification research design. The quantitative method allows for the measurement of variables using numerical data, which is then analyzed statistically to test the established hypotheses. The primary objective is to explain the causal relationship between tax knowledge, tax awareness, and tax digitalization regarding tax compliance among Generation Z.

Population and Sample

The population of this study consists of all individual taxpayers (Wajib Pajak Orang Pribadi) belonging to Generation Z who are registered at KPP Pratama Karanganyar. Based on data from 2024, the total population comprises 2,912 taxpayers. To determine the sample size, the study utilized the Slovin Formula with a margin of error of 5%. The calculation resulted in a minimum sample requirement of 352 respondents.

The sampling technique employed was incidental sampling (non-probability sampling). This method was selected due to the strict data privacy regulations governing taxpayer information at KPP Pratama Karanganyar, which prevented the acquisition of a complete sampling frame required for random probability sampling. Consequently, respondents were selected based on their availability and willingness to participate, provided they met the specific inclusion criteria. While this non-probability sampling method implies that the results cannot be statistically generalized to the entire population of Generation Z in Indonesia, the sample size of 352 respondents is sufficient for Structural Equation Modeling (SEM-PLS) analysis, ensuring the internal validity and reliability of the findings within the studied context. The criteria established for the respondents were:

1. Individual taxpayers aged 18–28 years (Generation Z);
2. Registered at KPP Pratama Karanganyar;
3. Currently employed or earning income; and
4. Possessing an active Taxpayer Identification Number (NPWP).

Data Collection Method

Primary data were collected through a structured questionnaire distributed both offline and online over a period of 36 days (May 8 - June 13, 2025). The offline distribution targeted taxpayers directly visiting KPP Pratama Karanganyar, while online distribution utilized social media platforms to reach a broader audience within the region. To ensure the consistency of responses across this data collection period, standardized instructions and identical question items were utilized for both distribution channels. Furthermore, no significant changes in tax regulations or major tax-related public events occurred during this specific 36-day window, minimizing the risk of temporal bias or shifting public perception between the start and end of the survey.

The questionnaire utilized a 6-point Likert Scale, ranging from "Strongly Disagree" (1) to "Strongly Agree" (6). The use of a 6-point scale was deliberate to avoid central tendency bias (neutral answers), forcing respondents to take a clear stance. To ensure content validity and instrument consistency, the measurement indicators for all variables, Tax Knowledge, Tax Awareness, Tax Digitalization, and Tax Compliance, were adapted from the study by Setiawan & Yanti (2024). This comprehensive instrument was selected because it has been empirically validated to measure these specific constructs within the context of the Indonesian tax system.

Operational Definition of Variables

The study involves three independent variables and one dependent variable:

- Tax Knowledge (X1): Defined as the taxpayer's understanding of tax regulations, including general provisions, tax functions, and rates.
- Tax Awareness (X2): Defined as the intrinsic motivation and willingness to fulfill tax obligations voluntarily, based on the understanding that taxes are regulated by law.
- Tax Digitalization (X3): Defined as the utilization of digital technology in tax services (e.g., apps, e-filing) to facilitate information access and reporting.
- Tax Compliance (Y): Defined as the degree of obedience in fulfilling tax obligations, both formally and materially, without coercion.

Data Analysis Technique

The collected data were analyzed using Structural Equation Modeling (SEM) based on Partial Least Squares (PLS), utilizing the SmartPLS 4 software. PLS-SEM was chosen because it is robust for predictive analysis, does not require data to be normally distributed, and works effectively with smaller sample sizes.

RESULT AND DISCUSSION

Respondent Characteristics

The survey was conducted over 36 days, resulting in a final sample of 352 respondents. The demographic analysis reveals that the majority of respondents were female (62%), while male respondents accounted for 38%. In terms of age distribution, the respondents were dominated by 22-year-olds (18.5%), followed by 21-year-olds (14.2%). This demographic profile indicates that the sample effectively represents the "productive start" phase of Generation Z, who are beginning to engage with the tax system as new taxpayers.

Measurement Model Evaluation (Outer Model)

Before testing the hypotheses, the measurement model was evaluated to ensure the validity and reliability of the indicators. The results are summarized in Table 4.

