

The Financial Condition Mediates Between Tax Avoidance, Tax Sanctions, Risk Preference Against Taxpayer Compliance in The Crushed Stone Industry Registered at KPP Pratama Palu

Mohamad Yasin¹, Abdul Rahman Mus², Mursalim Lekkeng², Hajering² and Tenriwaru²

¹Doctor of Management Science, Universitas Muslim Indonesia, Indonesia ²Faculty of economics & Business, Universitas Muslim Indonesia, Indonesia Email: moh.yasin@gmail.com

Abstract

This study aims to find out how financial conditions mediate between tax avoidance, tax sanctions, and risk preferences for taxpayer compliance in the crushed stone industry registered at KPP Pratama Palu. The research method used is a quantitative method with the help of PLS 3.0 (Partial Least Square) data analysis software. The results of this study indicate that 1) Tax avoidance has no positive and significant effect on the financial condition of the Crushed Stone Industry registered at KPP Pratama Palu. 2) Tax evasion has a positive and significant effect on taxpayer compliance in the Crushed Stone Industry registered at KPP Pratama Palu, 3) Tax sanctions have a positive and significant effect on the financial condition of the Crushed Stone Industry registered at KPP Pratama Palu. 4) Tax sanctions have no positive and significant effect on taxpayer compliance in the Crushed Stone Industry registered at KPP Pratama Palu. 5) Risk preference has a positive and significant effect on the financial condition of the Crushed Stone Industry registered at KPP Pratama Palu. 6) Risk preference has no positive and significant effect on taxpayer compliance in the Crushed Stone Industry registered at KPP Pratama Palu. 7) Financial Condition has a positive and significant effect on taxpayer compliance in the Crushed Stone Industry registered at the KPP Pratama Palu. 8) Tax evasion has no positive and significant effect on taxpayer compliance in the moderation of financial conditions in the Crushed Stone Industry registered at KPP Pratama Palu. 9) Tax sanctions have a positive and significant effect on taxpayer compliance in the moderation of financial conditions in the Crushed Stone Industry registered at KPP Pratama Palu. 10) Risk preference has a positive and significant effect on taxpayer compliance in the moderation of financial conditions in the Crushed Stone Industry which is registered at KPP Pratama Palu.

Keywords: Financial Condition, Tax Avoidance, Tax Sanctions, Risk Preference, Taxpayer Compliance.

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I. Introduction

In accordance with the provisions of the Law of the Republic of Indonesia Number 7 of 2021 Concerning Harmonization of Tax Regulations points a and b states that to create a just, prosperous and prosperous Indonesian society based on Pancasila and the 1945 Constitution of the Republic of Indonesia which upholds rights and obligations citizens and residents of Indonesia, need to place taxation as one of the manifestations of state obligations in efforts to increase welfare, justice, and social development; that in order to increase sustainable economic growth and support the acceleration of economic recovery, a fiscal consolidation strategy is needed that focuses on improving the budget deficit and increasing the tax ratio, which among others is carried out through implementing policies to increase tax revenue performance, tax administration reform, increase the tax base, create a system taxation that prioritizes the principles of justice and legal certainty, as well as increased voluntary compliance by taxpayers; Law No. 28 of 2007 concerning general provisions and procedures for taxation article 1 states: "Taxes are mandatory contributions to the state owed by individuals or entities that are coercive based on the law, by not getting compensation directly and used for the needs of the state for the maximum the great prosperity of the people." The prediction of a decline in state revenue from taxation is deeper than the government's estimate. The Ministry of Finance (Kemenkeu) noted that tax revenue as of 23 December 2020 reached IDR 1,019.56 trillion or 85.65 per cent of the APBN target. This figure is lower than the actual tax revenue as of 30 November 2019, which was IDR 1,312.4 trillion. Minister of Finance Sri Mulyani Indrawati revealed that new tax revenues reached IDR 1,019.56 trillion or 85.65 per cent of the target according

to Presidential Decree 72 of 2020 of IDR 1,198.8 trillion until December 23, 2020. The government hopes that this year more taxpayers (WP) will apply to report the 2020 Annual Notification Letter (SPT). This is in line with the increasing number of registered taxpayers. However, the level of compliance ratio is still low.

The Directorate General (DG) of Taxes, Ministry of Finance (Ministry of Finance) reported that as of March 30, 2021, 9,945,801 2020 Annual SPTs had been reported. This figure rose 13.76% or around 1.2 million from the 2019 Annual SPT report which took place in the same period last year, reaching 8,742,603. Of the 2020 Annual Tax Returns, the majority report online or via e-filing, namely 9,560,012 taxpayers. The remaining 385,789 taxpayers still report it manually or directly to the local Tax Service Office (KPP). In detail, for individual taxpayers (WP OP) including employee taxpayers there were 9,645,965 2020 Annual SPTs, an increase of 13.64% year on year (yoy). Meanwhile, for corporate taxpayers, 299,838 2020 annual tax returns have been reported to the Directorate General of Taxes, an increase of 17.52% on an annual basis. State revenue in Central Sulawesi Province up to the first quarter of 2020 is Rp. 897 billion consisting of tax revenues of Rp. 769 billion and for Non-Tax State Revenue (PNBP) of IDR 128 billion. Tax revenue until quarter I - 2020 amounted to Rp. 769 billion, relatively the same as revenue for the 2020 period. Realization of PPH revenue per Regency/City until quarter I of 2020 amounted to Rp. 387.89 billion or 50.47 per cent of the total tax revenue of Rp. 769 billion. Realization of Income Tax (PPH) revenue grew by 28.8 per cent when compared to receipts in the same period in 2019 of IDR 300.96 billion. The realisation of VAT receipts in Regencies/Cities in Central Sulawesi Province until the first quarter of 2020 amounted to IDR 311.5 billion or 40.53 per cent of the total tax revenue of IDR 769 billion. The realization of Value Added Tax (VAT) revenue decreased by 12.94 per cent when compared to receipts in the same period in 2019 of IDR 357.8 billion (Kanwil Directorate General of Treasury for Central Sulawesi, 2019).

