

ABSTRACT

The Government until this time relies on tax revenue as a major source of development funds so that taxpayers are expected to have a high tax compliance. However, the reality reveals that most of taxpayers have no compliance. It is indicated by paying taxes late and try to do the tax evasion. This study aims to test empirically and analyze the effect of willingness to pay taxes, knowledge and understanding of taxpayers, perception of taxpayers financial condition, environment as moderating towards tax compliance. The proposed hypothesis are willingness to pay taxes, knowledge and understanding of taxpayers, perception of taxpayers financial condition have a positive influence towards tax compliance and moderated by environment.

The research was conducted by survey method to individual tax payers in the Kudus city who perform as an entrepreneur, which is obtained by incidental sampling. Data collection method used questionnaires at 2014 toward 100 respondent, and further data were analyzed using multiple regression analysis.

The results of this research indicated that willingness to pay tax and perception of taxpayers financial condition had a significant effect toward tax compliance. But knowledge and understanding of taxation law do not had a significant effect toward tax compliance. And the environment positively moderating effect of willingness to pay taxes, knowledge and understanding of taxpayers, perception of taxpayers financial condition toward tax compliance.

Keywords: *willingness to pay taxes, knowledge and understanding of taxpayers, perception of taxpayers financial condition, environment, tax compliance*