- Convergent Validity was assessed using outer loadings and Average Variance Extracted (AVE). Initially, several indicators showed outer loadings below the threshold of 0.70. Specifically, indicator A07 (Knowledge) and Y05 & Y10 (Compliance) were removed due to low validity. Conceptually, A07 ("Understanding tax is used for state financing") was removed because it conceptually overlapped with the 'Tax Awareness' construct, leading to inconsistency in the 'Knowledge' variable which focuses more on technical regulations. Indicator Y10 ("Never been convicted of tax crimes") was removed because it lacked discriminatory power for Generation Z respondents, who are mostly new taxpayers and have not yet been exposed to potential legal sanctions. Meanwhile, Y05 was eliminated due to high cross-loadings, indicating ambiguity in the question wording. After the adjustment, all remaining indicators exhibited outer loadings > 0.70. Furthermore, the AVE for all constructs,Tax Knowledge (0.645), Tax Awareness (0.644), Tax Digitalization (0.695), and Tax Compliance (0.655), exceeded the 0.50 threshold, confirming that the constructs account for more than 50% of the variance in their indicators.
- Discriminant Validity was assessed using the Heterotrait-Monotrait Ratio (HTMT) to ensure that the constructs are empirically distinct. The results showed that all HTMT values were below the critical threshold of 0.90. For instance, the ratio between Knowledge and Compliance was 0.773, and between Awareness and Compliance was 0.872 . This confirms that discriminant validity is established.
- Reliability was measured using Cronbach's Alpha and Composite Reliability (CR). The analysis yielded CR values of 0.934 for Knowledge, 0.948 for Awareness, 0.953 for Digitalization, and 0.933 for Compliance. Since all values are well above 0.70, the instrument is considered highly reliable.

Table 4. Measurement Model Results (Validity and Reliability)

Variable	Cronbach's Alpha	Composite Reliability	AVE	Result
Tax Knowledge	0.932	0.934	0.645	Valid & Reliable
Tax Awareness	0.938	0.948	0.644	Valid & Reliable
Tax Digitalization	0.952	0.953	0.695	Valid & Reliable
Tax Compliance	0.930	0.933	0.655	Valid & Reliable

Source: Processed Data SmartPLS (2025)

Structural Model Evaluation (Inner Model)

The structural model was evaluated to predict the causal relationships between variables. The structural model was evaluated to predict the causal relationships between variables by assessing the model's predictive power, predictive relevance, and overall fit. First, the Coefficient of Determination (R-square) analysis resulted in a value of 0.746 for Tax Compliance. This indicates that 74.6% of the variance in Generation Z's tax compliance behavior can be explained by the combination of Tax Knowledge, Awareness, and Digitalization, which is categorized as a substantial (moderate-to-strong) model.

Second, the model's predictive relevance was evaluated using Stone-Geisser's Q-square. The analysis yielded a Q-square value of 0.733 for the endogenous construct. Since this value is greater than zero (Q-square > 0), it confirms that the structural model possesses strong predictive relevance regarding the main dependent variable. Finally, the Goodness of Fit (GoF) index was calculated at 0.705. Given that a GoF > 0.36 is considered "large," this suggests that the empirical data fits the model exceptionally well.

Hypothesis Testing

The hypotheses were tested using the Bootstrapping method with a 5% significance level. The results are summarized in Table 5.

Table 5. Partial Hypothesis Testing Results

Impact of Variables	Type of Annual Tax Returns (SPT)		
	Standard Deviation	T statistics	P values
Digitalization to Tax Compliance	0.065	5.115	0.000
Awareness to Tax Compliance	0.072	6.263	0.000
Knowledge to Tax Compliance	0.056	2.916	0.004

Source: SmartPLS 4 (2025)

The Influence of Tax Knowledge on Compliance: Why is it the Weakest Predictor?

The analysis confirms that tax knowledge positively influences compliance (T=2.916). From the TPB perspective, knowledge shapes the Attitude Toward Behavior by providing the rational basis for compliance. However, it is worth noting that Tax Knowledge has the lowest T-statistic compared to Awareness and Digitalization. This suggests that for Generation Z, technical mastery of tax regulations is not the primary driver of compliance. The descriptive data shows that respondents prioritize the functional understanding that "taxes finance the state" (Mean=5.406) over technical procedural knowledge. This indicates a shift in behavioral patterns; unlike older generations who might rely on manual calculation skills, Generation Z likely relies on digital tools to handle the complexities of calculation. Therefore, while knowledge remains necessary to form a positive attitude, its role has been partially substituted by the ease of technology, explaining its lower magnitude of influence compared to other variables.