The fact that tax revenues in Indonesia have so far not reached the target and the level of tax compliance is less than optimal in Indonesia encourages researchers to analyze the factors that influence it. Even though taxes are used for the benefit of the general public and are managed by the state, for companies as corporate taxpayers that taxes are a burden that can reduce profits and management performance, companies generally avoid taxes to minimize the tax burden. As an organization, company management policies are influenced by many factors, both internal and external factors, both based on financial and non-financial conditions, including policies on tax avoidance. Adopting previous research, some of the financial factors analyzed in this study are Profitability and Firm Size while the non-financial factors analyzed are Independent Commissioners and Institutional Ownership. Xynas, 2011 in his research suggests that tax avoidance arrangements made by taxpayers have become interesting things that have connotations that have demeaned the Australian Taxation Office (ATO) and courts. The view is that such evasion schemes are considered by taxpayers to be not illegal and considered part of an acceptable tax planning or permissible evasion strategy. Taxpayer compliance criteria can be characterized by at least three factors (Rahmawati et al., 2015) (Machfuzhoh & Puspanita, 2021) Timeliness of SPT submission, income earned by taxpayers, and sanctions that will be received if taxpayers do not comply. State revenues in the tax sector have been increasing year by year, but this has not been offset by an increase in the tax ratio. In the government's efforts to increase the tax ratio, one way is by increasing taxpayer compliance (Inayati, 2019). Analysis of the impact of understanding tax regulations, quality of tax services, and tax sanctions on individual taxpayer compliance with risk preferences as a mediating variable, tri Wahyuningsih, 2019. Taxes are mandatory contributions owed to the State by individuals or entities that are coercive under the Law which do not get compensation directly but is used for the needs of the State, namely the prosperity of the people. This study aims to examine the understanding of tax regulations, the quality of tax services, and tax sanctions on individual taxpayer compliance, as well as risk preferences which act as mediating variables. The data in this study were obtained from a questionnaire (primary). The population in this study amounted to 85,781 people. The method of determining the sample in this study is the accidental sampling method which uses the Slovin formula so that a total of 100 people are obtained. The data analysis technique used (Moderated Regression Analysis) and factor analysis. Tri Wahyuningsih, 2019.

The level of tax revenue is determined by the role of the taxpayer (WP). In this case, the indicator plays a very important role in taxpayer compliance (WP). They are required to be aware of or be responsible for tax obligations. The reason compliance is considered so important is that this compliance will be able to increase state revenues and make taxpayers more aware of the importance of paying taxes. Even so, there are still many tax frauds in Indonesia. This means that the level of awareness is considered very low. That is why understanding is needed to create awareness (Wulandari, 2020). The fact that tax revenues in Indonesia have so far not reached the target and the level of tax compliance is less than optimal in Indonesia encourages researchers to analyze the factors that influence it. Even though taxes are used for the benefit of the general public and are managed by the state, for companies as corporate taxpayers that taxes are a burden that can reduce profits and management performance, companies generally avoid taxes to minimize the tax burden. As an organization, company management policies are influenced by many factors, both internal and external factors, both based on financial and non-financial conditions, including policies on tax avoidance (Tarmidi et

al., 2020). Constraints in maximizing tax revenue are always encountered by the government. One of them is caused by the dissimilarity of perceptions between the government as a policy maker and companies as taxpayers. The government considers that taxes are state revenue which will then be allocated for governance and development which will have an impact on people's welfare. Whereas in the company's perception, taxes are a burden that will reduce the profit earned by the company, of course, the greater the profit the company gets will result in an increased tax burden. These differences in perceptions make companies carry out tax planning (tax planning) to minimize tax payments so that they can pay taxes efficiently following the goals set by the company. This tax planning strategy is carried out without intending to avoid tax obligations in a way that is contrary to applicable tax provisions, but by making tax savings or tax avoidance (tax avoidance) which are still in line with tax provisions. Along with reforms in the field of taxation, taxpayers, both individuals and entities, should carry out good corporate governance as an implementation of a self-assessment system, namely compliance with tax calculations, payments and reporting correctly and on time. Therefore, the determination of the amount of tax payable is entrusted to the taxpayer himself through the document of Notification Letter (SPT) submitted either in person, online, postal or through other media. Based on the mechanism for fulfilling these tax obligations, the authors determined the research object be the crushed stone quarry industry in the Palu Primary Tax Service Office area. The reason for choosing this object is that it departs from an interesting phenomenon to be examined, namely the potential for tax is not detected and the value-added tax is in arrears, one of which is due to the undisciplined management of tax issues in each company and even seems to ignore the tax obligation so that the potential for value-added tax revenue in crushed stone quarrying industry sector in the Palu Primary Tax Service Office area, which in general has not received a maximum of recipients.

Especially in the city of Palu and its surroundings since the earthquake and tsunami natural disasters at the end of 2018, which had a direct impact on the people's economy. To recover the economy after the natural disaster has not been fully resolved, the community is faced again with the Covid-19 pandemic until now which has devastated the economy of almost all over the world, including stone and sand mining industry companies in Palu City. The impact of the disaster was felt immediately because almost all of the company's final activities were on the shorelines of Donggala Regency and Palu City which were completely hit by the tsunami waves. Likewise with the consequences of the Covid-19 pandemic outbreak, the impact felt by the rock and sand mining industry companies is the result of the government's budget cuts for infrastructure development activities both in the City of Palu and its surroundings as well as the main destination of stone and sand from Palu, namely the Island area. Kalimantan and Papua, this issue certainly affects tax revenues. The second phenomenon is an imbalance in the collection of Value Added Tax in the crushed stone mining industry, namely double entry between regional fees (Perda) and central tax (Value Added Tax). from one tax object is burdened with double collection, namely levies based on Regional Regulation No. 2 of 2018 and Value Added Tax (central tax) based on the VAT Law as last amended by Law no. 42 of 2009 and the last amendment with Law Number 7 of 2021 concerning Harmonization of Tax Regulations. The reference for collecting tax on crushed stone is the first Sulawesi Province Regional Regulation (Perda No. 2 of 2018) concerning the Management of Mineral and Coal Mining the objects are sand, gravel and rock taken from the source without changing the form (regional retribution) and the two VAT Laws as last amended by Law No. 42 of 2009, concerning Value Added Tax, the object of tax collection is crushed stone or split stone which is the end result of rock taken by mining companies both from rivers and mountains and then processed according to the size needed. As referred to in Article 4A paragraph 2 of the VAT Law; "Types of goods that are not subject to Value Added Tax are certain goods in the group of goods resulting from mining or products taken directly from the source." This is reinforced by the discrepancy between the target and the realization of tax revenue that is flawed at KPP Pratama Palu for 2017 – 2021 which can be seen as follows:

Table 1. Number of WP-Agencies that are Registered and Effective and those received at KPP Pratama Palu in 2017-2021

No.	Year	WP Registered Entities (Total)	WP Effective Agency (Effective)	+/-
1	2017	18701	4287	-
2	2018	19728	4830	-
3	2019	20703	5797	-
4	2020	20735	5826	-
5	2021	22459	7545	-

Data source: KPP Pratama Palu City, 2022

Table 2. Targets and realization of tax revenues that are flawed at KPP Pratama Palu 2017-2021

No	Year	Tax Revenue Target (Rp)	Realization of Tax Revenue (Rp)	+/-
1	2017	1.663.353.652.00	1.135.924.799.334	-
2	2018	1.436.084.093.00	1.214.302.792.293	-
3	2019	1.295.903.424.00	1.313.095.682.967	+
4	2020	1.197.013.439.00	1.217.728.795.382	+
5	2021	1.329.863.120.00	1.470.365.171.077	+

Data source: KPP Pratama Palu City, 2022

Table 1 above illustrates that the number of corporate taxpayers who are registered in the annual tax reporting registered at the KPP Pratama Palu City experiences an increase in taxpayers each year, but in fact, the effective taxpayers in reporting SPT are still very far from the number of taxpayers registered at the KPP. Palu City Primary. Meanwhile, table 2 shows that the 2017 and 2018 tax revenue targets were not realized. While from 2019 to 2021, the tax target set by the government can be realized. It is very interesting to carry out further research on the factors that cause effective taxpayers who report their SPT from 2017-2021 to increase even though they are far from registered taxpayers, meaning that there are factors that influence this, as is the case in table 2 which shows income taxes above the target set for 2019-2021, interestingly this happened in the early phases of entering the Covid 19 pandemic which devastated the foundations of the nation's economy.

Lim (2011), shows a negative relationship between tax avoidance and COD. Tarmidi, et al (2020) with research results found that profitability and company size hurts Tax Avoidance while independent commissioners have a positive effect. In the sensitivity test, it is known that the level of influence of financial factors and non-financial factors have the same effect on tax avoidance. Contrary to the results of research by Nathanael, et al (2019), which shows that return on assets and sales growth influence tax evasion. Meanwhile, firm size, leverage, capital intensity ratio, the composition of independent commissioners, and firm age do not affect tax evasion. The financial condition of the taxpayer on a person will affect the level of taxpayer compliance. Taxpayers who have difficult financial conditions will feel pressured to pay taxes because there are still other needs that are more important than paying taxes, while for taxpayers with good financial conditions, paying taxes is not difficult because the income received is greater and not would complicate other needs. (Mubarokah & Srimindari, 2015).

Mardiasmo (2011) states that the financial condition when associated with compliance theory is one of the factors that influence taxpayer compliance in complying with tax regulations because the financial condition of taxpayers will pressure companies to report their taxes. Taxpayers who experience difficulties may not comply with tax regulations to maintain their finances. Lim, (2011) with the results of his research found that there is a relationship between tax avoidance and firm value, changes in tax interest rates, decomposition of institutional investors, additional control over the possibility of bankruptcy, and alternative steps. Contrary to the results of Suprapti's research, (2017) found that tax sanctions and taxpayer awareness had a significant positive effect on motor vehicle taxpayer compliance. The mediating variable, namely the financial condition of the taxpayer, is also able to mediate the effect of tax sanctions and taxpayer awareness on motor vehicle taxpayer compliance. (Aisyahyusanti, 2016) states that partially the tax avoidance variable has no significant effect and the tax sanctions variable has a significant effect. Simultaneously, the variables of tax avoidance and tax sanctions have a significant influence on taxpayer compliance. The most dominant variable is the tax sanction variable.

Research (Lim, 2010) shows that tax avoidance reduces the cost of debt through trade-offs and creates a transfer of managerial rent, which is reduced in firms with greater institutional ownership. Contrary to the research results of Dessy, and Septiani, (2017) that tax avoidance has a significant negative effect on company cash holdings, leverage has a significant negative effect in mediating the effect of tax avoidance on company cash holdings, and Return On Assets (ROA) has a significant negative effect in mediating the effect of tax avoidance on corporate cash holders. (Suprapti, 2017) with research results showing that ROA hurts tax evasion. And leverage has a positive effect on tax avoidance.

Suprapti, (2017) argues that tax avoidance is the right of every taxpayer, even taxpayers who do tax evasion do not mean they can escape tax sanctions. Giving burdensome and fair sanctions to taxpayers who try to find loopholes or even violate the law is expected to comply. Septarini et al., (2013). The results of the study

suggest that tax sanctions have a positive effect on taxpayer compliance. Contrary to the research results of Nanik Ermawati¹, and Zaenal Afifi² that tax sanctions do not affect taxpayer compliance. Elryca Khoiril Inayati, Astri Fitria, 2019 The results of this study indicate that financial conditions, tax sanctions and taxpayer awareness have a positive effect on taxpayer compliance. Wahyuningsih (2019) argues that tax sanctions have a positive effect on taxpayer compliance, while risk preference does not affect taxpayer compliance. Risk preference shows the results of not being able to mediate the relationship between understanding tax regulations, the quality of tax authorities, and tax sanctions on taxpayer compliance. Wiwit Irawati, Arum Kumala Sari, 2019 that Preference Risk does not affect Taxpayer Compliance. But at the same time, the Preference Taxpayer's Perception and Risk have a significant effect on Taxpayer Compliance.

Based on the explanation regarding the gap phenomenon, inconsistent research gaps and the support of the theory that has been put forward above, it becomes the background for researchers interested in examining more deeply the factors that affect taxpayer compliance by placing the taxpayer's financial condition as a mediating variable that connects tax avoidance, tax sanctions and risk preferences for taxpayer compliance in the Crushed Stone Industry registered at the KPP Palu City. The originality of this study presents the differences and similarities in the field of study studied between the researcher and previous researchers. This is intended to avoid repeating studies of the same things. (Sulvina et al., 2018) the results of this study indicate that tax sanctions, and taxpayer awareness, have a significant effect on taxpayer compliance. In addition, the mediating variable, namely the financial condition of the taxpayer, does not mediate the relationship between tax sanctions and taxpayer awareness of taxpayer compliance.

(Economics & Udayana, 2017) with the results of the study showing that tax sanctions and taxpayer awareness have a significant positive effect on motor vehicle taxpayer compliance. The mediating variable, namely the financial condition of the taxpayer, is also able to mediate the effect of tax sanctions and taxpayer awareness on motor vehicle taxpayer compliance. This research has differences from several previous studies, this research places financial conditions as mediation by placing tax avoidance, tax sanctions and preferences as independent variables to determine taxpayer compliance in the Crushed Stone Industry registered at the KPP Palu City.

II. RESEARCH METHOD

Research Approach

This study uses the Explanatory Research method with a quantitative approach. Sugiyono (2017) suggests that explanatory research is a research method that intends to explain the position of the variables studied and the influence between one variable and another. The main reason this researcher uses the explanatory research method is to test the proposed hypothesis, it is hoped that this research can explain the relationship and influence between the independent and dependent variables in the hypothesis. This type of quantitative research is a method that is based on the philosophy of positivism, which is used to examine certain populations or samples, collect data using instruments, and data analysis are \ statistics, intending to test the hypotheses that have been applied (Sugiyono, 2015). In this study, the authors wanted to test the independent variables on the dependent variable. Financial condition, sanctions and awareness as independent variables and Taxpayer compliance is the dependent variable. Based on the formulation of the problem and the research objectives described in the previous section, this research is causal. Where causal research is research that arises with causes and effects where there are several independent variables affecting the dependent variable (Sugiyono, 2011).