The Dominance of Tax Awareness

Tax Awareness emerged as the strongest predictor of compliance (T=6.263). In the TPB framework, this variable is linked to Subjective Norms. The dominance of this variable implies that Generation Z in Karanganyar is primarily driven by intrinsic moral obligation and social legitimacy rather than external coercion. The highest indicator, "taxes are regulated by law" (Mean=5.622), reflects a strong legal consciousness. This contradicts the common assumption that young taxpayers are apathetic; instead, they demonstrate a high level of civic responsibility. This finding refines the work of Sihombing and Maharani (2020) by highlighting that for this specific demographic, "internal enforcement" (conscience) is far more effective than the fear of sanctions. In the context of Karanganyar, which retains strong communal values, the social pressure to be a "good citizen" acts as a powerful normative force.

Tax Digitalization as the Enabler

The significant impact of Tax Digitalization (T=5.115) validates the Perceived Behavioral Control in TPB. For digital natives, the "will" to pay (Awareness) can only translate into action if the "means" are seamless. The high mean score for "ease of access" (Mean=5.381) confirms that digitalization lowers the barrier to entry. Critically, this finding explains the "literacy paradox" mentioned in the introduction. Although general literacy in Karanganyar has declined, tax compliance can still be maintained because intuitive digital systems (like e-Filing) compensate for the lack of deep technical knowledge. This supports Kristawati and Harimurti (2024) but adds a nuance: technology does not just facilitate compliance; for Generation Z, it is a prerequisite. If the system were manual/offline, the perceived control would plummet, likely leading to non-compliance regardless of their knowledge levels.

Synergistic Effect

The simultaneous analysis (R-square=0.746) demonstrates a complementary relationship. The findings suggest a hierarchical model of compliance for Generation Z: Awareness provides the foundational motivation (Subjective Norms), Digitalization provides the necessary capability (Behavioral Control), and Knowledge reinforces the decision (Attitude). This synthesis addresses the gap in previous isolated studies, proving that focusing on one aspect alone is insufficient. For instance, a sophisticated digital system (high control) is useless without the moral drive (awareness) to use it, just as high awareness is frustrated by a complex manual system.

CONCLUSION

Tax Knowledge has a positive and significant effect on tax compliance. This confirms that when young taxpayers possess adequate understanding of regulations and tax functions, their attitude toward compliance improves.

Tax Awareness proves to be the strongest driver of compliance. This indicates that Generation Z possesses a high level of legal consciousness and complies largely out of a sense of civic duty (subjective norms) rather than coercion.

Tax Digitalization significantly facilitates compliance behavior. As digital natives, this generation relies on the efficiency of systems like e-Filing, which enhances their perceived behavioral control.

Simultaneously, Knowledge, Awareness, and Digitalization account for 74.6% of the variance in tax compliance. This confirms a synergistic relationship where compliance is achieved through a combination of knowing the rules, feeling the obligation, and having the digital means to act.

Implications and Recommendation

Based on these findings, KPP Pratama Karanganyar is advised to implement a comprehensive strategy to reverse the declining trend of compliance. First, tax education programs, such as Tax Goes to Campus, should be reframed to shift focus from purely technical procedural tutorials to highlighting the tangible impact of taxes on local development. Demonstrating the direct correlation between tax payments and public facilities will resonate more effectively with this generation's desire for transparency and purpose. Second, given the significance of digitalization, the Tax Office must strengthen its digital engagement strategies by optimizing the use of interactive digital channels to disseminate visual, concise, and user-friendly guides on using e-Filing. This approach aligns with the content consumption habits of Generation Z and reduces the perceived complexity of the tax system. Finally, to leverage the existing high level of tax awareness, campaigns should reinforce positive social norms by building a narrative that frames compliant taxpayers as 'heroes of development.' Strengthening this moral pressure can effectively transform compliance into a standard of good citizenship among youth communities in Karanganyar.

Limitations and Future Research

This study has several limitations that must be acknowledged. First, the reliance on incidental sampling limits the statistical generalizability of the findings beyond the specific population of KPP Pratama Karanganyar. Second, the use of self-reported data via questionnaires may introduce social desirability bias, where respondents potentially overstate their compliance levels to appear as "good citizens." Third, the study employs a cross-sectional design, capturing behavior at a single point in time, which precludes causal inference over time. Fourth, the current model focuses on direct effects and does not account for potential moderating variables that could influence the strength of these relationships.

To address these limitations, future research is encouraged to broaden the scope through cross-regional comparisons between urban and rural settings to examine infrastructure disparities. Additionally, subsequent studies should enrich the model by incorporating institutional variables such as trust in government or tax fairness. Finally, researchers could consider applying alternative behavioral theories, such as the Technology Acceptance Model (TAM) alongside TPB, to provide a more multidimensional perspective on digital tax compliance.

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