Data Types and Sources

The type of research data is quantitative data, namely data obtained in the form of numbers obtained by researchers from questionnaires that are distributed to respondents directly or indirectly online through the Google form. While the data source comes from primary data and secondary data.

1) Primary Data, is data obtained directly from respondents. Data collection techniques using closed and open questionnaires, coupled with direct observation. The questionnaire was designed concerning the research objectives described in the operationalization of the research variables. The form of scale in this closed questionnaire is using a Likert scale with a standard scale of one to five. The data type is ordinal. While direct observation and open questionnaires are complementary data collection tools to complement the primary data collected this closed questionnaire tool is the same as for elementary unit data whose data measurements are ordinal.

2) Secondary data, obtained by recording directly from documents, and reports that have been made by the company.

Population and Sample

1. Population

The population is a combination of all elements in the form of events, things, or people who have similar characteristics which are the centre of attention of a researcher because it is seen as a research universe (Ferdinand, 2014).

The population of this study were all companies that are members of the Crushed Stone Industry, totalling 130 companies registered at the Primary Tax Office (KPP) Palu City, Central Sulawesi Province, which consists of 3 Regencies 1 City, namely Kab. Donggala, Kab. Sigibromaru, Kab. ParigiMotong and Palu City. The largest population is on the Island and Donggala Regency.

2. Sample

The sample is part of the number and characteristics possessed by the population. If the population is large, and it is impossible for the researcher to study everything in the population, for example, due to limited funds, manpower and time, the researcher can use samples taken from the population (Sugiyono, 2019). For the sample taken to be representative, a sampling technique is needed. Sampling needs to be done in a way that can be accounted for to get the right data so that the conclusions drawn can be trusted.

Data Collection Techniques

The data collection used in this study is used in several ways as follows:

1) Questionnaire

It is an arrangement or list of questions or statements that are used to obtain information from respondents that are made following the research objectives. List of questions related to tax avoidance variables, tax sanctions, financial conditions, risk preferences and taxpayer compliance. Respondents were asked to answer questions or statements according to the research variables according to the respondents' perceptions.

2) Interviews, namely data collection techniques through direct and in-depth interviews with respondents, namely company managers/employees. This technique is carried out to obtain technical and personal data information while supporting data that has not been covered through a questionnaire.

3) Observation or observation techniques are used as a complement to determine conditions and changes in situations. Techniques use tools such as checklists, forms, tape recorders, and other tools.

Data Analysis Method

The data analysis method used is Partial Least Square (PLS). The data analysis test tool uses Smart PLS 3.0 software.

III. RESEARCH RESULTS AND DISCUSSION

Testing the hypothesis directly (Direct Effects) and Indirect Effects (Indirect Effect) produces the path coefficient values and p-values of the constructs as follows:

Table 14. Hypothesis Test Results (Direct Effects) and Indirect Effects (Indirect Effects)

No.	Construct	Direct	Indirect	Total Effect	P-Value < 0,05	Information
1	PP -> KK	0,167	-	0,167	0.221	Rejected
2	PP -> KWP	0,408	-	0,408	0.000	Accepted
3	SP -> KK	0,338	-	0,338	0.005	Accepted
4	SP -> KWP	0,284	-	0,284	0.088	Rejected
5	PR -> KK	0,319	-	0,319	0.001	Accepted
6	PR ->KWP	0,169	-	0,169	0.551	Rejected
7	KK -> KWP	0,377	-	0,377	0.000	Accepted
8	PP -> KK ->KWP	-	-0,172	0,063	0,241	Rejected
9	SP -> KK ->KWP	-	0,118	0,127	0,002	Accepted
10	PR -> KK -> KWP	-	0,021	0,120	0,006	Accepted

Source: Primary data processed, 2022

Hypothesis testing aims to determine the direct effects (Direct Effects) and indirect (Indirect Effects) that can be known with the P-Values. The research hypothesis can be declared accepted if the P-Values are <0.05 as is the Coefficient at the SmartPLS output. More details are as follows:

a. Testing the first hypothesis (H1) in this study has a path coefficient value of 0.167 with a p-value of 0.221 > 0.05 which means that tax evasion has a positive and insignificant effect on the taxpayer's financial condition. The hypothesis proved unacceptable.

b. Testing the second hypothesis (H2) in this study has a Path coefficient value of 0.408 with a p-value of 0.000 <0.05 which means that the effect of tax evasion has a positive and significant effect on taxpayer

compliance. This hypothesis is proven to be acceptable, so it can be said that there is a direct effect of tax avoidance on taxpayer compliance in the Crushed Stone Industry registered at KPP Pratama Palu.

c. Testing the third hypothesis (H3) in this study has a Path coefficient value of 0.338 with a p-value of $0.005 < 0.05$ which means that tax sanctions have a positive and significant effect on the taxpayer's financial condition. This hypothesis is proven to be acceptable so that it can be said that there is a direct effect of tax sanctions on the financial condition of taxpayers in the Crushed Stone Industry registered at KPP Pratama Palu.

d. Testing the fourth hypothesis (H4) in this study has a Path coefficient value of 0.284 with a p-value of $0.088 > 0.05$ which means that tax sanctions have a positive and insignificant effect on taxpayer compliance. The hypothesis proved unacceptable.

e. Testing the fifth hypothesis (H5) in this study has a Path coefficient value of 0.319 with a p-value of $0.001 < 0.05$ which means that risk preference has a positive and significant effect on the taxpayer's financial condition. This hypothesis is proven to be acceptable so that it can be said that there is a direct effect of risk preference on the financial condition of taxpayers in the Crushed Stone Industry registered at KPP Pratama Palu.

f. Testing the sixth hypothesis (H6) in this study has a path coefficient value of 0.169 with a p-value of $0.551 > 0.05$ which means that risk preference has a positive and not significant effect on taxpayer compliance. The hypothesis proved unacceptable.

g. Testing the seventh hypothesis (H7) in this study has a Path coefficient value of 0.377 with a p-value of $0.000 < 0.05$ which means that the financial condition of the taxpayer has a positive and significant effect on taxpayer compliance. This hypothesis is proven to be acceptable so that it can be said that there is a direct influence on the taxpayer's financial condition on taxpayer compliance in the Crushed Stone Industry registered at KPP Pratama Palu.

h. Hypothesis 8 which has been proposed in this study has a Path coefficient value of 0.063 with a p-value of $0.241 > 0.05$ which means that tax evasion has a positive and not significant effect on taxpayer compliance through the taxpayer's financial condition. The hypothesis proved unacceptable.

i. Hypothesis 9 which has been proposed in this study has a Path coefficient value of 0.127 with a p-value of $0.002 < 0.05$ which means that tax sanctions have a positive effect on taxpayer compliance through the taxpayer's financial condition. The hypothesis proved to be acceptable. So it can be said that the financial condition of the taxpayer can mediate between tax sanctions on taxpayer compliance in the Crushed Stone Industry registered at KPP Pratama Palu.

j. Hypothesis 10 which has been proposed in this study has a Path coefficient value of 0.120 with a p-value of $0.006 < 0.05$ which means that risk preference has a positive and significant effect on taxpayer compliance through the taxpayer's financial condition. The hypothesis proved to be acceptable. So it can be said that the financial condition of the taxpayer can mediate risk preferences for taxpayer compliance in the Crushed Stone Industry which is registered at KPP Pratama Palu.

Discussion

Based on the formulation of the problem and the results of hypothesis testing, the discussion of each hypothesis developed in this study can be described as follows:

1. Tax evasion has a positive and insignificant effect on the financial condition of taxpayers in the Crushed Stone Industry registered at KPP Pratama Palu.

The direct effect of tax avoidance on the financial condition of taxpayers in the Crushed Stone Industry registered at KPP Pratama Palu. This explains that the findings of this study illustrate that taxpayers at KPP in Palu City do not commit tax evasion caused by the company's financial condition, as evidenced by the perception of taxpayers in the Crushed Stone Industry at KPP Pratama Palu, which is more dominant, strongly agree as many as 63 respondents (48.46%) taxpayers do tax evasion because it has been legally regulated in tax laws and regulations, especially if the taxpayer experiences financial difficulties or his business experiences a decrease in income. Tax avoidance does not have a positive and significant effect on financial conditions based on the results of statistical tests showing the highest cross-loading value that the tax payment system is good by providing convenience and returning SPT, will determine enthusiasm to pay taxes, and taxpayers do tax evasion because it has been regulated in law Legal tax law especially if the taxpayer experiences financial difficulties or his business experiences a decrease in income. This proves that even though they have been provided with convenience in paying taxes, taxpayers still do tax evasion because it has been legally regulated in tax laws and regulations, especially if the taxpayer experiences financial difficulties or his business experiences a decrease in income. Taxpayer evasion does not depend on the company's financial condition, even if the company is in good condition and generates profit, but the taxpayer still makes tax avoidance loopholes as a grey area facilitated by the government.

The results of this study are not in line with the theory of compliance emphasizing that taxpayers in registering, reporting, calculating and paying taxes owed and paying arrears of taxes owed are compliance that must be owned by taxpayers. However, in general, tax compliance can be explained by two theories: First, the

Prevention Theory emphasizes incentives that provide suggestions to taxpayers who are influenced by economic motives such as: increasing profits and the possibility of detection when faced with paying taxes (Riahi Belkaoui, 2004).

2. Tax evasion has a positive and significant effect on taxpayer compliance in the Crushed Stone Industry which is registered at KPP Pratama Palu.

The results that have been proposed in this study are that there is a direct effect of tax avoidance on taxpayer compliance in the Crushed Stone Industry which is registered at KPP Pratama Palu. This explains that the findings of this study illustrate the perception of taxpayers at the KPP in Palu City to be more dominant, strongly agree, as many as 63 respondents (48.46%) of taxpayers commit tax evasion because it has been legally regulated in the tax law.

Statistical results that support tax evasion have a positive and significant effect on taxpayer compliance as can be seen from the highest cross-loading value of the tax avoidance variable, namely 0.896, that the tax payment system is good by providing convenience and returning the SPT, will determine the enthusiasm to pay taxes, while taxpayers have no arrears taxes for all types of taxes unless permission has been obtained to repay or delay the payment of taxes; While the perception of respondents to the statement of the variable indicator of taxpayer compliance is seen by 66 respondents (50.77%), namely never being sentenced for committing a crime in the field of taxation within the last 10 years, while the highest cross loading value is on taxpayer compliance, namely 0.917 that you do not have tax arrears for all types of taxes unless you have obtained permission to repay or delay tax payments;

The results of this study are not in line with the findings of Aisyahyusanti (2019) that partial tax evasion has no significant effect on taxpayer compliance. While Arnold and McIntyre (1995) argue that tax avoidance is an effort to avoid or save taxes that are still within the framework of fulfilling statutory provisions (lawful fashion). The results of this study emphasize that taxpayers take tax avoidance actions because these actions are actions that have legality from the government with clear provisions taxpayers remain obedient and aware of the obligation to pay taxes according to established rules and taxpayers do not have tax arrears for all types of taxes unless permission has been obtained to repay or delay the payment of taxes. Taxpayers also consider that the tax payment system is good by providing convenience and returning the SPT, which will determine the enthusiasm to pay taxes.

3. Tax sanctions have a positive and significant effect on the financial condition of taxpayers in the Crushed Stone Industry registered at KPP Pratama Palu.

The results of this study are that there is a direct positive and significant influence of tax sanctions on the financial condition of taxpayers in the Crushed Stone Industry registered at KPP Pratama Palu. Hypothesis 3 which has been proposed in this study has a Path coefficient value of 0.338 with a p-value of 0.005 <0.05 which means that the hypothesis is proven acceptable so that it can be said if there is a direct positive and significant effect of tax sanctions on the financial condition of the taxpayer in the Crushed Stone Industry registered at KPP Pratama Palu. This explains that the findings of this study describe the perceptions of taxpayers at KPP in Palu City indicating that taxpayers gave responses that strongly agreed with as many as 69 respondents (53.07%) with statements about the abolition of sanctions increasing taxpayer compliance and reasonable things if there are still a small number of taxpayers who disagree and think that the sanctions given must be clear and firm as many as 5 respondents (3.85%). This means that taxpayers in the Crushed Stone Industry registered with KPP Pratama Palu hope that the government will abolish tax sanctions on the grounds of increasing taxpayer compliance. The taxpayer, in this case, the company, considers the sanctions given to be burdensome because many

things cause a decrease in company income so the company has difficulty paying taxes.

These findings are in line with Wahyuningsih, 2019 Septarini et al., 2013, Inayati, Astri Fitria, 2019 with the research results suggesting that tax sanctions have a positive effect on taxpayer compliance. Contrary to the research results of Ermawati, Zaenal Arifin that tax sanctions do not have a significant effect on taxpayer compliance.

The results of this study emphasize that taxpayer compliance is born from self-awareness as motivation that comes as part of intrinsic motivation, namely motivation that comes within the individual itself and extrinsic motivation, namely motivation that comes from outside the individual. Taxpayer compliance is a behaviour that is based on the awareness of a taxpayer towards his tax obligations while remaining based on the laws and regulations that have been stipulated. This is in line with the compliance theory which is the grand theory in this study.

4. Tax sanctions have a positive and insignificant effect on taxpayer compliance in the Crushed Stone Industry which is registered at KPP Pratama Palu.

The results of this study proved unacceptable so it can be said that there is a direct and insignificant effect between tax sanctions on taxpayer compliance in the Crushed Stone Industry registered at KPP Pratama Palu. This explains that the findings of this study illustrate the perception of taxpayers at the KPP in Palu City to be more dominant, and strongly agree, indicating that taxpayers gave responses that strongly agreed with as many as 69 respondents (53.07%) with statements about the abolition of sanctions increasing taxpayer compliance. and it is normal if there are still a small number of taxpayers who disagree and think that the sanctions given must be clear and firm as many as 5 respondents (3.85%). This means that taxpayers in the Crushed Stone Industry registered with KPP Pratama Palu hope that the government will abolish tax sanctions on the grounds of increasing taxpayer compliance. The taxpayer, in this case, the company, considers the sanctions given to be burdensome because many things cause a decrease in company income so the company has difficulty paying taxes. These findings also contradict the findings of Yasa and Jati (2017) which show that tax sanctions and taxpayer awareness have a significant positive effect on motor vehicle taxpayer compliance. The mediating variable, namely the financial condition of the taxpayer, is also able to mediate the effect of tax sanctions and taxpayer awareness on motor vehicle taxpayer compliance. The indicator for the statement of tax sanctions is that taxpayers can judge that sanctions are following the scope of the legislation and the highest cross-loading value of financial conditions is 0.926 indicating the respondent's response that profitability affects compliance with paying taxes.

The results of this study emphasize that taxpayers hope that the government will abolish tax sanctions on the grounds of increasing taxpayer compliance. The taxpayer, in this case, the company, considers the sanctions given to be burdensome because many things cause a decrease in company income so the company has difficulty paying taxes.

5. Risk preference has a positive and significant effect on the financial condition of taxpayers in the Crushed Stone Industry registered at KPP Pratama Palu. This research means that the hypothesis is proven to be accepted so that it can be said that there is a direct positive and significant effect of risk preference on the financial condition of taxpayers in the Crushed Stone Industry registered at KPP Pratama Palu.

The results of respondents' perceptions of the risk preference variable show that taxpayers strongly agree with as many as 61 respondents (46.92%) regarding differences in employment status such as people who have non-permanent jobs tend to have low taxpayer compliance and if they laid off they do not realize that people are still subject to tax. While at least 8 respondents (6.15%) of respondents tried to maintain good relations with tax officers so that good communication occurs in tax reporting and understands that financial risks are unavoidable and can occur in the financial risk business. This means that the level of understanding of the risk of taxpayers is quite good and a small proportion believes to maintain good relations with officers to observe their financial risks.

The results of this study are not in line with the findings of Ariffin, 2012 that the financial crisis had little impact on the level of liquidity risk in Islamic banks. The trend of liquidity risk in Islamic banks over three years was inconsistent throughout the year of the bank. Second, assessing the performance of Islamic banks through ROE shows that in general there was a decline in the ROE of Islamic banks from 2006 to 2008, indicating that the crisis harmed the profitability of Islamic banks. Third, linking liquidity risk with bank financial performance, the findings show that the relationship between liquidity risk and financial performance is not always predicted by conventional finance theory "Taxpayers understand the risks they face if they take actions to avoid paying taxes that have been set by the government such as corporate taxes and Pph 21 or other types of taxes, as well as the taxpayer, in this case, the company that has a poor financial condition or a level of profitability that has decreased or suffered a loss. The findings in this study prove that risk preferences affect

financial conditions because if a company faces risks related to taxation in the form of fines or tax sanctions, it will affect the financial condition of taxpayers. Ermawati and Zaenal Afifi, 2018 Tax sanctions do not affect taxpayer compliance.

6. Risk preference has a positive and insignificant effect on taxpayer compliance in the Crushed Stone Industry registered at KPP Pratama Palu.

The research results proved unacceptable so it can be said that there is no direct effect between risk preferences on taxpayer compliance in the Crushed Stone Industry which is registered at KPP Pratama Palu. This is evidenced by the perception of taxpayers responding to 61 (46.92%) respondents who responded to differences in employment status such as people who have non-permanent jobs tend to have low taxpayer compliance and if laid off do not realize that the person still has dependents tax. While at least 8 respondents (6.15%) of respondents tried to maintain good relations with tax officers so that good communication occurs in tax reporting and understands that financial risks are unavoidable and can occur in the financial risk business. This means that the level of understanding of the risk of taxpayers is quite good and a small proportion believes to maintain good relations with officers to observe their financial risks.

Risk preference does not have a positive and significant effect on taxpayer compliance as can be seen from the factor loading value that taxpayers understand that financial risks are unavoidable and can occur in the financial risk business but are not a factor that causes taxpayers to comply with paying taxes. The results of this study are in line with the results of Irawati, and Kumalasari, (2019) who found that preference does not affect taxpayer compliance. The level of risk preference does not affect taxpayers to remain compliant. This can be attributed to the quality of service provided by the tax authorities.

The results of this study emphasize that risk preference is a situation where workers choose to take risks or prefer to take smaller risks. Risk can be interpreted as a chance of loss. Broadly speaking risk means the possibility of unwanted or opposite results from what is desired. The findings in this study are in line with the results of research (Irawati, Kumalasari, 2019) that risk preferences that do not affect taxpayer compliance can be due to risk preferences that exist, namely risks from the taxpayer's personality related to health risks, safety risks, and occupational risks. , will not be able to change the taxpayer's perception of the quality of service, where the high or low perception of the taxpayer on the quality of tax authorities depends on the merits of the service provided by KPP Pratama Jakarta Kebayoran Baru Tiga.

7. Financial Conditions have a positive and significant effect on taxpayer compliance in the Crushed Stone Industry which is registered at KPP Pratama Palu.

The results in this study mean that the hypothesis is proven to be acceptable so that it can be said that there is a direct influence between the taxpayer's financial condition on taxpayer compliance in the Crushed Stone Industry registered at KPP Pratama Palu. Indicators of financial conditions show that the responses of respondents strongly agree by 46 respondents (35.38%) the statement that companies experiencing liquidity difficulties also experience difficulties in paying their taxes. While at least the company's cash flow in the last tax year was unsatisfactory, it was perceived that 10 respondents (7.69%) disagreed. This means that the financial difficulties of companies or taxpayers greatly impact their ability to pay taxes.

Respondents' responses indicated that the perception of taxpayers in the crushed stone industry at KPP Pratama Palu was more dominant, 63 taxpayers (48.46%) agreed that in the last 2 years, they had carried out bookkeeping and if taxpayers had been audited, corrections to audits lastly for each type of tax that is owed the most. Meanwhile, the perception of taxpayers at least disagrees with as many as 5 people (3.85%) on the statement to try to be timely in submitting SPT for all types of taxes in the last 2 years. This means that taxpayers are very aware of the importance of maintaining bookkeeping and auditing of the tax reporting system and only a small proportion do not try to be timely in their tax reporting. The financial condition has a positive and significant effect on taxpayer compliance as can be seen from the highest factor loading value that profitability affects tax compliance and the factor loading value which states that my company's cash flow in the last tax year was unsatisfactory. This identifies that the company's financial condition is the reason why taxpayers do not pay taxes according to the given period and companies that experience liquidity difficulties also experience difficulties in paying their taxes.

The results of this finding are Nayati, Fitria, (2019) indicating that state revenue in the tax sector is increasing year by year, but this is not offset by an increase in the tax ratio. In the government's efforts to increase the tax ratio, one way is by increasing taxpayer compliance. The results of this study indicate that financial conditions, tax sanctions and taxpayer awareness have a positive effect on taxpayer compliance, in line with the findings of Lisa, and Hermanto (2018) that financial conditions have a positive and significant effect on taxpayer compliance. The results of this study emphasize that the level of taxpayers' willingness to pay taxes, and compliance in paying taxes will be high if it is supported by the taxpayer's financial condition.

8. Tax evasion has a positive and insignificant effect on taxpayer compliance in mediating the financial condition of taxpayers in the Crushed Stone Industry registered at KPP Pratama Palu.

The results of this study mean that the hypothesis is proven to be unacceptable so it can be said that there is no indirect effect of the tax avoidance variable on taxpayer compliance which is mediated by the financial condition of taxpayers in the Broken Stone Industry registered at KPP Pratama Palu. This explains that the findings of this study illustrate that taxpayers at KPP in Palu City do not commit tax evasion caused by the company's financial condition, as evidenced by the perception of taxpayers in the Crushed Stone Industry at KPP Pratama Palu, which is more dominant, strongly agree as many as 63 respondents (48.46%) taxpayers do tax evasion because it has been regulated in the tax law legally, especially if the taxpayer experiences financial difficulties or his business experiences a decrease in income. It can be seen from the highest cross-loading value of tax avoidance that the tax payment system is good by providing convenience and returning the SPT, which will determine the enthusiasm to pay taxes, conversely the highest cross-loading value of financial conditions that profitability affects compliance to pay taxes, this is contradictory to each other that the perception of Taxpayer evasion does not depend on the financial condition of the taxpayer company even though it can generate large profits, but especially on the taxation system that is felt by the taxpayer. Taxpayers do tax evasion because it has been legally regulated in the tax law, especially if the taxpayer experiences financial difficulties or his business experiences a decrease in income, besides that the majority of responses show that taxpayers avoid paying taxes because they lack knowledge about taxation.

The results of this study are in line with the findings of Sulviana, et al (2018) the mediating variable, namely the financial condition of the taxpayer does not mediate the relationship between tax sanctions and taxpayer awareness of taxpayer compliance. The findings of this study are in line with the results of research by Yasa and Jati (2017) which shows that awareness among taxpayers has a significant positive effect on motor vehicle taxpayer compliance. The mediation variable, namely the financial condition of the taxpayer is also able to mediate the effect of taxpayer awareness on motor vehicle tax compliance. The results of this study are not in line with the findings of Irawati (2019) that risk preference does not affect Taxpayer Compliance Risk preferences that do not affect Taxpayer Compliance can be due to existing risk preferences, namely risks from personal taxpayers related to health risks, safety risks, and occupational risks, will not be able to change the taxpayer's perception of service quality, where the high or low perception of taxpayers on the quality of tax authorities services depends on the merits of the services provided by KPP Pratama Jakarta Kebayoran Baru Tiga. The results of this study are supported by research conducted by Monika, (2013) and Jamiati, (2015) which shows that risk preference does not affect taxpayer compliance.

9. Tax sanctions have a positive and significant effect on taxpayer compliance in mediating the financial condition of taxpayers in the Crushed Stone Industry registered at KPP Pratama Palu.

The results of the study mean that the hypothesis is proven acceptable so that it can be said that there is a direct effect of tax sanctions on taxpayer compliance which is mediated by the financial condition of the taxpayers in the Crushed Stone Industry registered at KPP Pratama Palu. The taxpayer's perception of the taxpayer's financial condition shows that the responses of respondents strongly agreed by 46 respondents (35.38%) with the statement that companies experiencing liquidity difficulties also experience difficulties in paying their taxes. While at least the company's cash flow in the last tax year was unsatisfactory, it was perceived that 10 respondents (7.69%) disagreed. This means that the financial difficulties of companies or taxpayers greatly impact their ability to pay taxes. The results of this study prove that the financial condition of the taxpayer has not been able to act as a mediation between tax avoidance and taxpayer compliance as evidenced by the respondents' responses that the financial difficulties of the company or taxpayer greatly impact the ability to pay taxes. Tax avoidance has been regulated in legal tax provisions so that taxpayers can take advantage of these loopholes to make tax evasion efforts, so if the taxpayer's financial condition is stable, it still does not guarantee that taxpayers have compliance in paying taxes with many factors that influence this action. including the thought that if the government abolishes tax sanctions it will increase taxpayer compliance as evidenced by the strongly agreed responses regarding the abolition of these sanctions by 69 taxpayers (53.07%) registered at the KPP in Palu City.

The findings of this study are in line with the results of research by Yasa and Jati (2017) which shows that tax sanctions and taxpayer awareness have a significant positive effect on motor vehicle taxpayer compliance. The mediating variable, namely the financial condition of the taxpayer, is also able to mediate the effect of tax sanctions and taxpayer awareness on motor vehicle taxpayer compliance. Financial conditions can affect the strength of the relationship between tax sanctions on taxpayer compliance. Tax sanctions can affect taxpayer compliance in submitting their tax obligations, but this role may not be large. The role of strict sanctions will affect the level of compliance when the taxpayer's financial condition is in good condition (Erlina, 2018).

10. Risk preference has a positive and significant effect on taxpayer compliance in mediating the

financial condition of taxpayers in the Crushed Stone Industry registered at KPP Pratama Palu.

The results of this study are that the hypothesis is proven acceptable so it can be said that there is a direct effect of risk preference on taxpayer compliance mediated by the financial condition of taxpayers in the Broken Stone Industry registered at KPP Pratama Palu. Risk preference is a situation where workers choose to take risks or prefer to take smaller risks. Risk can be interpreted as a chance of loss. Broadly speaking, risk means the possibility of unwanted or opposite results from what is desired. Taxpayers in the Crushed Stone Industry who are registered at the KPP in Palu City realize that risk preference as referred to in this study will occur if the financial condition of the company or the taxpayer is not in favourable condition.

Wahyuningsih, 2019 (Wardani, et.al., 2018) suggest that many factors influence taxpayers to comply with their tax obligations. One of the factors is the understanding of tax regulations. A taxpayer must be able to understand how to pay taxes, report a tax return (SPT) and so on. According to Hariyani (2017), when a taxpayer can understand tax procedures, he can also understand tax regulations. Adiasa (2013) said that the current phenomenon is that there are still many taxpayers who do not understand tax regulations. There are still taxpayers waiting to be billed and then paying taxes, such as tax regulations in the old period. This can reduce the amount of state tax revenue and the level of taxpayer compliance. The results of this study are

also in line with the findings of Irawati, et al 2019 with the results of the study showing that taxpayer perceptions have a significant positive effect on taxpayer compliance, while preferences do not affect taxpayer compliance. The level of risk preference does not affect taxpayers to remain compliant. The results of this study confirm that financial conditions can act as a mediation linking risk preferences with taxpayer compliance in the broken stone industry registered at KPP Pratama Palu, supported by compliance theory (Belkaoui, 2004) that compliance in registering, reporting, calculating, and Paying taxes owed and paying arrears of taxes owed is compliance that must be owned by taxpayers. However, in general, tax compliance can be explained by two theories: First, the Prevention Theory emphasizes incentives that give suggestions to taxpayers who are influenced by economic motives such as: increasing profits and the possibility of detection when faced with paying taxes. Taxpayer compliance is an important aspect considering that the Indonesian tax system adheres to a self-assessment system in which the process gives confidence to taxpayers to calculate, pay and report their obligations, of course takes into account the company's financial condition so policymakers can manage and reserve funds for payment. tax on time with consideration of the tax risks that will be faced.

Research Limitations

The limitations of this study are that the data source is primary data which has a level of difficulty. After all, the respondents in this study are companies that are members of the Crushed Stone Industry which have strict rules for each company in providing the data needed in this study so there are still sources of data that have not been fully explored in more detail to complete the discussion in this study.

IV. CONCLUSIONS AND SUGGESTIONS

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Based on the results of hypothesis testing and discussion of research results, the financial condition of taxpayers mediates between tax evasion, tax sanctions and risk preference for taxpayer compliance in the Crushed Stone Industry Registered at KPP Pratama Palu to formulate the following conclusions:

1. Tax evasion has no positive and significant effect on the financial condition of crushed stone industry taxpayers registered at KPP Pratama Palu. This gives the meaning that tax evasion is more often done by taking advantage of the loopholes provided by the Government legally following applicable regulations and is not related to the financial condition of the taxpayer.
2. Tax evasion has a positive and significant effect on taxpayer compliance in the Crushed Stone Industry which is registered at KPP Pratama Palu. This means that the better the tax avoidance action, the better the taxpayer compliance. The practice of tax avoidance is a legal action regulated by tax laws and regulations with various provisions required. Tax avoidance is different from tax evasion. Tax avoidance is done by not violating applicable laws.
3. Tax sanctions have a positive and significant effect on the financial condition of taxpayers in the Crushed Stone Industry registered at KPP Pratama Palu. This means that the better the tax sanctions set by the Government, the better the financial condition of the taxpayer. Tax sanctions enable companies to be more effective and efficient in managing their financial conditions because the sanctions imposed can cause companies or taxpayers to incur costs to pay greater tax sanctions.
4. Tax sanctions have no positive and significant effect on taxpayer compliance in the Crushed Stone Industry which is registered at KPP Pratama Palu. This means that the stricter the tax sanctions, the more there will be a decrease in the level of taxpayer compliance in the Crushed Stone Industry which is registered at KPP Pratama Palu. Taxpayers are very aware of the importance of maintaining bookkeeping and auditing regarding the tax reporting system and only a small number do not try to be timely in their tax reporting.
5. Risk preference has a positive and significant effect on the financial condition of taxpayers in the Crushed Stone Industry registered at KPP Pratama Palu. This means that the higher the risk preference, the better the financial condition of the taxpayer, in the Crushed Stone Industry registered at the KPP Pratama Palu, if the company faces risks related to taxation in the form of fines or tax sanctions, it will affect the financial condition of the taxpayer.
6. Risk preference does not have a positive and significant effect on taxpayer compliance in the Crushed Stone Industry registered at KPP Pratama Palu. This means that the higher the risk faced by the taxpayer, the lower the level of taxpayer compliance so differences in employment status such as people who have non-permanent jobs tend to have low taxpayer compliance and if laid off do not realize that the person still has tax dependents.
7. Financial Conditions have a positive and significant effect on taxpayer compliance in the Crushed Stone Industry which is registered at KPP Pratama Palu. This means that the better the financial condition of the taxpayer, the better the compliance of the taxpayer with the Crushed Stone Industry registered at KPP Pratama Palu, a stable financial condition will provide flexibility for the company or taxpayer in arranging tax obligations to be paid.

8. Tax evasion has no positive and significant effect on taxpayer compliance in mediating the financial condition of taxpayers in the Batu Pecah Industry registered at KPP Pratama Palu. taxation felt by the taxpayer.
9. Tax sanctions have a positive and significant effect on taxpayer compliance in mediating the financial condition of taxpayers in the Crushed Stone Industry registered at KPP Pratama Palu. This means that the financial condition of the taxpayer can become a mediation that influences tax sanctions on taxpayer compliance.
10. Risk preference has a positive and significant effect on taxpayer compliance in mediating the financial condition of taxpayers in the Crushed Stone Industry registered at KPP Pratama Palu. The financial condition can be a good mediation between risk preference for taxpayer compliance. The risks faced by negligence in fulfilling tax payment obligations have an impact on taxpayer compliance by considering the taxpayer's financial condition.

Suggestion

Based on the conclusions and limitations of this study, the researchers provide the following suggestions:

- a. It is hoped that the Government will be more assertive in implementing tax rules related to tax evasion and tax sanctions so that loopholes for tax evasion can be minimized thereby increasing awareness of taxpayer compliance.
- b. It is expected that company policymakers will not make the company's financial condition a factor that causes tax evasion so that companies do not comply in carrying out their obligations by paying taxes following the time. Company managers need to manage cash flow properly to prepare funds for tax payments before they are due.
- c. It is hoped that in future research the hypotheses that have not been accepted can be further investigated with a more diverse number of samples and different objects so that the dynamics of findings in research regarding the variables studied in this study are obtained.

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